Marine Technology Society, Inc.

Financial Statements
and Independent Auditor's Report

June 30, 2023 and 2022

Marine Technology Society, Inc.

Financial Statements
June 30, 2023 and 2022

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INDEPENDENT AUDITOR'S REPORT

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

Opinion

We have audited the accompanying financial statements of Marine Technology Society, Inc. (MTS), which comprise the statements of financial position as of June 30, 2023 and 2022; 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 referred to above present fairly, in all material respects, the financial position of MTS as of June 30, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. 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 MTS and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter

As discussed in Note 2 to the financial statements, MTS adopted Accounting Standards Update 2020-07, *Not-for-Profit Entities* (Topic 958): *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets.* Our opinion is not modified with respect to this matter.

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 MTS'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 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, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, 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 MTS's internal control. Accordingly, no such opinion is expressed.

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Auditor's Responsibilities for the Audit of the Financial Statements (continued)

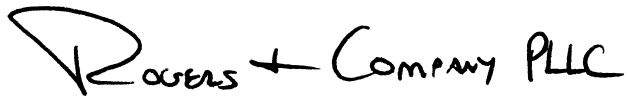
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about MTS'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 audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information included on pages 25-27 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
November 14, 2023

Marine Technology Society, Inc.

Statements of Financial Position
June 30, 2023 and 2022

	2023	2022
Assets		
Cash	$ 1,530,427	$ 948,059
Investments	5,456,390	5,197,794
Accounts receivable	166,182	790,981
Advances paid for conferences	120,000	126,564
Prepaid expenses and deposits	66,713	48,048
Property and equipment, net	10,849	21,240
Total assets	$ 7,350,561	$ 7,132,686
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	$ 157,304	$ 96,723
Deferred revenue	92,639	102,879
Other liabilities	24,565	22,727
Funds held for Oceans conferences	241,502	234,631
Total liabilities	516,010	456,960
Net Assets		
Without donor restrictions:		
Undesignated	6,755,805	6,613,105
Board-designated	20,386	26,386
Total without donor restrictions	6,776,191	6,639,491
With donor restrictions	58,360	36,235
Total net assets	6,834,551	6,675,726
Total liabilities and net assets	$ 7,350,561	$ 7,132,686

See accompanying notes.

Marine Technology Society, Inc.

Statement of Activities
For the Year Ended June 30, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
Operating Revenue and Support			
Membership dues	$ 113,861	$ -	$ 113,861
Conferences and meetings	1,564,340	-	1,564,340
Sections and Committees revenue	448,272	-	448,272
Publication revenue	37,381	-	37,381
Scholarship grants and contributions	61,895	-	61,895
In-kind contributions	3,500	-	3,500
Other revenue	44,150	-	44,150
Released from restrictions	28,200	(28,200)	-
Total operating revenue and support	2,301,599	(28,200)	2,273,399
Expenses			
Program services:			
Conferences and meetings	1,045,032	-	1,045,032
Sections and Committees	480,368	-	480,368
Membership	249,071	-	249,071
Publications	118,310	-	118,310
Communications	115,607	-	115,607
Education programming	93,708	-	93,708
Total program services	2,102,096	-	2,102,096
Supporting services:			
General and administrative	585,298	-	585,298
Total supporting services	585,298	-	585,298
Total expenses	2,687,394	-	2,687,394
Change in operating net assets	(385,795)	(28,200)	(413,995)
Non-Operating Activities			
Investment return, net	522,495	-	522,495
Transfer of MATE II program	-	50,325	50,325
Total non-operating activities	522,495	50,325	572,820
Change in Net Assets	136,700	22,125	158,825
Net Assets, beginning of year	6,639,491	36,235	6,675,726
Net Assets, end of year	$ 6,776,191	$ 58,360	$ 6,834,551

See accompanying notes.

Marine Technology Society, Inc.

Statement of Activities
For the Year Ended June 30, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
Operating Revenue and Support			
Membership dues	$ 111,714	$ -	$ 111,714
Conferences and meetings	1,208,514	-	1,208,514
Sections and Committees revenue	191,166	-	191,166
Publication revenue	36,398	-	36,398
Scholarship grants and contributions	1,505	-	1,505
Other revenue	97,634	-	97,634
Released from restrictions	12,767	(12,767)	-
Total operating revenue and support	1,659,698	(12,767)	1,646,931
Expenses			
Program services:			
Conferences and meetings	658,589	-	658,589
Sections and Committees	164,559	-	164,559
Membership	167,529	-	167,529
Publications	142,034	-	142,034
Communications	62,291	-	62,291
Education programming	73,525	-	73,525
Total program services	1,268,527	-	1,268,527
Supporting services:			
General and administrative	573,739	-	573,739
Total supporting services	573,739	-	573,739
Total expenses	1,842,266	-	1,842,266
Change in operating net assets	(182,568)	(12,767)	(195,335)
Non-Operating Activities			
Gain on debt extinguishment	206,378	-	206,378
Investment return, net	(699,361)	-	(699,361)
Loss on disposal of property and equipment	(218)	-	(218)
Total non-operating activities	(493,201)	-	(493,201)
Change in Net Assets	(675,769)	(12,767)	(688,536)
Net Assets, beginning of year	7,315,260	49,002	7,364,262
Net Assets, end of year	$ 6,639,491	$ 36,235	$ 6,675,726

See accompanying notes.

Marine Technology Society, Inc.

Statement of Functional Expenses
For the Year Ended June 30, 2023

	Program Services							Supporting Services	
	Conferences and Meetings	Sections and Committees	Membership	Publications	Communications	Education Programming	Total Program Services	General and Administrative	Total
Salaries and employee benefits	$ 110,704	$ -	$ 227,668	$ 42,586	$ 58,943	$ 42,586	$ 482,487	$ 219,123	$ 701,610
Consulting and contractual services	-	49,705	-	-	54,000	28,200	131,905	194,551	326,456
Oceans conferences	692,905	-	-	-	-	-	692,905	-	692,905
Other conferences	3,500	-	-	-	-	-	3,500	-	3,500
Food and beverage	27,387	75,559	-	-	-	-	102,946	-	102,946
Audiovisual/photography	8,540	-	-	-	-	-	8,540	-	8,540
Insurance – business and liability	139	-	-	-	-	-	139	27,127	27,266
Dues and subscriptions	-	-	260	415	-	-	675	1,556	2,231
IT services and websites	-	-	10,628	16,341	-	5,716	32,685	42,493	75,178
Administration	-	4,898	-	-	-	-	4,898	-	4,898
Bank and credit card fees	-	10,264	-	-	-	-	10,264	7,817	18,081
Payroll processing fees	-	-	-	-	-	-	-	4,459	4,459
Rent	-	-	-	-	-	-	-	23,378	23,378
Equipment leased	-	-	-	-	-	-	-	2,887	2,887
Awards/recognition	13,468	5,000	-	-	-	-	18,468	-	18,468
Travel	180,357	27,436	-	-	1,407	13,238	222,438	10,747	233,185
Depreciation and amortization	-	-	-	-	-	-	-	13,268	13,268
Legal fees	-	-	-	-	-	-	-	25,833	25,833
Advertising and promotion	-	-	7,370	-	225	-	7,595	2,082	9,677
Rebate	-	-	3,145	-	-	-	3,145	-	3,145
Scholarships and sponsorships	-	57,556	-	-	-	3,800	61,356	500	61,856
Meetings	697	235,368	-	-	-	-	236,065	-	236,065
Training	-	-	-	-	-	-	-	845	845
Telephone	-	-	-	-	-	-	-	2,119	2,119
Office supplies and expense	209	99	-	-	-	-	308	643	951
Postage and delivery	429	-	-	-	-	-	429	579	1,008
Printing and publications	362	-	-	58,388	688	-	59,438	-	59,438
Other	6,335	14,483	-	580	344	168	21,910	5,291	27,201
Total Expenses	$ 1,045,032	$ 480,368	$ 249,071	$ 118,310	$ 115,607	$ 93,708	$ 2,102,096	$ 585,298	$ 2,687,394

See accompanying notes.

Marine Technology Society, Inc.

Statement of Functional Expenses
For the Year Ended June 30, 2022

	Program Services							Supporting Services	
	Conferences and Meetings	Sections and Committees	Membership	Publications	Communications	Education Programming	Total Program Services	General and Administrative	Total
Salaries and employee benefits	$ 112,103	$ -	$ 153,473	$ 56,021	$ 60,089	$ 48,934	$ 430,620	$ 134,176	$ 564,796
Consulting and contractual services	-	7,181	-	-	701	12,467	20,349	238,331	258,680
Oceans conferences	395,854	-	-	-	-	-	395,854	-	395,854
Other conferences	5,985	-	-	-	-	-	5,985	-	5,985
Food and beverage	43,279	15,837	-	-	-	-	59,116	-	59,116
Audiovisual/photography	2,638	-	-	-	-	-	2,638	-	2,638
Insurance – business and liability	-	-	-	-	-	-	-	20,575	20,575
Dues and subscriptions	-	-	-	258	60	-	318	1,473	1,791
IT services and websites	-	-	9,495	15,996	-	9,324	34,815	45,715	80,530
Administration	-	2,343	-	-	-	-	2,343	-	2,343
Bank and credit card fees	-	5,227	-	-	-	-	5,227	7,010	12,237
Payroll processing fees	-	-	-	-	-	-	-	3,921	3,921
Rent	-	-	-	-	-	-	-	25,600	25,600
Equipment leased	-	-	-	-	-	-	-	12,994	12,994
Awards/recognition	1,421	-	-	-	-	-	1,421	-	1,421
Travel	92,411	-	-	-	-	-	92,411	14,621	107,032
Depreciation and amortization	-	-	-	-	-	-	-	14,737	14,737
Legal fees	-	-	-	-	-	-	-	7,899	7,899
Advertising and promotion	-	-	-	-	-	-	-	999	999
Rebate	-	-	2,610	-	-	-	2,610	-	2,610
Scholarships and sponsorships	-	32,884	-	-	-	-	32,884	9,800	42,684
Meetings	525	97,143	-	-	-	-	97,668	-	97,668
Telephone	-	-	-	-	-	-	-	3,946	3,946
Bad debt expense	-	-	-	-	-	-	-	18,259	18,259
Office supplies and expense	-	227	-	-	-	-	227	754	981
Postage and delivery	1,414	-	-	-	-	-	1,414	1,129	2,543
Printing and publications	-	-	-	69,759	-	-	69,759	-	69,759
Section distribution	-	-	-	-	-	-	-	7,144	7,144
Other	2,959	3,717	1,951	-	1,441	2,800	12,868	4,656	17,524
Total Expenses	$ 658,589	$ 164,559	$ 167,529	$ 142,034	$ 62,291	$ 73,525	$ 1,268,527	$ 573,739	$ 1,842,266

See accompanying notes.

Marine Technology Society, Inc.

Statements of Cash Flows
For the Years Ended June 30, 2023 and 2022

	2023	2022
Cash Flows from Operating Activities		
Change in net assets	$ 158,825	$ (688,536)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Realized and unrealized (gain) loss on investments	(418,802)	776,238
Loss on disposal of property and equipment	-	217
Depreciation and amortization	13,268	14,737
Gain on debt extinguishment – Paycheck Protection Program	-	(206,378)
Change in operating assets and liabilities:		
(Increase) decrease in:		
Accounts receivable	624,799	(766,184)
Advances paid for conferences	6,564	1,910
Prepaid expenses and deposits	(18,665)	428
Increase (decrease) in:		
Accounts payable and accrued expenses	60,581	(95,134)
Deferred revenue	(10,240)	(61,011)
Other liabilities	1,838	7,634
Funds held for Oceans conferences	6,871	(10,956)
Net cash provided by (used in) operating activities	425,039	(1,027,035)
Cash Flows from Investing Activities		
Purchases of property and equipment	(2,877)	-
Purchases of investments	(1,062,259)	(814,696)
Proceeds from sales of investments	1,222,465	1,788,103
Net cash provided by investing activities	157,329	973,407
Net Increase (Decrease) in Cash	582,368	(53,628)
Cash, beginning of year	948,059	1,001,687
Cash, end of year	$ 1,530,427	$ 948,059

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

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 as follows:

- *Net Assets Without Donor Restrictions* – Net assets available for support of MTS's operations and are not subject to donor (or certain grantor) restrictions. The governing Board has designated, from net assets without donor restrictions, net assets for a Board-designated fund.

- *Net Assets With Donor Restrictions* – Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

2. Summary of Significant Accounting Policies (continued)

Basis of Accounting and Presentation (continued)

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, 2023 and 2022, the Sections' and Committees' cash accounts totaled $626,158 and $630,072, respectively. At June 30, 2023 and 2022, cash held for future joint Oceans Conferences totaled $241,502 and $234,631, respectively.

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 return 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, 2023 and 2022.

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 and amortization 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.

2. Summary of Significant Accounting Policies (continued)

Leases

MTS records a right-of-use asset and liability for its operating lease at the lease commencement date. The right-of-use asset is amortized over the shorter of the lease term or the economic life of the leased asset. The associated lease liability represents the net present value of the future amounts due under the lease, calculated using a risk-free rate of return selected based on the term of the lease. For real estate leases, non-lease components are separated from the lease components for accounting purposes. MTS does not apply the recognition requirements under Accounting Standards Codification (ASC) Topic 842, *Leases,* to short-term leases and membership agreements.

Revenue Recognition

Revenue Accounted for as Contracts with Customers

Revenue is recognized when MTS satisfies a performance obligation by transferring a promised good to, or performing a service for, a customer. The amount of revenue recognized reflects the consideration MTS expects to receive in exchange for satisfying distinct performance obligations. If a performance obligation does not meet the criteria to be considered distinct, MTS combines it with other performance obligations until a distinct bundle of goods or services exists. Fees or amounts received in advance of satisfying contractual performance obligations are reflected as deferred revenue in the statements of financial position. Revenue is recognized either over time or at the point in time that contractual obligations are met.

Specifically, for the various types of contracts, MTS recognizes revenue as follows:

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 are deferred. At June 30, 2023 and 2022, deferred membership dues were $52,986 and $48,136, respectively, and are included in deferred revenue in the accompanying statements of financial position.

2. Summary of Significant Accounting Policies (continued)

Revenue Recognition (continued)

Revenue Accounted for as Contracts with Customers (continued)

MTS holds conferences and meetings throughout the year that require registrations. Performance obligations are satisfied at the time of the conference and meeting, when the services are transferred. Amounts received in advance of the event are deferred to the following period. At June 30, 2023 and 2022, deferred conferences and meetings revenue was $26,468 and $32,535, respectively, and is included in deferred revenue in the accompanying statements of financial position.

Publication revenue is recognized ratably over the applicable subscription period and the portion of subscription revenue relating to future periods is deferred. At June 30, 2023 and 2022, deferred publication revenue was $13,185 and $17,208, respectively, and is included in deferred revenue in the accompanying statements of financial position.

Revenue Accounted for in Accordance with Contribution Accounting

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 restriction 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.

In-Kind Contributions

The value of contributions that enhance a nonfinancial asset, which are considered specialized and can be estimated, and would have been purchased if not donated, are reflect in the accompanying statements of activities as in-kind contributions. In-kind contributions consist of donated goods that benefit both program and supporting services. In-kind contributions are recognized as revenue and expense in the accompanying statements of activities at their estimated fair value, as provided by the donor, at the date of receipt, or calculated fair value of use of property in the period the property is used. During the years ended June 30, 2023 and 2022, MTS received in-kind contributions with an estimated fair value of $3,500 and $0, respectively.

2. Summary of Significant Accounting Policies (continued)

Advertising and Promotion Costs

Advertising and promotion costs are expensed as incurred.

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.

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.

Measure of Operations

MTS includes in its measure of operations all revenues and expenses that are an integral part of its programs and supporting activities, and excludes gain on debt extinguishment, net investment return, and loss on disposal of property and equipment.

Adopted Accounting Pronouncement

In September 2020, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets.* The amendment is intended to increase transparency of contributed nonfinancial assets for not-for-profit entities through enhancements in presentation and disclosure requirements. Under the new ASU, not-for-profit entities will be required to present contributed nonfinancial assets in the statements of activities as a line item that is separate from contributions of cash or other financial assets. ASU 2020-07 also requires additional qualitative and quantitative disclosures about contributed nonfinancial assets received, disaggregated by category. MTS has implemented ASU 2020-07. There were no changes as a result of the implementation. The implementation had no impact on previously reported net assets.

2. Summary of Significant Accounting Policies (continued)

Reclassifications

Certain amounts in the 2022 financial statements have been reclassified to conform to the 2023 presentation. These reclassifications have no effect on the change in net assets previously reported.

Subsequent Events

In preparing these financial statements, MTS has evaluated events and transactions for potential recognition or MTS-disclosure through November 14, 2023, the date the financial statements were available to be issued.

Subsequent to year-end, as discussed in Note 17, MTS entered into a Bill of Sale and Assignment and Assumption Agreement ("Bill of Sale and Assignment Agreement") with MATE Inspiration for Innovation (MATE II) in connection with transfer and assignment of substantially all the assets of MATE II to MTS pursuant to the Transaction Agreement.

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:

	2023	2022
Financial assets at year end:		
Cash	$ 1,530,427	$ 948,059
Investments	5,456,390	5,197,794
Accounts receivable	166,182	790,981
Total financial assets	7,152,999	6,936,834
Less: assets not available for current use:		
Sections and Committees cash	(626,158)	(630,072)
Oceans conferences cash	(241,502)	(234,631)
Long-term investments	(609,078)	(194,017)
Board-designated fund	(20,386)	(26,386)
Net assets with donor restrictions	(58,360)	(36,235)
Total available for general expenditures	$ 5,597,515	$ 5,815,493

3. Liquidity and Availability (continued)

The Board-designated fund is restricted for specific purposes and is not available for general expenditures. MTS's goal is generally to maintain cash on hand 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. Concentration of 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

Net investment return consists of the following for the years ended June 30:

	2023	2022
Interest and dividends	$ 114,260	$ 94,214
Realized and unrealized gain (loss)	418,802	(776,238)
Less: investment management fees	(10,567)	(17,337)
Total investment return, net	$ 522,495	$ (699,361)

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.

5. Investments and Fair Value Measurements (continued)

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. When quoted market prices for similar assets are available in markets that are not active, securities are classified within Level 2 of the valuation hierarchy. Level 2 includes taxable bonds.

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

	Level 1	Level 2	Level 3	Total
2023:				
Stocks	$ 3,360,045	$ -	$ -	$ 3,360,045
Mutual funds	665,344	-	-	665,344
Taxable bonds	-	609,078	-	609,078
Fixed income	254,635	-	-	254,635
Money market funds	567,288	-	-	567,288
Total investments	$ 4,847,312	$ 609,078	$ -	$ 5,456,390
2022:				
Stocks	$ 3,425,002	$ -	$ -	$ 3,425,002
Mutual funds	720,751	-	-	720,751
Taxable bonds	-	1,032,480	-	1,032,480
Money market funds	19,561	-	-	19,561
Total investments	$ 4,165,314	$ 1,032,480	$ -	$ 5,197,794

6. Property and Equipment

Property and equipment consist of the following at June 30:

	2023	2022
Computer and software	$ 13,201	$ 10,324
Website	34,861	34,861
Furniture and equipment	2,703	2,703
Total property and equipment	50,765	47,888
Less: accumulated depreciation and amortization	(39,916)	(26,648)
Property and equipment, net	$ 10,849	$ 21,240

7. Line of Credit

In June 2022, MTS obtained a $1,000,000 line of credit with a bank for the purpose of working capital needs. Borrowings under this facility are on a demand basis. Interest is payable monthly at a rate based on the Secured Overnight Financing Rate (SOFR) plus 2.1%, averaging 3.7% for the year ended June 30, 2023. There were no outstanding borrowings on this line of credit at both June 30, 2023 and 2022.

8. Employee Retention Tax Credit

MTS became eligible to apply for the employee retention tax credit (ERTC), a provision of the CARES Act. The ERTC can be claimed through December 31, 2021 by eligible employers who retained employees during the COVID-19 pandemic. Employers are eligible for the credit if they experienced either a full or partial suspension of operations during any calendar quarter because of governmental orders due to the pandemic, or a significant decline in gross receipts based on comparing quarterly revenue results for 2020 and/or 2021 with the comparable quarter in 2019. The ERTC is refundable credit that MTS can claim on qualified wages paid to employees, including certain health insurance costs.

During the year ended June 30, 2022, MTS filed refund claims in the aggregate amount of $88,913 with the Internal Revenue Service, which is included in accounts receivable and other revenue in the accompanying financial statement as of and for the year ended June 30, 2022.

9. 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 Paycheck Protection Program Flexibility Act of 2020 was enacted on June 5, 2020, and amends the PPP to give borrowers more freedom in how and when loan funds are spent, while retaining the possibility of full forgiveness.

The first PPP loan was granted to MTS on May 6, 2020 in the amount of $104,953 and the second PPP loan was granted to MTS on April 5, 2021 in the amount of $101,425.

During the covered period, MTS incurred qualifying expenditures and applied for forgiveness on the PPP loans. During fiscal year 2022, both PPP loans in the total amount of $206,378 was forgiven by the SBA. MTS has accounted for the loans in accordance with ASC 470 and recorded a gain on loan extinguishment in 2022, the period when official forgiveness notifications were received.

10. Net Assets With Donor Restrictions

Net assets with donor restrictions consist of the following at June 30:

	2023	2022
Purpose restricted:		
Recognizing efforts of women in marine sciences and technology	$ 8,035	$ 36,235
MATE Program	50,325	-
Total net assets with donor restrictions	$ 58,360	$ 36,235

11. Offshore Technology Conference

MTS is one of 12 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.

OTC is governed by an Executive Committee, which consists of representatives from the initial 12 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.

For the years ended June 30, 2023 and 2022, distribution revenue from OTC was $751,012 and $801,640, respectively, which is included in conferences and meetings revenue in the accompanying statements of activities. At June 30, 2023 and 2022, the receivables from OTC were $35,329 and $684,880, respectively, which are included in accounts receivable in the accompanying statements of financial position.

12. 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, 2023 and 2022, MTS has allocated $241,502 and $234,631, 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 competitions during conferences and travel expenses incurred while developing future Oceans Conferences. During fiscal years 2023 and 2022, there were no co-sponsor allocations to the Oceans reserve fund.

12. 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 years 2023 and 2022, MTS recorded 50% of the revenues and expenses of all Oceans Conference.

For the year ended June 30, 2023, MTS's portion of revenues and expenses associated with the Oceans Conference was as follows:

	Revenue	Expenses	Net
Oceans North America			
Hampton Roads, VA – October 2022	$ 464,490	$ (414,070)	$ 50,420
Oceans International			
Limerick, Ireland – June 2023	332,729	(264,779)	67,950
Total	$ 797,219	$ (678,849)	$ 118,370

For the year ended June 30, 2022, MTS's portion of revenues and expenses associated with the Oceans Conference was as follows:

	Revenue	Expenses	Net
Oceans North America			
San Diego, CA – September 2021	$ 333,265	$ (331,900)	$ 1,365
Oceans International			
Chennai, India – June 2022	73,609	(63,954)	9,655
Total	$ 406,874	$ (395,854)	$ 11,020

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

13. Commitments and Contingencies

Membership Agreement

In fiscal year 2021, MTS entered into a new membership agreement for a shared office space in Washington, DC, commencing on July 19, 2021 and expiring on July 31, 2022, with a monthly license fee of $1,373. In May 2022, this agreement was extended for one year, to expire on July 31, 2023, with a monthly license fee of $1,445. In April 2023, this membership agreement was extended for another year, to expire on July 31, 2024. Both parties can terminate this membership agreement at any time with a two-month notice. In addition, MTS leases other property, including a mini-storage unit and park spaces, under short-term arrangements. Total rent expense for all leases was $23,378 and $25,600 for the years ended June 30, 2023 and 2022, respectively. MTS does not apply the recognition requirements under ASC Topic 842, *Leases,* to short-term leases and membership agreements.

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

2024	$	5,834
2025		399
Total future minimum lease payments	$	6,233

Employment Agreements

In fiscal year 2022, MTS signed an employment agreement with the Chief Executive Officer, which is expected to end in March 2024. The agreement may be extended for one year, ending March 2025 only with the prior written consent of MTS and the Chief Executive Officer. The agreement contains terms that require payments upon the occurrence of certain contractual events.

In fiscal year 2023, MTS signed another employment agreement with the Executive Director for the MATE program. The agreement commenced on July 1, 2023, and is expected to end on June 30, 2028.

14. 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 $26,079 and $19,006 to the plan for the years ended June 30, 2023 and 2022, respectively.

15. Related Party Transactions

In fiscal year 2023, MTS utilized a vendor to provide consulting services related to its programs. The vendor is owned and directed by one of MTS's board members. Total amount paid to the vendor was $26,500 during the year ended June 30, 2023.

16. 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 and websites, travel, office supplies and expense, postage and delivery, and other, which are allocated on the basis of estimates of time and effort.

17. MATE Inspiration for Innovation Program

On December 30, 2022, MTS entered into Transaction Agreement ("the Transaction Agreement") with a California not-for-profit organization, MATE II. As outlined in the Agreement, MATE II will assign and transfer to MTS all of its assets and related liabilities, including its global K-16 remotely operated vehicles (ROV) competition platform, alumni network, and other assets related to the MATE ROV Competition. Subsequent to year-end, on July 1, 2023, MTS entered into a Bill of Sale and Assignment Agreement with MATE II in connection with transfer and assignment of substantially all the assets of MATE II to MTS pursuant to the Transaction Agreement. The final transfer of all assets and liabilities of MATE II to MTS was finalized in November 2023.

During fiscal year 2023, MTS received $50,325 from MATE program in connection with the Transaction Agreement, which was recorded as donor-restricted contribution in the accompanying statements of financial position. Future grants and contributions transferred from MATE II to MTS, as detailed in the Bill of Sale and Assignment Agreement, will be recorded as donor-restricted pursuant to Article 3 of that agreement.

18. 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, 2023 and 2022, 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, 2023 and 2022

	2023	2022
Sections		
Houston	$ 121,568	$ 112,595
Gulf Coast	69,834	69,019
Monterey Bay	16,391	18,046
Japan	6,316	6,316
District of Columbia	7,912	8,211
Hawaii	7,795	7,805
San Diego	6,797	2,220
Hampton Roads	17,335	4,660
New England	6,271	7,314
Oregon	3,775	3,745
Puget Sound	13,990	19,916
Florida	14,727	2,084
India	1,065	1,065
Total Sections	293,776	262,996
Committees		
Dynamic Positioning	224,270	295,020
Buoy Technology	91,458	55,260
Remotely Operated Vehicles	16,654	16,796
Total Committees	332,382	367,076
Total Sections and Committees Cash Balances	$ 626,158	$ 630,072

Marine Technology Society, Inc.

Schedule of Section and Committee Revenues and Expenses
June 30, 2023

	District of Columbia Section	Florida Section	Gulf Coast Section	Hampton Roads Section	Hawaii Section	Houston Section	Monterey Bay Section	New England Section	Oregon Section	Puget Sound Section	San Diego Section	DP Committee	MUV/ROV Committee	Buoy Tech Committee	Total
Revenue															
Conference revenue	$ -	$ -	$ -	$ 12,605	$ -	$ 5,510	$ -	$ -	$ -	$ -	$ 6,250	$ 4,982	$ -	$ 6,300	$ 35,647
Event registration	1,400	32,775	-	-	-	18,310	-	-	-	308	-	36,907	-	72,240	161,940
Sponsorships	-	-	7,000	-	-	129,123	-	-	-	-	-	96,900	-	15,098	248,121
Scholarships	-	-	-	-	-	-	-	-	-	378	-	-	-	-	378
Rebate	310	125	595	70	-	295	75	300	30	85	270	-	-	-	2,155
Interest	-	-	-	-	-	5	-	-	-	15	-	-	11	-	31
Total revenue	1,710	32,900	7,595	12,675	-	153,243	75	300	30	786	6,520	138,789	11	93,638	448,272
Expenses															
Administration	-	-	-	-	-	75	375	1,344	-	1,627	1,642	1,432	152	-	6,647
Consulting fees	-	-	-	-	-	1,000	-	-	-	-	-	59,138	-	5,000	65,138
Food and beverage	1,967	12,436	780	-	-	23,589	-	-	-	2,692	-	-	-	28,398	69,862
Membership dues	-	-	-	-	-	-	-	-	-	-	-	982	-	-	982
Conference expense	-	-	-	-	-	10,536	-	-	-	-	-	7,161	-	-	17,697
Office expense	-	-	-	-	-	-	-	-	-	-	-	-	-	99	99
Scholarships and awards	-	-	6,000	-	-	45,000	-	-	-	1,546	300	1,710	-	-	54,556
Advertising	-	-	-	-	-	-	-	-	-	-	-	-	-	127	127
Miscellaneous	-	-	-	-	-	-	-	-	-	847	-	3,926	-	-	4,773
Travel	-	1,127	-	-	-	-	500	-	-	-	-	11,211	-	8,229	21,067
Venue	-	-	-	-	-	52,084	-	-	-	-	-	149,672	-	3,906	205,662
Bank fees and other	42	6,692	-	-	10	10,985	855	-	-	-	-	775	-	14,399	33,758
Total expenses	2,009	20,255	6,780	-	10	143,269	1,730	1,344	-	6,712	1,942	236,007	152	60,158	480,368
Revenue Less Expenses	$ (299)	$ 12,645	$ 815	$ 12,675	$ (10)	$ 9,974	$ (1,655)	$ (1,044)	$ 30	$ (5,926)	$ 4,578	$ (97,218)	$ (141)	$ 33,480	$ (32,096)

Marine Technology Society, Inc.

Schedule of Section and Committee Revenues and Expenses
June 30, 2022

	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	$ -	$ -	$ 45,816	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 45,816
Event registration	-	-	-	-	-	71,112	-	-	-	-	-	-	-	-	-	-	-	71,112
Sponsorships	-	-	-	-	-	69,515	-	-	-	-	2,929	146	-	-	-	-	-	72,590
Rebate	365	115	185	65	-	290	-	65	255	95	45	65	-	-	-	-	-	1,545
Miscellaneous	-	-	-	-	-	-	100	-	-	-	-	-	-	-	-	-	-	100
Interest	-	-	-	-	-	-	-	-	-	-	2	-	-	-	1	-	-	3
Total revenue	365	115	46,001	65	-	140,917	100	65	255	95	2,976	211	-	-	1	-	-	191,166
Expenses																		
Administration	-	-	-	-	-	-	-	209	-	-	832	1,301	-	-	-	-	-	2,342
Consulting fees	-	-	-	-	-	1,000	-	-	-	-	-	-	-	5,180	-	-	-	6,180
Food and beverage	-	-	-	-	-	12,863	-	-	-	-	2,974	-	-	-	-	-	-	15,837
Office expense	-	-	-	-	-	-	-	-	-	-	-	16	-	90	121	-	-	227
Scholarships and awards	-	-	7,709	-	-	14,250	-	1,000	-	-	2,426	500	-	-	-	-	-	25,885
Student section	-	-	192	-	-	-	-	225	-	-	-	-	-	-	-	-	-	417
Sponsorships	-	-	-	-	-	1,000	-	1,000	-	-	-	-	-	-	-	-	-	2,000
Miscellaneous	-	-	-	-	-	1,729	-	1,151	-	-	-	-	-	-	-	-	-	2,880
Venue	-	-	-	-	-	68,396	-	-	-	-	1,567	680	-	-	-	26,500	-	97,143
Bank fees and other	170	-	-	-	10	4,265	-	-	-	-	467	-	5,953	484	-	-	299	11,648
Total expenses	170	-	7,901	-	10	103,503	-	3,585	-	-	8,266	2,497	5,953	5,754	121	26,500	299	164,559
Revenue Less Expenses	$ 195	$ 115	$ 38,100	$ 65	$ (10)	$ 37,414	$ 100	$ (3,520)	$ 255	$ 95	$ (5,290)	$ (2,286)	$ (5,953)	$ (5,754)	$ (120)	$ (26,500)	$ (299)	$ 26,607