



MARINE BIOLOGICAL LABORATORY

Financial Statements

June 30, 2023 and 2022

(With Independent Auditors' Report Thereon)

MARINE BIOLOGICAL LABORATORY

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KPMG LLP
Two Financial Center
60 South Street
Boston, MA 02111

Independent Auditors' Report

The Board of Trustees
Marine Biological Laboratory:

Opinion

We have audited the financial statements of Marine Biological Laboratory (the Laboratory), which comprise the statements of financial position as of June 30, 2023 and 2022, and the related statements of activities and cash flows 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 June 30, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with U.S. generally accepted accounting principles.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of 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 U.S. generally accepted accounting principles, 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 for one year after the date that the financial statements are issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS 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, 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.

KPMG LLP

Boston, Massachusetts
November 30, 2023

MARINE BIOLOGICAL LABORATORY

Statements of Financial Position

June 30, 2023 and 2022

Assets	2023	2022
Cash and cash equivalents	\$ 3,508,009	2,603,125
Accounts receivable, net of allowance for doubtful accounts of \$35,000 at June 30, 2023 and 2022	1,234,440	1,233,474
Receivables due for costs incurred on grants and contracts	7,066,922	5,540,856
Prepaid expenses	1,002,875	939,919
Contributions receivable, net	4,405,960	5,685,155
Investments, at fair value	112,849,859	116,721,087
Charitable remainder trusts	390,000	440,000
Plant assets, net	104,298,188	101,017,845
Other assets	3,971,672	3,397,075
Total assets	\$ <u>238,727,925</u>	<u>237,578,536</u>
Liabilities and Net Assets		
Accounts payable and accrued expenses	\$ 5,072,199	4,384,654
Deferred income	7,455,048	8,030,349
Charitable gift annuities payable	54,728	59,488
Interest rate swap	903,837	1,899,293
Long-term debt	21,899,513	22,871,397
Other liabilities	181,659	190,056
Total liabilities	<u>35,566,984</u>	<u>37,435,237</u>
Net assets:		
Without donor restrictions	97,168,235	91,460,295
With donor restrictions	<u>105,992,706</u>	<u>108,683,004</u>
Total net assets	<u>203,160,941</u>	<u>200,143,299</u>
Total liabilities and net assets	\$ <u>238,727,925</u>	<u>237,578,536</u>

See accompanying notes to financial statements.

MARINE BIOLOGICAL LABORATORY

Statement of Activities

Year ended June 30, 2023

	<u>Without donor restrictions</u>	<u>With donor restrictions</u>	<u>Total</u>
Operating support and revenues:			
Federal grants	\$ 18,071,832	—	18,071,832
Nonfederal grants and contracts	5,266,298	—	5,266,298
Support from affiliate	13,557,492	—	13,557,492
Fees for conferences and services	3,802,096	—	3,802,096
Contributions	1,574,777	3,997,313	5,572,090
Investment earnings used for operations	506,390	4,442,580	4,948,970
Laboratory rentals	713,720	—	713,720
Tuition, net	946,102	—	946,102
Other revenue	4,945	—	4,945
Investment loss	(2,237)	—	(2,237)
Net assets released from restrictions and reclassifications	8,956,701	(8,956,701)	—
	<u>53,398,116</u>	<u>(516,808)</u>	<u>52,881,308</u>
Total operating support and revenues			
Expenses:			
Resident research	32,347,602	—	32,347,602
Education	13,526,037	—	13,526,037
Whitman research	2,003,859	—	2,003,859
Other institutional activities	718,430	—	718,430
Conferences, housing and dining	4,011,146	—	4,011,146
	<u>52,607,074</u>	<u>—</u>	<u>52,607,074</u>
Total expenses			
Change in net assets before nonoperating activities	<u>791,042</u>	<u>(516,808)</u>	<u>274,234</u>
Nonoperating revenue (expense):			
Change in value of interest rate swap	995,456	—	995,456
Change in value of charitable gift annuities	41,984	4,760	46,744
Post retirement pension actuarial adjustment	563,946	—	563,946
Contributions for plant	97,229	—	97,229
Federal grant funding for plant	2,413,812	—	2,413,812
Non federal grant funding for plant	105,852	—	105,852
Net assets released from restrictions	236,572	(236,572)	—
Proceeds from insurance	662,025	—	662,025
	<u>5,116,876</u>	<u>(231,812)</u>	<u>4,885,064</u>
Change in net assets from nonoperating activities			
Investment returns:			
Net investment returns	306,412	2,500,902	2,807,314
Less investment earnings used for operations	(506,390)	(4,442,580)	(4,948,970)
	<u>(199,978)</u>	<u>(1,941,678)</u>	<u>(2,141,656)</u>
Investment returns			
Changes in net assets	5,707,940	(2,690,298)	3,017,642
Net assets, June 30, 2022	<u>91,460,295</u>	<u>108,683,004</u>	<u>200,143,299</u>
Net assets, June 30, 2023	\$ <u><u>97,168,235</u></u>	<u><u>105,992,706</u></u>	<u><u>203,160,941</u></u>

See accompanying notes to financial statements.

MARINE BIOLOGICAL LABORATORY

Statement of Activities

Year ended June 30, 2022

	<u>Without donor restrictions</u>	<u>With donor restrictions</u>	<u>Total</u>
Operating support and revenues:			
Federal grants	\$ 16,295,286	—	16,295,286
Nonfederal grants and contracts	4,435,887	—	4,435,887
Support from affiliate	13,906,615	—	13,906,615
Fees for conferences and services	3,096,419	—	3,096,419
Contributions	1,432,931	11,086,286	12,519,217
Investment earnings used for operations	487,843	4,190,780	4,678,623
Laboratory rentals	266,151	—	266,151
Tuition, net	1,138,932	—	1,138,932
Other revenue	185,560	—	185,560
Investment loss	(12,494)	—	(12,494)
Net assets released from restrictions and reclassifications	7,900,739	(7,900,739)	—
	<u>49,133,869</u>	<u>7,376,327</u>	<u>56,510,196</u>
Total operating support and revenues			
Expenses:			
Resident research	30,595,137	—	30,595,137
Education	10,943,271	—	10,943,271
Whitman research	1,887,710	—	1,887,710
Other institutional activities	810,534	—	810,534
Conferences, housing and dining	3,428,896	—	3,428,896
	<u>47,665,548</u>	<u>—</u>	<u>47,665,548</u>
Total expenses			
Change in net assets before nonoperating activities	<u>1,468,321</u>	<u>7,376,327</u>	<u>8,844,648</u>
Nonoperating revenue (expense):			
Change in value of interest rate swap	2,282,380	—	2,282,380
Change in value of charitable gift annuities	(1,217,541)	—	(1,217,541)
Post retirement pension actuarial adjustment	(462,299)	—	(462,299)
Contributions for plant	81,224	632,905	714,129
Net assets released from restrictions	841,323	(841,323)	—
Proceeds from insurance	2,522	—	2,522
	<u>1,527,609</u>	<u>(208,418)</u>	<u>1,319,191</u>
Change in net assets from nonoperating activities			
Investment returns:			
Net investment returns	(1,308,658)	(8,690,782)	(9,999,440)
Less investment earnings used for operations	(487,843)	(4,190,780)	(4,678,623)
	<u>(1,796,501)</u>	<u>(12,881,562)</u>	<u>(14,678,063)</u>
Investment returns			
Changes in net assets	1,199,429	(5,713,653)	(4,514,224)
Net assets, June 30, 2021	<u>90,260,866</u>	<u>114,396,657</u>	<u>204,657,523</u>
Net assets, June 30, 2022	\$ <u>91,460,295</u>	<u>108,683,004</u>	<u>200,143,299</u>

See accompanying notes to financial statements.

MARINE BIOLOGICAL LABORATORY

Statements of Cash Flows

Years ended June 30, 2023 and 2022

	2023	2022
Cash flows from operating activities:		
Change in net assets	\$ 3,017,642	(4,514,224)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	4,028,217	4,330,714
Change in value of interest rate swap	(995,456)	(2,282,380)
Net unrealized (gain) loss on investments	(1,200,401)	15,858,872
Reinvested investment income	(1,606,913)	(5,858,756)
Change in charitable gift annuities	(41,984)	(1,575,210)
Change in charitable remainder trusts	50,000	—
Change in reserve for and present value discount of contributions receivable	(227,839)	64,232
Contributions received for plant	(46,240)	(632,904)
Contributions restricted for long-term investment	(1,007,819)	(383,759)
Post-retirement benefit changes	(562,306)	465,323
Loss on disposal of assets	169,454	68,302
Changes in assets and liabilities:		
Accounts receivable	(966)	(343,217)
Receivables due for costs incurred on grants and contracts	(1,526,066)	(2,516,706)
Prepaid expenses and other assets	(75,247)	(114,921)
Contributions receivable	1,507,033	(1,141,393)
Accounts payable and accrued expenses	687,545	(12,318)
Deferred income	(575,301)	1,392,190
Charitable gift annuity liabilities	(4,760)	(129,371)
Other liabilities	(8,397)	(4,270)
Net cash provided by operating activities	<u>1,580,196</u>	<u>2,670,204</u>
Cash flows from investing activities:		
Purchase of plant assets	(7,431,773)	(4,024,527)
Proceeds from sale of investments	4,948,970	25,941,614
Purchase of investments	(1,228,444)	(6,249,296)
Net cash (used in) provided by investing activities	<u>(3,711,247)</u>	<u>15,667,791</u>
Cash flows from financing activities:		
Payments on annuities and trusts payable	—	(14,252)
Contributions received for long-term investment	1,007,819	383,759
Contributions restricted for purchasing plant assets	—	632,904
Principal payments on long-term debt	(971,884)	(936,884)
Net cash provided by financing activities	<u>35,935</u>	<u>65,527</u>
Change in cash and cash equivalents	(2,095,116)	18,403,522
Cash and cash equivalents at beginning of year	<u>20,974,856</u>	<u>2,571,334</u>
Cash and cash equivalents at end of year	<u>\$ 18,879,740</u>	<u>20,974,856</u>
Supplemental disclosures of cash flows information:		
Cash paid during the year for interest	\$ 726,531	787,417
Accounts payable and accrued expenses for capital additions	1,108,164	460,929
Cash included in investments	15,371,731	18,371,731

See accompanying notes to financial statements.

MARINE BIOLOGICAL LABORATORY

Notes to Financial Statements

June 30, 2023 and 2022

(1) Background

The Marine Biological Laboratory (the Laboratory) is a private, not-for-profit research and educational institution dedicated to establishing and maintaining a laboratory and station for collaborative scientific study and investigation, and a school for instruction in biology and natural history. The Laboratory was founded in 1888 and is located in Woods Hole, Massachusetts.

On July 1, 2013, the Laboratory entered into an affiliation agreement with the University of Chicago (the University) located in Chicago, Illinois, whereby the University became the sole member of the Laboratory and pledged ongoing support to the Laboratory. During the years ended June 30, 2023 and 2022, the Laboratory received \$13.6 million and \$13.9 million from the University. The University is committed to funding the Laboratory's operating deficit through November 2024.

(2) Significant Accounting Policies

(a) Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting and in accordance with accounting principles generally accepted in the United States of America.

(b) Classification of Net Assets

The financial statements have been prepared to focus on the Laboratory as a whole and to present balances and transactions according to the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified as follows:

- Without Donor Restriction – Net assets not subject to donor-imposed stipulations but which may be designated for specific purposes by the Laboratory's Trustees.
- With Donor Restrictions – Net assets subject to donor-imposed restrictions that will be met either by actions of the Laboratory or the passage of time. In addition, unspent appreciation of donor restricted endowment funds in excess of their historic dollar value is classified as net assets with donor restrictions until appropriated by the Laboratory and spent in accordance with the standard prudence imposed by Massachusetts State law.

Also included in this category are net assets subject to donor-imposed restrictions to be maintained permanently by the Laboratory, including gifts and pledges wherein donors stipulate that the corpus of the gift be held in perpetuity and that only the income be made available for program operations. Other restricted items in this net asset category include charitable gift annuities for which the ultimate purpose of the proceeds is permanently restricted.

(c) Operating and Nonoperating Activities

The statement of activities reports changes in net assets from operating and nonoperating activities.

Operating activities of the Laboratory include ongoing research, conferences and training programs. Included in operating revenues is investment return appropriated to support operations under the total return utilization policy approved by the Board of Trustees and support from affiliate.

MARINE BIOLOGICAL LABORATORY

Notes to Financial Statements

June 30, 2023 and 2022

Nonoperating revenues and expenses include realized and unrealized gains and losses on investments as well as changes in value of an interest rate swap, certain post retirement expenses, and other nonoperating items. To the extent that nonoperating investment income and gains are used for operations, they are reclassified from nonoperating to operating as investment earnings used for operations in the statement of activities. To the extent that grants fund the purchase of equipment eligible for capitalization, such funding is recognized as nonoperating revenue.

(d) Cash Equivalents

Cash equivalents consist of resources invested in overnight repurchase agreements, money market funds and other highly liquid investments with original maturities of three months or less.

In 2023, the Laboratory identified a presentation error in the 2022 statement of cash flows, where cash in investments were presented in the statement of cash flows rather than in the end of year cash and cash equivalents. Accordingly, in 2023 the Laboratory has corrected the 2022 presentation error by increasing the proceeds from sale of investments and increasing the total of net cash provided by investing activities by \$18,371,731. In addition, cash and cash equivalents at end of year increased by \$18,371,731. There is no change in the total of net cash provided by operating or financing activities.

(e) Concentration of Credit Risk

The Laboratory maintains cash balances at several banks in excess of federally insured limits. The Laboratory also maintains cash balances in money market funds which are not insured. The Laboratory has not experienced any losses in these accounts and believes it is not exposed to any significant credit risk.

The majority of the Laboratory's investments are held in the University of Chicago's Total Return Investment Pool. The investment represents units in a pool of diversified assets.

(f) Accounts Receivable

Accounts receivable are carried at their estimated collectible amounts. Credit is generally extended to customers on a short-term basis; thus accounts receivable do not bear interest. Accounts receivable are periodically evaluated for collectability based on past credit history with customers and their current financial condition. Provisions for uncollectible accounts on accounts receivable are determined on the basis of loss experience, known and inherent risks and current economic conditions.

(g) Contributions

Contribution revenue, including gifts and unconditional promises to give, is recognized as revenue in the period received. Promises to give that are scheduled to be received after the balance sheet date are shown as increases in the appropriate net asset category in the year received and are recorded at the present value of expected future cash flows, net of an allowance for doubtful accounts. Gifts and promises to give other assets are recorded at fair value at the date of contribution. Donor-restricted contributions whose restrictions are met within the same year received are reported as unrestricted contributions in the accompanying financial statements. Conditional promises to give are not recognized until the conditions on which they depend are substantially met. At fiscal year ended 2023 and 2022, the value of the conditional promises to give which were not yet recognized as revenue was \$8,348,114 and \$8,788,101.

MARINE BIOLOGICAL LABORATORY

Notes to Financial Statements

June 30, 2023 and 2022

(h) Prepaid Expenses

Prepaid expenses are expenditures paid in advance of when the benefit of the outlay will be realized. These costs will be expensed in a future period when the purchased service is received or purchased good is consumed.

(i) Investments

Investments are reported at estimated fair value. If an investment is held directly by the Laboratory and an active market with quoted prices exists, the market price of an identical security is used as reported fair value. Reported fair values for shares in registered mutual funds are based on share prices reported by the funds as of the last business day of the fiscal year. The Laboratory's shares in the University of Chicago's Total Return Investment Pool (TRIP) are valued quarterly based on the market value of the TRIP investment portfolio and the number of outstanding shares at the end of each quarter. Additional contributions to the TRIP purchase additional shares in the pool at the most recent quarterly per share price.

(j) Investment Income and Distribution

For the pooled investments, the Laboratory employs a total return utilization policy that establishes the amount of the investment return made available for spending each year. The Board of Trustees has approved a spending policy that the withdrawal will be based on a percentage of the twelve quarter average ending market value of the funds. The market value includes the principal plus reinvested income, realized and unrealized gains and losses. For fiscal years 2023 and 2022, the Laboratory obtained approval to expend 5.5% of the latest twelve quarter average ending market values of the long-term investments.

Investment income from the pooled investments is allocated using a unitized system whereby components are valued using a fair value unit basis, and each component subscribes to or disposes of units on the basis of the fair value per unit at the beginning of the calendar quarter within which the transaction takes place.

(k) Fair Value Measurements

Fair value is an exit price, representing the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. A fair value hierarchy prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

- Level 1 – Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities;
- Level 2 – Quoted prices in markets that are not active, or inputs that are observable, either directly or indirectly, for substantially the full term of the asset or liability;
- Level 3 – Prices or valuation techniques that require inputs that are both significant to the fair value measurement and unobservable.

MARINE BIOLOGICAL LABORATORY

Notes to Financial Statements

June 30, 2023 and 2022

A financial instrument's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement.

(l) Charitable Remainder Trusts and Planned Giving

The Laboratory is a beneficiary of certain pooled annuities and life income funds held at the University of Chicago and charitable remainder trusts with principal reverting to the Laboratory upon the death of donors or other beneficiaries. Charitable remainder trusts have been recorded at fair value, which is based on the market value of the assets contributed by the donor, net of an adjustment for the estimated life expectancies of the beneficiaries, the terms of the agreements, the expected return on the invested assets, and a discount rate.

When the donor appoints a third-party trustee, which can include the University, the revenue and receivable is recorded at the fair value of the gift as reported by the Trustee. When the donor appoints the Laboratory as the trustee, the annuities and trusts are recorded at fair value, with offsetting estimated liabilities due to the donors based on the amount due to the donors, discounted for the estimated life expectancies of the beneficiaries. This recurring fair value measurement is based upon Level 1 inputs using market returns for similar assets for one of the charitable remainder trusts. The remaining two charitable remainder trusts have Level 3 inputs as the trusts do not provide transparent annual information and the fair value is estimated in accordance with an estimate of market performance. Included within charitable remainder trusts is one life estate in certain real estate whereby the fair value is determined using an appraisal which is a Level 3 input.

(m) Plant Assets

Plant assets are recorded at cost. Donated plant assets are recorded at the fair value at the time of gift. Depreciation expense is calculated using the straight-line method over the useful life of the asset. Estimated useful lives are generally 3 to 15 years for equipment and 15 to 60 years for buildings. Improvements to buildings used in sponsored research activities are depreciated based on the distinct useful life of each major building component. These range from 15 to 40 years. Depreciation expense for the years ended June 30, 2023 and 2022 amounted to \$4,028,217 and \$4,330,714 and has been recorded in the statements of activities in the appropriate functionalized categories.

(n) Deferred Income

Deferred income includes funding received for grants and contracts and laboratory rentals before these are earned.

(o) Revenue Recognition

Sources of operating revenue include grant payments from governmental agencies, contracts from private organizations and income from the rental of laboratories and classrooms for research and educational programs. The Laboratory recognizes revenue associated with grants and contracts at the time the related direct costs are incurred or expended. Recovery of related indirect costs is recorded at predetermined fixed rates negotiated with the government. Revenue related to conferences and services is recognized at the time the services are provided while tuition revenue is recognized as classes are offered. The tuition income is net of student financial aid of \$1,424,071 and \$1,379,054 for the years ended June 30, 2023 and 2022. Fees for conferences and other services include fees for housing, dining, library, scientific journals, aquatic resources, and research services.

MARINE BIOLOGICAL LABORATORY

Notes to Financial Statements

June 30, 2023 and 2022

(p) Expenses

Expenses are recognized when incurred and are charged to the functions to which they are directly related. Expenses that relate to more than one function are allocated among functions based upon either modified total direct cost or square footage allocations.

The statements of activities present expenses in functional categories without distinguishing program versus supporting service expenses. Administration expenses of \$13,529,972 and \$12,862,249 for the years ended June 30, 2023 and 2022 have been allocated among the categories presented. Those costs relating to the administration of sponsored programs are allocated based upon a category's historical level of program support while the remaining general administration expenses are allocated based upon historical levels of direct costs. Included in administration expenses are fund-raising expenses totaling \$1,128,067 and \$1,111,462 for the years ended June 30, 2023 and 2022.

(q) Use of Estimates

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 the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

(r) Tax-Exempt Status

The Laboratory is a tax-exempt organization as described in Section 501(c)(3) of the Internal Revenue Code, as amended (the Code), and is generally exempt from income taxes pursuant to Section 501(a) of the Code. The Laboratory is required to assess uncertain tax positions and has determined that there were no such positions that are material to the financial statements.

Management believes that the Laboratory's income tax returns for years ended prior to 2019 are no longer subject to examination by tax authorities in its major tax jurisdiction.

(3) Financial Assets and Liquidity Resources

As of June 30, 2023 and 2022, financial assets and liquidity resources available within one year for general expenditure, such as operating expenses and scheduled principal payments on debt, were as follows:

	<u>2023</u>	<u>2022</u>
Financial assets:		
Cash and cash equivalents	\$ 3,508,009	2,603,125
Short-term investments	15,371,731	18,371,731
Accounts receivable, net	1,234,440	1,233,474
Receivables due for costs incurred on grants and contracts	7,066,922	5,540,856
Pledge payments available for operations	1,952,135	2,282,501
Board-approved endowment appropriation	<u>5,263,842</u>	<u>4,928,352</u>
Total financial assets available within one year	<u>\$ 34,397,079</u>	<u>34,960,039</u>

MARINE BIOLOGICAL LABORATORY

Notes to Financial Statements

June 30, 2023 and 2022

The Laboratory's cash flows have seasonal variations during the year attributable to seasonal tuition and conference billing, Whitman research, and a concentration of contributions received at calendar and fiscal year-end. As of June 30, 2023, the Laboratory has \$9,689,861 of unrestricted funds within its investments which is available for general expenditures, with Board approval and subject to the sufficiency of donor restricted funds accumulated appreciation.

(4) Contributions Receivable

Contributions receivable consisted of the following at June 30:

	2023	2022
Unconditional promises expected to be collected in:		
In one year or less	\$ 2,552,135	2,807,501
Between one and five years	2,248,000	3,499,667
	4,800,135	6,307,168
Less discount	(289,370)	(458,163)
Less allowance for uncollectible pledges	(104,805)	(163,850)
Contributions receivable, net	\$ 4,405,960	5,685,155

The risk adjusted discount rate, which ranged from 5.25% to 10.25%, is utilized in determining the fair value of such contributions receivable.

(5) Investments, Charitable Remainder Trusts & Interest Rate Swap Agreements

The following table sets forth the Laboratory's investments and other assets by major category in the fair value hierarchy as of June 30, 2023, as well as related strategy, liquidity and funding commitments:

Description	Level 1	Level 2	Level 3	Total	Liquidity	Days' notice
Investments:						
Cash and cash equivalents	\$ 15,379,762	—	—	15,379,762	Daily	1
Fixed income mutual funds	14,244	—	—	14,244	Daily	1
Equity mutual funds	12,880	—	—	12,880	Daily	1
University of Chicago Gift Annuity Fund	—	—	1,470,625	1,470,625	N/A	N/A
University of Chicago Total Return Investment Pool	—	—	95,972,348	95,972,348	Quarterly	30–270
Total investments	\$ 15,406,886	—	97,442,973	112,849,859		
Charitable remainder trusts	\$ —	—	390,000	390,000	N/A	N/A
Interest rate swap	—	(903,837)	—	(903,837)	N/A	N/A

MARINE BIOLOGICAL LABORATORY

Notes to Financial Statements

June 30, 2023 and 2022

The following table presents a roll-forward of assets measured at fair market value on a recurring basis using significant unobservable inputs (Level 3) during the year ended June 30, 2023.

	University of Chicago Total Return Investment Pool	Interest in Charitable Gift Annuity held by Affiliate	Charitable remainder trusts
Beginning balance	\$ 96,915,115	1,400,618	440,000
Total gains or losses included in changes in net assets	2,777,758	70,006	—
Purchases and settlements	<u>(3,720,525)</u>	<u>—</u>	<u>(50,000)</u>
Ending balance	<u>\$ 95,972,348</u>	<u>1,470,624</u>	<u>390,000</u>

The following table sets forth the Laboratory's investments and other assets by major category in the fair value hierarchy as of June 30, 2022, as well as related strategy, liquidity and funding commitments:

Description	Level 1	Level 2	Level 3	Total	Liquidity	Days' notice
Investments:						
Cash and cash equivalents	\$ 18,378,834	—	—	18,378,834	Daily	1
Fixed income mutual funds	13,069	—	—	13,069	Daily	1
Equity mutual funds	13,450	—	—	13,450	Daily	1
University of Chicago Gift Annuity Fund	—	—	1,400,619	1,400,619	N/A	N/A
University of Chicago Total Return Investment Pool	—	—	<u>96,915,115</u>	<u>96,915,115</u>	Quarterly	30–270
Total investments	<u>\$ 18,405,353</u>	<u>—</u>	<u>98,315,734</u>	<u>116,721,087</u>		
Charitable remainder trusts	\$ —	—	440,000	440,000	N/A	N/A
Interest rate sw ap	—	(1,899,293)	—	(1,899,293)	N/A	N/A

MARINE BIOLOGICAL LABORATORY

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The following table presents a roll-forward of assets measured at fair market value on a recurring basis using significant unobservable inputs (Level 3) during the year ended June 30, 2022.

	University of Chicago Total Return Investment Pool	Interest in Charitable Gift Annuities held by Affiliate	Charitable remainder trusts
Beginning balance	\$ 111,063,398	4,996	440,000
Total gains or losses included in changes in net assets	(9,636,592)	(355,817)	—
Purchases and settlements	(4,511,691)	1,751,439	—
Ending balance	<u>\$ 96,915,115</u>	<u>1,400,618</u>	<u>440,000</u>

During fiscal years 2023 and 2022, there were no transfers between investment Levels 1, 2 and 3.

The Laboratory's overall investment objective is to invest its assets in a prudent manner that will achieve a long-term rate of return sufficient to fund a portion of its annual operating activities and increase investment value after inflation.

The TRIP diversifies its investments among various asset classes incorporating multiple strategies and external investment managers. The Laboratory does not directly own these securities, but owns shares in the TRIP.

The TRIP is composed of the following as of June 30, 2023 and 2022:

	2023	2022
Cash equivalents	1 %	1 %
Global public equities (primarily international)	28	26
Private debt	4	4
Private equity	28	29
Real estate	5	5
Natural resources	5	6
Absolute return	22	23
Fixed income	7	6
Total	<u>100 %</u>	<u>100 %</u>

- Cash equivalent investments include cash equivalents and fixed-income investments, with maturities of less than one year, which are valued based on quoted market prices in active markets. The majority of these investments are held in U.S. money market accounts.

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- Global public equity investments consist of separate accounts, commingled funds with liquidity ranging from daily to monthly, and limited partnerships. Securities held in separate accounts and daily traded commingled funds are generally valued based on quoted market prices in active markets. Commingled funds with monthly liquidity are valued based on independently determined net asset value (NAV). Limited partnership interests in equity-oriented funds are valued based upon NAV provided by external fund managers.
- Investments in private debt, private equity, real estate, and natural resources are in the form of limited partnership interests, which typically invest in private securities for which there is no readily determinable market value. In these cases, market value is determined by external managers based on a combination of discounted cash flow analysis, industry comparables, and outside appraisals. Where private equity, real estate, and natural resources managers hold publicly traded securities, these securities are generally valued based on market prices. The value of the limited partnership interests are held at the manager's reported NAV, unless information becomes available indicating the reported NAV may require adjustment. The methods used by managers to assess the NAV of these external investments vary by asset class. The University monitors the valuation methodologies and practices of managers.
- The absolute return portfolio is comprised of investments of limited partnership interests in hedge funds and drawdown private equity style partnerships whose managers have the authority to invest in various asset classes at their discretion, including the ability to invest long and short. The majority of the underlying holdings are marketable securities. The remainder of the underlying holdings is held in marketable securities that trade infrequently or in private investments, which are valued by the manager on the basis of an appraised value, discounted cash flow, industry comparable instruments, or some other method. Most hedge funds that hold illiquid investments designate them in special side pockets, which are subject to special restrictions on redemption.
- Fixed-income investments consist of directly held actively traded treasuries, separately managed accounts, commingled funds, and bond mutual funds that hold securities, the majority of which have maturities greater than one year and are valued based on quoted market prices in active markets, except for a commingled fund that is valued on independently determined NAV.

(6) Endowment

The Laboratory's endowment pool consists of 196 individual funds established for a variety of purposes. This includes both donor restricted "endowment funds" and funds designated by the Laboratory to function as "institutional funds". Net assets associated with endowment funds, including funds designated by the Laboratory to function as institutional funds, are classified and reported based on the existence or absence of donor-imposed restrictions.

(a) Interpretation of Relevant Law

The Laboratory views *Massachusetts Uniform Prudent Management of Institutional Funds Act* (UPMIFA) as requiring the Laboratory to preserve the fair value of the original gift as of the gift date of the donor-restricted endowment fund, absent explicit donor stipulations to the contrary. As a result of this interpretation, the Laboratory has classified as net assets with donor restrictions (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund

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(although no existing donor instruments have so directed). Accumulations to the endowment that do not have to be maintained in perpetuity remain classified as net assets with donor restriction until they are appropriated for expenditure by the Board in a manner consistent with the Laboratory's spending policy, UPMIFA, other applicable laws, and any donor-imposed restrictions.

(b) Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor restricted endowment funds may fall below the historic dollar value. Deficiencies of this nature are reported in net assets with donor restrictions. As of June 30, 2023 and 2022, five endowment funds had deficiencies totaling \$25,944 and \$22,805.

(c) Endowment Investment Policy

The Laboratory has adopted an investment philosophy which, combined with the spending rate, attempts to provide a predictable stream of returns thereby making funds available to programs that are supported by its endowment, while at the same time seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the organization must hold in perpetuity or for a donor-specified period as well as board-designated funds. Under the Laboratory's Investment Policy and Spending Rate, both of which are approved by the Board of Trustees, the endowment assets are invested in a manner that is intended to produce an inflation-adjusted return in excess of the spending rate over a long period of time. Actual returns in any given year may vary.

(d) Strategies Employed for Achieving Objectives

By investing in the University's Total Return Investment Pool, the Laboratory has effectively adopted the University's investment objectives and strategies as its own. The University's overall investment objective is to invest its assets in a prudent manner that will achieve a long term rate of return sufficient to fund a portion of its annual operating activities and increase investment value after inflation.

(e) Endowment Fund Activity

Endowment net assets consisted of the following fund types as of June 30, 2023:

	Without donor restrictions	With donor restrictions	Total
Donor restricted endowment funds:			
Historical gift value	\$ —	61,340,370	61,340,370
Appreciation	—	24,974,795	24,974,795
Total donor restricted endowment funds	—	86,315,165	86,315,165
Board-designated institutional funds	9,689,861	—	9,689,861
	\$ 9,689,861	86,315,165	96,005,026

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The changes in endowment net assets for the period ended June 30, 2023 are as follows:

	<u>Without donor restrictions</u>	<u>With donor restrictions</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ 9,565,821	87,349,848	96,915,669
Investment return:			
Investment income	63,205	569,752	632,957
Net appreciation	<u>215,187</u>	<u>1,929,614</u>	<u>2,144,801</u>
Total investment return	278,392	2,499,366	2,777,758
New gifts/pledge payments	352,038	908,531	1,260,569
Appropriation of endowment assets for operations (draw)	<u>(506,390)</u>	<u>(4,442,580)</u>	<u>(4,948,970)</u>
Endowment net assets, end of year	\$ <u><u>9,689,861</u></u>	<u><u>86,315,165</u></u>	<u><u>96,005,026</u></u>

Endowment net assets consisted of the following fund types as of June 30, 2022:

	<u>Without donor restrictions</u>	<u>With donor restrictions</u>	<u>Total</u>
Donor restricted endowment funds:			
Historical gift value	\$ —	60,463,963	60,463,963
Appreciation	<u>—</u>	<u>26,885,885</u>	<u>26,885,885</u>
Total donor restricted endowment funds	—	87,349,848	87,349,848
Board-designated institutional funds	<u>9,565,821</u>	<u>—</u>	<u>9,565,821</u>
	\$ <u><u>9,565,821</u></u>	<u><u>87,349,848</u></u>	<u><u>96,915,669</u></u>

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June 30, 2023 and 2022

The changes in endowment net assets for the period ended June 30, 2022 are as follows:

	<u>Without donor restrictions</u>	<u>With donor restrictions</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ 11,005,651	99,496,176	110,501,827
Investment return:			
Investment income	100,600	914,101	1,014,701
Net depreciation	<u>(1,052,587)</u>	<u>(9,598,706)</u>	<u>(10,651,293)</u>
Total investment return	(951,987)	(8,684,605)	(9,636,592)
New gifts/pledge payments	—	703,957	703,957
Other funds invested in endowment	—	25,100	25,100
Appropriation of endowment assets for operations (draw)	<u>(487,843)</u>	<u>(4,190,780)</u>	<u>(4,678,623)</u>
Endowment net assets, end of year	\$ <u>9,565,821</u>	<u>87,349,848</u>	<u>96,915,669</u>

(7) Plant Assets

Plant assets consisted of the following at June 30:

	<u>2023</u>	<u>2022</u>
Land	\$ 52,931,085	52,931,085
Buildings	112,780,534	109,656,449
Equipment	39,692,148	36,691,813
Construction in progress	<u>2,137,997</u>	<u>1,043,884</u>
	207,541,764	200,323,231
Less accumulated depreciation	<u>(103,243,576)</u>	<u>(99,305,386)</u>
Plant assets, net	\$ <u>104,298,188</u>	<u>101,017,845</u>

(8) Debt

Long-term debt consisted of Massachusetts Development Finance Agency, Variable Rate Demand Revenue Bonds, Series 2006, payable in annual installments from 2008 through 2036 (“the Bonds”). The principal balance outstanding on June 30, 2023, and 2022 was \$22,005,000 and \$22,985,000, respectively. The interest rate on June 30, 2023, and 2022 was 3.96% and 0.91%, respectively.

The interest rate on the Bonds resets weekly and is payable monthly. The Bonds are scheduled to mature on October 1, 2036. As collateral for the Bonds, the Laboratory has entered into a Letter of Credit Reimbursement Agreement with PNC Bank which is set to expire on June 3, 2024. The Letter of Credit Reimbursement Agreement is in an amount sufficient to pay the aggregate principal amount of the Bonds and up to thirty-four days’ interest. In the event that the Laboratory is unable to renew the letter of credit

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with PNC Bank or obtain a new letter of credit reimbursement agreement with another financial institution prior to the expiration of the current agreement, the University has committed to extend its support of the Laboratory in an amount sufficient to make these payments. The Bonds are subject to certain covenants, including a minimum debt service coverage ratio.

The aggregate amount of principal due on long-term debt within each of the next five years ending June 30 and thereafter is as follows:

Year-end:		
2024	\$	1,020,000
2025		1,060,000
2026		1,105,000
2027		1,145,000
2028		1,190,000
Thereafter		<u>16,485,000</u>
	\$	<u><u>22,005,000</u></u>

The balance of outstanding principal and accrued debt issuance costs at June 30, 2023 and 2022 was:

	2023	2022
Principal balance	\$ 22,005,000	22,985,000
Debt issuance costs	<u>(105,487)</u>	<u>(113,603)</u>
Long-term debt net of issuance costs	<u><u>\$ 21,899,513</u></u>	<u><u>22,871,397</u></u>

On June 15, 2005, the Laboratory established an interest rate swap agreement (the Agreement) with a global financial services firm whose credit rating was A1 at June 30, 2023. The Laboratory entered into this Agreement to manage interest rate risk exposure. Under the terms of this agreement as modified, the floating rate paid to the Laboratory is 67% of one month LIBOR to 67% of three month LIBOR and the fixed rate paid by the Laboratory is 3.413%. The fair value of the Agreement was \$(903,837) and \$(1,899,293), on June 30, 2023 and 2022, and is separately presented in the statement of financial position. With the swap fair values primarily based on observable inputs such as the interest yield curve that are corroborated by market data, this Agreement is categorized as Level 2 in the fair value hierarchy. The Agreement expires in 2036.

In September 2022, the Laboratory terminated its standby letter of credit for \$225,000 with PNC Bank in response to the previously required compliance with regulations issued under the authority of the Massachusetts Department of Public Health Radiation no longer being warranted due to the levels of radioactive material used in research studies being below the regulatory threshold.

For the years ended June 30, 2023 and 2022, the Laboratory recognized interest expense of \$777,580 and \$787,417.

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(9) Retirement Plan

The Laboratory holds fiduciary responsibilities for a defined contribution pension plan managed by TIAA-CREF (the Plan). Eligible employees become participants upon completion of two years of service, as defined in the plan document. Under the Plan, the Laboratory contributes 10% of eligible compensation, as defined in the plan document, subject to certain limitations, for each participant. Contributions amounted to \$1,646,197 and \$1,619,082 for the years ended June 30, 2023 and 2022.

(10) Post-retirement Benefits

The Laboratory provides certain post-retirement health care benefits for participants within the Laboratory's Post-Retirement Health Care Plan (the PRHC Plan).

Participants include former employees retiring prior to June 1, 1994, who are entitled to receive full health care benefits and active employees as of June 1, 1994, who are entitled to receive limited benefits upon their retirement, as defined by the PRHC Plan. Employees hired on or after January 1, 1995 are not eligible to participate in the PRHC Plan. The count of plan participants as of the beginning of each fiscal year 2023 and 2022, was 36 and 37, respectively.

	2023	2022
Change in benefit obligation:		
Post-retirement benefit obligation at beginning of year	\$ 778,025	848,920
Service cost	1,640	3,024
Interest cost	40,383	26,992
Actuarial (gain)/loss	(98,017)	(171,996)
Benefits paid	(130,927)	(136,098)
Adjustment for Medicare Part D subsidy	69,241	207,183
Post-retirement benefit obligation at end of year	660,345	778,025
Change in plan assets:		
Fair value of plan assets at beginning of year	3,850,763	4,386,981
Employer contribution	82,635	83,312
Participant contributions	48,277	49,040
Actual return on plan assets	444,626	(536,218)
Benefits paid	(130,927)	(136,098)
Medicare Part D subsidy payment	15	3,746
Fair value of plan assets at end of year	4,295,389	3,850,763
Net benefit asset recognized in the statement of financial position, included in other assets	\$ 3,635,044	3,072,738

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Notes to Financial Statements

June 30, 2023 and 2022

Weighted average assumptions as of June 30, to determine benefit obligations at year end:

	<u>2023</u>	<u>2022</u>
Discount rate	4.85 %	4.15 %
Rate of compensation increase	N/A	N/A

Weighted average assumptions as of June 30, to determine net periodic benefit cost at year end:

	<u>2023</u>	<u>2022</u>
Discount rate	4.15 %	2.20 %
Expected long-term return on plan assets	7.00	7.00
Rate of compensation increase	N/A	N/A
Average future years of service	2.54	2.98

The PRHC Plan assets and weighted average asset allocations at June 30, by asset category are as follows:

	<u>2023</u>	<u>2022</u>
Equity securities	\$ 2,995,484	2,580,011
Fixed income securities	1,089,739	1,078,214
Cash equivalents	<u>210,166</u>	<u>192,538</u>
	\$ <u>4,295,389</u>	<u>3,850,763</u>

As of June 30, 2023 and 2022 the Laboratory's PRHC Plan assets were accounted for at fair value. All PRHC Plan assets were Level 1 assets.

The Executive Committee of the Board of Trustees has selected a balanced strategy of 45% equity securities, 45% fixed income securities and 10% cash equivalents as a target asset allocation for the PRHC Plan investments.

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For purposes of measuring the benefit obligation, a 6.5% annual rate of increase in the per capita cost of covered health benefits was assumed for 2023. The rate was assumed to decrease gradually to 4.1% in 2075 and remain at that level thereafter.

	<u>2023</u>	<u>2022</u>
Components of net periodic benefit cost:		
Operating – service cost	\$ 1,640	3,024
Nonoperating:		
Interest cost	40,383	26,992
Expected return on assets	(269,553)	(307,089)
Recognized net actuarial gain	(26,416)	(360,717)
Adjustment for Medicare Part D Subsidy	67,894	53,820
Total nonoperating	<u>(187,692)</u>	<u>(586,994)</u>
Net periodic benefit cost	\$ <u>(186,052)</u>	<u>(583,970)</u>
Impact of 1% increase in healthcare cost trend:		
On interest cost plus service cost during past year	\$ 1,587	1,170
On accumulated post-retirement benefit obligation	38,009	51,610
Impact of 1% decrease in healthcare cost trend:		
On interest cost plus service cost during past year	\$ (1,471)	(1,091)
On accumulated post-retirement benefit obligation	(35,060)	(47,454)

The Laboratory expects to contribute \$108,000 to the PRHC Plan during the fiscal year ending June 30, 2024.

The expected future benefit payments for the next ten years are as follows:

Year-end:	
2024	\$ 108,000
2025	96,000
2026	72,000
2027	71,000
2028	72,000
2029–2033	258,000

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At June 30, 2023 and 2022, the items not yet recognized as a component of net periodic post-retirement benefit cost including the effect of the adjustment for Medicare Part D subsidy are as follows:

	2023	2022
Net actuarial (gain) loss	\$ (140,211)	153,393
Total unamortized items	\$ (140,211)	153,393

The estimated net loss/(gain), transition obligation, and prior service cost for the Plan that will be amortized from accumulated other comprehensive income into net periodic postretirement benefit cost over the next fiscal year are \$(148,000), \$0, and \$0, respectively.

(11) Restricted Net Assets

The Laboratory classifies gifts that have donor-imposed restrictions regarding time or purpose as net assets with donor restrictions. The Laboratory classifies each gifted pledge as time restricted until the gift is collected; when collected, a gift is either reclassified to its purpose restriction or released from restriction. Promises to give subject to donor-imposed stipulations that the corpus be maintained permanently are recognized as increases to net endowed assets with donor restriction.

(a) Net Assets with Donor Restrictions

Net assets with donor restrictions consisted of the following as of June 30:

	2023	2022
Endowment:		
Resident research program	\$ 29,089,777	29,278,574
Visiting research program	7,081,674	7,250,589
Research support	5,708,290	5,632,583
Education program	24,586,714	24,975,496
General support	18,301,912	18,627,466
Capital and infrastructure maintenance	1,546,798	1,585,140
Operating	11,353,273	11,501,482
Charitable gift annuities and remainder trusts	3,091,235	3,081,709
Pledges	4,771,036	6,103,462
Nonoperating (plant)	461,997	646,503
	\$ 105,992,706	108,683,004

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(b) Net Assets Released from Restrictions

Net assets released from temporary donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of events specified by the donors are as follows:

	2023	2022
Appropriation of endowment assets	\$ 4,442,580	4,190,780
Operating	4,514,121	3,709,959
	8,956,701	7,900,739
Nonoperating (plant)	236,572	841,323
	\$ 9,193,273	8,742,062

(12) Functional Classification of Expenses

Expenses by functional and natural classification for the year ended June 30, 2023.

	Resident research	Education	Whitman research	Other institutional activities	Conference, housing and dining	Research services	Facilities	Administration	Total
Salaries	\$ 8,684,506	943,383	—	42,392	651,833	1,257,191	2,615,472	6,571,512	20,766,289
Fringe benefits	3,337,373	244,507	—	13,150	248,192	471,784	1,009,017	2,118,969	7,442,992
Professional services	186,691	656,742	—	—	97,414	195	7,159	488,339	1,436,540
Equipment	3,988	—	—	—	—	—	—	—	3,988
Supplies	1,559,189	794,801	29,910	145,920	110,254	331,156	110,612	187,351	3,269,193
Travel	277,086	745,589	—	8,571	—	9,328	844	112,772	1,154,190
Interest expense, net	—	7	—	—	—	—	—	777,573	777,580
Other expenses	125,104	1,044,995	18,234	26,300	404,701	258,209	1,123,896	2,775,482	5,776,921
Inter-departmental charges, net	446,486	3,089,956	680,173	(8,894)	(4,304,246)	126,752	(42,328)	12,101	—
Subcontracts	2,807,022	—	—	—	2,474,975	—	—	—	5,281,997
Serials and books	124	708	—	—	—	—	2,187	413,278	416,297
Utilities	1,842	—	—	(41)	1,855	1,122	2,175,497	72,595	2,252,870
Depreciation	—	—	—	—	—	—	4,028,217	—	4,028,217
Total	17,429,411	7,520,688	728,317	227,398	(315,022)	2,455,737	11,030,573	13,529,972	52,607,074
Overhead expense allocations	14,918,191	6,005,349	1,275,542	491,032	4,326,168	(2,455,737)	(11,030,573)	(13,529,972)	—
Total expenses	\$ 32,347,602	13,526,037	2,003,859	718,430	4,011,146	—	—	—	52,607,074

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Expenses by functional and natural classification for the year ended June 30, 2022.

	Resident research	Education	Whitman research	Other institutional activities	Conference, housing and dining	Research services	Facilities	Administration	Total
Salaries	\$ 7,694,783	861,791	—	33,810	593,714	1,240,412	2,383,786	6,242,833	19,051,129
Fringe benefits	2,966,614	234,213	—	10,898	217,745	478,328	918,765	2,154,968	6,981,531
Professional services	96,403	424,971	—	—	134,405	6,185	(4,861)	319,965	977,068
Equipment	6,914	—	—	—	—	—	—	—	6,914
Supplies	1,130,066	540,064	15,163	89,756	85,795	274,042	102,512	348,173	2,585,571
Travel	148,032	423,328	—	583	563	2,587	—	51,292	626,385
Interest expense, net	—	—	—	—	—	—	—	787,417	787,417
Other expenses	521,540	440,664	1,737	31,262	303,615	266,198	1,063,643	2,571,795	5,200,454
Inter-departmental charges, net	395,315	2,621,043	436,363	(8,929)	(3,571,499)	250,999	(30,340)	(92,952)	—
Subcontracts	2,685,526	—	—	—	1,903,634	—	—	—	4,589,160
Serials and books	456	4,658	—	—	—	—	2,327	406,012	413,453
Utilities	2,302	—	—	—	1,575	2,033	2,037,096	72,746	2,115,752
Depreciation	—	—	—	—	—	—	4,330,714	—	4,330,714
Total	15,647,951	5,550,732	453,263	157,380	(330,453)	2,520,784	10,803,642	12,862,249	47,665,548
Overhead expense allocations	14,947,186	5,392,539	1,434,448	653,154	3,759,348	(2,520,784)	(10,803,642)	(12,862,249)	—
Total expenses	\$ 30,595,137	10,943,271	1,887,711	810,534	3,428,895	—	—	—	47,665,548

(13) Related Parties

In addition to affiliate activity previously disclosed, the Laboratory had the following other related party activity.

Current and former trustees of the Laboratory have outstanding pledged contributions of \$3,773,467 and \$4,584,000 as of June 30, 2023 and 2022. These amounts are included in contributions receivable in the statement of financial position.

A Trustee has greater than thirty-five percent controlling interest in and serves as Chief Executive Officer of Promega Corporation. During fiscal years 2023 and 2022, Promega Corporation contributed \$140,000 and \$157,440, respectively, to the Laboratory, which includes in-kind supplies and reagents valued at \$15,000 and \$2,440, respectively. The Laboratory on occasion directly purchases supplies from Promega Corporation, with its 2023 and 2022 purchases aggregating to \$796 and \$584, respectively.

(14) Subsequent Events

In connection with the preparation of these financial statements, the Laboratory has evaluated events and transactions through November 30, 2023, which is the date these financial statements were issued.