Marine Technology Society, Inc.

Financial Statements
and Independent Auditors' Report

June 30, 2020 and 2019

Marine Technology Society, Inc.

Financial Statements
June 30, 2020 **and 2019**

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Marine Technology Society, Inc.

We have audited the accompanying financial statements of Marine Technology Society, Inc. (MTS), which comprise the statements of financial position as of June 30, 2020 and 2019; the related statements of activities, functional expenses, and cash flows for the years then ended; and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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Opinion

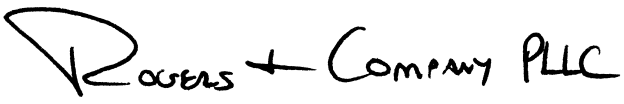
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of MTS as of June 30, 2020 and 2019, and the changes in its net assets and cash flows for the years then ended in accordance with accounting principles generally accepted by the United States of America.

Emphasis of Matter

As discussed in Note 2 to the financial statements, the Organization adopted Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers* (Topic 606) and FASB ASU 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made.* Our opinion is not modified with respect to this matter.

Other Matters

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information included on pages 22-24 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 information is fairly stated in all material respects in relation to the financial statements as a whole.



Vienna, Virginia
February 9, 2021

Marine Technology Society, Inc.

Statements of Financial Position
June 30, 2020 and 2019

	2020	2019
Assets		
Cash	$ 726,854	$ 1,822,719
Investments	6,419,334	6,481,652
Accounts receivable	27,531	49,412
Advances paid for conferences	114,174	128,882
Prepaid expenses and deposits	52,828	58,001
Property and equipment, net	65,906	78,873
Total assets	$ 7,406,627	$ 8,619,539
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	$ 148,205	$ 121,652
Deferred revenue	106,115	171,665
Other liabilities	8,776	6,588
Loan payable – Paycheck Protection Program	104,953	-
Funds held for Oceans conferences	83,723	320,107
Total liabilities	451,772	620,012
Net Assets		
Without donor restrictions:		
Undesignated	6,931,414	7,987,715
Board-designated	23,441	11,812
Total without donor restrictions	6,954,855	7,999,527
Total net assets	6,954,855	7,999,527
Total liabilities and net assets	$ 7,406,627	$ 8,619,539

See accompanying notes.

Marine Technology Society, Inc.

Statements of Activities
For the Years Ended June 30, 2020 and 2019

	2020	2019
Revenue and Support		
Conferences and meetings	$ 516,510	$ 1,963,649
Sections and Committees revenue	653,921	675,719
Membership dues	138,794	129,757
Publication revenue	35,776	49,569
Scholarship grants and contributions	4,967	2,195
Other revenue	3,525	4,712
Investment income, net	162,847	384,634
Total revenue and support	1,516,340	3,210,235
Expenses		
Program services:		
Conferences and meetings	712,027	1,180,389
Sections and Committees	675,267	697,286
Membership	187,741	175,868
Publications	151,237	167,332
Communications	73,308	31,095
Education programming	62,502	84,001
Total program services	1,862,082	2,335,971
Supporting services:		
General and administrative	698,930	613,127
Total supporting services	698,930	613,127
Total expenses	2,561,012	2,949,098
Change in Net Assets	(1,044,672)	261,137
Net Assets, beginning of year	7,999,527	7,738,390
Net Assets, end of year	$ 6,954,855	$ 7,999,527

See accompanying notes.

Marine Technology Society, Inc.

Statement of Functional Expenses
For the Year Ended June 30, 2020

	Program Services								
	Conferences and Meetings	Sections and Committees	Membership	Publications	Communications	Education Programming	Total Program Services	General and Administrative	Total
Salaries and employee benefits	$ 79,772	$ -	$ 156,178	$ 65,025	$ 68,299	$ 52,093	$ 421,367	$ 281,760	$ 703,127
Consulting and contractual services	-	31,063	-	-	-	3,114	34,177	153,526	187,703
Joint leadership dinner	3,223	-	-	-	-	-	3,223	-	3,223
Oceans conferences	464,265	-	-	-	-	-	464,265	-	464,265
Other conferences	-	253,144	-	-	-	-	253,144	-	253,144
Food and beverage	14,962	180,557	-	-	-	-	195,519	-	195,519
Audiovisual/photography	3,053	-	-	-	59	-	3,112	-	3,112
Insurance – business and liability	-	-	-	-	-	-	-	29,058	29,058
Dues and subscriptions	-	-	-	-	-	-	-	8,376	8,376
Exhibiting	23,417	-	-	-	-	-	23,417	-	23,417
Graphic design	640	-	945	250	-	-	1,835	35	1,870
IT services	-	-	21,950	13,631	3,622	5,283	44,486	46,854	91,340
Membership dues	-	5,475	-	-	-	-	5,475	-	5,475
Administration	-	1,507	-	-	-	-	1,507	-	1,507
Bank and credit card fees	-	4,317	-	-	-	-	4,317	10,918	15,235
Payroll processing fees	-	-	-	-	-	-	-	4,530	4,530
Rent	-	-	-	-	-	-	-	61,369	61,369
Equipment leased	-	-	-	-	-	-	-	6,117	6,117
Awards/recognition	2,193	-	-	-	910	-	3,103	90	3,193
Travel	111,492	29,465	-	-	-	-	140,957	1,576	142,533
Depreciation and amortization	-	-	-	-	-	-	-	24,258	24,258
Legal fees	-	-	-	-	-	-	-	34,488	34,488
Advertising and promotion	-	-	5,678	-	410	12	6,100	2,264	8,364
Rebate	-	-	2,040	-	-	-	2,040	-	2,040
Scholarships and sponsorships	6,517	74,270	-	-	-	2,000	82,787	-	82,787
Meetings	1,604	90,952	-	-	-	-	92,556	-	92,556
Training	-	-	-	-	-	-	-	883	883
Telephone	-	-	-	-	-	-	-	12,707	12,707
Utilities	-	-	-	-	-	-	-	728	728
Office supplies and expense	415	1,219	-	-	-	-	1,634	3,289	4,923
Postage and delivery	474	-	950	6,052	8	-	7,484	359	7,843
Printing and publications	-	-	-	65,571	-	-	65,571	-	65,571
Other	-	3,298	-	708	-	-	4,006	15,745	19,751
Total Expenses	$ 712,027	$ 675,267	$ 187,741	$ 151,237	$ 73,308	$ 62,502	$ 1,862,082	$ 698,930	$ 2,561,012

See accompanying notes.

Marine Technology Society, Inc.

Statement of Functional Expenses
For the Year Ended June 30, 2019

	Program Services								
	Conferences and Meetings	Sections and Committees	Membership	Publications	Communications	Education Programming	Total Program Services	General and Administrative	Total
Salaries and employee benefits	$ 69,181	$ -	$ 103,835	$ 33,442	$ 30,071	$ 30,767	$ 267,296	$ 169,562	$ 436,858
Consulting and contractual services	-	66,174	5,300	-	-	1,034	72,508	187,783	260,291
Joint leadership dinner	4,859	-	-	-	-	-	4,859	-	4,859
Oceans conferences	851,162	-	-	-	-	-	851,162	-	851,162
Other conferences	-	178,710	-	-	-	-	178,710	-	178,710
Food and beverage	26,965	21,527	-	-	-	-	48,492	-	48,492
Audiovisual/photography	8,174	3,020	-	-	-	-	11,194	-	11,194
Insurance – business and liability	-	-	-	-	-	-	-	22,871	22,871
Dues and subscriptions	-	-	-	510	-	-	510	2,354	2,864
Exhibiting	38,059	-	-	-	-	-	38,059	-	38,059
Graphic design	113	-	35	-	-	-	148	-	148
IT services	1,518	-	45,590	13,100	548	1,200	61,956	68,799	130,755
Membership dues	-	168,825	-	-	-	-	168,825	-	168,825
Administration	-	10,513	-	-	-	-	10,513	-	10,513
Bank and credit card fees	-	2,595	-	-	-	-	2,595	11,234	13,829
Payroll processing fees	-	-	-	-	-	-	-	4,181	4,181
Rent	-	-	-	-	-	-	-	58,636	58,636
Equipment leased	-	-	-	-	-	-	-	6,410	6,410
Awards/recognition	4,782	-	-	-	-	-	4,782	-	4,782
Travel	167,124	14,635	-	-	-	-	181,759	1,439	183,198
Depreciation and amortization	-	-	-	-	-	-	-	16,891	16,891
Legal fees	-	-	-	-	-	-	-	18,443	18,443
Advertising and promotion	-	-	2,250	-	476	-	2,726	4,004	6,730
Rebate	-	-	4,380	-	-	-	4,380	-	4,380
Scholarships and sponsorships	-	138,632	-	-	-	51,000	189,632	-	189,632
Meetings	-	87,615	-	-	-	-	87,615	-	87,615
Training	-	-	13,975	-	-	-	13,975	360	14,335
Telephone	-	-	-	-	-	-	-	10,681	10,681
Utilities	-	-	-	-	-	-	-	1,343	1,343
Office supplies and expense	3,971	5,040	-	-	-	-	9,011	3,501	12,512
Postage and delivery	4,481	-	503	5,384	-	-	10,368	1,029	11,397
Printing and publications	-	-	-	114,780	-	-	114,780	-	114,780
Other	-	-	-	116	-	-	116	21,661	21,777
Interest	-	-	-	-	-	-	-	1,945	1,945
Total Expenses	$ 1,180,389	$ 697,286	$ 175,868	$ 167,332	$ 31,095	$ 84,001	$ 2,335,971	$ 613,127	$ 2,949,098

See accompanying notes.

Marine Technology Society, Inc.

Statements of Cash Flows
For the Years Ended June 30, 2020 and 2019

	2020	2019
Cash Flows from Operating Activities		
Change in net assets	$ (1,044,672)	$ 261,137
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Realized and unrealized gain on investments	(7,527)	(286,384)
Depreciation and amortization	24,258	16,891
Change in operating assets and liabilities:		
(Increase) decrease in:		
Accounts receivable	21,881	161,955
Advances paid for conferences	14,708	(19,882)
Prepaid expenses and deposits	5,173	31,763
Increase (decrease) in:		
Accounts payable and accrued expenses	26,553	(23,395)
Deferred revenue	(65,550)	68,741
Other liabilities	2,188	(2,152)
Funds held for Oceans conferences	(236,384)	(3,216)
Net cash (used in) provided by operating activities	(1,259,372)	205,458
Cash Flows from Investing Activities		
Purchases of property and equipment	(11,291)	(50,242)
Purchases of investments	(8,998,804)	(590,554)
Proceeds from sales of investments	9,068,649	492,551
Net cash provided by (used in) investing activities	58,554	(148,245)
Cash Flows from Financing Activities		
Proceeds from issuance of loan – Paycheck Protection Program	104,953	-
Principal payments of margin loan	-	(301,270)
Net cash provided by (used in) financing activities	104,953	(301,270)
Net Decrease in Cash	(1,095,865)	(244,057)
Cash, beginning of year	1,822,719	2,066,776
Cash, end of year	$ 726,854	$ 1,822,719
Supplementary Disclosure of Cash Flow Information		
Cash paid for interest	$ -	$ 2,029

See accompanying notes.

1. Nature of Operations

Marine Technology Society, Inc. (MTS) was incorporated in New York in 1963 to give members of academia, government, and industry a common forum for the exchange of information and ideas in the field of the marine sciences. MTS facilitates a broader understanding of the relevance of marine technology to wider global issues by enhancing the dissemination of marine technology information; promoting and improving marine technology and related educational programs; and advancing the development of the tools and procedures required to explore, study, and further the responsible and sustainable use of oceans. MTS's members are businesses, institutions, individual professionals, and students who are ocean engineers, technologists, policy makers, and educators.

MTS supports local Sections, which focus on events and programs unique to their specific geographic area in the United States and internationally.

In addition, MTS has approximately 31 Professional Committees ("Committees") representing technical interest groups that facilitate the exchange and transfer of technical information among professionals from academia, government, and industry. Committees are focusing on the concerns of the specific subject area within three major groups: Research, Industry, and Technology; Government and Public Affairs; and Education.

2. Summary of Significant Accounting Policies

Change in Accounting Principles

In August 2018, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made.* The update provides clarifications and improves the scope and the accounting guidance for contributions received and contributions made; in particular, evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) or as exchange (reciprocal) transactions and determining whether a contribution is conditional. For the year ended June 30, 2020, MTS has adopted ASU 2018-08 for all transactions in which MTS serves as a resource recipient, as required by ASU 2018-08, and has also elected to early adopt ASU 2018-08 for transactions in which MTS serves as a resource provider. ASU 2018-08 has been applied on a modified prospective basis for all agreements that were either not completed as of or entered into after July 1, 2019. The adoption of ASU 2018-08 had no impact on previously reported net assets.

2. Summary of Significant Accounting Policies (continued)

Change in Accounting Principles (continued)

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers* (Topic 606). ASU 2014-09 requires an entity to recognize revenues to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which an entity is expected to be entitled in exchange for those goods or services. MTS early adopted ASU 2014-09 on January 1, 2019, using the modified retrospective approach. MTS applied the five-step revenue model stipulated by Accounting Standards Codification (ASC) 606 to all of its significant revenue streams in order to determine when revenue is earned and recognized. The five-step model requires MTS to i.) identify contracts with customers, ii.) identify performance obligations related to those contracts, iii.) determine the transaction price, iv.) allocate that transaction price to each performance obligation, and v.) recognize revenue when or as MTS satisfies a performance obligation. The adoption of ASU 2014-09 did not materially impact the timing or amount of revenue recognized by MTS in the financial statements.

Basis of Accounting and Presentation

MTS's financial statements are prepared on the accrual basis of accounting. Net assets are reported based on the presence or absence of donor-imposed restrictions. Net assets without donor restrictions represent funds that are not subject to donor-imposed stipulations and are available for support of MTS's operations. The governing Board has designated, from net assets without donor restrictions, net assets for a Board-designated fund.

Sections and Committees are not independent entities and are controlled by MTS. All accounts and operations of the Sections and Committees are included in the accompanying financial statements.

Cash

Cash includes accounts that MTS holds for its Sections and Committees, and for future joint Oceans conferences. At June 30, 2020 and 2019, the Sections' and Committees' cash accounts totaled $601,557 and $665,654, respectively. At June 30, 2020 and 2019, cash held for future joint Oceans conferences totaled $83,723 and $320,107, respectively.

2. Summary of Significant Accounting Policies (continued)

Investments

Investments are recorded at fair value based on quoted market prices. Realized and unrealized gains and losses are reported as a component of net investment income in the accompanying statements of activities.

Accounts Receivable

Accounts receivable consist of various sources of program income, which mostly include MTS's share of revenues related to collaborative conferences and other events. All amounts are collectible within one year and are recorded at net realizable value. MTS writes off accounts receivable when they become uncollectible. When necessary, an allowance for uncollectible accounts receivable is determined based upon management's best estimate of the potential future uncollectibility of accounts outstanding. All receivables were deemed fully collectible, and no allowance for uncollectible accounts was established at June 30, 2020 and 2019.

Property and Equipment

Property and equipment acquisitions with a cost greater than $500 and a projected useful life exceeding one year are capitalized and recorded at cost. Depreciation is computed using the straight-line method over the estimated useful lives of the individual assets, which range from three to five years. Expenditures for repairs and maintenance are expensed as incurred.

Revenue Recognition

Membership dues are comprised of an exchange element based on the benefits received and include a bundle of membership benefits that represent performance obligations. MTS has concluded the performance obligation related to member benefits is satisfied throughout the membership period as member benefits are received and consumed simultaneously during the membership period. Such membership dues are recognized ratably over the applicable dues period. Membership dues collected in advance of the period earned have been deferred and recorded as a component of deferred revenue in the accompanying statements of financial position.

2. Summary of Significant Accounting Policies (continued)

Revenue Recognition (continued)

Conference and meeting registrations are recognized at the time the event takes place. Amounts received in advance of the event are recorded as a component of deferred revenue in the accompanying statements of financial position.

Subscription revenue is recognized ratably over the applicable subscription period and the portion of subscription revenue relating to future periods is recorded as a component of deferred revenue in the accompanying statements of financial position.

All unconditional scholarship grants and contributions are considered to be available for unrestricted use unless specifically restricted by the donor. MTS reports them as net assets with donor restrictions if they are received or promised with donor stipulations that limit the use of donated assets to one of MTS's programs or to a future year. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restrictions is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. Net assets with donor restrictions are reported as net assets without donor restrictions if the restrictions are met in the same period as received.

Revenue from all other sources is recognized when earned.

Advertising and Promotion Costs

Advertising and promotion costs are expensed as incurred and totaled $8,364 and $6,730 for the years ended June 30, 2020 and 2019, respectively.

Functional Allocation of Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

2. Summary of Significant Accounting Policies (continued)

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Recently Issued Accounting Pronouncement

In February 2016, the FASB issued ASU 2016-02, *Leases.* The update requires a lessee to recognize a right-of-use asset and lease liability, initially measured at the present value of the lease payments, in its statements of financial position. The guidance also expands the required quantitative and qualitative lease disclosures. The guidance is effective beginning in fiscal year 2022. Management continues to evaluate the potential impact of this update on MTS's financial statements.

Subsequent Events

In preparing these financial statements, MTS has evaluated events and transactions for potential recognition or disclosure through February 9, 2021, the date the financial statements were available to be issued.

The COVID-19 outbreak in the United States and around the world has caused business disruption due to mandatory lockdowns implemented in most states in order to slow down the spread of the virus. As a result, MTS and the IEEE Oceanic Engineering Society, co-sponsors of OCEANS 2020 Singapore and OCEANS 2020 Gulf Coast, were unable to hold these conferences as planned with all their regional distinctiveness by their respective organizing committees. The organizing committees decided to combine forces and held a single virtual conference, "Global OCEANS 2020: Singapore – U.S. Gulf Coast," which featured a mix of live and on-demand events available to all registrants in October 2020. The 2020 Offshore Technology conference, which was planned to be held in October 2020, was also cancelled. These cancellations are anticipated to impact MTS's operating results, and will be reflected in the statement of activities for the fiscal year ending June 30, 2021.

2. Summary of Significant Accounting Policies (continued)

Subsequent Events (continued)

MTS has determined that these events are non-adjusting subsequent events. At this point, the extent to which COVID-19 may impact MTS's financial condition or results of operations is uncertain. While the disruption is currently expected to be temporary, there is considerable uncertainty around its duration, and the full financial impact cannot be reasonably estimated at this time.

3. Liquidity and Availability

Financial assets available for general expenditures, that is, without donor or other restrictions limiting their use, within one year of the statements of financial position date, comprise the following at June 30:

	2020	2019
Financial assets at year end:		
Cash	$ 726,854	$ 1,822,719
Investments	6,419,334	6,481,652
Accounts receivable	27,531	49,412
Total financial assets	7,173,719	8,353,783
Less: assets not available for current use:		
Sections and Committees cash	(601,557)	(665,654)
Oceans conferences cash	(83,723)	(320,107)
Long-term investments	(681,210)	(659,027)
Board-designated fund	(23,441)	(11,812)
Financial assets available for general expenditures	$ 5,783,788	$ 6,697,183

The Board-designated fund is restricted for specific purposes and is not available for general expenditures. MTS's goal is generally to maintain financial assets to meet 90 days of operating expenses. As part of its liquidity plan, MTS invests cash in excess of daily requirements in short-term investments and money market funds.

4. Concentrations of Risk

Credit Risk

Financial instruments that potentially subject MTS to significant concentrations of credit risk consist of cash and investments. MTS maintains cash deposit and transaction accounts, along with investments, with various financial institutions and these values, from time to time, exceed insurable limits under the Federal Deposit Insurance Corporation (FDIC) and Securities Investor Protection Corporation (SIPC). MTS has not experienced any credit losses on its cash and investments to date as it relates to FDIC and SIPC insurance limits. Management periodically assesses the financial condition of these financial institutions and believes that the risk of any credit loss is minimal.

5. Investments and Fair Value Measurements

MTS follows FASB ASC 820, *Fair Value Measurements and Disclosures,* for its financial assets. This standard establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. Fair value measurement standards require an entity to maximize the use of observable inputs (such as quoted prices in active markets) and minimize the use of unobservable inputs (such as appraisals or other valuation techniques) to determine fair value. The categorization of a financial instrument within the hierarchy is based upon the pricing transparency of the instrument and does not necessarily correspond to the entity's perceived risk of that instrument.

The inputs used in measuring fair value are categorized into three levels. Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and liabilities and have the highest priority. Level 2 is based upon observable inputs other than quoted market prices, and Level 3 is based on unobservable inputs. MTS recognizes transfers between levels in the fair value hierarchy at the end of the reporting period.

In general, and where applicable, MTS uses quoted prices in active markets for identical assets to determine fair value. This pricing methodology applies to Level 1 investments.

5. Investments and Fair Value Measurements (continued)

The following table presents MTS's fair value hierarchy for those investments measured on a recurring basis at June 30, 2020:

	Level 1	Level 2	Level 3	Total
Stocks	$ 4,044,600	$ -	$ -	$ 4,044,600
Mutual funds	1,547,122	-	-	1,547,122
Taxable bonds	775,573	-	-	775,573
Money market funds	52,039	-	-	52,039
Total investments	$ 6,419,334	$ -	$ -	$ 6,419,334

The following table presents MTS's fair value hierarchy for those investments measured on a recurring basis at June 30, 2019:

	Level 1	Level 2	Level 3	Total
Stocks	$ 3,115,883	$ -	$ -	$ 3,115,883
Mutual funds	2,481,197	-	-	2,481,197
Taxable bonds	884,537	-	-	884,537
Money market funds	35	-	-	35
Total investments	$ 6,481,652	$ -	$ -	$ 6,481,652

Net investment income consists of the following for the year ended June 30:

	2020	2019
Interest and dividends	$ 172,502	$ 113,449
Realized and unrealized gain	7,527	286,384
Less: investment management fees	(17,182)	(15,199)
Investment income, net	$ 162,847	$ 384,634

6. Property and Equipment

Property and equipment consist of the following at June 30:

	2020	2019
Computer and software	$ 79,400	$ 76,108
Website	53,783	45,783
Furniture and equipment	44,612	44,612
Leasehold improvements	6,715	6,715
Equipment – Sections/Committees	2,613	2,613
Total property and equipment	187,123	175,831
Less: accumulated depreciation and amortization	(121,217)	(96,958)
Property and equipment, net	$ 65,906	$ 78,873

7. Deferred Revenue

The activity and balances for deferred revenue from contracts with customers are as follows:

	Deferred Membership Revenue	Deferred Journal Subscriptions	Deferred Conference Revenue	Total
Balance at June 30, 2018	$ 46,929	$ 18,470	$ 37,525	$ 102,924
Revenue recognized	(46,929)	(18,470)	(37,525)	(102,924)
Payments received for future obligations	57,561	16,342	97,762	171,665
Balance at June 30, 2019	57,561	16,342	97,762	171,665
Revenue recognized	(57,561)	(16,342)	(97,762)	(171,665)
Payments received for future obligations	57,219	18,301	30,595	106,115
Balance at June 30, 2020	$ 57,219	$ 18,301	$ 30,595	$ 106,115

8. Loan Payable – Paycheck Protection Program

MTS applied for a loan under the Paycheck Protection Program (PPP) pursuant to Division A, Title 1 of the CARES Act, which was enacted on March 27, 2020. The PPP is a loan designed to provide a direct incentive for small businesses to keep their workers on the payroll through the COVID-19 coronavirus, for which MTS qualified. After the loans are granted, the Small Business Administration (SBA) will forgive loans if all employee retention criteria are met, and the funds are used for eligible expenses (which primarily consist of payroll costs, costs used to continue group healthcare benefits, rent, and utilities).

The loan was granted to MTS on May 6, 2020 in the amount of $104,953 and it is management's intention to use the entire loan amount for qualifying expenses in order to apply for full forgiveness. Once the loan is, in part or wholly, forgiven and legal release is received, MTS will reduce the liability by the amount forgiven and record a gain on extinguishment in the statements of activities, which is expected to occur in fiscal year 2021.

If MTS is not approved for full forgiveness by the SBA, the loan would bear interest at a fixed rate of 1.00%, which is payable monthly commencing on November 1, 2020 and maturing on May 3, 2022. The proceeds from this loan may be repaid by MTS at any time prior to maturity with no prepayment penalties, should full forgiveness not be granted. At June 30, 2020, MTS recorded $104,953 as a loan payable, which is reflected in the accompanying statements of financial position.

Principal payments on the loan obligation are as follows for the years ending June 30:

2021	$	43,988
2022		60,965
Total principal payments	$	104,953

9. Offshore Technology Conference

MTS is one of twelve initial sponsoring organizations of the Offshore Technology Conference (OTC). OTC promotes and advances scientific and technical knowledge of offshore sources and related environmental matters through annual conferences, interdisciplinary meetings, publications, and technical-educational exhibitions.

9. Offshore Technology Conference (continued)

OTC is governed by an Executive Committee, which consists of representatives from the initial twelve sponsoring organizations and one person appointed by the Executive Committee to represent the exhibitors of the conference. Each year, OTC distributes to the sponsoring organizations the excess of revenue over expenses, less the amount of established reserve. MTS receives 6.86% of the total distributions, in accordance with an agreement among the sponsoring organizations.

OTC 2020 was planned to be held in October 2020, but due to COVID-19, it was cancelled. MTS had no distributions from OTC for the year ended June 30, 2020 and consequently, there were no receivables from OTC at June 30, 2020. OTC 2019 was held in May 2019, and for the year ended June 30, 2019, distribution revenue from OTC was $1,042,103, which is included in the conferences and meetings revenue in the accompanying statements of activities. At June 30, 2019, the receivable from OTC was $35,422, which is included in accounts receivable in the accompanying statements of financial position.

10. Jointly-Sponsored Oceans Conferences

MTS has entered into a joint operations agreement with another tax-exempt organization to co-sponsor the Oceans Conference series comprised of two conferences per year: one conference held annually in North America, and one conference held in Europe during odd numbered years and Asia-Pacific during even numbered years. Each Oceans conference provides a forum for scientists, engineers, and individuals from industry, government, and the academic community to discuss and learn about ocean science, engineering, and policy. MTS and the co-sponsor jointly finance the Oceans Conference series by providing advance funds in equal shares. At June 30, 2020 and 2019, MTS has allocated $83,723 and $320,107, respectively, for the future Oceans Conferences, which is included in cash in the accompanying statements of financial position.

On June 25, 2018, MTS and the co-sponsor renewed the Oceans Conferences joint operations agreement. Under the new agreement, each year MTS and the co-sponsor agreed to transfer up to 10% of the current year's Oceans conferences net distribution to an Oceans reserve fund maintained by MTS. The reserve maximum is capped at $50,000. Funds from this reserve can be used for Oceans award prizes for student completions during conferences and travel expenses incurred while developing future Oceans conferences. During fiscal years 2020 and 2019, MTS and the co-sponsor allocated a total of $11,629 and $11,812, respectively, to the Oceans reserve fund.

10. Jointly-Sponsored Oceans Conferences (continued)

All conference-specific revenues, expenses, indirect taxes, and operating surplus are split equally between MTS and the co-sponsor after the conference. During fiscal year 2020, MTS recorded 50% of the revenues and expenses of the Oceans Conference that was held in North America.

For the year ended June 30, 2020, MTS's portion of revenues and expenses associated with the Oceans conference was as follows:

	Revenue	Expenses	Net
Oceans North America			
Seattle, WA – October 2019	$ 510,762	$ (453,265)	$ 57,497
Total	$ 510,762	$ (453,265)	$ 57,497

For the year ended June 30, 2019, MTS's portion of revenues and expenses associated with two Oceans conferences was as follows:

	Revenue	Expenses	Net
Oceans North America			
Charleston, SC – October 2018	$ 504,776	$ (448,584)	$ 56,192
Oceans International			
Marseille, France – June 2019	406,099	(402,579)	3,520
Total	$ 910,875	$ (851,163)	$ 59,712

Revenues and expenses from joint conferences are included in conferences and meetings in the accompanying statements of activities.

11. Commitments and Contingencies

Operating Lease

In fiscal year 2016, MTS amended its existing office lease, with amended terms commencing on August 1, 2016 and expiring on July 31, 2021. The amended terms of the lease had a base monthly rate of $4,540 with an annual escalation of 3%. The new amendment included a 3-month rent abatement period from the payments of a 50% portion of monthly rent. The difference between rent expense recorded and the amount paid is not reflected in the accompanying statements of financial position due to immateriality.

Future minimum lease payments are as follows for the years ending June 30:

2021	$	61,171
2022		5,110
Total future minimum lease payments	$	66,281

MTS leases other property, including a mini storage unit and parking spaces, under short-term arrangements. Total rent expense for all operating leases was $61,369 and $58,636 for the years ended June 30, 2020 and 2019, respectively.

12. Retirement Plan

MTS maintains a 403(b) retirement plan, which covers substantially all employees. Participating employees may elect to contribute, on a tax-deferred basis, a portion of their salary up to the maximum allowed by law. MTS matches 5% of participating employees' salaries. MTS contributed $23,641 and $35,486 to the plan for the years ended June 30, 2020 and 2019, respectively.

13. Allocation of Expenses from Management and General Activities

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. Expenses that are allocated include salaries and employee benefits, consulting and contractual services, IT services, travel, office expenses, postage and delivery, and other, which are allocated on the basis of estimates of time and effort.

14 Results of Operations and Management's Plans

MTS had a net operating loss of $1,044,672 for the year ended June 30, 2020. The main reasons for the loss were absence of distribution from OTC and fewer jointly-sponsored Oceans Conferences during fiscal year 2020. Although losses may continue in fiscal year 2021, management of MTS implemented contingency plans as a prudent measure to ensure viability of operations. Along with the contingency plans, management believes the current investment reserves provide cash flow that will allow for continuation of MTS's operations during the COVID-19 epidemic. The financial statements do not include any adjustments that might be necessary if MTS is unable to continue as a going concern.

15. Income Taxes

MTS is exempt from payment of taxes on income other than net unrelated business income under Section 501(c)(3) of the Internal Revenue Code (IRC). For the years ended June 30, 2020 and 2019, there was no unrelated business income and, accordingly, no federal or state income taxes have been recorded. Contributions to MTS are deductible as provided in IRC Section 170(b)(1)(A)(vi). Management has evaluated MTS's tax positions and concluded that MTS's financial statements do not include any uncertain tax positions.

SUPPLEMENTARY INFORMATION

Marine Technology Society, Inc.

Schedule of Section and Committee Cash Balances
June 30, 2020 and 2019

	2020	2019
Sections		
Houston	$ 72,325	$ 63,924
Gulf Coast	40,659	26,705
Monterey Bay	21,680	23,000
Japan	8,557	11,725
District of Columbia	8,151	9,257
Hawaii	8,352	8,352
San Diego	2,021	5,831
Hampton Roads	2,560	4,440
New England	6,929	3,787
Oregon	3,510	3,450
Puget Sound	3,527	3,064
Florida	1,689	1,429
India	25	154
Total Sections	179,985	165,118
Committees		
Dynamic Positioning	319,281	376,978
Buoy Technology	83,760	86,780
Remotely Operated Vehicles	17,009	36,212
Ropes and Tension Members	566	566
Unmanned Maritime Systems (UUV)	956	-
Total Committees	421,572	500,536
Total Sections and Committees Cash Balances	$ 601,557	$ 665,654

Marine Technology Society, Inc.

Schedule of Section and Committee Revenues and Expenses
June 30, 2020

	District of Columbia Section	Florida Section	Gulf Coast Section	Hampton Roads Section	Hawaii Section	Houston Section	Japan Section	Monterey Bay Section	New England Section	Oregon Section	Puget Sound Section	San Diego Section	India Section	DP Committee	MUV/ROV Committee	Buoy Tech Committee	UMS Committee	Total
Revenue																		
Conference revenue	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 202,197	$ -	$ -	$ 202,197
Event registration	750	-	31,425	-	-	108,430	-	-	-	-	55	7,147	-	231,668	-	-	1,000	380,475
Sponsorships	-	-	39,000	-	-	16,362	-	-	3,000	-	2,245	2,400	-	-	5,000	-	-	68,007
Rebate	445	260	735	120	-	885	-	40	360	60	150	175	-	-	-	-	-	3,230
Miscellaneous	-	-	-	-	-	-	-	-	-	-	7	-	-	-	-	-	-	7
Interest	-	-	-	-	-	2	-	-	-	-	-	-	-	-	3	-	-	5
Total revenue	1,195	260	71,160	120	-	125,679	-	40	3,360	60	2,457	9,722	-	231,668	207,200	-	1,000	653,921
Expenses																		
Administration	-	-	-	-	-	-	-	-	-	-	-	1,507	-	4,869	-	-	-	6,376
Consulting fees	-	-	-	-	-	8,820	-	-	-	-	-	-	-	13,874	8,000	-	-	30,694
Food and beverage	-	-	16,914	-	-	20,441	-	-	-	-	220	3,626	-	137,156	-	-	-	178,357
Membership dues	-	-	-	-	-	-	-	-	-	-	-	-	-	5,475	-	-	-	5,475
Conference expense	-	-	-	-	-	-	-	-	-	-	-	-	-	-	248,644	-	-	248,644
Office expense	-	-	-	-	-	370	-	-	-	-	-	211	-	528	90	-	-	1,199
Scholarships and awards	2,201	-	2,500	-	-	44,900	-	100	-	-	-	7,200	-	-	15,000	-	-	71,901
Sponsorships	100	-	2,350	2,000	-	-	-	-	120	-	19	-	-	-	-	-	-	4,589
Speaker	-	-	3,020	-	-	-	-	-	-	-	-	-	-	-	-	-	-	3,020
Travel	-	-	2,809	-	-	-	-	1,260	-	-	188	358	-	21,193	767	3,020	-	29,595
Venue	-	-	27,500	-	-	38,068	-	-	-	-	1,567	630	-	20,167	-	-	-	87,932
Bank fees and other	-	-	2,113	-	-	1,021	3,168	-	98	-	-	-	-	1,041	-	-	44	7,485
Total expenses	2,301	-	57,206	2,000	-	113,620	3,168	1,360	218	-	1,994	13,532	-	204,303	272,501	3,020	44	675,267
Revenue Less Expenses	$ (1,106)	$ 260	$ 13,954	$ (1,880)	$ -	$ 12,059	$ (3,168)	$ (1,320)	$ 3,142	$ 60	$ 463	$ (3,810)	$ -	$ 27,365	$ (65,301)	$ (3,020)	$ 956	$ (21,346)

Marine Technology Society, Inc.

Schedule of Section and Committee Revenues and Expenses
June 30, 2019

	District of Columbia Section	Florida Section	Gulf Coast Section	Hampton Roads Section	Hawaii Section	Houston Section	Japan Section	Monterey Bay Section	New England Section	India Section	Oregon Section	Puget Sound Section	San Diego Section	DP Committee	BUOY Committee	MUV/ROV Committee	Total
Revenue																	
Conference revenue	$ -	$ -	$ 27,872	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 192,434	$ 220,306
Event registration	1,335	-	180	-	-	164,871	1,122	-	2,183	7,358	-	5,524	15,505	91,741	40,903	30,000	360,722
Sponsorships	-	-	-	-	-	62,579	-	-	3,000	-	170	-	758	22,845	-	-	89,352
Scholarships	-	-	-	-	-	-	-	-	-	-	-	-	1,150	-	-	-	1,150
Rebate	515	260	635	60	-	1,520	-	40	240	-	75	270	155	-	-	-	3,770
Other	-	-	-	-	149	250	-	-	-	-	-	-	-	-	-	-	399
Interest	-	-	-	-	-	3	-	-	-	-	-	-	-	-	-	17	20
Total revenue	1,850	260	28,687	60	149	229,223	1,122	40	5,423	7,358	245	5,794	17,568	114,586	40,903	222,451	675,719
Expenses																	
Administration	-	-	71	-	200	1,000	-	-	-	-	-	-	1,932	8,456	-	-	11,659
Consulting fees	407	-	-	-	-	79,672	-	-	-	-	-	-	-	11,544	-	-	91,623
Food and beverage	-	-	-	-	-	1,180	-	-	-	-	-	1,674	4,948	-	9,202	-	17,004
Membership dues	-	-	-	-	-	-	-	-	-	-	-	-	-	162,150	-	-	162,150
Office expense	-	-	-	-	-	3,415	-	-	-	-	-	-	-	-	-	-	3,415
Publications	-	-	-	-	-	1,907	-	-	-	-	-	-	-	-	-	-	1,907
Scholarships and awards	-	50	2,500	-	-	22,497	-	1,482	-	-	-	3,168	2,400	-	-	52,354	84,451
Sponsorships	-	-	1,000	2,000	-	40,864	-	-	-	-	-	-	7,267	-	3,750	-	54,881
Student section expense	-	-	325	-	-	-	-	-	-	-	-	-	-	-	-	-	325
Travel	-	-	-	-	-	-	-	250	-	-	-	-	-	-	13,545	-	13,795
Venue	2,563	-	13,000	-	-	40,894	-	597	-	7,204	-	1,850	4,060	-	-	180,713	250,881
Bank fees and other	-	100	-	-	-	120	-	-	2,739	-	-	12	-	690	961	573	5,195
Total expenses	2,970	150	16,896	2,000	200	191,549	-	2,329	2,739	7,204	-	6,704	20,607	182,840	27,458	233,640	697,286
Revenue Less Expenses	$ (1,120)	$ 110	$ 11,791	$ (1,940)	$ (51)	$ 37,674	$ 1,122	$ (2,289)	$ 2,684	$ 154	$ 245	$ (910)	$ (3,039)	$ (68,254)	$ 13,445	$ (11,189)	$ (21,567)