



**laudholmtrust**  
In support of Wells Reserve

**LAUDHOLM TRUST  
(A COMPONENT UNIT OF THE WELLS  
NATIONAL ESTUARINE RESEARCH RESERVE  
MANAGEMENT AUTHORITY)**

**REVIEW OF FINANCIAL STATEMENTS  
AND  
ADDITIONAL INFORMATION**

**YEAR ENDED JUNE 30, 2016**

## INDEPENDENT ACCOUNTANTS' REVIEW REPORT

**CUMMINGS  
LAMONT  
& McNAMEE, P.A.**

February 16, 2017

*"Trusted Advisors for  
over 50 years!"*

To the Board of Trustees of  
Laudholm Trust  
Wells, Maine

We have reviewed the accompanying financial statements of Laudholm Trust (a nonprofit organization), which comprise the statement of financial position as of June 30, 2016, and the related statements of activities and changes in net assets and cash flows for the year then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

### Management's Responsibility for the Financial Statements

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

### Accountants' Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

### Accountants' Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

### Summarized Comparative Information

We previously reviewed Laudholm Trust's 2015 financial information and in our conclusion dated February 12, 2016, stated that based on our review, we were not aware of any material modifications that should be made to the 2015 financial statements for them to be in accordance with accounting policies general accepted in the United States of America. We are not aware of any material modifications that should be made to the summarized comparative information presented herein as of and for the year ended June 30, 2015, for it to be consistent with reviewed financial statements from which it has been derived.

*Cummings, Lamont & McNamee, P.A.*

**Certified Public Accountants  
Kennebunk, Maine**

### CERTIFIED PUBLIC ACCOUNTANTS

305 Lafayette Center  
P.O. Box 328  
Kennebunk, Maine 04043-0328  
TEL 207 985 3339  
FAX 207 985-1339

One New Hampshire Avenue  
Suite 230  
Portsmouth, NH 03801  
TEL 603 430-6200  
FAX 603 430-6209

1 Hampton Road  
Suite 306  
Exeter, NH 03833  
TEL 603 772-3460  
FAX 603 772-7097

<http://www.clmcpa.com>  
e-mail: [clm@clmcpa.com](mailto:clm@clmcpa.com)

Raymond L. Bald, CPA, CFE  
Cindy K. Edwards, MBA  
Wanda J. Ring, CPA  
Melanie Bunker, CPA  
Michelle A. Goldsmith, CPA

Member:  
American Institute of CPAs

Licensed in Maine, New Hampshire  
and Massachusetts

**LAUDHOLM TRUST  
(A COMPONENT UNIT OF THE WELLS  
NATIONAL ESTUARINE RESEARCH RESERVE  
MANAGEMENT AUTHORITY)**

**REVIEW OF FINANCIAL STATEMENTS  
AND  
ADDITIONAL INFORMATION**

**YEAR ENDED JUNE 30, 2016**

	<u>PAGE</u>
<u>FINANCIAL STATEMENTS</u>	
Independent Accountants' Review Report	1
Statement of Financial Position	2
Statement of Activities and Changes in Net Assets	3
Statement of Cash Flows	4
Notes to Financial Statements	5 - 11
<u>ADDITIONAL INFORMATION</u>	
Independent Accountants' Review Report on Additional Information	12
General and Administrative Expenses	13

**LAUDHOLM TRUST**  
**(A COMPONENT UNIT OF THE WELLS NATIONAL**  
**ESTUARINE RESEARCH RESERVE MANAGEMENT AUTHORITY)**

**STATEMENT OF FINANCIAL POSITION**  
**(SEE INDEPENDENT ACCOUNTANTS' REVIEW REPORT)**

**JUNE 30, 2016**  
**WITH COMPARATIVE TOTALS FOR JUNE 30, 2015**

	Unrestricted	Temporarily Restricted	Permanently Restricted	June 30, 2016 Total	June 30, 2015 Total
<b>ASSETS</b>					
Cash and cash equivalents	\$ 322,793	\$ 41,706	\$ 113,412	\$ 477,911	\$ 465,842
Accounts receivable	3,223	-	-	3,223	16,936
Investments	1,732,359	803,882	2,204,360	4,740,601	4,514,881
Unconditional promises to give, net:					
Restricted	-	7,500	-	7,500	10,000
Inventory	4,000	-	-	4,000	4,601
Beneficial interest in charitable trusts	-	-	987,687	987,687	1,035,790
Land	97,950	-	-	97,950	97,950
Furnishings and equipment, net of accumulated depreciation of \$11,177	2,513	-	-	2,513	3,067
<b>Total Assets</b>	<b>\$ 2,162,838</b>	<b>\$ 853,088</b>	<b>\$ 3,305,459</b>	<b>\$ 6,321,385</b>	<b>\$ 6,149,067</b>
<b>LIABILITIES</b>					
Accounts payable	\$ 519	\$ -	\$ -	\$ 519	\$ 3,031
Deferred revenues	171,450	-	-	171,450	143,905
<b>Total Liabilities</b>	<b>171,969</b>	<b>-</b>	<b>-</b>	<b>171,969</b>	<b>146,936</b>
<b>NET ASSETS</b>					
Unrestricted:					
Designated funds functioning as endowment	1,850,009	-	-	1,850,009	1,808,469
Undesignated	140,860	-	-	140,860	110,159
Temporarily restricted	-	853,088	-	853,088	755,748
Permanently restricted	-	-	3,305,459	3,305,459	3,327,755
<b>Total Net Assets</b>	<b>1,990,869</b>	<b>853,088</b>	<b>3,305,459</b>	<b>6,149,416</b>	<b>6,002,131</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 2,162,838</b>	<b>\$ 853,088</b>	<b>\$ 3,305,459</b>	<b>\$ 6,321,385</b>	<b>\$ 6,149,067</b>

*See Notes to Financial Statements*

**LAUDHOLM TRUST**  
**(A COMPONENT UNIT OF THE WELLS NATIONAL**  
**ESTUARINE RESEARCH RESERVE MANAGEMENT AUTHORITY)**

**STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS**  
**(SEE INDEPENDENT ACCOUNTANTS' REVIEW REPORT)**

**YEAR ENDED JUNE 30, 2016**  
**WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2015**

	Unrestricted	Temporarily Restricted	Permanently Restricted	June 30, 2016 Total	June 30, 2015 Total
<b>REVENUES AND OTHER SUPPORT</b>					
Contributions and grants	\$ 189,846	\$ 3,514	\$ 26,353	\$ 219,713	\$ 345,034
Memberships	81,441	-	1,200	82,641	71,174
Fundraising events and rentals	268,239	-	-	268,239	267,101
Interest and dividends	84,097	-	-	84,097	81,906
Gains (losses) on investments	72,238	139,870	28	212,136	339,023
Gains (losses) on charitable trusts	-	-	(48,103)	(48,103)	(26,190)
Store sales	6,471	-	-	6,471	6,013
Change in annuity obligations	(6,000)	-	(1,774)	(7,774)	(5,279)
Net assets released from restrictions	46,044	(46,044)	-	-	-
<b>Total Revenues and Other Support</b>	<b>742,376</b>	<b>97,340</b>	<b>(22,296)</b>	<b>817,420</b>	<b>1,078,782</b>
<b>EXPENSES</b>					
<b>Program Services</b>					
Operating Contributions	262,842	-	-	262,842	265,497
Capital Contributions	27,449	-	-	27,449	88,545
<b>Total Program Services</b>	<b>290,291</b>	<b>-</b>	<b>-</b>	<b>290,291</b>	<b>354,042</b>
<b>Supporting Services</b>					
General and administrative	316,492	-	-	316,492	333,918
Cost of fundraising events	58,605	-	-	58,605	57,036
Store purchases and expenses	4,193	-	-	4,193	4,818
Depreciation expense	554	-	-	554	625
<b>Total Supporting Services</b>	<b>379,844</b>	<b>-</b>	<b>-</b>	<b>379,844</b>	<b>396,397</b>
<b>Total Expenses</b>	<b>670,135</b>	<b>-</b>	<b>-</b>	<b>670,135</b>	<b>750,439</b>
<b>CHANGE IN NET ASSETS</b>	<b>72,241</b>	<b>97,340</b>	<b>(22,296)</b>	<b>147,285</b>	<b>328,343</b>
<b>NET ASSETS, BEGINNING OF YEAR</b>	<b>1,918,628</b>	<b>755,748</b>	<b>3,327,755</b>	<b>6,002,131</b>	<b>5,673,788</b>
<b>NET ASSETS, END OF YEAR</b>	<b>\$ 1,990,869</b>	<b>\$ 853,088</b>	<b>\$ 3,305,459</b>	<b>\$ 6,149,416</b>	<b>\$ 6,002,131</b>

*See Notes to Financial Statements*

**LAUDHOLM TRUST**  
**(A COMPONENT UNIT OF THE WELLS NATIONAL**  
**ESTUARINE RESEARCH RESERVE MANAGEMENT AUTHORITY)**

**STATEMENT OF CASH FLOWS**  
**(SEE INDEPENDENT ACCOUNTANTS' REVIEW REPORT)**

**YEAR ENDED JUNE 30, 2016**  
**WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2015**

	June 30, 2016	June 30, 2015
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in net assets	\$ 147,285	\$ 328,343
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	554	625
(Gains) losses on investments	(212,136)	(339,027)
(Gains) losses on charitable trusts	48,103	26,190
(Increase) decrease in operating assets:		
Accounts receivable	13,713	(12,174)
Unconditional promises to give	2,500	(10,000)
Inventory	601	(576)
Increase (decrease) in operating liabilities:		
Accounts payable	(2,512)	2,372
Deferred revenues	27,545	(9,272)
Present value of future annuity payments	-	(2,495)
Net cash provided by (used in) operating activities	25,653	(16,014)
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Proceeds from sale of investments	527,294	399,489
Purchase of investments	(540,878)	(416,381)
Net cash provided by (used in) investing activities	(13,584)	(16,892)
NET INCREASE (DECREASE) IN CASH	12,069	(32,906)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	465,842	498,748
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 477,911	\$ 465,842

**Supplemental disclosures:**

There were no noncash investing and financing activities during 2016 or 2015.

Cash paid during the year for:

Interest	\$ -	\$ -
Taxes on income	\$ -	\$ -

*See Notes to Financial Statements*

**LAUDHOLM TRUST**  
**(A COMPONENT UNIT OF THE WELLS NATIONAL**  
**ESTUARINE RESEARCH RESERVE MANAGEMENT AUTHORITY)**

**NOTES TO FINANCIAL STATEMENTS**  
**(SEE INDEPENDENT ACCOUNTANTS' REVIEW REPORT)**

**YEAR ENDED JUNE 30, 2016**

**Note 1 - Summary of Significant Accounting Policies**

**Nature of Activities** - Laudholm Trust (the "Trust") is a not-for-profit organization incorporated under Title 13-B of the Statutes of the State of Maine. Laudholm Trust is dedicated to advancing the coastal research, education and stewardship programs of the Wells National Estuarine Research Reserve and to preserve its historic buildings. The Trust strives to extend its unique legacy by galvanizing community support and inspiring actions that protect Maine's coastal environments. The Trust contributes (or otherwise makes available) resources and personnel to the Wells Reserve and acquires (or otherwise protects) lands. In these capacities, the Trust is considered to be a component unit of the Wells National Estuarine Research Reserve Management Authority. The Trust's principal sources of revenue are membership dues, donations, grants, investment income, fundraising events and rentals.

**Basis of Accounting** - The financial statements of the Trust have been prepared on the accrual basis of accounting and reflect all significant receivables, payables, and other liabilities.

**Basis of Presentation** - Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards, *Financial Statements of Not-for-Profit Organizations*. Under this standard, the Trust is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

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

**Concentration of Credit Risk for Cash Held in Bank** - The Trust maintains cash balances at two banks and at two investment brokerages. Cash balances at each bank are insured by the Federal Deposit Insurance Corporation up to \$250,000 and balances at each investment brokerage are insured by the Securities Investor Protection Corporation up to \$500,000. As of June 30, 2016, all cash deposits were insured.

**Deferred Revenues** - Deferred revenues consist of certain event and site rental fees received but not earned as the corresponding events take place in the following fiscal year.

**Donated Assets** - Donated marketable securities and other noncash donations are recorded as contributions at their estimated fair values at the date of donation.

**Donated Services** - Donated services are reflected in the financial statements at the fair value of the services received only if the services (a) create or enhance nonfinancial assets or (b) require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation.

**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 Activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

**Income Taxes** - The Trust is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code. In addition, the Trust qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization that is not a private foundation under Section 509(a)(2). The federal tax return of the Trust is subject to examination, generally for three years after it was filed.

**LAUDHOLM TRUST**  
**(A COMPONENT UNIT OF THE WELLS NATIONAL**  
**ESTUARINE RESEARCH RESERVE MANAGEMENT AUTHORITY)**

**NOTES TO FINANCIAL STATEMENTS**  
**(SEE INDEPENDENT ACCOUNTANTS' REVIEW REPORT)**

**YEAR ENDED JUNE 30, 2016**

**Note 1 - Summary of Significant Accounting Policies (continued)**

**Inventory** - Inventory is valued at the lower of cost or market determined by the first-in, first-out method.

**Investments** - The 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 Financial Position. Unrealized gains and losses are included in the change in net assets in the accompanying Statement of Activities and Changes in Net Assets.

**Promises to Give** - Unconditional promises to give are recorded as received. Unconditional promises to give due in subsequent years are recorded at their present value, using risk-free interest rates applicable to the years in which the promises are received to discount the amounts. Unconditional promises to give at June 30, 2016, consisted of \$7,500 due within three years and temporarily restricted to educational programs. No discount was considered necessary for the year ended June 30, 2016 as the amount is immaterial to the financial statements. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

**Property and Equipment** - Land, furnishings and equipment: purchased assets are carried at cost; contributed assets are carried at their fair market value at the time of the gift. Major additions are included in the property accounts while maintenance and repairs which do not improve or extend the life of the assets are expensed when incurred.

Depreciation is not computed on the Trust's real estate. Unrelated land which has been contributed to the Trust may be offered for sale. Personal property items which are considered to be operating assets are depreciated using the straight line method of depreciation over the assets' estimated service life. Furnishings and equipment are depreciated over a period of 5-10 years.

**Recognition of Donor Restricted Contributions** - Support that is restricted by the donor is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities and Changes in Net Assets as net assets released from restrictions.

**Comparative Financial Information** - The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles ("GAAP"). Accordingly, such information should be read in conjunction with the Trust's financial statements for the year ended June 30, 2015, from which the summarized information was derived.

**Note 2 - Fair Values of Assets**

Effective July 1, 2008, the Trust adopted Statement of Financial Accounting Standards, *Fair Value Measurements*, which provides a framework for measuring fair value under GAAP. This standard defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. The standard requires that valuation techniques maximize the use of observable inputs and minimize the use of unobservable inputs. The standard also established a fair value hierarchy, which prioritizes the valuation inputs into three broad levels.

There are three general valuation techniques that may be used to measure fair value, as described below:

- 1) **Market approach** - Uses prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities. Prices may be indicated by pricing guides, sale transactions, market trades, or other resources;



**LAUDHOLM TRUST**  
**(A COMPONENT UNIT OF THE WELLS NATIONAL**  
**ESTUARINE RESEARCH RESERVE MANAGEMENT AUTHORITY)**

**NOTES TO FINANCIAL STATEMENTS**  
**(SEE INDEPENDENT ACCOUNTANTS' REVIEW REPORT)**

**YEAR ENDED JUNE 30, 2016**

**Note 2 - Fair Values of Assets (continued)**

- 2) Cost approach - Based on the amount that currently would be required to replace the service capacity of an asset (replacement cost); and
- 3) Income approach - Uses valuation techniques to convert future amounts to a single present amount based on current market expectations about the future amounts (includes present value techniques, and option-pricing models). Net present value is an income approach where a stream of expected cash flows is discounted at an appropriate market interest rate.

For the year ended June 30, 2016, the application of valuation techniques applied to similar assets and liabilities has been consistent. The following table sets forth by level, within the fair value hierarchy, the Trust's investments at fair value at June 30, 2016.

<u>Description</u>	<u>Fair Values</u>	<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
Investments	\$ 4,740,601	\$ 4,740,601	\$ -	\$ -
Cash - money market fund	<u>262,636</u>	<u>262,636</u>	-	-
Total	\$ <u>5,003,237</u>	\$ <u>5,003,237</u>	\$ -	\$ -

Fair value for investments is determined by reference to quoted market prices and other relevant information generated by market transactions.

**Note 3 - Investments**

Investments as of June 30, 2016, are summarized as follows, at fair value which equals carrying value.

Corporate stocks and bonds	\$ 3,953,617
U.S. Government obligations	<u>786,984</u>
Total	\$ <u>4,740,601</u>

The following schedule summarizes the investment return and its classification in the Statement of Activities for the year ended June 30, 2016:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Investment income	\$ 84,097	\$ -	\$ -	\$ 84,097
Net realized and unrealized gains (losses)	<u>72,238</u>	<u>139,870</u>	<u>28</u>	<u>212,136</u>
Total investment return	\$ <u>156,335</u>	\$ <u>139,870</u>	\$ <u>28</u>	\$ <u>296,233</u>

**LAUDHOLM TRUST**  
**(A COMPONENT UNIT OF THE WELLS NATIONAL**  
**ESTUARINE RESEARCH RESERVE MANAGEMENT AUTHORITY)**

**NOTES TO FINANCIAL STATEMENTS**  
**(SEE INDEPENDENT ACCOUNTANTS' REVIEW REPORT)**

**YEAR ENDED JUNE 30, 2016**

**Note 4 - Inventory**

Inventory as of June 30, 2016, consists of the following:

Gift shop inventory	\$ <u>4,000</u>
---------------------	-----------------

**Note 5 - Land**

Land consists of the following four parcels of property:

Unrestricted and expendable:

Parcels number one and two are located in Mohave County, Arizona	\$ 4,950
Parcel number three is located in Mohave County, Arizona	3,000
Parcel number four is located in Drakes Island, Wells, Maine	<u>90,000</u>
Total	\$ <u>97,950</u>

**Note 6 - Note Payable**

The 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, 2016. On July 20, 2016 the line of credit was extended through July 22, 2018.

**Note 7 - Board Designated Net Assets**

Amounts designated by the Board as funds functioning as endowment consist of the following:

Bequests, including the following named endowments: William D. Haney Endowment, Henry H. Pasco Endowment, Gerald and Sally Holmes Endowment, Esther French Martin Endowment, Arthur, Virginia and Frank Sawyer Endowment, and Dorothy Low Newton Endowment.	\$ 404,542
Memorials and celebratory gifts, including the following: James A. Forest Fund	98,051
Other amounts designated by the Board, including the following: William R. Spaulding and Gertrude Mowry Spaulding Endowment.	44,500
Other amounts, including realized and unrealized gains (losses).	<u>1,302,916</u>
Total	\$ <u>1,850,009</u>

**LAUDHOLM TRUST  
(A COMPONENT UNIT OF THE WELLS NATIONAL  
ESTUARINE RESEARCH RESERVE MANAGEMENT AUTHORITY)**

**NOTES TO FINANCIAL STATEMENTS  
(SEE INDEPENDENT ACCOUNTANTS' REVIEW REPORT)**

**YEAR ENDED JUNE 30, 2016**

**Note 8 - Temporarily Restricted Net Assets**

Temporarily restricted net assets are available for the following purposes:

Restricted to research	\$ 497,889
Restricted to education	263,448
Other restricted amounts	<u>91,751</u>
<b>Total</b>	<b>\$ <u>853,088</u></b>

Temporarily restricted net assets were released from donor restrictions by incurring expenses satisfying the purpose specified by donors as follows:

Restricted to research	\$ 23,313
Restricted to education	17,813
Other restricted amounts	<u>4,918</u>
<b>Total</b>	<b>\$ <u>46,044</u></b>

**Note 9 - Permanently Restricted Net Assets**

Permanently restricted net assets consist of the following:

LAUDHOLM TRUST Endowment Fund, with income to be used at the discretion of the Board with the primary goal to support the Wells National Estuarine Research Reserve. Included here are the following named endowments: E. Virginia Mowry Endowment, Rudolph F. Nunnemacher Endowment, Lily Rice Kendall Endowment, Frank V. Sandberg Endowment, Eleanor Mildram Carberry Endowment, Mort and Barbara Mather Endowment, Doris C. Adams-Nunnemacher Endowment, Kathryn Davis Endowment, and Robert Littlefield Endowment.	\$ 392,561
Charles C. and Rebecca S. Richardson Lifelong Environmental Learning Fund, an endowment fund with income used each year in support of environmental education activities, programs and projects.	259,880
Dorothy Fish Coastal Resource Library Fund, an endowment fund with income used each year in support of the Dorothy Fish Coastal Resource Library.	97,675
Christian A. Johnson Endeavor Fund, an endowment fund with income used each year in support of educational programs.	41,002
Other endowment funds with income used each year in support of educational programs.	2,130
Charles Dennis Fink Research Support Fund, an endowment fund with income used each year in support of research programs.	36,302
George Ford II Research Support Fund, an endowment fund with income used each year in support of research programs.	1,366,938

**LAUDHOLM TRUST  
(A COMPONENT UNIT OF THE WELLS NATIONAL  
ESTUARINE RESEARCH RESERVE MANAGEMENT AUTHORITY)**

**NOTES TO FINANCIAL STATEMENTS  
(SEE INDEPENDENT ACCOUNTANTS' REVIEW REPORT)**

**YEAR ENDED JUNE 30, 2016**

**Note 9 - Permanently Restricted Net Assets (continued)**

William and Gertrude Spaulding Fund, an endowment fund with income used each year in support of the junior and advanced junior research program.	50,949
Mattina R. Proctor Seacoast Explorers Fund, an endowment fund with income used each year in support of educational programs.	25,000
Mary-Hale Furman Landscape Beautification Fund, an endowment fund with income used each year in support of annual tree planting, landscaping and beautification efforts.	5,000
Other endowment funds with income used each year in support of historic buildings. Included here is the Alice Freeman Muchnic Endowment.	40,335
Charitable trusts more fully described in Note 12, with income used each year at the discretion of the Board. Included here are the following trusts: John Louis Alheim Trust, and the Fern Goff Charitable Trust.	<u>987,687</u>
Total	\$ <u>3,305,459</u>

In August 2008, the Financial Accounting Standards Board (FASB) issued FASB Staff Position, "Endowments of Not-for-Profit Organizations: Net Asset Classification of Funds Subject to an Enacted Version of the Uniform Prudent Management of Institutional Funds Act, and Enhanced Disclosures for All Endowment Funds". This Position provides guidance on the net asset classification of donor-restricted endowment funds for a nonprofit organization that is subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA). The Position also requires additional disclosures about an organization's endowment funds (both donor restricted endowment funds and board-designated endowment funds) whether or not the organization is subject to UPMIFA.

The State of Maine enacted UPMIFA effective June 19, 2009, the provisions of which apply to endowment funds existing on or established after that date. The Trust's endowment investing policy's objective is to grow the fund over time in support of the above listed funds. The fund will meet this objective by investing endowment funds in fixed income and equity investments. The investment allocation is reviewed on a regular basis. The Board has established that endowment income shall be calculated at 4% of a three year rolling average of the values of the funds. Additional spending policies are outlined by fund above.

**Note 10 - Donated Services**

Donated services included in the financial statements consist of accounting and legal services, graphic design, fundraising, public relations and other services with a total value of \$10,173.

In addition, a substantial number of volunteers have donated significant amounts of their time in the Trust's operations, program services and fundraising campaigns which is not recognized in the financial statements because it does not meet the criteria described in Note 1.

During the year ended June 30, 2016, at least 500 volunteers logged at least 13,900 hours of service on behalf of Laudholm Trust and the Wells National Estuarine Research Reserve.

LAUDHOLM TRUST  
(A COMPONENT UNIT OF THE WELLS NATIONAL  
ESTUARINE RESEARCH RESERVE MANAGEMENT AUTHORITY)

NOTES TO FINANCIAL STATEMENTS  
(SEE INDEPENDENT ACCOUNTANTS' REVIEW REPORT)

YEAR ENDED JUNE 30, 2016

**Note 11 – Program Services**

Contributions expense includes cash payments made to, or paid on behalf of the Wells National Estuarine Research Reserve Management Authority.

**Note 12 - Charitable Trusts**

Laudholm Trust is beneficiary of two charitable trust funds held and administered by outside trustees. The Trust has reflected as assets on the Statement of Financial Position the net present value of the expected future cash flows from the trusts. At June 30, 2016, the Trust has recorded its beneficial interest in charitable trusts of \$987,687. Income paid to Laudholm Trust by these charitable trusts during the year ended June 30, 2016 totaled \$39,255 and is included in contributions and grants.

**Note 13 - Pension Plan**

The Trust has established a defined contribution pension plan for the benefit of its employees. The plan operates under Section 403(b) of the Internal Revenue Service Code. Under this plan the Trust matches dollar for dollar up to 6.5% of each eligible employee's salary. Employees must have one year of service with the Trust before they can participate in the plan. The related pension expense was \$13,201 for the year ended June 30, 2016.

**Note 14 - Charitable Gift Annuity Agreements**

Amounts due to others under charitable gift annuity arrangements represent guarantees to pay a fixed amount to the donor for the life of the donor. At June 30, 2016 the Trust has obligations under three separate agreements. The assets received have generally been invested in savings accounts, the earnings from which are used to offset the payments required under two of the agreements. An annuity has been purchased from an insurance company, the payments from which are used to offset the payments required under one of the agreements. 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 15 - Lease of Office Space**

During 2003 the Trust entered into a lease agreement with the Wells National Estuarine Research Reserve Management Authority to provide office space to Laudholm Trust. The space consists of mutually agreeable office space adequate for Laudholm Trust staff and officers. The space is being leased rent free. The term of the lease is for 20 years with the option to extend the lease for 4 successive 20 year terms. The Trust has concluded that the fair value of the lease is not determinable.

**Note 16 - Subsequent Events**

Subsequent events have been evaluated by management through February 16, 2017, which is the date the financial statements were available to be issued. Other than the event described in Note 6, there were no material subsequent events at February 16, 2017 that require disclosure in the financial statements.

INDEPENDENT ACCOUNTANTS' REVIEW REPORT ON ADDITIONAL  
INFORMATION

February 16, 2017

To the Board of Trustees of  
Laudholm Trust  
Wells, Maine

Our report on our review of the basic financial statements of Laudholm Trust of 2016 appears on page 1. The objective of that review was to perform procedures to obtain limited assurance as a basis for reporting whether we were aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. The supplementary information included in the accompanying schedule of general and administrative expenses is presented for purposes of additional analysis and is not a required part of the basic financial statements. The information is the representation of management. We have reviewed the information and, based on our review, we are not aware of any material modifications that should be made to the information in order for it to be in accordance with accounting principles generally accepted in the United States of America. We have not audited the information and, accordingly, do not express an opinion on such information.

*Cummings, Lamont & TheYards, P.A.*

**Certified Public Accountants**  
**Kennebunk, Maine**

**LAUDHOLM TRUST  
(A COMPONENT UNIT OF THE WELLS NATIONAL  
ESTUARINE RESEARCH RESERVE MANAGEMENT AUTHORITY)**

**GENERAL AND ADMINISTRATIVE EXPENSES**

**YEAR ENDED JUNE 30, 2016  
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2015**

	June 30, 2016	June 30, 2015
<b>GENERAL AND ADMINISTRATIVE EXPENSES</b>		
Salaries	\$ 183,351	\$ 203,096
Employee benefits	56,663	54,570
Insurance	6,524	6,263
Office supplies and miscellaneous	4,051	7,719
Payroll taxes	13,160	14,081
Postage	3,420	2,180
Printing	-	23
Professional fees	44,934	40,650
Property taxes	83	79
Donor recognition and cultivation	3,047	4,256
Repairs and maintenance	75	506
Subscriptions	182	147
Training	785	283
Travel and entertainment	217	65
	\$ 316,492	\$ 333,918

*See Independent Accountants' Review Report on Page 12*