

# **DELTARES USA, INC.**

**AUDIT REPORT**

**FINANCIAL AND FEDERAL AWARD  
COMPLIANCE EXAMINATION**

**FOR THE YEAR ENDED DECEMBER 31, 2024**

**DELTARES USA, INC.**

**CONTENTS**

	<b>PAGE NO.</b>
I. Financial Section	
Financial Statements, for the Year Ended December 31, 2024, with Summarized Financial Information for 2023, Including the Schedules of Expenditures of Federal Awards and Findings and Questioned Costs	I-(1 - 17)
II. Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>	II-(1 - 2)
III. Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance	III-(1 - 3)

**FINANCIAL STATEMENTS**

# **DELTARES USA, INC.**

**FOR THE YEAR ENDED DECEMBER 31, 2024  
WITH SUMMARIZED FINANCIAL  
INFORMATION FOR 2023**

**DELTARES USA, INC.**

**CONTENTS**

	<b>PAGE NO.</b>
INDEPENDENT AUDITOR'S REPORT	I-(3 - 5)
EXHIBIT A - Statement of Financial Position, as of December 31, 2024, with Summarized Financial Information for 2023	I-6
EXHIBIT B - Statement of Activities and Change in Net Assets, for the Year Ended December 31, 2024, with Summarized Financial Information for 2023	I-7
EXHIBIT C - Statement of Functional Expenses, for the Year Ended December 31, 2024, with Summarized Financial Information for 2023	I-8
EXHIBIT D - Statement of Cash Flows, for the Year Ended December 31, 2024, with Summarized Financial Information for 2023	I-9
NOTES TO FINANCIAL STATEMENTS	I-(10 - 13)
SUPPLEMENTAL INFORMATION	
SCHEDULE 1 - Schedule of Expenditures of Federal Awards, for the Year Ended December 31, 2024	I-(14 - 15)
SCHEDULE 2 - Schedule of Findings and Questioned Costs, for the Year Ended December 31, 2024	I-(16 - 17)



## CPAs & ADVISORS

### INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Deltares USA, Inc.  
Silver Spring, Maryland

#### Opinion

We have audited the accompanying financial statements of Deltares USA, Inc. (Deltares), which comprise the statement of financial position as of December 31, 2024, and the related statements of activities and change in net assets, 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 Deltares as of December 31, 2024, and the change 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 *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Deltares 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 the 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 Deltares' ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

#### Auditor's 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 auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not absolute assurance; therefore, it 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.

4550 MONTGOMERY AVENUE • SUITE 800 NORTH • BETHESDA, MARYLAND 20814  
(301) 951-9090 • WWW.GRFCPA.COM

---

MEMBER OF CPAMERICA INTERNATIONAL, AN AFFILIATE OF CROWE GLOBAL  
MEMBER OF THE AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS' PRIVATE COMPANIES PRACTICE SECTION

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, including omissions, 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 Deltares' 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 Deltares' 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 Deltares' 2023 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated May 9, 2024. As discussed in Note 6 to the financial statements, the 2023 financial statements have been restated to correct an error. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2023, is consistent, in all material respects, with the audited financial statements from which it has been derived, as restated.

### **Supplementary Information**

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying Schedule of Expenditures of Federal Awards on pages I-(14 - 15), 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 (Uniform Guidance)*, 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 information is fairly stated, in all material respects, in relation to the financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated September 19, 2025, on our consideration of Deltares' 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 Deltares' 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 Deltares' internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "Gelman Rosenberg & Freedman".

September 19, 2025

## DELTARES USA, INC.

**STATEMENT OF FINANCIAL POSITION  
AS OF DECEMBER 31, 2024  
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2023**

**ASSETS**

	<u>2024</u>	<u>2023</u>
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 1,943,561	\$ 2,356,428
Grants and contracts receivable	1,344,146	1,119,641
Prepaid expenses	<u>58,724</u>	<u>12,024</u>
Total current assets	<u>3,346,431</u>	<u>3,488,093</u>
<b>FIXED ASSETS</b>		
Computer equipment	100,945	89,760
Less: Accumulated depreciation	<u>(82,460)</u>	<u>(68,498)</u>
Net fixed assets	<u>18,485</u>	<u>21,262</u>
<b>NONCURRENT ASSETS</b>		
Deposits	<u>1,458</u>	<u>1,458</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 3,366,374</u></b>	<b><u>\$ 3,510,813</u></b>

**LIABILITIES AND NET ASSETS**

<b>CURRENT LIABILITIES</b>		
Accounts payable and accrued liabilities	\$ 880,947	\$ 671,466
Refundable advances	1,885,103	2,252,270
Accrued salaries and related benefits	<u>89,438</u>	<u>76,567</u>
Total liabilities	<u>2,855,488</u>	<u>3,000,303</u>
<b>NET ASSETS</b>		
Without donor restrictions	<u>510,886</u>	<u>510,510</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b><u>\$ 3,366,374</u></b>	<b><u>\$ 3,510,813</u></b>

## DELTAIRES USA, INC.

**STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS  
FOR THE YEAR ENDED DECEMBER 31, 2024  
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2023**

	<u>Without Donor Restrictions</u>	
	<u>2024</u>	<u>2023</u>
<b>SUPPORT AND REVENUE</b>		
Grants and contracts	\$ 7,780,736	\$ 4,923,881
Interest income	<u>327</u>	<u>-</u>
Total support and revenue	<u>7,781,063</u>	<u>4,923,881</u>
<b>EXPENSES</b>		
Program Services	6,774,890	4,206,099
General and Administrative	<u>939,399</u>	<u>793,346</u>
Total expenses	<u>7,714,289</u>	<u>4,999,445</u>
Change in net assets before other item	66,774	(75,564)
<b>OTHER ITEM</b>		
Currency loss	<u>(66,398)</u>	<u>(8,492)</u>
Change in net assets	376	(84,056)
Net assets at beginning of year	<u>510,510</u>	<u>594,566</u>
<b>NET ASSETS AT END OF YEAR</b>	<b><u>\$ 510,886</u></b>	<b><u>\$ 510,510</u></b>

## DELTARES USA, INC.

**STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2024  
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2023**

	<b>2024</b>			<b>2023</b>
	<b>Program Services</b>	<b>General and Administrative</b>	<b>Total Expenses</b>	<b>Total Expenses</b>
Salaries	\$ 821,110	\$ 572,633	\$ 1,393,743	\$ 1,118,776
Benefits	68,587	47,832	116,419	112,894
Pension plan contributions	48,235	33,638	81,873	65,898
Payroll taxes	61,291	42,743	104,034	82,818
Professional fees	123,703	86,269	209,972	104,015
Occupancy	21,408	14,930	36,338	31,432
Insurance	89,875	62,678	152,553	159,333
Depreciation	8,226	5,736	13,962	12,649
Travel and entertainment	92,132	19,538	111,670	75,238
Postage and delivery	176	122	298	580
Supplies	3,244	2,263	5,507	2,725
Dues, fees and licenses	18,199	12,691	30,890	32,088
Data processing	35,216	24,560	59,776	38,649
Subcontracts	5,327,599	-	5,327,599	3,141,773
Other expenses	55,889	13,766	69,655	20,577
<b>TOTAL</b>	<b><u>\$ 6,774,890</u></b>	<b><u>\$ 939,399</u></b>	<b><u>\$ 7,714,289</u></b>	<b><u>\$ 4,999,445</u></b>

## DELTA RES USA, INC.

**STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2024  
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2023**

	<u>2024</u>	<u>2023</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 376	\$ (84,056)
Adjustments to reconcile change in net assets to net cash (used) provided by operating activities:		
Depreciation	13,962	12,649
Increase in:		
Grants and contracts receivable	(224,505)	(330,225)
Prepaid expenses	(46,700)	(2,114)
Increase (decrease) in:		
Accounts payable and accrued liabilities	209,481	185,343
Refundable advances	(367,167)	753,243
Accrued salaries and related benefits	<u>12,871</u>	<u>17,477</u>
Net cash (used) provided by operating activities	<u>(401,682)</u>	<u>552,317</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of fixed assets	<u>(11,185)</u>	<u>(9,827)</u>
Net cash used by investing activities	<u>(11,185)</u>	<u>(9,827)</u>
Net (decrease) increase in cash and cash equivalents	(412,867)	542,490
Cash and cash equivalents at beginning of year	<u>2,356,428</u>	<u>1,813,938</u>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<b><u>\$ 1,943,561</u></b>	<b><u>\$ 2,356,428</u></b>

**DELTAIRES USA, INC.**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2024**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION**

Organization -

Deltares USA, Inc. (Deltares) is an independent not-for-profit research and consulting organization, incorporated in the State of Maryland and located in Silver Spring, Maryland. Deltares' work focuses on environmental research topics including reservoir management operations, the application of coastal modeling software, urban resilience, and open-source software modeling of coastal waters, estuaries, rivers, lakes, rural and urban areas.

Basis of presentation -

The accompanying financial statements are presented on the accrual basis of accounting, and in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP) related to non-profit entities. As such, net assets are reported within two net asset classifications: without donor restrictions and with donor restrictions. Descriptions of the two net asset categories are as follows:

- **Net Assets Without Donor Restrictions** - Net assets available for use in general operations and not subject to donor restrictions are recorded as "net assets without donor restrictions".
- **Net Assets With Donor Restrictions** - Net assets may be subject to donor-imposed stipulations that are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Donor-imposed restrictions are released when the restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as revenue without donor restrictions when the assets are placed in service. There were no net assets with donor restrictions as of December 31, 2024.

The financial statements include certain prior year summarized comparative information in total but not by net asset class; such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with Deltares' financial statements for the year ended December 31, 2023, from which the summarized information was derived.

Cash and cash equivalents -

Deltares considers all cash and other highly liquid investments with initial maturities of three months or less to be cash equivalents. Bank deposit accounts are insured by the Federal Deposit Insurance Corporation ("FDIC") up to a limit of \$250,000. At times during the year, Deltares maintains cash balances in excess of the FDIC insurance limits. Management believes the risk in these situations to be minimal.

Deltares had approximately \$912,000 of cash and cash equivalents held at a financial institution in Canada at December 31, 2024. Such funds are insured by the Canada Deposit Insurance Corporation ("CDIC") up to a limit of CAD 100,000. At times during the year, Deltares maintains cash balances at the Canadian financial institution in excess of the CDIC limit. Management believes the risk in these situations to be minimal.

**DELTAIRES USA, INC.**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2024**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION  
(Continued)**

Grants and contracts receivable -

Grants and contracts receivable include unconditional promises to give that are expected to be collected in future years. Grants and contracts receivable are recorded at their fair value, which is measured as the present value of the future cash flows.

Fixed assets -

Fixed assets in excess of \$500 are capitalized and stated at cost. Fixed assets are depreciated on a straight-line basis over the estimated useful lives of the related assets, generally two to three years. The cost of maintenance and repairs is recorded as expenses are incurred. Depreciation expense for the year ended December 31, 2024 totaled \$13,962.

Income taxes -

Deltaires is exempt from Federal income tax under Section 501(a) of the Internal Revenue Code ("IRC"), as an organization described in IRC Section 501(c)(3). Accordingly, no provision for income taxes has been made in the accompanying financial statements. Deltaires is not a private foundation.

Support from grants and contracts, including Federal awards -

Deltaires receives grants and contributions, including Federal awards from the U.S. Government. Contributions are recognized in the appropriate category of net assets in the period received. Deltaires performs an analysis of the individual contribution agreement to determine if the funding stream follows the contribution rules or if it should be recorded as an exchange transaction depending upon whether the transaction is deemed reciprocal or nonreciprocal in accordance with ASC Topic 958.

For grants qualifying under the contribution rules, support is recognized upon notification of the award and satisfaction of all conditions, if applicable. Conditional promises to give are not recognized until the conditions on which they depend are substantially met. Contributions, including grants qualifying as contributions, that are unconditional but have donor restrictions are recognized as "without donor restrictions" only to the extent of actual expenses incurred in compliance with the donor-imposed restrictions and satisfaction of time restrictions. Contributions with donor restrictions either in excess of expenses incurred or with time restrictions are shown as net assets with donor restrictions in the accompanying financial statements. Contributions that are both received and released from restrictions in the same year are classified as without donor restrictions.

Conditional contributions contain a right of return and a measurable barrier. Contributions are recognized when conditions have been satisfied. Most Federal grants are for direct and indirect program costs and are considered to be conditional contributions which are recognized as contributions when the amounts become unconditional. Conditional contributions received in advance of meeting specified conditions established by donors are recorded as refundable advances. Deltaires' refundable advances totaled \$1,885,103 as of December 31, 2024.

In addition, Deltaires has obtained funding source agreements related to conditional contributions, such as Federal awards from the U.S. Government, which will be received in future years. Deltaires' unrecognized conditional contributions to be received in future years totaled approximately \$4,550,000 as of December 31, 2024.

**DELTARES USA, INC.**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2024**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION  
(Continued)**

Foreign currency translation -

The U.S. Dollar is the functional currency for Deltares' worldwide operations. Transactions in currencies other than U.S. Dollars are translated into Dollars at the rate of exchange in effect during the month of the transaction. Assets and liabilities denominated in currencies other than U.S. Dollars are translated into Dollars at the exchange rate in effect at the date of the Statement of Financial Position.

Use of estimates -

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Functional allocation of expenses -

The costs of providing Deltares' programs and supporting services have been summarized on a functional basis in the Statement of Activities and Change in Net Assets. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Expenses directly attributed to a specific functional area are reported as direct expenses within that functional area and expenses that benefited more than one functional area, such as personnel costs, were allocated based on estimated time and effort.

**2. LIQUIDITY AND AVAILABILITY**

Financial assets available for use for general expenditures within one year of the Statement of Financial Position date comprise the following as of December 31, 2024:

Cash and cash equivalents	\$ 1,943,561
Grants and contracts receivable	<u>1,344,146</u>

<b>FINANCIAL ASSETS AVAILABLE TO MEET CASH NEEDS FOR GENERAL EXPENDITURES WITHIN ONE YEAR</b>	<b>\$ <u>3,287,707</u></b>
---	----------------------------

Deltares has a policy to structure its financial assets to be available and liquid as its obligations become due.

**3. LEASE COMMITMENTS**

Deltares follows FASB ASC 842 for leases. Deltares has elected the practical expedient that allows lessees to choose to not separate lease and non-lease components by class of underlying asset and is applying this expedient to all relevant asset classes. Deltares has also elected to use a risk-free rate as the lease discount rate for all leases as allowed under FASB ASC 842.

Deltares leases office space under an agreement which extends through September 30, 2025. Base rent is \$20,276 per year, plus a proportionate share of expenses.

**DELTAIRES USA, INC.**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2024**

**3. LEASE COMMITMENTS (Continued)**

The following is a schedule of the future minimum lease payments:

<b>Year Ending December 31, 2026</b>	<b>\$ <u>15,207</u></b>
--------------------------------------	-------------------------

Rent expense for the year ended December 31, 2024 was \$22,584 and is included within Occupancy expense in the accompanying Statement of Functional Expenses.

**4. RETIREMENT PLAN**

Deltaires provides retirement benefits to its employees through a defined contribution plan covering all full and part-time employees. In accordance with the provisions of the Plan, Deltaires provides a safe harbor nonelective contribution to each employee equal to 6% of covered compensation. Deltaires' contributions to the Plan totaled \$81,873 for the year ended December 31, 2024 and have been included Benefits in the accompanying Statement of Functional Expenses.

**5. CONTINGENCY**

Deltaires receives grants from various agencies of the United States Government. Such grants are subject to audit under the provisions of *Title 2 U.S. Code of Federal Regulations (CFR) Part 200 Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). The ultimate determination of amounts received under the Federal awards is based upon the allowance of costs reported to and accepted by the United States Government as a result of the audits. Until such audits have been accepted by the United States Government, there exists a contingency to refund any amount received in excess of allowable costs. Management is of the opinion that no material liability will result from such audits.

**6. RESTATEMENT OF 2023 SUMMARIZED COMPARATIVE INFORMATION**

The accompanying summarized comparative financial information for the year ended December 31, 2023 has been restated to correct an error. The prior year's financial statements included \$612,540 of grant and contract income pertaining to fixed price contracts which had ended, and for which the fixed contract income amounts exceeded total contract costs. However, Deltaires has adopted a policy of reserving excess income over cost on fixed price contracts for use on future contracts with the respective customers. Accordingly, the summarized comparative financial information in the accompanying financial statements has been restated to reflect the \$612,540 as part of refundable advances.

**7. SUBSEQUENT EVENTS**

In preparing these financial statements, Deltaires has evaluated events and transactions for potential recognition or disclosure through September 19, 2025, the date the financial statements were issued.

**SUPPLEMENTAL INFORMATION**

DELTARES USA, INC.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2024

Federal Awarding Agency and Award Number	Assistance Listing Number	Pass-Through Entity	Pass-Through Entity Identifying Number	Pass-Through to Subrecipients	Total Federal Expenditures
<b>Research and Development Cluster</b>					
<b>United States Department of Commerce</b>					
NA23OAR4310488	11.431	N/A	N/A	\$ -	\$ 83,710
<b>Total United States Department of Commerce</b>				<b>-</b>	<b>83,710</b>
<b>United States Department of Homeland Security</b>					
70RSAT20CB0000002-P00004	97.000	N/A	N/A	-	576,733
<b>Total United States Department of Homeland Security</b>				<b>-</b>	<b>576,733</b>
<b>United States Department of the Navy</b>					
N00173-23-2-C002	12.300	N/A	N/A	-	186,057
N00014-21-1-2196	12.300	N/A	N/A	-	186,637
<b>Total United States Department of the Navy</b>				<b>-</b>	<b>372,694</b>
<b>United States Department of the Interior</b>					
G23AC00597-00	15.808	N/A	N/A	-	186,753
G24AC00136	15.808	N/A	N/A	-	514,900
G24AC00387	15.808	N/A	N/A	-	61,584
G24AcC00136	15.808	N/A	N/A	-	57,013
<b>Total United States Department of the Interior</b>				<b>-</b>	<b>820,250</b>
<b>Total Research and Development Cluster</b>				<b>-</b>	<b>1,853,387</b>
<b>Total Expenditures of Federal Awards</b>				<b>\$ -</b>	<b>1,853,387</b>
Non-Federal Grants and Contracts					5,824,072
<b>TOTAL GRANTS AND CONTRACTS PER EXHIBIT B</b>					<b>\$ 7,677,459</b>

DELTAIRES USA, INC.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2024

**Note 1. Basis of Presentation**

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the Federal Award activity of Deltaires under programs of the Federal Government for the year ended December 31, 2024. Information in the Schedule is presented in accordance with the requirements of *Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*. The Schedule presents only a selected portion of the operations of Deltaires; accordingly, it is not intended to and does not present the financial position, changes in net assets or cash flows of Deltaires.

**Note 2. Summary of Significant Accounting Policies**

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Deltaires has elected not to use the 10-percent de minimis indirect cost rate as allowed under Uniform Guidance.

DELTARES USA, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED DECEMBER 31, 2024

Section I - Summary of Auditor's Results

Financial Statements

1). Type of auditor's report issued on whether the financial statements audited were prepared in accordance with GAAP on the accrual basis of accounting:

Unmodified

2). Internal control over financial reporting:

- Material weakness(es) identified?  Yes  No
- Significant deficiency(ies) identified?  Yes  None Reported

3). Noncompliance material to financial statements noted?

Yes  No

Federal Awards

4). Internal control over major Federal programs:

- Material weakness(es) identified?  Yes  No
- Significant deficiency(ies) identified?  Yes  None Reported

5). Type of auditor's report issued on compliance for major Federal programs:

Unmodified

6). Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?

Yes  No

7). Identification of major Federal programs:

Assistance Listing Numbers	Name of Federal Program or Cluster
11.431	Research and Development Cluster
97.000	Research and Development Cluster
12.300	Research and Development Cluster
15.808	Research and Development Cluster

8). Dollar threshold used to distinguish between Type A and Type B programs:

\$750,000

9). Auditee qualified as a low-risk auditee?

Yes  No

DELTA RES USA, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED DECEMBER 31, 2024

**Section II - Financial Statement Findings**

**Finding 2024-001: Reconciliation of Unbilled Receivables**

**Criteria or Specific Requirement:** Generally accepted accounting principles and effective internal control practices require that significant accounts, including unbilled accounts receivable, be properly reconciled to ensure the accuracy and completeness of the reported financial statement balances.

**Condition:** During the audit, we noted that the unbilled accounts receivable account was presented as a credit balance, and was not supported by a reconciled schedule of balances by grant or contract. As a result, additional time and investigation were required during the audit, and a material adjusting entry was posted to correct the reported unbilled receivable balance.

**Cause:** The unbilled receivable account appears not to have been reconciled on a monthly basis. In addition, challenges presented by the accounting system and/or project billing schedules may have contributed to difficulties in monitoring and reconciling unbilled receivables on a timely basis.

**Effect or Potential Effect:** Failure to perform timely reconciliations increases the risk of material misstatements in the financial statements, including overstatement or understatement of receivables and revenue. In this case, the lack of timely reconciliation led to a material misstatement that required audit adjustment. Continued deficiencies in this area could result in future financial reporting errors and may impair management's ability to monitor cash flow and customer collections effectively.

**Recommendation:** We recommend that management implement procedures to reconcile the unbilled receivable account to supporting records on a monthly basis. This process should include review by an individual independent of the preparer. Management should also evaluate whether modifications to the accounting system, billing processes, or related controls are necessary to facilitate timely and accurate reconciliations.

**Views of Responsible Officials:** Deltares USA will conduct monthly reconciliation of our Unbilled Accounts Receivable. We appreciate the suggestion we implement such a reconciliation.

**Section III - Federal Award Findings and Questioned Costs (2 CFR 200.516(a))**

There were no reportable findings.

**Section IV - Prior Year Findings and Questioned Costs With Current Year Status**

There were no prior year reportable findings.



CPAs & ADVISORS

**INDEPENDENT AUDITOR'S 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 Directors  
Deltares USA, Inc.  
Silver Spring, Maryland

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 Deltares USA, Inc. (Deltares), which comprise the statement of financial position as of December 31, 2024, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated September 19, 2025.

**Report on Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Deltares' 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 Deltares' internal control. Accordingly, we do not express an opinion on the effectiveness of Deltares' 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 the 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2024-001 that we consider to be a material weakness.

4550 MONTGOMERY AVENUE • SUITE 800 NORTH • BETHESDA, MARYLAND 20814  
(301) 951-9090 • WWW.GRFCPA.COM

---

MEMBER OF CPAMERICA INTERNATIONAL, AN AFFILIATE OF CROWE GLOBAL  
MEMBER OF THE AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS' PRIVATE COMPANIES PRACTICE SECTION

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

As part of obtaining reasonable assurance about whether Deltares' 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*.

## **Deltares' Response to Findings**

*Government Auditing Standards* requires the auditor to perform limited procedures on Deltares' response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. Deltares' response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

## **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.

A handwritten signature in cursive script that reads "Gelman Rosenberg & Freedman".

September 19, 2025



CPAs & ADVISORS

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON  
INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

To the Board of Directors  
Deltares USA, Inc.  
Silver Spring, Maryland

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

***Opinion on Each Major Federal Program***

We have audited Deltares' 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 Deltares' major Federal programs for the year ended December 31, 2024. Deltares' major Federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Deltares complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major Federal programs for the year ended December 31, 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 (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*); 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 Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Deltares' 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 Deltares' 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 Deltares' Federal programs.

4550 MONTGOMERY AVENUE • SUITE 800 NORTH • BETHESDA, MARYLAND 20814  
(301) 951-9090 • WWW.GRFCPA.COM

---

MEMBER OF CPAMERICA INTERNATIONAL, AN AFFILIATE OF CROWE GLOBAL  
MEMBER OF THE AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS' PRIVATE COMPANIES PRACTICE SECTION

## ***Auditor's 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 Deltares' 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 GAAS, *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 Deltares' compliance with the requirements of each major Federal program as a whole.

In performing an audit in accordance with GAAS, *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 Deltares' compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Deltares' 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 Deltares' 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 a 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 Auditor's 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 on 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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

*Gelman Rosenberg & Freedman*

September 19, 2025

## Corrective Action Plan

September 19, 2025

In accordance with *Title 2 CFR 200 Uniform Administrative Requirements, Cost Principles and Audit Requirements* under Section 200.511, Audit Findings follow-up, the following details the corrective action plan to be taken for the findings noted in the December 31, 2024 audit.

### **Financial Statement Findings under Generally Accepted Government Auditing Standards (GAGAS):**

#### **Finding #2024-001: Reconciliation of Unbilled Receivables**

##### **Condition:**

During the audit, we noted that the unbilled accounts receivable account was presented as a credit balance and was not supported by a reconciled schedule of balances by grant or contract. As a result, additional time and investigation were required during the audit, and a material adjusting entry was posted to correct the reported unbilled receivable balance.


##### **Views of Responsible Officials:**

Deltares USA will conduct monthly reconciliation of our Unbilled Accounts Receivable. We appreciate the suggestion we implement such a reconciliation.

##### **Federal Award Findings in accordance with 2 CFR 200.516:**

There were no reportable findings

Signed:



Edwin Welles  
Director