

Mote Marine Laboratory, Inc.

Financial Statements,
Supplemental Information,
Contract Compliance and
Independent Auditor's Report
September 30, 2023 and 2022

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Independent Auditor's Report

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

Opinion

We have audited the financial statements of Mote Marine Laboratory, Inc. (Laboratory), a nonprofit organization, which comprise the statements of financial position as of September 30, 2023 and 2022, the related statements of activities, cash flows, and functional expenses for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Laboratory as of September 30, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

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

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

Other Matters

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying Schedule of Expenditures of Federal Awards and State Financial Assistance, as required by Title 2 U.S. *Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and Chapter 10.650, *Rules of the Auditor General of the State of Florida* is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 22, 2024, on our consideration of the Laboratory's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Laboratory's 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 the Laboratory's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Kerbering Barkins & Co." The signature is written in a cursive, flowing style.

Sarasota, Florida
February 22, 2024

Mote Marine Laboratory, Inc.

Statements of Financial Position

September 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Assets		
Cash and cash equivalents	\$ 12,541,540	\$ 15,353,772
Accounts receivable	4,967,920	4,919,837
Promises to give, net	7,581,319	9,554,050
Due from Mote Marine Foundation, Inc.	449,892	470,049
Prepaid expenses and other assets	273,957	179,710
Investments - certificates of deposit	119,840	119,193
Patents, net	79,923	79,286
Investment in deferred compensation plan	591,270	611,078
Land	7,519,082	7,519,082
Property and equipment, net	14,270,964	14,064,103
Construction in progress	70,864,506	30,339,458
Beneficial interest in the net assets of Mote Marine Foundation, Inc.	<u>18,589,544</u>	<u>16,481,634</u>
Total Assets	<u>\$ 137,849,757</u>	<u>\$ 99,691,252</u>
Liabilities and Net Assets		
Liabilities:		
Accounts payable	\$ 5,322,220	\$ 2,680,699
Accrued payroll	1,179,701	1,058,914
Memberships relating to future periods	585,397	546,511
Funds advanced on research programs	3,368,561	5,154,051
Deferred revenue	2,250,000	-
Deferred compensation payable	591,270	611,078
Lines of credit	16,226,314	1,397,647
Notes payable	<u>4,731,392</u>	<u>5,466,368</u>
Total liabilities	<u>34,254,855</u>	<u>16,915,268</u>
Net Assets:		
Without donor restrictions:		
Undesignated	75,009,760	51,673,165
Board designated	<u>390,818</u>	<u>390,818</u>
Total net assets without donor restrictions	<u>75,400,578</u>	<u>52,063,983</u>
With donor restrictions:		
Purpose and time restrictions	18,145,227	20,664,511
Perpetual in nature	<u>10,049,097</u>	<u>10,047,490</u>
Total net assets with donor restrictions	<u>28,194,324</u>	<u>30,712,001</u>
Total net assets	<u>103,594,902</u>	<u>82,775,984</u>
Total Liabilities and Net Assets	<u>\$ 137,849,757</u>	<u>\$ 99,691,252</u>

See accompanying notes to the financial statements.

Mote Marine Laboratory, Inc.

Statement of Activities

Year Ended September 30, 2023
(With Summarized Totals for 2022)

	Without Donor Restrictions	With Donor Restrictions	Total	2022 Total
Support, Revenue and Reclassifications:				
Program revenue:				
Research revenue:				
Federal	\$ 5,591,380	\$ -	\$ 5,591,380	\$ 5,677,236
State	7,399,790	-	7,399,790	6,814,217
Other	3,705,517	-	3,705,517	5,122,356
Aquarium:				
Admission fees	6,552,472	-	6,552,472	6,230,784
Gift shop	633,173	-	633,173	644,078
Other	383,051	-	383,051	699,109
Memberships	1,070,026	-	1,070,026	1,118,070
Education	748,989	-	748,989	617,845
Protect Our Reefs-License Plate	1,569,844	-	1,569,844	1,350,873
Other programs	268,534	6,085,000	6,353,534	2,165,902
Contributions:				
Construction	-	11,145,408	11,145,408	13,556,039
Education	452,627	122,037	574,664	495,808
Aquarium	84,481	113,822	198,303	139,718
Other programs	4,927,143	3,979,056	8,906,199	2,884,852
Non-cash contributions	203,504	75,430	278,934	115,532
Grants from Mote Marine Foundation, Inc.	361,842	-	361,842	465,741
Investment income	7,463	103,988	111,451	68,043
Unrealized gain (loss) on investments, net	727	2,458	3,185	(121,052)
Realized gain (loss) on investments, net	4,131	316	4,447	(14,393)
Realized loss on disposal of assets	-	-	-	(1,599)
Change in beneficial interest in the net assets of Mote Marine Foundation, Inc.	178,965	1,928,945	2,107,910	(4,196,727)
Net assets released from restrictions	26,074,137	(26,074,137)	-	-
Total support, revenue and reclassifications	<u>60,217,796</u>	<u>(2,517,677)</u>	<u>57,700,119</u>	<u>43,832,432</u>
Expenses:				
Program services:				
Research	22,516,029	-	22,516,029	19,693,397
Education	1,525,406	-	1,525,406	1,221,417
Aquarium	5,239,570	-	5,239,570	4,679,048
Protect Our Reefs-License Plate	1,238,729	-	1,238,729	970,118
Other	1,565,151	-	1,565,151	944,684
Supporting services:				
Research facilities and operations	1,017,161	-	1,017,161	788,080
Administrative and general	1,296,409	-	1,296,409	1,224,295
Fundraising	2,482,746	-	2,482,746	2,241,936
Total expenses	<u>36,881,201</u>	<u>-</u>	<u>36,881,201</u>	<u>31,762,975</u>
Change in net assets	<u>23,336,595</u>	<u>(2,517,677)</u>	<u>20,818,918</u>	<u>12,069,457</u>
Net assets at beginning of year	<u>52,063,983</u>	<u>30,712,001</u>	<u>82,775,984</u>	<u>70,706,527</u>
Net assets at end of year	<u>\$ 75,400,578</u>	<u>\$ 28,194,324</u>	<u>\$ 103,594,902</u>	<u>\$ 82,775,984</u>

See accompanying notes to the financial statements.

Mote Marine Laboratory, Inc.

Statement of Activities

Year Ended September 30, 2022
(With Summarized Totals for 2023)

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>	<u>2023 Total</u>
Support, Revenue and Reclassifications:				
Program revenue:				
Research revenue:				
Federal	\$ 5,677,236	\$ -	\$ 5,677,236	\$ 5,591,380
State	6,814,217	-	6,814,217	7,399,790
Other	5,023,170	99,186	5,122,356	3,705,517
Aquarium:				
Admission fees	6,230,784	-	6,230,784	6,552,472
Gift shop	644,078	-	644,078	633,173
Other	699,109	-	699,109	383,051
Memberships	1,118,070	-	1,118,070	1,070,026
Education	617,845	-	617,845	748,989
Protect Our Reefs-License Plate	1,350,873	-	1,350,873	1,569,844
Other programs	358,684	1,807,218	2,165,902	6,353,534
Contributions:				
Construction	-	13,556,039	13,556,039	11,145,408
Education	470,808	25,000	495,808	574,664
Aquarium	94,826	44,892	139,718	198,303
Other programs	2,859,602	25,250	2,884,852	8,906,199
Non-cash contributions	99,328	16,204	115,532	278,934
Grants from Mote Marine Foundation, Inc.	465,741	-	465,741	361,842
Investment income	16,144	51,899	68,043	111,451
Unrealized gain (loss) on investments, net	(8,318)	(112,734)	(121,052)	3,185
Realized gain (loss) on investments, net	5,152	(19,545)	(14,393)	4,447
Realized loss on disposal of assets	(1,599)	-	(1,599)	-
Change in beneficial interest in the net assets of Mote Marine Foundation, Inc.	(366,359)	(3,830,368)	(4,196,727)	2,107,910
Net assets released from restrictions	15,681,401	(15,681,401)	-	-
Total support, revenue and reclassifications	<u>47,850,792</u>	<u>(4,018,360)</u>	<u>43,832,432</u>	<u>57,700,119</u>
Expenses:				
Program services:				
Research	19,693,397	-	19,693,397	22,516,029
Education	1,221,417	-	1,221,417	1,525,406
Aquarium	4,679,048	-	4,679,048	5,239,570
Protect Our Reefs-License Plate	970,118	-	970,118	1,238,729
Other	944,684	-	944,684	1,565,151
Supporting services:				
Research facilities and operations	788,080	-	788,080	1,017,161
Administrative and general	1,224,295	-	1,224,295	1,296,409
Fundraising	2,241,936	-	2,241,936	2,482,746
Total expenses	<u>31,762,975</u>	<u>-</u>	<u>31,762,975</u>	<u>36,881,201</u>
Change in net assets	<u>16,087,817</u>	<u>(4,018,360)</u>	<u>12,069,457</u>	<u>20,818,918</u>
Net assets at beginning of year	<u>35,976,166</u>	<u>34,730,361</u>	<u>70,706,527</u>	<u>82,775,984</u>
Net assets at end of year	<u>\$ 52,063,983</u>	<u>\$ 30,712,001</u>	<u>\$ 82,775,984</u>	<u>\$ 103,594,902</u>

See accompanying notes to the financial statements.

Mote Marine Laboratory, Inc.
Statements of Cash Flows
Years Ended September 30, 2023 and 2022

	2023	2022
Cash Flows from Operating Activities:		
Change in net assets	\$ 20,818,918	\$ 12,069,457
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	2,625,339	2,517,601
Realized loss on disposal of assets	-	1,599
Unrealized / realized loss (gain) on investments, net	(7,632)	135,445
Change in beneficial interest in the net assets of Mote Marine Foundation, Inc.	(2,107,910)	4,196,727
Non-cash contributions	(278,934)	(115,532)
Proceeds from donated assets held for sale	237,040	-
Change in operating assets:		
Accounts receivable	(48,083)	(623,920)
Promises to give, net	1,972,731	(1,706,471)
Due from Mote Marine Foundation, Inc.	20,157	59,233
Prepaid expenses and other assets	(94,247)	(53,694)
Change in operating liabilities:		
Accounts payable	(317,189)	(149,636)
Accrued payroll	120,787	127,213
Memberships relating to future periods	38,886	(93,314)
Funds advanced on research programs	(1,785,490)	313,600
Deferred revenue	2,250,000	-
Total adjustments	2,625,455	4,608,851
Net cash provided by operating activities	23,444,373	16,678,308
Cash Flows from Investing Activities:		
Purchases of property and equipment	(40,330,493)	(16,670,197)
Proceeds from sale of property and equipment	-	3,200
Proceeds from maturity of certificate of deposit	-	253,091
Patent costs	(19,803)	(9,019)
Net cash used in investing activities	(40,350,296)	(16,422,925)
Cash Flows from Financing Activities:		
Net change in lines of credit	14,828,667	(4,454)
Repayments of notes payable	(734,976)	(1,248,674)
Net cash provided by (used in) financing activities	14,093,691	(1,253,128)
Net change in cash and cash equivalents	(2,812,232)	(997,745)
Cash and cash equivalents, beginning of year	15,353,772	16,351,517
Cash and cash equivalents, end of year	\$ 12,541,540	\$ 15,353,772
Cash and cash equivalents, end of year, consist of the following:		
Cash	11,956,890	14,780,482
Restricted cash	584,650	573,290
	\$ 12,541,540	\$ 15,353,772
Supplemental Disclosure of Non-Cash:		
Operating, Investing, and Financing Activity:		
Cash paid for interest	\$ 204,201	\$ 207,150
Construction in progress included in accounts payable	\$ 4,716,298	\$ 1,757,588
Construction in progress non-cash contribution	\$ 48,879	\$ -

See accompanying notes to the financial statements.

Mote Marine Laboratory, Inc.

Statement of Functional Expenses

Year Ended September 30, 2023

(With Summarized Totals for 2022)

	Program Services					Total
	Research	Education	Aquarium	Protect our Reefs		
				License Plate	Other	
Salaries and benefits	\$ 9,280,990	\$ 958,532	\$ 3,152,033	\$ 519,426	\$ 757,413	\$ 14,668,394
Contracted services	3,649,264	306,929	111,068	74,905	56,248	4,198,414
Depreciation	-	-	174,670	-	51,778	226,448
Repairs and maintenance	602,925	2,597	630,332	140,005	184,863	1,560,722
Travel, meals and seminars	631,007	48,856	39,813	11,181	138,280	869,137
Research supplies	2,116,460	33,553	(226)	87,625	1,076	2,238,488
Merchandise	2,629	10,606	56,447	177	540	70,399
Office expense	198,489	28,632	395,382	16,546	132,396	771,445
Electricity	72,382	-	251,592	95,705	102,755	522,434
Insurance	35,363	-	41,845	10,603	38,004	125,815
Telephone	28,172	6,893	10,972	13,956	7,820	67,813
Promotion and advertising	192,888	57,939	62,544	16,100	47,628	377,099
Expendable supplies	2,403	6,191	7,436	749	1,599	18,378
Printing and publication	12,094	2,712	36,826	974	11,225	63,831
Vessel	30,876	400	-	4,033	189,740	225,049
Vehicle	50,084	-	8,533	538	31,418	90,573
Interest	-	-	-	-	-	-
Accounting and legal	9,088	916	13,703	-	21,139	44,846
Equipment rental	5,196	31	15,290	58,133	29,181	107,831
Library	292	45	-	-	64,924	65,261
Licenses and fees	41,656	5,126	108,373	3,100	16,862	175,117
Rent	35,631	30,323	2,390	-	11,180	79,524
Miscellaneous	-	-	-	-	24,128	24,128
	<u>16,997,889</u>	<u>1,500,281</u>	<u>5,119,023</u>	<u>1,053,756</u>	<u>1,920,197</u>	<u>26,591,146</u>
Overhead allocation	5,109,606	2,332	35,094	169,497	-	5,316,529
Rental use charges allocation:						
Vessel, vehicle and equipment	408,534	22,793	85,453	15,476	(355,046)	177,210
Total Expenses	\$ <u>22,516,029</u>	\$ <u>1,525,406</u>	\$ <u>5,239,570</u>	\$ <u>1,238,729</u>	\$ <u>1,565,151</u>	\$ <u>32,084,885</u>
Percent of Total						<u>87%</u>

Supporting Services				2023	2022
Research Facilities and Operations	Administrative and General	Fund Raising	Total	Functional Expenses	Functional Expenses
\$ 1,198,756	\$ 1,367,661	\$ 1,586,252	\$ 4,152,669	\$ 18,821,063	\$ 16,537,074
39,576	87,177	178,493	305,246	4,503,660	3,768,040
555,991	1,822,097	-	2,378,088	2,604,536	2,499,729
715,425	87,899	9,430	812,754	2,373,476	1,903,454
15,100	25,817	299,331	340,248	1,209,385	946,675
43,925	153	-	44,078	2,282,566	1,610,588
-	-	1,439	1,439	71,838	35,947
17,177	141,465	91,564	250,206	1,021,651	893,318
485,283	-	-	485,283	1,007,717	873,108
357,956	242,803	202	600,961	726,776	614,010
13,723	39,984	3,024	56,731	124,544	109,269
-	1,172	151,168	152,340	529,439	494,497
82	14,116	-	14,198	32,576	30,280
10,176	2,926	89,896	102,998	166,829	151,181
573	-	-	573	225,622	144,843
90,820	1,180	-	92,000	182,573	252,417
642	203,559	-	204,201	204,201	207,150
-	62,358	2,564	64,922	109,768	217,523
43,529	28,201	48,992	120,722	228,553	110,495
-	-	-	-	65,261	55,063
29,595	64,018	16,785	110,398	285,515	220,261
-	-	-	-	79,524	70,181
-	-	-	-	24,128	17,872
<u>3,618,329</u>	<u>4,192,586</u>	<u>2,479,140</u>	<u>10,290,055</u>	<u>36,881,201</u>	<u>31,762,975</u>
(2,462,829)	(2,853,700)	-	(5,316,529)	-	-
(138,339)	(42,477)	3,606	(177,210)	-	-
<u>\$ 1,017,161</u>	<u>\$ 1,296,409</u>	<u>\$ 2,482,746</u>	<u>\$ 4,796,316</u>	<u>\$ 36,881,201</u>	<u>\$ 31,762,975</u>
<u>3%</u>	<u>3%</u>	<u>7%</u>		<u>100%</u>	

See accompanying notes to the financial statements.

Mote Marine Laboratory, Inc.

Statement of Functional Expenses

Year Ended September 30, 2022

(With Summarized Totals for 2023)

	Program Services					Total
	Research	Education	Aquarium	Protect our Reefs License Plate	Other	
Salaries and benefits	\$ 8,483,348	\$ 767,754	\$ 2,908,473	\$ 321,972	\$ 282,252	\$ 12,763,799
Contracted services	2,960,830	221,352	101,029	113,367	60,260	3,456,838
Depreciation	-	-	186,757	36,446	5,078	228,281
Repairs and maintenance	471,310	559	543,157	195,695	96,935	1,307,656
Travel, meals and seminars	458,105	36,395	30,541	10,022	88,478	623,541
Research supplies	1,518,051	19,507	4,407	42,370	2,592	1,586,927
Merchandise	1,585	3,398	27,809	395	-	33,187
Office expense	143,531	32,626	420,039	23,834	106,280	726,310
Electricity	54,754	-	187,590	81,573	94,534	418,451
Insurance	32,118	-	51,743	11,191	17,593	112,645
Telephone	27,458	5,369	11,097	14,412	4,796	63,132
Promotion and advertising	174,808	52,758	61,709	12,485	38,601	340,361
Expendable supplies	5,850	8,918	15,463	-	-	30,231
Printing and publication	12,057	3,778	22,000	4,377	6,537	48,749
Vessel	109,459	-	-	25	35,359	144,843
Vehicle	48,311	500	10,340	5,258	113,277	177,686
Interest	-	-	-	-	26,195	26,195
Accounting and legal	1,078	337	1,168	-	135,876	138,459
Equipment rental	8,489	-	2,876	8,278	15,684	35,327
Library	-	-	-	-	55,063	55,063
Licenses and fees	75,856	2,942	20,737	4,009	10,976	114,520
Rent	46,082	15,099	-	-	9,000	70,181
Miscellaneous	-	-	-	-	17,872	17,872
	<u>14,633,080</u>	<u>1,171,292</u>	<u>4,606,935</u>	<u>885,709</u>	<u>1,223,238</u>	<u>22,520,254</u>
Overhead allocation	4,787,790	13,713	312	70,632	-	4,872,447
Rental use charges allocation:						
Vessel, vehicle and equipment	272,527	36,412	71,801	13,777	(278,554)	115,963
Total Expenses	<u>\$ 19,693,397</u>	<u>\$ 1,221,417</u>	<u>\$ 4,679,048</u>	<u>\$ 970,118</u>	<u>\$ 944,684</u>	<u>\$ 27,508,664</u>
Percent of Total						<u>87%</u>

Supporting Services				2022	2023
Research Facilities and Operations	Administrative and General	Fund Raising	Total	Functional Expenses	Functional Expenses
\$ 1,049,108	\$ 1,290,222	\$ 1,433,945	\$ 3,773,275	\$ 16,537,074	\$ 18,821,063
9,465	113,725	188,012	311,202	3,768,040	4,503,660
335,819	1,935,629	-	2,271,448	2,499,729	2,604,536
490,624	98,384	6,790	595,798	1,903,454	2,373,476
37,883	35,793	249,458	323,134	946,675	1,209,385
10,802	11,984	875	23,661	1,610,588	2,282,566
-	2,644	116	2,760	35,947	71,838
22,983	80,756	63,269	167,008	893,318	1,021,651
454,657	-	-	454,657	873,108	1,007,717
205,072	296,293	-	501,365	614,010	726,776
15,902	27,840	2,395	46,137	109,269	124,544
390	9,172	144,574	154,136	494,497	529,439
-	49	-	49	30,280	32,576
2,325	3,104	97,003	102,432	151,181	166,829
-	-	-	-	144,843	225,622
74,731	-	-	74,731	252,417	182,573
1,188	179,767	-	180,955	207,150	204,201
-	78,121	943	79,064	217,523	109,768
11,143	26,200	37,825	75,168	110,495	228,553
-	-	-	-	55,063	65,261
31,168	62,733	11,840	105,741	220,261	285,515
-	-	-	-	70,181	79,524
-	-	-	-	17,872	24,128
2,753,260	4,252,416	2,237,045	9,242,721	31,762,975	36,881,201
(1,914,892)	(2,957,555)	-	(4,872,447)	-	-
(50,288)	(70,566)	4,891	(115,963)	-	-
\$ 788,080	\$ 1,224,295	\$ 2,241,936	\$ 4,254,311	\$ 31,762,975	\$ 36,881,201
2%	4%	7%		100%	

See accompanying notes to the financial statements.

Mote Marine Laboratory, Inc.

Notes to Financial Statements

September 30, 2023 and 2022

I. 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.

2. Summary of Significant Accounting Policies

Financial Statements

The 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 financial statements.

Basis of Accounting

The Laboratory prepares its 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 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 financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates and assumptions.

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 statements of financial position.

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

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.

Promises to Give

Promises to give are recorded as support when the donor's commitment has been received. Promises to give due in more than one year are reflected at the present value of estimated future cash flows using an appropriate discount rate in the year promised.

Mote Marine Laboratory, Inc.
Notes to Financial Statements (Continued)
September 30, 2023 and 2022

2. Summary of Significant Accounting Policies (Continued)

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:

	Years
Vehicles	3
Vessels	5
Buildings and improvements	5 - 40
Furniture, fixtures and exhibits	5 - 10
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 \$5,000 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 use without donor restriction unless specifically restricted by the donor. Contributions which are designated by the donor to be used in future periods, or for specific purposes, are recorded as net assets with donor restrictions. When the purpose of the restriction is accomplished, or passage of time has occurred, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the 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 net assets with donor restrictions until the long-lived assets are acquired or constructed at which time the net assets are released from the restriction and reclassified as net assets without donor restrictions. 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.

Contributed Services and Nonfinancial Assets

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 the years ended September 30, 2023 and 2022 were 159,796 and 152,911 hours, respectively. The estimated value of these donated services has not been recorded in the accompanying financial statements because it does not meet the criteria for recognition under generally accepted accounting principles.

However, management estimates the fair value of these services contributed to the Laboratory during the years ended September 30, 2023 and 2022 amounted to \$5,081,514 and \$4,579,692, respectively. These estimates are based on an article published in the Nonprofit Times that estimates volunteer time to be worth \$31.80 and \$29.95 per hour in 2023 and 2022, respectively, according to the Independent Sector, a Washington D.C. based coalition of nonprofits and foundations.

Mote Marine Laboratory, Inc.
Notes to Financial Statements (Continued)
September 30, 2023 and 2022

2. Summary of Significant Accounting Policies (Continued)
Contributed Services and Nonfinancial Assets (Continued)

Contributed nonfinancial assets are recognized at their estimated fair value when they create or enhance nonfinancial assets, they require specialized skills that would need to be purchased if they were not donated, or they are nonfinancial assets which are directed by the Laboratory for its benefit and have been provided at no cost. Amounts are recorded at their estimated fair value at the date of donation using published rates and prices. Contributed nonfinancial assets for the years ended September 30, 2023 and 2022 totaled \$48,879 and \$0, respectively, and is included in construction in progress on the statements of financial position.

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.

Advertising and Promotion

Advertising and promotion costs are expensed as incurred. Advertising and promotion expense for the years ended September 30, 2023 and 2022 totaled \$523,869 and \$494,497, respectively.

Income Tax Status

The Laboratory is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code.

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 September 30, 2020 through September 30, 2023.

Financial Instruments Not Measured at Fair Value

Certain of the Laboratory'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 Mote Marine Foundation, Inc., prepaid expenses and other assets, accounts payable, accrued payroll, memberships relating to future periods, funds advanced on research programs, deferred revenue and deferred compensation payable.

Overhead Allocation

Overhead is allocated to research programs at a rate established with the cognizant federal agency, The 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.

Mote Marine Laboratory, Inc.
Notes to Financial Statements (Continued)
September 30, 2023 and 2022

2. Summary of Significant Accounting Policies (Continued)

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services that benefited. The expenses that are allocated include salaries, benefits, payroll taxes, depreciation, and other expenses for services which are allocated on the basis of estimated time and effort.

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 endowment and included as cash and cash equivalents in the financial statements amounted to \$584,650 and \$573,290 as of September 30, 2023 and 2022, 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 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.

Deferred Revenue

The Laboratory recognizes as deferred revenue payments received in advance for Laboratory obligations which have not yet been performed. Revenue is recognized as the Laboratory performs those obligations.

Reclassifications

To facilitate comparison of financial data, certain amounts in the 2022 financial statements have been reclassified to conform to the 2023 reporting presentation. Such reclassifications had no effect on the change in net assets previously reported.

Adoption of New Accounting Pronouncement

In February 2016, the FASB issued ASC Topic 842, *Leases*, to increase transparency and comparability among organizations related to their leasing arrangements. The Laboratory adopted Topic 842 on October 1, 2022, using the optional transition method to the modified retrospective approach, which eliminates the requirements to restate the prior-period financial statements. The Laboratory made an accounting policy election under Topic 842 not to recognize right-of-use assets and liabilities for leases with a term of 12 months or less. Topic 842 did not have an impact on the Laboratory's financial statements.

Mote Marine Laboratory, Inc.
Notes to Financial Statements (Continued)
September 30, 2023 and 2022

3. Liquidity and Availability

Financial assets available within one year of the statement of financial position date for general expenditures are as follows:

	<u>2023</u>	<u>2022</u>
Cash and cash equivalents	\$ 12,541,540	\$ 15,353,772
Accounts receivable	4,967,920	4,919,837
Promises to give, net – current portion	4,399,927	3,994,892
Due from Mote Marine Foundation, Inc.	449,892	470,049
Beneficial interest in the net assets of Mote Marine Foundation, Inc.	<u>18,589,544</u>	<u>16,481,634</u>
Total financial assets available	<u>40,948,823</u>	<u>41,220,184</u>
Less: Amounts unavailable for general expenditures within one year due to:		
Restricted by donors with purpose and time restrictions	(18,145,227)	(20,664,511)
Restricted by donors in perpetuity	<u>(10,049,097)</u>	<u>(10,047,490)</u>
Total amounts unavailable for general expenditures within one year	<u>(28,194,324)</u>	<u>(30,712,001)</u>
Less: Amounts unavailable to management without Board approval:		
Board designated for Mote SEA project	<u>(390,818)</u>	<u>(390,818)</u>
Total financial assets available to management for general expenditure within one year	<u>\$ 12,363,681</u>	<u>\$ 10,117,365</u>

The Laboratory manages its liquid assets in accordance with regular budgeting processes developed through the coordinated efforts of management and the Board of Trustees. Monthly reporting by management to those charged with governance ensures the results from operating activities are monitored closely.

The Board of Trustees has designated \$390,818 as of September 30, 2023 and 2022, respectively, for the construction of the Mote Science Education Aquarium (Mote SEA). Although the Laboratory does not intend to spend from board designated funds, these amounts could be made available if necessary.

4. Promises to Give

At September 30, 2023 and 2022, the Laboratory held written unconditional promises to give in the amounts of \$8,111,846 and \$10,146,661, respectively. The promises to give have been restricted by the donors for future projects. Management considers all promises to give to be fully collectible as of September 30, 2023 and 2022, therefore no allowance for uncollectible promises to give has been established.

Promises to give consist of the following as of September 30:

	<u>2023</u>	<u>2022</u>
Promises to give	\$ 8,111,846	\$ 10,146,661
Less: discount to net present value (rate of 5%)	<u>(530,527)</u>	<u>(592,611)</u>
Promises to give, net	7,581,319	9,554,050
Less amount due in less than one year	<u>4,399,927</u>	<u>3,994,892</u>
Amount collectible in one to five years	<u>\$ 3,181,392</u>	<u>\$ 5,559,158</u>

Mote Marine Laboratory, Inc.
Notes to Financial Statements (Continued)
September 30, 2023 and 2022

5. Accounts Receivable

Accounts receivable consists of the following at September 30:

	<u>2023</u>	<u>2022</u>
Costs billed on research grants and other contracts	\$ 1,331,562	\$ 1,074,397
Unbilled costs incurred on research grants	3,623,258	3,832,799
Accounts receivable - other	13,100	12,641
	<u>\$ 4,967,920</u>	<u>\$ 4,919,837</u>

During the years ended September 30, 2023 and 2022, the Laboratory had no write-offs of uncollectible accounts receivable.

6. Investments

The Laboratory has a certificate of deposit that earns interest of 3.45% and matures October 24, 2023. As of September 30, 2023, the certificates of deposit totaled \$119,840 and are stated at fair value. As of September 30, 2022, the certificates of deposit totaled \$119,193 and are stated at fair value. Of these amounts, \$118,258 and \$93,787 is restricted for endowments as of September 30, 2023 and 2022, respectively. There were no unrealized gains on the certificates of deposit for the years ended September 30, 2023 and 2022, respectively.

The Laboratory had realized gains of \$4,447 and realized losses of \$14,393 on the sales of investments for the years ended September 30, 2023 and 2022, respectively.

Additionally, assets held at a community foundation during the years ended September 30, 2023 and 2022 incurred unrealized gains of \$3,185 and unrealized losses of \$121,052, respectively.

7. Property and Equipment

Property and equipment consists of the following as of September 30:

	<u>2023</u>	<u>2022</u>
Vehicles	\$ 811,885	\$ 678,209
Vessels	1,937,404	1,838,971
Buildings and improvements	43,420,330	43,017,919
Furniture, fixtures and exhibits	5,525,686	5,305,515
Laboratory equipment	11,992,101	10,183,910
Trailers	148,222	118,663
	<u>63,835,628</u>	<u>61,143,187</u>
Less accumulated depreciation	49,564,664	47,079,084
	<u>\$ 14,270,964</u>	<u>\$ 14,064,103</u>

Depreciation expense was \$2,606,173 and \$2,499,729 for the years ended September 30, 2023 and 2022, respectively.

Construction in progress consists of the following at September 30:

	<u>2023</u>	<u>2022</u>
Mote Science Education Aquarium construction	\$ 70,624,802	\$ 30,280,619
Aquarium and Laboratory improvements	239,704	58,839
	<u>\$ 70,864,506</u>	<u>\$ 30,339,458</u>

Mote Marine Laboratory, Inc.
Notes to Financial Statements (Continued)
September 30, 2023 and 2022

7. Property and Equipment (Continued)

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, unless contract terms specify otherwise. Upon contract termination, title to these assets reverts to the agencies. At September 30, 2023 and 2022, property and equipment purchased or improved with funds received from government agencies, net of accumulated depreciation, totaled \$334,393 and \$209,542, respectively.

8. Patents

During the years ended September 30, 2023 and 2022, the Laboratory incurred costs to maintain certain patents. The costs capitalized and the related amortization provided for is as follows:

	2023	2022
Patents	\$ 226,166	\$ 206,363
Less: accumulated amortization	146,243	127,077
	\$ 79,923	\$ 79,286

No significant residual value is estimated for these patents. Amortization expense for the years ended September 30, 2023 and 2022 totaled \$19,166 and \$17,872, respectively.

The following table represents the total estimated amortization of patents for the five succeeding years and thereafter ending September 30:

2024	\$ 18,202
2025	16,501
2026	15,538
2027	8,018
2028	8,000
Thereafter	13,664
	\$ 79,923

9. Long-Term Debt

Notes Payable

Notes payable consists of the following as of September 30:

	2023	2022
Note payable in 180 monthly installments of \$17,579 plus interest based on overnight SOFR plus 2.18%, maturing on August 5, 2028 and secured with personal property and promises to give and guaranteed by Mote Marine Foundation, Inc. with a \$1,500,000 limitation. Interest rate at September 30, 2023 was 7.58%.	\$ 1,459,063	\$ 1,670,012
Note payable in 60 monthly installments of \$427, interest at 4.44% due 2024, secured by vehicle.	4,234	9,048
Note payable in 60 monthly installments of \$695, interest at 3.99% due 2024, secured by vehicle.	4,112	12,109

Mote Marine Laboratory, Inc.
Notes to Financial Statements (Continued)
September 30, 2023 and 2022

9. Long-Term Debt (Continued)
Notes Payable (Continued)

	2023	2022
Note payable in 119 monthly installments of \$13,668 plus 4.2% interest, with final payment of \$1,348,395 due on October 1, 2028, secured by mortgage on real property located in Sarasota County.	1,823,983	1,908,383
Note payable annually at \$200,000. A final balloon payment is due July 11, 2027. Secured by mortgage on real property located in Monroe County.	1,440,000	1,640,000
Note payable for insurance premiums financed by a third party. The note is payable in 22 installments of \$63,845, which include principal and interest at 3.99%, due in 2023. Note was paid in full during the year ended September 30, 2023.	-	226,816
	4,731,392	5,466,368
Less current portion	508,402	737,698
Non-current portion	\$ 4,222,990	\$ 4,728,670

Interest expense incurred under these notes payable totaled \$185,113 and \$172,685 for the years ended September 30, 2023 and 2022, respectively.

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.

The first bank's revolving line of credit had a due date of November 11, 2022 and was paid in full during the year ended September 30, 2023. Interest is charged at the bank's prime rate less a margin of 1.25% with a 0% floor and is payable monthly. At September 30, 2023 and 2022, borrowings outstanding under this line of credit, secured by promises to give and accounts receivable of the Laboratory, amounted to \$0 and \$1,212,647, respectively. This line of credit was not renewed and is no longer open.

The second bank's revolving line of credit was renewed on April 26, 2023 and is due on demand. Interest is charged at SOFR plus a margin of 2.50%, payable monthly, and is guaranteed by Mote Marine Foundation, Inc. There were no borrowings outstanding at September 30, 2023 and 2022.

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 September 30, 2023 and 2022, borrowings outstanding totaled \$185,000.

During the year ended September 30, 2023, the Laboratory obtained an additional line of credit with a maturity date of December 31, 2027. Interest is 0% for the first 24 months, from the date of the first disbursement of funds. Commencing on the 25th month, the outstanding balance will bear interest at 8%, which increases to 16% on the first day of the 40th month. Upon completion of Mote SEA, \$125,000 of principal will be due monthly, or \$1,500,000 annually, until maturity, at which point all principal and interest are due. At September 30, 2023 and 2022, borrowings outstanding under this line of credit amounted to \$16,041,314 and \$0, respectively.

Mote Marine Laboratory, Inc.
Notes to Financial Statements (Continued)
September 30, 2023 and 2022

9. Long-Term Debt (Continued)

Lines of Credit (Continued)

The multiple lines of credit outstanding at September 30, 2023 and 2022 totaled \$16,226,314 and \$1,397,647, respectively.

Interest expense incurred under these lines of credit totaled \$19,088 and \$34,465 for the years ended September 30, 2023 and 2022, respectively.

Certain loan agreements described above require that the Laboratory meet certain debt covenant compliance requirements. As of September 30, 2023, the Laboratory was in full compliance with all requirements.

Future Maturities of Long-Term Debt

Aggregate maturities of long-term debt at September 30, are as follows:

2024	\$	508,402
2025		1,503,873
2026		2,007,851
2027		14,053,315
2028		516,327
Thereafter		2,367,938
Total	\$	<u>20,957,706</u>

10. Net Assets with Donor Restrictions

Net assets with donor restrictions are available for the following purposes as of September 30:

	<u>2023</u>	<u>2022</u>
Subject to expenditure for specific purpose:		
Future projects	\$ 4,077,773	\$ 428,448
Education	191,910	-
Construction	5,442,689	13,702,459
Library expenses	-	28,087
Beneficial interest in net assets of Mote Marine Foundation, Inc.	8,432,855	6,505,517
Total purpose restrictions	<u>18,145,227</u>	<u>20,664,511</u>
Perpetual in nature:		
Cultural endowment	600,000	600,000
Keys endowment	12,050	12,050
Beneficial interest in the net assets of Mote Marine Foundation, Inc.	9,437,047	9,435,440
Total perpetual in nature restrictions	<u>10,049,097</u>	<u>10,047,490</u>
Total net assets with donor restrictions	<u>\$ 28,194,324</u>	<u>\$ 30,712,001</u>

Mote Marine Laboratory, Inc.
Notes to Financial Statements (Continued)
September 30, 2023 and 2022

11. Net Assets Released from Restrictions

Net assets released from donor restriction by incurring expenses satisfying the restricted purposes as of September 30:

	2023	2022
Aquarium expenses	\$ 37,081	\$ 32,926
Research expenses	303,639	310,412
Other	96,267	94,258
Library	28,087	-
Education	7,865	-
Construction	25,601,198	15,243,805
	\$ 26,074,137	\$ 15,681,401

12. Retirement Plan

The Laboratory provides a 403(b) retirement plan. The Laboratory matches employee contributions based on an employee's length of service and gross salary. Retirement plan expense was \$708,216 and \$531,442 for the years ended September 30, 2023 and 2022, respectively.

13. 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 2023 and 2022.

14. 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.

15. 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.

16. Related Party Transactions

The Mote Marine Foundation, Inc. (Foundation), a financially interrelated organization, provides support to the Laboratory in the form of grants. For the years ended September 30, 2023 and 2022, the Laboratory received grants from the Foundation in the amount of \$361,842 and \$465,741, 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 provide grants, receive donations and pay certain expenses on behalf of the Foundation. As of September 30, 2023 and 2022, the Foundation owed the Laboratory \$449,892 and \$470,049, 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.

Mote Marine Laboratory, Inc.
Notes to Financial Statements (Continued)
September 30, 2023 and 2022

16. Related Party Transactions (Continued)

From time to time, the trustees make promises to give and contributions to the Laboratory.

17. 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 financial statements.

18. Endowments

The Laboratory's endowment consists 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.

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 preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Laboratory classifies as net assets with donor restrictions in perpetuity (a) the original value of gifts donated to the perpetual endowment and (b) the original value of subsequent gifts to the perpetual endowment.

Endowment Net Asset Composition

As of September 30, 2023, endowment net assets consisted of the following:

	With Donor Restrictions
Donor-restricted endowment funds:	
Endowment balance	\$ 612,050
Total donor-restricted endowment funds	\$ 612,050

As of September 30, 2022, endowment net assets consisted of the following:

	With Donor Restrictions
Donor-restricted endowment funds:	
Endowment balance	\$ 612,050
Total donor-restricted endowment funds	\$ 612,050

Mote Marine Laboratory, Inc.
Notes to Financial Statements (Continued)
September 30, 2023 and 2022

18. Endowments (Continued)

Changes in Endowment Net Assets

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

	<u>With Donor Restrictions</u>
Endowment net assets, October 1, 2022	\$ <u>612,050</u>
Endowment investment return:	
Investment income	154
Realized and unrealized gains	<u>684</u>
Total endowment investment return	838
Appropriation of endowment for expenditures	<u>(838)</u>
Endowment net assets, September 30, 2023	\$ <u>612,050</u>

Changes in endowment net assets for the year ended September 30, 2022 are as follows:

	<u>With Donor Restrictions</u>
Endowment net assets, October 1, 2021	\$ <u>626,331</u>
Endowment investment return:	
Investment income	1,522
Realized and unrealized losses	<u>(2,297)</u>
Total endowment investment loss	(775)
Appropriation of endowment for expenditures	<u>(13,506)</u>
Endowment net assets, September 30, 2022	\$ <u>612,050</u>

Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor restricted endowment funds may fall below the level classified as net assets with donor restrictions that are perpetual in nature. These deficiencies result from unfavorable market fluctuations that occurred shortly after the investment of new contributions of net assets with donor restrictions that are perpetual in nature and continued appropriation for certain programs that was deemed prudent by the Board of Trustees. There were no deficiencies of this nature reported in net assets without donor restrictions as of September 30, 2023 and 2022.

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 to match or exceed the rate of return determined from the sum of the annual distribution percentage, inflation measured by the CPI, and real growth of 1%.

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.
Notes to Financial Statements (Continued)
September 30, 2023 and 2022

18. 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 preceding 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.

19. 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 September 30, 2023 and 2022.

The following tables present information about the Laboratory's assets and liabilities that are measured at fair value on a recurring and non-recurring basis as of September 30, 2023 and 2022, 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.

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.

Mote Marine Laboratory, Inc.
Notes to Financial Statements (Continued)
September 30, 2023 and 2022

19. Fair Value of Financial Assets and Liabilities (Continued)

The following sets forth the fair value hierarchy by level for the Laboratory's assets measured at fair value on a recurring basis as of September 30, 2023:

Description	Total	Level 1	Level 2	Level 3	NAV*
Beneficial interest in the net assets of Mote Marine Foundation, Inc.	\$ 18,779,976	\$ 16,003,676	\$ 2,776,300	\$ -	\$ -

The following sets forth the fair value hierarchy by level for the Laboratory's assets measured at fair value on a non-recurring basis as of September 30, 2023:

Description	Total	Level 1	Level 2	Level 3	NAV*
Beneficial interest in the net assets of Mote Marine Foundation, Inc.	\$ 16,181	\$ -	\$ -	\$ 16,181	\$ -
Promises to give	7,581,319	-	-	7,581,319	-
Ending balance	\$ 7,597,500	\$ -	\$ -	\$ 7,597,500	\$ -

The following sets forth the fair value hierarchy by level for the Laboratory's assets measured at fair value on a recurring basis as of September 30, 2022:

Description	Total	Level 1	Level 2	Level 3	NAV*
Beneficial interest in the net assets of Mote Marine Foundation, Inc.	\$ 16,602,252	\$ 14,143,604	\$ 2,457,981	\$ -	\$ 667

The following sets forth the fair value hierarchy by level for the Laboratory's assets measured at fair value on a non-recurring basis as of September 30, 2022:

Description	Total	Level 1	Level 2	Level 3	NAV*
Beneficial interest in the net assets of Mote Marine Foundation, Inc.	\$ 16,181	\$ -	\$ -	\$ 16,181	\$ -
Promises to give	9,554,050	-	-	9,554,050	-
Ending balance	\$ 9,570,231	\$ -	\$ -	\$ 9,570,231	\$ -

(*) Certain investments of Mote Marine Foundation, Inc. that are measured at fair value using the net asset value (NAV) per share (or its equivalent) practical expedient have not been categorized in the fair value hierarchy. The fair value amounts presented in the tables above are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the statements of financial position.

Mote Marine Laboratory, Inc.
Notes to Financial Statements (Continued)
September 30, 2023 and 2022

20. Commitments

At September 30, 2023, the Laboratory had commitments of approximately \$70,416,473 for construction and acquisition of property and equipment, all of which is related to the Mote SEA project.

21. Subsequent Events

The Laboratory has evaluated all events subsequent to the statement of financial position date of September 30, 2023 and through the date these financial statements were available to be issued, February 22, 2024, and have determined that there are no subsequent events that require disclosure.

Supplemental Information

Mote Marine Laboratory, Inc.
Schedule of Expenditures of Federal Awards and
State Financial Assistance
Year Ended September 30, 2023

Grantor	Assistance Listing # or CSFA#	Pass-through Entity Identification or Grant Number	Total Expenditures		Transfer to Subrecipients
Federal Contracts and Grants					
RESEARCH AND DEVELOPMENT CLUSTER					
Department of Agriculture					
Agricultural Research Service					
Agricultural Research Basic and Applied Research					
Passed through Florida Atlantic University	10.001	59-6034-9-007	\$ 13,118	\$ 13,118	\$ -
Grants for Agricultural Research, Special Research Grants	10.200	2023-70007-40205	16,436	16,436	-
Agriculture and Food Research Initiative (AFRI)	10.310	2021-67017-33829	114,838	114,838	-
Department of Commerce					
National Oceanic and Atmospheric Administration (NOAA)					
Ocean Exploration					
Integrated Ocean Observing System (IOOS)	11.011	NA180AR010291	1,057	1,057	-
Passed through Southeast Coastal Ocean Observing Regional Association	11.012	NA23NOS0120081	748		-
Passed through University of Louisiana at Lafayette	11.012	NA21NOS0120092	9,861		-
Passed through Texas A&M University	11.012	NA21NOS0120092	121,100		-
Passed through Southeast Coastal Ocean Observing Regional Association	11.012	NA21NOS0120097	11,685		-
Passed through University of South Carolina	11.012	NA21NOS0120097	9,550	152,944	-
Ocean Acidification Program (OAP)	11.017	NA22OAR0170209	7,108	7,108	-
NOAA Small Business Innovation Research (SBIR) Program					
Passed through SC Sea Grant Consortium					
	11.021	NA22OAR4170114	7,200		-
	11.021	NA22OAR4170091	20,385		-
Passed through University of Central Florida	11.021	NA21OAR0210492	1,692		-
	11.021	NA21OAR0210492	89	29,366	-
Fisheries Development and Utilization Research and Development Grants and Cooperative Agreements Program					
	11.427	NA20NMF4270199	95,937		-
	11.427	NA22NMF4270150	80,908	176,845	25,300
Marine Fisheries Initiative	11.433	NA15NMF4330152	9,715	9,715	-
Marine Mammal Data Program					
	11.439	NA22NMF4390284	24,952		-
	11.439	NA18NMF4390064	2,355		-
	11.439	NA19NMF4390178	4,589		-
	11.439	NA20NMF4390106	13,643		-
	11.439	NA21NMF4390403	18,024	63,563	-
Unallied Management Projects					
	11.454	NA21NMF4540281	115,113	115,113	-
Habitat Conservation					
Passed through National Marine Sanctuary Foundation	11.463	NA19NMF4630259	611,056		-
Passed through College of the Florida Keys	11.463	NA20NMF4630328	35,434		-
	11.463	NA20NMF4630328	209	646,699	-
Congressionally Identified Awards and Projects	11.469	NA23NMF4690433	6,757	6,757	-
Unallied Science Program					
Passed through National Fish and Wildlife Foundation					
	11.472	NA22NMF4720362	10,012		-
	11.472	NA20NMF4720265	13,580		-
	11.472	NA21NMF4720530	189,499		43,917
	11.472	NA21NMF4720532	133,780		-
Passed through Florida Fish & Wildlife Conservation Commission	11.472	NA15NMF4720018	54,625	401,496	-
Office for Coastal Management					
Passed through National Fish and Wildlife Foundation	11.473	NA18NOS4730204	137,057		-
Passed through National Marine Sanctuary Foundation	11.473	NA20NOS4730027	779,790	916,847	-
Center for Sponsored Coastal Ocean Research Coastal Ocean Program					
Passed through University of Maryland Center Environmental Science	11.478	NA22NOS4780172	166,447		-
	11.478	NA19NOS4780183	1,052,647		826,329
Passed through Woods Hole Oceanographic Institution	11.478	NA21NOS4780156	227,848	1,446,942	-
Coral Reef Conservation Program					
Passed through University of Southern California	11.482	NA21NMF820300	28,632	28,632	-
Environmental Protection Agency					
Geographic Programs - South Florida Geographic Initiatives Program					
	66.484	02D20722	58,972		-
	66.484	02D42723	16,447	75,419	-

Mote Marine Laboratory, Inc.
Schedule of Expenditures of Federal Awards and
State Financial Assistance (Continued)
Year Ended September 30, 2023

Grantor	Assistance Listing # or CSFA#	Pass-through Entity Identification or Grant Number	Total Expenditures		Transfer to Subrecipients
Federal Contracts and Grants (Continued)					
RESEARCH AND DEVELOPMENT CLUSTER (Continued)					
National Science Foundation					
Geosciences	47.050	1923926	211,113		-
	47.050	2050892	134,365		-
Passed through Florida Atlantic University	47.050	2143655	40,830		-
	47.050	2309081	55,830		-
	47.050	2325316	1,325	443,463	-
Biological Sciences	47.074	2222273	36,679	36,679	-
STEM Education (formerly Education and Human Resources)	47.076	1922351	244,707	244,707	2,679
U.S. Department of Defense					
Defense Advanced Research Projects Agency (DARPA)					
Research and Technology Development					
Passed through Florida Atlantic University	12.910	AWD - 001612	100,872	100,872	-
Department of the Interior					
U.S. Fish and Wildlife Service					
Prescott Marine Mammal Rescue Assistance	15.683	F22AP03071-00	96,600	96,600	-
National Park Service					
National Park Service Conservation, Protection, Outreach, and Education	15.954	PI9AC01005	5,533	5,533	-
Department of Treasury					
Resources and Ecosystems Sustainability, Tourist Opportunities, and Revived Economies of the Gulf Coast States					
Passed through The Nature Conservancy	21.015	RDCGR170068	5,407		-
Passed through the Florida Institute of Oceanography	21.015	8-RCEGR020005-01-02	121,024	126,431	-
Department of State					
General Department of State Assistance	19.700	SIS-70017G33038	188,531	188,531	101,384
TOTAL RESEARCH AND DEVELOPMENT CLUSTER			\$ 5,465,711	\$ 999,609	
Total Federal Contracts and Grants			\$ 5,465,711	\$ 999,609	
State Contracts and Grants					
State of Florida					
Florida Fish & Wildlife Conservation Commission					
Cooperative Red Tide Research Program - Reduction of Harmful Impacts from Red Tide - Red Tide Mitigation and Technology Development Initiative	77.010	15003	11,117		-
	77.010	19153	3,422,278		874,235
	77.010	20034	1,016,197		-
	77.010	22122	124,948	4,574,540	-
Marine Fisheries Assessment	77.023	20317	285,967	285,967	-
Mote Marine Laboratory Coral Reef Restoration Program	77.036	21069	979,836	979,836	-
Monitoring and Support Coral Restoration	77.044	21354	38,554	38,554	-
Department of Highway Safety & Motor Vehicles					
Protect Our Reefs License Plate Project	76.069	POR	1,569,863	1,569,863	55,752
Sea Turtle License Plate Project	76.070	22-003R	2,585	2,585	-
Department of Environmental Protection					
Coral Reef Protection and Restoration Grant	37.107	C2002	938,409	938,409	695,028
Department of Education and Commissioner of Education					
K-15--FCO Facility--Repairs Maintenance and Construction	48.152	417-96520-3D001	5,000,000	5,000,000	-
Total State Contracts and Grants			\$ 13,389,754	\$ 1,625,015	
Total Federal and State Contracts and Grants			\$ 18,855,465	\$ 2,624,624	

Mote Marine Laboratory, Inc.
Notes to the Schedule of Expenditures of Federal Awards and
State Financial Assistance
Year Ended September 30, 2023

1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award and state financial assistance activity of Mote Marine Laboratory, Inc. under programs of the federal government and State of Florida for the year ended September 30, 2023. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and Chapter 10.650, *Rules of the Auditor General* of the State of Florida. Because the Schedule presents only a selected portion of the operations of Mote Marine Laboratory, Inc., it is not intended to and does not present the financial position, changes in net assets, or cash flows of Mote Marine Laboratory, Inc.

2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

3. Indirect Cost Election

Mote Marine Laboratory, Inc. has not elected to use the 10% de minimis cost rate as allowed under the Uniform Guidance, and has a federally negotiated rate with its cognizant agency.

Contract Compliance

**Report on Internal Control Over Financial Reporting and on
Compliance and Other Matters Based on an Audit of Financial
Statements Performed in Accordance With Government Auditing
Standards**

Independent Auditor's Report

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of Mote Marine Laboratory Inc. (Laboratory), which comprise the statement of financial position as of September 30, 2023, the related statement of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated February 22, 2024.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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
February 22, 2024

Report on Compliance for Each Major Federal Program and State Project; and Report on Internal Control over Compliance Required by the Uniform Guidance and Chapter 10.650, Rules of the Auditor General of the State of Florida

Independent Auditor's Report

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

Report on Compliance for Each Major Federal Program and State Financial Assistance Project

Opinion on Each Major Federal Program and State Financial Assistance Project

We have audited Mote Marine Laboratory, Inc.'s (Laboratory) compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* and the requirements described in the State of Florida Department of Financial Services *State Projects Compliance Supplement* that could have a direct and material effect on each of the Laboratory's major federal programs and state financial assistance projects for the year ended September 30, 2023. The Laboratory's major federal programs and state financial assistance projects are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Laboratory 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 financial assistance projects for the year ended September 30, 2023.

Basis for Opinion on Each Major Federal Program and State Financial Assistance Project

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); and Chapter 10.650, *Rules of the Auditor General* of the State of Florida. Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Laboratory's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, the Uniform Guidance, and Chapter 10.650 *Rules of the Auditor General* of the State of Florida, will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Laboratory's compliance with the requirements of each major federal program and state financial assistance project as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, the Uniform Guidance, and Chapter 10.650 *Rules of the Auditor General* of the State of Florida we:

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

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

Report on Internal Control over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program or state financial assistance project on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program 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 financial assistance 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.

Report on Internal Control over Compliance (Continued)

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance and the Chapter 10.650, *Rules of the Auditor General* of the State of Florida. Accordingly, this report is not suitable for any other purpose.



Sarasota, Florida
February 22, 2024

Mote Marine Laboratory, Inc.
Schedule of Findings and Questioned Costs
Year Ended September 30, 2023

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued on whether the financial statements audited were prepared in accordance with GAAP:

Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? _____yes___ x___ no
- Significant deficiency(ies) 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 deficiency(ies) identified? _____yes___ x___ none reported

Type of auditor's report issued on compliance for major programs and projects:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with section 2 CFR 200.516(a) and the provisions of the Florida Single Audit Act in accordance with Chapter 10.650 of the Rules of the Auditor General

_____ yes___ x___ no

Mote Marine Laboratory, Inc.
Schedule of Findings and Questioned Costs (Continued)
Year Ended September 30, 2023

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

Identification of major programs and projects:

CFDA Numbers	Name of Federal Program or Cluster
	Research and Development Cluster:
10.001	Agricultural Research Basic and Applied Research
10.200	Agricultural Research, Special Research Grants
10.310	USDA/NIFA – USDA National Institute of Food and Agriculture
11.011	Ocean Exploration
11.012	Integrated Ocean Observing System (IOOS)
11.017	Ocean Acidification Toolkits for Educators
11.021	Small Business Innovation Research
11.427	Fisheries Development and Utilization Research and Development Grants and Cooperative Agreements Program
11.433	Marine Fisheries Initiative
11.439	Marine Mammal Data Program
11.454	Unallied Management Projects
11.463	Habitat Conservation
11.469	Congressionally Identified Awards and Projects
11.472	Unallied Science Program
11.473	Office for Coastal Management
11.478	Center for Sponsored Coastal Ocean Research Coastal Ocean Program
11.482	Coral Reef Conservation Program and Restoration Center
66.484	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
47.076	Education and Human Resources
12.910	Research and Technology Development
15.683	Prescott Marine Mammal Rescue Assistance
15.954	National Park Service Conservation, Protection, Outreach, and Education
21.015	Resources and Ecosystems Sustainability, Tourist Opportunities, and Revived Economies of the Gulf Coast States
19.700	General Department of State Assistance

Mote Marine Laboratory, Inc.
Schedule of Findings and Questioned Costs (Continued)
Year Ended September 30, 2023

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

CSFA Numbers	Name of State Projects
77.010	Cooperative Red Tide Research Program-
	Reduction of Harmful Impact from Red Tide
37.107	Coral Reef Protection and Restoration Grant
48.152	K-15--FCO Facility--Repairs Maintenance and
	Construction

Dollar threshold used to distinguish between type A and type B Federal programs: \$ 750,000
Dollar threshold used to distinguish between type A and type B State projects: \$ 750,000

Auditee qualified as low-risk auditee? x yes no

Section II - Financial Statement Findings

None

Section III - Federal and State Award Findings and Questioned Costs

None

Section IV - Summary Schedule of Prior Audit Findings and Questioned Costs

No prior audit findings or questioned costs 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 (9)(f) and 215.97 (10)(d) of the Florida Statutes, Auditor General Rule 10.654 (1)(e) or 10.656 (3)(e).