Bermuda Underwater Exploration Institute

Financial Statements and Independent Auditors' Report

December 31, 2025

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Bermuda Underwater Exploration Institute

Opinion
We have audited the financial statements of Bermuda Underwater Exploration Institute, (the "Institute") which comprises the statement of financial position as at December 31, 2025, and the statements of operations, changes in fund balances and cash flows for the year then ended, including a summary of significant accounting policies and other explanatory information (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Institute as at December 31, 2025, and the results of its operations and its cash flows for the year then ended in accordance with accounting standards for not-for-profit organizations in Bermuda and Canada.

Basis for Opinion
We conducted our audit in accordance with generally accepted auditing standards in Bermuda and Canada. 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 independent of the Institute in accordance with the ethical requirements that are relevant to our audit of the financial statements in Bermuda, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements
Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting standards for not-for-profit organizations in Bermuda and Canada, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Institute's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Institute or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Institute's financial reporting process.

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 a guarantee that an audit conducted in accordance with generally accepted auditing standards in Bermuda and Canada will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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INDEPENDENT AUDITORS' REPORT (Cont'd)

As part of an audit in accordance with generally accepted auditing standards in Bermuda and Canada, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. 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.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Institute's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Institute's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Institute to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Deloitte Ltd.

May 15, 2026

BERMUDA UNDERWATER EXPLORATION INSTITUTE
STATEMENT OF FINANCIAL POSITION
as at December 31, 2025
(expressed in U.S. dollars)

	2025				2024
	Capital Asset Fund	Operating Fund	Endowment Fund	Total	Total
CURRENT ASSETS					
Cash and cash equivalents	$ 99,339	$ 69,262	$ 78,982	$ 247,583	$ 1,018,452
Time deposits	-	-	27,180	27,180	26,557
Unquoted – Other financial assets at fair value through P&L (Note 12)	-	-	3,225,787	3,225,787	3,222,389
Accounts receivable (Note 3)	-	50,530	-	50,530	27,019
Inventory	-	30,289	-	30,289	24,359
Prepaid expenses	-	23,699	-	23,699	70,621
	99,339	173,780	3,331,949	3,605,068	4,389,397
PROJECT UNDER DEVELOPMENT (Note 5)	-	-	-	-	147,122
CAPITAL ASSETS (Note 4)	6,107,639	-	-	6,107,639	6,076,775
TOTAL ASSETS	$ 6,206,978	$ 173,780	$ 3,331,949	$ 9,712,707	$ 10,613,294
CURRENT LIABILITIES					
Accounts payable and accrued liabilities	-	197,623	-	$ 197,623	$ 202,026
DEFERRED REVENUE (Note 10)	288,505	19,977	-	308,482	853,088
TOTAL LIABILITIES	288,505	217,600	-	506,105	1,055,114
FUND BALANCES					
Net assets invested in Capital Asset Fund	5,918,473	-	-	5,918,473	6,230,239
Net assets invested in Endowment Fund	-	-	3,331,949	3,331,949	3,308,077
Unrestricted and Internally Restricted net assets (Note 8)	-	(43,820)		(43,820)	19,864
TOTAL FUND BALANCES	5,918,473	(43,820)	3,331,949	9,206,602	9,558,180
TOTAL LIABILITIES AND FUND BALANCES	$ 6,206,978	$ 173,780	$ 3,331,949	$ 9,712,707	$ 10,613,294

See accompanying notes to the financial statements

APPROVED BY THE BOARD OF DIRECTORS

.....Director

..... Director

BERMUDA UNDERWATER EXPLORATION INSTITUTE
STATEMENT OF OPERATIONS
for the year ended December 31, 2025
(expressed in U.S. dollars)

	2025				2024
	Capital Asset Fund	Operating Fund	Endowment Fund	Total	Total
Revenue:					
Donations (Note 6 & 11)	$ 37,732	$ 1,395,529	$ 31,752	$ 1,465,013	$ 1,659,116
Rental revenue	-	545,923	-	545,923	566,452
Admissions revenue	-	203,905	-	203,905	194,835
Education and research revenue	-	186,528	-	186,528	179,747
Membership revenue	-	98,422	-	98,422	89,380
Investment income	-	172,005	626	172,631	136,029
Realized/unrealized gains/(losses) on investments (Note 12)	-	-	92,907	92,907	15,789
	37,732	2,602,312	125,285	2,765,329	2,841,348
Other revenue:					
Gift shop revenue	-	66,078	-	66,078	70,945
Gift shop cost of sales	-	(29,198)	-	(29,198)	(59,753)
Gift shop gross profit (loss)	-	36,880	-	36,880	11,192
Total revenue	37,732	2,639,192	125,285	2,802,209	2,852,540
Operating expenses:					
Administration	-	523,427	-	523,427	476,314
Depreciation	292,209	-	-	292,209	266,976
Exhibits	-	204,385	-	204,385	61,462
Facilities	-	700,405	-	700,405	652,594
Gift shop	-	42,764	-	42,764	43,068
Marketing	-	240,912	-	240,912	320,145
Membership	-	26,743	-	26,743	18,411
Salaries and benefits	-	1,122,942	-	1,122,942	1,088,907
Total operating expenses	292,209	2,861,578	-	3,153,787	2,927,877
SURPLUS/ (DEFICIT) OF REVENUE OVER EXPENSES	$ (254,477)	$ (222,386)	$ 125,285	$ (351,578)	$ (75,338)

See accompanying notes to the financial statements

BERMUDA UNDERWATER EXPLORATION INSTITUTE
STATEMENT OF CHANGES IN FUND BALANCES
for the year ended December 31, 2025
(expressed in U.S. dollars)

	2025				2024
	Capital Asset Fund	Operating Fund	Endowment Fund	Total	Total
FUND BALANCE, BEGINNING OF YEAR	$ 6,230,239	$ 19,864	$ 3,308,077	$ 9,558,180	$ 9,633,518
CAPITAL ASSET ADDITIONS	19,531	(19,531)		-	-
FUND TRANSFERS (Note 7, 8)	(76,820)	178,233	(101,413)	-	-
SURPLUS/ (DEFICIT) OF REVENUE OVER EXPENSES	(254,477)	(222,386)	125,285	(351,578)	(75,338)
FUND BALANCE, END OF YEAR	$ 5,918,473	$ (43,820)	$ 3,331,949	$ 9,206,602	$ 9,558,180

See accompanying notes to the financial statements

BERMUDA UNDERWATER EXPLORATION INSTITUTE
STATEMENT OF CASH FLOWS
for the year ended December 31, 2025
(expressed in U.S. dollars)

	2025	2024
OPERATING ACTIVITIES:		
Deficit of revenue over expenses	$ (351,578)	$ (75,338)
Adjustments to reconcile deficit of revenue over Expenses to net cash provided by operating activities:		
Depreciation	292,209	266,976
Realized/unrealized (gain)/loss on investments	(92,907)	(15,789)
Project under development written off (Note 5)	147,123	-
Changes in assets and liabilities:		
Accounts receivable	(23,511)	22,818
Inventory	(5,930)	20,793
Prepaid expenses	46,922	263
Accounts payable and accrued liabilities	(4,403)	(68,890)
Deferred revenue	(544,606)	8,108
Net cash (used in)/provided by operating activities	(536,681)	158,941
INVESTING ACTIVITIES:		
Purchase of capital assets	(323,074)	(211,860)
Purchase of investment (Note 12)	(1,604,775)	(3,274,137)
Sale of investments (Note 12)	1,704,775	3,274,137
Transfer to investments	(10,491)	-
(Purchase)/sale of time deposits	(623)	91,752
Net cash used in investing activities	(234,188)	(120,108)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(770,869)	38,833
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	1,018,452	979,619
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 247,583	$ 1,018,452

See accompanying notes to the financial statements

BERMUDA UNDERWATER EXPLORATION INSTITUTE
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2025
(expressed in U.S. dollars)

1. PURPOSE AND FORMATION

The Bermuda Underwater Exploration Institute (the "Institute") was formed by an Act of Parliament dated March 25, 1992. The Act provides that should the Institute be dissolved, any property or assets remaining after all liabilities are met shall not vest with the Institute. On July 10, 1997, the Institute opened to the public.

Operating and special activities of the Institute as outlined are dependent on the continuing receipt of donations from sponsors.

The principal purpose of the Institute is as follows:

a) to advance the knowledge and understanding of the ocean from the surface to the deep ocean floor, especially as it relates to underwater research.

b) to encourage the protection and preservation of the marine environment and all that is beneath the ocean.

c) to preserve and display for the public: artifacts, documents and other goods and materials relating to the ocean and the underwater marine environment.

d) to promote, principally through exhibitions and otherwise encourage historical and scientific research related to the ocean, particularly as it relates to the ocean around Bermuda.

e) to educate the public of all ages, using the latest sophisticated multimedia techniques, concerning the wonders of the ocean.

f) to foster close cooperation between similar institutions, both locally and overseas, in order to advance the understanding, appreciation, and knowledge of all that exists beneath the ocean.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

These financial statements have been prepared in accordance with Accounting Standards for Not-for-Profit Organizations Part III generally accepted in Bermuda and Canada ("ASNPO"), and include the following significant accounting policies:

Use of estimates

The preparation of financial statements in conformity with ASNPO requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Financial instruments

Financial instruments are financial assets or liabilities of the Institute where, in general, the Institute has the right to receive cash or another financial asset from another party or the Institute has the obligation to pay another party cash or other financial assets. The Institute initially measures its financial assets and liabilities at fair value. The Institute subsequently measures all its financial assets and financial liabilities at amortized cost except for the Fidelity Global Multi Asset Fund, Fidelity Enhanced Fund and Fidelity Liquidity Fund, which are reported at fair value under "unquoted – other financial assets at fair value through the P&L". Financial assets and liabilities measured at amortized cost include cash and cash equivalents, time deposits, accounts receivable, accounts payable and accrued liabilities, and government remittances payable.

Revenue recognition and fund accounting

The Institute follows the restricted fund method of accounting for contributions. Contributions consist of donations and special events fundraising revenue, rental revenue, admissions revenue, membership revenue and education and research revenue.

The Operating Fund is for the day-to-day operations of the Institute. Restricted contributions related to general operations are recognized as revenue of the Operating Fund in the year in which the related expenses are incurred. Any available surplus from the facilities support funding at the end of the year will be transferred to the Capital Asset Fund. Unrestricted contributions are recognized as revenue of the Operating Fund in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

The Capital Asset Fund is used to account for all capital assets owned by the Institute and the assets held for sale. The capital assets depreciation expense as well as related gains and losses on disposal for all capital assets are also recorded in this fund. Interest income earned on Capital Asset Fund resources is recognized as revenue of the related restricted fund.

The Endowment Fund comprises resources to support the education programs of the Institute. Donations to the Endowment Fund are recognized as revenue in the Endowment Fund. Interest income earned on Endowment Fund resources is recognized as revenue of the related restricted fund.

Contributed materials, services and other assets.

The Institute records the value of donated materials, services and other assets at their fair value at the date of receipt, when the fair value can be reasonably estimated, and the materials, services and other assets are used in the normal course of the Institute's operations and would have otherwise been purchased by the Institute.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Cash and cash equivalents

For purposes of the Institute's statement of cash flows, cash and cash equivalents are defined as bank balances and term deposits with a maturity period of three months or less from the date of acquisition.

Inventory

Inventory is recorded at the lower of cost and net realizable value, with the cost being determined on the first-in, first-out basis.

Capital assets

Purchased capital assets are recorded at cost. Donated capital assets are recorded at their fair value at the date of acquisition. In unusual circumstances when fair value cannot be reasonably determined, the donated capital asset would be recorded at a nominal value. Capital assets are depreciated over their estimated useful lives. Depreciation expense as well as related gains and losses on disposal are recorded in the Capital Asset Fund. Depreciation is provided using the straight-line method. Useful lives of tangible capital assets in use during the 2025 fiscal year were estimated as follows:

Building	Until June 30, 2051
Building improvements	10 years
Building equipment	10 years
Exhibits	5 years
Furniture, fixtures & office equipment	5 years
Computer equipment	5 years
Tram	5 years
Audio visual equipment	2 years

3. ACCOUNTS RECEIVABLE

Accounts receivable balance as at December 31, 2025 of $50,530 (2024: $27,019) net of allowance for doubtful accounts $Nil (2024: $Nil).

4. CAPITAL ASSETS

Capital assets consist of the following:

	Cost	Accumulated deprecation	Net book value 2025	Net book value 2024
Building	$ 14,739,213	$ (9,349,934)	$ 5,389,279	$ 5,600,623
Building Improvements	595,618	(93,561)	502,057	241,260
Building Equipment	1,899,271	(1,727,425)	171,846	176,226
Exhibits	6,311,853	(6,294,323)	17,530	29,298
Furniture, Fixtures & Office Equipment	526,117	(526,117)	-	-
Computer Equipment	164,113	(137,186)	26,927	29,368
Audio Visual Equipment	20,000	(20,000)	-	-
	$ 24,256,185	$ (18,148,546)	$ 6,107,639	$ 6,076,775

The Institute has leased the land at its building location until June 30, 2051, at an annual rent of $1.

Building equipment modernization work of $89,572 is included in the Building Equipment cost of $1,899,271 it was undertaken in 2024 and became operational on January 31, 2025.

Building improvements includes the installation of solar panels on the Institute's roof in two phases. Phase 1 was completed in April 2025 at a cost of $150,000. Phase 2 was completed and signed off in October 2025 at a cost of $151,557.

5. PROJECT UNDER DEVELOPMENT

Redevelopment costs for the top floor of the Ocean Discovery Centre of $Nil (2024: $147,222) as at December 31, 2025. The Institute's Directors wrote off the redevelopment costs of $147,122 on August 15, 2025 which relates to capital expenditure incurred in 2023.

6. CONTRIBUTED MATERIALS, SERVICES, AND OTHER ASSETS

These financial statements include contributed services of $51,212 (2024: $52,113) representing audit costs of $18,000 (2024: $17,813) and other gifts in kind of $33,212 (2024: $34,300).

7. DUE (TO) FROM FUND BALANCES

At December 31, 2025, an amount of $62,184 (2024: $107,024) is due from the Operating Fund to the Capital Asset Fund and represents the surplus from facilities support funding and maintenance income. Interfund amounts receivable bear no interest and are not governed by terms of repayment.

8. INTERFUND TRANSFERS

In 2025, the Institute transferred $76,820 (2024: $265,701) from the Capital Asset Fund to the Operating Fund. In 2025, the Institute transferred $101,413 (2024: $88,973) from the Education Reserve to the Operating Fund.

Total internally restricted net assets of $11,520 (2024: $20) includes $11,510 (2024: $10) for donor restricted cash and $10 (2024: $10) for exhibit restricted cash.

	2025	2024
Unrestricted net assets	$ (55,340)	$ 19,864
Internally restricted net assets	11,520	20
	$ (43,820)	$ 19,884

9. GOVERNMENT REMITTANCES

There is no amount payable in respect of government remittances as at December 31, 2025 and 2024.

10. DEFERRED CONTRIBUTIONS

Deferred contributions represent amounts received in the current and prior period for which related expenditures will be incurred in a subsequent period. Changes in the deferred contributions balance are as follows:

	Balance December 31, 2024	Contributions received during the period	Recognized as revenue during the period	Balance December 31, 2025
Donations	$ 837,758	$ 338,544	$ (887,797)	$ 288,505
Functions	5,440	51,152	(48,530)	8,062
Special events	3,350	28,115	(30,385)	1,080
BUEI Films	-	19,085	(8,250)	10,835
Education camps	4,870	134,039	(138,909)	-
Memberships	1,570	6,520	(8,090)	-
Gift certificates	100	20	(120)	-
	$ 853,088	$ 577,475	$ (1,122,081)	$ 308,482

11. RELATED PARTY TRANSACTIONS

As with most charitable organizations, the Institute relies heavily on the generosity of its donors. In 2025, a donation was received from one donor (the "Foundation") of $797,000 (2024: $816,000) to the Operating Fund. The Foundation is related to BUEI as this one party has the ability to exercise, directly or indirectly, control, joint control or significant influence over another. The Foundation provides BUEI with significant funds designated as operating support and the Institute works with the Foundation in setting operational objectives.

Operating Fund donations from the Foundation as a percentage of Operating Fund operating expenses totaled 28% (2024: 32%). This donor will continue to support the Institute in 2026; however, this support will be contingent upon the Institute continuing to work towards operational goals set forth by the Foundation. The Institute must also maintain its charitable status and continue to demonstrate a commitment to its mission.

12. UNQUOTED – OTHER FINANCIAL ASSETS-AT FAIR VALUE THROUGH PROFIT & LOSS

The Institute invested $3,346,988 in a Fidelity Global Multi Asset Fund on July 17, 2018. The fair value of the fund at December 31, 2025 is $3,225,787 (2024: $3,222,389).

The Institute diversified their portfolio with the sale of shares from the Fidelity Global Multi Asset Fund of $1,604,775 which was approved by the Board on March 7, 2025. The proceeds were reinvested in a Fidelity Enhanced Reserve Fund of $808,224 and Fidelity Liquidity Fund of $796,551. A sale of shares from the Fidelity Global Multi Asset Fund of $100,000 was approved by the Board on August 8, 2023. The realized investment loss of $29,377 (2024: $67,537) flows through the statement of operations.

The realized/unrealized gains/(losses) of $92,906 (2024: $15,789) comprises the net impact of the loss described above and an unrealized holding gain of $122,283 (2024 loss: $51,748).

13. FINANCIAL INSTRUMENTS RISK

The Institute is exposed to various risks through its financial instruments. The following analysis provides a measure of the Institute's risk exposure as at December 31, 2025. Reference should be made to the statement of financial position and related notes for the quantitative values of the financial statement items referred to herein.

Liquidity risk

The Institute is dependent on donations, primarily a donation received from the Foundation to maintain operational cash flows. The Institute forecasts anticipated cash flow deficiencies and requests the necessary funding from donors, to manage this liquidity risk.

Market risk

The Institute is exposed to market risk primarily due to the risk that donations will likely decrease due to changes in market factors and market declines which will likely have a negative effect on the Institute's ability to generate donation revenues.

13. FINANCIAL INSTRUMENTS RISK (Cont'd)

Credit risk

The Institute's credit risk is primarily attributed to cash and cash equivalents held at Bermuda banks, an investment in a Fidelity Global Multi Asset Fund, Fidelity Enhanced Reserve Fund, Fidelity Liquidity Fund and accounts receivable. The Institute's management constantly monitors the accounts receivable balance and the investment fund to mitigate the risk.

14. SUBSEQUENT EVENTS

The Institute has assessed and evaluated all subsequent events arising from the balance sheet date up until May 8, 2026, and has concluded that no additional disclosures are required.