



**MARINE BIOLOGICAL LABORATORY**

Financial Statements

June 30, 2024 and 2023

(With Independent Auditors' Report Thereon)

# MARINE BIOLOGICAL LABORATORY

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KPMG LLP  
Two Financial Center  
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## 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, 2024 and 2023, 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, 2024 and 2023, 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 26, 2024

**MARINE BIOLOGICAL LABORATORY**

Statements of Financial Position

June 30, 2024 and 2023

<b>Assets</b>	<b>2024</b>	<b>2023</b>
Cash and cash equivalents	\$ 4,537,321	3,508,009
Accounts receivable, net of allowance for credit losses of \$35,000 at June 30, 2024 and 2023	1,376,209	1,234,440
Property held for sale	977,219	—
Receivables due for costs incurred on grants and contracts	5,274,200	7,066,922
Prepaid expenses	776,589	1,002,875
Contributions receivable, net	2,281,530	4,405,960
Investments, at fair value	116,568,887	112,849,859
Charitable remainder trusts	390,000	390,000
Plant assets, net	108,245,808	104,298,188
Other assets	4,621,326	3,971,672
Total assets	\$ 245,049,089	238,727,925
<b>Liabilities and Net Assets</b>		
Accounts payable and accrued expenses	\$ 5,622,417	5,072,199
Deferred income	8,058,000	7,455,048
Charitable gift annuities payable	52,445	54,728
Interest rate swap	583,502	903,837
Long-term debt, net	20,887,629	21,899,513
Other liabilities	176,436	181,659
Total liabilities	35,380,429	35,566,984
Net assets:		
Without donor restrictions	102,546,488	97,168,235
With donor restrictions	107,122,172	105,992,706
Total net assets	209,668,660	203,160,941
Total liabilities and net assets	\$ 245,049,089	238,727,925

See accompanying notes to financial statements.

**MARINE BIOLOGICAL LABORATORY**

Statement of Activities

Year ended June 30, 2024

	<b>Without donor restrictions</b>	<b>With donor restrictions</b>	<b>Total</b>
Operating support and revenues:			
Federal grants	\$ 18,022,511	—	18,022,511
Nonfederal grants and contracts	5,861,026	—	5,861,026
Support from affiliate	11,249,499	—	11,249,499
Fees for conferences and services	4,623,203	—	4,623,203
Contributions of cash and other financial assets	1,259,198	2,595,549	3,854,747
Contributions of nonfinancial assets	72,406	958,500	1,030,906
Investment earnings used for operations	530,521	4,751,331	5,281,852
Tuition, net	1,307,626	—	1,307,626
Laboratory rentals	503,476	—	503,476
Investment income	589,355	—	589,355
Other revenue	246,281	—	246,281
Net assets released from restrictions and reclassifications	9,182,466	(9,182,466)	—
<b>Total operating support and revenues</b>	<b>53,447,568</b>	<b>(877,086)</b>	<b>52,570,482</b>
Expenses:			
Resident research	33,344,578	—	33,344,578
Education	14,682,491	—	14,682,491
Whitman research	2,069,513	—	2,069,513
Other institutional activities	902,014	—	902,014
Conferences, housing and dining	3,000,212	—	3,000,212
<b>Total expenses</b>	<b>53,998,808</b>	<b>—</b>	<b>53,998,808</b>
<b>Change in net assets before nonoperating activities</b>	<b>(551,240)</b>	<b>(877,086)</b>	<b>(1,428,326)</b>
Nonoperating revenue (expense):			
Grant funding for plant	4,377,915	—	4,377,915
Contributions for plant	91,735	—	91,735
Net assets released from restrictions	35,192	(35,192)	—
Change in value of interest rate swap	320,335	—	320,335
Change in value of charitable gift annuities	(99,461)	2,283	(97,178)
Post retirement pension actuarial adjustment	645,819	—	645,819
Proceeds from insurance	184,400	—	184,400
<b>Change in net assets from nonoperating activities</b>	<b>5,555,935</b>	<b>(32,909)</b>	<b>5,523,026</b>
Investment returns:			
Net investment returns	904,079	6,790,792	7,694,871
Less investment earnings used for operations	(530,521)	(4,751,331)	(5,281,852)
<b>Investment returns</b>	<b>373,558</b>	<b>2,039,461</b>	<b>2,413,019</b>
<b>Changes in net assets</b>	<b>5,378,253</b>	<b>1,129,466</b>	<b>6,507,719</b>
Net assets, June 30, 2023	97,168,235	105,992,706	203,160,941
Net assets, June 30, 2024	\$ 102,546,488	107,122,172	209,668,660

See accompanying notes to financial statements.

**MARINE BIOLOGICAL LABORATORY**

Statement of Activities

Year ended June 30, 2023

	<b>Without donor restrictions</b>	<b>With donor restrictions</b>	<b>Total</b>
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 of cash and other financial assets	1,437,389	3,997,313	5,434,702
Contributions of nonfinancial assets	137,388	—	137,388
Investment earnings used for operations	506,390	4,442,580	4,948,970
Tuition, net	946,102	—	946,102
Laboratory rentals	713,720	—	713,720
Investment loss	(2,237)	—	(2,237)
Other revenue	4,945	—	4,945
Net assets released from restrictions and reclassifications	8,956,701	(8,956,701)	—
<b>Total operating support and revenues</b>	<b>53,398,116</b>	<b>(516,808)</b>	<b>52,881,308</b>
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
<b>Total expenses</b>	<b>52,607,074</b>	<b>—</b>	<b>52,607,074</b>
<b>Change in net assets before nonoperating activities</b>	<b>791,042</b>	<b>(516,808)</b>	<b>274,234</b>
Nonoperating revenue (expense):			
Grant funding for plant	2,519,664	—	2,519,664
Contributions for plant	97,229	—	97,229
Net assets released from restrictions	236,572	(236,572)	—
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
Proceeds from insurance	662,025	—	662,025
<b>Change in net assets from nonoperating activities</b>	<b>5,116,876</b>	<b>(231,812)</b>	<b>4,885,064</b>
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)
<b>Investment returns</b>	<b>(199,978)</b>	<b>(1,941,678)</b>	<b>(2,141,656)</b>
<b>Changes in net assets</b>	<b>5,707,940</b>	<b>(2,690,298)</b>	<b>3,017,642</b>
Net assets, June 30, 2022	91,460,295	108,683,004	200,143,299
Net assets, June 30, 2023	\$ 97,168,235	105,992,706	203,160,941

See accompanying notes to financial statements.

**MARINE BIOLOGICAL LABORATORY**

Statements of Cash Flows

Years ended June 30, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Cash flows from operating activities:		
Change in net assets	\$ 6,507,719	3,017,642
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	4,403,325	4,028,217
Change in value of interest rate swap	(320,335)	(995,456)
Net unrealized gain on investments	(3,848,614)	(1,200,401)
Reinvested investment income	(4,452,592)	(1,606,913)
Change in charitable gift annuities	85,138	(41,984)
Change in charitable remainder trusts	—	50,000
Change in reserve for and present value discount of contributions receivable	(348,238)	(227,839)
Contribution of property	(958,500)	—
Contributions received for plant	(81,993)	(46,240)
Contributions restricted for long-term investment	(466,435)	(1,007,819)
Post-retirement benefit changes	(644,375)	(562,306)
Loss on disposal of assets	6,233	169,454
Changes in assets and liabilities:		
Accounts receivable	(141,769)	(966)
Receivables due for costs incurred on grants and contracts	1,792,722	(1,526,066)
Prepaid expenses and other assets	221,007	(75,247)
Contributions receivable	2,472,668	1,507,033
Accounts payable and accrued expenses	550,218	687,545
Deferred income	602,952	(575,301)
Charitable gift annuity liabilities	(2,283)	(4,760)
Other liabilities	(5,223)	(8,397)
Net cash provided by operating activities	<u>5,371,625</u>	<u>1,580,196</u>
Cash flows from investing activities:		
Purchase of plant assets	(8,293,904)	(7,431,773)
Proceeds from sale of investments	7,798,614	4,948,970
Purchase of investments	<u>(18,673,305)</u>	<u>(1,228,444)</u>
Net cash used in investing activities	<u>(19,168,595)</u>	<u>(3,711,247)</u>
Cash flows from financing activities:		
Contributions received for long-term investment	466,435	1,007,819
Principal payments on long-term debt	<u>(1,011,884)</u>	<u>(971,884)</u>
Net cash (used in) provided by financing activities	<u>(545,449)</u>	<u>35,935</u>
Change in cash and cash equivalents	(14,342,419)	(2,095,116)
Cash and cash equivalents at beginning of year	<u>18,879,740</u>	<u>20,974,856</u>
Cash and cash equivalents at end of year	\$ <u>4,537,321</u>	<u>18,879,740</u>
Supplemental disclosures of cash flows information:		
Cash paid during the year for interest	\$ 842,075	726,531
Accounts payable and accrued expenses for capital additions	1,125,091	1,108,164
Cash included in investments	—	15,371,731

See accompanying notes to financial statements.



# MARINE BIOLOGICAL LABORATORY

Notes to Financial Statements

June 30, 2024 and 2023

## (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, 2024 and 2023, the Laboratory received \$11.2 million and \$13.6 million from the University. The University is committed to funding a portion of the Laboratory's operating deficit through June 30, 2025.

## (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.

Nonoperating revenues and expenses include net investment returns less amounts appropriated to support operations, as well as changes in value of an interest rate swap, certain post-retirement

## MARINE BIOLOGICAL LABORATORY

### Notes to Financial Statements

June 30, 2024 and 2023

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 and cash equivalents include investments in highly liquid debt instruments with a maturity of three months or less when purchased, excluding amounts whose use is limited by arrangements under trust agreements or by donors. Cash equivalents held for investment purposes that are classified as investments are not reflected as cash equivalents in the statement of cash flows.

#### **(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 statement of financial position 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 uncollectible amounts. 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.

During 2024, the Laboratory was gifted property. The property was actively marketed as of June 30, 2024 and is classified as property held for sale in the statement of financial position. The property was subsequently sold.

At fiscal year ended 2024 and 2023, the value of the conditional promises to give which were not yet recognized as revenue was \$7,444,000 and \$8,348,114.

## MARINE BIOLOGICAL LABORATORY

### Notes to Financial Statements

June 30, 2024 and 2023

#### **(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 2024 and 2023, the Laboratory obtained approval to expend 5.36% and 5.5%, respectively, 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, 2024 and 2023

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, 2024 and 2023 amounted to \$4,403,325 and \$4,028,217 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 \$1,744,014 and \$1,424,071 for the years ended June 30, 2024 and 2023. 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, 2024 and 2023

#### **(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 \$13,663,305 and \$13,529,972 for the years ended June 30, 2024 and 2023 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 \$1,279,821 and \$1,128,067 for the years ended June 30, 2024 and 2023.

#### **(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.

#### **(s) Reclassifications**

Certain 2023 information has been reclassified to conform to the 2024 presentation.

## MARINE BIOLOGICAL LABORATORY

### Notes to Financial Statements

June 30, 2024 and 2023

#### (3) Financial Assets and Liquidity Resources

As of June 30, 2024 and 2023, 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:

	2024	2023
Financial assets:		
Cash and cash equivalents	\$ 4,537,321	3,508,009
Short-term investments	15,689,671	15,371,731
Accounts receivable, net	1,376,209	1,234,440
Receivables due for costs incurred on grants and contracts	5,274,200	7,066,922
Pledge payments available for operations	2,037,467	1,952,135
Board-approved endowment appropriation	5,655,899	5,263,842
Total financial assets available within one year	\$ 34,570,767	34,397,079

The Laboratory's cash flows have seasonal variations during the year attributable to seasonal tuition and conference billing, visiting research, and a concentration of contributions received at calendar and fiscal year-end. As of June 30, 2024, the Laboratory has \$9,918,377 of unrestricted endowment funds within its investments which is available for expenditure with Board approval and subject to donor restrictions on individual funds and their accumulated appreciation.

#### (4) Contributions Receivable

Contributions receivable consisted of the following at June 30:

	2024	2023
Unconditional promises expected to be collected in:		
In one year or less	\$ 2,037,467	2,552,135
Between one and five years	290,000	2,248,000
	2,327,467	4,800,135
Less discount	(44,119)	(289,370)
Less allowance for uncollectible pledges	(1,818)	(104,805)
Contributions receivable, net	\$ 2,281,530	4,405,960

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

## MARINE BIOLOGICAL LABORATORY

### Notes to Financial Statements

June 30, 2024 and 2023

#### (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, 2024, as well as related strategy, liquidity and funding commitments:

Description	Level 1	Level 2	Level 3	Total	Liquidity	Days' notice
Investments:						
Cash equivalents	\$ 15,697,903	—	—	15,697,903	Daily	1
Fixed income mutual funds	14,005	—	—	14,005	Daily	1
Equity mutual funds	14,555	—	—	14,555	Daily	1
University of Chicago Gift Annuity Fund	—	—	1,530,528	1,530,528	N/A	N/A
University of Chicago Total Return Investment Pool	—	—	99,311,896	99,311,896	Quarterly	30–270
Total investments	<u>\$ 15,726,463</u>	<u>—</u>	<u>100,842,424</u>	<u>116,568,887</u>		
Charitable remainder trusts	\$ —	—	390,000	390,000	N/A	N/A
Interest rate swap	—	(583,502)	—	(583,502)	N/A	N/A

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, 2024.

	<b>University of Chicago total return investment pool</b>	<b>Interest in charitable gift annuity held by affiliate</b>	<b>Charitable remainder trusts</b>
Beginning balance	\$ 95,972,348	1,470,625	390,000
Total gains or losses included in changes in net assets	7,548,193	49,672	—
Purchases and settlements	(4,208,645)	10,231	—
Ending balance	<u>\$ 99,311,896</u>	<u>1,530,528</u>	<u>390,000</u>

## MARINE BIOLOGICAL LABORATORY

### Notes to Financial Statements

June 30, 2024 and 2023

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	<u>\$ 15,406,886</u>	<u>—</u>	<u>97,442,973</u>	<u>112,849,859</u>		
Charitable remainder trusts	\$ —	—	390,000	390,000	N/A	N/A
Interest rate sw ap	—	(903,837)	—	(903,837)	N/A	N/A

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.

	<u>University of Chicago total return investment pool</u>	<u>Interest In charitable gift annuity held by affiliate</u>	<u>Charitable remainder trusts</u>
Beginning balance	\$ 96,915,115	1,400,618	440,000
Total gains or losses included in changes in net assets	2,777,758	70,007	—
Purchases and settlements	<u>(3,720,525)</u>	<u>—</u>	<u>(50,000)</u>
Ending balance	<u>\$ 95,972,348</u>	<u>1,470,625</u>	<u>390,000</u>

During fiscal years 2024 and 2023, 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.



## MARINE BIOLOGICAL LABORATORY

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The TRIP is composed of the following as of June 30, 2024 and 2023:

	<b>2024</b>	<b>2023</b>
Cash equivalents	2 %	1 %
Global public equities (primarily international)	27	28
Diversifying	15	4
Private equity	30	28
Real estate	5	5
Real assets	5	5
Equity-oriented	10	22
Fixed income	6	7
Total	100 %	100 %

- 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.
- Global public equity investments consist of separate accounts, exchange traded funds (ETFs), commingled funds with liquidity ranging from daily to triennial, hedge funds investing primarily in long only public equities, and limited partnerships. ETFs and 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 NAV. Limited partnership interests in equity-oriented funds are valued based upon NAV provided by external fund managers.
- Investments in private diversifying, private equity, real estate, and real assets 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, private diversifying, real estate, and real assets 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. Direct investments in preferred equity securities are initially held at cost. Valuation is re-evaluated when the company raises additional equity capital priced by a new outside investor.
- The liquid diversifying and equity-oriented portfolios are 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

## MARINE BIOLOGICAL LABORATORY

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comparables, 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 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.

#### **(6) Endowment**

The Laboratory's endowment pool consists of 201 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 (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, 2024 and 2023, five endowment funds had deficiencies totaling \$19,660 and \$25,944.

##### **(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.

## MARINE BIOLOGICAL LABORATORY

Notes to Financial Statements

June 30, 2024 and 2023

**(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, 2024:

	<b>Without donor restrictions</b>	<b>With donor restrictions</b>	<b>Total</b>
Donor restricted endowment funds:			
Historical gift value	\$ —	61,505,043	61,505,043
Appreciation	—	27,888,576	27,888,576
Total donor restricted endowment funds	—	89,393,619	89,393,619
Board-designated institutional funds	9,918,377	—	9,918,377
	\$ 9,918,377	89,393,619	99,311,996

The changes in endowment net assets for the period ended June 30, 2024 are as follows:

	<b>Without donor restrictions</b>	<b>With donor restrictions</b>	<b>Total</b>
Endowment net assets, beginning of year	\$ 9,689,861	86,315,165	96,005,026
Investment return:			
Investment income	72,663	649,654	722,317
Net appreciation	686,374	6,139,503	6,825,877
Total investment return	759,037	6,789,157	7,548,194
New gifts/pledge payments	—	1,040,628	1,040,628
Appropriation of endowment assets for operations (draw)	(530,521)	(4,751,331)	(5,281,852)
Endowment net assets, end of year	\$ 9,918,377	89,393,619	99,311,996

**MARINE BIOLOGICAL LABORATORY**

Notes to Financial Statements

June 30, 2024 and 2023

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

	<b>Without donor restrictions</b>	<b>With donor restrictions</b>	<b>Total</b>
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
	\$ <u>9,689,861</u>	<u>86,315,165</u>	<u>96,005,026</u>

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

	<b>Without donor restrictions</b>	<b>With donor restrictions</b>	<b>Total</b>
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	215,187	1,929,614	2,144,801
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)	(506,390)	(4,442,580)	(4,948,970)
Endowment net assets, end of year	\$ <u>9,689,861</u>	<u>86,315,165</u>	<u>96,005,026</u>

**MARINE BIOLOGICAL LABORATORY**

Notes to Financial Statements

June 30, 2024 and 2023

**(7) Plant Assets**

Plant assets consisted of the following at June 30:

	<u>2024</u>	<u>2023</u>
Land	\$ 52,931,085	52,931,085
Buildings	116,604,663	112,780,534
Equipment	44,113,441	39,692,148
Construction in progress	<u>1,049,495</u>	<u>2,137,997</u>
	214,698,684	207,541,764
Less accumulated depreciation	<u>(106,452,876)</u>	<u>(103,243,576)</u>
Plant assets, net	<u>\$ 108,245,808</u>	<u>104,298,188</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, 2024, and 2023 was \$20,985,000 and \$22,005,000, respectively. The interest rate on June 30, 2024, and 2023 was 3.85% and 3.96%, 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 December 3, 2025. 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. 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:	
2025	\$ 1,060,000
2026	1,105,000
2027	1,145,000
2028	1,190,000
2029	1,240,000
Thereafter	<u>15,245,000</u>
	<u>\$ 20,985,000</u>

## MARINE BIOLOGICAL LABORATORY

### Notes to Financial Statements

June 30, 2024 and 2023

The balance of outstanding principal and accrued debt issuance costs at June 30, 2024 and 2023 was:

	<u>2024</u>	<u>2023</u>
Principal balance	\$ 20,985,000	22,005,000
Debt issuance costs	<u>(97,371)</u>	<u>(105,487)</u>
Long-term debt net of issuance costs	<u>\$ 20,887,629</u>	<u>21,899,513</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, 2024. The Laboratory entered into this Agreement to manage interest rate risk exposure. Under the terms of this agreement as modified. The fair value of the Agreement was a liability of \$583,502 and \$903,837, on June 30, 2024 and 2023, and is categorized as Level 2 in the fair value hierarchy. The Agreement expires in 2036.

For the years ended June 30, 2024 and 2023, the Laboratory recognized interest expense of \$838,993 and \$777,580.

#### **(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 \$1,803,699 and \$1,646,197 for the years ended June 30, 2024 and 2023.

#### **(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 2024 and 2023, was 28 and 36, respectively.

**MARINE BIOLOGICAL LABORATORY**

Notes to Financial Statements

June 30, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Change in benefit obligation:		
Post-retirement benefit obligation at beginning of year	\$ 660,345	778,025
Service cost	1,444	1,640
Interest cost	33,404	40,383
Actuarial gain	(246,624)	(98,017)
Benefits paid	(82,277)	(130,927)
Adjustment for Medicare Part D subsidy	<u>223,818</u>	<u>69,241</u>
Post-retirement benefit obligation at end of year	<u>590,110</u>	<u>660,345</u>
Change in plan assets:		
Fair value of plan assets at beginning of year	4,295,389	3,850,763
Employer contribution	37,079	82,635
Participant contributions	45,198	48,277
Actual return on plan assets	574,140	444,626
Benefits paid	(82,277)	(130,927)
Medicare Part D subsidy payment	<u>—</u>	<u>15</u>
Fair value of plan assets at end of year	<u>4,869,529</u>	<u>4,295,389</u>
Net benefit asset recognized in the statement of financial position, included in other assets	\$ <u>4,279,419</u>	<u>3,635,044</u>

Weighted average assumptions used at June 30, 2024 and 2023 to determine benefit obligations and to determine net period benefit costs are as follows:

	<u>2024</u>	<u>2023</u>
To determine benefit obligations:		
Discount rate	5.20 %	4.85 %
Rate of compensation increase	N/A	N/A
To determine net periodic benefit cost:		
Discount rate	4.85 %	4.15 %
Expected long-term return on plan assets	7.00	7.00
Rate of compensation increase	N/A	N/A
Average future years of service	2.19	2.54

## MARINE BIOLOGICAL LABORATORY

### Notes to Financial Statements

June 30, 2024 and 2023

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

	<b>2024</b>	<b>2023</b>
Equity securities	\$ 3,491,091	2,995,484
Fixed income securities	1,150,606	1,089,739
Cash equivalents	227,832	210,166
	\$ 4,869,529	4,295,389

As of June 30, 2024 and 2023 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.

For purposes of measuring the benefit obligation, a 6.4% annual rate of increase in the per capita cost of covered health benefits was assumed for 2024. The rate was assumed to decrease gradually to 4.0% in 2075 and remain at that level thereafter.

	<b>2024</b>	<b>2023</b>
Components of net periodic benefit cost:		
Operating – service cost	\$ 1,444	1,640
Nonoperating:		
Interest cost	33,404	40,383
Expected return on assets	(300,677)	(269,553)
Recognized net actuarial gain	(219,583)	(26,416)
Adjustment for Medicare Part D Subsidy	147,844	67,894
Total nonoperating	(339,012)	(187,692)
Net periodic benefit cost	\$ (337,568)	(186,052)
Impact of 1% increase in healthcare cost trend:		
On interest cost plus service cost during past year	\$ 2,164	1,587
On accumulated post-retirement benefit obligation	41,940	38,009
Impact of 1% decrease in healthcare cost trend:		
On interest cost plus service cost during past year	\$ (1,937)	(1,471)
On accumulated post-retirement benefit obligation	(37,590)	(35,060)



**MARINE BIOLOGICAL LABORATORY**

Notes to Financial Statements

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The Laboratory expects to contribute \$82,000 to the PRHC Plan during the fiscal year ending June 30, 2025.

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

Year-end:		
2025	\$	82,000
2026		64,000
2027		64,000
2028		66,000
2029		60,000
2030–2034		229,000

At June 30, 2024 and 2023, 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:

	<u>2024</u>	<u>2023</u>
Net actuarial gain	\$ (409,939)	(140,211)
Total unamortized items	\$ <u>(409,939)</u>	<u>(140,211)</u>

The estimated net loss/(gain) for the Plan over the next fiscal year is \$(298,000).

**(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.

## MARINE BIOLOGICAL LABORATORY

### Notes to Financial Statements

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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:

	2024	2023
Endowment:		
Resident research program	\$ 29,857,933	29,089,777
Visiting research program	7,249,939	7,081,674
Research support	6,538,407	5,708,290
Education program	25,446,259	24,586,714
General support	18,721,058	18,301,912
Capital and infrastructure maintenance	1,580,023	1,546,798
Operating	11,549,756	11,353,273
Charitable gift annuities and remainder trusts	3,600,810	3,091,235
Pledges	2,151,181	4,771,036
Nonoperating (plant)	426,806	461,997
	\$ 107,122,172	105,992,706

**(b) Net Assets Released from Restrictions**

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

	2024	2023
Appropriation of endowment assets	\$ 4,751,331	4,442,580
Operating	4,431,135	4,514,121
	9,182,466	8,956,701
Nonoperating (plant)	35,192	236,572
	\$ 9,217,658	9,193,273

## MARINE BIOLOGICAL LABORATORY

### Notes to Financial Statements

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#### (12) Functional Classification of Expenses

Expenses by functional and natural classification for the year ended June 30, 2024.

	Resident research	Education	Whitman research	Other institutional activities	Conference, housing and dining	Research services	Facilities	Administration	Total
Salaries	\$ 9,532,806	1,215,483	—	65,244	687,589	1,371,585	2,700,768	6,637,513	22,210,988
Fringe benefits	3,662,424	359,092	—	21,705	255,002	508,748	1,051,173	1,750,098	7,608,242
Professional services	115,109	607,746	—	—	—	—	48,937	545,371	1,317,163
Equipment	8,250	—	—	—	—	—	—	—	8,250
Supplies	1,259,171	650,290	15,754	154,574	95,772	231,986	134,733	215,744	2,758,024
Travel	341,921	643,769	—	275	—	5,963	1,392	80,910	1,074,230
Interest expense, net	—	—	—	—	—	—	—	838,993	838,993
Other expenses	480,920	720,466	17,337	26,297	380,143	309,141	1,121,144	3,056,970	6,112,418
Inter-departmental charges, net	439,545	3,622,023	861,610	(22,825)	(4,971,739)	75,026	(61,548)	57,908	—
Subcontracts	2,648,935	—	—	—	2,396,286	—	—	—	5,045,221
Serials and books	597	—	—	—	—	—	2,300	407,568	410,465
Utilities	2,342	—	—	—	1,542	850	2,134,525	72,230	2,211,489
Depreciation	—	—	—	—	—	—	4,403,325	—	4,403,325
<b>Total</b>	<b>18,492,020</b>	<b>7,818,869</b>	<b>894,701</b>	<b>245,270</b>	<b>(1,155,405)</b>	<b>2,503,299</b>	<b>11,536,749</b>	<b>13,663,305</b>	<b>53,998,808</b>
Overhead expense allocations	14,852,558	6,863,622	1,174,812	656,744	4,155,617	(2,503,299)	(11,536,749)	(13,663,305)	—
<b>Total expenses</b>	<b>\$ 33,344,578</b>	<b>14,682,491</b>	<b>2,069,513</b>	<b>902,014</b>	<b>3,000,212</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>53,998,808</b>

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
<b>Total</b>	<b>17,429,411</b>	<b>7,520,688</b>	<b>728,317</b>	<b>227,398</b>	<b>(315,022)</b>	<b>2,455,737</b>	<b>11,030,573</b>	<b>13,529,972</b>	<b>52,607,074</b>
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)	—
<b>Total expenses</b>	<b>\$ 32,347,602</b>	<b>13,526,037</b>	<b>2,003,859</b>	<b>718,430</b>	<b>4,011,146</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>52,607,074</b>

## MARINE BIOLOGICAL LABORATORY

### Notes to Financial Statements

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#### **(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 \$1,707,467 and \$3,773,467 as of June 30, 2024 and 2023. 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 2024 and 2023, Promega Corporation contributed \$348,533 and \$140,000, respectively, to the Laboratory, which includes in-kind supplies and equipment valued at \$73,533 and \$15,000, respectively. The Laboratory on occasion directly purchases supplies from Promega Corporation, with its 2024 and 2023 purchases aggregating to \$3,280 and \$796, respectively.

#### **(14) Subsequent Events**

In connection with the preparation of these financial statements, the Laboratory has evaluated events and transactions through November 26, 2024, which is the date these financial statements were issued.