

Audited Financial Statements

**Wells National Estuarine Research
Reserve Management Authority**

June 30, 2022



Proven Expertise & Integrity

**WELLS NATIONAL ESTUARINE RESEARCH
RESERVE MANAGEMENT AUTHORITY**

AUDIT OF FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2022

	<u>PAGE</u>
<u>FINANCIAL STATEMENTS</u>	
Independent Auditors' Report	1 - 4
Management's Discussion and Analysis (Unaudited)	5 - 8
Statement of Net Position	9 - 10
Statement of Revenues, Expenses, and Changes in Net Position	11 - 12
Statement of Cash Flows	13
Notes to Financial Statements	14 - 22
<u>ADDITIONAL INFORMATION</u>	
Schedule of Functional Expenses	23



Proven Expertise & Integrity

INDEPENDENT AUDITORS' REPORT

Board of Directors
Wells National Estuarine Research Reserve
Management Authority
Wells, Maine

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the business-type activities and the discretely presented component unit of the Wells National Estuarine Research Reserve Management Authority as of and for the year ended June 30, 2022 and the related notes to the financial statements, which collectively comprise the Wells National Estuarine Research Reserve Management Authority's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the discretely presented component unit of the Wells National Estuarine Research Reserve Management Authority as of June 30, 2022 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Wells National Estuarine Research Reserve Management Authority and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

3 Old Orchard Road, Buxton, Maine 04093
Tel: (800) 300-7708 (207) 929-4606 Fax: (207) 929-4609
www.rhrsmith.com

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 the Wells National Estuarine Research Reserve Management Authority's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of 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 opinions. 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 GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatements 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 controls 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 Wells National Estuarine Research Reserve Management Authority's internal control. Accordingly, no such opinion is expressed.

- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise doubt about the Wells National Estuarine Research Reserve Management Authority'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.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 through 8 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Wells National Estuarine Research Reserve Management Authority's basic financial statements. The schedule of functional expenses is presented for purposes of additional analysis and is not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards and is also not a required part of the basic 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 basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial

statements or to the basic financial statements themselves and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of functional expenses and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 7, 2023, on our consideration of the Wells National Estuarine Research Reserve Management Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grants agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the effectiveness of the Wells National Estuarine Research Reserve Management Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Wells National Estuarine Research Reserve Management Authority's internal control over financial reporting and compliance.

RHR Smith & Company

Buxton, Maine
February 7, 2023

Management's Discussion and Analysis (Unaudited)

The following discussion and analysis of the Wells National Estuarine Research Reserve Management Authority's (the Authority's) financial performance provides an overview of the Authority's financial activities for the year ended June 30, 2022 and is intended to serve as an introduction to the Authority's basic financial statements. Please read it in conjunction with the financial statements and the accompanying notes to those financial statements, which follow this section.

The Authority's financial statements include a separate legal entity, Laudholm Trust. Although legally separate, Laudholm Trust is included as a discretely presented component unit because of the significance of its financial relationship with the Authority.

Financial Highlights

- The Authority's net position decreased by \$76,534 from the prior fiscal year-end balance. Of this amount, the plant fund had a decrease in net position of \$86,183, and the operating fund had an increase of \$6,775.
- The assets of the Authority exceeded its liabilities and deferred inflows of resources at the close of the current fiscal year by \$3,138,564 (net position). Of this amount, \$2,626,156 was invested in capital assets, and the remaining \$512,408 was unrestricted and may be used for the Authority's general operations. Of the unrestricted net position, \$225,661 was board-designated for education, research and stewardship, and \$286,747 was undesignated.
- Capital assets decreased by \$86,183 which is the net result of \$114,601 in additions and \$200,784 in current depreciation.

Overview of the Basic Financial Statements

The basic financial statements are comprised of the following:

- Independent Auditors' Report – This report is issued by the Authority's independent auditors. In it, the auditors explain that they audited the Authority's basic financial statements in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards* issued by the Comptroller General of the United States. It also expresses that, in the opinion of the auditors, the Authority's financial statements present fairly the Authority's financial position and the results of its operations and cash flows for the year ended June 30, 2022 in conformity with accounting principles generally accepted in the United States of America.
- Statement of Net Position – This statement presents information on all of the Authority's assets, liabilities and deferred inflows of resources, with the sum of assets, liabilities and deferred inflows of resources reported as net position.
- Statement of Revenues, Expenses, and Change in Net Position – This statement reports the operating and nonoperating revenues and expenses of the Authority as well as capital grants and contributions for the year ended June 30, 2022. It also shows how the Authority's net position changed during the fiscal year.
- Statement of Cash Flows – The statement of cash flows reports the sources and uses of the Authority's cash from operating activities, noncapital financing activities, capital and related financing activities, and investing activities. Sources and uses of cash are netted on the statement to show the Authority's net increase or decrease in cash for the year ended June 30, 2022.
- Notes to Financial Statements – The notes to the financial statements provide information about the Authority, its accounting policies, and additional information on amounts reported in other parts of the financial statements.
- The Authority's financial statements include not only the Authority itself (known as the primary government), but also a component unit: Laudholm Trust (a nonprofit organization). Financial information for the component unit is reported separately from the financial information presented for the primary government. Complete financial statements for Laudholm Trust are available from the Executive Director upon request.
- Additional Information – This portion of the Authority's financial statements includes additional financial information that is not required to be included in the Authority's basic financial statements. The information is presented in the form of a schedule and is meant to assist the reader by providing additional information that the Authority believes would be useful to the readers of the financial statements. As with the basic financial statements, the Authority's auditors have also issued a report on this additional information. Their report states that the additional information is fairly stated in relation to the basic financial statements.

As explained in the independent auditors' report on the basic financial statements, the Authority's auditors have also issued a "Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*". This report is not a part of the basic financial statements but is considered an integral part of the audit of the Authority's financial statements in accordance with *Government Auditing Standards* and should be read in conjunction with the auditors' report on the basic financial statements.

Financial Analysis of the Authority

A summary of the Authority's net position at June 30, 2022 and 2021 follows:

Net Position (in thousands)

	Operating Fund		Plant Fund		Total	
	2022	2021	2022	2021	2022	2021
CURRENT ASSETS						
Cash	\$ 430	\$ 425	\$ -	\$ -	\$ 430	\$ 425
Other current assets	31	15	(28)	(7)	3	8
NONCURRENT ASSETS						
Restricted grants receivable	1,269	869	203	41	1,472	910
Capital assets	—	—	2,626	2,712	2,626	2,712
Total Assets	<u>1,730</u>	<u>1,309</u>	<u>2,801</u>	<u>2,746</u>	<u>4,531</u>	<u>4,055</u>
CURRENT LIABILITIES						
Accounts payable and accrued expenses	<u>143</u>	<u>93</u>	—	<u>1</u>	<u>143</u>	<u>94</u>
Total liabilities	<u>143</u>	<u>93</u>	—	<u>1</u>	<u>143</u>	<u>94</u>
DEFERRED INFLOWS OF RESOURCES						
Unearned revenue	<u>1,074</u>	<u>710</u>	<u>175</u>	<u>33</u>	<u>1,249</u>	<u>743</u>
Total deferred inflows of resources	<u>1,074</u>	<u>710</u>	<u>175</u>	<u>33</u>	<u>1,249</u>	<u>743</u>
NET POSITION						
Unrestricted	513	506	-	-	513	506
Invested in capital assets	—	—	2,626	2,712	2,626	2,712
Total net position	\$ <u>513</u>	\$ <u>506</u>	\$ <u>2,626</u>	\$ <u>2,712</u>	\$ <u>3,139</u>	\$ <u>3,218</u>

At June 30, 2022 the Authority had restricted grants receivable of \$1,472,079 restricted to research, education, stewardship and general operations. Grants are recorded on the books when awarded to the Authority but revenue is not recognized until all eligibility requirements imposed by the provider have been met, generally when qualifying expenditures are incurred. Grant funds are generally drawn down from the granting agency once these requirements are met. Of the \$1,472,079 in grants receivable, \$222,527 has been earned and can be drawn down and the remaining \$1,249,552 has not been earned and is included in unearned revenue and is separately reported in the Statement of Net Position as deferred inflows of resources at June 30, 2022.

By far the largest portion of the Authority's Net Position reflects investment in capital assets. These assets have been acquired using grants and other funds of the Authority. The Authority uses these capital assets in its program and supporting services; consequently these assets are not available for future spending. Unrestricted net position may be used to meet the Authority's ongoing obligations to its creditors.

The Statement of Revenues, Expenses, and Changes in Net Position presents information showing how the Authority's net position changed during the fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. A condensed version of the Statement for the years ended June 30, 2022 and 2021 follows:

Results of Operations
(in thousands)

	<u>Operating Fund</u>		<u>Plant Fund</u>		<u>Total</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
OPERATING REVENUES	\$ <u>113</u>	\$ <u>147</u>	\$ <u>42</u>	\$ <u>15</u>	\$ <u>155</u>	\$ <u>162</u>
OPERATING EXPENSES						
Education	436	418	-	-	436	418
Research	388	433	-	-	388	433
Stewardship	191	203	-	-	191	203
General and administrative	550	460	-	-	550	460
Depreciation	<u>-</u>	<u>-</u>	<u>201</u>	<u>202</u>	<u>201</u>	<u>202</u>
OPERATING INCOME (LOSS)	(1,452)	(1,367)	(159)	(187)	(1,611)	(1,554)
NONOPERATING REVENUES (EXPENSES)						
Federal grants	1,092	1,018	-	-	1,092	1,018
State grants	14	2	-	-	14	2
Laudholm Trust grants and support	393	381	-	-	393	380
Other nonoperating revenues	(40)	5	-	-	(40)	5
CAPITAL GRANTS AND CONTRIBUTIONS						
Federal grants	-	-	29	38	29	38
Laudholm Trust grants	-	-	34	26	34	26
Other grants	<u>-</u>	<u>-</u>	<u>10</u>	<u>7</u>	<u>10</u>	<u>7</u>
CHANGE IN NET POSITION	\$ <u><u>7</u></u>	\$ <u><u>39</u></u>	\$ (<u><u>86</u></u>)	\$ (<u><u>116</u></u>)	\$ (<u><u>79</u></u>)	\$ (<u><u>77</u></u>)

The Authority's operations are funded mainly by grants and other support which are considered to be nonoperating revenues in the financial statements. After including nonoperating revenues, the Operating Fund had an increase in net position of \$6,775 which increased unrestricted net position. For the year ended June 30, 2022 depreciation expense of the Plant Fund exceeded capital grants and contributions resulting in a decrease in net position of \$86,183.

Capital Assets

As of June 30, 2022 the Authority had \$2,626,156 invested in capital assets consisting of leasehold improvements, land, buildings, furniture and fixtures, equipment, trails and boardwalks, library and exhibits, and vehicles. The largest category, leasehold improvements, consists of improvements to historic Laudholm Farm where the Reserve facilities are situated which is owned by the Town of Wells, Maine. Capital assets decreased by \$86,183 which is the net result of \$114,601 in additions and \$200,784 in current depreciation.

This year's major additions included:

Leasehold improvements	\$ 64,572
Vehicles	<u>50,029</u>
	\$ <u><u>114,601</u></u>

COVID-19

During the year the Authority's operations continued to be affected by the pandemic resulting from the outbreak of COVID-19 but to a lesser degree than in the previous year. We continued to take steps to keep our employees, visitors, volunteers, partners, and program participants safe and healthy by implementing best practices and adapting to changing conditions. The ongoing pandemic had no impact on the operating and non-operating revenues and expenses of the Authority.

Requests for information

This financial report is intended to provide an overview of the finances of the Authority for those with an interest in this organization. Questions concerning any information within this report may be directed to the Executive Director, 342 Laudholm Farm Road, Wells, Maine 04090.

**WELLS NATIONAL ESTUARINE RESEARCH
RESERVE MANAGEMENT AUTHORITY**

STATEMENT OF NET POSITION

JUNE 30, 2022

	Primary Government			Component Unit
	Operating Fund	Plant Fund	Total	
ASSETS				
CURRENT ASSETS				
Cash	\$ 430,286	\$ -	\$ 430,286	\$ 366,539
Accounts receivable	2,509	-	2,509	9,549
Investments	-	-	-	8,369,264
Internal balances	28,129	(28,129)	-	-
Inventory	-	-	-	2,980
Total Current Assets	460,924	(28,129)	432,795	8,748,332
NONCURRENT ASSETS				
Restricted assets:				
Grants receivable	1,269,079	203,000	1,472,079	25,000
Beneficial interest in charitable trusts	-	-	-	1,144,480
Total Restricted Assets	1,269,079	203,000	1,472,079	1,169,480
Capital assets:				
Leasehold improvements	-	3,670,580	3,670,580	-
Land and buildings	-	2,610,994	2,610,994	97,950
Furniture and fixtures	-	76,372	76,372	11,147
Equipment	-	312,848	312,848	4,205
Trails and boardwalks	-	198,462	198,462	-
Library and exhibits	-	910,164	910,164	-
Vehicles	-	144,505	144,505	-
Less accumulated depreciation	-	(5,297,769)	(5,297,769)	(11,034)
Total Capital Assets	-	2,626,156	2,626,156	102,268
Total Noncurrent Assets	1,269,079	2,829,156	4,098,235	1,271,748
Total Assets	1,730,003	2,801,027	4,531,030	10,020,080

See Notes to Financial Statements

**WELLS NATIONAL ESTUARINE RESEARCH
RESERVE MANAGEMENT AUTHORITY**

STATEMENT OF NET POSITION

JUNE 30, 2022

	Primary Government		Total	Component Unit
	Operating Fund	Plant Fund		
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION				
CURRENT LIABILITIES				
Accounts payable	85,183	-	85,183	10,221
Accrued salaries	20,448	-	20,448	-
Accrued compensated absences	37,283	-	37,283	14,197
	142,914	-	142,914	24,418
Total Current Liabilities	142,914	-	142,914	24,418
Total Liabilities	142,914	-	142,914	24,418
DEFERRED INFLOWS OF RESOURCES				
Unearned revenue	1,074,681	174,871	1,249,552	149,018
Total Deferred Inflows of Resources	1,074,681	174,871	1,249,552	149,018
NET POSITION				
Unrestricted:				
Board-designated for Education	121,434	-	121,434	-
Board-designated for Research	35,116	-	35,116	-
Board-designated for Stewardship	69,111	-	69,111	-
Board-designated Endowment	-	-	-	2,504,362
Undesignated	286,747	-	286,747	186,199
Restricted for:				
Endowment fund	-	-	-	2,359,784
Charitable trusts	-	-	-	1,144,480
Other purposes (spendable)	-	-	-	3,549,551
Invested in capital assets	-	2,626,156	2,626,156	102,268
Total Net Position	\$ 512,408	\$ 2,626,156	\$ 3,138,564	\$ 9,846,644

See Notes to Financial Statements

**WELLS NATIONAL ESTUARINE RESEARCH
RESERVE MANAGEMENT AUTHORITY**

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

YEAR ENDED JUNE 30, 2022

	Primary Government			Total	Component Unit
	Operating Fund		Plant Fund		
	Unrestricted	Restricted			
OPERATING REVENUES					
Charges for services	\$ 108,657	\$ -	\$ 41,949	\$ 150,606	\$ -
Fundraising events, net	-	-	-	-	93,770
Facility rentals, net	-	-	-	-	100,384
Other income	4,695	-	-	4,695	(7,558)
Total Operating Revenues	113,352	-	41,949	155,301	186,596
OPERATING EXPENSES					
Program services					
Education	132,862	303,500	-	436,362	-
Research	2,165	386,191	-	388,356	-
Stewardship	2,327	188,119	-	190,446	-
Contributions to Primary Government	-	-	-	-	467,513
Total Program Services	137,354	877,810	-	1,015,164	467,513
Supporting services					
General and administrative	220,362	329,602	-	549,964	158,346
Fundraising	-	-	-	-	198,273
Depreciation	-	-	200,784	200,784	1,504
Total Supporting Services	220,362	329,602	200,784	750,748	358,123
Total Operating Expenses	357,716	1,207,412	200,784	1,765,912	825,636
OPERATING INCOME (LOSS)	(244,364)	(1,207,412)	(158,835)	(1,610,611)	(639,040)
NONOPERATING REVENUES (EXPENSES)					
Federal grants	-	1,091,774	-	1,091,774	-
State grants	-	14,000	-	14,000	-
Laudholm Trust grants	131,644	142,945	-	274,589	-
Laudholm Trust indirect support	118,474	-	-	118,474	-
Other grants	-	43,977	-	43,977	-
Contributions	870	-	-	870	349,482
Memberships	-	-	-	-	158,876
Interest and dividends, net	151	-	-	151	60,319
Gains (losses) on investments	-	-	-	-	(810,602)
Gains (losses) on charitable trusts	-	-	-	-	(210,614)
Change in annuity obligations	-	-	-	-	(6,000)
Grants to others	-	(85,284)	-	(85,284)	-
Total Nonoperating Revenues (Expenses)	251,139	1,207,412	-	1,458,551	(458,539)

See Notes to Financial Statements

**WELLS NATIONAL ESTUARINE RESEARCH
RESERVE MANAGEMENT AUTHORITY**

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

YEAR ENDED JUNE 30, 2022

	Primary Government			Total	Component Unit
	Operating Fund		Plant Fund		
	Unrestricted	Restricted			
INCOME (LOSS) BEFORE CAPITAL GRANTS AND CONTRIBUTIONS	6,775	-	(158,835)	(152,060)	(1,097,579)
CAPITAL GRANTS AND CONTRIBUTIONS					
Federal grants	-	-	29,206	29,206	-
Laudhom Trust grants	-	-	33,946	33,946	-
Laudholm Trust indirect support	-	-	-	-	-
Other grants	-	-	9,500	9,500	-
Total Capital Grants and Contributions	-	-	72,652	72,652	-
CHANGE IN NET POSITION	6,775	-	(86,183)	(79,408)	(1,097,579)
NET POSITION, BEGINNING OF YEAR	505,633	-	2,712,339	3,217,972	10,944,223
NET POSITION, END OF YEAR	\$ 512,408	\$ -	\$ 2,626,156	\$ 3,138,564	\$ 9,846,644

See Notes to Financial Statements

**WELLS NATIONAL ESTUARINE RESEARCH
RESERVE MANAGEMENT AUTHORITY**

STATEMENT OF CASH FLOWS

YEAR ENDED JUNE 30, 2022

	Primary Government		
	Operating Fund	Plant Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	\$ 114,537	\$ 41,949	\$ 156,486
Payments to employees	(903,202)	-	(903,202)
Payments to suppliers for goods and services	(611,846)	-	(611,846)
Internal activity - payments to other funds	(21,454)	21,454	-
Other receipts (payments)	4,695	-	4,695
Net cash provided by (used in) operating activities	(1,417,270)	63,403	(1,353,867)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Noncapital grants, contributions and other support	1,508,087	-	1,508,087
Grants to others	(85,284)	-	(85,284)
Net cash provided by (used in) noncapital financing activities	1,422,803	-	1,422,803
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Capital grants and contributions	-	52,122	52,122
Acquisitions of capital assets	-	(115,525)	(115,525)
Net cash provided by (used in) capital and related financing activities	-	(63,403)	(63,403)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest and dividends	151	-	151
Net cash provided by (used in) investing activities	151	-	151
NET INCREASE (DECREASE) IN CASH BALANCE	5,684	-	5,684
CASH BALANCE, BEGINNING OF YEAR	424,602	-	424,602
CASH BALANCE, END OF YEAR	\$ 430,286	\$ -	\$ 430,286
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:			
Operating income (loss)	\$ (1,451,776)	\$ (158,835)	\$ (1,610,611)
Adjustments:			
Depreciation expense	-	200,784	200,784
Change in assets and liabilities:			
Internal balances	(21,454)	21,454	-
Accounts receivable	5,880	-	5,880
Accounts payable	45,303	-	45,303
Accrued salaries	1,060	-	1,060
Accrued compensated absences	3,717	-	3,717
Net cash provided by (used in) operating activities	\$ (1,417,270)	\$ 63,403	\$ (1,353,867)

See Notes to Financial Statements

**WELLS NATIONAL ESTUARINE RESEARCH
RESERVE MANAGEMENT AUTHORITY**

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2022

Note 1 – Summary of Accounting Policies

The Wells National Estuarine Research Reserve Management Authority (the Authority) was established in 1990 as an instrumentality of the State of Maine to support and promote the interests of the Wells National Estuarine Research Reserve.

The Authority operates to: manage and sustain the coastal lands and other resources within the Reserve; further coordination and cooperation among state agencies, the National Oceanic and Atmospheric Administration, the Town of Wells, the United States Fish and Wildlife Service and the Laudholm Trust; develop and implement programs for estuarine research, monitoring, education and training; and provide public access and opportunities for public enjoyment compatible with the protection of the Reserve's natural resources.

The accounting policies used by the Authority conform to generally accepted accounting principles (GAAP) as applicable to governmental units. Significant policies are described below:

Reporting Entity – The Authority meets the criteria established by the Governmental Accounting Standards Board to be considered a primary governmental entity for financial reporting purposes. As required by GAAP, these financial statements present the Wells National Estuarine Research Reserve Management Authority (the Primary Government) and its component unit. Component units are legally separate organizations that are either financially accountable to the primary government or must be included to keep the financial statements from being misleading or incomplete because of the nature or significance of their relationships to the primary government. The component unit discussed below has been included in the Authority's financial reporting entity because of the significance of its financial relationship with the Authority.

Discretely Presented Component Unit – Laudholm Trust – Laudholm Trust, a not-for-profit organization, is a fund-raising organization providing support for estuarine ecosystems, primarily the Wells National Estuarine Research Reserve and the historic site of Laudholm Farm. Laudholm Trust is included in the Authority's financial statements because of the significance of its financial relationship with the Authority.

Laudholm Trust has issued separate financial statements for the fiscal year ended June 30, 2022. Complete financial statements may be obtained at the Trust's administrative offices: Laudholm Trust, 342 Laudholm Farm Road, Wells, Maine 04090 or at www.laudholm.org.

Financial Reporting – The Authority follows the provisions of the Governmental Accounting Standards Board (GASB): Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, Statement No. 37, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments: Omnibus*, and Statement No. 38, *Certain Financial Statement Note Disclosures*, which establish the financial reporting standards for all state and local government entities.

The accompanying financial statements have been prepared using the economic resources measurement focus and the accrual basis of accounting and reflect transactions on behalf of the Authority, the reporting entity. As allowed by GASB Statement No. 34, the Authority accounts for its operations using enterprise fund accounting and reporting.

Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met, generally when qualifying expenditures are incurred.

Under GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Government Entities that Use Proprietary Fund Accounting*, the Authority has adopted the option to apply only those Financial Accounting Standards Board (FASB) statements and interpretations issued before November 30, 1989, that do not conflict with or contradict GASB pronouncements. Only GASB pronouncements issued after this date will be followed.

**WELLS NATIONAL ESTUARINE RESEARCH
RESERVE MANAGEMENT AUTHORITY**

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2022

Note 1 – Summary of Accounting Policies (continued)

Financial Reporting (continued) – Enterprise funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing goods and services in connection with an enterprise fund’s ongoing operations. The principal operating revenues of the Authority’s enterprise funds are charges to customers for services. Operating expenses for enterprise funds include the cost of services provided, administrative expenses, and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the Authority’s policy to use restricted resources first, then unrestricted resources, as they are needed.

Fund Accounting – To ensure observance of limitations and restrictions placed on the use of the resources available to the Authority, the accounts are maintained in accordance with the principles of fund accounting. This is the procedure by which resources for various purposes are classified for accounting and reporting purposes into funds established according to their nature and purposes. Separate accounts are maintained for each fund; however, in the accompanying financial statements, funds that have similar characteristics have been combined into fund groups. Accordingly, all financial transactions have been recorded and reported by fund group.

The assets, liabilities, and fund balances of the Authority are reported in two self-balancing fund groups as follows:

- Operating funds, which include unrestricted and restricted resources, represent the portion of expendable funds that are available for support of Authority operations and program services.
- Plant funds represent all property, plant and equipment owned by the Authority.

Capital Assets – Purchased assets are carried at cost. Contributed assets are carried at their estimated fair market value at the time of the gift. For the Authority, major additions over \$5,000 are included in the property accounts while maintenance and repairs which do not improve or extend the life of the assets are expensed currently. For the Authority’s discretely presented component unit, Laudholm Trust, the policy is to capitalize costs for major additions over \$1,000. Depreciation is computed by the straight-line method based on the estimated useful lives of the assets. See Note 3.

Capital Grants and Contributions – Funds provided by grants from federal and state governments, and Laudholm Trust, which are restricted to the construction and improvement of the Authority’s capital assets are recorded as income from capital grants and contributions.

Net Position – Net position comprises the various net earnings from operating income, nonoperating revenues and expenses, and capital grants and contributions. Net position is classified in the following three components:

Invested in capital assets – This component of net position consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings, if any, that are attributable to the acquisition, construction or improvement of those assets.

Restricted – This component of net position consists of constraints imposed by grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

**WELLS NATIONAL ESTUARINE RESEARCH
RESERVE MANAGEMENT AUTHORITY**

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2022

Note 1 – Summary of Accounting Policies (continued)

Financial Reporting (continued) – Unrestricted net position – This component of net position consists of assets that do not meet the definition of “restricted” or “invested in capital assets.”

Cash and Cash Equivalents – For the purposes of the Statement of Cash Flows, the Authority considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Internal Balances – During the course of operations numerous transactions occur between funds that may result in amounts owed between funds. Interfund receivables and payables outstanding are referred to as “internal balances” and normally arise from differences in the timing of expenditures and related grant drawdowns.

Compensated Absences – Under certain circumstances, employees of the Authority are allowed to accumulate annual leave. This amount is included as a liability in the financial statements.

Investments – The Authority’s discretely presented component unit, Laudholm Trust, carries investments in marketable securities with readily determinable fair values and all investments in debt securities at their fair values in the Statement of Net Position. Unrealized gains and losses are included in the change in net position in the accompanying Statement of Revenues, Expenses, and Changes in Net Position.

Fair Value of Financial Instruments – For the Authority’s discretely presented component unit, Laudholm Trust, the fair value of all reported assets and liabilities which represent financial instruments, none of which are held for trading purposes, approximates the carrying value of such amounts unless otherwise indicated.

Inventory – The Authority’s discretely presented component unit, Laudholm Trust, values inventory at the lower of cost or market determined by the first-in, first-out method.

Income Taxes – The Authority’s discretely presented component unit, Laudholm Trust, is exempt from Federal income taxes under the provisions of the Internal Revenue Service Code as an entity described in Section 501(c)(3). The Trust has been classified as a publicly supported Trust that is not a private foundation under Section 509(a) of the Internal Revenue Service Code. Therefore, no provision for income taxes has been made.

Donated Assets and Services – For the Authority’s discretely presented component unit, Laudholm Trust, donated marketable securities and other noncash donations are recorded as contributions at their estimated fair values at the date of donation. Contributed professional services are recognized if the services received (a) create or enhance long-lived assets or (b) require specialized skills and are provided by individuals possessing those skills that would typically need to be purchased if not provided by donation.

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

Expense Allocation – The costs of providing various programs and other activities have been summarized on a functional basis in the Statement of Revenues, Expenses, and Changes in Net Position. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

**WELLS NATIONAL ESTUARINE RESEARCH
RESERVE MANAGEMENT AUTHORITY**

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2022

Note 2 – Cash Deposits and Investments

The Authority has no formal investment policy. The Authority makes all deposits pursuant to State of Maine Statutes. The Authority's discretely presented component unit, Laudholm Trust, has an investment policy which complies with State of Maine Statutes.

Deposits

At June 30, 2022, the carrying amount of the Authority's deposits with financial institutions was \$429,436 and the bank balance was \$558,216. The difference between the carrying amount and the bank balance is due primarily to outstanding checks and deposits in transit. Of the bank balance, \$346,153 was covered by federal depository insurance and \$212,064 was uninsured.

At June 30, 2022, the carrying amount of the discretely presented component unit's deposits with financial institutions was covered by federal depository insurance, the Securities Investor Protection Corporation, or by additional insurance.

Custodial credit risk for deposits is the risk that, in the event of a failure of a depository financial institution, the Authority or its component unit will not be able to recover its deposits. The Authority does not have a policy covering custodial credit risk for deposits. However, the Authority and its component unit maintain deposits in qualifying financial institutions that are a member of the FDIC or NCUSIF as defined in Title 30-A, Section 5706 of the Maine Revised Statutes.

Investments

The Authority's discretely presented component unit, Laudholm Trust, records investments in marketable securities with readily determinable fair values and all investments in debt securities at their fair values in the Statement of Net Position. Unrealized gains and losses are included in the change in net position in the accompanying Statement of Revenue, Expenses, and Changes in Net Position. Investments include gifts that are subject to donor or legal restrictions as well as other unrestricted gifts and funds, which are invested to provide support for Trust activities in accordance with Trustee direction. Investments, at fair value, are classified in the Statement of Net Position at June 30, 2022 as follows:

Cash and cash equivalents	\$ 959,789
U.S. government treasuries	766,977
Mutual funds	184,849
Corporate equities	<u>6,457,649</u>
Total investments	\$ <u>8,369,264</u>

Custodial credit risk for investments is that, in the event of failure of the counterparty, the Authority's component unit, Laudholm Trust, will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. Currently, Laudholm Trust does not have a policy for custodial credit risk for investments. Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Laudholm Trust does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from fluctuations in interest rates.

Note 3 – Capital Assets

Depreciation is computed by the straight-line method using the following estimated useful lives:

Leasehold improvements	25 years
Buildings	25 years
Furniture and fixtures	10 years
Equipment	5-10 years
Trails and boardwalks	15 years
Library and exhibits	7 years
Vehicles	5 years

**WELLS NATIONAL ESTUARINE RESEARCH
RESERVE MANAGEMENT AUTHORITY**

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2022

Note 3 – Capital Assets (continued)

Leasehold improvements consist of improvements to land and buildings owned by the Town of Wells, Maine. The land consists of historic Laudholm Farm on 240 acres where the Reserve facilities are situated. The Authority has certain rights, including the rights to use, manage, and improve the property, as outlined in an easement deed granted to the Authority by the Inhabitants of the Town of Wells on August 7, 1992.

Land and buildings of the primary government consist of two parcels. The first one consists of approximately 37 acres of land and buildings situated on Laudholm Farm Road in the Town of Wells, Maine. The property is used for dormitories for visiting scientists and educators. The deed transferring this property to the Authority prohibits the Authority from mortgaging or selling this property. The property is to be held intact. In the event that the provisions of the deed are violated, title will automatically pass to the Catholic Church Extension Society of the United States of America which would be free to dispose of the property at a public or private sale. The second parcel consists of approximately 5 acres of land and buildings located adjacent to the Reserve facilities.

Land of the component unit consists of 4 parcels of land which are unrestricted and expendable.

Capital asset activity of the primary government for the year ended June 30, 2022 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>
Capital assets not being depreciated:				
Land	\$ 1,053,519	\$ -	\$ -	\$ 1,053,519
Furniture and fixtures	<u>23,300</u>	<u>-</u>	<u>-</u>	<u>23,300</u>
Total capital assets not being depreciated	<u>1,076,819</u>	<u>-</u>	<u>-</u>	<u>1,076,819</u>
Other capital assets:				
Leasehold improvements	3,606,008	64,572	-	3,670,580
Buildings	1,557,475	-	-	1,557,475
Furniture and fixtures	53,072	-	-	53,072
Equipment	359,097	-	(46,249)	312,848
Trails and boardwalks	198,462	-	-	198,462
Library and exhibits	910,164	-	-	910,164
Vehicles	<u>94,476</u>	<u>50,029</u>	<u>-</u>	<u>144,505</u>
Total other capital assets	<u>6,778,754</u>	<u>114,601</u>	<u>-</u>	<u>6,847,106</u>
Less accumulated depreciation:				
Leasehold improvements	(2,742,382)	(86,796)	-	(2,829,178)
Buildings	(957,114)	(62,299)	-	(1,019,413)
Furniture and fixtures	(51,509)	(243)	-	(51,752)
Equipment	(294,749)	(23,737)	46,249	(272,237)
Trails and boardwalks	(134,000)	(7,805)	-	(141,805)
Library and exhibits	(896,732)	(4,477)	-	(901,209)
Vehicles	<u>(66,748)</u>	<u>(15,427)</u>	<u>-</u>	<u>(82,175)</u>
Total accumulated depreciation	<u>(5,143,234)</u>	<u>(200,784)</u>	<u>46,249</u>	<u>(5,297,769)</u>
Total other capital assets, net	<u>1,635,520</u>	<u>(86,183)</u>	<u>-</u>	<u>1,549,337</u>
Total capital assets, net	<u>\$ 2,712,339</u>	<u>\$ (86,183)</u>	<u>\$ -</u>	<u>\$ 2,626,156</u>

**WELLS NATIONAL ESTUARINE RESEARCH
RESERVE MANAGEMENT AUTHORITY**

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2022

Note 3 – Capital Assets (continued)

Capital asset activity of the discretely presented component unit for the year ended June 30, 2022 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>
Capital assets not being depreciated:				
Land	\$ 97,950	\$ -	\$ -	\$ 97,950
Furniture and fixtures	<u>1,300</u>	<u>900</u>	<u>-</u>	<u>2,200</u>
Total capital assets not being depreciated	<u>99,250</u>	<u>900</u>	<u>-</u>	<u>100,150</u>
Other capital assets:				
Furniture and fixtures	8,947	-	-	8,947
Equipment	<u>4,205</u>	<u>-</u>	<u>-</u>	<u>4,205</u>
Total other capital assets	<u>13,152</u>	<u>-</u>	<u>-</u>	<u>13,152</u>
Less accumulated depreciation:				
Furniture and fixtures	(6,810)	(900)	-	(7,710)
Equipment	(<u>2,720</u>)	(<u>604</u>)	<u>-</u>	(<u>3,324</u>)
Total accumulated depreciation	(<u>9,530</u>)	(<u>1,504</u>)	<u>-</u>	(<u>11,034</u>)
Total other capital assets, net	<u>3,622</u>	(<u>1,504</u>)	<u>-</u>	<u>2,118</u>
Total capital assets, net	\$ <u>102,872</u>	\$ (<u>604</u>)	\$ <u>-</u>	\$ <u>102,268</u>

Note 4 – Deferred Amounts

Grants receivable represent the balances of unrestricted and restricted grants, all of which are due to be received during the year ending June 30, 2023.

Grants receivable which are subject to restrictions are included in unearned revenue. The following is a summary of the changes in unearned revenue:

Balance at beginning of period	\$ 743,742
Additional restricted grants	<u>1,851,967</u>
	2,595,709
Less - funds expended during the period	<u>1,346,157</u>
Balance at end of period	\$ <u>1,249,552</u>

The unearned revenue amounts are more fully described as follows:

Restricted to education	\$ 92,818
Restricted to research	511,751
Restricted to stewardship	426,700
Restricted to general and administrative	34,354
Restricted to capital asset additions	<u>183,929</u>
	\$ <u>1,249,552</u>

**WELLS NATIONAL ESTUARINE RESEARCH
RESERVE MANAGEMENT AUTHORITY**

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2022

Note 5 – Support and Revenue

The Authority's major sources of revenue are federal grants and Laudholm Trust grants as follows:

- Federal grants are received from the National Oceanic and Atmospheric Administration within the U.S. Department of Commerce, the U.S. Department of the Interior Fish and Wildlife Service, the U.S. Department of Agriculture and the U.S. Environmental Protection Agency. Various grant awards are utilized by the Authority for operations, development, research, education, stewardship and monitoring purposes.
- Laudholm Trust provides the local matching funds required by the federal grants and additional support needed for operations and capital improvements. The Trust is a not-for-profit organization which raises money through membership dues, donations, facility rentals and fundraising activities and events with the primary goal to support the Authority.

The Authority also receives state, municipal, and private grants to support its operations, programs and capital improvements.

Note 6 – Pension Plan

The Authority has established a defined contribution pension plan for the benefit of its employees. Under this plan the Authority matches dollar for dollar up to 6.5% of each eligible employee's salary. Employees must have one year of service with the Authority before they can participate in the plan. The related pension expense of the primary government was \$34,966 for the year ended June 30, 2022. The Authority's discretely presented component unit, Laudholm Trust, has a similar plan with a related pension expense of \$17,150 for the year ended June 30, 2022.

Note 7 – Beneficial Interest in Charitable Trusts

The Authority's discretely presented component unit, Laudholm Trust, is the beneficiary of two perpetual trusts created by donors, the assets of which are not in possession of the Trust. The Trust has legally enforceable rights and claims relating to such assets, including the sole right to income therefrom. At June 30, 2022 the Trust has recorded its beneficial interest in these trusts of \$1,144,480. Net realized and unrealized gains (losses) and undistributed investment income, net of trust management fees related to the beneficial interests are reported as changes in restricted net position based on explicit donor stipulations. Distributions received from the trusts during 2022 amounted to \$52,326. Distributions are included in contributions.

Note 8 – Charitable Gift Annuity Agreements

For the Authority's discretely presented component unit, Laudholm Trust, amounts due to others under charitable gift annuity agreements represent guarantees to pay a fixed amount to the donor for the life of the donor. At June 30, 2022 the Trust had obligations under two separate agreements. The assets received have generally been invested in savings accounts, the earnings from which are used to offset the payments required under one of the agreements. An annuity has been purchased from an insurance company, the payments from which are used to offset the payments required under the other agreement. In the year of a new gift, the difference between the amount received and the present value of the future annuity payments is recorded as a contribution. The present value of future annuity payments is determined based on the ages and life expectancies of the donors as of the date of the gift, using a discount rate that approximates the Trust's rate of return on invested assets.

Note 9 – Line of Credit

The Authority's discretely presented component unit, Laudholm Trust, has a line of credit with a commercial bank which provides for borrowings of up to \$50,000. The line of credit is unsecured. There were no borrowings under the line of credit as of June 30, 2022. This line of credit has been extended through July 22, 2023.

**WELLS NATIONAL ESTUARINE RESEARCH
RESERVE MANAGEMENT AUTHORITY**

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2022

Note 10 – Donated Materials and Services

Donated materials and equipment are reflected as contributions in the accompanying statements at their estimated values at date of receipt. Contributed professional services are recognized if the services received (a) create or enhance long-lived assets or (b) require specialized skills and are provided by individuals possessing those skills that would typically need to be purchased if not provided by donation.

Note 11 – Memorandums of Understanding

The Authority has entered into memorandums of understanding with the Town of Wells, the State of Maine Department of Agriculture, Conservation and Forestry/Bureau of Parks and Lands, the National Oceanic and Atmospheric Administration, the United States Fish and Wildlife Service and Laudholm Trust. These agreements outline each entity's responsibilities in relation to the operation of the Reserve and the management of the property included within the boundaries of the Reserve. The Authority's responsibilities in these agreements are generally to manage the Reserve consistent with the Wells National Estuarine Research Reserve Management Plan 2019 - 2024.

Note 12 – Assets Measured at Fair Value on a Recurring Basis

The Authority's discretely presented component unit, Laudholm Trust, follows FASB ASC 820-10 Fair Value Measurements, whereby the Trust is required to disclose for its assets and liabilities measured at fair value on a recurring basis the inputs used to determine those fair value measurements. The guidance provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets and liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3).

The three levels of the fair value hierarchy are as follows:

- *Level 1:* Level 1 inputs are quoted prices in active markets for identical assets and liabilities that an entity has the ability to access at a measurement date.
- *Level 2:* Level 2 inputs are inputs other than quoted prices that are observable for the specific asset or liability, either directly or indirectly.
- *Level 3:* Level 3 inputs are unobservable inputs for the asset or liability in which little or no market activity is available for the asset or liability at the measurement date.

The following is a description of the valuation methodologies used for Level 2 assets measured at fair value:

- *Beneficial interest in charitable trusts:* Valued using readily available quoted market prices of the asset's underlying investments.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Trust's management believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

At June 30, 2022 the Trust calculated fair value measurements using inputs corresponding to the following levels:

- *Level 1:* Cash and Investments.
- *Level 2:* Beneficial interest in charitable trusts.

**WELLS NATIONAL ESTUARINE RESEARCH
RESERVE MANAGEMENT AUTHORITY**

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2022

Note 13 – Restricted Net Assets

Restricted net position of the Authority's discretely presented component unit, Laudholm Trust, at June 30, 2022 consisted of the following:

Endowment fund net position consists of various donor restricted permanent endowments with the primary goal to support the Wells National Estuarine Research Reserve with income restricted as follows:

Unrestricted	\$ 395,600
Restricted to educational programs	341,885
Restricted to research programs	1,426,192
Restricted to library support	97,675
Restricted to junior research programs	50,949
Restricted to landscape beautification	5,000
Restricted to support of historic buildings	<u>42,483</u>
Total endowment fund	\$ <u>2,359,784</u>

Charitable trusts more fully described in a separate footnote with the primary goal to support the Wells National Estuarine Research Reserve with income restricted as follows:

Unrestricted	\$ <u>1,144,480</u>
Total charitable trusts	\$ <u>1,144,480</u>

Other amounts temporarily restricted to be spent as follows:

Accumulated endowment earnings restricted to:	
Restricted to research programs	\$ 1,578,728
Restricted to educational programs	682,516
Other restricted amounts	1,250,186
Pledges receivable	33,121
Other grants	<u>5,000</u>
Total restricted for other purposes (spendable)	\$ <u>3,549,551</u>

Note 14 – Lease of Office Space

The Authority has entered into two separate agreements to lease office space to other organizations. The first lease, entered into on March 6, 2019, provides 225 square feet of office space to a state university. The term of the lease is for the three years ending June 30, 2022, and may be extended upon agreement of both parties. The lease calls for annual rent of \$6,000 for the fiscal year ended June 30, 2020, with \$500 increases for the remaining two years. The second lease was entered into on December 12, 2019 and provides 225 square feet of office space to a not-for-profit organization. The term of the lease is for the three years ending June 30, 2022, and may be extended upon agreement of both parties. The lease calls for annual rent of \$6,000 plus an annual overhead fee of \$1,500 for access to, and use of, additional meeting spaces and certain office equipment.

Note 15 – Subsequent Events

Subsequent events have been evaluated by management through February 14, 2023. February 14, 2023 is the date the financial statements were available to be issued. There are no subsequent events that were material to the financial statements at February 14, 2023.

**WELLS NATIONAL ESTUARINE RESEARCH
RESERVE MANAGEMENT AUTHORITY**

SCHEDULE OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2022

	Primary Government			Supporting Services General and Administrative	Component Unit	
	Program Services				Supporting Services	
	Education	Research	Stewardship		General and Administrative	Fundraising
EXPENSES						
Salaries	\$ 276,160	\$ 235,718	\$ 122,962	\$ 273,139	\$ 89,787	\$ 129,206
Payroll taxes and benefits	82,383	73,630	39,763	53,665	31,277	44,062
Contracted services	35,402	3,700	14,302	36,613	-	-
Docent and volunteer expenses	6,503	-	-	-	-	-
Insurance	-	-	-	14,139	6,073	-
Miscellaneous	5,258	4,586	500	7,564	46	-
Postage	-	-	-	802	242	2,178
Printing	14,209	-	-	-	-	-
Professional fees	-	-	-	12,400	28,517	9,505
Recognition	-	-	-	-	-	3,211
Repairs and maintenance	-	-	-	104,331	367	-
Staff development	377	-	2,203	2,140	172	171
Subscriptions and memberships	-	379	-	4,054	203	407
Supplies	14,917	64,497	3,217	13,363	1,662	6,648
Travel	1,153	5,846	726	312	-	2,885
Utilities and telephone	-	-	-	34,215	-	-
Indirect allocation	-	-	6,773	(6,773)	-	-
Total Expenses	<u>\$ 436,362</u>	<u>\$ 388,356</u>	<u>\$ 190,446</u>	<u>\$ 549,964</u>	<u>\$ 158,346</u>	<u>\$ 198,273</u>