

**Mote Marine Laboratory, Inc.**

Financial Statements,  
Supplemental Information,  
Contract Compliance and  
Independent Auditor's Report  
September 30, 2022 and 2021

# Contents

	Page
<b>Independent Auditor's Report</b> .....	1
<b>Financial Statements</b>	
Statements of Financial Position .....	4
Statement of Activities 2022 .....	5
Statement of Activities 2021 .....	6
Statements of Cash Flows.....	7
Statement of Functional Expenses 2022.....	8
Statement of Functional Expenses 2021 .....	9
Notes to Financial Statements .....	10
<b>Supplemental Information</b>	
Schedule of Expenditures of Federal Awards and State Financial Assistance.....	25
Notes to Schedule of Expenditures of Federal Awards and State Financial Assistance .....	27
<b>Contract Compliance</b>	
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> .....	28
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, <i>Rules of the Auditor General of the State of Florida</i> .....	30
Schedule of Findings and Questioned Costs .....	33

## Independent Auditor's Report

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

### Opinion

We have audited the accompanying financial statements of Mote Marine Laboratory, Inc. (Laboratory), a nonprofit organization, which comprise the statements of financial position as of September 30, 2022 and 2021, and 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, 2022 and 2021, 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* 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 21, 2023, 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.



Sarasota, Florida  
February 21, 2023

**Mote Marine Laboratory, Inc.**

Statements of Financial Position

September 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
<b>Assets</b>		
Cash and cash equivalents	\$ 15,353,772	\$ 16,351,517
Accounts receivable	4,919,837	4,295,917
Pledges receivable, net	9,554,050	7,847,579
Due from Mote Marine Foundation, Inc.	470,049	529,282
Prepaid expenses and other assets	179,710	126,016
Investments - certificates of deposit	119,193	392,197
Patents, net	79,286	88,139
Intangibles, net	334,750	-
Investment in deferred compensation plan	611,078	595,355
Land	7,519,082	7,498,190
Property and equipment, net	14,064,103	14,999,685
Construction in progress	30,004,708	15,972,540
Beneficial interest in the net assets of Mote Marine Foundation, Inc.	<u>16,481,634</u>	<u>20,678,361</u>
Total Assets	<u>\$ 99,691,252</u>	<u>\$ 89,374,778</u>
<b>Liabilities and Net Assets</b>		
Liabilities:		
Accounts payable	\$ 2,680,699	\$ 3,543,776
Accrued payroll	1,058,914	931,701
Memberships relating to future periods	546,511	639,825
Funds advanced on research programs	5,154,051	4,840,451
Deferred compensation payable	611,078	595,355
Lines of credit	1,397,647	1,402,101
Notes payable	<u>5,466,368</u>	<u>6,715,042</u>
Total liabilities	<u>16,915,268</u>	<u>18,668,251</u>
Net Assets:		
Without donor restrictions:		
Undesignated	51,673,165	35,585,348
Board designated	<u>390,818</u>	<u>390,818</u>
Total net assets without donor restrictions	<u>52,063,983</u>	<u>35,976,166</u>
With donor restrictions:		
Purpose and time restrictions	20,664,511	24,684,247
Perpetual in nature	<u>10,047,490</u>	<u>10,046,114</u>
Total net assets with donor restrictions	<u>30,712,001</u>	<u>34,730,361</u>
Total net assets	<u>82,775,984</u>	<u>70,706,527</u>
Total Liabilities and Net Assets	<u>\$ 99,691,252</u>	<u>\$ 89,374,778</u>

See accompanying notes to the financial statements.

## Mote Marine Laboratory, Inc.

### Statement of Activities

Year Ended September 30, 2022

(With Summarized Totals for 2021)

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>	<b>2021 Total</b>
Support, Revenue and Reclassifications:				
Program revenue:				
Research revenue:				
Federal	\$ 5,677,236	\$ -	\$ 5,677,236	\$ 4,697,906
State	6,814,217	-	6,814,217	5,242,015
Other	5,023,170	99,186	5,122,356	7,535,946
Aquarium:				
Admission fees	6,230,784	-	6,230,784	5,485,931
Gift shop	644,078	-	644,078	556,749
Other	699,109	-	699,109	371,717
Memberships	1,118,070	-	1,118,070	604,506
Education	617,845	-	617,845	472,256
Protect Our Reefs-License Plate	1,350,873	-	1,350,873	875,077
Other programs	358,684	1,807,218	2,165,902	3,917,393
Contributions:				
Construction	-	13,556,039	13,556,039	7,833,755
Education	470,808	25,000	495,808	-
Aquarium	94,826	44,892	139,718	100,685
Other programs	2,859,602	25,250	2,884,852	2,733,482
Paycheck Protection Program loan forgiveness	-	-	-	2,318,259
Non-cash contributions	99,328	16,204	115,532	690,081
Grants from Mote Marine Foundation, Inc.	465,741	-	465,741	524,748
Investment income	16,144	51,899	68,043	27,735
Unrealized loss on investments, net	(8,318)	(112,734)	(121,052)	(8,612)
Realized gain (loss) on investments, net	5,152	(19,545)	(14,393)	2,689
Realized loss on disposal of assets	(1,599)	-	(1,599)	(949)
Change in beneficial interest in the net assets of Mote Marine Foundation, Inc.	(366,359)	(3,830,368)	(4,196,727)	3,536,913
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>47,518,282</u>
Expenses:				
Program services:				
Research	19,693,397	-	19,693,397	16,842,052
Education	1,221,417	-	1,221,417	980,292
Aquarium	4,679,048	-	4,679,048	4,232,382
Protect Our Reefs-License Plate	970,118	-	970,118	505,156
MAP facility operations	628,510	-	628,510	639,506
Other	1,191,368	-	1,191,368	692,048
Supporting services:				
Administrative and general	1,137,181	-	1,137,181	1,437,163
Fundraising	2,241,936	-	2,241,936	2,022,659
Total expenses	<u>31,762,975</u>	<u>-</u>	<u>31,762,975</u>	<u>27,351,258</u>
Change in net assets	<u>16,087,817</u>	<u>(4,018,360)</u>	<u>12,069,457</u>	<u>20,167,024</u>
Net assets at beginning of year	<u>35,976,166</u>	<u>34,730,361</u>	<u>70,706,527</u>	<u>50,539,503</u>
Net assets at end of year	<u>\$ 52,063,983</u>	<u>\$ 30,712,001</u>	<u>\$ 82,775,984</u>	<u>\$ 70,706,527</u>

See accompanying notes to the financial statements.

## Mote Marine Laboratory, Inc.

### Statement of Activities

Year Ended September 30, 2021

(With Summarized Totals for 2022)

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>	<u>2022 Total</u>
Support, Revenue and Reclassifications:				
Program revenue:				
Research revenue:				
Federal	\$ 4,697,906	\$ -	\$ 4,697,906	\$ 5,677,236
State	5,242,015	-	5,242,015	6,814,217
Other	7,004,272	531,674	7,535,946	5,122,356
Aquarium:				
Admission fees	5,485,931	-	5,485,931	6,230,784
Gift shop	556,749	-	556,749	644,078
Other	371,717	-	371,717	699,109
Memberships	604,506	-	604,506	1,118,070
Education	472,256	-	472,256	617,845
Protect Our Reefs-License Plate	875,077	-	875,077	1,350,873
Other programs	517,396	3,399,997	3,917,393	2,165,902
Contributions:				
Construction	-	7,833,755	7,833,755	13,556,039
Education	-	-	-	495,808
Aquarium	92,085	8,600	100,685	139,718
Other programs	2,702,482	31,000	2,733,482	2,884,852
Paycheck Protection Program loan forgiveness	2,318,259	-	2,318,259	-
Non-cash contributions	84,381	605,700	690,081	115,532
Grants from Mote Marine Foundation, Inc.	524,748	-	524,748	465,741
Investment income	22,025	5,710	27,735	68,043
Unrealized loss on investments, net	(2,939)	(5,673)	(8,612)	(121,052)
Realized gain (loss) on investments, net	2,689	-	2,689	(14,393)
Realized loss on disposal of assets	(653)	(296)	(949)	(1,599)
Change in beneficial interest in the net assets of Mote Marine Foundation, Inc.	369,390	3,167,523	3,536,913	(4,196,727)
Net assets released from restrictions	9,951,357	(9,951,357)	-	-
Total support, revenue and reclassifications	<u>41,891,649</u>	<u>5,626,633</u>	<u>47,518,282</u>	<u>43,832,432</u>
Expenses:				
Program services:				
Research	16,842,052	-	16,842,052	19,693,397
Education	980,292	-	980,292	1,221,417
Aquarium	4,232,382	-	4,232,382	4,679,048
Protect Our Reefs-License Plate	505,156	-	505,156	970,118
MAP facility operations	639,506	-	639,506	628,510
Other	692,048	-	692,048	1,191,368
Supporting services:				
Administrative and general	1,437,163	-	1,437,163	1,137,181
Fundraising	2,022,659	-	2,022,659	2,241,936
Total expenses	<u>27,351,258</u>	<u>-</u>	<u>27,351,258</u>	<u>31,762,975</u>
Change in net assets	<u>14,540,391</u>	<u>5,626,633</u>	<u>20,167,024</u>	<u>12,069,457</u>
Net assets at beginning of year	<u>21,435,775</u>	<u>29,103,728</u>	<u>50,539,503</u>	<u>70,706,527</u>
Net assets at end of year	<u>\$ 35,976,166</u>	<u>\$ 34,730,361</u>	<u>\$ 70,706,527</u>	<u>\$ 82,775,984</u>

See accompanying notes to the financial statements.



**Mote Marine Laboratory, Inc.**  
**Statements of Cash Flows**  
**Years Ended September 30, 2022 and 2021**

	<b>2022</b>	<b>2021</b>
Cash Flows from Operating Activities:		
Change in net assets	\$ 12,069,457	\$ 20,167,024
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	2,517,601	2,879,804
Realized loss on disposal of assets	1,599	949
Unrealized / realized loss on investments, net	135,445	5,923
Change in beneficial interest in the net assets of Mote Marine Foundation, Inc.	4,196,727	(3,536,913)
Non-cash contributions	(115,532)	(690,081)
Proceeds from donated assets held for sale	-	83,209
Paycheck Protection Program loan forgiveness	-	(2,318,259)
Change in operating assets:		
Accounts receivable	(623,920)	605,620
Pledges receivable, net	(1,706,471)	(95,525)
Due from Mote Marine Foundation, Inc.	59,233	190,356
Prepaid expenses and other assets	(388,444)	(58,719)
Change in operating liabilities:		
Accounts payable	(149,636)	(12,974)
Accrued payroll	127,213	110,755
Memberships relating to future periods	(93,314)	263,912
Funds advanced on research programs	313,600	(4,200,564)
Total adjustments	4,274,101	(6,772,507)
Net cash provided by operating activities	16,343,558	13,394,517
Cash Flows from Investing Activities:		
Purchases of property and equipment	(16,335,447)	(7,685,923)
Proceeds from sale of property and equipment	3,200	-
Proceeds from maturity of certificate of deposit	253,091	235,432
Patent costs	(9,019)	(9,467)
Net cash used in investing activities	(16,088,175)	(7,459,958)
Cash Flows from Financing Activities:		
Net change in lines of credit	(4,454)	-
Repayments of notes payable	(1,248,674)	(862,159)
Net cash used in financing activities	(1,253,128)	(862,159)
Net change in cash and cash equivalents	(997,745)	5,072,400
Cash and cash equivalents, beginning of year	16,351,517	11,279,117
Cash and cash equivalents, end of year	\$ 15,353,772	\$ 16,351,517
Cash and cash equivalents, end of year, consist of the following:		
Cash	14,780,482	15,799,009
Restricted cash	573,290	552,508
	\$ 15,353,772	\$ 16,351,517
Supplemental Disclosure of Non-Cash:		
Operating, Investing, and Financing Activity:		
Cash paid for interest	\$ 207,150	\$ 161,922
Construction in progress included in accounts payable	\$ 1,757,588	\$ 2,471,029
Construction in progress purchased through financing	\$ -	\$ 1,500,418
Construction in progress non-cash contribution	\$ -	\$ 600,000
Forgiveness of Paycheck Protection Program Loan	\$ -	\$ 2,318,259

See accompanying notes to the financial statements.

**Mote Marine Laboratory, Inc.**

Statement of Functional Expenses

Year Ended September 30, 2022

(With Summarized Totals for 2021)

	<b>Program Services</b>				
	<b>Research</b>	<b>Education</b>	<b>Aquarium</b>	<b>Protect our Reefs License Plate</b>	<b>MAP Facility Operations</b>
Salaries and benefits	\$ 8,483,348	\$ 767,754	\$ 2,908,473	\$ 321,972	\$ 61,054
Contracted services	2,960,830	221,352	101,029	113,367	826
Depreciation	-	-	186,757	36,446	316,997
Repairs and maintenance	471,310	559	543,157	195,695	64,150
Travel, meals and seminars	458,105	36,395	30,541	10,022	-
Research supplies	1,518,051	19,507	4,407	42,370	544
Merchandise	1,585	3,398	27,809	395	-
Office expense	143,531	32,626	420,039	23,834	726
Electricity	54,754	-	187,590	81,573	111,090
Insurance	32,118	-	51,743	11,191	44,460
Telephone	27,458	5,369	11,097	14,412	3,716
Promotion and advertising	174,808	52,758	61,709	12,485	-
Expendable supplies	5,850	8,918	15,463	-	-
Printing and publication	12,057	3,778	22,000	4,377	-
Vessel	109,459	-	-	25	-
Vehicle	48,311	500	10,340	5,258	6,130
Interest	-	-	-	-	-
Accounting and legal	1,078	337	1,168	-	-
Equipment rental	8,489	-	2,876	8,278	(2,141)
Library	-	-	-	-	-
Licenses and fees	75,856	2,942	20,737	4,009	20,958
Rent	46,082	15,099	-	-	-
Miscellaneous	-	-	-	-	-
	<u>14,633,080</u>	<u>1,171,292</u>	<u>4,606,935</u>	<u>885,709</u>	<u>628,510</u>
Overhead allocation	4,787,790	13,713	312	70,632	-
Rental use charges allocation:					
Vessel, vehicle and equipment	272,527	36,412	71,801	13,777	-
Total Expenses	<u>\$ 19,693,397</u>	<u>\$ 1,221,417</u>	<u>\$ 4,679,048</u>	<u>\$ 970,118</u>	<u>\$ 628,510</u>

Percent of Total

	Supporting Services			2022	2021	
	Other	Total	Administrative and General	Functional Expenses	Functional Expenses	
\$ 357,788	\$ 12,900,389	\$ 2,202,740	\$ 1,433,945	\$ 3,636,685	\$ 16,537,074	\$ 14,935,763
60,648	3,458,052	121,976	188,012	309,988	3,768,040	2,667,251
23,900	564,100	1,935,629	-	1,935,629	2,499,729	2,862,696
163,552	1,438,423	458,241	6,790	465,031	1,903,454	1,626,830
125,070	660,133	37,084	249,458	286,542	946,675	388,784
4,236	1,589,115	20,598	875	21,473	1,610,588	1,387,312
-	33,187	2,644	116	2,760	35,947	23,554
114,221	734,977	95,072	63,269	158,341	893,318	755,047
117,710	552,717	320,391	-	320,391	873,108	682,836
17,593	157,105	456,905	-	456,905	614,010	510,661
6,425	68,477	38,397	2,395	40,792	109,269	101,372
38,601	340,361	9,562	144,574	154,136	494,497	345,836
-	30,231	49	-	49	30,280	17,285
8,862	51,074	3,104	97,003	100,107	151,181	92,500
35,359	144,843	-	-	-	144,843	152,322
113,321	183,860	68,557	-	68,557	252,417	44,277
26,195	26,195	180,955	-	180,955	207,150	161,922
135,876	138,459	78,121	943	79,064	217,523	180,132
19,185	36,687	35,983	37,825	73,808	110,495	105,679
55,063	55,063	-	-	-	55,063	40,525
11,034	135,536	72,885	11,840	84,725	220,261	204,260
9,000	70,181	-	-	-	70,181	47,306
17,872	17,872	-	-	-	17,872	17,108
1,461,511	23,387,037	6,138,893	2,237,045	8,375,938	31,762,975	27,351,258
-	4,872,447	(4,872,447)	-	(4,872,447)	-	-
(270,143)	124,374	(129,265)	4,891	(124,374)	-	-
\$ 1,191,368	\$ 28,383,858	\$ 1,137,181	\$ 2,241,936	\$ 3,379,117	\$ 31,762,975	\$ 27,351,258
	89%	4%	7%		100%	

See accompanying notes to the financial statements.

**Mote Marine Laboratory, Inc.**

Statement of Functional Expenses

Year Ended September 30, 2021

(With Summarized Totals for 2022)

	<b>Program Services</b>				
	<b>Research</b>	<b>Education</b>	<b>Aquarium</b>	<b>Protect our Reefs License Plate</b>	<b>MAP Facility Operations</b>
Salaries and benefits	\$ 7,756,169	\$ 616,372	\$ 2,586,002	\$ 175,997	\$ 74,126
Contracted services	1,972,978	214,158	130,951	61,981	2,863
Depreciation	-	-	230,583	-	320,971
Repairs and maintenance	409,849	1,121	508,227	123,970	72,257
Travel, meals and seminars	236,841	8,819	11,484	5,170	-
Research supplies	1,325,336	15,090	2,647	22,805	57
Merchandise	-	250	23,304	-	-
Office expense	128,654	27,872	358,019	5,858	2,210
Electricity	45,210	21	164,357	51,285	82,547
Insurance	21,912	-	46,768	10,304	37,989
Telephone	23,950	5,596	10,198	12,953	3,855
Promotion and advertising	135,047	38,520	36,830	9,062	-
Expendable supplies	697	4,625	11,963	-	-
Printing and publication	6,439	1,967	10,312	307	-
Vessel	44,262	-	7,966	(105)	2,408
Vehicle	-	-	2,123	2,239	-
Interest	-	-	-	-	-
Accounting and legal	5,074	1,586	1,586	-	-
Equipment rental	23,171	8	3,043	1,292	19,966
Library	-	-	-	-	-
Licenses and fees	69,233	2,547	25,595	2,202	20,257
Rent	25,501	21,705	-	-	-
Miscellaneous	-	-	-	-	-
	<u>12,230,323</u>	<u>960,257</u>	<u>4,171,958</u>	<u>485,320</u>	<u>639,506</u>
Overhead allocation	4,320,607	8,965	-	16,185	-
Rental use charges allocation:					
Vessel, vehicle and equipment	291,122	11,070	60,424	3,651	-
Total Expenses	<u>\$ 16,842,052</u>	<u>\$ 980,292</u>	<u>\$ 4,232,382</u>	<u>\$ 505,156</u>	<u>\$ 639,506</u>

Percent of Total

		Supporting Services			2021	2022
		Administrative	Fund		Total	Total
Other	Total	and General	Raising	Total	Functional Expenses	Functional Expenses
\$ 243,444	\$ 11,452,110	\$ 2,018,456	\$ 1,465,197	\$ 3,483,653	\$ 14,935,763	\$ 16,537,074
12,866	2,395,797	129,863	141,591	271,454	2,667,251	3,768,040
-	551,554	2,311,142	-	2,311,142	2,862,696	2,499,729
180,206	1,295,630	322,639	8,561	331,200	1,626,830	1,903,454
18,032	280,346	10,730	97,708	108,438	388,784	946,675
4,148	1,370,083	17,229	-	17,229	1,387,312	1,610,588
-	23,554	-	-	-	23,554	35,947
47,592	570,205	85,470	99,372	184,842	755,047	893,318
62,815	406,235	276,601	-	276,601	682,836	873,108
31,447	148,420	362,241	-	362,241	510,661	614,010
4,437	60,989	38,284	2,099	40,383	101,372	109,269
9,468	228,927	6,864	110,045	116,909	345,836	494,497
-	17,285	-	-	-	17,285	30,280
155	19,180	640	72,680	73,320	92,500	151,181
97,559	152,090	232	-	232	152,322	144,843
76	4,438	39,839	-	39,839	44,277	252,417
5,573	5,573	156,349	-	156,349	161,922	207,150
107,509	115,755	59,937	4,440	64,377	180,132	217,523
10,537	58,017	46,987	675	47,662	105,679	110,495
40,525	40,525	-	-	-	40,525	55,063
26,571	146,405	44,502	13,353	57,855	204,260	220,261
100	47,306	-	-	-	47,306	70,181
17,108	17,108	-	-	-	17,108	17,872
920,168	19,407,532	5,928,005	2,015,721	7,943,726	27,351,258	31,762,975
3,786	4,349,543	(4,349,543)	-	(4,349,543)	-	-
(231,906)	134,361	(141,299)	6,938	(134,361)	-	-
\$ 692,048	\$ 23,891,436	\$ 1,437,163	\$ 2,022,659	\$ 3,459,822	\$ 27,351,258	\$ 31,762,975
	87%	6%	7%		100%	

See accompanying notes to the financial statements.

# Mote Marine Laboratory, Inc.

Notes to Financial Statements

September 30, 2022 and 2021

---

## **1. 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.

### **Pledges Receivable**

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

**Mote Marine Laboratory, Inc.**  
Notes to Financial Statements (Continued)  
September 30, 2022 and 2021

---

**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:

	<b>Years</b>
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, 2022 and 2021 were 152,911 and 160,208 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, 2022 and 2021 amounted to \$4,579,692 and \$4,572,324, respectively. These estimates are based on an article published in the Nonprofit Times that estimates volunteer time to be worth \$29.95 and \$28.54 per hour in 2022 and 2021, 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, 2022 and 2021

---

**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, 2022 and 2021 totaled \$0 and \$600,000, 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, 2022 and 2021 totaled \$494,497 and \$345,836, 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, 2019 through September 30, 2022.

**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 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, 2022 and 2021

**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 the endowment and included as cash and cash equivalents in the financial statements amounted to \$573,290 and \$552,508 as of September 30, 2022 and 2021, 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.

**Reclassifications**

To facilitate comparison of financial data, certain amounts in the 2021 financial statements have been reclassified to conform to the 2022 reporting presentation. Such reclassifications had no effect on the change in net assets previously reported.

**3. Liquidity and Availability**

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

	<u>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ 15,353,772	\$ 16,351,517
Accounts receivable	4,919,837	4,295,917
Pledges receivable, net – current portion	3,994,892	3,739,647
Due from Mote Marine Foundation, Inc.	470,049	529,282
Beneficial interest in the net assets of Mote Marine Foundation, Inc.	16,481,634	20,678,361
Total financial assets available	<u>41,220,184</u>	<u>45,594,724</u>
Less: Amounts unavailable for general expenditures within one year due to:		
Restricted by donors with purpose and time restrictions	(20,664,511)	(24,684,247)
Restricted by donors in perpetuity	(10,047,490)	(10,046,114)
Total amounts unavailable for general expenditures within one year	<u>(30,712,001)</u>	<u>(34,730,361)</u>
Less: Amounts unavailable to management without Board approval:		
Board designated for Mote SEA project	(390,818)	(390,818)
Total financial assets available to management for general expenditure within one year	<u>\$ 10,117,365</u>	<u>\$ 10,473,545</u>

**Mote Marine Laboratory, Inc.**  
Notes to Financial Statements (Continued)  
September 30, 2022 and 2021

---

**3. Liquidity and Availability (Continued)**

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, 2022 and 2021, 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. Pledges Receivable**

At September 30, 2022 and 2021, the Laboratory held written unconditional pledges receivable in the amounts of \$10,146,661 and \$7,942,514, respectively. The pledges have been restricted by the donors for future projects. Management considers all pledges receivable to be fully collectible as of September 30, 2022 and 2021, therefore no allowance for uncollectible pledges has been established.

Pledges receivable consist of the following as of September 30:

	<u>2022</u>	<u>2021</u>
Pledges receivable	\$ 10,146,661	\$ 7,942,514
Less: discount to net present value (rates of 1% and .40%)	(592,611)	(94,935)
Pledges receivable, net	<u>9,554,050</u>	<u>7,847,579</u>
Less amount due in less than one year	<u>3,994,892</u>	<u>3,739,647</u>
Amount collectible in one to five years	<u>\$ 5,559,158</u>	<u>\$ 4,107,932</u>

**5. Accounts Receivable**

Accounts receivable consists of the following at September 30:

	<u>2022</u>	<u>2021</u>
Costs billed on research grants and other contracts	\$ 1,074,397	\$ 1,442,217
Unbilled costs incurred on research grants	3,832,799	2,844,855
Accounts receivable - other	12,641	8,845
	<u>\$ 4,919,837</u>	<u>\$ 4,295,917</u>

During the years ended September 30, 2022 and 2021, 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, 2022, the certificates of deposit totaled \$119,193 and are stated at fair value. As of September 30, 2021, the certificates of deposit totaled \$392,197 and are stated at fair value. Of these amounts, \$69,631 and \$127,576 is restricted for endowments as of September 30, 2022 and 2021, respectively. There were no unrealized gains on the certificates of deposit for the years ended September 30, 2022 and 2021, respectively.

The Laboratory had realized losses of \$14,393 and realized gains of \$2,689 on the sales of investments in for the years ended September 30, 2022 and 2021, respectively.

Additionally, assets held at a community foundation during the years ended September 30, 2022 and 2021 incurred unrealized losses of \$121,052 and unrealized gains of \$8,612, respectively.

**Mote Marine Laboratory, Inc.**  
Notes to Financial Statements (Continued)  
September 30, 2022 and 2021

**7. Property and Equipment**

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

	<u>2022</u>	<u>2021</u>
Vehicles	\$ 678,209	\$ 591,237
Vessels	1,838,971	1,544,500
Buildings and improvements	43,017,919	42,570,072
Furniture, fixtures and exhibits	5,305,515	5,199,638
Laboratory equipment	10,183,910	9,583,282
Trailers	118,663	109,131
	<u>61,143,187</u>	<u>59,597,860</u>
Less accumulated depreciation	47,079,084	44,598,175
	<u>\$ 14,064,103</u>	<u>\$ 14,999,685</u>

Depreciation expense was \$2,499,729 and \$2,862,696 for the years ended September 30, 2022 and 2021, respectively.

Construction in progress consists of the following at September 30:

	<u>2022</u>	<u>2021</u>
Mote Science Education Aquarium construction	\$ 29,945,869	\$ 15,905,034
Aquarium and Laboratory improvements	58,839	67,506
	<u>\$ 30,004,708</u>	<u>\$ 15,972,540</u>

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, 2022 and 2021, property and equipment purchased or improved with funds received from government agencies, net of accumulated depreciation, totaled \$209,542 and \$756,662, respectively.

**8. Patents**

During the years ended September 30, 2022 and 2021, the Laboratory incurred costs to maintain certain patents. The costs capitalized and the related amortization provided for is as follows:

	<u>2022</u>	<u>2021</u>
Patents	\$ 206,363	\$ 197,344
Less: accumulated amortization	127,077	109,205
	<u>\$ 79,286</u>	<u>\$ 88,139</u>

No significant residual value is estimated for these patents. Amortization expense for the years ended September 30, 2022 and 2021 totaled \$17,872 and \$17,108, respectively.

**Mote Marine Laboratory, Inc.**  
Notes to Financial Statements (Continued)  
September 30, 2022 and 2021

**8. Patents (Continued)**

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

2023	\$	17,186
2024		16,222
2025		14,521
2026		13,789
2027		6,038
Thereafter		11,530
	\$	<u>79,286</u>

**9. Long-Term Debt**

**Notes Payable**

Notes payable consists of the following as of September 30:

	<u>2022</u>	<u>2021</u>
Note payable in 180 monthly installments of \$17,579 plus interest based on overnight LIBOR plus 2.18%, maturing on August 5, 2028 and secured with personal property and pledges and guaranteed by Mote Marine Foundation, Inc. with a \$1,500,000 limitation. Interest rate at September 30, 2022 was 5.25%.	\$ 1,670,012	\$ 1,880,960
Note payable in 60 monthly installments of \$624, interest at 2.39% due 2021, secured by vehicle. Note was paid in full during the year ended September 30, 2022.	-	622
Note payable in 48 monthly installments of \$348, interest at 3.64% due 2022, secured by vehicle. Note was paid in full during the year ended September 30, 2022.	-	1,381
Note payable in 60 monthly installments of \$665, interest at 2.39% due 2021, secured by vehicle. Note was paid in full during the year ended September 30, 2022.	-	663
Note payable in 48 monthly installments of \$382, interest at 3.64% due 2022, secured by vehicle. Note was paid in full during the year ended September 30, 2022.	-	1,516
Note payable in 60 monthly installments of \$413, interest at 2.39% due 2021, secured by vehicle. Note was paid in full during the year ended September 30, 2022.	-	411
Note payable in 60 monthly installments of \$427, interest at 4.44% due 2024, secured by vehicle.	9,048	13,654

**Mote Marine Laboratory, Inc.**  
Notes to Financial Statements (Continued)  
September 30, 2022 and 2021

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

	<b>2022</b>	<b>2021</b>
Note payable in 60 monthly installments of \$695, interest at 3.99% due 2024, secured by vehicle.	12,109	19,794
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.	1,908,383	1,989,276
Note payable annually at \$200,000. A final balloon payment is due July 11, 2027.	1,640,000	1,840,000
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.	226,816	966,765
	5,466,368	6,715,042
Less current portion	737,698	1,250,216
Non-current portion	\$ 4,728,670	\$ 5,464,826

Interest expense incurred under these notes payable totaled \$172,685 and \$140,352 for the years ended September 30, 2022 and 2021, 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. One loan agreement has a due date of November 11, 2022 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 0% floor and is payable monthly. At September 30, 2022 and 2021, borrowings outstanding under this line of credit and secured by pledges and accounts receivable of the Laboratory amounted to \$1,212,647 and \$1,217,101, respectively.

Interest on the second revolving line of credit is charged at one month LIBOR plus 1.90% per annum, payable monthly. There were no borrowings outstanding at September 30, 2022 and 2021. This line of credit is secured by assets of Mote Marine Foundation, Inc.

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, 2022 and 2021, borrowings outstanding totaled \$185,000.

During the year ended September 30, 2022, the Laboratory obtained an additional line of credit with a maturity date of December 31, 2027. Various interest rates are charged based on the number of days that the principal is outstanding, ranging from 0% to 16%. No funds were borrowed on this line of credit during the year ended September 30, 2022.

The multiple lines of credit outstanding at September 30, 2022 and 2021 totaled \$1,397,647 and \$1,402,101, respectively.

Interest expense incurred under these lines of credit totaled \$34,465 and \$21,570 for the years ended September 30, 2022 and 2021, respectively.

**Mote Marine Laboratory, Inc.**  
Notes to Financial Statements (Continued)  
September 30, 2022 and 2021

**9. Long-Term Debt (Continued)**

**Lines of Credit (Continued)**

Certain loan agreements described above require that the Laboratory meet certain debt covenant compliance requirements. As of September 30, 2022, the Laboratory was in full compliance with all requirements.

**Paycheck Protection Program Forgivable Loan**

On April 16, 2020, the Laboratory qualified for and received a loan pursuant to the Paycheck Protection Program, a program implemented by the U.S. Small Business Administration (the SBA) under the Coronavirus Aid, Relief, and Economic Security Act for an aggregate principal amount of \$2,318,259 (the PPP Loan). The Laboratory applied for forgiveness of the PPP Loan in September 2020. On April 30, 2021, the Laboratory received notice of forgiveness from the SBA of the entire principal of \$2,318,259 and the 1% calculated accrued interest of \$24,072. The Laboratory has recorded \$2,318,259 as Paycheck Protection Program loan forgiveness in the statement of activities for the year ended September 30, 2021. The Laboratory did not accrue interest on the PPP Loan.

**Future Maturities of Long-Term Debt**

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

2023	\$	737,698
2024		508,484
2025		503,993
2026		507,977
2027		512,131
Thereafter		<u>2,696,085</u>
Total	\$	<u><u>5,466,368</u></u>

**10. Net Assets with Donor Restrictions**

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

Subject to expenditure for specific purpose:	<b>2022</b>	<b>2021</b>
Future projects	\$ 428,448	\$ 659,700
Construction	13,702,459	13,660,702
Library expenses	28,087	26,587
Beneficial interest in net assets of Mote Marine Foundation, Inc.	<u>6,505,517</u>	<u>10,337,258</u>
Total purpose restrictions	<u>20,664,511</u>	<u>24,684,247</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.	<u>9,435,440</u>	<u>9,434,064</u>
Total perpetual in nature restrictions	<u>10,047,490</u>	<u>10,046,114</u>
Total net assets with donor restrictions	\$ <u><u>30,712,001</u></u>	\$ <u><u>34,730,361</u></u>

**Mote Marine Laboratory, Inc.**  
Notes to Financial Statements (Continued)  
September 30, 2022 and 2021

**11. Net Assets Released from Restrictions**

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

	<u>2022</u>	<u>2021</u>
Aquarium expenses	\$ 32,926	\$ 32,883
Research expenses	310,412	-
Other	94,258	-
Library	-	2,000
Construction	15,243,805	9,916,474
	<u>\$ 15,681,401</u>	<u>\$ 9,951,357</u>

**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 \$531,442 and \$578,363 for the years ended September 30, 2022 and 2021, 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 2022 and 2021.

**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, 2022 and 2021, the Laboratory received grants from the Foundation in the amount of \$465,741 and \$524,748, 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, 2022 and 2021, the Foundation owed the Laboratory \$470,049 and \$529,282, 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, 2022 and 2021

---

**16. Related Party Transactions (Continued)**

During the year ended September 30, 2021, a trustee donated the use of an aircraft for travel accommodations for employees and trustees. The value of this donation for the year ended September 30, 2021, is estimated at \$2,603.

From time to time, the trustees make pledges 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, 2022, endowment net assets consisted of the following:

	<b><u>With Donor Restrictions</u></b>
Donor-restricted endowment funds:	
Endowment balance	\$ 612,050
Total donor-restricted endowment funds	<u>\$ 612,050</u>

As of September 30, 2021, endowment net assets consisted of the following:

	<b><u>With Donor Restrictions</u></b>
Donor-restricted endowment funds:	
Endowment balance	\$ 612,050
Un-appropriated income with purpose restrictions	14,281
Total donor-restricted endowment funds	<u>\$ 626,331</u>



**Mote Marine Laboratory, Inc.**  
Notes to Financial Statements (Continued)  
September 30, 2022 and 2021

**18. Endowments (Continued)**

**Changes in Endowment Net Assets**

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>

Changes in endowment net assets for the year ended September 30, 2021 are as follows:

	<u>With Donor Restrictions</u>
Endowment net assets, October 1, 2020	\$ <u>622,859</u>
Endowment investment return:	
Investment income	205
Realized and unrealized gains	<u>3,267</u>
Total endowment investment return	3,472
Appropriation of endowment for expenditures	-
Endowment net assets, September 30, 2021	\$ <u>626,331</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, 2022 and 2021.

**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, 2022 and 2021

---

**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, 2022 and 2021.

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, 2022 and 2021, 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, 2022 and 2021

**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, 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	\$ -
Pledges receivable	9,554,050	-	-	9,554,050	-
Ending balance	\$ 9,570,231	\$ -	\$ -	\$ 9,570,231	\$ -

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, 2021:

Description	Total	Level 1	Level 2	Level 3	NAV*
Beneficial interest in the net assets of Mote Marine Foundation, Inc.	\$ 20,894,243	\$ 18,136,475	\$ 2,736,253	\$ -	\$ 21,515

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, 2021:

Description	Total	Level 1	Level 2	Level 3	NAV*
Beneficial interest in the net assets of Mote Marine Foundation, Inc.	\$ 16,181	\$ -	\$ -	\$ 16,181	\$ -
Pledges receivable	7,847,579	-	-	7,847,579	-
Ending balance	\$ 7,863,760	\$ -	\$ -	\$ 7,863,760	\$ -

(\*)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, 2022 and 2021

---

**20. Commitments**

At September 30, 2022, the Laboratory had commitments of approximately \$109,240,000 for construction and acquisition of property and equipment, all of which is related to the Mote SEA project. Also, in connection with the Mote SEA project, the Laboratory has received contributions restricted for construction of \$13,556,039 and \$7,833,755 for the years ended September 30, 2022 and 2021, respectively.

**21. Subsequent Events**

The Laboratory has evaluated all events subsequent to the statement of financial position date of September 30, 2022 and through the date these financial statements were available to be issued, February 21, 2023, 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, 2022

Grantor	Assistance Listing # or CSFA#	Pass-through Entity Identification or Grant Number	Total Expenditures		Transfer to Subrecipients
<b>Federal Contracts and Grants</b>					
<b>RESEARCH AND DEVELOPMENT CLUSTER</b>					
<b>Department of Agriculture</b>					
Agricultural Research Service					
Agricultural Research Basic and Applied Research					
Passed through Florida Atlantic University	10.001	59-6034-9-007	\$ 77,884	\$ 77,884	\$ -
Agriculture and Food Research Initiative (AFRI)	10.310	2021-67017-33829	15,000	15,000	-
<b>Department of Commerce</b>					
National Oceanic and Atmospheric Administration (NOAA)					
Ocean Exploration					
Integrated Ocean Observing System (IOOS)	11.011	NA180AR0110291	36,569	36,569	-
Passed through Texas A&M University	11.012	NA16NOSO120018	134,566		9,614
Passed through Southeast Coastal Ocean Observing Regional Association	11.012	NA16NOSO120028	106,222		-
Passed through Texas A&M University	11.012	NA21NOSO120092	28,900		844
Passed through Southeast Coastal Ocean Observing Regional Association	11.012	NA21NOSO120097	8,546		-
Passed through University of South Carolina	11.012	NA21NOSO120097	7,023	285,257	-
Ocean Acidification Program (OAP)	11.017	NA22OAR0170209	500	500	-
NOAA Small Business Innovation Research (SBIR) Program					
Passed through Live Advantage Bait, LLC	11.021	NA21OAR0210492	28,144	28,144	-
Sea Grant Support					
Passed through University of Florida	11.417	NA18OAR4170085	101,014		79,149
Passed through University of Miami	11.417	NA19OAR4170414	7,725		-
Passed through Southeast Coastal Ocean Observing Regional Association	11.417	NA22OAR4170114	58	108,797	-
Fisheries Development and Utilization Research and Development Grants and Cooperative Agreements Program					
	11.427	NA20NMF4270199	54,420	54,420	-
National Oceanic and Atmospheric Administration (NOAA) Cooperative Institutes					
Passed through Research Foundation CUNY	11.432	16126-Z7813001	5,628	5,628	-
Marine Fisheries Initiative	11.433	NA15NMF4330152	36,743	36,743	-
Marine Mammal Data Program					
	11.439	NA17NMF4390089	6,314		-
	11.439	NA18NMF4390064	4,883		-
	11.439	NA19NMF4390178	9,456		-
	11.439	NA20NMF4390106	31,061		-
	11.439	NA21NMF4390403	23,574	75,288	-
Unallied Management Projects					
Passed through National Fish and Wildlife Foundation	11.454	NA20NMF4540082	29,237		9,000
	11.454	NA21NMF4540281	65,119	94,356	4,419
Habitat Conservation					
Passed through National Marine Sanctuary Foundation	11.463	NA19NMF4630259	712,806		-
Passed through College of the Florida Keys	11.463	NA20NMF4630328	370,538		-
	11.463	NA20NMF4630328	10,791	1,094,135	-
Unallied Science Program					
Passed through National Fish and Wildlife Foundation	11.472	NA19NMF4720290	253,480		17,242
	11.472	NA20NMF4720265	62,494		3,797
	11.472	NA21NMF4720530	29,495		-
	11.472	NA21NMF4720532	55,215		-
Passed through Florida Fish & Wildlife Conservation Commission	11.472	NA15NMF4720018	14,911	415,595	4,518
Office for Coastal Management					
Passed through National Fish and Wildlife Foundation	11.473	NA18NOS4730204	532,447		-
	11.473	NA20NOS4730027	454,868	987,315	-
Center for Sponsored Coastal Ocean Research Coastal Ocean Program					
Passed through Florida International University	11.478	NA18NOS4780171	62,966		-
	11.478	NA19NOS4780183	929,556		576,636
Passed through Woods Hole Oceanographic Institution	11.478	NA21NOS4780156	26,482	1,019,004	-
Coral Reef Conservation Program	11.482	NA21NMF820300	40,956	40,956	-
<b>Environmental Protection Agency</b>					
Geographic Programs - South Florida Geographic Initiatives Program					
	66.484	02D20722	29,883	29,883	-

**Mote Marine Laboratory, Inc.**  
Schedule of Expenditures of Federal Awards and  
State Financial Assistance (Continued)  
Year Ended September 30, 2022

Grantor	Assistance Listing # or CSFA#	Pass-through Entity Identification or Grant Number	Total Expenditures		Transfer to Subrecipients
<b>Federal Contracts and Grants (Continued)</b>					
<b>RESEARCH AND DEVELOPMENT CLUSTER (Continued)</b>					
<b>National Science Foundation</b>					
Geosciences	47.050	1923926	89,428		-
	47.050	1923926	33,744		-
	47.050	2050892	133,960		-
Passed through Florida Atlantic University	47.050	2143665	26,209		-
	47.050	OCE - 1757419	7,529	290,870	-
STEM Education (formerly Education and Human Resources)	47.076	1922351	398,212	398,212	17,576
<b>U.S. Department of Defense</b>					
Defense Advanced Research Projects Agency (DARPA)					
Research and Technology Development					
Passed through Florida Atlantic University	12.910	AWD - 001612	69,357	69,357	5,700
<b>Department of the Interior</b>					
U.S. Fish and Wildlife Service					
State Wildlife Grants					
	15.634	FL-T-F18AF00492	30,327	30,327	-
<b>Department of Treasury</b>					
Resources and Ecosystems Sustainability, Tourist Opportunities, and Revived Economies of the Gulf Coast States					
Passed through The Nature Conservancy					
	21.015	RDCGR170068	127,197		
Passed through the Florida Institute of Oceanography	21.015	8-RCEGR020005-01-02	110,342	237,539	62,382
<b>Department of State</b>					
General Department of State Assistance					
	19.700	SIS-70017G33038	75,462	75,462	-
TOTAL RESEARCH AND DEVELOPMENT CLUSTER				\$ 5,507,241	\$ 790,877
<b>Total Federal Contracts and Grants</b>				\$ 5,507,241	\$ 790,877
<b>State Contracts and Grants</b>					
<b>State of Florida</b>					
<b>Florida Fish &amp; Wildlife Conservation Commission</b>					
Cooperative Red Tide Research Program - Reduction of Harmful Impacts from Red Tide - Red Tide Mitigation and Technology Development Initiative					
	77.010	15003	15,688		-
	77.010	19153	3,604,561		960,854
	77.010	20034	1,070,885	4,691,134	14,109
Marine Fisheries Assessment	77.023	20317	237,932	237,932	-
Mote Marine Laboratory Coral Reef Restoration Program	77.036	20151	800,000		-
	77.036	21069	1,298,736	2,098,736	-
Keys Marine Laboratory Infrastructure Expansion to Support Coral Restoration	77.044	21354	17,223	17,223	-
<b>Department of Highway Safety &amp; Motor Vehicles</b>					
Protect Wild Dolphins License Plate Project					
	76.011	1600	8,340	8,340	-
Protect Our Reefs License Plate Project					
	76.069	POR	1,058,171	1,058,171	93,398
Sea Turtle License Plate Project					
	76.070	21-033C	2,412		
	76.070	22-003R	12,532	14,944	-
<b>Department of Environmental Protection</b>					
Coral Reef Protection and Restoration Grant					
	37.107	C2002	323,544	323,544	162,513
<b>Total State Contracts and Grants</b>				\$ 8,450,024	\$ 1,230,874
<b>Total Federal and State Contracts and Grants</b>				\$ 13,957,265	\$ 2,021,751

**Mote Marine Laboratory, Inc.**  
Notes to the Schedule of Expenditures of Federal Awards and  
State Financial Assistance  
Year Ended September 30, 2022

---

**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, 2022. 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. 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 and Chapter 10.650, *Rules of the Auditor General*, the financial statements of Mote Marine Laboratory Inc. (Laboratory), which comprise the statement of financial position as of September 30, 2022, and 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 21, 2023.

#### **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 21, 2023

**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 Statements 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, 2022. 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, 2022.

**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*. 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*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about 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*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding 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.

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.

**Report on Internal Control over Compliance (Continued)**

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*. Accordingly, this report is not suitable for any other purpose.



Sarasota, Florida  
February 21, 2023

---

**Mote Marine Laboratory, Inc.**  
Schedule of Findings and Questioned Costs  
Year Ended September 30, 2022

---

**Section I - Summary of Auditor's Results**

---

***Financial Statements***

Type of auditor's report issued: 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, 2022

---

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

---

Identification of major programs and projects:

<b>CFDA Numbers</b>	<b>Name of Federal Program or Cluster</b>
	<b>Research and Development Cluster:</b>
10.001	Agricultural Research Basic and Applied Research
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
11.417	Sea Grant Support
11.427	Fisheries Development and Utilization Research and Development Grants and Cooperative Agreements Program
11.432	National Oceanic and Atmospheric Administration (NOAA) Cooperative Institutes
11.433	Marine Fisheries Initiative
11.439	Marine Mammal Data Program
11.454	Unallied Management Projects
11.463	Habitat Conservation
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
47.076	Education and Human Resources
12.910	Research and Technology Development
15.634	State Wildlife Grants
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, 2022

---

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

---

<b>CSFA Numbers</b>	<b>Name of State Projects</b>
77.010	Cooperative Red Tide Research Program- Reduction of Harmful Impact from Red Tide
77.036	Coral Reef Restoration Program

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?  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).