

**Financial Statements**

**and**

**Federal Reporting**

**Bigelow** | Laboratory for  
Ocean Sciences

**June 30, 2024**

# Financial Statements and Federal Reporting Contents

## Bigelow Laboratory for Ocean Sciences

June 30, 2024

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## Independent Auditors' Report

**To the Board of Trustees  
Bigelow Laboratory for Ocean Sciences  
East Boothbay, Maine**

### Opinion

We have audited the accompanying financial statements of Bigelow Laboratory for Ocean Sciences (a nonprofit organization), which comprise the statement of financial position as of June 30 2024, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Bigelow Laboratory for Ocean Sciences as of June 30, 2024, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Bigelow Laboratory for Ocean Sciences and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Bigelow Laboratory for Ocean Sciences' ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

## **Auditors' Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Bigelow Laboratory for Ocean Sciences' internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Bigelow Laboratory for Ocean Sciences' ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

## **Report on Summarized Comparative Information**

We have previously audited Bigelow Laboratory for Ocean Sciences' 2023 financial statements and we expressed an unmodified audit opinion on those audited financial statements in our report dated December 13, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2023 is consistent in all material respects with the audited financial statements from which it has been derived.

## **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 19, 2024, on our consideration of Bigelow Laboratory for Ocean Sciences' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Bigelow Laboratory for Ocean Sciences' internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Bigelow Laboratory for Ocean Sciences' internal control over financial reporting and compliance.

Purdy Powers & Company

Professional Association

**Portland, Maine  
December 19, 2024**

## Statement of Financial Position

### Bigelow Laboratory for Ocean Sciences

As of June 30, 2024

(with comparative totals for June 30, 2023)

	<u>2024</u>	<u>2023</u>
<b>Current Assets</b>		
Cash and cash equivalents	\$ 4,231,616	\$ 2,808,119
Cash restricted for research	134,400	172,066
Contracts and grants receivable	3,530,882	1,486,046
Pledges receivable, current	1,087,567	7,316,263
Accounts receivable, net	480,561	509,770
Prepaid expenses	60,755	81,949
<b>Total Current Assets</b>	<u>9,525,781</u>	<u>12,374,213</u>
<b>Property and Equipment</b> , net of accumulated depreciation	44,677,849	35,407,509
<b>Other Assets</b>		
Pledges receivable long-term, net	2,874,430	620,518
Investments	11,375,904	9,744,870
Investments - strategic reserve	1,348,566	963,500
Investments - research	10,056,510	12,088,854
Investments - building	15,741,507	9,040,416
Investments - endowment	7,768,177	6,406,918
Swap contract	1,153,725	853,458
	<u>50,318,819</u>	<u>39,718,534</u>
<b>Total Assets</b>	<u>\$ 104,522,449</u>	<u>\$ 87,500,256</u>
<b>Current Liabilities</b>		
Accounts payable	\$ 4,286,026	\$ 727,846
Retainage payable	961,156	-
Accrued payroll and other expenses	925,517	862,285
Current portion of notes payable	350,073	338,155
Deferred revenue	3,749,457	5,571,689
<b>Total Current Liabilities</b>	<u>10,272,229</u>	<u>7,499,975</u>
<b>Long-Term Liabilities</b>		
Notes payable, net of current portion	11,407,788	11,757,861
Less: unamortized debt issuance costs	(135,946)	(141,330)
	<u>11,271,842</u>	<u>11,616,531</u>
<b>Total Liabilities</b>	<u>21,544,071</u>	<u>19,116,506</u>
<b>Net Assets</b>		
Net assets without donor restrictions	44,466,833	28,071,656
Net assets with donor restrictions	38,511,545	40,312,094
<b>Total Net Assets</b>	<u>82,978,378</u>	<u>68,383,750</u>
<b>Total Liabilities and Net Assets</b>	<u>\$ 104,522,449</u>	<u>\$ 87,500,256</u>

See accompanying independent auditors' report and notes to financial statements.

## Statement of Activities

### Bigelow Laboratory for Ocean Sciences

For the Year Ended June 30, 2024

(with comparative totals for June 30, 2023)

	2024			2023
	Net Assets without Donor Restrictions	Net Assets with Donor Restrictions	Total	Total
<b>Revenues from Operations and Other Support</b>				
Grants and contracts	\$ 9,250,062	\$ 702,644	\$ 9,952,706	\$ 9,686,932
Contributions	7,463,626	812,801	8,276,427	5,594,588
Course fees	602,209	-	602,209	597,324
Other income	1,582,407	2,220	1,584,627	2,070,800
Net assets released from restrictions	3,554,158	(3,554,158)	-	-
<b>Total Revenues from Operations and Other Support</b>	<b>22,452,462</b>	<b>(2,036,493)</b>	<b>20,415,969</b>	<b>17,949,644</b>
<b>Expenses</b>				
Research and education	17,471,729	-	17,471,729	16,835,964
Management and general	250,109	-	250,109	165,974
Development	1,824,791	-	1,824,791	1,587,319
<b>Total Expenses</b>	<b>19,546,629</b>	<b>-</b>	<b>19,546,629</b>	<b>18,589,257</b>
<b>Revenues from Operations Over (Under) Expenses</b>	<b>2,905,833</b>	<b>(2,036,493)</b>	<b>869,340</b>	<b>(639,613)</b>
<b>Non-Operating Revenue, Gains, and Losses</b>				
Endowment contributions	-	100,000	100,000	94,395
Estate contributions	121,000	-	121,000	4,107,837
Contributions of nonfinancial assets	-	-	-	1,400,000
Building fundraising (net activity)	9,498,456	-	9,498,456	17,134,891
Net gain on investments	3,569,621	135,944	3,705,565	1,931,003
Gain on interest rate swap	300,267	-	300,267	622,193
<b>Total Non-Operating Revenue, Gains, and Losses</b>	<b>13,489,344</b>	<b>235,944</b>	<b>13,725,288</b>	<b>25,290,319</b>
<b>Increase (Decrease) in Net Assets</b>	<b>16,395,177</b>	<b>(1,800,549)</b>	<b>14,594,628</b>	<b>24,650,706</b>
Net assets at beginning of year	28,071,656	40,312,094	68,383,750	43,733,044
<b>Net Assets at End of Year</b>	<b>\$ 44,466,833</b>	<b>\$ 38,511,545</b>	<b>\$ 82,978,378</b>	<b>\$ 68,383,750</b>

See accompanying independent auditors' report and notes to financial statements.

## Statement of Functional Expenses

### Bigelow Laboratory for Ocean Sciences

For the Year Ended June 30, 2024  
(with comparative totals for June 30, 2023)

	2024			2023	
	Research & Education	Management & General	Development	Total	Total
<b>Personnel</b>					
Salaries and wages	\$ 4,700,250	\$ 2,442,078	\$ 598,808	\$ 7,741,136	\$ 7,196,571
Fringe benefits	2,255,334	964,974	291,620	3,511,928	3,106,776
Total Personnel	<u>6,955,584</u>	<u>3,407,052</u>	<u>890,428</u>	<u>11,253,064</u>	<u>10,303,347</u>
<b>Other Expenses</b>					
Subcontracts	856,169	-	-	856,169	1,190,682
Supplies and leases	824,784	89,078	6,680	920,542	1,055,499
Participant support	357,815	-	-	357,815	302,476
Publications, books and periodicals	30,259	6,455	-	36,714	36,672
Dues and licenses	14,753	69,009	16,657	100,419	102,901
Travel	249,680	24,424	17,501	291,605	312,182
Shipment costs	154	-	-	154	11,835
Telephone	640	31,729	1,662	34,031	37,941
Utilities	24,067	309,884	-	333,951	300,335
Equipment - federal	16,062	-	-	16,062	15,331
Equipment - non-federal	37,886	46,716	1,099	85,701	139,981
Repairs and maintenance	86,690	304,209	-	390,899	343,099
Shipping and postage	127,191	11,196	2,330	140,717	138,369
Consulting and contracted services	637,474	485,072	6,541	1,129,087	905,621
Professional fees	422,780	33,699	2,510	458,989	539,053
Insurance	27,130	165,806	-	192,936	171,419
Depreciation and amortization	1,372,114	672,103	175,653	2,219,870	1,968,586
Interest	2,400	444,187	-	446,587	465,886
Technical services	894	7,619	2,892	11,405	14,696
Bad debt	-	-	-	-	1,140
Training	83,970	24,240	13,435	121,645	58,543
Other	48,885	63,407	35,975	148,267	173,663
Total Other Expenses	<u>5,221,797</u>	<u>2,788,833</u>	<u>282,935</u>	<u>8,293,565</u>	<u>8,285,910</u>
Total Expenses Before Overhead Charge	<u>12,177,381</u>	<u>6,195,885</u>	<u>1,173,363</u>	<u>19,546,629</u>	<u>18,589,257</u>
Overhead Allocation to Support					
Functional Classifications	<u>5,294,348</u>	<u>(5,945,776)</u>	<u>651,428</u>	<u>-</u>	<u>-</u>
	<u>\$ 17,471,729</u>	<u>\$ 250,109</u>	<u>\$ 1,824,791</u>	<u>\$ 19,546,629</u>	<u>\$ 18,589,257</u>

See accompanying independent auditors' report and notes to financial statements.

## Statement of Cash Flows

### Bigelow Laboratory for Ocean Sciences

For the Year Ended June 30, 2024  
(with comparative totals for June 30, 2023)

	<u>2024</u>	<u>2023</u>
<b>Operating Activities</b>		
Increase in net assets	\$ 14,594,628	\$ 24,650,706
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation and amortization	2,219,870	1,968,586
Amortization of debt issuance costs	5,384	5,384
Pledges receivable restricted to endowment	250,000	500,000
Net (gain) loss on investments	(3,692,694)	(1,475,518)
Loss on disposal of property and equipment	35,147	3,052
Restricted contributions	(100,000)	(94,395)
Gain on interest rate swap	(300,267)	(622,193)
Bad debt	-	1,140
Change in discount on pledges receivable	64,548	13,681
(Increase) Decrease in operating assets:		
Contracts and grants receivable	(2,044,836)	(318,054)
Pledges receivable	3,660,236	(7,105,253)
Accounts receivable	29,209	(267,658)
Receivable - ERTC	-	1,457,244
Prepaid expenses	21,194	(33,793)
Increase (Decrease) in operating liabilities:		
Accounts payable	3,558,180	242,031
Accrued payroll and other expenses	1,025,252	150,325
Deferred revenue	(1,822,232)	(13,202)
<b>Net Cash Provided by Operating Activities</b>	<u>17,503,619</u>	<u>19,062,083</u>
<b>Investing Activities</b>		
Purchase of property and equipment	(11,525,357)	(3,907,221)
Proceeds from sale of investments	4,621,129	2,959,883
Purchase of investments	(9,153,920)	(17,113,786)
<b>Net Cash Used by Investing Activities</b>	<u>(16,058,148)</u>	<u>(18,061,124)</u>
<b>Financing Activities</b>		
Contribution restricted to endowments	100,000	94,395
Payments on notes payable	(339,019)	(329,885)
Proceeds from endowments	179,379	141,908
<b>Net Cash Used by Financing Activities</b>	<u>(59,640)</u>	<u>(93,582)</u>
<b>Increase in Cash</b>	1,385,831	907,377
Cash and cash equivalents at beginning of year	<u>2,980,185</u>	<u>2,072,808</u>
<b>Cash and Cash Equivalents at End of Year</b>	<u>\$ 4,366,016</u>	<u>\$ 2,980,185</u>
<b>Components of Cash</b>		
Cash	\$ 4,231,616	\$ 2,808,119
Restricted Cash	<u>134,400</u>	<u>172,066</u>
	<u>\$ 4,366,016</u>	<u>\$ 2,980,185</u>
<b>Supplemental Disclosure of Cash Flow Information:</b>		
Cash paid during the year for interest	<u>\$ 442,038</u>	<u>\$ 461,306</u>
<b>Non-cash Activity:</b>		
In-Kind contribution of property and equipment	<u>\$ -</u>	<u>\$ 1,400,000</u>

See accompanying independent auditors' report and notes to financial statements.

## Notes to Financial Statements

# Bigelow Laboratory for Ocean Sciences

### Note A - Summary of Significant Accounting Policies

#### Nature of Activities

Bigelow Laboratory for Ocean Sciences (the “Laboratory”) provides scientific research, educational services, and oceanographic goods and services to government, industry, and educational entities. The Laboratory continues to pursue research, educational, and technology transfer opportunities.

#### Basis of Presentation

The accompanying financial statements include a statement of financial position, a statement of activities, a statement of functional expenses, and a statement of cash flows. The Laboratory is required to report information regarding its financial position and activities according to two classes of net assets as follows:

Net Assets without Donor Restrictions - Represents those resources that are not subject to donor-imposed restrictions (donors include other types of contributors, including makers of certain grants), and can be used for any purpose designated by the Laboratory’s governing board.

Net Assets with Donor Restrictions - Represents resources and the portion of net assets resulting from contributions and other inflows of assets whose use is subject to donor-imposed restrictions.

#### Revenue and Expense Recognition

The financial statements of the Laboratory have been prepared on the accrual basis of accounting. Revenues received are recorded as revenue without donor restrictions or with donor restrictions, depending on the existence and/or nature of any donor restrictions. Support that is restricted by the donor is reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the support is recognized. All other donor restricted support is reported as an increase in net assets with donor restrictions.

When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Statement of Activities as net assets released from restrictions.

In accordance with ASC 606, the Laboratory recognizes revenue from an exchange agreement when it satisfies a performance obligation by transferring control of a promised good or service, in an amount that reflects the consideration it expects to be entitled to in exchange for those goods or services.

Expenses are recognized as incurred. Expense amounts are allocated among the various programs on both a direct basis and according to a cost allocation basis.

#### Contributions

Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions depending on the existence and/or nature of any donor restrictions.

## Notes to Financial Statements

# Bigelow Laboratory for Ocean Sciences

### Note A - Summary of Significant Accounting Policies - Continued

#### **Grants and Contracts**

Grants and contracts includes revenues received from Federal and other private agencies for work performed. The Laboratory has numerous grants for which the grantor agencies' promises to give are conditioned upon incurring certain qualified expenses under the grant programs, and therefore the Laboratory recognizes revenue from grants and contracts as related costs are incurred. Payments received in advance of expenditures are recorded as deferred revenue until expended.

#### **Donated Services and Materials**

Donated marketable securities and other noncash donations are recorded as support at their estimated fair values at the date of donation. Donations of property and equipment are recorded as support at their estimated fair value at the date of donation. Such donations are reported as revenue without donor restrictions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as revenue with donor restrictions. In the absence of donor stipulations regarding how long the contributed assets must be used, the Laboratory has adopted a policy of implying a time restriction on contributions of such assets that expire over the assets useful lives.

#### **Cash and Cash Equivalents**

For purposes of the statement of cash flows, the Laboratory considers all highly liquid debt instruments purchased with an initial maturity of three months or less to be cash equivalents. Cash and cash equivalents residing within the Laboratory's investment portfolios are reported as investments. The Laboratory maintains its deposits in bank deposit accounts, which also include a sweep account. Funds in excess of federally insured limits are collateralized by the relevant U.S. Treasuries or Agencies. The Laboratory has not experienced any losses in such accounts and believes that it is not exposed to any significant risk.

Restricted cash – The Laboratory had \$134,400 and \$172,066 of cash restricted for research purposes as of June 30, 2024 and 2023, respectively.

#### **Contracts, Grants and Accounts Receivable**

Contracts and grants receivable consist primarily of amounts due from federal agencies. Accounts receivable consist primarily of amounts due from various organizations for fees earned for services provided. All such receivables are stated at the amount management expects to collect from outstanding balances. The Laboratory uses the aging methodology to determine uncollectible receivables on a pooled basis where similar risk characteristics exist. The Laboratory has evaluated past historical loss information along with customer financial condition and current economic conditions and future forecasts in determining the estimated credit losses. The allowance for credit losses was \$10,493 at June 30, 2024 and 2023.

## Notes to Financial Statements

# Bigelow Laboratory for Ocean Sciences

### Note A - Summary of Significant Accounting Policies - Continued

#### **Pledges Receivable**

Unconditional promises to give are recognized as revenues in the period awarded and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized when the conditions on which they depend are substantially met. Pledges receivable expected to be received in more than one year are discounted to present value.

#### **Property and Equipment**

Property and equipment is stated at cost if purchased or at fair value if contributed. The Laboratory's capitalization policy is to capitalize any asset over \$5,000 with a useful life of one year or more. Assets are depreciated or amortized on a straight-line basis over their estimated useful lives ranging from 3 to 40 years.

Expenditures for repairs and maintenance are expensed when incurred and betterments are capitalized. Assets sold or otherwise disposed of are removed from the accounts, along with the related depreciation allowances, and any gain or loss is recognized accordingly. Depreciation expense for the years ended June 30, 2024 and 2023 was \$2,219,870 and \$1,968,586, respectively.

#### **Investments**

The Laboratory reports investments in marketable securities with readily determinable fair values and all investments in debt securities at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets in the accompanying statement of activities.

#### **Collections**

The Laboratory houses the Provasoli-Guillard National Center of Marine Algae and Microbiota. The Laboratory does not capitalize this collection of more than 2,700 strains of marine phytoplankton, bacteria, and viruses. The Laboratory holds the collection for educational and research purposes; the strains are available to the public. Proceeds from the sales of strain samples are used to maintain and preserve the collection.

#### **Retainage Payable**

Retainage payable represents funds held back by the Laboratory from each payment to ensure that the contractor satisfactorily completes a project. The funds will be due upon the completion of the relevant contract.

#### **Deferred Revenue**

Deferred revenue represents amounts advanced under grants and contracts with governmental agencies and private organizations which have not been expended in the current period and are available for use in the subsequent fiscal year.

#### **Compensated Absences**

Vested and accumulated vacation leave is reported as an expense and a liability when the obligation becomes determinable.

## Notes to Financial Statements

# Bigelow Laboratory for Ocean Sciences

### Note A - Summary of Significant Accounting Policies - Continued

#### **Debt Issuance Costs**

The Company has adopted Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 835-30, *Simplifying the Presentation of Debt Issuance Costs*. Accordingly, it is the Company's policy to record these costs as interest expense ratably over the corresponding loan period of thirty years and six months. Accumulated amortization of deferred debt issuance costs was \$26,920 and \$21,536 as of June 30, 2024 and 2023, respectively.

#### **Functional Expenses**

The costs of program and supporting services activities have been summarized on a functional basis in the statement of activities. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Such allocations are determined by management on an equitable basis, such as time and effort or full time equivalents.

#### **Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

#### **New Accounting Pronouncement**

On July 1, 2023, the Bigelow Laboratory for Ocean Sciences adopted ASU 2016-13 *Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Statements* (ASC 326). This standard replaced the incurred loss methodology with an expected loss methodology that is referred to as the current expected credit loss ("CECL") methodology. CECL requires an estimate of credit losses for the remaining estimated life of the financial asset using historical experience, current conditions, and reasonable and supportable forecasts and generally applies to financial assets measured at amortized cost, including trade accounts receivable. Financial assets measured at amortized cost will be presented at the net amount expected to be collected by using an allowance for credit losses.

The Laboratory evaluated the impact of the new standard and determined there was no material impact on the financial statements and resulted in new and enhanced disclosures only.

#### **Comparative Data**

The financial information for the year ended June 30, 2023, is presented for comparative purposes only, and is not intended to be a complete financial statement presentation. Certain prior year balances have been reclassified to conform with the current year presentation.

## Notes to Financial Statements

### Bigelow Laboratory for Ocean Sciences

#### Note B - Contracts and Grants Receivables

The majority of the \$3,530,882 and \$1,486,046 of contracts and grants receivable outstanding as of June 30, 2024 and 2023, respectively are due from government agencies for services performed. In addition, the Laboratory has future awards from various government agencies that are conditional upon funding availability from the specific agencies and are, therefore, not shown as assets or revenues on the financial statements. For the years ended June 30, 2024 and 2023, the future research conditional awards were \$5,363,336 and \$7,214,839, respectively.

Future unconditional awards are as follows as of June 30:

	<u>2024</u>	<u>2023</u>
Research awards	\$ 17,375,211	\$ 13,505,992
New wing	3,855,297	-
Education	95,450	94,318
Plant and equipment awards	-	4,231
Core facility	248,257	244,181
	<u>\$ 21,574,215</u>	<u>\$ 13,848,722</u>

#### Note C - Pledges Receivable

Pledges receivable are as follows as of June 30:

	<u>2024</u>	<u>2023</u>
Annual Fund	\$ 3,021,000	\$ -
New wing	290,791	7,139,140
BLOOM programs	252,500	500,000
Spencer internal grants	199,825	-
eDNA match	134,745	-
Marine Educator	69,113	69,113
Fellowship	60,000	-
Tandy Center for Ocean Forecasting	56,000	161,000
Water Health and Humans Initiative	-	124,957
	<u>4,083,974</u>	<u>7,994,210</u>
Less discount	(121,977)	(57,429)
Pledges receivable, net of discount	<u>\$ 3,961,997</u>	<u>\$ 7,936,781</u>

## Notes to Financial Statements

### Bigelow Laboratory for Ocean Sciences

#### Note C - Pledges Receivable - Continued

	<u>2024</u>	<u>2023</u>
Amounts due in:		
Less than one year	\$ 1,087,567	\$ 7,316,263
One to five years	<u>2,996,407</u>	<u>677,947</u>
	<u>\$ 4,083,974</u>	<u>\$ 7,994,210</u>

For the years ended June 30, 2024 and 2023, a discount rate of 4%, was applied to pledges receivable in excess of one year.

Approximately 88% and 87% of unconditional promises to give received during the years ended June 30, 2024 and 2023, respectively were from four and two donors, respectively.

#### Note D - Property and Equipment

During 2005, approximately 64 acres of land in East Boothbay, Maine with a cost of \$2,728,008 was acquired and was partially funded by a grant from the National Oceanic and Atmospheric Administration (NOAA) in the amount of \$1,464,735. This grant restricts the sale of the land without prior approval from NOAA.

The Laboratory received grants from the Maine Technology Institute for \$4,528,971, National Science Foundation for \$4,975,000, and National Institutes of Standards and Technology (NIST) for \$9,145,710 for construction of the new facilities. NIST restricts that the portion of the new building funded by their grants must be used for the original purposes set out by the Laboratory for 20 years. Also related to the construction, the Laboratory obtained financing from a local bank of \$13,156,911 that was disbursed for the initial three phases of the project. In addition, another \$75,000 loan was obtained for site work for the new administrative building. Construction of all buildings was completed in June 2013.

## Notes to Financial Statements

### Bigelow Laboratory for Ocean Sciences

#### Note D - Property and Equipment - Continued

Property and equipment consisted of the following at June 30:

	<u>2024</u>	<u>2023</u>
Land	\$ 2,800,537	\$ 2,800,537
Site work - new campus	5,285,146	5,285,146
Buildings - new campus	34,285,857	34,285,857
Buildings other	357,767	329,328
Administrative furnishings and equipment	7,686	7,686
Facilities equipment	6,474,120	6,146,015
Scientific equipment acquired through grants	4,635,911	4,778,604
Equipment - matching portion	42,097	42,097
Donated equipment and furnishings	1,499,566	1,499,566
Leasehold improvements	37,338	37,338
Land improvements	7,713	7,713
	<u>55,433,738</u>	<u>55,219,887</u>
Less: accumulated depreciation	<u>23,065,395</u>	<u>21,307,129</u>
	32,368,343	33,912,758
Add: construction in progress	<u>12,309,506</u>	<u>1,494,751</u>
	<u>\$ 44,677,849</u>	<u>\$ 35,407,509</u>

#### Note E - Fair Value Measurements

The Laboratory applies a framework for measuring fair values under generally accepted accounting principles which applies to all financial instruments that are measured and reported at fair value.

The framework for measuring fair value of financial assets and liabilities includes a hierarchy of three levels for observable independent market inputs and unobservable market assumptions. A description of the inputs used in the valuation of assets and liabilities under this hierarchy is as follows:

Level 1 – Quoted prices are available in active markets, such as the New York or American Stock Exchange markets, for identical investments as of the reporting date. Level 1 also includes U.S. Treasury and federal agency securities and mortgage-backed securities traded by brokers or dealers in active markets.

Level 2 – Pricing inputs are observable for the investments, either directly or indirectly, as of the reporting date, but are not the same as those used in Level 1. Fair values are obtained from third party pricing services that may use models or other valuation methodologies to derive market value. These may be investments traded in less active dealer or broker markets.

## Notes to Financial Statements

# Bigelow Laboratory for Ocean Sciences

### Note E - Fair Value Measurements

Level 3 – Pricing inputs are unobservable for investments and valuations are derived from other methodologies not based on market exchange, dealer or broker traded transactions. Level 3 valuations incorporate certain assumptions and projections in determining the fair value assigned to such assets and liabilities. The types of investments in this category would generally include debt and equity securities issued by private entities and partnerships.

The following summarizes fair values of investment assets by levels within the fair value hierarchy at June 30, 2024:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Money market funds	\$ 14,109,874	\$ -	\$ -	\$ 14,109,874
Exchange traded funds	17,185,613	-	-	17,185,613
Fixed income funds	<u>14,995,177</u>	<u>-</u>	<u>-</u>	<u>14,995,177</u>
Total investments	<u>\$ 46,290,664</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 46,290,664</u>

The following summarizes fair values of investment assets by levels within the fair value hierarchy at June 30, 2023:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Money market funds	\$ 13,512,444	\$ -	\$ -	\$ 13,512,444
Equity funds	10,118	-	-	10,118
Exchange traded funds	10,343,434	-	-	10,343,434
Fixed income funds	<u>14,378,562</u>	<u>-</u>	<u>-</u>	<u>14,378,562</u>
Total investments	<u>\$ 38,244,558</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 38,244,558</u>

### Note F - Endowment Fund

The Laboratory has endowment funds established for a number of purposes. As required by generally accepted accounting principles, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions. The funds are recorded at fair value and the principal is recorded as net assets with donor restrictions. Earnings and losses on these funds are considered restricted or unrestricted depending on donor intentions and are recorded as such.

**Notes to Financial Statements**

**Bigelow Laboratory for Ocean Sciences**

**Note F - Endowment Fund - Continued**

The State of Maine has adopted the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA). In accordance with UPMIFA the Laboratory classifies as net assets with donor restrictions (a) the original value of gifts donated to the endowment, (b) the original value of subsequent gifts to the endowment, (c) accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund, and (d) any remaining portion of the donor-restricted endowment until such amounts are appropriated for expenditure by the Laboratory in a manner consistent with the standard of prudence prescribed by UPMIFA.

In accordance with UPMIFA, the Laboratory considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the various funds, (2) the purposes of the donor-restricted endowment funds, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investments, (6) other resources of the Laboratory, and (7) the Laboratory’s investment policies.

Endowment net asset composition by type of fund is as follows at June 30, 2024:

	Without Donor <u>Restrictions</u>	With Donor <u>Restrictions</u>	<u>Total</u>
Donor-restricted endowment funds	\$ <u>          -</u>	\$ <u>  7,768,177</u>	\$ <u>  7,768,177</u>

Endowment net asset composition by type of fund is as follows at June 30, 2023:

	Without Donor <u>Restrictions</u>	With Donor <u>Restrictions</u>	<u>Total</u>
Donor-restricted endowment funds	\$ <u>          -</u>	\$ <u>  6,406,918</u>	\$ <u>  6,406,918</u>

## Notes to Financial Statements

### Bigelow Laboratory for Ocean Sciences

#### Note F - Endowment Fund - Continued

Changes in endowment net assets for the year ended June 30, 2024 are as follows:

	Without Donor <u>Restrictions</u>	With Donor <u>Restrictions</u>	<u>Total</u>
Endowment, beginning of year	\$ -	\$ 6,406,918	\$ 6,406,918
Contributions received	-	350,000	350,000
Investment return	-	1,190,638	1,190,638
Appropriation of endowment assets for expenditure	-	(179,379)	(179,379)
Transfer to board designated endowment fund	-	-	-
Endowment, end of year	<u>\$ -</u>	<u>\$ 7,768,177</u>	<u>\$ 7,768,177</u>

Changes in endowment net assets for the year ended June 30, 2023 are as follows:

	Without Donor <u>Restrictions</u>	With Donor <u>Restrictions</u>	<u>Total</u>
Endowment, beginning of year	\$ -	\$ 5,573,415	\$ 5,573,415
Contributions received	-	94,395	94,395
Investment return	-	881,016	881,016
Appropriation of endowment assets for expenditure	-	(141,908)	(141,908)
Transfer to board designated endowment fund	-	-	-
Endowment, end of year	<u>\$ -</u>	<u>\$ 6,406,918</u>	<u>\$ 6,406,918</u>

#### Note G - Line of Credit

The Laboratory has an operating line of credit with a local bank with a maximum amount available for borrowing of \$1,000,000 with an interest rate at the Wall Street Prime (8.50% and 8.25% at June 30, 2024 and 2023, respectively). The line renews annually and is unsecured. There was no outstanding balance at June 30, 2024 and 2023.

## Notes to Financial Statements

### Bigelow Laboratory for Ocean Sciences

#### Note H - Swap Contract

The Laboratory entered into an agreement with the First National Bank in April of 2019 to borrow \$12,914,000. The proceeds were used to refinance debt in the amount of \$12,756,911 and to pay for associated issuance costs. As part of the agreement the Laboratory entered into an Interest Rate Swap transaction, in which the Laboratory receives or is charged a monthly amount based upon the difference between the fixed and floating rates as detailed in the contract. The Laboratory utilized SJ Advisors LLC, an outside 3<sup>rd</sup> party, to perform a valuation of the swap as of June 30, 2024 and 2023, respectively. The market value of the interest rate swap is determined by present values of future cash flows. Cash flows based on a fixed rate equal the notional amount of \$12,914,000 times the fixed rate times the day count fraction for each period. Cash flows based on a floating rate equal the notional amount times the floating rate, as projected by the forward yield curve on the valuation date times the day count fraction for each period. Discount factors are based on the discount curve on the valuation date. As of June 30, 2024 and 2023, the market value of the interest rate swap of \$1,153,725 and \$853,458, respectively, has been recorded as an asset on the statement of financial position.

#### Note I - Notes Payable

Long-term debt consists of the following at June 30:

	<u>2024</u>	<u>2023</u>
Bond payable to a bank with monthly principal and interest payments through April 2049. The interest is fixed at 3.724% through an interest rate swap agreement (see Note H). The note is secured by real estate.	\$ 11,697,861	\$ 11,976,016
Note payable to Maine Community Foundation requiring quarterly interest payments at 2% and annual principal payments of \$60,000 through December 31, 2024.	<u>60,000</u>	<u>120,000</u>
	11,757,861	12,096,016
Less current portion	<u>350,073</u>	<u>338,155</u>
Long-term debt, net of current portion	<u>\$ 11,407,788</u>	<u>\$ 11,757,861</u>

Required future annual principal payments on the notes payable are as follows:

2025	\$ 350,073
2026	301,217
2027	312,789
2028	323,700
2029	337,241
Thereafter	<u>10,132,841</u>
	<u>\$ 11,757,861</u>

## Notes to Financial Statements

# Bigelow Laboratory for Ocean Sciences

### Note J - Net Assets with Donor Restrictions

Net assets with donor restrictions are restricted for the following purposes or periods at June 30:

	<u>2024</u>	<u>2023</u>
<i>Subject to expenditure for specified purpose:</i>		
Grant equipment	\$ 252,293	\$ 402,330
Grant buildings	11,757,495	12,201,121
Donated equipment	1,155,000	1,295,000
Research and education support	13,616,583	12,069,944
Pledges receivable - building fundraising	290,791	7,134,139
Pledges receivable - endowment	252,500	500,000
Pledges receivable - research	397,706	302,642
Endowment earnings	<u>2,340,600</u>	<u>1,329,341</u>
	<u>30,062,968</u>	<u>35,234,517</u>
 <i>Subject to the passage of time:</i>		
Pledges receivable – annual fund	<u>3,021,000</u>	<u>-</u>
 <i>Not subject to appropriation or expenditure:</i>		
General operations support	1,348,126	1,348,126
Keller scholarship	27,234	27,234
BLOOM education programs	750,000	500,000
Marine Educator endowment	100,000	-
Residence endowment	1,202,217	1,202,217
Endowment for chair for research and education	<u>2,000,000</u>	<u>2,000,000</u>
	<u>5,427,577</u>	<u>5,077,577</u>
	<u>\$ 38,511,545</u>	<u>\$ 40,312,094</u>

### Note K - Board Designated Net Assets

The Laboratory has set aside funds received primarily from the proceeds from a prior insurance claim, bequests, and investment earnings. The balances of \$11,375,904 and \$9,744,870 at June 30, 2024 and 2023, respectively, may only be used with Board approval. No specified purpose has been identified for the future expenditure of the designated funds.

## Notes to Financial Statements

### Bigelow Laboratory for Ocean Sciences

#### Note L - Liquidity and Availability

Financial assets consist of the Laboratory's cash and cash equivalents, contracts and grants receivable, pledges receivable, accounts receivable, and investments. The following reflects the Laboratory's financial assets as of June 30, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the date of the Statement of Net Position.

Financial assets available to meet cash needs for general expenditures within one year consists of the following at June 30:

	<u>2024</u>	<u>2023</u>
Financial assets, at year end	\$ 58,630,120	\$ 51,157,340
Less those unavailable for general expenditures within one year, due to:		
<i>Contractual or donor-imposed restrictions</i>		
Pledges receivable due in more than one year	(2,874,430)	(620,518)
Restricted by donor with time or purpose restrictions	<u>(38,580,042)</u>	<u>(30,157,800)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 17,175,648</u>	<u>\$ 20,379,022</u>

The Laboratory's financial assets available to meet cash needs for general expenditures within one year represents funding for ongoing operational requirements and planned increases in program expenditures in 2025.

The Laboratory is substantially supported by grants and contracts. The Laboratory actively manages its cash flow to ensure funds are available for general expenditures, liabilities, and other obligations as they come due. As more fully described in Note G, the Laboratory also has availability under the line of credit of \$1,000,000, should an unanticipated liquidity need be identified.

#### Note M - Retirement Plan

Substantially all eligible research and administrative personnel participate in individual annuity contracts through Teachers Insurance and Annuity Association College Retirement Equities Fund. Contributions for each annuity are made both by the participant and the Laboratory. The Laboratory's contributions amounted to \$492,649 and \$445,618 for the years ended June 30, 2024 and 2023, respectively.

## Notes to Financial Statements

# Bigelow Laboratory for Ocean Sciences

### Note N - Contributed Nonfinancial Assets

For the year ended June 30, 2023, contributed nonfinancial assets recognized within the statement of activities consisted of a multi-purpose research boat donated by a postsecondary institution. The amount recognized was the estimated fair value, based on a valuation performed by a Marine Surveyor. There were no donor-imposed restrictions associated with the donated asset.

### Note O - Commitments and Contingencies

#### Grants

All government grants and contracts are subject to audit and acceptance of final costs by the appropriate governmental agency. Most contract terms contain a provisionally approved overhead rate that is subject to final government audit. To date, government audits have resulted in only minor settlement amounts.

In the opinion of the Laboratory, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the grants. Therefore, no provision has been recorded in the accompanying financial statements for such contingency.

In August 2020, the Laboratory entered into a bill credit agreement to purchase solar power from Sunrise Energy from a 3<sup>rd</sup> party array which was completed during the year ended June 30, 2021. Bigelow agreed to purchase approximately 90% of its 2019 calendar year power usage at a discounted rate of 2 cents/kWh below the CMP prevailing meter rate for entities of Bigelow's size for a period of 20 years. This agreement is providing discounts off electricity purchases to the Laboratory as of July 1, 2021.

### Note P - Concentrations

The Laboratory receives a substantial portion of its operating revenues (not including contributions for building construction and endowment contributions) from governmental agencies. For the years ended June 30, 2024 and 2023, the Laboratory received approximately 86% and 49%, respectively, of its operating revenues from governmental agencies. Receivables directly from government agencies comprised approximately 79% and 51% of contracts and grants receivables as of June 30, 2024 and 2023, respectively.

### Note Q - Related Party Transactions

During the years ended June 30, 2024 and 2023, the Laboratory received contributions of \$1,600,440 and \$9,888,417, respectively from Trustees, Advisory Board members, staff and Trustees Emeriti.

## Notes to Financial Statements

# Bigelow Laboratory for Ocean Sciences

### Note R - Income Taxes

The Laboratory qualifies as an organization exempt from federal income tax under Internal Revenue Code Section 501(c)(3) and files a Form 990 tax return. With few exceptions, the Laboratory is no longer subject to U.S. federal income tax examinations by tax authorities for years before 2021 due to the statute of limitations. The Laboratory has adopted the provisions of FASB ASC, Income Taxes. Management of the Laboratory believes it has no material uncertain tax positions, and accordingly it will not recognize any liability for unrecognized tax benefits.

### Note S - Revenue Recognition

#### Disaggregation of Revenue

The following table shows Bigelow Laboratory for Ocean Sciences' contract revenue disaggregated according to revenue stream and the timing of transfer of goods or services during the years ended June 30, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
<i>Revenue Recognized at a Point in Time</i>		
Patent and license fees	\$ 451,219	\$ 790,850
Other fees	<u>1,029,489</u>	<u>1,023,207</u>
Total Contract Revenue Recognized at a Point in Time	<u>1,480,708</u>	<u>1,814,057</u>
<i>Revenue Recognized Over Time</i>		
Summer training and course fees	<u>602,209</u>	<u>597,324</u>
Total Contract Revenue Recognized Over Time	<u>602,209</u>	<u>597,324</u>
Total Revenue from Contracts with Customers	<u>\$ 2,082,917</u>	<u>\$ 2,411,381</u>

#### Contract Assets and Contract Liabilities

In accordance with FASB ASC 606-10-50, the Laboratory has considered the need to record contract assets and contract liabilities from contracts with its customers. The Laboratory has no contract assets and no contract liabilities as of June 30, 2024 and June 30, 2023, respectively.

#### Receivables

Bigelow Laboratory for Ocean Sciences has no accounts receivable from contracts with customers at June 30, 2024 and June 30, 2023.

#### Performance Obligations

Bigelow Laboratory for Ocean Sciences generates revenue at a point in time from product sales and service performance. Revenue is recognized at the time the product or service is provided and used by customers.

## Notes to Financial Statements

# Bigelow Laboratory for Ocean Sciences

### Note S - Revenue Recognition - Continued

#### Performance Obligations - Continued

Bigelow Laboratory for Ocean Sciences recognizes revenue over time from its contracts for summer training and courses. The Laboratory recognizes revenue as it performs the services specified in the agreements.

There are no credit terms extended to certain customers based on credit worthiness.

Management has determined that there are no significant warranties or return, refund, or discount obligations related to contracts with its customers.

The Laboratory has no significant shipping and handling costs.

#### Significant Judgments

Exchange Transactions - Management has determined that its grants and contracts with federal and other governmental agencies do not meet the definition of an exchange transaction as defined in ASC 606, as the agreements do not include the giving and receiving of *direct commensurate value* by both parties. Such transactions are thus excluded from the Laboratory's application of the new standard.

Identifying Performance Obligations - ASC 606 requires the Laboratory to determine which of the promised services with customers constitute separate performance obligations within the context of certain overall contracts. Identification generally involves management's judgment to identify distinct promises, and includes an assessment of the significance of integration and interdependence of the various services within the contract.

Bigelow Laboratory for Ocean Sciences has considered a number of factors in determining that applying ASC 606 to a portfolio of similar contracts will not result in a materially different outcome compared to individually accounting for the contracts.

#### Financing Components

The Laboratory's contracts with customers contain no significant financing components.

### Note T - Subsequent Events

Bigelow Laboratory began a new construction project in August 2023 to expand its state of the art laboratory facility by 25,000 square feet at its campus in East Boothbay, Maine. The project is scheduled to be completed in March 2025.

Management has made an evaluation of subsequent events to and including December 19, 2024, which was the date the financial statements were available to be issued, and determined that any subsequent events that would require recognition or disclosure have been considered in the preparation of the financial statements.

**Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards***

**To the Board of Trustees  
Bigelow Laboratory for Ocean Sciences  
East Boothbay, Maine**

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Bigelow Laboratory for Ocean Sciences (a nonprofit organization), which comprise the statement of financial position as of June 30, 2024, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 19, 2024.

**Report on Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Bigelow Laboratory for Ocean Sciences' internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Bigelow Laboratory for Ocean Sciences' internal control. Accordingly, we do not express an opinion on the effectiveness of Bigelow Laboratory for Ocean Sciences' internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements, on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies in internal control may exist that were not identified.

## **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Bigelow Laboratory for Ocean Sciences' financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Professional Association

**Portland, Maine  
December 19, 2024**

**Independent Auditors' Report on Compliance For Each Major Program and on  
Internal Control Over Compliance Required By The Uniform Guidance**

**To the Board of Trustees  
Bigelow Laboratory for Ocean Sciences  
East Boothbay, Maine**

**Report on Compliance for Each Major Federal Program**

**Opinion on Each Major Federal Program**

We have audited Bigelow Laboratory for Ocean Sciences' compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of Bigelow Laboratory for Ocean Sciences' major federal programs for the year ended June 30, 2024. Bigelow Laboratory for Ocean Sciences' major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, Bigelow Laboratory for Ocean Sciences complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2024.

**Basis for Opinion on Each Major Federal Program**

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Bigelow Laboratory for Ocean Sciences and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Bigelow Laboratory for Ocean Sciences' compliance with the compliance requirements referred to above.

## **Responsibilities of Management for Compliance**

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Bigelow Laboratory for Ocean Sciences' federal programs.

## **Auditors' Responsibilities for the Audit of Compliance**

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Bigelow Laboratory for Ocean Sciences' compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Bigelow Laboratory for Ocean Sciences' compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Bigelow Laboratory for Ocean Sciences' compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Bigelow Laboratory for Ocean Sciences' internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Bigelow Laboratory for Ocean Sciences' internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

## **Report on Internal Control Over Compliance**

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion in the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

## **Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance**

We have audited the financial statements of Bigelow Laboratory for Ocean Sciences as of and for the year ended June 30, 2024, and have issued our report thereon dated December 19, 2024, which contained an unmodified opinion on those financial statements. Our audit was performed for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements.

The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the financial statements as a whole.

Purdy Powers & Company

Professional Association

**Portland, Maine**  
**December 19, 2024**

# Schedule of Expenditures of Federal Awards (Page 1 of 2)

## Bigelow Laboratory for Ocean Sciences

For the Year Ended June 30, 2024

Federal Grantor Pass-Through Grantor Program Title	Federal Assistance Listing Number	Pass-Through Grantors' Number	Total Federal Expenditures	Expenditures to Subrecipients
<b>U.S. Department of Commerce, National Institute of Standards and Technology</b>				
<u>Direct award:</u>				
Congressionally-Identified Projects	11.617	n/a	\$ 8,347,443	\$ -
<b>Total U.S. Department of Commerce, National Institute of Standards and Technology</b>			<b>8,347,443</b>	<b>-</b>
<b>Research and Development Cluster</b>				
<b>National Science Foundation</b>				
<u>Research and development direct:</u>				
Biological Sciences	47.074	n/a	313,156	-
Geosciences	47.050	n/a	2,351,139	20,000
Integrative Activities	47.083	n/a	561,204	81,637
Office of International Science and Engineering	47.079	n/a	417,973	164,253
Mathematical and Physical Sciences	47.049	n/a	119,857	-
Polar Programs	47.078	n/a	82,323	16,715
NSF Technology, Innovation, and Partnerships	47.084	n/a	207,225	83,085
Computer and Information Science and Engineering	47.070	n/a	11,234	-
<u>Passed through from other organizations:</u>				
University of Maine - Integrative Activities	47.083	OIA-1849227	12,313	-
University of Maine - Integrative Activities	47.083	OIA-1849227	786,011	-
University of Washington - Geosciences	47.050	OCE-1922916	14,919	-
Columbia University - Geosciences	47.050	OCE-1450528	87,604	-
Pacific Northwest Research Institute - Geosciences	47.050	OCE-2208081	26,798	-
Cornell University - Geosciences	47.050	OCE-2109607	74,776	-
Woods Hole Oceanographic Institution - Office of International Science and Engineering	47.079	OCE-2201571	7,853	-
<b>Total National Science Foundation</b>			<b>5,074,385</b>	<b>365,690</b>
<b>U.S. Department of Commerce</b>				
<b>National Oceanic and Atmospheric Administration</b>				
<u>Research and development direct:</u>				
Center for Sponsored Coastal Ocean Research Coastal Ocean Program	11.478	n/a	49,004	-
Ocean Exploration	11.011	n/a	112,302	-
Congressionally Identified Awards and Projects	11.469	n/a	674	-
Center for Sponsored Coastal Ocean Research Coastal Ocean Program	11.478	n/a	60,164	-
Sea Grant Support	11.417	n/a	92,835	-
<u>Passed through from other organizations:</u>				
North Pacific Research Board - Unallied Science Program	11.472	NA19NMF4720069	300,161	-
North Pacific Research Board - Unallied Science Program	11.472	NA21NMF4720289	178,441	-
North Pacific Research Board - Unallied Science Program	11.472	NA22NMF4720078	12,969	-
National Center for Coastal Ocean Science - Center for Sponsored Coastal Ocean Research Coastal Ocean Program	11.478	NA23NOS4780277	21,383	-
Gloucester Marine Genomics Institute, Inc. - Center for Sponsored Coastal Ocean Research Coastal Ocean Program	11.478	NA23NOS4780293	8,046	-
Mote Marine Laboratory - Center for Sponsored Coastal Ocean Research Coastal Ocean Program	11.478	NA19NOS4780183	171,384	-
Mbio Diagnostics, Inc. - Center for Sponsored Coastal Ocean Research Coastal Ocean Program	11.478	NA20NOS4780181	100,369	-
North Pacific Research Board - Integrated Ocean Observing System (IOOS)	11.012	NA21NOS0120094	9,833	-
Northeast Regional Assn. of Coastal Ocean Observing Systems - Navigation Projects	12.107	NA16NOS0120023	3,622	-
Duke University - NOAA Mission-Related Education Awards	11.008	NA20NMF0080246	18,602	-
Nearview, LLC - NOAA Small Business Innovation Research Program	11.021	NA22OAR0210489	4,527	-
University of Washington - National Oceanic and Atmospheric Cooperative Institutes	11.432	NA20OAR4320271	116,731	-
University of Maine - Sea Grant Support	11.417	NA22OAR4170121	72,289	-
<b>Total U.S. Department of Commerce</b>			<b>1,333,336</b>	<b>-</b>

## Schedule of Expenditures of Federal Awards (Page 2 of 2)

### Bigelow Laboratory for Ocean Sciences

For the Year Ended June 30, 2024

Federal Grantor Pass-Through Grantor Program Title	Federal Assistance Listing Number	Grant/ Pass-through Number	Total Federal Expenditures	Passed Through to Subrecipients
<b>Research and Development Cluster - continued</b>				
<b><u>U.S. Department of the Interior, U.S. Geological Survey</u></b>				
<u>Passed through from other organizations:</u>				
University of Maine - Assistance to State Water Resources Research Institutes	15.805	G21AP10180-00	8,173	-
<b>Total U.S. Department of the Interior, U.S. Geological Survey</b>			<b>8,173</b>	<b>-</b>
<b><u>U.S. Department Health and Human Services, National Institute of Health</u></b>				
<u>Passed through from other organizations:</u>				
University of California San Diego - Allergy and Infectious Diseases Research	93.855	RO1AAI168993	21,182	-
<b>Total U.S. Department Health and Human Services, National Institute of Health</b>			<b>21,182</b>	<b>-</b>
<b><u>National Aeronautics and Space Administration</u></b>				
<u>Research and development direct:</u>				
Science	43.001	n/a	25,734	2,784
Science	43.001	n/a	182,266	-
Science	43.001	n/a	82,750	-
Science	43.001	n/a	133,769	-
Science	43.001	n/a	28,740	-
Science	43.001	n/a	16,501	-
Science	43.001	n/a	43,011	-
Science	43.001	n/a	8,776	-
<b>Total National Aeronautics and Space Administration</b>			<b>521,547</b>	<b>2,784</b>
<b><u>U.S. Department of Energy</u></b>				
<u>Research and development direct:</u>				
Advanced Research Projects Agency - Energy	81.135	n/a	61,442	-
<b>Total U.S. Department of Energy</b>			<b>61,442</b>	<b>-</b>
<b><u>U.S. Department of Agriculture</u></b>				
<u>Research and development direct:</u>				
Agricultural Research Basis and Applied Research	10.001	n/a	884,197	348,496
<u>Passed through from other organizations:</u>				
Colby College - Agriculture and Food Research Initiative	10.310	2021-69012-35919	572,505	34,266
Northeast - Sustainable Agriculture Research and Education	10.215	2020-38640-31520	76,186	-
Mook Sea Farm - Sustainable Agriculture Research and Education	10.215	2021-38640-34668	26,329	-
University of Vermont - Organic Agriculture Research and Extension Initiative	10.307	2021-51300-35226	65,334	-
<b>Total U.S. Department of Agriculture</b>			<b>1,624,551</b>	<b>382,762</b>
<b><u>U.S. Environmental Protection Agency</u></b>				
<u>Passed through from other organization:</u>				
Restore America's Estuaries - National Estuary Program	66.456	83967501	7,677	4,597
<b>Total U.S. Environmental Protection Agency</b>			<b>7,677</b>	<b>4,597</b>
<b><u>U.S. Department of the Treasury</u></b>				
<u>Passed through from State of Maine Department of Marine Resources:</u>				
Coronavirus State and Local Fiscal Recovery Funds	COVID -19 -21.027	SLFRP0144	23,400	-
<b>Total U.S. Department of the Treasury</b>			<b>23,400</b>	<b>-</b>
<b>Total Research and Development Cluster</b>			<b>8,675,693</b>	<b>755,833</b>
<b>Total Expenditures of Federal Awards</b>			<b>\$ 17,023,136</b>	<b>\$ 755,833</b>

## Notes to Schedule of Expenditures of Federal Awards

### Bigelow Laboratory for Ocean Sciences

For the Year Ended June 30, 2024

1. **Basis of Presentation**

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal award programs of the Bigelow Laboratory for Ocean Sciences. All federal awards received directly from federal agencies as well as federal awards passed through other governmental agencies are included on the schedule. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of Bigelow Laboratory for Ocean Sciences, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Bigelow Laboratory for Ocean Sciences.

2. **Summary of Significant Accounting Policies**

The accompanying Schedule of Expenditures of Federal Awards is presented using the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

3. **Indirect Cost Rate**

Bigelow Laboratory for Ocean Sciences has elected not to use the 10% *de minimis* indirect cost rate as allowed under the Uniform Guidance.

## Schedule of Findings and Questioned Costs

### Bigelow Laboratory for Ocean Sciences

For the Year Ended June 30, 2024

#### A. SUMMARY OF AUDIT RESULTS

1. The auditors' report expresses an unmodified opinion on the financial statements of the Bigelow Laboratory for Ocean Sciences.
2. No significant deficiencies or material weaknesses were disclosed during the audit of the financial statements and reported in the Auditors' Report on Compliance and on Internal Control over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.
3. No instances of noncompliance material to the financial statements of the Bigelow Laboratory for Ocean Sciences were disclosed during the audit.
4. No significant deficiencies or material weaknesses in internal control over compliance relating to the audit of the major federal award programs are reported in the accompanying Independent Auditors' Report On Compliance With Requirements That Could Have A Direct And Material Effect On Each Major Program And On Internal Control Over Compliance in Accordance With the Uniform Guidance.
5. The auditor's report on compliance for the major federal awards programs for the Bigelow Laboratory for Ocean Sciences expresses an unmodified opinion.
6. Audit findings relative to the major federal award programs for the Bigelow Laboratory for Ocean Sciences are reported in Part C of this Schedule.
7. The programs tested as major were:

<u>Program</u>	<u>Federal Assistance Listing Number</u>
Congressionally-Identified Projects	11.617

8. The threshold for distinguishing Type A and B programs was \$750,000.
9. The Bigelow Laboratory for Ocean Sciences was determined to be a low-risk auditee.

**Schedule of Findings and Questioned Costs - Continued**

**Bigelow Laboratory for Ocean Sciences**

**For the Year Ended June 30, 2024**

**B. FINDINGS - GENERAL PURPOSE FINANCIAL STATEMENTS AUDIT**

None

**C. FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAMS  
AUDIT**

None

**D. STATUS OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS**

None