THE MOUNT DESERT ISLAND

BIOLOGICAL LABORATORY

INDEPENDENT AUDITORS' REPORT
FOR THE YEAR ENDED
DECEMBER 31, 2022 and 2021
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INDEPENDENT AUDITORS’ REPORT

To the Board of Trustees of
Mount Desert Island Biological Laboratory

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Mount Desert Island Biological Laboratory (a nonprofit organization), which comprise the statement of financial position as of December 31, 2022 and 2021, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Mount Desert Island Biological Laboratory as of December 31, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Mount Desert Island Biological Laboratory 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 opinions.

Responsibilities of Management for the Financial Statements

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

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

Auditor’s Responsibilities for the Audit of the Financial Statements

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

-1-
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 Mount Desert Island Biological 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 Mount Desert Island Biological 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.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with 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.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated July 14, 2023, on our consideration of Mount Desert Island Biological Laboratory's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Mount Desert Island Biological Laboratory's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Mount Desert Island Biological Laboratory's internal control over financial reporting and compliance.

HMV, LLC

HMV, LLC
Ellsworth, ME
July 14, 2023
# Statement of Financial Position

At December 31,

## Assets

<table>
<thead>
<tr>
<th></th>
<th>2022</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Current Assets:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash &amp; Cash Equivalents</td>
<td>8,002,542</td>
<td>10,363,526</td>
</tr>
<tr>
<td>Accounts Receivable (Net of Allowance)</td>
<td>126,448</td>
<td>193,245</td>
</tr>
<tr>
<td>Prepaid Expenses</td>
<td>11,211</td>
<td>50,230</td>
</tr>
<tr>
<td>Grants Receivable</td>
<td>1,186,509</td>
<td>1,005,300</td>
</tr>
<tr>
<td>Contributions Receivable</td>
<td>14,450</td>
<td>37,530</td>
</tr>
<tr>
<td><strong>Total Current Assets</strong></td>
<td>9,341,160</td>
<td>11,649,831</td>
</tr>
</tbody>
</table>

| **Non Current Assets:** |          |          |
| Investments | 8,004,860 | 9,833,873 |
| Investments - Charitable Gift Annuities | 21,823 | 24,591 |
| Land, Buildings & Equipment (Net of Depreciation) | 13,104,575 | 12,862,061 |
| **Total Non Current Assets** | 21,131,258 | 22,710,525 |

| **Total Assets** | 30,472,418 | 34,360,356 |

## Liabilities

<table>
<thead>
<tr>
<th></th>
<th>2022</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Current Liabilities:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts Payable &amp; Accrued Expenses</td>
<td>1,389,237</td>
<td>1,021,987</td>
</tr>
<tr>
<td>Accrued Indirect Cost Adjustment</td>
<td>29,650</td>
<td>-</td>
</tr>
<tr>
<td>Revenues Received in Advance</td>
<td>34,272</td>
<td>85,094</td>
</tr>
<tr>
<td>Deferred Grants</td>
<td>884,530</td>
<td>759,723</td>
</tr>
<tr>
<td>Bonds Payable</td>
<td>170,000</td>
<td>160,000</td>
</tr>
<tr>
<td><strong>Total Current Liabilities</strong></td>
<td>2,507,689</td>
<td>2,026,804</td>
</tr>
</tbody>
</table>

| **Long Term Liabilities:** |          |          |
| Bonds Payable | 3,275,000 | 3,445,000 |
| Less: Bond Issuance Costs (Net of Amortization) | (89,903) | (96,323) |
| **Total Long Term Liabilities** | 3,185,097 | 3,348,677 |

| **Total Liabilities** | 5,692,786 | 5,375,481 |

## Net Assets

<table>
<thead>
<tr>
<th></th>
<th>2022</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Without Donor Restrictions</td>
<td>17,903,291</td>
<td>19,600,105</td>
</tr>
<tr>
<td>With Donor Restrictions</td>
<td>6,876,341</td>
<td>9,384,770</td>
</tr>
<tr>
<td><strong>Total Net Assets</strong></td>
<td>24,779,632</td>
<td>28,984,875</td>
</tr>
</tbody>
</table>

| **Total Liabilities & Net Assets** | 30,472,418 | 34,360,356 |

See independent auditors' report and notes to the financial statements.
THE MOUNT DESERT ISLAND BIOLOGICAL LABORATORY
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31,

<table>
<thead>
<tr>
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<th>2022 Without Donor Restrictions</th>
<th>2022 With Donor Restrictions</th>
<th>2022 Total</th>
<th>2021 Without Donor Restrictions</th>
<th>2021 With Donor Restrictions</th>
<th>2021 Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating Support and Revenue</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Grants &amp; Contracts</td>
<td>6,444,362</td>
<td>-</td>
<td>6,444,362</td>
<td>8,197,389</td>
<td>-</td>
<td>8,197,389</td>
</tr>
<tr>
<td>Indirect Costs Recovered-Grants &amp; Contracts</td>
<td>2,047,793</td>
<td>-</td>
<td>2,047,793</td>
<td>2,046,650</td>
<td>-</td>
<td>2,046,650</td>
</tr>
<tr>
<td>Contributions &amp; Private Grants</td>
<td>2,200,287</td>
<td>90,847</td>
<td>2,291,144</td>
<td>5,172,142</td>
<td>118,904</td>
<td>5,291,046</td>
</tr>
<tr>
<td>Fees for Programs &amp; Services</td>
<td>1,163,130</td>
<td>-</td>
<td>1,163,130</td>
<td>951,216</td>
<td>-</td>
<td>951,216</td>
</tr>
<tr>
<td>Interest Income (Net of Fees)</td>
<td>38,059</td>
<td>(885)</td>
<td>37,174</td>
<td>21,381</td>
<td>1,936</td>
<td>23,317</td>
</tr>
<tr>
<td>Long-Term Investment Return Utilized</td>
<td>260,104</td>
<td>-</td>
<td>260,104</td>
<td>228,433</td>
<td>-</td>
<td>228,433</td>
</tr>
<tr>
<td>Miscellaneous Revenue</td>
<td>6,478</td>
<td>1,000</td>
<td>7,478</td>
<td>11,228</td>
<td>1,000</td>
<td>12,228</td>
</tr>
<tr>
<td>Net Assets Released from Restrictions</td>
<td>191,785</td>
<td>(191,785)</td>
<td>-</td>
<td>148,761</td>
<td>(148,761)</td>
<td>-</td>
</tr>
<tr>
<td>Total Operating Support &amp; Revenue</td>
<td>12,352,008</td>
<td>(100,623)</td>
<td>12,251,385</td>
<td>16,780,600</td>
<td>(26,021)</td>
<td>16,753,579</td>
</tr>
</tbody>
</table>

Operating Expenses

| Program:                        |                                  |                              |            |                                  |                              |            |
| Research                        | 8,547,555                        | -                            | 8,547,555  | 8,298,423                        | -                            | 8,298,423  |
| Educational Programs            | 3,096,054                        | -                            | 3,096,054  | 2,035,162                        | -                            | 2,035,162  |
| Management and General          | 2,884,639                        | -                            | 2,884,639  | 2,773,669                        | -                            | 2,773,669  |
| Fundraising                     | 700,698                          | -                            | 700,698    | 586,049                          | -                            | 586,049    |

Change in Net Assets from Operating Activities

|                                | (2,876,938)                     | (100,623)                    | (2,977,561) | 3,088,177                        | (26,021)                     | 3,062,156  |

Non-Operating Activities

| Net Assets Released from Restrictions for Capital Purposes | 417,816        | (417,816)                    | -          | 348,270                          | (348,270)                    | -          |
| Gain (Loss) from Disposal of Assets | (2,162)                        | -                            | (2,162)    | -                                 | -                            | -          |
| Long-Term Investment Return      | (20,721)                       | (1,808,732)                  | (1,829,453)| (2,393)                          | 1,128,245                     | 1,126,852  |
| Long-Term Investment Return Utilized by Operations | -                 | (280,104)                   | (280,104)  | (228,433)                        | (228,433)                    | -          |
| Transfers                        | 4                               | (4)                          | -          | -                                 | -                            | -          |
| Change in Net Assets from Non-Operating Activities | 1,182,124     | (2,497,806)                  | (1,225,682)| 792,393                          | 1,112,965                     | 1,875,358  |

Total Change in Net Assets

|                                | (1,596,814)                     | (2,508,429)                  | (4,205,243)| 3,850,570                        | 1,085,074                     | 4,935,644  |

Net Assets, Beginning of Year

|                                | 19,800,105                      | 9,384,770                    | 28,984,875 | 15,749,635                       | 8,288,686                     | 24,048,321 |

Net Assets, End of Year

|                                | 17,903,281                      | 8,876,341                    | 26,779,622 | 19,600,105                       | 5,384,770                     | 24,984,875 |
## Statement of Functional Expenses

For the year ended December 31,

<table>
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<tr>
<th></th>
<th>2022</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Program Services</td>
<td>Supporting Services</td>
</tr>
<tr>
<td></td>
<td>Research Programs</td>
<td>Educational Programs</td>
</tr>
<tr>
<td>Salaries, Benefits and Related Taxes</td>
<td>3,989,219</td>
<td>717,647</td>
</tr>
<tr>
<td>Professional Services and Stipends</td>
<td>163,507</td>
<td>627,902</td>
</tr>
<tr>
<td>Supplies and Office Expenses</td>
<td>713,540</td>
<td>212,810</td>
</tr>
<tr>
<td>Occupancy</td>
<td>416,181</td>
<td>151,522</td>
</tr>
<tr>
<td>Travel, Meals, and Conferences</td>
<td>117,658</td>
<td>128,537</td>
</tr>
<tr>
<td>Interest and Annual Fees</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Depreciation and Amortization</td>
<td>930,578</td>
<td>324,616</td>
</tr>
<tr>
<td>Insurance</td>
<td>1,937</td>
<td>1,104</td>
</tr>
<tr>
<td>Grant Subawards</td>
<td>1,965,293</td>
<td>874,285</td>
</tr>
<tr>
<td>Other Expenses</td>
<td>248,842</td>
<td>69,631</td>
</tr>
<tr>
<td></td>
<td>8,547,555</td>
<td>3,098,054</td>
</tr>
</tbody>
</table>

See independent auditors’ report and notes to the financial statements.

CERTIFIED PUBLIC ACCOUNTANTS • ELLSWORTH, MAINE 04605
THE MOUNT DESERT ISLAND BIOLOGICAL LABORATORY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31,

Cash Flows from Operating Activities

<table>
<thead>
<tr>
<th>Description</th>
<th>2022</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Change in Net Assets</td>
<td>(4,205,243)</td>
<td>4,936,644</td>
</tr>
<tr>
<td>Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Provision For Depreciation &amp; Amortization</td>
<td>1,322,198</td>
<td>1,415,459</td>
</tr>
<tr>
<td>Unrealized (Gains) Losses on Investments</td>
<td>950,240</td>
<td>3,193,077</td>
</tr>
<tr>
<td>Payroll Protection Program (PPP) Loan Forgiveness</td>
<td>-</td>
<td>(1,820,666)</td>
</tr>
<tr>
<td>Decrease (Increase) in:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts Receivable</td>
<td>66,797</td>
<td>(73,807)</td>
</tr>
<tr>
<td>Prepaid Expenses</td>
<td>39,019</td>
<td>(16,528)</td>
</tr>
<tr>
<td>Grants Receivable</td>
<td>(181,209)</td>
<td>(89,224)</td>
</tr>
<tr>
<td>Contributions &amp; Pledges Receivable (Net of Discount)</td>
<td>23,080</td>
<td>100,744</td>
</tr>
<tr>
<td>Increase (Decrease) in:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts Payable and Accrued Expenses</td>
<td>367,250</td>
<td>328,773</td>
</tr>
<tr>
<td>Accrued Indirect Cost Adjustment</td>
<td>29,650</td>
<td>-</td>
</tr>
<tr>
<td>Revenues Received in Advance &amp; Deferred Grants</td>
<td>73,985</td>
<td>296,619</td>
</tr>
<tr>
<td><strong>Net Cash Provided by Operating Activities</strong></td>
<td>(1,514,233)</td>
<td>8,271,091</td>
</tr>
</tbody>
</table>

Cash Flows From Financing Activities

<table>
<thead>
<tr>
<th>Description</th>
<th>2022</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Loan Proceeds</td>
<td>-</td>
<td>876,847</td>
</tr>
<tr>
<td>Repayment of Loans</td>
<td>(160,000)</td>
<td>(155,000)</td>
</tr>
<tr>
<td><strong>Net Cash Provided By Financing Activities</strong></td>
<td>(160,000)</td>
<td>721,847</td>
</tr>
</tbody>
</table>

Cash Flows From Investing Activities

<table>
<thead>
<tr>
<th>Description</th>
<th>2022</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Purchase) Sale of Investments (Net)</td>
<td>881,541</td>
<td>(6,128,796)</td>
</tr>
<tr>
<td>(Purchase) Sale Certificates of Deposit</td>
<td></td>
<td>2,003,263</td>
</tr>
<tr>
<td>Loss on Equipment and Furnishings Disposal</td>
<td>2,181</td>
<td></td>
</tr>
<tr>
<td>Building and Plant Improvements</td>
<td>(1,035,114)</td>
<td>(332,594)</td>
</tr>
<tr>
<td>Purchase of Equipment and Furnishings</td>
<td>(535,359)</td>
<td>(503,156)</td>
</tr>
<tr>
<td><strong>Net Cash Used By Investing Activities</strong></td>
<td>(686,751)</td>
<td>(4,961,283)</td>
</tr>
</tbody>
</table>

Increase (Decrease) in Cash & Equivalents

<table>
<thead>
<tr>
<th>Description</th>
<th>2022</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Increase) in Cash &amp; Equivalents</td>
<td>(2,360,984)</td>
<td>4,031,655</td>
</tr>
<tr>
<td><strong>Cash &amp; Equivalents, Beginning of Period</strong></td>
<td>10,363,526</td>
<td>6,331,871</td>
</tr>
<tr>
<td><strong>Cash &amp; Equivalents, End of Period</strong></td>
<td>8,002,542</td>
<td>10,363,526</td>
</tr>
</tbody>
</table>

Supplemental Disclosures of Cash Flow Information:
Cash Paid During the Year for:
Interest Expense                                                           | 217,730       | 215,054       |

See independent auditors’ report and notes to the financial statements.
NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Mount Desert Island Biological Laboratory's (MDIBL) financial statements include the operations for which the Board of Trustees exercises oversight responsibility. Oversight responsibility is demonstrated by financial interdependency, designation of management, ability to significantly influence operations, and accountability for fiscal matters.

NATURE OF ACTIVITIES

The Mount Desert Island Biological Laboratory is a nonprofit; no stock corporation organized in the State of Maine. MDIBL is a scientific research and educational facility located in Bar Harbor, Maine. It is funded primarily through grants and contributions.

BASIS OF PRESENTATION

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles established by the Financial Accounting Standards Board (FASB). Net assets, revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. MDIBL reports gifts of land, buildings, and equipment as unrestricted support (revenue) unless explicit donor-imposed restrictions specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support (revenue). Without explicit donor-imposed stipulations about how long those long-lived assets must be maintained, MDIBL reports expirations of donor-imposed restrictions when the donated or acquired long-lived assets are placed into service.

The Mount Desert Island Biological Laboratory complies with the Financial Statements of Not-for-profit Organizations topic of the FASB Codification. Under this topic, MDIBL is required to report information regarding its financial position and activities according to two classes of net assets: Net Assets without Donor Restrictions and Net Assets with Donor Restrictions.

A description of The Mount Desert Island Biological Laboratory's net asset categories is as follows:

Net Assets without Donor Restrictions - Net assets that are not subject to donor-imposed restrictions, including the carrying value of all land, buildings and equipment. Items that affect this net asset category include revenue and expenses associated with the primary mission of MDIBL, as well as gifts without restrictions, including those expendable resources which have been designated for special use by the Board of Trustees. In addition, changes to this category of net assets include gifts with restrictions whose donor-imposed restrictions were met through the passage of time, or through fulfillment of the restricted purpose.

Net Assets with Donor Restrictions - Net assets subject to donor-imposed restrictions that will be met by either the actions of MDIBL or the passage of time. Expirations of donor restrictions on net assets are reported as net assets released from restrictions on the accompanying statement of activities. This category also includes net assets subject to donor-imposed restrictions to be maintained permanently by MDIBL, the investment-related income from which is available to support research, education and training. Realized and unrealized gains (losses) are added to (subtracted from) these net assets if so required by the donor. Absent specific donor requirements, gains are available to support research and educational activities.
NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

MANAGEMENT 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 the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from the estimates.

FAIR VALUE OF FINANCIAL MEASUREMENTS

In accordance with financial accounting standards, a three-tiered hierarchy of input levels is used for measuring fair value. Financial accounting standards define fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Valuation techniques utilized to determine fair value are consistently applied. The three tiers of input used for fair value measurement are as follows:

Level 1: Fair values based on quoted market prices in active markets for identical assets and liabilities.

Level 2: Fair values are based on observable inputs that include: quoted market prices for similar assets and liabilities; quoted market prices that are not in an active market; or other inputs that are observable in the market and can be corroborated by observable market data for substantially the full term of the assets.

Level 3: Fair values are calculated by the use of pricing models and/or discounted cash flow methodologies and may require significant management judgment or estimation. These methodologies may result in a significant portion of the fair value being derived from unobservable data.

The Mount Desert Island Biological Laboratory's only financial instrument that is reported at fair value is the investments, which fall under Level 1 of the fair value hierarchy.

The carrying amount of bonds payable approximates fair value because these financial instruments bear interest at variable rates, which approximate current market rates for notes with similar maturities and credit quality.

The carrying amount of cash and cash equivalents, accounts receivable, grants receivable, and notes receivable approximates fair value because of the short maturity of these financial instruments. The carrying value, which is the fair value of investments, is based upon values provided by an external investment manager or quoted market values. In the limited cases where such values are not available, historical cost is used as an estimate of market value.

INCOME TAX STATUS

MDI-BL qualifies as an organization exempt from income tax under Section 501(c) (3) of the Internal Revenue Code. MDI-BL did not have gross income (gross income is gross receipts minus the cost of goods sold) from unrelated trade or business activities of $1,000 or more. Unrelated trade or business income is the gross income derived from any trade or business activity that is regularly carried on, and not substantially related to the Organization's exempt purpose or function (aside from the Organization's need for income or funds or the use it makes of the profits).
NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

INCOME TAX STATUS (Continued)

MDIBL regularly reviews and evaluates its tax position taken in previously filed information returns and as is reflected in its financial statements, with regard to issues affecting its tax exempt status, unrelated business income, and related matters. MDIBL believes that in the event of an examination by taxing authorities, its position would prevail based upon technical merit of such positions. Therefore, MDIBL has concluded that no tax benefits or liabilities are required to be recognized. MDIBL's tax returns are subject to federal and state review by taxing authorities for fiscal years ended December 31, 2020, 2021, 2022.

MDIBL is subject to federal and state payroll taxes and is required to file the appropriate tax returns. Management believes that all required returns have been properly filed as of December 31, 2022. No examinations have been conducted by the federal or state taxing authorities and no correspondence has been received from these authorities.

CASH, CASH EQUIVALENTS AND CUSTODIAL CREDIT RISK

MDIBL maintains its cash balances at various financial institutions. At each FDIC insured institution, Mount Desert Island Biological Laboratory's cash deposits, including certificates of deposits, are insured up to $250,000 by the FDIC. In some instances, cash deposits in excess of the $250,000 FDIC limit are swept into repurchase agreements for overnight investment in securities held in a Federal Reserve account pledged by the bank as collateral for these funds above the FDIC limit. The securities subject to repurchase agreement are not insured by the FDIC. Funds held by the bank pursuant to a repurchase agreement do not constitute a deposit and, therefore, are not insured by the FDIC or by the United States Government or any of its agencies. With respect to amounts invested in these repurchase agreements, the FDIC has stated that customers will be treated as a secured creditor of the bank in the event of the Bank's insolvency.

At December 31, 2022, total cash deposits with financial institutions, including certificates of deposit, were $8,265,348 of which $630,179 was not insured or collateralized. MDIBL has not experienced any losses on these amounts as of July 14, 2023. At December 31, 2021, total cash deposits with financial institutions, including certificates of deposit, were $10,646,176 which were either insured or collateralized.

For purposes of the statements of cash flows, cash and cash equivalents are comprised of cash on hand and demand deposits with banks and other financial institutions with an original maturity of three months or less.

Deposits and Investments

MDIBL has adopted deposit and investment policies that govern MDIBL's allowable deposits or investments and address the specific types of risk to which MDIBL is exposed. The objective for endowment funds is to match the S&P 500 stock index (net of fees) over a three year period. The equity portfolio will be broadly diversified according to economic sector, industry, number of holdings and other investment characteristics. The objective for non-endowment funds is to maximize earnings without causing significant risk to principal. MDIBL does not have a formal policy of requiring collateral or other security support for financial instruments subject to credit risk.
Accounts receivable are stated at net realizable value. Uncollectible accounts are written off in the year in which they are deemed to be uncollectible. An allowance for doubtful accounts of $1,597 and $0 has been netted against accounts receivable as of December 31, 2022 and 2021, respectively. The calculation of the allowance is based on management's review of the individual receivables and past experience of MDIBL.

**PREPAID EXPENSES**

Payments to vendors that will benefit periods beyond the current fiscal year are recorded as prepaid expenses. As of December 31, 2022 and 2021 the majority of the prepaid balance consisted of prepaid insurance.

**GENERAL FIXED ASSETS, DEPRECIATION AND AMORTIZATION**

Fixed assets of MDIBL include land, land improvements, buildings, building improvements, vehicles, equipment, and all other tangible and intangible assets which may arise that are used in operations and that have an initial useful life extending beyond a single fiscal year and have an initial per unit cost of $5,000 or more. All improvements to fixed assets which add to the value or materially extend the life of the asset are capitalized. All fixed assets of MDIBL are recorded at historical cost or estimated historical cost when the actual amount is not available. The historical cost of these assets includes not only the cost of the asset, but also may include capitalized interest charges and other direct costs associated with placing the asset into its intended location and its intended use. Donated fixed assets are reported at their fair value or the estimated fair value at the time of acquisition, plus other direct costs associated with placing the asset into its intended location and intended use.

Land is not depreciated. All other individual fixed assets of MDIBL are depreciated over their estimated useful lives using the straight-line method. Under this method, the recorded cost of each fixed asset less any estimated residual value is divided by the estimated useful life resulting in an even amount of depreciation to be taken on an annual basis. The estimated residual value is the amount that the capital asset is expected to be worth at the end of its useful life. Fixed assets which are under construction but not yet completed are recorded as construction in progress. These fixed assets will not begin to be depreciated until they are completed. See note on long term liabilities for descriptions of assets pledged as collateral for debt.

MDIBL follows the policy of establishing a provision for annual amounts of depreciation, which allocates the cost of the plant, property, and equipment over its estimated useful life. The ranges of estimated useful lives and methods of depreciation used are:

<table>
<thead>
<tr>
<th></th>
<th>Years</th>
<th>Method</th>
</tr>
</thead>
<tbody>
<tr>
<td>Buildings &amp; Improvements</td>
<td>20 - 40</td>
<td>Straight-Line</td>
</tr>
<tr>
<td>Equipment &amp; Furnishings</td>
<td>5 - 10</td>
<td>Straight-Line</td>
</tr>
</tbody>
</table>
NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

CONTRIBUTIONS, PROMISES TO GIVE AND IN KIND CONTRIBUTIONS

Contributions are recognized when the donor makes a promise to give to MDIBL that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in Net Assets without Donor Restrictions if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in Net Assets with Donor Restrictions. When a restriction expires, Net Assets with Donor Restrictions are reclassified to Net Assets without Donor Restrictions.

Contributions and pledges receivable are recorded at their estimated net realizable value (discounted to present value).

MDIBL uses the allowance method to determine uncollectible unconditional promises receivable. The allowance is based on prior years' experience and management's analysis of specific promises made.

Gifts of equipment are reported as unrestricted support unless explicit donor stipulations specify how the donated asset must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how those assets must be maintained, expirations of donor restrictions are reported when the donated or acquired long-lived assets are placed in service.

In accordance with financial accounting standards, the financial statements reflect only those contributed services requiring specific expertise, which MDIBL would otherwise need to purchase. However, many individuals volunteer their time and perform a variety of tasks, such as assisting special events. Contributed goods and services are recorded at rates that would have been paid for similar goods or services if purchased and are included in contributions. There were no contributed services recorded for the year ended December 31, 2022 or 2021.

INVESTMENTS AND INVESTMENT INCOME

It is MDIBL's policy to value investments and record investment interest, fees, realized and unrealized gains and losses in accordance with Financial Accounting Standard Board (FASB) ASC 958-320, Not-for-Profit Entities, Investments – Debt and Equity Securities. In accordance with this codification section, Institution investments are recorded at their fair value at the Statement of Financial Position date. The investments of MDIBL consist exclusively of equity investments for which the fair value is readily available through market quotes and other areas. This use of quoted prices to determine fair value is referred to as level 1 of the three level hierarchies for determining the fair value of investments. MDIBL's method for valuing its investments has not changed during the current fiscal year in comparison to prior fiscal year. The investment policy of MDIBL is to obtain a consistent rate of return on its investments with as little exposure to risks as possible. Withdrawals from the investments held as endowment funds require Board of Trustee approval. MDIBL's spending policy for endowment funds allows for expending up to 5% of the three year trailing average of each individual endowment fund based on December 31 values as approved by the Board of Trustees.
NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

ADVERTISING

All non-direct response advertising costs of MDIBL are expensed as they are incurred. Total advertising costs incurred by MDIBL was $66,457 and $6,580 for the fiscal years ended December 31, 2022 and 2021, respectively.

RETIREMENT PLAN

MDIBL has a defined contribution 403b salary deferral retirement plan covering substantially all the employees, which is administered through TIAA. MDIBL’s policy is to fund retirement costs as they are accrued. Retirement costs for 2022 and 2021 were $288,212 and $281,874, respectively.

INDIRECT COST ALLOWANCES AND ACCRUED INDIRECT COST ADJUSTMENT

Indirect cost allowances recovered under certain government and other grants are accrued in the period the research or program is performed. For nongovernment grants, indirect cost recoveries are accrued at various rates allowed by the grantor. For federal grants, indirect cost recoveries are based on a Facilities & Administrative (Indirect) cost rate negotiated with the cognizant government granting agency. In April 2023, MDIBL negotiated a new agreement to finalize the rate for 2018-2021 and establish provisional rates for 2022-2024. The final rates for 2018-2021 resulted in a liability of $29,650 recorded as Accrued Indirect Cost Adjustment on the Statement of Financial Position as of December 31, 2022. Prior years were not restated as the amount was not material in nature to the financial statements as a whole. MDIBL calculates and negotiates its indirect cost rate on an annual basis. Therefore, MDIBL could be subject to revisions to its rate for federal grants that would impact the 2022 financial statements. If the revisions result in a material change, the financial statements for that year will be restated; however, changes of a material nature are not anticipated at this time.

Revenue Recognition Policy

MDIBL derives its exchange revenues primarily from fees for programs and services such as course tuition and income for the use of equipment and space.

Revenues are recognized when control of these products or services is transferred to its customers, in an amount that reflects the consideration MDIBL expects to be entitled to in exchange for those products and services. If applicable, sales and other taxes MDIBL collects concurrent with revenue-producing activities are excluded from revenue. Incidental items that are immaterial in the context of the contract are recognized as expense. MDIBL does not have any significant financing components as payment is received at or shortly after the point of sale. Costs incurred to obtain a contract will be expensed as incurred when the amortization period is less than a year.
NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Disaggregation of Revenue from Contracts with Customers

The following disaggregates MDIBL's revenue based on the timing of satisfaction of performance obligations for the year ended December 31, 2022:

Performance Obligations Satisfied at a Point in Time: $1,163,130
Performance Obligations Satisfied Over Time: $0
Total Net Sales $1,163,130

The following disaggregates MDIBL's revenue based on the timing of satisfaction of performance obligations for the year ended December 31, 2021:

Performance Obligations Satisfied at a Point in Time: $951,216
Performance Obligations Satisfied Over Time: $0
Total Net Sales $951,216

Performance Obligations

For performance obligations related to the fees and services, control transfers to the customer at a point in time. MDIBL's principal terms of sale are FOB Destination and MDIBL transfers control and records revenue for fees and services upon delivery to the customer at an agreed upon price.

Bills for fees and services are due and payable upon presentation and do not contain a significant financing component. There are no significant unsatisfied performance obligations as of December 31, 2022 or 2021.

Contract Assets and Liabilities

Contract assets include unbilled amounts typically resulting from sales under contracts when the revenue recognized exceeds the amount billed to the customer. Contract liabilities include billings in excess of revenue recognized. Contract assets and contract liabilities were $0 for January 1, 2022 and 2021 and December 31, 2022 and 2021, respectively.

FUNCTIONAL EXPENSES

MDIBL's operating expenses are reported in the Statement of Functional Expenses by their program classifications. MDIBL's primary program services are research and education. In addition, management and general and fundraising costs are included as categories required by ASU 2016-14. Management and General Costs are incurred in support of the primary program services.

MDIBL allocates certain types of expenses that relate to more than one program or supporting activity. Expenses of this nature include, but are not limited to, depreciation, interest, and operations and maintenance of plant. Amounts have been allocated to specific programs and support services using methods such as square footage, utilization of space and other financial methods determined by management and are consistently applied. Salaries, wages, payroll taxes and other benefits are allocated by time and effort. Allocations are determined by management to be of a reasonable basis and are consistently applied.
NOTE 2 – LIQUIDITY AND AVAILABILITY OF FINANCIAL RESOURCES

Looking forward, financial assets available for general expenditure within one year of the statement of financial position date comprise the following at December 31:

Financial Assets Available to Fund General Operations

<table>
<thead>
<tr>
<th>Within One Year:</th>
<th>2022</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash &amp; Cash Equivalents</td>
<td>8,002,542</td>
<td>10,363,526</td>
</tr>
<tr>
<td>Certificates of Deposit</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Accounts Receivable (Net of Allowance)</td>
<td>126,448</td>
<td>193,245</td>
</tr>
<tr>
<td>Grants Receivable</td>
<td>1,186,509</td>
<td>1,005,300</td>
</tr>
<tr>
<td>Contributions Receivable</td>
<td>14,450</td>
<td>37,530</td>
</tr>
<tr>
<td><strong>Total Financial Assets Available Within One Year</strong></td>
<td><strong>9,329,949</strong></td>
<td><strong>11,599,601</strong></td>
</tr>
</tbody>
</table>

Plus:

| Budgeted Endowment Appropriation for Operations      | 156,000   | 241,382   |

**Total Financial Assets Available Within One Year** | **9,485,949** | **11,840,983**

As part of its liquidity management, MDIBL has a goal to structure its financial assets to be available as its general expenditures become due. In addition, MDIBL invests cash in excess of daily requirements in short-term investments and money market funds.

The bonds payable are subject to certain covenants, the most restrictive covenant requires a minimum debt service coverage ratio (see Note 5 for more information).

NOTE 3 – PLEDGES AND CONTRIBUTIONS RECEIVABLE

Pledges Receivable

As of December 31, 2022 and 2021, MDIBL had no outstanding pledges receivable.

Contributions Receivable

As of December 31, 2022 and 2021 MDIBL had outstanding contributions receivable of $14,450 and $37,530, respectively. All contributions receivable are expected to be collected within one year and no allowance has been made for uncollectible amounts.
NOTE 4 – FIXED ASSETS AND DEPRECIATION

Fixed assets consisted of the following at December 31, 2022:

<table>
<thead>
<tr>
<th>Description</th>
<th>Balance 1/1/22</th>
<th>Additions</th>
<th>Transfers</th>
<th>Disposals</th>
<th>Balance 12/31/22</th>
</tr>
</thead>
<tbody>
<tr>
<td>Land &amp; Improvements</td>
<td>1,183,780</td>
<td>17,446</td>
<td></td>
<td></td>
<td>1,201,226</td>
</tr>
<tr>
<td>Buildings &amp; Improvements</td>
<td>20,060,742</td>
<td>220,077</td>
<td></td>
<td></td>
<td>20,280,819</td>
</tr>
<tr>
<td>Construction in Progress</td>
<td>280,859</td>
<td>797,591</td>
<td></td>
<td></td>
<td>1,078,450</td>
</tr>
<tr>
<td>Equipment &amp; Furnishings</td>
<td>9,358,544</td>
<td>535,359</td>
<td>(188,954)</td>
<td></td>
<td>9,705,049</td>
</tr>
<tr>
<td></td>
<td>30,884,025</td>
<td>1,570,473</td>
<td>-</td>
<td>(188,954)</td>
<td>32,265,544</td>
</tr>
<tr>
<td>Less: Accumulated Depreciation</td>
<td>18,031,964</td>
<td>1,315,777</td>
<td>(186,772)</td>
<td></td>
<td>19,160,969</td>
</tr>
<tr>
<td>Total Net Fixed Assets</td>
<td>12,852,061</td>
<td>254,696</td>
<td>-</td>
<td>(2,182)</td>
<td>13,104,575</td>
</tr>
</tbody>
</table>

Fixed assets consisted of the following at December 31, 2021:

<table>
<thead>
<tr>
<th>Description</th>
<th>Balance 1/1/21</th>
<th>Additions</th>
<th>Transfers</th>
<th>Disposals</th>
<th>Balance 12/31/21</th>
</tr>
</thead>
<tbody>
<tr>
<td>Land &amp; Improvements</td>
<td>1,181,024</td>
<td>2,756</td>
<td></td>
<td></td>
<td>1,183,780</td>
</tr>
<tr>
<td>Buildings &amp; Improvements</td>
<td>19,990,166</td>
<td>70,576</td>
<td></td>
<td></td>
<td>20,060,742</td>
</tr>
<tr>
<td>Construction in Progress</td>
<td>21,598</td>
<td>259,261</td>
<td></td>
<td></td>
<td>280,859</td>
</tr>
<tr>
<td>Equipment &amp; Furnishings</td>
<td>8,855,487</td>
<td>503,157</td>
<td></td>
<td></td>
<td>9,358,644</td>
</tr>
<tr>
<td></td>
<td>30,048,275</td>
<td>835,750</td>
<td>-</td>
<td>-</td>
<td>30,884,025</td>
</tr>
<tr>
<td>Less: Accumulated Depreciation</td>
<td>16,622,927</td>
<td>1,409,037</td>
<td></td>
<td>-</td>
<td>18,031,964</td>
</tr>
<tr>
<td>Total Net Fixed Assets</td>
<td>13,425,348</td>
<td>(573,287)</td>
<td>-</td>
<td>-</td>
<td>12,852,061</td>
</tr>
</tbody>
</table>

NOTE 5 – BOND PAYABLE

Bond payable debt, at December 31, 2022 and 2021, consisted of one bond with a principal balance of $3,445,000 and $3,605,000, respectively. Issued through the Finance Authority of Maine, variable rate revenue bonds (Mount Desert Island Biological Laboratory Issue Series 2007). The bonds are secured by a Letter of Credit Reimbursement Agreement with Bar Harbor Bank & Trust. This Letter of Credit Reimbursement Agreement is secured by a security agreement between MDIBL and the Bank dated October 1, 2009. MDIBL has entered into an interest rate Swap Agreement to minimize the effects of the variable interest rate. Interest is payable monthly. The interest rate at December 31, 2022 and 2021 was 4.6525% and 1.8999%, respectively. The first principal payment was made December 1, 2010, and the final payment is due December 1, 2036. The bonds are subject to certain covenants, the most restrictive covenant requires a minimum debt service coverage ratio. At December 31, 2022, and 2021, MDIBL was in compliance with the required debt service coverage ratio.
### NOTE 5 – BOND PAYABLE (Continued)

Maturity of long-term debt is as follows:

<table>
<thead>
<tr>
<th>Year Ending December 31,</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>2023</td>
<td>170,000</td>
</tr>
<tr>
<td>2024</td>
<td>180,000</td>
</tr>
<tr>
<td>2025</td>
<td>190,000</td>
</tr>
<tr>
<td>2026</td>
<td>200,000</td>
</tr>
<tr>
<td>2027</td>
<td>210,000</td>
</tr>
<tr>
<td>2028-2032</td>
<td>1,235,000</td>
</tr>
<tr>
<td>2033-2037</td>
<td>1,250,000</td>
</tr>
<tr>
<td></td>
<td>3,445,000</td>
</tr>
</tbody>
</table>

The above bond payable is secured by a negative pledge on any and all business assets of MDIBL, including but not limited to: all machinery, equipment, fixtures, appliances, furnishings, supplies, inventory, receivables, general intangibles, investment property, real property, insurance proceeds and settlements. The negative pledge restricts MDIBL from pledging business assets to secure additional or new debt.

The calculation of the required minimum debt service ratio referred to above is:

<table>
<thead>
<tr>
<th>Change in Net Assets Without Donor Restrictions From Operating Activities</th>
<th>2022</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Add Back:</td>
<td>(2,878,938)</td>
<td>3,088,177</td>
</tr>
<tr>
<td>Depreciation &amp; Amortization</td>
<td>1,322,198</td>
<td>1,415,459</td>
</tr>
<tr>
<td>Bond Interest &amp; Fees</td>
<td>218,980</td>
<td>208,635</td>
</tr>
<tr>
<td>Transfer from Reserve</td>
<td>2,300,000</td>
<td>-</td>
</tr>
<tr>
<td>Funds Available for Debt Service</td>
<td>962,240</td>
<td>4,712,271</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Debt Service to Others:</th>
<th>2022</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bond Principal Payments</td>
<td>160,000</td>
<td>155,000</td>
</tr>
<tr>
<td>Bond Interest &amp; Fees</td>
<td>218,980</td>
<td>208,635</td>
</tr>
<tr>
<td>Total Debt Service to Others</td>
<td>378,980</td>
<td>363,635</td>
</tr>
</tbody>
</table>

Debt Service Coverage Ratio (1.1 or Higher Required)                    | 2.54         | 12.96        |
NOTE 6 – CHARITABLE GIFT ANNUITIES

MDIBL has established a gift annuities program which allows MDIBL to accept a gift from a donor in exchange for MDIBL agreeing to pay the Donor's annuity payments until the Donor's death. MDIBL evaluates each potential annuity prior to acceptance with the consideration of the age of the donor, terms of the annuity payments, required payments terms, and the gift acceptance policy.

Upon execution of the charitable gift annuity agreements, MDIBL records an asset for the fair market value of the charitable gift annuities and a liability based upon the actuarial present value of amounts expected to be paid to donors. The net of the gift annuity asset and liability is the remainder interest, the residual MDIBL expects to receive from the annuities. The present value is readjusted annually.

The following table summarizes activity in the gift annuities investment for the year ended December 31:

<table>
<thead>
<tr>
<th>Charitable Gift Annuities Investment Balance at 1/1</th>
<th>2022</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Contributions Recorded as Revenues</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Increase in Liability</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Interest &amp; Dividend Income</td>
<td>711</td>
<td>668</td>
</tr>
<tr>
<td>Annuity Payments</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Investment Fees</td>
<td>(227)</td>
<td>(239)</td>
</tr>
<tr>
<td>Change in Value</td>
<td>(3,252)</td>
<td>820</td>
</tr>
<tr>
<td>Charitable Gift Annuities Investment Balance at 12/31</td>
<td>21,823</td>
<td>24,591</td>
</tr>
</tbody>
</table>

The following table summarizes the change in the charitable gift annuities liability account for the year ended December 31:

<table>
<thead>
<tr>
<th>Charitable Gift Annuities Liability Balance at 1/1</th>
<th>2022</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Decrease in Liability</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Annuity Liability Principal Payments</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Charitable Gift Annuities Liability Balance at 12/31</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

The liabilities are determined based upon the Donor's life expectancy and using discount rates between 5% and 10%, at December 31, 2022 and 2021, provided by Internal Revenue Service valuation tables. At the time of the Donor's death, any remaining unamortized liability is recorded as additional contributions. The decrease in liability for 2020 is due to the death of the donor.
NOTE 7 – INTEREST COSTS

Total interest costs incurred for 2022 and 2021 were $217,246 and $215,054, respectively. All interest costs were expensed with no interest costs capitalized during 2022 or 2021. Cash disbursements for interest were $217,730 and $215,054 during 2022 and 2021, respectively. Differences in amounts incurred versus cash disbursements represent accrued interest.

NOTE 8 – NET ASSETS WITH DONOR RESTRICTIONS

Net Assets with Donor Restrictions are available for the following purposes at December 31, 2022:

<table>
<thead>
<tr>
<th>Subject to Specified Purposes or Time Periods</th>
<th>Donor Contributions to be Maintained in Perpetuity</th>
<th>Total Net Assets with Donor Restrictions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Student Fellowships Funds</td>
<td>1,047,344</td>
<td>1,671,134</td>
</tr>
<tr>
<td>Visiting Scientist Fellowships Funds</td>
<td>637,190</td>
<td>532,433</td>
</tr>
<tr>
<td>Research Support Funds</td>
<td>178,453</td>
<td>7,655</td>
</tr>
<tr>
<td>Lecture, Symposium &amp; Course Funds</td>
<td>176,495</td>
<td>213,515</td>
</tr>
<tr>
<td>General Endowment Funds</td>
<td>239,471</td>
<td>2,130,673</td>
</tr>
<tr>
<td>Campaign &amp; Flexible Reserve</td>
<td>23,628</td>
<td></td>
</tr>
<tr>
<td>Other Funds</td>
<td>18,350</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Net Assets with Donor Restrictions are available for the following purposes at December 31, 2021:

<table>
<thead>
<tr>
<th>Subject to Specified Purposes or Time Periods</th>
<th>Donor Contributions to be Maintained in Perpetuity</th>
<th>Total Net Assets with Donor Restrictions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Student Fellowships Funds</td>
<td>1,824,395</td>
<td>1,668,934</td>
</tr>
<tr>
<td>Visiting Scientist Fellowships Funds</td>
<td>929,394</td>
<td>532,433</td>
</tr>
<tr>
<td>Research Support Funds</td>
<td>315,054</td>
<td>7,655</td>
</tr>
<tr>
<td>Lecture, Symposium &amp; Course Funds</td>
<td>274,499</td>
<td>176,315</td>
</tr>
<tr>
<td>President's Discretionary &amp; Other Funds</td>
<td>371,625</td>
<td>37,000</td>
</tr>
<tr>
<td>General Endowment Funds</td>
<td>1,116,793</td>
<td>2,130,673</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
NOTE 9 – INVESTMENTS

Investments are held at various institutions. Investments are reported at their fair market value as required by the accounting standards codification.

Fair values and cost basis have been established and are comprised as follows as of December 31, 2022:

<table>
<thead>
<tr>
<th></th>
<th>Cost</th>
<th>Fair Value</th>
<th>Carrying Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash &amp; Near Cash</td>
<td>487,289</td>
<td>487,289</td>
<td>487,289</td>
</tr>
<tr>
<td>Equities</td>
<td>2,114,588</td>
<td>2,024,152</td>
<td>2,024,152</td>
</tr>
<tr>
<td>Fixed Income</td>
<td>664,604</td>
<td>650,587</td>
<td>650,587</td>
</tr>
<tr>
<td>Mutual Funds</td>
<td>5,873,123</td>
<td>4,864,655</td>
<td>4,864,655</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>9,139,064</strong></td>
<td><strong>8,026,683</strong></td>
<td><strong>8,026,683</strong></td>
</tr>
</tbody>
</table>

Fair values and cost basis have been established and are comprised as follows as of December 31, 2021:

<table>
<thead>
<tr>
<th></th>
<th>Cost</th>
<th>Fair Value</th>
<th>Carrying Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash &amp; Near Cash</td>
<td>253,413</td>
<td>253,413</td>
<td>253,413</td>
</tr>
<tr>
<td>Equities</td>
<td>2,150,209</td>
<td>2,359,371</td>
<td>2,359,371</td>
</tr>
<tr>
<td>Fixed Income</td>
<td>14,775</td>
<td>14,852</td>
<td>14,852</td>
</tr>
<tr>
<td>Mutual Funds</td>
<td>7,600,660</td>
<td>7,230,828</td>
<td>7,230,828</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>10,019,057</strong></td>
<td><strong>9,858,464</strong></td>
<td><strong>9,858,464</strong></td>
</tr>
</tbody>
</table>

The components of investment return are as follows at December 31:

<table>
<thead>
<tr>
<th></th>
<th>2022</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest &amp; Dividend Income</td>
<td>219,316</td>
<td>408,228</td>
</tr>
<tr>
<td>Realized Gains (Losses)</td>
<td>(1,038,307)</td>
<td>3,937,425</td>
</tr>
<tr>
<td>Unrealized Gains (Losses)</td>
<td>(950,240)</td>
<td>(3,193,077)</td>
</tr>
<tr>
<td>Fees</td>
<td>(22,848)</td>
<td>(3,407)</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>(1,792,079)</strong></td>
<td><strong>1,149,169</strong></td>
</tr>
</tbody>
</table>

| Operating Interest Income (Net of Fees) | 37,374 | 23,317 |
| Non-Operating Long-Term Investment Return | (1,829,453) | 1,125,852 |
| **Total**                               | **(1,792,079)** | **1,149,169** |
NOTE 9 – INVESTMENTS (Continued)

Endowment

MDIBL complies with *Endowments of Not-for-Profit Organizations: Net Asset Classification of Funds Subject to an Enacted Version of the Uniform Prudent Management of Institutional Funds Act, and Enhanced Disclosures for All Endowment Funds* topic of the FASB Codification. This topic provides guidance on the net asset classification of donor-restricted endowment funds for not-for-profit organizations that is subject to the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA) as enacted by the State of Maine.

MDIBL interprets UPMIFA as requiring preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of the interpretation, MDIBL would consider the fund to be underwater if the fair value of the fund is less than the sum of (1) the original value of the initial and subsequent gifts donated to the fund and (2) any accumulations to the fund that are required to be maintained in perpetuity in accordance with the applicable donor gift instrument. MDIBL has interpreted UPMIFA to permit spending from underwater funds in accordance with prudent measures required by law. The fund was not underwater at December 31, 2022 or 2021.

The change in MDIBL’s general endowment funds for the year ended December 31, 2022 is as follows:

<table>
<thead>
<tr>
<th>Amounts Not Subject to Donor Restrictions</th>
<th>Subject to Specified Purposes or Time Periods</th>
<th>Donor Contributions to be Maintained in Perpetuity</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Endowment Assets, January 1, 2022</td>
<td>178,269</td>
<td>1,116,793</td>
<td>2,130,673</td>
</tr>
<tr>
<td>Investment Return:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Investment Income</td>
<td>-</td>
<td>69,234</td>
<td>69,234</td>
</tr>
<tr>
<td>Realized Gains (Losses)</td>
<td>-</td>
<td>(428,039)</td>
<td>(428,039)</td>
</tr>
<tr>
<td>Unrealized Gains (Losses)</td>
<td>-</td>
<td>(366,784)</td>
<td>(366,784)</td>
</tr>
<tr>
<td>Less: Fees</td>
<td>-</td>
<td>8,164</td>
<td>8,164</td>
</tr>
<tr>
<td>Total Investment Return</td>
<td>-</td>
<td>(733,753)</td>
<td>(733,753)</td>
</tr>
<tr>
<td>Contributions</td>
<td>420,366</td>
<td>1,000</td>
<td>421,366</td>
</tr>
<tr>
<td>Released from Restrictions</td>
<td>-</td>
<td>(144,569)</td>
<td>(144,569)</td>
</tr>
<tr>
<td></td>
<td>420,366</td>
<td>(143,569)</td>
<td>276,797</td>
</tr>
<tr>
<td>Endowment Assets, December 31, 2022</td>
<td>598,635</td>
<td>239,471</td>
<td>2,130,673</td>
</tr>
</tbody>
</table>
NOTE 9 – INVESTMENTS (Continued)

Endowment (Continued)

The change in MDIBL's general endowment funds for the year ended December 31, 2021 is as follows:

<table>
<thead>
<tr>
<th>Amounts Not Subject to</th>
<th>Subject to Specified Purposes or Time Periods</th>
<th>Contributions to be Maintained in Perpetuity</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Endowment Assets, January 1, 2021</td>
<td>170,194</td>
<td>792,139</td>
<td>2,130,673</td>
</tr>
</tbody>
</table>

Investment Return:

- Investment Income: 151,465
- Unrealized Gains (Losses): 302,931
- Less: Fees: 429

Total Investment Return: 453,967

Contributions: 9,075
Released from Restrictions: (130,313)

Endowment Assets, December 31, 2021: 3,425,735

NOTE 10 – COMMITMENTS AND CONTINGENCIES

Health Reimbursement Arrangement

MDIBL offers employees a health expense reimbursement benefit whereby MDIBL covers employee’s medical costs above a certain amount until the employee meets the high insurance deductible. There were approximately 72 and 59 employees covered by this benefit at December 31, 2022 and 2021, respectively. A liability for these medical costs reimbursements is contingent on a specific event that is outside the control of the employer and therefore are not recorded as a liability in these financial statements.
NOTE 10 – COMMITMENTS AND CONTINGENCIES (Continued)

Contracts

MDIBL has employment contracts with various staff with commitments that extend past 2022. In general future expenditures are contingent upon continued employment, so no liability has been recorded in these financial statements with the exception of those employment contracts including a benefit triggered on separation from employment. Any such benefits if applicable are included with accounts payable and accrued expenses on the Statement of Financial Position.

MDIBL (the Subscriber) signed a contract with Standard Solar Inc. (Project Sponsor) on September 14, 2021 for a term of twenty years. The contract can be canceled without penalty on 365 days advance written notice. MDIBL is a subscriber of a shared financial interest in a solar farm. Project Sponsor’s Facilities are participants in the “Net Energy Billing – Tariff Rate” program, as set forth in 35-A M.R.S. § 3209-A-3210 and MPUC Rule Chapter 313 (the “Program”). Accordingly, the Facilities produce bill credits (the “Bill Credits”) from applicable Utility equal to the applicable tariff rate multiplied by the Facilities’ output during each applicable period (the tariff rate is established by the MPUC pursuant to MPUC Chapter 313 § 3(K)(4)). Project Sponsor owns the rights to the Bill Credits from the generation of electricity from the Facilities. As a subscriber of a Shared Financial Interest in a Facility, MDIBL will receive bill credits on the utility bill. MDIBL agrees to pay a fee (the “Subscription Fee”) to the Project Sponsor that results in a savings of 15% of the amount of bill credits MDIBL receives. The contract does not grant MDIBL an ownership interest in any facility owned or operated by the project sponsor.

MDIBL (the Subscriber) signed a contract with Ampion Renewable Energy (Project Sponsor) on October 12, 2021 for an initial term of five years. Upon expiration of the initial term the contract shall automatically extend for an additional two year term. The contract can be cancelled with 180 days advance written notice. MDIBL is a subscriber of a shared financial interest in a solar farm. Project Sponsor’s Facilities are participants in the “Net Energy Billing – Tariff Rate” program, as set forth in 35-A M.R.S. § 3209-A-3210 and MPUC Rule Chapter 313 (the “Program”). Accordingly, the Facilities produce bill credits (the “Bill Credits”) from applicable Utility equal to the applicable tariff rate multiplied by the Facilities’ output during each applicable period (the tariff rate is established by the MPUC pursuant to MPUC Chapter 313 § 3(K)(4)). Project Sponsor owns the rights to the Bill Credits from the generation of electricity from the Facilities. As a subscriber of a Shared Financial Interest in a Facility, MDIBL will receive bill credits on the utility bill. MDIBL agrees to pay a fee (the “Subscription Fee”) to the Project Sponsor that results in a savings of 15% of the amount of bill credits MDIBL receives. The contract does not grant MDIBL an ownership interest in any facility owned or operated by the project sponsor.

In September 2022, MDIBL signed a lease agreement for two copiers. Due to late delivery the lease did not take effect until 2023. The lease terms call for 60 monthly payments of $759.72. The lease also contains a bargain purchase option of $1 at the end of the lease term. The lease obligation and related asset will be recorded in 2023 when the lease took effect.
NOTE 10 – COMMITMENTS AND CONTINGENCIES (Continued)

Fiscal Sponsorship Agreement

MDIBL signed an agreement to act as a fiscal sponsor for Frenchman Bay United. The agreement shall continue indefinitely until terminated by either party. As fiscal sponsor, MDIBL will include all funds received and expended for the project in its financial statements and tax filings. The sponsored organization will pay the MDIBL an administrative fee of 2% on all income received. The program aligns with the MDIBL’s charitable mission.

MDIBL signed an agreement in 2021, to act as a fiscal sponsor for Eastern Maine Life Sciences and Technology Hub of Excellence beginning January 1, 2022, through December 31, 2022. As fiscal sponsor, MDIBL received funds during 2022 and 2021 for the sponsee and has included all funds received and expended for the project in its financial statements and tax filings. The program aligns with the MDIBL’s charitable mission.

Bond Payable Covenant

As referred to in the long term liability note (see note 5 for more information) MDIBL has a restrictive covenant to maintain a debt service coverage ratio of 1.1 or higher. At December 31, 2022 and 2021, MDIBL was in compliance with this covenant.

General

MDIBL is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, injuries to employees, and natural disasters. MDIBL purchases commercial insurance for the risks of losses to which it is exposed.

There have been no significant reductions in the commercial coverage from the prior year. MDIBL is not aware of any material, actual, or potential claim liabilities which should be recorded at December 31, 2022 or 2021.

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time, although MDIBL expects such amount, if any to be immaterial.

NOTE 11 – RELATED PARTY TRANSACTIONS

MDIBL actively maintains a Conflict of Interest Policy, which Trustees review and discuss annually during a regular meeting of the Board of Trustees. All Trustees, key staff, and key non-Trustee members of board committees acknowledge review of this policy and disclose potential conflicts of interest on an annual basis.
NOTE 11 – RELATED PARTY TRANSACTIONS (Continued)

During 2022 and 2021, a Trustee of MDIBL rented lab, office and housing space from MDIBL and paid $23,883 and $19,170, respectively, for use of the facilities. During 2022 and 2021, this Trustee also performed course-related services for MDIBL, and was paid $11,700 and $11,700, respectively, for these services. This Trustee works for a research and educational organization. In 2022 the organization paid $22,750 to MDIBL in tuition for 13 of its graduate students for a course in which the Trustee instructed.

In July 2018, MDIBL hired a new President. That individual was employed by a research organization that had a contract with MDIBL for lab space, use of the facilities and reimbursement of wages and supplies that ended December 31, 2021. Contracted amounts paid to MDIBL during 2022 and 2021 totaled $0 and $354,621, respectively. In December 2022, MDIBL billed the President for incidental personal travel costs of $1,666, which were paid in full in March 2023.

The President’s other research organization reimbursed MDIBL for costs associated with students in its graduate school’s programs to conduct research at MDIBL with its faculty. During 2022 and 2021, these graduate student costs totaled $56,112 and $12,498, respectively.

During 2022 and 2021, a former Director performed course related services for MDIBL, and was paid $5,000 and $3,500, respectively.

During 2022 and 2021, a key employee was paid $333 and $471, respectively, per MDIBL’s intellectual property policy.

In 2022 and 2021, MDIBL paid $42,805 and $16,065, respectively for catering to a company owned by an employee.

Related party payables at December 31, 2022 and 2021 totaled $333 and $851, respectively. Related party receivables totaled $91,880 and $72,007 at December 31, 2022 and 2021, respectively.

NOTE 12 – CONCENTRATIONS

During 2022 and 2021, MDIBL received 72% and 51%, respectively, of total operating support and revenue from the National Institute of Health through Federal grants.

NOTE 13 – BOND ISSUANCE COSTS

As of January 1, 2017, MDIBL implemented FASB Accounting Standards Update No 2015-03 Simplifying the Presentation of Debt Issuance Costs. This update requires that bond issuance costs related to a recognized debt liability be presented in the balance sheet as a direct deduction from the carrying amount of that debt liability, consistent with debt discounts. The recognition and measurement guidance for debt issuance costs are not affected by the amendment. The effect of the change is that debt issuance costs are no longer shown as an asset and are instead reported as a direct reduction from long term liabilities. Debt Issuance costs are being amortized on the straight line method over the life of the related bond payable. The annual amount is $6,421 through 2036.
NOTE 14 – NOTE PAYABLE

On April 13, 2020, MDIBL obtained a Small Business Administration Payroll Protection Program loan (PPP Loan), from Bar Harbor Bank & Trust, in the amount of $937,000. This note payable of $937,000 and accrued interest of $6,819 is shown as a liability on the Statement of Financial Position at December 31, 2020. The note payable was forgiven on March 26, 2021.

On April 5, 2021, MDIBL obtained a Small Business Administration Payroll Protection Program loan (PPP Loan), from Bar Harbor Bank & Trust, in the amount of $876,847. The note payable of $876,847 and accrued interest of $5,456 was forgiven on November 12, 2021.

NOTE 15 – SUBSEQUENT EVENTS MEASUREMENT DATE

The Mount Desert Island Biological Laboratory monitored and evaluated any subsequent events for footnote disclosures or adjustments required in its financial statements from the year end of December 31, 2022 through July 14, 2023, the date on which the financial statements were available to be issued.

In April 2023, MDIBL negotiated a new agreement to finalize the rate for 2018-2021 and establish provisional rates for 2022-2024. The final rates for 2018-2021 resulted in a liability of $29,650 recorded as Accrued Indirect Cost Adjustment on the Statement of Financial Position as of December 31, 2022. Prior years were not restated as the amount was not material in nature to the financial statements as a whole.
<table>
<thead>
<tr>
<th>Federal Grantor/Pass-Through Grantor/Program Title</th>
<th>Research &amp; Federal</th>
<th>Award Date</th>
<th>Passed-Through to Sub Recipients</th>
<th>Total Expenditures</th>
</tr>
</thead>
<tbody>
<tr>
<td>National Institutes of Health:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>National Institute of General Medical Sciences:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Biomedical Research and Research Training Programs:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Comparative Functional Genomics INBRE in Maine</td>
<td>Yes</td>
<td>4/20/22</td>
<td>1,866,157</td>
<td>3,445,250</td>
</tr>
<tr>
<td>Comparative Biology of Tissue Repair, Regeneration &amp; Aging</td>
<td>Yes</td>
<td>6/23/22</td>
<td>30,345</td>
<td>2,362,037</td>
</tr>
<tr>
<td>The Function of Germ Granules in Maintaining Pluripotency in the C. Elegans Germline</td>
<td>Yes</td>
<td>3/28/22</td>
<td>33,436</td>
<td></td>
</tr>
<tr>
<td>Biointerface &quot;Train the Trainer&quot; (13): The Integration of Biointerface Into an Undergraduate Biology Curriculum</td>
<td>Yes</td>
<td>6/16/21</td>
<td>65,467</td>
<td></td>
</tr>
<tr>
<td>Data to Action: A Secondary School-Based Citizen Science Project to Address Arsenic Contamination of Well Water</td>
<td>Yes</td>
<td>7/4/22</td>
<td>64,189</td>
<td>315,794</td>
</tr>
<tr>
<td>Understanding How Vasa Proteins Promote Cellular Pluripotency in the C. Elegans Germline</td>
<td>Yes</td>
<td>2/7/22</td>
<td>74,238</td>
<td></td>
</tr>
<tr>
<td>Passed-Through Coldara Medical, LLC</td>
<td></td>
<td>9/20/18</td>
<td>7,719</td>
<td>1,900,091</td>
</tr>
<tr>
<td>National Institute of Diabetes and Digestive and Kidney Diseases:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Diabetes, Digestive and Kidney Diseases Extramural Research Programs:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Origins of Renal Physiology</td>
<td>Yes</td>
<td>9/22/22</td>
<td>129,436</td>
<td></td>
</tr>
<tr>
<td>Diabetes, Digestive and Kidney Diseases Extramural Research Programs:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Identifying Pathways Required for Integration of Kidney Organoid and Host Epithelia</td>
<td>Yes</td>
<td>6/13/22</td>
<td>404,059</td>
<td>735,750</td>
</tr>
<tr>
<td>National Institute of Environmental Health Sciences:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Environmental Health - Environmental Arsenic, Immunoregulation and Viral Disease Risk</td>
<td>Yes</td>
<td>3/10/22</td>
<td>42,393</td>
<td>142,710</td>
</tr>
<tr>
<td>National Institute of Allergy and Infectious Diseases:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Passed-Through Tufts University</td>
<td></td>
<td>3/1/20</td>
<td>32,223</td>
<td>32,223</td>
</tr>
<tr>
<td>Allergy and Infectious Disease Research: Defining the Role of Alternative Polyadenylation in Macrophage Differentiation and Function</td>
<td>Yes</td>
<td>3/1/20</td>
<td>32,223</td>
<td></td>
</tr>
<tr>
<td>National Institute on Aging:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Aging Research - Loss of Transcriptional Homeostasis of Genes Lacking CpG Islands During Aging</td>
<td>Yes</td>
<td>6/17/22</td>
<td>169,870</td>
<td>432,382</td>
</tr>
<tr>
<td>Aging Research - MDIBL Symposium on Stem Cells and Aging</td>
<td>Yes</td>
<td>7/13/22</td>
<td>29,580</td>
<td></td>
</tr>
<tr>
<td>Aging Research - Translational Regulation Downstream of Nutrient Sensing in a Model of Alzheimer's Related Proteotoxicity</td>
<td>Yes</td>
<td>5/5/21</td>
<td>142,112</td>
<td></td>
</tr>
<tr>
<td>Aging Research - Modeling DR and miRNA Translation to Understand Adaptive Mechanisms that Promote Health</td>
<td>Yes</td>
<td>4/20/22</td>
<td>353,299</td>
<td></td>
</tr>
<tr>
<td>National Science Foundation:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Biological Sciences - REU Site: Exploring 21st Century Careers in the Biological Sciences: A Comparative Regenerative Biology Approach</td>
<td>Yes</td>
<td>4/1/19</td>
<td>69,592</td>
<td>69,592</td>
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<tr>
<td>National Science Foundation</td>
<td></td>
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<tr>
<td>Total National Institutes of Health</td>
<td></td>
<td></td>
<td></td>
<td>2,867,023</td>
</tr>
<tr>
<td>Department of the Treasury:</td>
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<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Passed-Through Maine Technology Institute</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Coronavirus State and Local Fiscal Recovery Funds - Pandemic Relief for an Innovative Maine Economy (ARPA Funds)</td>
<td>No</td>
<td>7/28/22</td>
<td>35,880</td>
<td></td>
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<tr>
<td>Total Department of Treasury</td>
<td></td>
<td></td>
<td></td>
<td>35,880</td>
</tr>
<tr>
<td>Department of Health and Human Services:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Passed-Through Maine Department of Health and Human Services</td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Environmental Public Health and Emergency Response</td>
<td>No</td>
<td>1/1/21</td>
<td>10,990</td>
<td>10,990</td>
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<tr>
<td>Total Department of Health and Human Services</td>
<td></td>
<td></td>
<td></td>
<td>10,990</td>
</tr>
<tr>
<td>Total Federal Funds</td>
<td></td>
<td></td>
<td></td>
<td>2,867,023</td>
</tr>
</tbody>
</table>

See independent auditor's report and accompanying notes to schedule of expenditures of federal awards.

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CERTIFIED PUBLIC ACCOUNTANTS • ELLSWORTH, MAINE 04605
The Mount Desert Island Biological Laboratory
Notes to the Schedule of Expenditures of Federal Awards
At December 31, 2022

Note 1: General

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal grant activity of The Mount Desert Island Biological Laboratory (the Institution) for the year ended December 31, 2022.

Note 2: Basis of Accounting

The accompanying schedules are prepared and presented using the accrual basis of accounting. This basis of accounting is described in Note 1 to the Institution's basic financial statements. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulation 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 the Mount Desert Island Biological Laboratory, it is not intended to, and does not, present the financial position, changes in net position, or cash flows of the Mount Desert Island Biological Laboratory; therefore some amounts presented in this schedule may differ from the amounts presented in, or used in the preparation of, the basic financial statements. The Organization did not elect to use the 10% de minimis indirect cost rate.

Note 3: Relationship to Basic Financial Statements

Governmental Accounting Standards Board (GASB) Statement No. 33 provides that grant revenue should be recognized when all applicable eligibility requirements are met, and, under accrual accounting, when the resources are available. Therefore, the proceeds of grants which do not specify time requirements, and for which all other eligibility requirements have been met, are recognized as revenues in the current fiscal year. Expenditures are recognized in the fiscal year spent for the required purpose.

Note 4: Program Clusters

OMB Circular A-133 defines a cluster of programs as a grouping of closely related programs that share common compliance requirements. According to this definition, similar programs deemed to be a cluster of programs are tested accordingly.

Note 5: Contingency

The grant revenue amounts received are subject to audit and adjustment. If any expenditures or expenses are disallowed by the grantor agencies as a result of such an audit, any claim for reimbursement to the grantor agencies would become a liability of the Mount Desert Island Biological Laboratory. In the opinion of management, all grant expenditures are in compliance with the terms of the grant agreements and applicable federal and state laws and regulations.
INDEPENDENT AUDITOR'S 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 of Mount Desert Island Biological Laboratory

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 Mount Desert Island Biological Laboratory (a nonprofit organization), which comprise the statement of financial position as of December 31, 2022, 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 July 14, 2023.

Report on Internal Control over Financial Reporting

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

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

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

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

Purpose of This Report

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

HMV, LLC

HMV, LLC
Ellsworth, ME
July 14, 2023
INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM 
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Board of Trustees of
Mount Desert Island Biological Laboratory

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Mount Desert Island Biological Laboratory’s 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 Mount Desert Island Biological Laboratory’s major federal programs for the year ended December 31, 2022. Mount Desert Island Biological Laboratory’s major federal programs are identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs. In our opinion, Mount Desert Island Biological Laboratory complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2022.

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 Auditor’s Responsibilities for the Audit of Compliance section of our report.

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

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Mount Desert Island Biological Laboratory’s federal programs.

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Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Mount Desert Island Biological Laboratory's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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 Mount Desert Island Biological Laboratory's 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 Mount Desert Island Biological Laboratory's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Mount Desert Island Biological Laboratory's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Mount Desert Island Biological Laboratory's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program 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 Auditor’s Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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

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

HMV, LLC

HMV, LLC
Ellsworth, ME
July 14, 2023
## Section I - Summary of Auditors' Results

### Financial Statements

**Type of auditors' report issued:** [unqualified, qualified, adverse, disclaimer]

**Internal control over financial reporting:**
- Material weakness (es) identified? Yes ♦ No
- Reportable condition(s) identified not considered to be material weaknesses? Yes ♦ None reported
- Noncompliance material to financial statements noted? Yes ♦ No

### Federal Awards

**Internal Control over major programs:**
- Material weaknesses identified? Yes ♦ No
- Reportable condition(s) identified not considered to be material weaknesses? Yes ♦ None reported

**Type of auditors' report issued on compliance for major programs:** [unqualified, qualified, adverse, disclaimer]

**Any audit findings disclosed that are required to be reported in accordance with CFR 200.516(a)?** Yes ♦ No

### Identification of major programs:

<table>
<thead>
<tr>
<th>CFDA Number(s)</th>
<th>Name of Federal Program or Cluster</th>
</tr>
</thead>
<tbody>
<tr>
<td>93.859, 93.847, 93.113, 93.855, 93.866, 93.351, 93.172, 47.074</td>
<td>Research and Development Cluster</td>
</tr>
</tbody>
</table>
Dollar threshold used to distinguish
Between Type A and Type B programs

- $750,000

Auditee qualified as low-risk auditee?

- X Yes No

Financial Statement Findings

None Reported.

Federal Award Findings and Questioned Costs

None Reported.

Summary of Prior Year Findings

None Reported.