

**Financial Statements and
Federal Compliance**



June 30, 2025

Financial Statements and Federal Reporting Contents

Bigelow Laboratory for Ocean Sciences

June 30, 2025

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Independent Auditors' Report

**To the Board of Trustees
Bigelow Laboratory for Ocean Sciences
East Boothbay, Maine**

Opinion

We have audited the accompanying financial statements of Bigelow Laboratory for Ocean Sciences (a nonprofit organization), which comprise the statement of financial position as of June 30, 2025, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Bigelow Laboratory for Ocean Sciences as of June 30, 2025, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 Bigelow Laboratory for Ocean Sciences and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Bigelow Laboratory for Ocean Sciences' ability to continue as a going concern within one year after the date that the financial statements are available to be 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 generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Bigelow Laboratory for Ocean Sciences' 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 Bigelow Laboratory for Ocean Sciences' 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.

Report on Summarized Comparative Information

We have previously audited Bigelow Laboratory for Ocean Sciences' 2024 financial statements and we expressed an unmodified audit opinion on those audited financial statements in our report dated December 19, 2024. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2024 is consistent in all material respects with the audited financial statements from which it has been derived.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 20, 2026, on our consideration of Bigelow Laboratory for Ocean Sciences' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Bigelow Laboratory for Ocean Sciences' internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Bigelow Laboratory for Ocean Sciences' internal control over financial reporting and compliance.

Purdy Powers & Company

Professional Association

**Portland, Maine
January 20, 2026**

Statement of Financial Position

Bigelow Laboratory for Ocean Sciences

As of June 30, 2025

(with comparative totals for June 30, 2024)

	<u>2025</u>	<u>2024</u>
Current Assets		
Cash and cash equivalents	\$ 2,562,970	\$ 4,231,616
Cash restricted for research	126,163	134,400
Contracts and grants receivable	1,643,438	3,530,882
Pledges receivable, current	1,325,445	1,087,567
Accounts receivable, net	342,018	480,561
Prepaid expenses	104,327	60,755
Total Current Assets	6,104,361	9,525,781
Property and Equipment , net of accumulated depreciation	61,873,387	44,677,849
Other Assets		
Pledges receivable long-term, net	2,333,234	2,874,430
Investments	12,338,781	11,375,904
Investments - strategic reserve	1,988,447	1,348,566
Investments - research	12,524,215	10,056,510
Investments - building	3,924,737	15,741,507
Investments - endowment	11,668,417	7,768,177
Swap contract	929,974	1,153,725
	45,707,805	50,318,819
Total Assets	<u>\$ 113,685,553</u>	<u>\$ 104,522,449</u>
Current Liabilities		
Accounts payable	\$ 1,339,494	\$ 4,286,026
Retainage payable	1,286,666	961,156
Accrued payroll and other expenses	916,804	925,517
Current portion of notes payable	301,217	350,073
Deferred revenue	4,109,876	3,749,457
Total Current Liabilities	7,954,057	10,272,229
Long-Term Liabilities		
Notes payable, net of current portion	11,106,571	11,407,788
Less: unamortized debt issuance costs	(130,562)	(135,946)
	10,976,009	11,271,842
Total Liabilities	18,930,066	21,544,071
Net Assets		
Net assets without donor restrictions	65,236,735	44,466,833
Net assets with donor restrictions	29,518,752	38,511,545
Total Net Assets	94,755,487	82,978,378
Total Liabilities and Net Assets	<u>\$ 113,685,553</u>	<u>\$ 104,522,449</u>

See accompanying independent auditors' report and notes to financial statements.

Statement of Activities

Bigelow Laboratory for Ocean Sciences

For the Year Ended June 30, 2025

(with comparative totals for June 30, 2024)

	2025			2024
	Net Assets without Donor Restrictions	Net Assets with Donor Restrictions	Total	Total
Revenues from Operations and Other Support				
Grants and contracts	\$ 11,248,792	\$ 596,979	\$ 11,845,771	\$ 9,952,706
Contributions	4,408,812	1,555,799	5,964,611	8,276,427
Course fees	611,603	111,712	723,315	602,209
Other income	2,052,051	321,950	2,374,001	1,584,627
Net assets released from restrictions	1,580,936	(1,580,936)	-	-
Total Revenues from Operations and Other Support	19,902,194	1,005,504	20,907,698	20,415,969
Expenses				
Research and education	18,138,491	-	18,138,491	17,471,729
Management and general	475,144	-	475,144	250,109
Development	1,935,080	-	1,935,080	1,824,791
Total Expenses	20,548,715	-	20,548,715	19,546,629
Revenues from Operations Over (Under) Expenses	(646,521)	1,005,504	358,983	869,340
Non-Operating Revenue, Gains, and Losses				
Endowment contributions	-	1,365,000	1,365,000	100,000
Estate contributions	60,000	-	60,000	121,000
Building fundraising (net activity)	18,386,762	(11,552,283)	6,834,479	9,498,456
Net gain on investments	3,193,412	188,986	3,382,398	3,705,565
Gain (Loss) on interest rate swap	(223,751)	-	(223,751)	300,267
Total Non-Operating Revenue, Gains, and Losses	21,416,423	(9,998,297)	11,418,126	13,725,288
Increase (Decrease) in Net Assets	20,769,902	(8,992,793)	11,777,109	14,594,628
Net assets at beginning of year	44,466,833	38,511,545	82,978,378	68,383,750
Net Assets at End of Year	<u>\$ 65,236,735</u>	<u>\$ 29,518,752</u>	<u>\$ 94,755,487</u>	<u>\$ 82,978,378</u>

See accompanying independent auditors' report and notes to financial statements.

Statement of Functional Expenses

Bigelow Laboratory for Ocean Sciences

For the Year Ended June 30, 2025

(with comparative totals for June 30, 2024)

	2025				2024
	Research & Education	Management & General	Development	Total	Total
Personnel					
Salaries and wages	\$ 4,671,274	\$ 2,402,478	\$ 627,654	\$ 7,701,406	\$ 7,741,136
Fringe benefits	<u>2,265,982</u>	<u>1,095,820</u>	<u>307,248</u>	<u>3,669,050</u>	<u>3,511,928</u>
Total Personnel	<u>6,937,256</u>	<u>3,498,298</u>	<u>934,902</u>	<u>11,370,456</u>	<u>11,253,064</u>
Other Expenses					
Subcontracts	1,142,943	-	-	1,142,943	856,169
Supplies and leases	809,957	141,937	2,868	954,762	920,542
Participant support	290,894	-	-	290,894	357,815
Publications, books and periodicals	29,202	66,229	-	95,431	36,714
Dues and licenses	30,443	129,273	5,346	165,062	100,419
Travel	233,383	22,730	24,021	280,134	291,605
Shipment costs	154	-	-	154	154
Telephone	83	22,273	197	22,553	34,031
Utilities	17,323	504,309	-	521,632	333,951
Equipment - federal	14,307	-	-	14,307	16,062
Equipment - non-federal	71,856	62,831	970	135,657	85,701
Repairs and maintenance	85,391	164,411	-	249,802	390,899
Shipping and postage	128,104	4,625	2,348	135,077	140,717
Consulting and contracted services	751,903	494,389	38,825	1,285,117	1,129,087
Professional fees	590,578	34,970	1,245	626,793	458,989
Insurance	28,468	210,215	-	238,683	192,936
Depreciation and amortization	1,383,718	697,777	186,477	2,267,972	2,219,870
Interest	1,200	428,781	-	429,981	446,587
Technical services	2,988	10,601	7,688	21,277	11,405
Training	49,721	17,871	4,197	71,789	121,645
Other	<u>54,192</u>	<u>128,543</u>	<u>45,504</u>	<u>228,239</u>	<u>148,267</u>
Total Other Expenses	<u>5,716,808</u>	<u>3,141,765</u>	<u>319,686</u>	<u>9,178,259</u>	<u>8,293,565</u>
Total Expenses Before Overhead Charge	<u>12,654,064</u>	<u>6,640,063</u>	<u>1,254,588</u>	<u>20,548,715</u>	<u>19,546,629</u>
Overhead Allocation to Support					
Functional Classifications	<u>5,484,427</u>	<u>(6,164,919)</u>	<u>680,492</u>	<u>-</u>	<u>-</u>
	<u>\$ 18,138,491</u>	<u>\$ 475,144</u>	<u>\$ 1,935,080</u>	<u>\$ 20,548,715</u>	<u>\$ 19,546,629</u>

See accompanying independent auditors' report and notes to financial statements.

Statement of Cash Flows

Bigelow Laboratory for Ocean Sciences

For the Year Ended June 30, 2025

(with comparative totals for June 30, 2024)

	<u>2025</u>	<u>2024</u>
Operating Activities		
Increase in net assets	\$ 11,777,109	\$ 14,594,628
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation and amortization	2,267,972	2,219,870
Amortization of debt issuance costs	5,384	5,384
Pledges receivable restricted to endowment	-	250,000
Net gain on investments	(3,371,839)	(3,692,694)
Loss on disposal of property and equipment	-	35,147
Restricted contributions	(1,365,000)	(100,000)
(Gain) loss on interest rate swap	223,751	(300,267)
Change in discount on pledges receivable	14,140	64,548
(Increase) Decrease in operating assets:		
Contracts and grants receivable	1,887,444	(2,044,836)
Pledges receivable	189,178	3,660,236
Accounts receivable	138,544	29,209
Prepaid expenses	(43,572)	21,194
Increase (Decrease) in operating liabilities:		
Accounts payable	(2,946,532)	3,558,180
Accrued payroll and other expenses	317,212	1,025,252
Deferred revenue	460,419	(1,822,232)
Net Cash Provided by Operating Activities	<u>9,554,210</u>	<u>17,503,619</u>
Investing Activities		
Purchase of property and equipment	(19,463,511)	(11,525,357)
Proceeds from sale of investments	14,553,388	4,621,129
Purchase of investments	(7,533,517)	(9,153,920)
Net Cash Used by Investing Activities	<u>(12,443,640)</u>	<u>(16,058,148)</u>
Financing Activities		
Contribution restricted to endowments	1,365,000	100,000
Payments on notes payable	(350,488)	(339,019)
Proceeds from endowments	198,035	179,379
Net Cash Provided (Used) by Financing Activities	<u>1,212,547</u>	<u>(59,640)</u>
Increase (Decrease) in Cash	<u>(1,676,883)</u>	<u>1,385,831</u>
Cash and cash equivalents at beginning of year	<u>4,366,016</u>	<u>2,980,185</u>
Cash and Cash Equivalents at End of Year	<u>\$ 2,689,133</u>	<u>\$ 4,366,016</u>
Components of Cash		
Cash	\$ 2,562,970	\$ 4,231,616
Restricted Cash	126,163	134,400
	<u>\$ 2,689,133</u>	<u>\$ 4,366,016</u>
Supplemental Disclosure of Cash Flow Information:		
Cash paid during the year for interest	<u>\$ 425,497</u>	<u>\$ 442,038</u>

See accompanying independent auditors' report and notes to financial statements.

Notes to Financial Statements

Bigelow Laboratory for Ocean Sciences

Note A - Summary of Significant Accounting Policies

Nature of Activities

Bigelow Laboratory for Ocean Sciences (the “Laboratory”) provides scientific research, educational services, and oceanographic goods and services to government, industry, and educational entities. The Laboratory continues to pursue research, educational, and technology transfer opportunities.

Basis of Presentation

The accompanying financial statements include a statement of financial position, a statement of activities, a statement of functional expenses, and a statement of cash flows. The Laboratory is required to report information regarding its financial position and activities according to two classes of net assets as follows:

Net Assets without Donor Restrictions - Represents those resources that are not subject to donor-imposed restrictions (donors include other types of contributors, including makers of certain grants), and can be used for any purpose designated by the Laboratory’s governing board.

Net Assets with Donor Restrictions - Represents resources and the portion of net assets resulting from contributions and other inflows of assets whose use is subject to donor-imposed restrictions.

Revenue and Expense Recognition

The financial statements of the Laboratory have been prepared on the accrual basis of accounting. Revenues received are recorded as revenue without donor restrictions or with donor restrictions, depending on the existence and/or nature of any donor restrictions. Support that is restricted by the donor is reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the support is recognized. All other donor restricted support is reported as an increase in net assets with donor restrictions.

When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Statement of Activities as net assets released from restrictions.

In accordance with ASC 606, the Laboratory recognizes revenue from an exchange agreement when it satisfies a performance obligation by transferring control of a promised good or service, in an amount that reflects the consideration it expects to be entitled to in exchange for those goods or services.

Expenses are recognized as incurred. Expense amounts are allocated among the various programs on both a direct basis and according to a cost allocation basis.

Contributions

Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions depending on the existence and/or nature of any donor restrictions.

Notes to Financial Statements

Bigelow Laboratory for Ocean Sciences

Note A - Summary of Significant Accounting Policies - Continued

Grants and Contracts

Grants and contracts includes revenues received from Federal and private agencies for work performed. The Laboratory has numerous grants for which the grantor agencies' promises to give are conditioned upon incurring certain qualified expenses under the grant programs, and therefore the Laboratory recognizes revenue from grants and contracts as related costs are incurred. Payments received in advance of expenditures are recorded as deferred revenue until expended.

Donated Services and Materials

Donated marketable securities and other noncash donations are recorded as support at their estimated fair values at the date of donation. Donations of property and equipment are recorded as support at their estimated fair value at the date of donation. Such donations are reported as revenue without donor restrictions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as revenue with donor restrictions. In the absence of donor stipulations regarding how long the contributed assets must be used, the Laboratory has adopted a policy of implying a time restriction on contributions of such assets that expire over the assets useful lives.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Laboratory considers all highly liquid debt instruments purchased with an initial maturity of three months or less to be cash equivalents. Cash and cash equivalents residing within the Laboratory's investment portfolios are reported as investments. The Laboratory maintains its deposits in bank deposit accounts, which also include a sweep account. Funds in excess of federally insured limits are collateralized by the relevant U.S. Treasuries or Agencies. The Laboratory has not experienced any losses in such accounts and believes that it is not exposed to any significant risk.

Restricted cash - The Laboratory had \$126,163 and \$134,400 of cash restricted for research purposes as of June 30, 2025 and 2024, respectively.

Contracts, Grants and Accounts Receivable

Contracts and grants receivable consist primarily of amounts due from federal agencies. Accounts receivable consist primarily of amounts due from various organizations for fees earned for services provided. All such receivables are stated at the amount management expects to collect from outstanding balances. The Laboratory uses the aging methodology to determine uncollectible receivables on a pooled basis where similar risk characteristics exist. The Laboratory has evaluated past historical loss information along with customer financial condition and current economic conditions and future forecasts in determining the estimated credit losses. The allowance for credit losses was \$10,493 at June 30, 2025 and 2024.

Notes to Financial Statements

Bigelow Laboratory for Ocean Sciences

Note A - Summary of Significant Accounting Policies - Continued

Pledges Receivable

Unconditional promises to give are recognized as revenues in the period awarded and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized when the conditions on which they depend are substantially met. Pledges receivable expected to be received in more than one year are discounted to present value.

Property and Equipment

Property and equipment is stated at cost if purchased or at fair value if contributed. The Laboratory's capitalization policy is to capitalize any asset over \$5,000 with a useful life of one year or more. Assets are depreciated or amortized on a straight-line basis over their estimated useful lives ranging from 3 to 40 years.

Expenditures for repairs and maintenance are expensed when incurred and betterments are capitalized. Assets sold or otherwise disposed of are removed from the accounts, along with the related depreciation allowances, and any gain or loss is recognized accordingly. Depreciation expense for the years ended June 30, 2025 and 2024 was \$2,267,972 and \$2,219,870, respectively.

Investments

The Laboratory reports investments in marketable securities with readily determinable fair values and all investments in debt securities at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets in the accompanying statement of activities.

Collections

The Laboratory houses the Provasoli-Guillard National Center of Marine Algae and Microbiota. The Laboratory does not capitalize this collection of more than 4,000 strains of marine phytoplankton, bacteria, and viruses. The Laboratory holds the collection for educational and research purposes; the strains are available to the public. Proceeds from the sales of strain samples are used to maintain and preserve the collection.

Retainage Payable

Retainage payable represents funds held back by the Laboratory from each payment to ensure that the contractor satisfactorily completes a project. The funds will be due upon the completion of the relevant contract.

Deferred Revenue

Deferred revenue represents amounts advanced under grants and contracts with governmental agencies and private organizations which have not been expended in the current period and are available for use in the subsequent fiscal year.

Compensated Absences

Vested and accumulated vacation leave is reported as an expense and a liability when the obligation becomes determinable.

Notes to Financial Statements

Bigelow Laboratory for Ocean Sciences

Note A - Summary of Significant Accounting Policies - Continued

Debt Issuance Costs

The Company has adopted Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 835-30, *Simplifying the Presentation of Debt Issuance Costs*. Accordingly, it is the Company's policy to record these costs as interest expense ratably over the corresponding loan period of thirty years and six months. Accumulated amortization of deferred debt issuance costs was \$32,304 and \$26,920 as of June 30, 2025 and 2024, respectively.

Functional Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the statement of activities. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Such allocations are determined by management on an equitable basis, such as time and effort or full time equivalents.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Comparative Data

The financial information for the year ended June 30, 2024, is presented for comparative purposes only, and is not intended to be a complete financial statement presentation.

Note B - Contracts and Grants Receivables

The majority of the \$1,643,438 and \$3,530,882 of contracts and grants receivable outstanding as of June 30, 2025 and 2024, respectively are due from government agencies for services performed. In addition, the Laboratory has been granted awards from various government agencies that are conditional upon funding availability from the specific agencies and are, therefore, not shown as assets or revenues on the financial statements. For the years ended June 30, 2025 and 2024, the awards that are conditional upon funding availability were \$12,191,301 and \$5,363,336, respectively.

Notes to Financial Statements

Bigelow Laboratory for Ocean Sciences

Note B - Contracts and Grants Receivables - Continued

In addition, the Laboratory has been granted awards from various government agencies that have been funded, but yet to be earned/spent and are, therefore, also conditional and accordingly also not shown as assets or revenues on the financial statements. Awards conditional upon incurring qualified expenses are as follows as of June 30:

	<u>2025</u>	<u>2024</u>
Research awards	\$ 18,078,723	\$ 17,375,211
New wing	-	3,855,297
Education	109,087	95,450
Core facility	43,697	248,257
	<u>\$ 18,231,507</u>	<u>\$ 21,574,215</u>

Note C - Pledges Receivable

Pledges receivable are as follows as of June 30:

	<u>2025</u>	<u>2024</u>
Annual Fund	\$ 3,010,000	\$ 3,021,000
New wing	546,018	290,791
BLOOM programs	10,000	252,500
Spencer internal grants	100,000	199,825
eDNA match	59,745	134,745
Big Splash event	69,033	-
Marine Educator	-	69,113
Fellowship	-	60,000
Tandy Center for Ocean Forecasting	-	56,000
	<u>3,794,796</u>	<u>4,083,974</u>
Less discount	<u>(136,117)</u>	<u>(121,977)</u>
Pledges receivable, net of discount	<u>\$ 3,658,679</u>	<u>\$ 3,961,997</u>

	<u>2025</u>	<u>2024</u>
Amounts due in:		
Less than one year	\$ 1,325,445	\$ 1,087,567
One to five years	<u>2,469,351</u>	<u>2,996,407</u>
	<u>\$ 3,794,796</u>	<u>\$ 4,083,974</u>

For the years ended June 30, 2025 and 2024, a discount rate of 4%, was applied to pledges receivable in excess of one year.

Notes to Financial Statements

Bigelow Laboratory for Ocean Sciences

Note C - Pledges Receivable - Continued

Approximately 89% and 88% of unconditional promises to give received during the years ended June 30, 2025 and 2024, respectively were from three and four donors, respectively.

Note D - Property and Equipment

During 2005, approximately 64 acres of land in East Boothbay, Maine with a cost of \$2,728,008 was acquired and was partially funded by a grant from the National Oceanic and Atmospheric Administration (NOAA) in the amount of \$1,464,735. This grant restricts the sale of the land without prior approval from NOAA.

The Laboratory received grants from the Maine Technology Institute for \$4,528,971, National Science Foundation for \$4,975,000, and National Institutes of Standards and Technology (NIST) for \$9,145,710 for construction of the new facilities. NIST restricts that the portion of the new building funded by their grants must be used for the original purposes set out by the Laboratory for 20 years. Also related to the construction, the Laboratory obtained financing from a local bank of \$13,156,911 that was disbursed for the initial three phases of the project. In addition, another \$75,000 loan was obtained for site work for the new administrative building. Construction of all buildings was completed in June 2013.

Property and equipment consisted of the following at June 30:

	<u>2025</u>	<u>2024</u>
Land	\$ 2,800,537	\$ 2,800,537
Site work - new campus	5,285,146	5,285,146
Buildings - new campus	64,360,063	34,285,857
Buildings other	357,767	357,767
Administrative furnishings and equipment	7,686	7,686
Facilities equipment	6,598,350	6,474,120
Scientific equipment acquired through grants	5,756,663	4,635,911
Equipment - matching portion	42,097	42,097
Donated equipment and furnishings	1,499,566	1,499,566
Leasehold improvements	37,338	37,338
Land improvements	7,713	7,713
	<u>86,752,926</u>	<u>55,433,738</u>
Less: accumulated depreciation	<u>25,333,369</u>	<u>23,065,395</u>
	<u>61,419,557</u>	<u>32,368,343</u>
Add: construction in progress	<u>453,830</u>	<u>12,309,506</u>
	<u>\$ 61,873,387</u>	<u>\$ 44,677,849</u>

Notes to Financial Statements

Bigelow Laboratory for Ocean Sciences

Note E - Fair Value Measurements

The Laboratory applies a framework for measuring fair values under generally accepted accounting principles which applies to all financial instruments that are measured and reported at fair value.

The framework for measuring fair value of financial assets and liabilities includes a hierarchy of three levels for observable independent market inputs and unobservable market assumptions. A description of the inputs used in the valuation of assets and liabilities under this hierarchy is as follows:

Level 1 – Quoted prices are available in active markets, such as the New York or American Stock Exchange markets, for identical investments as of the reporting date. Level 1 also includes U.S. Treasury and federal agency securities and mortgage-backed securities traded by brokers or dealers in active markets.

Level 2 – Pricing inputs are observable for the investments, either directly or indirectly, as of the reporting date, but are not the same as those used in Level 1. Fair values are obtained from third party pricing services that may use models or other valuation methodologies to derive market value. These may be investments traded in less active dealer or broker markets.

Level 3 – Pricing inputs are unobservable for investments and valuations are derived from other methodologies not based on market exchange, dealer or broker traded transactions. Level 3 valuations incorporate certain assumptions and projections in determining the fair value assigned to such assets and liabilities. The types of investments in this category would generally include debt and equity securities issued by private entities and partnerships.

The following summarizes fair values of investment assets by levels within the fair value hierarchy at June 30, 2025:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Money market funds	\$ 11,472,900	\$ -	\$ -	\$ 11,472,900
Exchange traded funds	23,356,889	-	-	23,356,889
Fixed income funds	<u>7,614,808</u>	<u>-</u>	<u>-</u>	<u>7,614,808</u>
Total investments	<u>\$ 42,444,597</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 42,444,597</u>

The following summarizes fair values of investment assets by levels within the fair value hierarchy at June 30, 2024:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Money market funds	\$ 14,109,874	\$ -	\$ -	\$ 14,109,874
Equity funds	17,185,613	-	-	17,185,613
Exchange traded funds	<u>14,995,177</u>	<u>-</u>	<u>-</u>	<u>14,995,177</u>
Fixed income funds	<u>\$ 46,290,664</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 46,290,664</u>
Total investments				

Notes to Financial Statements

Bigelow Laboratory for Ocean Sciences

Note F - Endowment Fund

The Laboratory has endowment funds established for a number of purposes. As required by generally accepted accounting principles, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions. The funds are recorded at fair value and the principal is recorded as net assets with donor restrictions. Earnings and losses on these funds are considered restricted or unrestricted depending on donor intentions and are recorded as such.

The State of Maine has adopted the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA). In accordance with UPMIFA the Laboratory classifies as net assets with donor restrictions (a) the original value of gifts donated to the endowment, (b) the original value of subsequent gifts to the endowment, (c) accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund, and (d) any remaining portion of the donor-restricted endowment until such amounts are appropriated for expenditure by the Laboratory in a manner consistent with the standard of prudence prescribed by UPMIFA.

In accordance with UPMIFA, the Laboratory considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the various funds, (2) the purposes of the donor-restricted endowment funds, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investments, (6) other resources of the Laboratory, and (7) the Laboratory’s investment policies.

Endowment net asset composition by type of fund is as follows at June 30, 2025:

	Without Donor <u>Restrictions</u>	With Donor <u>Restrictions</u>	<u>Total</u>
Donor-restricted endowment funds	\$ -	\$ 11,668,417	\$ 11,668,417

Endowment net asset composition by type of fund is as follows at June 30, 2024:

	Without Donor <u>Restrictions</u>	With Donor <u>Restrictions</u>	<u>Total</u>
Donor-restricted endowment funds	\$ -	\$ 7,768,177	\$ 7,768,177

Notes to Financial Statements

Bigelow Laboratory for Ocean Sciences

Note F - Endowment Fund - Continued

Changes in endowment net assets for the year ended June 30, 2025 are as follows:

	Without Donor <u>Restrictions</u>	With Donor <u>Restrictions</u>	<u>Total</u>
Endowment, beginning of year	\$ -	\$ 7,768,177	\$ 7,768,177
Contributions received	-	2,748,473	2,748,473
Investment return	-	1,349,802	1,349,802
Appropriation of endowment assets for expenditure	-	(198,035)	(198,035)
Transfer to board designated endowment fund	-	-	-
Endowment, end of year	<u>\$ -</u>	<u>\$ 11,668,417</u>	<u>\$ 11,668,417</u>

Changes in endowment net assets for the year ended June 30, 2024 are as follows:

	Without Donor <u>Restrictions</u>	With Donor <u>Restrictions</u>	<u>Total</u>
Endowment, beginning of year	\$ -	\$ 6,406,918	\$ 6,406,918
Contributions received	-	350,000	350,000
Investment return	-	1,190,638	1,190,638
Appropriation of endowment assets for expenditure	-	(179,379)	(179,379)
Transfer to board designated endowment fund	-	-	-
Endowment, end of year	<u>\$ -</u>	<u>\$ 7,768,177</u>	<u>\$ 7,768,177</u>

Note G - Line of Credit

The Laboratory has an operating line of credit with a local bank with a maximum amount available for borrowing of \$1,000,000 with an interest rate at the Wall Street Prime (7.50% and 8.50% at June 30, 2025 and 2024, respectively). The line renews annually and is unsecured. There was no outstanding balance at June 30, 2025 and 2024.

Notes to Financial Statements

Bigelow Laboratory for Ocean Sciences

Note H - Swap Contract

The Laboratory entered into an agreement with the First National Bank in April of 2019 to borrow \$12,914,000. The proceeds were used to refinance debt in the amount of \$12,756,911 and to pay for associated issuance costs. As part of the agreement the Laboratory entered into an Interest Rate Swap transaction, in which the Laboratory receives or is charged a monthly amount based upon the difference between the fixed and floating rates as detailed in the contract. The Laboratory utilized SJ Advisors LLC, an outside 3rd party, to perform a valuation of the swap as of June 30, 2025 and 2024, respectively. The market value of the interest rate swap is determined by present values of future cash flows. Cash flows based on a fixed rate equal the notional amount of \$12,914,000 times the fixed rate times the day count fraction for each period. Cash flows based on a floating rate equal the notional amount times the floating rate, as projected by the forward yield curve on the valuation date times the day count fraction for each period. Discount factors are based on the discount curve on the valuation date. As of June 30, 2025 and 2024, the market value of the interest rate swap of \$929,974 and \$1,153,725, respectively, has been recorded as an asset on the statement of financial position.

Note I - Notes Payable

Long-term debt consists of the following at June 30:

	<u>2025</u>	<u>2024</u>
Bond payable to a bank with monthly principal and interest payments through April 2049. The interest is fixed at 3.724% through an interest rate swap agreement (see Note H). The note is secured by real estate.	\$ 11,407,788	\$ 11,697,861
Note payable to Maine Community Foundation requiring quarterly interest payments at a fixed rate of 2% through December 31, 2025. Principal was paid in full during the year ended June 30, 2025.	-	60,000
	11,407,788	11,757,861
Less current portion	301,217	350,073
Long-term debt, net of current portion	<u>\$ 11,106,571</u>	<u>\$ 11,407,788</u>

Required future annual principal payments on the notes payable are as follows:

2026	\$ 301,217
2027	312,789
2028	323,700
2029	337,241
2030	350,197
Thereafter	9,782,644
	<u>\$ 11,407,788</u>

Notes to Financial Statements

Bigelow Laboratory for Ocean Sciences

Note J - Net Assets with Donor Restrictions

Net assets with donor restrictions are restricted for the following purposes or periods at June 30:

	<u>2025</u>	<u>2024</u>
<i>Subject to expenditure for specified purpose:</i>		
Grant equipment	\$ 1,173,439	\$ 252,293
Grant buildings	11,313,869	11,757,495
Donated equipment	1,015,000	1,155,000
Research and education support	689,348	13,616,583
Pledges receivable - building fundraising	546,018	290,791
Pledges receivable - endowment	-	252,500
Pledges receivable - research	102,661	397,706
Endowment earnings	<u>3,492,368</u>	<u>2,340,600</u>
	<u>18,332,703</u>	<u>30,062,968</u>
 <i>Subject to the passage of time:</i>		
Pledges receivable - annual fund	<u>3,010,000</u>	<u>3,021,000</u>
 <i>Not subject to appropriation or expenditure:</i>		
General operations support	1,373,490	1,348,126
Future patent storage	73,108	-
Keller scholarship	27,234	27,234
BLOOM education programs	1,000,000	750,000
Marine Educator endowment	2,500,000	100,000
Residence endowment	1,202,217	1,202,217
Endowment for chair for research and education	<u>2,000,000</u>	<u>2,000,000</u>
	<u>8,176,049</u>	<u>5,427,577</u>
	<u>\$ 29,518,752</u>	<u>\$ 38,511,545</u>

Note K - Board Designated Net Assets

The Laboratory has set aside funds received primarily from the proceeds from a prior insurance claim, bequests, and investment earnings. The balances of \$12,338,781 and \$11,375,904 at June 30, 2025 and 2024, respectively, may only be used with Board approval. No specified purpose has been identified for the future expenditure of the designated funds.

Notes to Financial Statements

Bigelow Laboratory for Ocean Sciences

Note L - Liquidity and Availability

Financial assets consist of the Laboratory's cash and cash equivalents, contracts and grants receivable, pledges receivable, accounts receivable, and investments. The following reflects the Laboratory's financial assets as of June 30, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the date of the Statement of Net Position.

Financial assets available to meet cash needs for general expenditures within one year consists of the following at June 30:

	<u>2025</u>	<u>2024</u>
Financial assets, at year end	\$ 50,777,535	\$ 58,630,120
Less those unavailable for general expenditures within one year, due to:		
<i>Contractual or donor-imposed restrictions</i>		
Pledges receivable due in more than one year	(2,333,234)	(2,874,430)
Restricted by donor with time or purpose restrictions	<u>(30,231,979)</u>	<u>(35,049,160)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 18,212,322</u>	<u>\$ 20,706,530</u>

The Laboratory's financial assets available to meet cash needs for general expenditures within one year represents funding for ongoing operational requirements and planned increases in program expenditures in 2026.

The Laboratory is substantially supported by grants and contracts. The Laboratory actively manages its cash flow to ensure funds are available for general expenditures, liabilities, and other obligations as they come due. As more fully described in Note G, the Laboratory also has availability under the line of credit of \$1,000,000, should an unanticipated liquidity need be identified. As detailed in Note K, \$12,338,781 of the Laboratory's financial assets available to meet cash needs in the coming year have been designated by the Board; with Board approval these funds could be used for general expenditures if needed.

Note M - Retirement Plan

Substantially all eligible research and administrative personnel participate in individual annuity contracts through Teachers Insurance and Annuity Association College Retirement Equities Fund. Contributions for each annuity are made both by the participant and the Laboratory. The Laboratory's contributions amounted to \$513,007 and \$492,649 for the years ended June 30, 2025 and 2024, respectively.

Notes to Financial Statements

Bigelow Laboratory for Ocean Sciences

Note N - Commitments and Contingencies

Grants

All government grants and contracts are subject to audit and acceptance of final costs by the appropriate governmental agency. Most contract terms contain a provisionally approved overhead rate that is subject to final government audit. To date, government audits have resulted in only minor settlement amounts.

In the opinion of the Laboratory, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the grants. Therefore, no provision has been recorded in the accompanying financial statements for such contingency.

In August 2020, the Laboratory entered into a bill credit agreement to purchase solar power from Sunrise Energy from a 3rd party array which was completed during the year ended June 30, 2021. Bigelow agreed to purchase approximately 90% of its 2019 calendar year power usage at a discounted rate of 2 cents/kWh below the CMP prevailing meter rate for entities of Bigelow's size for a period of 20 years. This agreement is providing discounts off electricity purchases to the Laboratory as of July 1, 2021.

Note O - Concentrations

The Laboratory receives a substantial portion of its operating revenues (not including contributions for building construction and endowment contributions) from governmental agencies. For the years ended June 30, 2025 and 2024, the Laboratory received approximately 72% and 86%, respectively, of its operating revenues from governmental agencies. Receivables directly from government agencies comprised approximately 49% and 79% of contracts and grants receivables as of June 30, 2025 and 2024, respectively.

Note P - Related Party Transactions

During the years ended June 30, 2025 and 2024, the Laboratory received contributions of \$3,751,244 and \$1,600,440, respectively from Trustees, Advisory Board members, staff and Trustees Emeriti.

Notes to Financial Statements

Bigelow Laboratory for Ocean Sciences

Note Q - Income Taxes

The Laboratory qualifies as an organization exempt from federal income tax under Internal Revenue Code Section 501(c)(3) and files a Form 990 tax return. With few exceptions, the Laboratory is no longer subject to U.S. federal income tax examinations by tax authorities for years before 2022 due to the statute of limitations. The Laboratory has adopted the provisions of FASB ASC, Income Taxes. Management of the Laboratory believes it has no material uncertain tax positions, and accordingly it will not recognize any liability for unrecognized tax benefits.

Note R - Revenue Recognition

Disaggregation of Revenue

The following table shows Bigelow Laboratory for Ocean Sciences' contract revenue disaggregated according to revenue stream and the timing of transfer of goods or services during the years ended June 30, 2025 and 2024:

	<u>2025</u>	<u>2024</u>
<i>Revenue Recognized at a Point in Time</i>		
Patent and license fees	\$ 866,590	\$ 451,219
Other fees	<u>1,244,476</u>	<u>1,029,489</u>
Total Contract Revenue Recognized at a Point in Time	<u>2,111,066</u>	<u>1,480,708</u>
<i>Revenue Recognized Over Time</i>		
Summer training and course fees	<u>723,315</u>	<u>602,209</u>
Total Contract Revenue Recognized Over Time	<u>723,315</u>	<u>602,209</u>
Total Revenue from Contracts with Customers	<u>\$ 2,834,381</u>	<u>\$ 2,082,917</u>

Contract Assets and Contract Liabilities

In accordance with FASB ASC 606-10-50, the Laboratory has considered the need to record contract assets and contract liabilities from contracts with its customers. The Laboratory has no contract assets and no contract liabilities as of June 30, 2025 and June 30, 2024.

Receivables

Bigelow Laboratory for Ocean Sciences has no accounts receivable from contracts with customers at June 30, 2025 and June 30, 2024.

Performance Obligations

Bigelow Laboratory for Ocean Sciences generates revenue at a point in time from product sales and service performance. Revenue is recognized at the time the product or service is provided and used by customers.

Notes to Financial Statements

Bigelow Laboratory for Ocean Sciences

Note R - Revenue Recognition - Continued

Performance Obligations - Continued

Bigelow Laboratory for Ocean Sciences recognizes revenue over time from its contracts for summer training and courses. The Laboratory recognizes revenue as it performs the services specified in the agreements.

There are no credit terms extended to certain customers based on credit worthiness.

Management has determined that there are no significant warranties or return, refund, or discount obligations related to contracts with its customers.

The Laboratory has no significant shipping and handling costs.

Significant Judgments

Exchange Transactions - Management has determined that its grants and contracts with federal and other governmental agencies do not meet the definition of an exchange transaction as defined in ASC 606, as the agreements do not include the giving and receiving of *direct commensurate value* by both parties. Such transactions are thus excluded from the Laboratory's application of the standard.

Identifying Performance Obligations - ASC 606 requires the Laboratory to determine which of the promised services with customers constitute separate performance obligations within the context of certain overall contracts. Identification generally involves management's judgment to identify distinct promises, and includes an assessment of the significance of integration and interdependence of the various services within the contract.

Bigelow Laboratory for Ocean Sciences has considered a number of factors in determining that applying ASC 606 to a portfolio of similar contracts will not result in a materially different outcome compared to individually accounting for the contracts.

Financing Components

The Laboratory's contracts with customers contain no significant financing components.

Note S - Subsequent Events

Management has made an evaluation of subsequent events to and including January 20, 2026, which was the date the financial statements were available to be issued, and determined that any subsequent events that would require recognition or disclosure have been considered in the preparation of the financial statements.

Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

**To the Board of Trustees
Bigelow Laboratory for Ocean Sciences
East Boothbay, Maine**

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Bigelow Laboratory for Ocean Sciences (a nonprofit organization), which comprise the statement of financial position as of June 30, 2025, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated January 20, 2026.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Purdy Powers & Company

Professional Association

**Portland, Maine
January 20, 2026**

Independent Auditors' Report on Compliance For Each Major Program and on Internal Control Over Compliance Required By The Uniform Guidance

**To the Board of Trustees
Bigelow Laboratory for Ocean Sciences
East Boothbay, Maine**

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Bigelow Laboratory for Ocean Sciences' compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of Bigelow Laboratory for Ocean Sciences' major federal programs for the year ended June 30, 2025. Bigelow Laboratory for Ocean Sciences' major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, Bigelow Laboratory for Ocean Sciences complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2025.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditors' Responsibilities for the Audit of Compliance

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

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

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

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

Report on Internal Control Over Compliance

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

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

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

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

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of Bigelow Laboratory for Ocean Sciences as of and for the year ended June 30, 2025, and have issued our report thereon dated January 20, 2026, which contained an unmodified opinion on those financial statements. Our audit was performed for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal award is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements.

The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

Purdy Powers & Company

Professional Association

**Portland, Maine
January 20, 2026**

Schedule of Expenditures of Federal Awards (Page 1 of 2)

Bigelow Laboratory for Ocean Sciences

For the Year Ended June 30, 2025

Federal Grantor Pass-Through Grantor Program Title	Federal Assistance Listing Number	Pass-Through Grantors' Number	Total Federal Expenditures	Expenditures to Subrecipients
<u>U.S. Department of Commerce, National Institute of Standards and Technology</u>				
Direct award:				
Congressionally-Identified Projects	11.617	n/a	\$ 3,855,297	\$ -
Total U.S. Department of Commerce, National Institute of Standards and Technology			3,855,297	-
Research and Development Cluster				
<u>National Science Foundation</u>				
Research and development direct:				
Biological Sciences	47.074	n/a	479,544	-
Geosciences	47.050	n/a	2,027,309	25,000
Integrative Activities	47.083	n/a	1,525,576	110,735
Office of International Science and Engineering	47.079	n/a	410,165	130,792
Mathematical and Physical Sciences	47.049	n/a	230,386	-
NSF Technology, Innovation, and Partnerships	47.084	n/a	665,750	322,540
Passed through from other organizations:				
University of Maine - Integrative Activities	47.083	OIA-1849227	400,094	-
University of Washington - Geosciences	47.050	OCE-1922916	11,189	-
Columbia University - Geosciences	47.050	OCE-1450528	7,733	-
Pacific Northwest Research Institute - Geosciences	47.050	OCE-2208081	41,570	-
State University of New York - Geosciences	47.050	OCE-2245648	11,586	-
Woods Hole Oceanographic Institution - Office of International Science and Engineering	47.079	OCE-2201571	14,175	-
Total National Science Foundation			5,825,077	589,067
<u>U.S. Department of Commerce</u>				
<u>National Oceanic and Atmospheric Administration</u>				
Research and development direct:				
Center for Sponsored Coastal Ocean Research Coastal Ocean Program	11.478	n/a	79,573	-
Ocean Exploration	11.011	n/a	18,116	-
Center for Sponsored Coastal Ocean Research Coastal Ocean Program	11.478	n/a	104,209	-
Sea Grant Support	11.417	n/a	327,785	-
Passed through from other organizations:				
North Pacific Research Board - Unallied Science Program	11.472	NA21NMF4720289	653	-
North Pacific Research Board - Unallied Science Program	11.472	NA21NMF4720289	19,990	-
North Pacific Research Board - Unallied Science Program	11.472	NA19NMF4720069	7,306	-
North Pacific Research Board - Unallied Science Program	11.472	NA21NMF4720289	90,382	-
North Pacific Research Board - Integrated Ocean Observing System (IOOS)	11.012	NA21NOS0120094	19,728	-
Northeastern Association of Coastal Ocean Observing Systems - Integrated Ocean Observing System (IOOS)	11.012	NA24NOSX012C0020	24,100	-
Gloucester Marine Genomics Institute, Inc. - Center for Sponsored Coastal Ocean Research Coastal Ocean Program	11.478	NA23NOS4780293	31,202	-
Mote Marine Laboratory - Center for Sponsored Coastal Ocean Research Coastal Ocean Program	11.478	NA19NOS4780183	98,353	-
Mbio Diagnostics, Inc. - Center for Sponsored Coastal Ocean Research Coastal Ocean Program	11.478	NA20NOS4780181	44,954	-
New England Aquarium Corporation - Unallied Science Program	11.472	NA24NMF472G0031	34,348	-
Northeastern Association of Coastal Ocean Observing Systems - Integrated Ocean Observing System (IOOS)	11.012	NA21NOS0120095	8,033	-
Prince William Sound Science Center - Unallied Science Program	11.472	NA22NMF4720078	39,429	-
Woods Hole Oceanographic Institution - Center for Sponsored Coastal Ocean Research Coastal Ocean Program	11.478	NA23NOS4780294	14,720	-
Maine Department of Marine Resources - Unallied Science Program	11.472	NA23NMF4720458	90,818	-
Total U.S. Department of Commerce			1,053,699	-

See accompanying independent auditor's report.

Schedule of Expenditures of Federal Awards (Page 2 of 2)

Bigelow Laboratory for Ocean Sciences

For the Year Ended June 30, 2025

Federal Grantor Pass-Through Grantor Program Title	Federal Assistance Listing Number	Grant/ Pass-through Number	Total Federal Expenditures	Passed Through to Subrecipients
Research and Development Cluster - continued				
<u>U.S. Department of the Interior, U.S. Geological Survey</u>				
<u>Passed through from other organizations:</u>				
University of Maine - Assistance to State Water Resources Research Institutes	15.805	G21AP10180-00	55,249	-
Total U.S. Department of the Interior, U.S. Geological Survey			55,249	-
<u>U.S. Department of Defense, Department of the Navy</u>				
<u>Passed through from other organizations:</u>				
University of Washington - Basic and Applied Scientific Research	12.300	NOOO14-19-1-2614	1,148	-
Total U.S. Department of Defense, Department of the Navy			1,148	-
<u>U.S. Department Health and Human Services, National Institute of Health</u>				
<u>Passed through from other organizations:</u>				
University of California San Diego - Allergy and Infectious Diseases Research	93.855	RO1AAI168993	233,041	-
Total U.S. Department Health and Human Services, National Institute of Health			233,041	-
<u>National Aeronautics and Space Administration</u>				
<u>Research and development direct:</u>				
Science	43.001	n/a	579	-
Science	43.001	n/a	17,875	-
Science	43.001	n/a	6,256	-
Science	43.001	n/a	238,465	-
Science	43.001	n/a	324,916	-
Science	43.001	n/a	217,419	-
Science	43.001	n/a	133,886	7,180
Science	43.001	n/a	68,197	-
Science	43.001	n/a	29,261	-
Total National Aeronautics and Space Administration			1,036,854	7,180
<u>U.S. Department of Energy</u>				
<u>Research and development direct:</u>				
Advanced Research Projects Agency - Energy	81.135	n/a	674,844	390,104
Total U.S. Department of Energy			674,844	390,104
<u>U.S. Department of Agriculture</u>				
<u>Research and development direct:</u>				
Agricultural Research Basis and Applied Research	10.001	n/a	423,657	37,150
<u>Passed through from other organizations:</u>				
Colby College - Agriculture and Food Research Initiative	10.310	2021-69012-35919	657,174	1,950
Colby College - Agriculture and Food Research Initiative	10.310	20246800842648	65,137	-
Mook Sea Farm - Sustainable Agriculture Research and Education	10.215	2021-38640-34668	141,815	-
University of Vermont - Sustainable Agriculture Research and Education	10.215	20203864031520	64,606	-
University of Vermont - Organic Agriculture Research and Extension Initiative	10.307	2021-51300-35226	197,008	-
Total U.S. Department of Agriculture			1,549,397	39,100
<u>U.S. Environmental Protection Agency</u>				
<u>Passed through from other organization:</u>				
Restore America's Estuaries - National Estuary Program	66.456	83967501	252,579	39,470
Total U.S. Environmental Protection Agency			252,579	39,470
<u>U.S. Department of the Treasury</u>				
<u>Passed through from State of Maine Department of Marine Resources:</u>				
Coronavirus State and Local Fiscal Recovery Funds	COVID -19 -21.027	SLFRP0144	130,347	-
Total U.S. Department of the Treasury			130,347	-
Total Research and Development Cluster			10,812,235	1,064,921
Total Expenditures of Federal Awards			\$ 14,667,532	\$ 1,064,921

See accompanying independent auditor's report.

Notes to Schedule of Expenditures of Federal Awards

Bigelow Laboratory for Ocean Sciences

For the Year Ended June 30, 2025

1. **Basis of Presentation**

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal award programs of the Bigelow Laboratory for Ocean Sciences. All federal awards received directly from federal agencies as well as federal awards passed through other governmental agencies are included on the schedule. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of Bigelow Laboratory for Ocean Sciences, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Bigelow Laboratory for Ocean Sciences.

2. **Summary of Significant Accounting Policies**

The accompanying Schedule of Expenditures of Federal Awards is presented using the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

3. **Indirect Cost Rate**

Bigelow Laboratory for Ocean Sciences has elected not to use the 10% *de minimis* indirect cost rate as allowed under the Uniform Guidance.

Schedule of Findings and Questioned Costs

Bigelow Laboratory for Ocean Sciences

For the Year Ended June 30, 2025

A. SUMMARY OF AUDIT RESULTS

1. The auditors' report expresses an unmodified opinion on the financial statements of the Bigelow Laboratory for Ocean Sciences.
2. No significant deficiencies or material weaknesses were disclosed during the audit of the financial statements and reported in the Auditors' Report on Compliance and on Internal Control over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.
3. No instances of noncompliance material to the financial statements of the Bigelow Laboratory for Ocean Sciences were disclosed during the audit.
4. No significant deficiencies or material weaknesses in internal control over compliance relating to the audit of the major federal award programs are reported in the accompanying Independent Auditors' Report On Compliance With Requirements That Could Have A Direct And Material Effect On Each Major Program And On Internal Control Over Compliance in Accordance With the Uniform Guidance.
5. The auditor's report on compliance for the major federal awards programs for the Bigelow Laboratory for Ocean Sciences expresses an unmodified opinion.
6. Audit findings relative to the major federal award programs for the Bigelow Laboratory for Ocean Sciences are reported in Part C of this Schedule.
7. The programs tested as major were:

Program

Federal Assistance Listing Number

Research and Development Cluster

Various

8. The threshold for distinguishing Type A and B programs was \$750,000.
9. The Bigelow Laboratory for Ocean Sciences was determined to be a low-risk auditee.

Schedule of Findings and Questioned Costs - Continued

Bigelow Laboratory for Ocean Sciences

For the Year Ended June 30, 2025

B. FINDINGS - GENERAL PURPOSE FINANCIAL STATEMENTS AUDIT

None

**C. FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAMS
AUDIT**

None

D. STATUS OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS

None