

MOTE MARINE LABORATORY, INC. AND SUBSIDIARIES

INDEPENDENT AUDITOR'S REPORT,
CONSOLIDATING FINANCIAL STATEMENTS,
SUPPLEMENTAL INFORMATION,
AND CONTRACT COMPLIANCE

DECEMBER 31, 2014 AND 2013

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INDEPENDENT AUDITOR'S REPORT

The Board of Trustees
Mote Marine Laboratory, Inc. and Subsidiaries
Sarasota, Florida

Report on the Financial Statements

We have audited the accompanying consolidating financial statements of Mote Marine Laboratory, Inc. and Subsidiaries (Laboratory), a nonprofit organization, which comprise the statements of financial position as of December 31, 2014 and 2013, and the related statements of activities, and cash flows, the Mote Environmental Services, Inc. (MESI) changes in stockholders' equity and statements of functional expenses for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidating financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidating financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidating financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidating financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidating financial statements 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 the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a reasonable basis for our audit opinion.

The Board of Trustees
Mote Marine Laboratory, Inc. and Subsidiaries
Sarasota, Florida

Opinion

In our opinion, the consolidating financial statements referred to above present fairly, in all material respects, the consolidating financial position of the Laboratory as of December 31, 2014 and 2013, and the changes in net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Our audits were conducted for the purpose of forming an opinion on the basic consolidating financial statements of Mote Marine Laboratory, Inc. and Subsidiaries taken as a whole. The accompanying schedules of expenditures of federal awards and state financial assistance are presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the provisions of the Florida Single Audit Act in accordance with Chapter 98-91 of the Laws of Florida and Section 215.97 of the Florida Statutes, and are not a required part of the basic consolidating financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidating financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidating financial statements or to the consolidating 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 consolidating 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 May 12, 2015 on our consideration of Mote Marine Laboratory, Inc. and Subsidiaries' internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is 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 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 Mote Marine Laboratory, Inc. and Subsidiaries' internal control over financial reporting and compliance.

Sarasota, Florida
May 12, 2015



MOTE MARINE LABORATORY, INC. AND SUBSIDIARIES
CONSOLIDATING STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2014
(WITH SUMMARIZED COMPARATIVE TOTALS FOR 2013)

<u>Assets</u>	<u>Laboratory</u>	<u>MESI</u>	<u>Eliminations</u>
Cash and cash equivalents	\$ 4,511,390	\$	\$
Accounts receivable	1,252,991		
Due from MESI	-		
Due from Mote Marine Foundation, Inc.	133,817		
Bequest receivable	-		
Pledges receivable	3,340,834		
Note receivable	1,400,000		
Inventory	127,571		
Prepaid expenses and other assets	77,996		
Donated assets held for sale	101,935		
Beneficial interest in life estate	-		
Patents, net	95,069		
Investment in MESI	-		
Investment in deferred compensation plan	607,814		
Land	7,498,190		
Property and equipment, net	14,949,154		
Construction in progress	63,799		
Beneficial interest in the net assets of Mote Marine Foundation, Inc.	<u>15,943,356</u>	<u> </u>	<u> </u>
Total Assets	<u>\$ 50,103,916</u>	<u>\$ -</u>	<u>\$ -</u>
<u>Liabilities, Net Assets and Stockholders' Equity</u>			
<u>Liabilities</u>			
Accounts payable	\$ 486,414	\$ -	\$
Accrued payroll	573,203		
Due to Mote Marine Laboratory, Inc.		-	-
Memberships relating to future periods	655,558		
Funds advanced on research programs	6,882,636		
Deferred compensation payable	607,814		
Lines of credit	4,127,101		
Notes payable	4,468,274		
Total Liabilities	<u>17,801,000</u>	<u>-</u>	<u>-</u>
Minority Interest	<u> </u>	<u> </u>	<u> </u>
<u>Net Assets and Stockholders' Equity</u>			
Unrestricted	14,382,374		
Temporarily restricted	7,748,283		
Permanently restricted	10,172,259		
Total Net Assets	<u>32,302,916</u>	<u>-</u>	<u>-</u>
<u>Stockholders' Equity</u>			
Common stock and paid in capital-Mote Marine Laboratory, Inc.			
Common stock and paid in capital-stockholder			
Retained earnings			-
Total Stockholders' Equity	<u>-</u>	<u>-</u>	<u>-</u>
Total Net Assets and Stockholders' Equity	<u>32,302,916</u>	<u>-</u>	<u>-</u>
Total Liabilities, Net Assets and Stockholders' Equity	<u>\$ 50,103,916</u>	<u>\$ -</u>	<u>\$ -</u>

	2014 Consolidated Total	2013 Consolidated Total
\$	4,511,390	\$ 4,036,236
	1,252,991	1,670,655
	-	-
	133,817	8,964
	-	10,000
	3,340,834	169,375
	1,400,000	-
	127,571	2,878,800
	77,996	162,290
	101,935	88,650
	-	56,700
	95,069	87,279
	-	-
	607,814	-
	7,498,190	7,498,190
	14,949,154	16,276,054
	63,799	-
	<u>15,943,356</u>	<u>15,694,854</u>
\$	<u>50,103,916</u>	<u>\$ 48,638,047</u>
\$	486,414	\$ 408,218
	573,203	903,260
	-	-
	655,558	682,207
	6,882,636	3,775,077
	607,814	-
	4,127,101	3,577,404
	4,468,274	4,809,927
	<u>17,801,000</u>	<u>14,156,093</u>
	-	<u>1,089,336</u>
	14,382,374	16,493,858
	7,748,283	7,341,290
	10,172,259	9,557,470
	<u>32,302,916</u>	<u>33,392,618</u>
	-	-
	-	-
	-	-
	<u>32,302,916</u>	<u>33,392,618</u>
\$	<u>50,103,916</u>	<u>\$ 48,638,047</u>

The accompanying notes are an integral part of these consolidating financial statements.

MOTE MARINE LABORATORY, INC. AND SUBSIDIARIES
CONSOLIDATING STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2013
(WITH SUMMARIZED COMPARATIVE TOTALS FOR 2014)

<u>Assets</u>	<u>Laboratory</u>	<u>MESI</u>	<u>Eliminations</u>
Cash and cash equivalents	\$ 4,035,736	\$ 500	\$
Accounts receivable	1,447,086	223,569	
Due from MESI	1,703,340		(1,703,340)
Due from Mote Marine Foundation, Inc.	8,964		
Bequest receivable	10,000		
Pledges receivable	169,375		
Note receivable			
Inventory	182,840	2,695,960	
Prepaid expenses and other assets	162,290		
Donated assets held for sale	88,650		
Beneficial interest in life estate	56,700		
Patents, net	87,279		
Investment in MESI	1,283,069		(1,283,069)
Investment in deferred compensation plan			
Land	7,498,190		
Property and equipment, net	16,256,727	19,327	
Construction in progress			
Beneficial interest in the net assets of Mote Marine Foundation, Inc.	<u>15,694,854</u>		
Total Assets	\$ <u>48,685,100</u>	\$ <u>2,939,356</u>	\$ <u>(2,986,409)</u>
<u>Liabilities, Net Assets and Stockholders' Equity</u>			
Liabilities			
Accounts payable	\$ 389,164	\$ 19,054	\$
Accrued payroll	903,260		
Due to Mote Marine Laboratory, Inc.		1,703,340	(1,703,340)
Memberships relating to future periods	682,207		
Funds advanced on research programs	3,775,077		
Deferred compensation payable			
Lines of credit	3,577,404		
Notes payable	<u>4,809,927</u>		
Total Liabilities	<u>14,137,039</u>	<u>1,722,394</u>	<u>(1,703,340)</u>
Minority Interest			<u>1,089,336</u>
Net Assets and Stockholders' Equity			
Unrestricted	17,649,301		(1,155,443)
Temporarily restricted	7,341,290		
Permanently restricted	9,557,470		
Total Net Assets	<u>34,548,061</u>	<u>-</u>	<u>(1,155,443)</u>
Stockholders' Equity			
Common stock and paid in capital-Mote Marine Laboratory, Inc.		2,628,170	(2,628,170)
Common stock and paid in capital-stockholder		1,999,998	(1,999,998)
Retained earnings		(3,411,206)	3,411,206
Total Stockholders' Equity	<u>-</u>	<u>1,216,962</u>	<u>(1,216,962)</u>
Total Net Assets and Stockholders' Equity	<u>34,548,061</u>	<u>1,216,962</u>	<u>(2,372,405)</u>
Total Liabilities, Net Assets and Stockholders' Equity	\$ <u>48,685,100</u>	\$ <u>2,939,356</u>	\$ <u>(2,986,409)</u>

	2013 Consolidated Total	2014 Consolidated Total
\$	4,036,236	\$ 4,511,390
	1,670,655	1,252,991
	-	-
	8,964	133,817
	10,000	-
	169,375	3,340,834
	-	1,400,000
	2,878,800	127,571
	162,290	77,996
	88,650	101,935
	56,700	-
	87,279	95,069
	-	-
	-	607,814
	7,498,190	7,498,190
	16,276,054	14,949,154
	-	63,799
	<u>15,694,854</u>	<u>15,943,356</u>
\$	<u>48,638,047</u>	\$ <u>50,103,916</u>
\$	408,218	\$ 486,414
	903,260	573,203
	-	-
	682,207	655,558
	3,775,077	6,882,636
	-	607,814
	3,577,404	4,127,101
	<u>4,809,927</u>	<u>4,468,274</u>
	<u>14,156,093</u>	<u>17,801,000</u>
	<u>1,089,336</u>	<u>-</u>
	16,493,858	14,382,374
	7,341,290	7,748,283
	9,557,470	10,172,259
	<u>33,392,618</u>	<u>32,302,916</u>
	-	-
	-	-
	-	-
	<u>33,392,618</u>	<u>32,302,916</u>
\$	<u>48,638,047</u>	\$ <u>50,103,916</u>

The accompanying notes are an integral part of these consolidating financial statements.

MOTE MARINE LABORATORY, INC. AND SUBSIDIARIES

CONSOLIDATING STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2014

(WITH SUMMARIZED COMPARATIVE TOTALS FOR 2013)

	Laboratory			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
Support, Revenue and Reclassifications				
Program revenue				
Research revenue				
Federal	\$ 1,247,374	\$	\$	\$ 1,247,374
State	2,344,106			2,344,106
Other	4,019,877			4,019,877
Management fee-MAP	863,688			863,688
Aquarium				
Admission fees	3,211,437			3,211,437
Gift shop	988,259			988,259
Other	460,203			460,203
Fish and caviar sales				-
Memberships	888,032			888,032
Education	658,344			658,344
Protect Our Reefs-License Plate	1,000,258			1,000,258
Other programs	449,654			449,654
Settlement				-
Contributions				
Construction		60,010		60,010
Aquarium		49,736		49,736
Other programs	1,637,703	1,115,958		2,753,661
Non-cash contributions	718,725			718,725
Grants from Mote Marine Foundation, Inc.	1,354,318			1,354,318
Investment income	52,127	2,976		55,103
Unrealized gain on investments, net		175		175
Realized gain (loss) on investments, net	1,954			1,954
Realized gain (loss) on disposal of assets	(465,956)			(465,956)
Change in beneficial interest in the net assets of Mote Marine Foundation, Inc.		(366,287)	614,789	248,502
Net assets released from restrictions	455,575	(455,575)		-
Total support, revenue and reclassifications	<u>19,885,678</u>	<u>406,993</u>	<u>614,789</u>	<u>20,907,460</u>
Expenses				
Cost and expenses				
Cost of products sold				-
Processing and packing				-
Selling, general and administrative				-
Interest				-
Other				-
Program services				
Research	9,425,137			9,425,137
Education	1,145,779			1,145,779
Aquarium	3,831,445			3,831,445
Protect Our Reefs-License Plate	970,834			970,834
MAP facility operations	1,264,485			1,264,485
Other	785,560			785,560
Supporting services				
Administrative and general	2,155,190			2,155,190
Fundraising	1,626,916			1,626,916
Total expenses	<u>21,205,346</u>	<u>-</u>	<u>-</u>	<u>21,205,346</u>
Increase (decrease) in net assets and net loss before equity losses in subsidiary and minority interest	(1,319,668)	406,993	614,789	(297,886)
Equity losses in subsidiary	(257,266)			(257,266)
Minority interest in MESI				-
Loss on sale of subsidiary	(1,689,993)			(1,689,993)
Increase (decrease) in net assets and net loss	<u>(3,266,927)</u>	<u>406,993</u>	<u>614,789</u>	<u>(2,245,145)</u>
Net assets/retained earnings at beginning of year	<u>17,649,301</u>	<u>7,341,290</u>	<u>9,557,470</u>	<u>34,548,061</u>
Net assets/retained earnings at end of year	<u>\$ 14,382,374</u>	<u>\$ 7,748,283</u>	<u>\$ 10,172,259</u>	<u>\$ 32,302,916</u>

<u>MESI</u>	<u>Eliminations</u>	<u>2014 Consolidated Total</u>	<u>2013 Consolidated Total</u>
\$	\$	\$	\$
		1,247,374	1,515,857
		2,344,106	2,094,221
		4,019,877	3,854,530
	(863,688)	-	-
		3,211,437	3,119,433
		988,259	1,117,433
		460,203	414,164
642,383	(10,060)	632,323	1,310,261
		888,032	901,028
		658,344	668,450
		1,000,258	943,901
		449,654	474,849
		-	1,625,960
		60,010	20,046
		49,736	62,259
		2,753,661	2,202,956
		718,725	248,843
		1,354,318	1,800,701
	(48,484)	6,619	7,122
		175	1,649
		1,954	(16,906)
		(465,956)	10,748
		248,502	1,934,494
		-	-
<u>642,383</u>	<u>(922,232)</u>	<u>20,627,611</u>	<u>24,311,999</u>
520,552	(520,552)	-	782,347
208,605	(130,303)	78,302	132,931
215,719	(212,833)	2,886	17,198
48,484	(48,484)	-	-
		-	4,310
		9,425,137	9,066,237
		1,145,779	982,220
		3,831,445	3,913,067
		970,834	947,805
		1,264,485	1,298,990
	(296)	785,264	893,646
	(1,645)	2,153,545	1,848,121
	(8,119)	1,618,797	1,652,346
<u>993,360</u>	<u>(922,232)</u>	<u>21,276,474</u>	<u>21,539,218</u>
(350,977)		(648,863)	2,772,781
	257,266	-	-
	93,711	93,711	155,074
<u>(350,977)</u>	<u>1,506,420</u>	<u>(534,550)</u>	<u>2,927,855</u>
<u>(3,411,206)</u>	<u>2,255,763</u>	<u>33,392,618</u>	<u>30,464,763</u>
<u>\$ (3,762,183)</u>	<u>\$ 3,762,183</u>	<u>\$ 32,302,916</u>	<u>\$ 33,392,618</u>

The accompanying notes are an integral part of these consolidating financial statements.

MOTE MARINE LABORATORY, INC. AND SUBSIDIARIES

CONSOLIDATING STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2013

(WITH SUMMARIZED COMPARATIVE TOTALS FOR 2014)

	Laboratory			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
Support, Revenue and Reclassifications				
Program revenue				
Research revenue				
Federal	\$ 1,515,857	\$	\$	\$ 1,515,857
State	2,094,221			2,094,221
Other	3,854,530			3,854,530
Management fee-MAP	930,609			930,609
Aquarium				
Admission fees	3,119,433			3,119,433
Gift shop	1,117,433			1,117,433
Other	414,164			414,164
Fish and caviar sales				
Memberships	901,028			901,028
Education	668,450			668,450
Protect Our Reefs-License Plate	943,901			943,901
Other programs	472,044			472,044
Settlement	1,625,960			1,625,960
Contributions				
Construction		20,046		20,046
Aquarium		62,259		62,259
Other programs	1,821,842	381,114		2,202,956
Non-cash contributions	248,843			248,843
Grants from Mote Marine Foundation, Inc.	1,800,701			1,800,701
Investment income	38,238	4,636		42,874
Unrealized gain (loss) on investments, net		1,649		1,649
Realized gain (loss) on investments, net	(289)	(16,617)		(16,906)
Realized gain (loss) on disposal of assets	10,748			10,748
Change in beneficial interest in the net assets of Mote Marine Foundation, Inc.		1,117,442	817,052	1,934,494
Net assets released from restrictions	200,080	(200,080)		-
Total support, revenue and reclassifications	<u>21,777,793</u>	<u>1,370,449</u>	<u>817,052</u>	<u>23,965,294</u>
Expenses				
Cost and expenses				
Cost of products sold				-
Processing and packaging				-
Selling, general and administrative				-
Interest				-
Other				-
Program services				
Research	9,067,175			9,067,175
Education	982,220			982,220
Aquarium	3,913,067			3,913,067
Protect Our Reefs-License Plate	947,805			947,805
MAP facility operations	1,298,990			1,298,990
Other	893,711			893,711
Supporting services				
Administrative and general	1,848,121			1,848,121
Fundraising	1,660,625			1,660,625
Total expenses	<u>20,611,714</u>	<u>-</u>	<u>-</u>	<u>20,611,714</u>
Increase (decrease) in net assets and net loss before equity losses in subsidiary and minority interest	1,166,079	1,370,449	817,052	3,353,580
Equity losses in subsidiary	(425,725)			(425,725)
Minority interest in MESI				-
Loss on sale of subsidiary				-
Increase (decrease) in net assets and net loss	<u>740,354</u>	<u>1,370,449</u>	<u>817,052</u>	<u>2,927,855</u>
Net assets/retained earnings at beginning of year	<u>16,908,947</u>	<u>5,970,841</u>	<u>8,740,418</u>	<u>31,620,206</u>
Net assets/retained earnings at end of year	<u>\$ 17,649,301</u>	<u>\$ 7,341,290</u>	<u>\$ 9,557,470</u>	<u>\$ 34,548,061</u>

<u>MESI</u>	<u>Eliminations</u>	<u>2013 Consolidated Total</u>	<u>2014 Consolidated Total</u>
\$	\$	\$	\$
		1,515,857	1,247,374
		2,094,221	2,344,106
		3,854,530	4,019,877
	(930,609)	-	-
		3,119,433	3,211,437
		1,117,433	988,259
		414,164	460,203
1,319,543	(9,282)	1,310,261	632,323
		901,028	888,032
		668,450	658,344
		943,901	1,000,258
2,805		474,849	449,654
		1,625,960	-
		20,046	60,010
		62,259	49,736
		2,202,956	2,753,661
		248,843	718,725
		1,800,701	1,354,318
	(35,752)	7,122	6,619
		1,649	175
		(16,906)	1,954
		10,748	(465,956)
		1,934,494	248,502
		-	-
<u>1,322,348</u>	<u>(975,643)</u>	<u>24,311,999</u>	<u>20,627,611</u>
1,395,963	(613,616)	782,347	-
275,059	(142,128)	132,931	78,302
192,063	(174,865)	17,198	2,886
35,752	(35,752)	-	-
4,310		4,310	-
	(938)	9,066,237	9,425,137
		982,220	1,145,779
		3,913,067	3,831,445
		947,805	970,834
		1,298,990	1,264,485
	(65)	893,646	785,264
		1,848,121	2,153,545
	(8,279)	1,652,346	1,618,797
<u>1,903,147</u>	<u>(975,643)</u>	<u>21,539,218</u>	<u>21,276,474</u>
(580,799)		2,772,781	(648,863)
	425,725	-	-
	155,074	155,074	93,711
<u>(580,799)</u>	<u>580,799</u>	<u>2,927,855</u>	<u>(534,550)</u>
<u>(2,830,407)</u>	<u>1,674,964</u>	<u>30,464,763</u>	<u>33,392,618</u>
<u>\$ (3,411,206)</u>	<u>\$ 2,255,763</u>	<u>\$ 33,392,618</u>	<u>\$ 32,302,916</u>

The accompanying notes are an integral part of these consolidating financial statements.

MOTE MARINE LABORATORY, INC. AND SUBSIDIARIES

STATEMENTS OF STOCKHOLDERS' EQUITY - MESI

YEARS ENDED DECEMBER 31, 2014 AND 2013

	Common Stock and Paid In Capital	Retained Earnings	Total Stockholders' Equity
	<u> </u>	<u> </u>	<u> </u>
Balance - December 31, 2012	\$ 4,628,168	(2,830,407)	1,797,761
Net loss	<u> </u>	<u>(580,799)</u>	<u>(580,799)</u>
Balance - December 31, 2013	4,628,168	(3,411,206)	1,216,962
Net loss		(350,977)	(350,977)
Sale of stock	<u>(4,628,168)</u>	<u>3,762,183</u>	<u>(865,985)</u>
Balance - December 31, 2014	\$ <u> - </u>	\$ <u> - </u>	\$ <u> - </u>

The accompanying notes are an integral part of these consolidating financial statements.

MOTE MARINE LABORATORY, INC. AND SUBSIDIARIES

CONSOLIDATING STATEMENT OF CASH FLOWS

YEAR ENDED DECEMBER 31, 2014

	<u>Laboratory</u>	<u>MESI</u>	<u>Consolidated Total</u>
Cash Flows from Operating Activities			
Increase (decrease) in net assets and net gain (loss)	\$ (2,245,145)	\$ (350,977)	\$ (2,596,122)
Adjustments to reconcile increase (decrease) in net assets and net gain (loss) to net cash provided by operating activities			
Depreciation and amortization	2,317,042	5,894	2,322,936
Loss on disposal of investment in MESI	1,689,993		1,689,993
Realized loss on disposal of assets	465,956		465,956
Unrealized / realized loss on investments, net	(1,954)		(1,954)
Equity losses in subsidiary	257,266		257,266
Change in beneficial interest in the net assets of Mote Marine Foundation, Inc.	(248,502)		(248,502)
Non-cash contributions	(718,725)		(718,725)
(Increase) decrease in operating assets			
Accounts receivable	205,576	212,088	417,664
Due from MESI	(772,107)		(772,107)
Due from Mote Marine Foundation, Inc.	(124,853)		(124,853)
Bequest receivable	10,000		10,000
Pledges receivable	(3,171,459)		(3,171,459)
Beneficial interest in life estate	56,700		56,700
Inventory	55,269	(618,815)	(563,546)
Prepaid expenses and other assets	84,294		84,294
Increase (decrease) in operating liabilities			
Accounts payable	95,176	(16,980)	78,196
Accrued payroll	(330,057)		(330,057)
Due to Mote Marine Laboratory, Inc.		772,107	772,107
Memberships relating to future periods	(26,649)		(26,649)
Funds advanced on research programs	3,107,559		3,107,559
Total adjustments	<u>2,950,525</u>	<u>354,294</u>	<u>3,304,819</u>
Net cash provided by operating activities	<u>705,380</u>	<u>3,317</u>	<u>708,697</u>
Cash Flows from Investing Activities			
Purchases of property and equipment	(1,197,807)	(3,817)	(1,201,624)
Proceeds from sale of property and equipment	201,500		201,500
Proceeds from sale of investment in MESI	401,850		401,850
Patent costs	(12,442)		(12,442)
Proceeds from donated assets held for sale	202,979		202,979
Net cash used in investing activities	<u>(403,920)</u>	<u>(3,817)</u>	<u>(407,737)</u>

MOTE MARINE LABORATORY, INC. AND SUBSIDIARIES
CONSOLIDATING STATEMENT OF CASH FLOWS (CONTINUED)

YEAR ENDED DECEMBER 31, 2014

	Laboratory	MESI	Consolidated Total
Cash Flows from Financing Activities			
Net change in lines of credit	549,697		549,697
Proceeds from issuance of notes payable	700,000		700,000
Repayments of notes payable	(1,075,503)		(1,075,503)
Net cash provided by financing activities	174,194	-	174,194
Net increase (decrease) in cash and cash equivalents	475,654	(500)	475,154
Cash and cash equivalents, beginning of year	4,035,736	500	4,036,236
Cash and cash equivalents, end of year	\$ 4,511,390	\$ -	\$ 4,511,390

Supplemental Disclosure of Non-Cash:

A note receivable in the amount of \$1,400,000 was received in conjunction with the sale of the investment in MESI. Also, accounts receivable and accounts payable were assumed as part of the sales transaction in the amount of \$11,481 and \$2,074, respectively. The \$2,475,446 that MESI owed the Laboratory was eliminated as part of the sale transaction.

Investing and Financing Activity

Property and equipment purchased through financing	\$ 33,850	\$ -	\$ 33,850
Cash paid for interest	\$ 191,228	\$ 48,484	\$ 239,712

The accompanying notes are an integral part
of these consolidating financial statements.

MOTE MARINE LABORATORY, INC. AND SUBSIDIARIES

CONSOLIDATING STATEMENT OF CASH FLOWS

YEAR ENDED DECEMBER 31, 2013

	<u>Laboratory</u>	<u>MESI</u>	<u>Consolidated Total</u>
Cash Flows from Operating Activities			
Increase in net assets and net loss	\$ 2,927,855	\$ (580,799)	\$ 2,347,056
Adjustments to reconcile decrease in net assets and net loss to net cash used in operating activities			
Depreciation and amortization	2,367,157	10,559	2,377,716
Pledge Write-off of uncollectible amount	(32,942)		(32,942)
Realized gain on disposal of assets	(10,748)		(10,748)
Unrealized / realized loss on investments, net	15,257		15,257
Equity losses in subsidiary	425,725		425,725
Change in beneficial interest in the net assets of Mote Marine Foundation, Inc.	(1,934,494)		(1,934,494)
Non-cash contributions	(1,184,592)		(1,184,592)
(Increase) decrease in operating assets			
Accounts receivable	(70,830)	75,279	4,449
Due from MESI	(325,409)		(325,409)
Due from Mote Marine Foundation, Inc.	3,253		3,253
Bequest receivable	60,000		60,000
Pledges receivable	(103,491)		(103,491)
Inventory	37,575	179,624	217,199
Prepaid expenses and other assets	(58,436)		(58,436)
Increase (decrease) in operating liabilities			
Accounts payable	(310,461)	(5,419)	(315,880)
Accrued payroll	60,389		60,389
Due to Mote Marine Laboratory, Inc.		325,409	325,409
Memberships relating to future periods	26,007		26,007
Funds advanced on research programs	532,643		532,643
Total adjustments	<u>(503,397)</u>	<u>585,452</u>	<u>82,055</u>
Net cash provided in operating activities	<u>2,424,458</u>	<u>4,653</u>	<u>2,429,111</u>
Cash Flows from Investing Activities			
Purchases of property and equipment	(458,994)	(4,653)	(463,647)
Proceeds from sale of property and equipment	34,994		34,994
Patent costs	(24,220)		(24,220)
Proceeds from donated assets held for sale	1,044,583		1,044,583
Net cash used in investing activities	<u>596,363</u>	<u>(4,653)</u>	<u>591,710</u>

MOTE MARINE LABORATORY, INC. AND SUBSIDIARIES
CONSOLIDATING STATEMENT OF CASH FLOWS (CONTINUED)
YEAR ENDED DECEMBER 31, 2013

	Laboratory	MESI	Consolidated Total
Cash Flows from Financing Activities			
Net change in lines of credit	(1,191,001)		(1,191,001)
Repayments of notes payable	(387,842)		(387,842)
Net cash provided by financing activities	(1,578,843)	-	(1,578,843)
Net decrease in cash and cash equivalents	1,441,978		1,441,978
Cash and cash equivalents, beginning of year	2,593,758	500	2,594,258
Cash and cash equivalents, end of year	\$ 4,035,736	\$ 500	\$ 4,036,236
Supplemental Disclosure of Non-Cash Investing and Financing Activity			
Property and equipment purchased through financing	\$ 40,025	\$ -	\$ 40,025
Cash paid for interest	\$ 216,934	\$ 35,752	\$ 252,686

The accompanying notes are an integral part
of these consolidating financial statements.

MOTE MARINE LABORATORY, INC. AND SUBSIDIARIES
STATEMENT OF FUNCTIONAL EXPENSES - LABORATORY
YEAR ENDED DECEMBER 31, 2014
(WITH SUMMARIZED COMPARATIVE TOTALS FOR 2013)

	Program Services				
	Research	Education	Aquarium	Protect our Reefs License Plate	MAP Facility Operations
Salaries and benefits	\$ 4,576,681	\$ 757,511	\$ 1,781,355	\$ 355,081	\$ 568,389
Contracted services	781,614	143,951	218,204	171,476	9,686
Depreciation and amortization			217,676		428,565
Repairs and maintenance	170,147	9,986	426,760	36,977	61,087
Travel, meals and seminars	418,974	88,454	34,156	8,522	271
Research supplies	604,728			10,808	430
Merchandise			448,929	253	
Office expense	50,662	33,632	163,782	15,844	2,009
Electricity	24,255		245,708	21,043	92,609
Insurance	5,805		41,854	45,262	42,209
Telephone	38,247	5,833	18,349	19,275	11,778
Promotion and advertising	83,418	47,027	49,605	52,335	
Expendable supplies		7,320	41,452		
Printing and publication	18,849	13,562	11,458	856	161
Vessel	4,033			1,101	
Vehicle	1,580	6,760	7,589		925
Interest	98,664		5,304	10,074	
Accounting and legal	6,100				4,325
Equipment rental	1,240	445	6,837		
Library					
Licenses and fees	7,465	2,249	8,362	14,608	13,511
Rent	10,111				
Miscellaneous	15,800				
	<u>6,918,373</u>	<u>1,116,730</u>	<u>3,727,380</u>	<u>763,515</u>	<u>1,235,955</u>
Overhead allocation	2,305,954			197,770	27,620
Rental use charges allocation:					
Vessel, vehicle and equipment	200,810	29,049	104,065	9,549	910
Total Expenses	<u>\$ 9,425,137</u>	<u>\$ 1,145,779</u>	<u>\$ 3,831,445</u>	<u>\$ 970,834</u>	<u>\$ 1,264,485</u>

Percent of Total

	Supporting Services				2014 Total Functional Expenses	2013 Total Functional Expenses
	Other	Total	Administrative and General	Fund Raising		
\$ 465,952	\$ 8,504,969	\$ 1,809,380	\$ 759,903	\$ 2,569,283	\$ 11,074,252	\$ 10,705,904
136,457	1,461,388	161,563	377,284	538,847	2,000,235	1,612,637
	646,241	1,670,801		1,670,801	2,317,042	2,367,157
92,294	797,251	383,226	3,138	386,364	1,183,615	1,135,214
73,695	624,072	29,751	172,028	201,779	825,851	970,671
	615,966			-	615,966	569,612
	449,182			-	449,182	580,622
26,988	292,917	72,337	100,620	172,957	465,874	486,066
49,061	432,676	220,887		220,887	653,563	569,848
32,592	167,722	217,198		217,198	384,920	399,053
5,950	99,432	34,135	5,431	39,566	138,998	132,372
18,580	250,965	3,571	81,646	85,217	336,182	283,101
2,354	51,126	2,782	10	2,792	53,918	72,488
22,117	67,003	5,682	91,143	96,825	163,828	152,003
30,085	35,219	16,347		16,347	51,566	48,906
118	16,972	28,344	269	28,613	45,585	37,293
33,120	147,162	44,066		44,066	191,228	216,934
	10,425	49,057		49,057	59,482	55,478
4,035	12,557	43,399	14,684	58,083	70,640	67,765
16,450	16,450	13,323		13,323	29,773	26,063
1,783	47,978	9,789	9,968	19,757	67,735	63,485
	10,111			-	10,111	24,579
	15,800			-	15,800	34,463
<u>1,011,631</u>	<u>14,773,584</u>	<u>4,815,638</u>	<u>1,616,124</u>	<u>6,431,762</u>	<u>21,205,346</u>	<u>20,611,714</u>
(37,680)	2,493,664	(2,493,664)		(2,493,664)	-	-
	-			-	-	-
(188,391)	155,992	(166,784)	10,792	(155,992)	-	-
<u>\$ 785,560</u>	<u>\$ 17,423,240</u>	<u>\$ 2,155,190</u>	<u>\$ 1,626,916</u>	<u>\$ 3,782,106</u>	<u>\$ 21,205,346</u>	<u>\$ 20,611,714</u>
	<u>82%</u>	<u>10%</u>	<u>8%</u>		<u>100%</u>	

The accompanying notes are an integral part of these consolidating financial statements.

MOTE MARINE LABORATORY, INC. AND SUBSIDIARIES
STATEMENT OF FUNCTIONAL EXPENSES - LABORATORY
YEAR ENDED DECEMBER 31, 2013
(WITH SUMMARIZED COMPARATIVE TOTALS FOR 2014)

	Program Services				
	Research	Education	Aquarium	Protect our Reefs License Plate	MAP Facility Operations
Salaries and benefits	\$ 4,554,648	\$ 687,804	\$ 1,624,406	\$ 299,977	\$ 552,869
Contracted services	501,500	92,366	207,217	242,832	
Depreciation and amortization			271,191		478,311
Repairs and maintenance	138,634	8,934	473,888	37,413	56,198
Travel, meals and seminars	626,081	62,083	32,141	12,619	4,694
Research supplies	556,461			11,363	81
Merchandise			580,622		
Office expense	51,807	27,771	155,370	8,793	1,480
Electricity	23,013		226,911	22,299	82,172
Insurance	7,607		41,268	43,269	42,072
Telephone	40,801	5,756	15,427	16,698	13,707
Promotion and advertising	17,583	14,702	129,195	39,154	
Expendable supplies		32,139	32,921		
Printing and publication	8,479	14,273	15,703	3,565	
Vessel	4,248				
Vehicle	69	3,566	1,278		1,675
Interest	104,255		5,750	11,967	
Accounting and legal					4,250
Equipment rental	3,521		6,340		383
Library	278				
Licenses and fees	5,455	3,062	4,438	16,307	13,637
Rent	24,579				
Miscellaneous	2,786			150	
	<u>6,671,805</u>	<u>952,456</u>	<u>3,824,066</u>	<u>766,406</u>	<u>1,251,529</u>
Overhead allocation	2,223,454			172,789	45,746
Rental use charges allocation:					
Vessel, vehicle and equipment	171,916	29,764	89,001	8,610	1,715
Total Expenses	<u>\$ 9,067,175</u>	<u>\$ 982,220</u>	<u>\$ 3,913,067</u>	<u>\$ 947,805</u>	<u>\$ 1,298,990</u>

Percent of Total

		Supporting Services			2013	2014
		Administrative	Fund	Total	Total	Total
Other	Total	and General	Raising		Functional	Functional
					Expenses	Expenses
\$ 513,722	\$ 8,233,426	\$ 1,634,594	\$ 837,884	\$ 2,472,478	\$ 10,705,904	\$ 11,074,252
132,928	1,176,843	106,269	329,525	435,794	1,612,637	2,000,235
	749,502	1,617,655		1,617,655	2,367,157	2,317,042
77,935	793,002	335,748	6,464	342,212	1,135,214	1,183,615
60,877	798,495	34,648	137,528	172,176	970,671	825,851
1,707	569,612			-	569,612	615,966
	580,622			-	580,622	449,182
26,821	272,042	85,638	128,386	214,024	486,066	465,874
5,844	360,239	209,609		209,609	569,848	653,563
22,080	156,296	242,087	670	242,757	399,053	384,920
5,313	97,702	30,280	4,390	34,670	132,372	138,998
27,986	228,620	2,998	51,483	54,481	283,101	336,182
1,618	66,678	5,654	156	5,810	72,488	53,918
2,692	44,712	4,599	102,692	107,291	152,003	163,828
25,666	29,914	18,992		18,992	48,906	51,566
80	6,668	30,625		30,625	37,293	45,585
36,633	158,605	58,329		58,329	216,934	191,228
9,751	14,001	39,869	1,608	41,477	55,478	59,482
3,439	13,683	42,067	12,015	54,082	67,765	70,640
22,877	23,155	2,908		2,908	26,063	29,773
2,924	45,823	9,722	7,940	17,662	63,485	67,735
	24,579			-	24,579	10,111
140	3,076	473	30,914	31,387	34,463	15,800
981,033	14,447,296	4,512,764	1,651,655	6,164,419	20,611,714	21,205,346
(25,719)	2,416,270	(2,416,270)		(2,416,270)	-	-
(61,603)	239,403	(248,373)	8,970	(239,403)	-	-
<u>\$ 893,711</u>	<u>\$ 17,102,969</u>	<u>\$ 1,848,121</u>	<u>\$ 1,660,625</u>	<u>\$ 3,508,746</u>	<u>\$ 20,611,714</u>	<u>\$ 21,205,346</u>
	<u>83%</u>	<u>9%</u>	<u>8%</u>		<u>100%</u>	

The accompanying notes are an integral part of these consolidating financial statements.

MOTE MARINE LABORATORY, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATING FINANCIAL STATEMENTS

DECEMBER 31, 2014 AND 2013

Note 1 - Summary of Significant Accounting Policies

Organization

Mote Marine Laboratory, Inc. (Laboratory), a nonprofit corporation, operates and maintains a marine and environmental sciences laboratory for the encouragement and development of the study of marine sciences and the advancement of the general knowledge of kindred subjects through education, training, scientific research, exchange of scientific information and dissemination of information to the public. The Laboratory began operations in 1955.

Mote Environmental Services, Inc. (MESI) was a for-profit subsidiary of the Laboratory, majority-owned at December 31, 2013 and through the date of its sale to an independent third party on November 19, 2014. Prior to the date of sale, Mote Marine Laboratory, Inc., together with a stockholder, owned and operated MESI, a sturgeon farm and a related sturgeon meat and caviar harvesting and production business. The operations were conducted and managed by the Laboratory at Laboratory owned facilities named Mote Aquaculture Park (MAP). During 2009, the Laboratory entered into a stock purchase agreement with a stockholder. MESI was authorized to issue 1,000,000 shares of \$0.01 par value common stock. The outstanding common stock as of December 31, 2013 was as follows: Mote Marine Laboratory, Inc. owned 1,000 shares and a stockholder owned 364 shares. The value of common stock outstanding as of December 31, 2013 totaled approximately \$10 and \$4 for the Laboratory and the stockholder, respectively, which was included in stockholders' equity.

On November 19, 2014, Mote Marine Laboratory, Inc. entered into an agreement with an independent third party investor to sell its shares of MESI stock. Mote Marine Laboratory sold 1,000 MESI shares at a purchase price of \$401.85 for an aggregate purchase price of \$401,850. The purchase price was paid to the lab in its entirety on the closing date, November 19, 2014. The sturgeon farm and related sturgeon meat and caviar harvesting and production business will continue to operate at the Mote Aquaculture Park and a lease agreement was entered into between Mote Marine Laboratory and the purchaser for the use of the facilities.

Mote Aquaculture, Inc. is a wholly-owned, for-profit subsidiary of the Laboratory. Mote Aquaculture, Inc. was incorporated in 1996 and has been inactive since 1997.

Financial Statements

The consolidating financial statements and notes are representations of the Laboratory's management who is responsible for their integrity and objectivity. The accounting policies conform to accounting principles generally accepted in the United States of America and have been consistently applied in the preparation of the consolidating financial statements.

MOTE MARINE LABORATORY, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATING FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2014 AND 2013

Note I - Summary of Significant Accounting Policies (Continued)

Basis of Accounting

The Laboratory prepares its consolidating financial statements on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Use of Estimates and Assumptions

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

Principles of Consolidation

The consolidating financial statements include the accounts and operations of Mote Marine Laboratory, Inc., Mote Environmental Services, Inc., and Mote Aquaculture, Inc. All material inter-company transactions and accounts have been eliminated.

Presentation of Minority Interest in the Consolidating Financial Statements

Minority interest represents the minority stockholder's proportionate share of the equity of Mote Environmental Services, Inc. At December 31, 2013, the Laboratory owned 73% of Mote Environmental Services, Inc.'s common stock, representing 73% voting control. The Laboratory's 73% controlling interest required that Mote Environmental Services, Inc.'s operations be included in the consolidating financial statements. The 27% equity interest of Mote Environmental Services, Inc. that was not owned by the Laboratory was shown as "Minority Interest" in the 2013 consolidating statements of activities and consolidating statements of financial position.

As a result of the sale of Mote Environmental Services, Inc. on November 19, 2014, Mote Marine Laboratory, Inc. no longer has a controlling interest in the entity. The presentation of minority interest is still presented in the consolidating financial statements for comparative purposes and to show the change in interest from December 31, 2013 to December 31, 2014.

Reclassifications

To facilitate comparison of financial data, certain amounts in the 2013 consolidating financial statements have been reclassified to conform to the 2014 reporting presentation. Such reclassifications had no effect on the change in net assets or net loss previously reported.

Internal Borrowings

From time to time, the Laboratory borrows temporarily restricted assets for operating purposes. These borrowings are repaid as other resources become available. There were no borrowings outstanding for the years ended December 31, 2014 and 2013, respectively.

MOTE MARINE LABORATORY, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATING FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2014 AND 2013

Note 1 - Summary of Significant Accounting Policies (Continued)

Accounts Receivable

Accounts receivable consist primarily of amounts due from program fees and grants receivable. A significant portion of grants receivable are research grants.

Substantially all research grants are cost reimbursement grants. Research grants receivable consists of billed and unbilled costs incurred on research contracts. Due to the nature of the grants, management considers them to be collectible and no allowance has been established. These amounts are included in accounts receivable on the consolidating statement of financial position.

Based on the Laboratory's collection history, management believes no allowance for uncollectible amounts is necessary.

Inventory

Inventory is stated at the lower of cost (first-in, first-out) or market (net realizable value).

Live fish and caviar inventories are stated at lower of cost or market and include production costs associated with the growing period required to raise the live fish to a sufficient size to harvest. Caviar inventory also includes the incremental cost to harvest the eggs. Inventory calculations include assumptions about mortality rates, which management determined to be standard for their industry. All male meat harvested and sold is a byproduct of the caviar production.

At December 31, 2013, the Laboratory recorded a loss on inventory to reduce the cost of fish and caviar to market value. Inventory from the older class years have the highest costs due to the learning curve and research component involved in raising the fish. The fish and caviar inventory was reduced by approximately \$4,310 for the year ended December 31, 2013, and the loss is included in other expenses on the consolidating statement of activities. As a result of the Laboratory selling its interest in MESI, live fish and caviar inventory at December 31, 2014 was \$0.

Donated Assets

Donated assets are recorded at fair market value at the date of gift. Donated property and vessels, which are not classified by management for use by the Laboratory, are recorded as assets held for sale. The carrying value of such assets is adjusted to the lower of fair market value or the recorded value at the date of gift in order to more closely reflect the net realizable value.

Bequest Receivable

Bequests are recorded as support when the amount to be received can be reasonably estimated as provided by the executor of the estate.

MOTE MARINE LABORATORY, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATING FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2014 AND 2013

Note 1 - Summary of Significant Accounting Policies (Continued)

Pledges Receivable

Pledges are recorded as support when the donor's commitment has been received.

Property and Equipment

Property and equipment are stated at cost, if purchased, or fair market value at the date of gift, if donated.

Depreciation is provided over the estimated useful lives of the assets using the straight-line half-year method. Estimated useful lives are as follows:

	<u>Years</u>
Vehicles	3
Vessels	5
Buildings and improvements	5 - 40
Furniture, fixtures and exhibits	5 - 10
Library	5 - 20
Laboratory equipment	5 - 20
Trailers	5 - 10

The Laboratory capitalizes all fixed asset purchases or donations with an estimated useful life of greater than one year and a cost or fair market value of \$1,000 or greater.

Revenue Recognition

Revenue associated with research grants or contracts is generally recognized as related costs are incurred. Membership revenue is recognized ratably throughout the membership year.

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Contributions received with donor stipulations that limit the use of donated assets are treated as temporarily restricted net assets. When the purpose of the restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the consolidating statements of activities as net assets released from restrictions.

Gifts of cash restricted for the purpose of acquiring or constructing long-lived assets are recorded as temporarily restricted net assets until the long-lived assets are acquired or constructed at which time the net assets are released from the restriction and reclassified as unrestricted net assets. Any conditional gifts for which the conditions are not met at year-end are recorded as refundable advances.

Patents

Patents are stated at the cost to acquire. Amortization is provided for using the straight-line method over the estimated useful life of ten years.

MOTE MARINE LABORATORY, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATING FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2014 AND 2013

Note 1 - Summary of Significant Accounting Policies (Continued)

Donated Services

A substantial number of volunteers have made significant contributions of their time to the operations of the Laboratory. The amount of volunteer hours contributed to the Laboratory during December 31, 2014 and 2013 were 217,376 and 210,337 hours, respectively. The estimated value of these donated services has not been recorded in the accompanying consolidating financial statements. However, management estimates the fair value of these services contributed to the Laboratory during December 31, 2014 and 2013 amounted to approximately \$5,014,865 and \$4,743,099, respectively. These estimates are based on an article published in the NonProfit Times that estimates volunteer time to be worth \$23.07 and \$22.55 per hour in 2014 and 2013, respectively, according to the Independent Sector, a Washington D.C. based coalition of nonprofits and foundations.

Advertising and Promotion

Advertising and promotion costs are expensed as incurred. Advertising and promotion expense for the years ended December 31, 2014 and 2013 totaled \$336,182 and \$283,101, respectively.

Income Tax Status

The Laboratory is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. Mote Environmental Services, Inc. and Mote Aquaculture, Inc., the for-profit subsidiaries of the Laboratory, are subject to applicable corporate income taxes (see Note 18).

Under the Income Taxes topic of the FASB Accounting Standards Codification, the Laboratory has reviewed and evaluated the relevant technical merits of each of its tax positions in accordance with accounting principles generally accepted in the United States of America for accounting for uncertainty in income taxes, and determined that there are no uncertain tax positions that would have a material impact on the financial statements of the Laboratory.

The Laboratory files income tax returns in the U.S. federal jurisdiction and the State of Florida. The tax periods open to examination by the major taxing jurisdictions to which the Laboratory is subject include fiscal years ended December 31, 2011 through December 31, 2014.

Financial Instruments Not Measured at Fair Value

Certain of the Laboratory's and MESI's financial instruments are not measured at fair value on a recurring basis but nevertheless certain financial instruments are recorded at amounts that approximate fair value due to their liquid or short-term nature. Such financial assets and financial liabilities include cash and cash equivalents, accounts receivable, due from MESI, due from Mote Marine Foundation, Inc., prepaid expenses and other assets, accounts payable, accrued payroll, due to Mote Marine Laboratory, Inc., memberships relating to future periods and funds advanced on research programs.

MOTE MARINE LABORATORY, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATING FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2014 AND 2013

Note 1 - Summary of Significant Accounting Policies (Continued)

Overhead Allocation

Overhead is allocated to research programs at a rate established with the cognizant federal agency, Department of Commerce and National Oceanic and Atmospheric Administration. Certain research contracts limit the amount of reimbursement for overhead expenses to a rate specified in the individual contracts.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the consolidating statements of activities. Accordingly, certain costs have been allocated among the programs and supporting services that benefited.

Cash and Cash Equivalents

Cash on hand and highly liquid investments with a maturity of three months or less at date of acquisition are considered to be cash and cash equivalents. Cash restricted for the endowment and included as cash and cash equivalents in the consolidating financial statements amounted to \$620,221 and \$618,041 as of December 31, 2014 and 2013, respectively.

Beneficial Interest in the Net Assets of Mote Marine Foundation, Inc.

The Laboratory follows the *Not-for-Profit Entities* Topic of the FASB Accounting Standards Codification. The *Not-for-Profit Entities* Topic establishes standards for transactions in which a donor makes a contribution to a not-for-profit organization (the recipient) that agrees to transfer those assets to another entity (the beneficiary). The statement requires that, if the specified beneficiary is financially interrelated to the recipient organization, the beneficiary must recognize its interest in the net assets of the recipient organization. As presented in the consolidating financial statements, the Laboratory is financially interrelated to Mote Marine Foundation, Inc. and therefore, is required to report its beneficial interest in the net assets of Mote Marine Foundation, Inc.

Note 2 - Pledges Receivable

At December 31, 2014 and 2013, the Laboratory held written unconditional pledges receivable in the amounts of \$3,340,834 and \$169,375, respectively. The pledges have been restricted by the donors for future projects. The entire balance as of December 31 is expected to be collected per the agreements; therefore management has not established an allowance for uncollectible pledges against these assets.

MOTE MARINE LABORATORY, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATING FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2014 AND 2013

Note 2 - Pledges Receivable (Continued)

Receipt of pledges receivable is scheduled as follows:

2015	\$ 826,992
2016	830,593
2017	830,593
2018	743,259
2019	84,510
2020	17,339
2021	7,548
	<u>\$ 3,340,834</u>

During the years ended December 31, 2014 and 2013, the Laboratory had \$0 and \$32,942 in uncollectible pledges due to unforeseen circumstances.

Note 3 - Promissory Note

On November 19, 2014, Mote Marine Laboratory, Inc. entered into a written promissory note receivable from MESI in the amount of \$1,400,000 as consideration for the purchase of MESI from Mote Marine Laboratory, Inc. by a private investor. A simple interest per annum of 1.89% will be due on the unpaid principal balance from the effective date of the note. The first through the 8th principal payments in the amount of \$100,000 plus the interest rate on the unpaid principal at the date of each payment shall be made to the note holder, Mote Marine Laboratory, Inc., on each anniversary of the effective date. The ninth and balloon payment of \$600,000 plus the interest rate on the forgoing unpaid principal shall be payable to the note holder, the Laboratory, on the ninth anniversary of the effective contract date.

Note 4 - Accounts Receivable

Accounts receivable consists of the following at December 31:

	2014	2013
Caviar and sturgeon sales	\$ 11,480	\$ 223,569
Costs billed on research grants and other contracts	596,817	740,176
Unbilled costs incurred on research grants	644,694	706,910
	<u>\$ 1,252,991</u>	<u>\$ 1,670,655</u>

During the years ended December 31, 2014 and 2013, the Laboratory had \$16,165 and \$0 in write-offs in uncollectible accounts receivable due to unforeseen circumstances, respectively..

MOTE MARINE LABORATORY, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATING FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2014 AND 2013

Note 5 - Investments

The Laboratory had realized gains on the sales of investments in the amount of \$1,954 for the year ended December 31, 2014 and losses on the sales of investments in the amount of \$16,906 for the year ended December 31, 2013.

Additionally, assets held at a community foundation during the years 2014 and 2013 incurred restricted unrealized gains of \$175 and \$1,649 respectively.

Note 6 - Property and Equipment

Property and equipment consists of the following as of December 31:

	2014	2013
Vehicles	\$ 786,941	\$ 813,669
Vessels	1,804,208	1,358,130
Buildings and improvements	33,771,130	34,548,869
Furniture, fixtures and exhibits	6,697,445	6,522,465
Library	23,620	23,620
Laboratory equipment	6,654,202	6,539,883
Trailers	99,670	97,580
	<u>49,837,216</u>	<u>49,904,216</u>
Less accumulated depreciation	34,888,062	33,628,162
	<u>\$ 14,949,154</u>	<u>\$ 16,276,054</u>

Depreciation expense was \$2,317,984 and \$2,364,314 for the years ended December 31, 2014 and 2013, respectively.

At December 31, 2014, construction in progress consisted of expenditures of \$63,799 for the new building at Summerland Key.

In accordance with contract provisions, the Laboratory has segregated and identified property and equipment that has been purchased or improved with funds received from government agencies. Title to these assets acquired with government agency funds vests with the Laboratory as long as the Laboratory has a contract with the agency. Upon contract termination, title to these assets reverts to the agencies. At December 31, 2014 and 2013, property and equipment purchased or improved with funds received from government agencies, net of accumulated depreciation, totaled \$246,571 and \$235,921, respectively.

MOTE MARINE LABORATORY, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATING FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2014 AND 2013

Note 7 - Inventory

Inventory consisted of the following at December 31:

	2014	2013
Gift shop merchandise	\$ 127,571	\$ 182,840
Live fish	-	2,652,066
Caviar	-	-
Fish food, bulk	-	43,894
	<u>\$ 127,571</u>	<u>\$ 2,878,800</u>

Gift shop merchandise, fish food and bulk inventories are stated at cost at December 31, 2014 and 2013. Caviar and live fish inventory are stated at market value at December 31, 2014 and 2013.

Note 8 - Patents

During 2014 and 2013, the Laboratory incurred costs to maintain certain patents. The costs capitalized and the related amortization provided for is as follows:

	2014	2013
Patents	\$ 105,352	\$ 92,609
Less: accumulated amortization	10,283	5,330
	<u>\$ 95,069</u>	<u>\$ 87,279</u>

No significant residual value is estimated for these patents. Amortization expense for the years ended December 31, 2014 and 2013 totaled \$4,952 and \$2,844, respectively. The following table represents the total estimated amortization of patents for the five succeeding years ending December 31, 2014:

<u>Year</u>	<u>Estimated Amortization Expense</u>
2015	\$ 4,082
2016	\$ 3,703
2017	\$ 3,068
2018	\$ 2,463
2019	\$ 2,463

MOTE MARINE LABORATORY, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATING FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2014 AND 2013

Note 9 - Notes Payable

Notes payable consists of the following as of December 31:

	2014	2013
Note payable in semiannual installments of \$12,5000 principal plus accrued interest, at LIBOR plus 2.5% with a 2.85% floor, due in full October 29, 2019, secured by Mote Marine Foundation, Inc.'s investments. Interest rate at December 31, 2014 and 2013 was 2.85% and 3.10%, respectively.	\$ 344,190	\$ 356,690
Note payable in 60 monthly installments, maturing on August 5, 2015 including interest at LIBOR plus 1.5%, with a 2.5% floor, secured with personal property and pledges. Interest at December 31, 2014 and 2013 was 2.5% and 2.5%, respectively.	3,300,205	3,499,794
Note payable in monthly installments amortized over 15 years including interest at LIBOR plus 1.5% paid in full as of December 31, 2014, secured by mortgage on Summerland Key property. Interest at December 31, 2014 was 0% and 1.67%, respectively.	-	641,357
Note payable in 48 monthly installments of \$506, interest at 0% due 2015, secured by vehicle.	2,532	8,608
Note payable in 48 monthly installments of \$323 including interest at 3.9% due 2015, secured by vehicle.	1,606	5,341
Note payable paid in full including interest at 1.50% per annum March 31, 2014.	-	174,375
Note payable in 60 monthly installments of \$300, interest at 0% due 2017, secured by vehicle.	9,305	12,906
Note payable in 60 monthly installments of \$645, interest at 3% due 2017, secured by vehicle.	16,216	23,349
Note payable in 36 monthly installments of \$514, interest at 3% due 2016, secured by vehicle.	7,549	13,386
Note payable in 60 monthly installments of \$402, interest at 3% due 2018, secured by vehicle.	14,926	19,230

MOTE MARINE LABORATORY, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATING FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2014 AND 2013

Note 9 - Notes Payable (Continued)

	<u>2014</u>	<u>2013</u>
Note payable in 60 monthly installments of \$842, interest at 3% due 2017, secured by vehicle.	23,515	32,754
Note payable in 60 monthly installments of \$612, interest at 3% due 2017, secured by vehicle.	15,375	22,137
Note payable in 60 monthly installments of \$612, interest at 3.15% due 2019, secured by vehicle.	32,855	-
Note payable in full June 17, 2016, including interest at 0.5% payable annually.	700,000	-
	<u>4,468,274</u>	<u>4,809,927</u>
Less current portion	\$ 3,373,622	880,317
Non-current portion	<u>1,094,652</u>	<u>\$ 3,929,610</u>

Aggregate maturities of long-term debt at December 31 are as follows:

2015	\$ 3,373,622
2016	765,875
2017	45,303
2018	33,216
2019	250,258
	<u>\$ 4,468,274</u>

Note 10 - Lines of Credit

Pursuant to loan agreements with two banks, the Laboratory has a revolving line of credit of \$1,500,000 with each bank. One loan agreement expires on March 14, 2017 and the other is open-ended subject to renewal provisions. Interest on one line of credit is charged at the bank's prime rate less a margin of 1.25% with a 3% floor and is payable monthly. At December 31, 2014 and 2013, borrowings outstanding under this line of credit and secured by pledges and accounts receivable of the Laboratory amounted to \$1,217,101 and \$1,217,404, respectively.

Interest on the second revolving line of credit is charged at one month LIBOR plus 1.90% per annum with a 2.75% floor, payable monthly. At December 31, 2014 and 2013, borrowings outstanding under this line of credit and secured by assets of Mote Marine Foundation, Inc. held by the bank amounted to \$550,000 and \$0, respectively.

MOTE MARINE LABORATORY, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATING FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2014 AND 2013

Note 10 - Lines of Credit (Continued)

The Laboratory also has an available line of credit of \$3,014,000 from Mote Scientific Foundation. The loan agreement expires on October 16, 2016. Interest is charged at *The Wall Street Journal's* Prime Rate less a margin of 1.25% and is payable quarterly. At December 31, 2014 and 2013, borrowings outstanding and secured by a lien on a certain estate in real property amounted to \$2,175,000.

The Laboratory also has a line of credit of \$185,000 from Sarasota-Manatee Airport Authority. The loan represents advanced funding for the improvements to the Airport Aquarium and has no expiration date or interest rate and will be repaid with any funds raised associated with the Airport Aquarium. At December 31, 2014 and 2013, borrowings outstanding totaled \$185,000.

The multiple lines of credit outstanding at December 31, 2014 and 2013 totaled \$4,127,101 and \$3,577,404, respectively.

Interest expense incurred under these lines of credit totaled \$80,224 and \$95,103 for the years ended December 31, 2014 and 2013, respectively.

Certain loan agreements described above and in Note 8 require that the Laboratory meet certain debt covenant compliance requirements. As of December 31, 2014 and 2013, the Laboratory was in full compliance.

Note 11 - Temporarily Restricted Net Assets

Temporarily restricted net assets are available for the following purposes at December 31:

	2014	2013
Future projects	\$ 1,139,935	\$ 438,970
Construction	178,839	138,712
Library expenses	46,362	14,174
Beneficial interest in net assets of Mote Marine Foundation, Inc.	6,383,147	6,749,434
	<u>\$ 7,748,283</u>	<u>\$ 7,341,290</u>

MOTE MARINE LABORATORY, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATING FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2014 AND 2013

Note 12 - Net Assets Released from Restrictions

Net assets released from donor restriction by incurring expenses satisfying the restricted purposes at December 31 are as follows:

	2014	2013
Aquarium expenses	\$ 46,636	\$ 62,941
Library expenses	17,583	19,175
Other	171,356	67,964
Scholarships	50,000	50,000
Vessels	170,000	-
	<u>\$ 455,575</u>	<u>\$ 200,080</u>

Note 13 - Permanently Restricted Net Assets

Permanently restricted net assets are restricted to the investment of the original gift in perpetuity, the income from which is expendable to support the Laboratory. Permanently restricted net assets consist of the following as of December 31:

	2014	2013
Cultural endowment	\$ 600,000	\$ 600,000
Keys endowment	12,050	12,050
Beneficial interest in the net assets of Mote Marine Foundation, Inc.	9,560,209	8,945,420
	<u>\$ 10,172,259</u>	<u>\$ 9,557,470</u>

Note 14 - Retirement Plan

The Laboratory provides a 403(b) retirement plan and Mote Environmental Services, Inc. provides a 401(k) retirement plan. The Laboratory and MESI match employee contributions based on an employee's length of service and gross salary. Retirement plan expense was \$491,232 and \$463,232 for the years ended December 31, 2014 and 2013, respectively.

Note 15 - Matching Requirements on Governmental Grants

The Laboratory is awarded grants from federal agencies which require matching contributions by the Laboratory. The matching requirements were met or exceeded on completed federal grants during 2014 and 2013.

MOTE MARINE LABORATORY, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATING FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2014 AND 2013

Note 16- Lease Income

Mote Marine Laboratory holds title to approximately 200 acres of land in Sarasota County, Florida, located on Fruitville Rd, which has been developed as Mote Aquaculture Park. Mote entered into an agreement with MESI (now Healthy Earth, Inc.) to lease real property and buildings on this parcel for the continued operations of the sturgeon farm and related sturgeon meat and caviar harvesting and production. Base rent for use of facilities by MESI at Mote Aquaculture Park is \$22,833 per month. The initial term of this lease is 5 years, commencing on November 19, 2014 and ending on the last day of the month in the 5th anniversary year. The lessee shall have four (4) options to extend the terms of the lease for a five (5) year period upon the same terms and conditions.

Note 17 - Rental Use Charges

Periodically, certain programs require utilization of vessels, vehicles and equipment provided by the Laboratory. Each program is charged rent, based on use, at a pre-established rental fee that reflects the cost of operating the asset.

Note 18 - Financial Instruments with Off-Balance Sheet Risk

The Laboratory maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. Accounts are guaranteed by the Federal Deposit Insurance Corporation (FDIC) up to certain limits. At any given time, the Laboratory may have cash and investment balances exceeding the insured amount. The Laboratory has not experienced any losses in such accounts and does not believe it is exposed to any significant credit risk on cash and investments.

Note 19 - Income Taxes

Mote Environmental Services, Inc. is subject to applicable corporate income taxes. At December 31, 2014 and 2013, the subsidiary had net operating loss carryforwards of approximately \$0 and \$2,912,208, respectively, which began to expire in the year 2009. Management has recorded deferred tax assets of \$0 and \$582,442, calculated using an effective income tax rate of 20% for the subsidiary, at December 31, 2014 and 2013, respectively. Due to the lack of historical operations and the risk that net operating losses may expire prior to use, management has elected to record a valuation allowance equal to the deferred tax asset. The net effect on the accompanying consolidating financial statements is zero.

Mote Aquaculture, Inc. is also subject to corporate income taxes. Since January 1, 1997, the corporation has been inactive.

MOTE MARINE LABORATORY, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATING FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2014 AND 2013

Note 20 - Related Party Transactions

The Mote Marine Foundation, Inc. (Foundation), a financially interrelated organization, provides support to the Laboratory in the form of grants. For 2014 and 2013, the Laboratory received grants from the Foundation in the amounts of \$1,354,318 and \$1,800,701, respectively.

Mote Marine Foundation, Inc. is dependent on Laboratory personnel for administration and certain aspects of fund raising.

From time to time the Laboratory will receive donations and pay certain expenses on behalf of the Foundation. As of December 31, 2014 and 2013, the Foundation owed the Laboratory \$133,817 and \$8,964, respectively.

Certain trustee members are affiliated with organizations that transact with the Laboratory. Trustee members are required to complete conflict of interest disclosure statements and abstain from voting on related issues.

During 2014 and 2013, a trustee donated the use of an aircraft for travel accommodations for employees and trustees. The value of this donation as of December 31, 2014 has yet to be determined but is not material to the financial statements as a whole.

Up to the date of sale, as part of the MESI business plan, the Laboratory provided management and operations support through a Management and Production Agreement with MESI. The Laboratory charges MESI a management fee. The management fee charged to MESI was \$863,688 and \$930,609 for the years ended December 31, 2014 and 2013, respectively.

From time to time, the trustees make pledges and contributions to the Laboratory.

Note 21 - Leased Facility

The Laboratory has a leasehold agreement with a municipality for real property on which the Laboratory has constructed its facilities. The agreement requires the Laboratory to pay the municipality one dollar per year until the agreement expires in the year 2050. The fair market value of the leasehold agreement is not determinable and therefore has not been recorded in the accompanying consolidating financial statements.

Note 22 - Endowments

The Laboratory's endowment consisted of funds established for several purposes. Its endowment includes donor-restricted endowment funds. As required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions. It is typical to establish all endowment funds in Mote Marine Foundation, Inc.

MOTE MARINE LABORATORY, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATING FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2014 AND 2013

Note 22 - Endowments (Continued)

Interpretation of Relevant Law

The Board of Trustees of the endowment has interpreted the Florida Uniform Prudent Management of Institutional Funds Act (FUPMIFA) as requiring the corpus to be maintained at fair value. Any portion of the endowment, including investment income, which is not classified as permanently restricted net assets, is to be classified as temporarily restricted net assets until it is appropriated for expenditure.

As a result of this interpretation, the Laboratory classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment and (b) the original value of subsequent gifts to the permanent endowment, adjusted for any market fluctuations to comply with donor stipulations.

As of December 31, 2014, endowment net assets consisted of the following:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor-restricted endowment funds	\$ -	\$ 6,620	\$ 612,050	\$ 618,670

Changes in endowment net assets for the year ended December 31, 2014 are as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, January 1, 2014	\$ -	\$ 5,990	\$ 612,050	\$ 618,040
Endowment investment return:				
Investment income		2,480		2,480
Realized and unrealized gains		175		175
Total endowment investment return	-	2,655	-	2,655
Appropriation of endowment for expenditures		(2,025)		(2,025)
Endowment net assets, December 31, 2014	\$ -	\$ 6,620	\$ 612,050	\$ 618,670

MOTE MARINE LABORATORY, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATING FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2014 AND 2013

Note 22 - Endowments (Continued)

As of December 31, 2013, endowment net assets consisted of the following:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor-restricted endowment funds	\$ -	\$ 5,990	\$ 612,050	\$ 618,040

Changes in endowment net assets for the year ended December 31, 2013 are as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, January 1, 2013	\$ -	\$ 3,883	\$ 612,050	\$ 615,933
Endowment investment return:				
Investment income		2,547		2,547
Realized and unrealized gains		(6,656)		(6,656)
Total endowment investment return	-	(4,109)	-	(4,109)
Appropriation of endowment for expenditures		(248)		(248)
Repay Deficiencies		6,464		6,464
Endowment net assets, December 31, 2013	\$ -	\$ 5,990	\$ 612,050	\$ 618,040

Return Objectives and Risk Parameters

The Laboratory has adopted investment policies and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Laboratory must hold in perpetuity or for donor-specified periods. Under this policy, as approved by the Board of Trustees, the endowment assets are invested in a manner that is intended to produce a long-term rate of return on assets of at least 8.5% while assuming a moderate level of investment risk. The Laboratory expects its endowment funds, over time to provide an average rate of return of approximately 8.5% percent annually.

The Cultural Endowment Program has a primary investment constraint to preserve principal along with restrictions on investment instruments so the Laboratory uses an alternative approved investment policy for this program.

MOTE MARINE LABORATORY, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATING FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2014 AND 2013

Note 22 - Endowments (Continued)

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the Laboratory relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Laboratory targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

Spending Policy and How the Investment Objectives Relate to Spending Policy

The Laboratory has a policy of appropriating for distribution each year 5% percent of its endowment funds average fair value over the period of 12 quarters through the calendar year end proceeding the fiscal year in which the distribution is planned. In establishing this policy, the Laboratory considered the long-term expected return on its endowment. Accordingly, over the long term, the Laboratory expects the current spending policy to allow its endowment to grow at an average of 1% percent annually. This is consistent with the Laboratory's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return. The established policy for the Cultural Endowment Program distributes 100% of current income for use in operating costs for cultural activities expecting no further growth in this endowment.

Note 23 - Fair Value of Financial Assets and Liabilities

The Laboratory adopted the *Fair Value Measurements and Disclosures* Topic of the FASB Accounting Standards Codification which provides enhanced guidance for using fair value to measure assets and liabilities and clarifies the principle that fair value should be based on the assumptions market participants would use when pricing the assets or liabilities and establishes a hierarchy that prioritizes the information used to develop those assumptions. The Laboratory has adopted Accounting Standards Update No. 2010-06, *Improving Disclosures about Fair Value Measurements*, which requires the Laboratory to present fair value measurements separately for each class of assets and liabilities held as of December 31, 2014 and 2013.

The following table presents information about the Laboratory's assets and liabilities that are measured at fair value on a recurring and non-recurring basis as of December 31, 2014 and 2013, and indicate the fair value hierarchy of the valuation techniques used to determine such fair value. The three levels for measuring fair value are based on the reliability of inputs and are as follows:

Level 1 - quoted market prices in active markets for identical assets or liabilities, such as publicly traded equity securities. This level includes common and preferred stock, cash and money market funds, mutual funds, corporate bonds and bond funds, and government obligations.

MOTE MARINE LABORATORY, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATING FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2014 AND 2013

Note 23 - Fair Value of Financial Assets and Liabilities (Continued)

Level 2 - inputs, other than quoted prices included in Level 1 that are observable, either directly or indirectly. Such inputs may include quoted prices for similar assets, observable inputs other than quoted prices (interest rates, yield curves, etc.), or inputs derived principally from or corroborated by observable market data by correlation or other means.

Level 3 - inputs are unobservable data points for the asset or liability, and include situations where there is little, if any, market activity for the asset or liability. The inputs reflect the Laboratory's assumptions based on the best information available in the circumstance.

Fair Value Measurements on a Recurring Basis at Reporting Date Using

Description	Fair Value 12/31/2014	Fair Value Measurements on a Recurring Basis at Reporting Date Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Beneficial interest in the net assets of Mote Marine Foundation, Inc.	\$ 15,001,037	\$ 10,528,946	\$ 3,357,405	\$ 1,114,686

Fair Value Measurements on a Non-Recurring Basis at Reporting Date Using

Description	Fair Value 12/31/2014	Fair Value Measurements on a Non-Recurring Basis at Reporting Date Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Beneficial interest in the net assets of Mote Marine Foundation, Inc.	\$ 942,319	\$ -	\$ -	\$ 942,319
Pledges receivable	3,340,834	-	-	3,340,834
Ending balance	\$ 4,283,153	-	-	\$ 4,283,153

MOTE MARINE LABORATORY, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATING FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2014 AND 2013

Note 23 - Fair Value of Financial Assets and Liabilities (Continued)

Fair Value Measurements Using Significant Unobservable Inputs (Level 3)

	Total
Beginning balance	\$ 1,121,610
Change in value of the beneficial interest in net assets of Mote Marine Foundation, Inc.	(6,924)
Ending balance	<u>\$ 1,114,686</u>

Fair Value Measurements on a Recurring Basis at Reporting Date Using

Description	Fair Value 12/31/2013	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Beneficial interest in the net assets of Mote Marine Foundation, Inc.	\$ 14,996,774	\$ 10,498,075	\$ 3,377,089	\$ 1,121,610

Fair Value Measurements on a Non-Recurring Basis at Reporting Date Using

Description	Fair Value 12/31/2013	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Beneficial interest in the net assets of Mote Marine Foundation, Inc.	\$ 698,080	\$ -	\$ -	\$ 698,080
Pledges Receivable	169,375	-	-	169,375
Bequest Receivable	10,000	-	-	10,000
Ending balance	<u>\$ 877,455</u>	<u>-</u>	<u>-</u>	<u>\$ 877,455</u>

MOTE MARINE LABORATORY, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATING FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2014 AND 2013

Note 23 - Fair Value of Financial Assets and Liabilities (Continued)

Fair Value Measurements Using Significant Unobservable Inputs (Level 3)

	Total
Beginning balance	\$ <u>1,823,175</u>
Change in value of the beneficial interest in net assets of Mote Marine Foundation, Inc.	(701,565)
Ending balance	\$ <u><u>1,121,610</u></u>

Note 24 - Subsequent Events

The Laboratory and MESI have evaluated all events subsequent to the balance sheet date to December 31, 2014 and through the date these financial statements were available to be issued, May 12, 2015, and have determined that there are no subsequent events that require disclosure.

SUPPLEMENTAL INFORMATION

MOTE MARINE LABORATORY, INC. AND SUBSIDIARIES

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND
STATE FINANCIAL ASSISTANCE

YEAR ENDED DECEMBER 31, 2014

Grantor	Match	CFDA# or CSFA#	Grant Number	Total Expenditures	
Federal Contracts and Grants					
RESEARCH AND DEVELOPMENT CLUSTER					
Department of Agriculture					
National Institute of Food and Agriculture					
Agriculture and Food Research Initiative (AFRI)					
		10.310	2011-67012-30737	\$ 5,466	\$ 5,466
Department of Commerce					
National Oceanic and Atmospheric Administration					
Integrated Ocean Observing System (IOOS)					
Passed through Texas A&M University					
		11.012	NA11NOS0120024	60,044	60,044
Sea Grant Support					
	Y	11.417	NA10OAR4170079	8,292	
	Y	11.417	NA14OAR4170108	61,609	69,901
Climate and Atmospheric Research					
Passed through University Corp for Atmospheric - Research					
		11.431	NA11OAR4310213	3,310	3,310
Marine Mammal Data Program					
	Y	11.439	NA12NMF4390138	6,160	
	Y	11.439	NA14NMF4390207	11,468	17,628
Unallied Management Projects					
		11.454	NA13NMF4540056	155,403	155,403
ARRA - Habitat Conservation					
Passed through The Nature Conservancy					
	Y	ARRA 11.463	NA10NM4630081	21,027	21,027
Unallied Science Program					
	Y	11.472	NA13NMF4720274	175,251	
		11.472	NA14NMF4720320	10,839	186,090
Center for Sponsored Coastal Ocean Research- Coastal Ocean Program					
Passed through FFWCC					
		11.478	NA11NOS4780058	24,329	24,329
Environmental Protection Agency					
Surveys, Studies, Investigations, Demonstrations, and Training Grants and Cooperative Agreements - Section 104(b)(3) of the Clean Water Act					
		66.436	00D03812	30,615	30,615
National Science Foundation					
Geosciences					
		47.050	GEO1009063	44,408	
		47.050	OCE-1156580	82,316	
		47.050	OCE-1156141	90,053	
		47.050	OCE-1219804	9,267	226,044
Biological Sciences					
Passed through New College of Florida					
		47.074	IOS-0920022 / 10357-7119-901	93	
		47.074	DBI-1418890	33,407	33,500
Department of the Interior					
Fish and Wildlife Service					
State Wildlife Grants					
Passed through FFWCC to UNF to Mote					
		15.634	UNF 013-001	6,526	6,526
National Park Service					
Natural Resource Stewardship					
		15.944	PI3AC01104	59,914	59,914

MOTE MARINE LABORATORY, INC. AND SUBSIDIARIES
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND
STATE FINANCIAL ASSISTANCE (CONTINUED)

YEAR ENDED DECEMBER 31, 2014

Grantor	Match	CFDA# or CSFA#	Grant Number	Total Expenditures	
Federal Contracts and Grants (Continued)					
Department of Defense U.S. Army Medical Command Military Medical Research and Development Passed through USAMRAA		12.420	W81XWH-11-2-0110	244,007	244,007
Total Federal Contracts and Grants				\$ 1,143,804	
State and Local Contracts and Grants					
State of Florida Florida Fish & Wildlife Conservation Commission Marine Fisheries Assessment		77.023	13029	301,931	301,931
Fish and Wildlife Research Support Program		77.025	09012	\$ 294,562	
		77.025	10087	17,245	
		77.025	7041	87,981	
		77.025	12054	1,064,555	
		77.025	PO AA085F	11,722	1,476,065
Department of Highway Safety & Motor Vehicles Protect our Reefs License Plate Project		76.069	POR	1,000,258	1,000,258
Sea Turtle License Plate Project					
Passed through Sea Turtle Conservancy		76.070	13-039R	8,032	
Passed through Sea Turtle Conservancy		76.070	14-046C	10,739	
Passed through Sea Turtle Conservancy		76.070	14-038C	9,578	28,349
Total State and Local Contracts and Grants				\$ 2,806,603	
Total Financial Assistance				\$ 3,950,407	

Basis of presentation

This schedule includes the federal and state grant activity of Mote Marine Laboratory, Inc. and Subsidiaries and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented or used in the preparation the basic consolidating financial statements.

MOTE MARINE LABORATORY, INC. AND SUBSIDIARIES

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND
STATE FINANCIAL ASSISTANCE (CONTINUED)

YEAR ENDED DECEMBER 31, 2014

Of the federal expenditures presented in the schedule, Mote Marine Laboratory, Inc. provided federal awards to subrecipients as follows:

Program Number	Subrecipient / Program Title	Federal CFDA Number	Amount Awarded to Subrecipient	2014 Disbursements
185-651	University of South Florida National Oceanic and Atmospheric Administration - Sea Grant Support	11.417	28,741	20,411
107-545	Daemen College U.S. Army Medical Command - Military Medical Research and Development	12.420	223,261	58,199
107-546	University of South Florida U.S. Army Medical Command - Military Medical Research and Development	12.420	66,342	3,227
107-547	Clemson University U.S. Army Medical Command - Military Medical Research and Development	12.420	62,516	6,418
106-419A	Florida Fish & Wildlife Conservation Commission Environmental Protection Agency - Surveys, Studies, Investigations, Demonstrations, and Training Grants and Cooperative Agreements - Section 104(b)(3) of the Clean Water Act	66.436	42,046	18,271
Total Federal Funding / Disbursements to Subrecipients:			\$ 422,906	\$ 106,526

MOTE MARINE LABORATORY, INC. AND SUBSIDIARIES
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND
 STATE FINANCIAL ASSISTANCE (CONTINUED)

YEAR ENDED DECEMBER 31, 2014

Of the state expenditures presented in the schedule, Mote Marine Laboratory, Inc. provided state awards to subrecipients as follows:

Program Number	Subrecipient / Program Title	State CSFA Number	Amount Awarded to Subrecipient	2014 Disbursements
POR 2011 27	Florida Institute of Technology DHSMV- Protect Our Reefs	76.069	\$ 27,017	\$ 6,755
POR 2011 6	University of Florida DHSMV - Protect Our Reefs	76.069	38,149	9,537
POR 2011 30	REEF DHSMV - Protect Our Reefs	76.069	25,689	6,422
POR 2012 8	University of North Florida DHSMV - Protect Our Reefs	76.069	24,000	6,000
POR 2012 1	Smithsonian Institution DHSMV - Protect Our Reefs	76.069	10,000	2,500
POR 2012 19	Eckerd College DHSMV - Protect Our Reefs	76.069	10,000	2,500
POR 2012 3	Smithsonian Institution DHSMV - Protect Our Reefs	76.069	24,000	6,000
POR 2012 4	Marine Resources Development Foundation DHSMV - Protect Our Reefs	76.069	4,000	1,000
POR 2013 11	Reef Relief DHSMV - Protect Our Reefs	76.069	9,500	7,125
POR 2013 2	Smithsonian Institution DHSMV - Protect Our Reefs	76.069	9,500	7,125
POR 2013 6	University of Miami DHSMV - Protect Our Reefs	76.069	9,500	4,750
POR 2013 7	University of Miami DHSMV - Protect Our Reefs	76.069	24,650	12,325
POR 2013 9	Nova Southeastern University DHSMV - Protect Our Reefs	76.069	5,680	4,260
POR 2013 10	Florida Institute of Technology DHSMV - Protect Our Reefs	76.069	9,500	4,750
POR 2013 13	University of Miami DHSMV - Protect Our Reefs	76.069	9,500	4,750
POR 2013 16	Nova Southeastern University DHSMV - Protect Our Reefs	76.069	9,500	7,125
POR 2013 20	University of North Florida DHSMV - Protect Our Reefs	76.069	9,500	7,125
POR 2013 24	Marine Resources Development Foundation DHSMV - Protect Our Reefs	76.069	4,000	3,000
POR 2013 27	Smithsonian Institution DHSMV - Protect Our Reefs	76.069	9,500	7,125

Total State Funding / Disbursements to Subrecipients:

\$ 273,185 \$ 110,174

CONTRACT COMPLIANCE

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF CONSOLIDATING
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT
AUDITING STANDARDS

INDEPENDENT AUDITOR'S REPORT

The Board of Trustees
Mote Marine Laboratory, Inc. and Subsidiaries
Sarasota, Florida

We have audited, in accordance with the 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 and the provisions of the Florida Single Audit Act in accordance with Chapter 98-91 of the Laws of Florida and Section 215.97 of the Florida Statutes, the consolidating financial statements of Mote Marine Laboratory, Inc. and Subsidiaries, which comprise the consolidated statement of financial position as of December 31, 2014, and the related consolidated 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 May 12, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit of the consolidating financial statements, we considered Mote Marine Laboratory, Inc. and Subsidiaries' internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the consolidating financial statements, but not for the purpose of expressing an opinion on the effectiveness of Mote Marine Laboratory, Inc. and Subsidiaries' internal control. Accordingly, we do not express an opinion on the effectiveness of Mote Marine Laboratory, Inc. and Subsidiaries' internal control over.

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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of Mote Marine Laboratory, Inc. and Subsidiaries' consolidating 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.

The Board of Trustees
Mote Marine Laboratory, Inc. and Subsidiaries
Sarasota, Florida

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 may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Mote Marine Laboratory, Inc. and Subsidiaries' consolidating 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 determination of consolidating financial statement amounts. 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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Sarasota, Florida
May 12, 2015

A handwritten signature in cursive script that reads "Beckering Perkins & Co." The signature is written in black ink and is positioned to the right of the date and location text.

Kerkering, Barberio & Co.
Certified Public Accountants

REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND STATE PROJECT; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS REQUIRED BY OMB CIRCULAR A-133 AND THE FLORIDA SINGLE AUDIT ACT

INDEPENDENT AUDITOR'S REPORT

The Board of Trustees
Mote Marine Laboratory, Inc. and Subsidiaries
Sarasota, Florida

Report on Compliance for Each Major Federal Program and State Project

We have audited Mote Marine Laboratory, Inc. and Subsidiaries the compliance of Mote Marine Laboratory, Inc. and Subsidiaries' compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133, *Compliance Supplement* and provisions of the Florida Single Audit Act in accordance with Chapter 98-91 of the Laws of Florida and Section 215.97 of the Florida Statutes that could have a direct and material effect on each of its major federal programs and state projects for the year ended December 31, 2014. Mote Marine Laboratory, Inc. and Subsidiaries' major federal programs and state projects are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs and state projects.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Mote Marine Laboratory, Inc. and Subsidiaries' major federal and state project based on our audit of the types of compliance requirements referred to above. 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; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; and the provisions of the Florida Single Audit Act in accordance with Chapter 98-91 of the Laws of Florida and Section 215.97 of Florida Statutes. Those standards and OMB Circular A-133 and the provisions of the Florida Single Audit Act in accordance with Chapter 98-91 of the Laws of Florida and Section 215.97 of Florida Statutes require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program and state project occurred.

The Board of Trustees
Mote Marine Laboratory, Inc. and Subsidiaries
Sarasota, Florida

Auditor's Responsibility (Continued)

An audit includes examining, on a test basis, evidence about Mote Marine Laboratory, Inc. and Subsidiaries' compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program and state project. However, our audit does not provide a legal determination of Mote Marine Laboratory, Inc. and Subsidiaries' compliance with those requirements.

Opinion on Each Major Federal and State Project

In our opinion, Mote Marine Laboratory, Inc. and Subsidiaries 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 and state projects for the year ended December 31, 2014.

Report on Internal Control Over Compliance

Management of Mote Marine Laboratory, Inc. and Subsidiaries is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Mote Marine Laboratory, Inc. and Subsidiaries' internal control over compliance with the types of requirements that could have a direct and material effect on a major federal program or state project in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133 and the provisions of the Florida Single Audit Act in accordance with Chapter 98-91 of the Laws of Florida and Section 215.97 of the Florida Statutes, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Mote Marine Laboratory, Inc. and Subsidiaries' 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 or state project 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 reasonable possibility that material noncompliance with a type of compliance requirement of a federal program or state project 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 or state project that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

The Board of Trustees
Mote Marine Laboratory, Inc. and Subsidiaries
Sarasota, Florida

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses may exist that have not been identified.

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 OMB Circular A-133 and the provisions of the Florida Single Audit Act in accordance with Chapter 98-91 of the Laws of Florida and Section 215.97 of the Florida Statutes. Accordingly, this report is not suitable for any other purpose.

Sarasota, Florida
May 12, 2015

A handwritten signature in black ink that reads "Berkeing Parkin, J.D." The signature is written in a cursive style with a large, looping initial "B".

MOTE MARINE LABORATORY, INC. AND SUBSIDIARIES
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2014

Section I - Summary of Auditor's Results

Financial Statements

Type of auditors' report issued: unmodified

Internal control over financial reporting:

- Material weakness(es) identified? _____ yes x no
- Significant deficiencies identified? _____ yes x none reported

Noncompliance material to financial statements noted? _____ yes x no

Federal and State Awards

Internal control over major programs and projects:

- Material weakness(es) identified? _____ yes x no
- Significant deficiencies identified? _____ yes x none reported

Type of auditors' report issued on compliance for major programs and projects: unmodified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of OMB Circular A-133 and the provisions of the Florida Single Audit Act in accordance with Chapter 98-91 of the Laws of Florida and Section 215.97 of the Florida Statutes _____ yes x no

MOTE MARINE LABORATORY, INC. AND SUBSIDIARIES
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(CONTINUED)
YEAR ENDED DECEMBER 31, 2014

Section I - Summary of Auditor's Results (Continued)

Identification of major programs and projects:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
10.310	Agriculture and Food Research Initiative
11.012	Integrated Ocean Observing System (IOOS)
11.417	Sea Grant Support
11.431	Climate and Atmospheric Research
11.439	Marine Mammal Data Program
11.454	Unallied Management Projects
ARRA 11.463	ARRA - Habitat Conservation
11.472	Unallied Science Program
11.478	Center for Sponsored Coastal Ocean Research -Coastal Ocean Program
66.436	Surveys, Studies, Investigations, Demonstrations, and Training Grants and Cooperative Agreements – Section 104(b)(3) of the Clean Water Act
47.050	Geosciences
47.074	Biological Sciences
15.634	State Wildlife Grants
15.944	National Resource Stewardship
12.420	Military Medical Research and Development

MOTE MARINE LABORATORY, INC. AND SUBSIDIARIES
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(CONTINUED)
YEAR ENDED DECEMBER 31, 2014

Section I - Summary of Auditor's Results (Continued)

CSFA Numbers

76.069

77.023

Name of State Projects

Protect Our Reefs License Plate Project

Marine Fisheries Assessment

Dollar threshold used to distinguish between type A and type B programs and projects:

\$300,000

Auditee qualified as low-risk auditee?

 x yes no

Section II - Financial Statement Findings

None

Section III - Federal Award and State Project Findings and Questioned Costs

None

Section IV - Summary Schedule of Prior Audit Findings

No prior audit findings to be addressed.

Section V - Other

No management letter is required because there were no findings to be reported in a management letter as required by Section 215.97 (8)(f) and 215.97 (9)(d) of the Florida Statutes, Auditor General Rule 10.654 (1)(e) or 10.656 (3)(e).