

# Gulf of Maine Research Institute

And its Subsidiaries

Consolidated Financial Statements and  
Supplementary Information

Years Ended June 30, 2024 and 2023



**WIPFLI**

## **Independent Auditor's Report**

To the Board of Directors  
Gulf of Maine Research Institute and its Subsidiaries  
Portland, Maine

### ***Report on the Audit of the Consolidated Financial Statements***

#### ***Opinion***

We have audited the consolidated financial statements of Gulf of Maine Research Institute, (a nonprofit organization) and its Subsidiaries, Gulf of Maine Properties, Inc., Gulf of Maine Sashimi, Inc., Union Wharf, LLC, and Gulf of Maine Ventures, LLC which comprise the consolidated statements of financial position as of June 30, 2024 and 2023, and the related consolidated statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements referred to above present fairly, in all material respects, the financial position of Gulf of Maine Research Institute and its Subsidiaries as of June 30, 2024 and 2023, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinion***

We conducted our audits in accordance with auditing standards generally accepted in the United States of America ("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 Consolidated Financial Statements section of our report. We are required to be independent of Gulf of Maine Research Institute and its Subsidiaries and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

The financial statements of Gulf of Maine Properties, Inc., Gulf of Maine Sashimi, Inc., Union Wharf, LLC, and Gulf of Maine Ventures, LLC were not audited in accordance with *Government Auditing Standards* as these entities did not receive federal funding.

#### ***Emphasis of Matter - Basis of Accounting***

We draw attention to Note 24 of the financial statements, which describes the basis of accounting for the subsidiary, Gulf of Maine Sashimi, Inc. The financial statements for Gulf of Maine Sashimi, Inc. are prepared on the liquidation basis of accounting. Generally accepted accounting principles require financial statements to be prepared on the liquidation basis of accounting when an entity is in liquidation or when liquidation is imminent. Our opinion is not modified with respect to that matter.

### ***Responsibilities of Management for the Consolidated Financial Statements***

Management is responsible for the preparation and fair presentation of the consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Gulf of Maine Research Institute and its Subsidiaries' ability to continue as a going concern for one year after the date the financial statements are available to be issued.

### ***Auditor's Responsibilities for the Audit of the Consolidated Financial Statements***

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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 consolidated 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 misstatement of the consolidated 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 consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Gulf of Maine Research Institute and its Subsidiaries' 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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Gulf of Maine Research Institute and its Subsidiaries' ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control–related matters that we identified during the audit.

### ***Supplementary Information***

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating schedules are presented for purposes of additional analysis and are not a required part of the consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated 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 December 13, 2024, on our consideration of Gulf of Maine Research Institute's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant 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 Gulf of Maine Research Institute'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 Gulf of Maine Research Institute's internal control over financial reporting and compliance.

*Wipfli LLP*

Wipfli LLP  
Augusta, Maine

December 13, 2024

**GULF OF MAINE RESEARCH INSTITUTE AND ITS SUBSIDIARIES**  
**Consolidated Statements of Financial Position**  
June 30, 2024 and 2023

	2024	2023
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 6,646,749	\$ 6,265,220
Short term investments	4,701,242	3,046,872
Accrued interest and dividend receivable	56,587	41,148
Promises to give, current	2,631,921	3,177,117
Accounts receivable	1,821,776	1,808,649
Inventory	-	90,434
Security deposit	-	3,300
Prepaid expenses	255,750	311,546
<b>Total current assets</b>	<b>16,114,025</b>	<b>14,744,286</b>
Property and equipment:		
Property and equipment	34,948,025	34,657,971
Less: accumulated depreciation/amortization	10,490,819	9,543,403
<b>Net property and equipment</b>	<b>24,457,206</b>	<b>25,114,568</b>
Other non-current assets:		
Long-term investments:		
Designated for capital and operations	1,081,778	939,330
Designated for endowment	14,610,299	11,734,674
Incentive compensation	650,428	709,684
Investment - other	1,000	1,000
Beneficial interest in pooled investments held by others	2,993,680	2,850,487
Promises to give, non-current, net of amortized discount	2,670,677	3,462,882
Beneficial interest in charitable remainder trust	188,337	168,474
<b>Total other non-current assets</b>	<b>22,196,199</b>	<b>19,866,531</b>
<b>Total assets</b>	<b>\$ 62,767,430</b>	<b>\$ 59,725,385</b>
<b>LIABILITIES AND NET ASSETS</b>		
Current liabilities:		
Current portion of long-term debt	\$ 362,581	\$ 298,787
Accounts payable	724,431	799,413
Accrued vacation	249,272	287,787
Accrued payroll liabilities	223,519	200,744
Accrued income tax	-	1,727
Accrued interest	37,913	21,750
Current portion of accrued incentive compensation	169,170	224,357
Refundable advance liability	-	453,555
Deferred revenue	68,063	65,400
<b>Total current liabilities</b>	<b>1,834,949</b>	<b>2,353,520</b>
Long-term liabilities:		
Long-term debt, net of current portion	14,777,167	15,261,410
Accrued incentive compensation	495,098	624,623
Convertible notes payable, at fair value	1,405,000	1,405,000
Accrued interest on convertible notes payable	173,075	114,556
Security deposit payable	20,348	30,260
<b>Total long-term liabilities</b>	<b>16,870,688</b>	<b>17,435,849</b>
<b>Total liabilities</b>	<b>18,705,637</b>	<b>19,789,369</b>
<b>NET ASSETS (DEFICIT) AND EQUITY</b>		
Additional paid in capital	133,206	133,206
Without donor restrictions:		
Undesignated	(596,221)	(760,680)
Board-designated	14,648,355	12,175,817
Investment in property, equipment and site acquisition cost	9,779,622	10,276,946
<b>Total without donor restrictions</b>	<b>23,831,756</b>	<b>21,692,083</b>
With donor restrictions	20,096,831	18,110,727
<b>Total net assets</b>	<b>43,928,587</b>	<b>39,802,810</b>
<b>Total net assets and equity</b>	<b>44,061,793</b>	<b>39,936,016</b>
<b>Total liabilities and net assets and equity</b>	<b>\$ 62,767,430</b>	<b>\$ 59,725,385</b>

The accompanying notes are an integral part of these consolidated financial statements.

**GULF OF MAINE RESEARCH INSTITUTE AND ITS SUBSIDIARIES**

**Consolidated Statement of Activities**

For the Year Ended June 30, 2024

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
<b>Support and revenue:</b>			
Federal and state grants	\$ 10,180,605	\$ 226,350	\$ 10,406,955
Contributions	3,176,462	4,589,961	7,766,423
Investment income	1,921,366	423,543	2,344,909
In-kind income	272,042	-	272,042
Contract income	851,772	486,393	1,338,165
Rental income	1,495,963	-	1,495,963
Property management fee	12,720	-	12,720
Sales	130,971	-	130,971
Other income	40,971	20,026	60,997
Net assets released from donor restrictions	3,760,169	(3,760,169)	-
<b>Total support and revenue</b>	<b>21,843,041</b>	<b>1,986,104</b>	<b>23,829,145</b>
<b>Expenses:</b>			
<b>Program expenses:</b>			
Research	3,921,352	-	3,921,352
Education	3,858,357	-	3,858,357
Community	2,501,582	-	2,501,582
Business development	1,184,625	-	1,184,625
Subsidiary expenses	1,667,617	-	1,667,617
<b>Support services:</b>			
Development	1,371,436	-	1,371,436
Management, general & facilities	5,198,399	-	5,198,399
<b>Total expenses</b>	<b>19,703,368</b>	<b>-</b>	<b>19,703,368</b>
Change in net assets	2,139,673	1,986,104	4,125,777
Net assets, beginning of year	21,692,083	18,110,727	39,802,810
<b>Net assets, end of year</b>	<b>\$ 23,831,756</b>	<b>\$ 20,096,831</b>	<b>\$ 43,928,587</b>

The accompanying notes are an integral part of these consolidated financial statements.

**GULF OF MAINE RESEARCH INSTITUTE AND ITS SUBSIDIARIES**

**Consolidated Statement of Activities**

For the Year Ended June 30, 2023

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
Support and revenue:			
Federal and state grants	\$ 8,288,494	\$ 188,526	\$ 8,477,020
Contributions	3,080,213	7,098,605	10,178,818
Investment income	1,226,163	239,343	1,465,506
In-kind income	414,509	-	414,509
Contract income	517,325	-	517,325
Rental income	1,716,534	-	1,716,534
Property management fee	10,540	-	10,540
Sales	1,014,362	-	1,014,362
Other income	2,610	-	2,610
Net assets released from donor restrictions	3,780,114	(3,780,114)	-
<b>Total support and revenue</b>	<b>20,050,864</b>	<b>3,746,360</b>	<b>23,797,224</b>
Expenses:			
Program expenses:			
Research	3,181,542	-	3,181,542
Education	3,363,983	-	3,363,983
Community	2,329,728	-	2,329,728
Business development	1,046,568	-	1,046,568
Subsidiary expenses	3,050,431	-	3,050,431
Support services:			
Development	1,245,198	-	1,245,198
Management, general & facilities	4,879,696	-	4,879,696
<b>Total expenses</b>	<b>19,097,146</b>	<b>-</b>	<b>19,097,146</b>
Change in net assets	953,718	3,746,360	4,700,078
Net assets, beginning of year	20,738,365	14,364,367	35,102,732
<b>Net assets, end of year</b>	<b>\$ 21,692,083</b>	<b>\$ 18,110,727</b>	<b>\$ 39,802,810</b>

The accompanying notes are an integral part of these consolidated financial statements.

**GULF OF MAINE RESEARCH INSTITUTE AND ITS SUBSIDIARIES**  
**Consolidated Statement of Functional Expenses**  
For the Year Ended June 30, 2024

	Program Services								Management and General			Development	Total
	Research Programs	Education Programs	Community Programs	Business Development	Gulf of Maine Sashimi, Inc.	Union Wharf, LLC	Gulf of Maine Ventures, LLC	Total Program Services	GMRI	GMPInc	Total		
									Management & Administration	Operations Facilities			
Salaries	\$ 2,052,068	\$ 1,053,175	\$ 1,011,625	\$ 511,828	\$ 50,520	\$ -	\$ -	\$ 4,679,216	\$ 2,293,100	\$ -	\$ 2,293,100	\$ 816,446	\$ 7,788,762
Fringe benefits, net	808,406	418,425	407,483	192,050	12,283	-	-	1,838,647	645,983	-	645,983	307,914	2,792,544
Supplies & materials	76,322	32,576	42,112	1,207	132,985	-	-	285,202	147,365	-	147,365	47,066	479,633
Sub-contracted services	603,430	1,429,942	253,254	175,432	15,951	-	-	2,478,009	342,226	-	342,226	54,661	2,874,896
In-kind expense	-	-	3,758	267,855	-	-	-	271,613	-	-	-	429	272,042
Facilities	30,236	14,333	5,441	1,332	20,927	720,176	-	792,445	331,014	937,886	1,268,900	2,270	2,063,615
Other administrative expenses	16,588	15,969	28,642	8,385	101,182	611,188	379	782,333	402,117	-	402,117	42,874	1,227,324
Travel & entertainment	90,107	95,242	212,609	26,536	2,026	-	-	426,520	119,508	-	119,508	51,776	597,804
Special direct costs	244,195	798,695	536,658	-	-	-	-	1,579,548	(20,800)	-	(20,800)	48,000	1,606,748
<b>Total Expenses Before Indirect Charge</b>	<b>3,921,352</b>	<b>3,858,357</b>	<b>2,501,582</b>	<b>1,184,625</b>	<b>335,874</b>	<b>1,331,364</b>	<b>379</b>	<b>13,133,533</b>	<b>4,260,513</b>	<b>937,886</b>	<b>5,198,399</b>	<b>1,371,436</b>	<b>19,703,368</b>
Indirect Charged to Direct Research and Development													
Indirect	1,657,580	1,047,494	906,965	425,421	-	-	-	4,037,460	(4,639,950)	-	(4,639,950)	602,490	-
Special indirect	166	32,786	10,836	-	-	-	-	43,788	(46,188)	-	(46,188)	2,400	-
<b>Total Expenses After Indirect Charge</b>	<b>\$ 5,579,098</b>	<b>\$ 4,938,637</b>	<b>\$ 3,419,383</b>	<b>\$ 1,610,046</b>	<b>\$ 335,874</b>	<b>\$ 1,331,364</b>	<b>\$ 379</b>	<b>\$ 17,214,781</b>	<b>\$ (425,625)</b>	<b>\$ 937,886</b>	<b>\$ 512,261</b>	<b>\$ 1,976,326</b>	<b>\$ 19,703,368</b>

The accompanying notes are an integral part of these consolidated financial statements.



**GULF OF MAINE RESEARCH INSTITUTE AND ITS SUBSIDIARIES**  
**Consolidated Statement of Functional Expenses**  
For the Year Ended June 30, 2023

	Program Services								Management and General			Development	Total
	Research Programs	Education Programs	Community Programs	Business Development	Gulf of Maine Sashimi, Inc.	Union Wharf, LLC	Gulf of Maine Ventures, LLC	Total Program Services	GMRI	GMPInc	Total		
									Management & Administration	Operations Facilities			
Salaries	\$ 1,712,638	\$ 1,005,095	\$ 785,033	\$ 445,354	\$ 373,679	\$ -	\$ -	\$ 4,321,799	\$ 1,798,847	\$ -	\$ 1,798,847	\$ 789,238	\$ 6,909,884
Fringe benefits, net	661,087	391,732	306,163	156,102	93,598	-	-	1,608,682	774,477	-	774,477	250,568	2,633,727
Supplies & materials	69,135	45,917	25,025	9,096	907,233	-	-	1,056,406	126,764	-	126,764	30,644	1,213,814
Sub-contracted services	404,168	1,146,997	342,791	36,580	42,761	-	-	1,973,297	297,900	-	297,900	42,030	2,313,227
In-kind expense	-	-	117,737	296,772	-	-	-	414,509	-	-	-	-	414,509
Facilities	16,074	11,974	5,638	1,432	140,090	807,854	-	983,062	39,191	1,062,248	1,101,439	1,112	2,085,613
Other administrative expenses	35,775	20,035	33,175	7,470	211,667	455,770	417	764,309	725,585	-	725,585	46,270	1,536,164
Travel & entertainment	53,082	75,895	154,005	31,274	17,362	-	-	331,618	74,631	-	74,631	37,336	443,585
Special direct costs	229,583	666,338	560,161	62,488	-	-	-	1,518,570	(19,947)	-	(19,947)	48,000	1,546,623
<b>Total Expenses Before Indirect Charge</b>	<b>3,181,542</b>	<b>3,363,983</b>	<b>2,329,728</b>	<b>1,046,568</b>	<b>1,786,390</b>	<b>1,263,624</b>	<b>417</b>	<b>12,972,252</b>	<b>3,817,448</b>	<b>1,062,248</b>	<b>4,879,696</b>	<b>1,245,198</b>	<b>19,097,146</b>
Indirect Charged to Direct Research and Development													
Indirect	1,358,117	899,136	779,678	352,264	-	-	-	3,389,195	(3,999,359)	-	(3,999,359)	610,164	-
Special indirect	1,507	29,532	11,601	3,124	-	-	-	45,764	(48,873)	-	(48,873)	3,109	-
<b>Total Expenses After Indirect Charge</b>	<b>\$ 4,541,166</b>	<b>\$ 4,292,651</b>	<b>\$ 3,121,007</b>	<b>\$ 1,401,956</b>	<b>\$ 1,786,390</b>	<b>\$ 1,263,624</b>	<b>\$ 417</b>	<b>\$ 16,407,211</b>	<b>\$ (230,784)</b>	<b>\$ 1,062,248</b>	<b>\$ 831,464</b>	<b>\$ 1,858,471</b>	<b>\$ 19,097,146</b>

The accompanying notes are an integral part of these consolidated financial statements.

**GULF OF MAINE RESEARCH INSTITUTE AND ITS SUBSIDIARIES**

**Consolidated Statements of Cash Flows**  
For the Years Ended June 30, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Cash flows from operating activities:		
Change in net assets	\$ 4,125,777	\$ 4,700,078
Adjustments to reconcile change in net assets to net cash and cash equivalents provided by operating activities:		
Depreciation	985,030	984,276
Loss on fixed asset disposal	511	62,865
Imputed interest on debt issuance costs	4,169	4,169
Realized and unrealized gain on investments	(1,840,653)	(1,129,116)
Bad debt expense	60,302	-
Stock option compensation cost	-	33,765
Reinvested dividends and interest	(319,929)	(268,988)
Change in discount on promises to give	99,795	(333,195)
Change in value in charitable remainder trust	(19,863)	(10,734)
Permanently restricted contributions	(186,638)	(5,000)
(Increase) decrease in assets:		
Accrued interest and dividend receivable	(15,439)	(2,426)
Net promises to give	1,177,304	(2,538,110)
Accounts receivable	(13,127)	(201,588)
Inventory	90,434	7,703
Prepaid expenses	59,096	(125,115)
Increase (decrease) in liabilities:		
Accounts payable	(74,982)	20,163
Accrued vacation	(38,515)	60,531
Accrued payroll liabilities	22,775	54,549
Accrued income tax	(1,727)	(19,415)
Accrued interest	74,682	58,200
Accrued incentive compensation	(184,712)	(31,636)
Deferred revenue	2,663	(493)
Refundable advance liability	(453,555)	453,555
Security deposit payable	(9,912)	1,704
Net cash and cash equivalents provided by operating activities	<u>3,543,486</u>	<u>1,775,742</u>
Cash flows from investing activities:		
Purchase of property and equipment	(340,311)	(161,204)
Purchase of investments	(3,376,279)	(6,397,230)
Proceeds from sale of investments	780,481	2,733,613
Proceeds from disposal of fixed assets	12,132	7,866
Net cash and cash equivalents used in investing activities	<u>(2,923,977)</u>	<u>(3,816,955)</u>
Cash flows from financing activities:		
Proceeds from issuance of debt	-	325,549
Repayments on long-term debt	(424,618)	(298,833)
Permanently restricted contributions	186,638	5,000
Net cash and cash equivalents (used in) provided by financing activities	<u>(237,980)</u>	<u>31,716</u>
Net change in cash and cash equivalents	381,529	(2,009,497)
Cash and cash equivalents, beginning of year	6,265,220	8,274,717
<b>Cash and cash equivalents, end of year</b>	<b>\$ 6,646,749</b>	<b>\$ 6,265,220</b>
<b>Supplemental disclosure of cash flow information:</b>		
Cash paid for income taxes	\$ 10,641	\$ 19,836
Cash paid during the year for interest	\$ 754,866	\$ 675,149

The accompanying notes are an integral part of these consolidated financial statements.

# Gulf of Maine Research Institute and its Subsidiaries

## Notes to Consolidated Financial Statements

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### Note 1: Summary of Significant Accounting Policies

The accompanying consolidated financial statements reflect the application of the accounting policies described in this note.

#### Nature of Operations

Gulf of Maine Research Institute (GMRI) was incorporated in 1994 under the laws of the State of Maine as a not-for-profit corporation committed to (i) facilitating and conducting marine research; (ii) educating the public about the oceans; (iii) enabling informed decisions about the stewardship and use of our marine resources; (iv) supporting investment in marine communities; (v) applying lessons learned in the Gulf of Maine to other marine communities worldwide; and (vi) undertaking the financing, siting, design, construction and operation of facilities to support its education, research, and community development interests.

In 2004, Gulf of Maine Properties, Inc. (GMPInc) was incorporated as a not-for-profit corporation and a wholly-owned subsidiary of GMRI under the laws of the State of Maine to acquire, hold, manage, maintain, develop, or dispose of real property for the benefit of and in connection with GMRI.

During 2011, GMPInc formed a condominium association, Gulf of Maine Properties I, through which all rentable space in the building has been converted into condominium units. As of June 30, 2024 and 2023, GMPInc was the sole unit owner of the units thus created and Gulf of Maine Properties I had no financial activity or balances.

During 2019, Gulf of Maine Sashimi, Inc. (GOMS) d/b/a True Fin was incorporated by action of the GMRI Board, as a wholly-owned for-profit subsidiary of GMRI under the laws of the State of Maine. GOMS was formed as a taxable C-Corporation and its primary purpose is to buy sashimi grade fish from commercial fishermen and sell it to dealers, retailers, and restaurants locally and outside the region. The Board of GOMS made the decision to dissolve the entity during the year ended June 30, 2024 (see Note 24).

During 2022, Gulf of Maine Ventures, LLC (GOMV) was incorporated by action of the GMRI Board, as a wholly-owned single member limited liability company subsidiary of GMRI under the laws of the State of Maine.

During 2022, Union Wharf, LLC (UW) was incorporated by action of the GMRI Board, as a wholly-owned single member limited liability company subsidiary of GMRI under the laws of the State of Maine. On December 29, 2021, this entity purchased the property located on Union Wharf and assumed operations thereof.

Collectively, GMRI and its subsidiaries comprise the Institute.

#### Basis of Presentation

The consolidated financial statements of the Institute have been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP").

All inter-entity balances and activities have been eliminated in presenting the consolidated financial statement amounts.

As discussed in Note 24, GOMS is presented on the liquidation basis of accounting, as required by GAAP.

# Gulf of Maine Research Institute and its Subsidiaries

## Notes to Consolidated Financial Statements

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### **Note 1: Summary of Significant Accounting Policies** (Continued)

#### **Use of Estimates**

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

#### **Cash and Cash Equivalents**

For financial statement purposes, the Institute considers all highly liquid debt instruments purchased with an initial maturity of three months or less to be cash equivalents, other than those balances held as a portion of investments. Cash equivalents are carried at cost, which approximates fair value.

#### **Promises to Give**

Promises to give that are expected to be collected within one year are recorded at net realizable value. Promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue.

The carrying value of promises to give is reduced by a reserve for estimated uncollectible amounts based on a periodic review of outstanding promises to give by management. Conditional promises to give are not included as support until the conditions are substantially met. Management determined there was no reserve for uncollectible amounts necessary as of June 30, 2024 and 2023.

#### **Accounts Receivable**

Accounts receivable consist of amounts due from funders under various grants, contracts and rental agreements. Management provides for probable uncollectible amounts through a charge to a reserve for bad debt based on its assessment of the current status of individual accounts. For amounts due from contracts, estimated credit losses are based on relevant information about historical experience, current conditions, and reasonable and supportable forecasts that affect the collectability of the reported amounts. No reserve for uncollectible amounts is deemed necessary as management views all such balances, which are primarily from governmental entities, to be fully collectible.

#### **Investments**

Investments are carried at estimated fair value based on quoted market prices. Gains and losses, both realized and unrealized, resulting from increases or decreases in the fair value of investments are reflected in the consolidated statements of activities and changes in net assets as increases or decreases in net assets without donor restrictions unless the use was restricted by explicit donor stipulations or by law.

# Gulf of Maine Research Institute and its Subsidiaries

## Notes to Consolidated Financial Statements

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### Note 1: Summary of Significant Accounting Policies (Continued)

#### Property, Equipment and Depreciation

Property and equipment are carried at cost if purchased, or fair market value if donated. The Institute depreciates property and equipment using the straight-line method over the following estimated useful lives of the respective assets:

Land	N/A
Artwork	N/A
Buildings	25 to 40 years
Site improvements	15 years
Leasehold improvements	15 years
Exhibits (permanent)	10 years
Equipment, furniture, and fixtures	5 to 7 years
Vehicles	5 years
Computer hardware and software	3 to 5 years

The Institute uses the following thresholds in determining the capitalization of assets. An individual purchase of equipment, furniture and fixtures, greater than or equal to \$10,000, will be capitalized and depreciated. A purchase of such that is less than \$10,000 will be expensed. Soft costs of design consulting, software development, and content development for educational programs will be expensed. Given market valuation uncertainties and unknown future value of the educational content, this policy takes the most conservative approach by assigning no future value to these assets. Depreciation expense for the years ended June 30, 2024 and 2023, was approximately \$985,000 and \$984,000, respectively.

#### Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported, as follows:

*Net Assets Without Donor Restrictions* - Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board has designated, from net assets without donor restrictions, net assets for a board-designated endowment fund.

Net assets without donor restrictions for GMRI reflect accumulated operating losses from GMRI's subsidiary GOMS totaling \$1,865,151 and \$1,668,578 as of June 30, 2024 and 2023, respectively.

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

# Gulf of Maine Research Institute and its Subsidiaries

## Notes to Consolidated Financial Statements

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### **Note 1: Summary of Significant Accounting Policies** (Continued)

#### **Net Assets** (Continued)

Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are reported as net assets with donor restrictions. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Institute reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

#### **Revenue Recognition**

##### Contribution Revenue

Contributions are recognized as revenue when cash, securities, other assets, or an unconditional promise to give is received. Conditional promises to give, that is, those with a measurable performance or other barrier and a right of return, are recognized as revenue when the barriers to entitlement are met and overcome.

Contributions received are classified based on the existence or absence of donor or grantor-imposed restrictions. Support that is not restricted by the donor is reported as an increase in net assets without donor restrictions. All other donor restricted support is reported as an increase in net assets with donor restrictions. When a restriction expires (this is when a stipulated time restriction ends, or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statements of activities as net assets released from restrictions. Restricted support whose restrictions are met in the same reporting period are recorded as net assets without donor restrictions.

##### Grant and Contract Revenue

Grants and contracts are either recorded as contributions or exchange transactions based on criteria contained in the grant agreement.

Grant and contract awards that are contributions - Grant and contract awards that are contributions are evaluated for conditions and recognized as revenue when conditions in the award are satisfied. Unconditional awards are recognized as revenue when the award is received. Amounts received in which conditions have not been met are reported as a refundable advance liability.

Grant awards that are exchange transactions - Exchange transactions are those in which the resource provider or grantor receives a commensurate value in exchange for goods or services transferred. Revenue is recognized when control of the promised goods or services is transferred to the customer (grantor) in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Amounts received in excess of recognized revenue are reflected as a contract liability.

# Gulf of Maine Research Institute and its Subsidiaries

## Notes to Consolidated Financial Statements

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### Note 1: Summary of Significant Accounting Policies (Continued)

#### Revenue Recognition (Continued)

##### Contract Income

The Institute provides contract, conference, and other services to customers. Under these performance obligations, the Institute charges customers based on terms over the life of the contracts. The Institute applies a practical expedient to recognize revenue over time in the amount to which it has the right to invoice, if its right to consideration is equal to the value of performance completed to date. Performance obligations are typically satisfied as the services are rendered. The Institute applies the output method to recognize revenue as it is the most reasonable depiction of the transfer of services to its customers.

Revenues from contracts with customers recognized over time for the years ended June 30, 2024 and 2023, are \$1,411,852 and \$530,475, respectively.

The Institute's subsidiary GOMS sells sashimi grade fish to various dealers and retail outlets. In accordance with Accounting Standards Update (ASU) 2014-09, revenue is recognized upon satisfaction of all contractual performance obligations and is measured at the amount of consideration to which GOMS expects to be entitled to for the corresponding merchandise. Substantially all of the sales are single performance obligation arrangements with the transaction price being the stand-alone selling price of each item. Revenue is recognized at a point in time, which occurs at the point of sale, when the customer receives and pays for the purchased goods. Revenue recognized at a point in time was \$130,971 and \$1,014,362 for the years ended June 30, 2024 and 2023, respectively.

Receivables, exclusive of amounts due under grant agreements, were \$4,981 and \$69,666 as of June 30, 2024 and 2023, respectively. Contract liabilities consist of deferred revenue of \$0 and \$954 as of June 30, 2024 and 2023, respectively. Receivables were \$49,333 and contract liabilities were \$65,893 as of July 1, 2022.

##### Rental Income

The Institute's subsidiaries, GMPInc and UW, lease space to third parties under leases that range from one to eleven years with no right of purchase. Rental revenues are reported and recognized in accordance with Accounting Standards Codification (ASC) Topic 842, *Leases*, using a method for revenue recognition that represents a straight-line basis over the term of the lease. Rent revenue is recognized in the period in which it is earned. Any amounts received for future periods are reported as deferred income. The subsidiaries elected to not separate the lease components of a contract and its associated non-lease components of lessor-provided maintenance and other services.

#### In-Kind Contributions - Contributed Nonfinancial Assets

The Institute's policy is to recognize contributed professional services if the services received create or enhance nonfinancial assets or require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Contributed nonfinancial assets consist of contributed services of \$272,042 and \$414,509 for the years ended June 30, 2024 and 2023, respectively. The Institute recognizes contributed nonfinancial assets within revenue. Unless otherwise noted, contributed nonfinancial assets did not have donor-imposed restrictions.

# Gulf of Maine Research Institute and its Subsidiaries

## Notes to Consolidated Financial Statements

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### **Note 1: Summary of Significant Accounting Policies** (Continued)

#### **In-Kind Contributions - Contributed Nonfinancial Assets** (Continued)

Contributed services recognized comprise professional services from local advisors, fisherman and fleet management companies. These services were utilized during the reporting period for business development and community programs. Contributed services are valued and are reported at the estimated fair value in the financial statements based on current rates for similar services.

#### **Functional Allocation of Expenses**

The costs of providing program and other activities have been summarized on a functional basis in the consolidated statements of activities. Accordingly, certain costs have been allocated among the program and supporting services benefited. Expenses which cannot be specifically identified to programs (indirect costs) are allocated based on modified total direct costs for each program. Management distributes these costs based on a cost allocation plan using a federally negotiated indirect cost rate. Expenses which have been allocated using this method include, but are not limited to, administrative salaries and wages, occupancy, supplies, telephone, and accounting.

#### **ASC 842 Lease Accounting**

The Institute may at times enter into noncancelable operating leases. If the contract provides the Institute the right to substantially all the economic benefits and the right to direct the use of the identified asset, it is considered to be or contain a lease. Right-of-use (ROU) assets and lease liabilities are recognized at the lease commencement date based on the present value of the future lease payments over the expected lease term. The ROU asset is also adjusted for any lease prepayments made, lease incentives received, and initial direct costs incurred. The lease liability is initially and subsequently recognized based on the present value of its future lease payments. Variable payments are included in the future lease payments when those variable payments depend on an index or a rate. Increases (decreases) to variable lease payments due to subsequent changes in an index or rate are recorded as variable lease expense (income) in the future period in which they are incurred.

For all underlying classes of assets, the Institute has elected to not recognize ROU assets and lease liabilities for short-term leases that have a lease term of 12 months or less at lease commencement and do not include an option to purchase the underlying asset that the Institute is reasonably certain to exercise. Leases containing termination clauses in which either party may terminate the lease without cause and the notice period is less than 12 months are deemed short-term leases with lease costs included in short-term lease expense. The Institute recognizes short-term lease cost on a straight-line basis over the lease term.



# Gulf of Maine Research Institute and its Subsidiaries

## Notes to Consolidated Financial Statements

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### **Note 1: Summary of Significant Accounting Policies** (Continued)

#### **Income Taxes**

GMRI and GMPInc have been determined to be exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code and have both been classified as publicly supported organizations that are not private foundations under Section 509(a) of the Code.

GOMS is a for-profit taxable subsidiary and is subject to income taxes. Deferred income taxes arise from temporary differences in the bases of assets and liabilities for financial reporting and tax purposes. Deferred taxes are classified as current or non-current, depending on the classification of the assets and liabilities to which they relate. Deferred taxes arising from temporary differences that are not related to an asset or liability are classified as current or non-current, depending on the periods in which the temporary differences are expected to reverse. GOMS has accumulated net operating losses for tax purposes of approximately \$2,031,000. The losses represent a deferred tax asset of \$498,000 which management believes will likely be realized if debt forgiveness occurs with the dissolution of GOMS (see Note 24).

GOMV and UW are single-member limited liability companies disregarded for federal tax purposes.

The Institute has determined there are no amounts to record as assets or liabilities related to uncertain tax positions. The Institute is subject to audit under the statute of limitations by the Internal Revenue Service and state taxing authorities for three years after the filing of the Institute's return.

#### **Stock-based Compensation**

GOMS had a stock-based employee compensation plan. The fair value of the stock options was estimated as of the date of grant using a 409A valuation approach for a start-up company performed by a third-party valuation specialist. The fair value of each common stock award was estimated on the date of grant using a market approach valuation model that uses various assumptions and weighted probabilities and the most recent financing of the company.

The resulting compensation cost for common stock awards were amortized on a straight-line basis over the vesting period for the entire award. Forfeitures were accounted for as they occurred.

# Gulf of Maine Research Institute and its Subsidiaries

## Notes to Consolidated Financial Statements

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### Note 1: Summary of Significant Accounting Policies (Continued)

#### Fair Value Measurements

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In determining fair value, the Institute uses various methods, including market, income and cost approaches. Based on these approaches, the Institute often utilizes certain assumptions that market participants would use in pricing the asset or liability, including assumptions about risk and/or the risks inherent in the inputs to the valuation technique. These inputs can be readily observable, market corroborated, or generally unobservable inputs. The Institute utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs. Based on the observability of the inputs used in the valuation techniques, the Institute is required to provide the following information according to the fair value hierarchy. The fair value hierarchy ranks the quality and reliability of the information used to determine fair values. Financial assets and liabilities carried at fair value will be classified and disclosed in one of the following three categories:

- Level 1 – Quoted prices for identical assets and liabilities traded in active exchange markets, such as the New York Stock Exchange.
- Level 2 – Observable inputs other than Level 1, including quoted prices for similar assets or liabilities, quoted prices in less active markets, or other observable inputs that can be corroborated by observable market data.
- Level 3 – Unobservable inputs supported by little or no market activity for financial instruments whose value is determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which the determination of fair value requires significant management judgment or estimation.

In determining the appropriate levels, the Institute performs a detailed analysis of the assets and liabilities. At each reporting period, if applicable, all assets and liabilities for which the fair value measurement is based on significant unobservable inputs are classified as Level 3.

For the years ended June 30, 2024 and 2023, the application of valuation techniques applied to similar assets and liabilities has been consistent. The following is a description of the valuation methodologies used for instruments measured at fair value:

#### *Investment Securities*

The fair value of investment securities is the market value based on quoted market prices, when available, or market prices provided by recognized broker dealers.

#### *Charitable Remainder Trust*

The fair value of the charitable remainder trust is determined based on calculating the present value of future distributions expected to be received, using applicable life expectancy tables and discount rates.

# Gulf of Maine Research Institute and its Subsidiaries

## Notes to Consolidated Financial Statements

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### **Note 1: Summary of Significant Accounting Policies** (Continued)

#### **Fair Value Measurements** (Continued)

##### *Interest in Pooled Investments*

The beneficial interest in pooled investments held by others is valued at fair value using GMRI's calculated share of the pooled fund and the underlying value of the fund's assets at June 30.

##### *Convertible Notes Payable*

The fair value of the convertible notes payable is determined based upon a valuation of the potential stock price under a market approach. The underlying value of the tangible and intangible assets of GOMS as well as the present value of the future cash flows expected from GOMS was used in determining the fair value.

#### **Deferred Loan Financing Costs**

Unamortized loan origination costs related to issuance of long-term debt are amortized over the life of the related debt using the straight-line method, and have been recorded as a reduction to the related notes payable obligation. Net deferred financing costs as of June 30, 2024 and 2023, were \$65,097 and \$69,266, respectively.

#### **Change in Accounting Principle - Current Expected Credit Losses**

Accounting Standards Update (ASU) No. 2016-13, *Measurement of Credit Losses on Financial Instruments*, requires the Institute to present financial assets measured at amortized cost (including accounts receivables) at the net amount expected to be collected over their remaining contractual lives. Estimated credit losses are based on relevant information about historical experience, current conditions, and reasonable and supportable forecasts that affect the collectability of the reported amounts.

The Institute adopted ASU No. 2016-13 on July 1, 2023. The net impact to net assets would have been immaterial, thus no adjustment was made to net assets. Results for the year ended June 30, 2024, are presented under Accounting Standards Codification (ASC) 326 while prior period amounts continue to be reported in accordance with previously applicable accounting standards generally accepted in the United States (US GAAP). See Accounts Receivable for changes to accounting policies.

#### **Subsequent Events**

Management has evaluated all other subsequent events through December 13, 2024, the date the consolidated financial statements were available to be issued and determined that any subsequent events that would require recognition or disclosure have been considered in the preparation of these consolidated financial statements.

Subsequent to year end, the Institute entered into a commitment with a contractor for approximately \$3,564,000 for the reconstruction of the bulkhead.

# Gulf of Maine Research Institute and its Subsidiaries

## Notes to Consolidated Financial Statements

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### Note 2: Liquidity and Availability of Financial Resources

The Institute strives to maintain liquid financial assets sufficient to cover 90 days of general expenditures. The following table reflects the Institute's financial assets as of June 30, 2024 and 2023, reduced by amounts that are not available to meet general expenditures within one year of the date of the consolidated statements of financial position because of donor restrictions or internal board designations. In the event the need arises to utilize the board-designated funds for liquidity purposes, the reserves could be drawn upon through board resolution. Amounts not available to meet general expenditures within one year also may include net assets with donor restrictions.

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

<i>June 30,</i>	<b>2024</b>	<b>2023</b>
Cash and cash equivalents	\$ 6,646,749	\$ 6,265,220
Less board-designated cash for specified purposes	(1,295,862)	(1,483,591)
Short term investments	4,701,242	3,046,872
Accrued interest and dividend receivable	56,587	41,148
Promises to give, current	2,631,921	3,177,117
Accounts receivable	1,821,776	1,808,649
Long-term investments: designated for endowment appropriation	530,069	428,300
<b>Total</b>	<b>\$ 15,092,482</b>	<b>\$ 13,283,715</b>

The Institute's endowment funds consist of donor-restricted endowments and funds designated by the board as endowments. Income from donor-restricted endowments is restricted for specific purposes, except for the amounts available for general use. Donor-restricted endowment funds are not available for general expenditure.

The Institute's board-designated endowment of \$12,387,391 and \$9,869,657 as of June 30, 2024 and 2023, respectively, is subject to an annual distribution rate of 4.0 percent, as described in Note 9. Although the Institute does not intend to spend from this board-designated endowment (other than amounts appropriated for general expenditure as part of the Board's annual budget approval and appropriation), these amounts could be made available, if necessary.

### Note 3: Cash and Cash Equivalents

Cash balances were held in various checking and money market accounts in various financial institutions at June 30, 2024 and 2023. These accounts are all considered cash and cash equivalents for determining the change in cash in the accompanying consolidated statements of cash flows. At June 30, 2024 and 2023, account balances were insured up to \$250,000. Management has not experienced any losses in these accounts and believes that it is not exposed to any significant risk on cash or cash equivalents.

# Gulf of Maine Research Institute and its Subsidiaries

## Notes to Consolidated Financial Statements

### Note 4: Promises to Give and Conditional Promises Receivable

Promises to give or pledges, net of unamortized discount and allowance for uncollectible accounts, are summarized as follows at June 30, 2024 and 2023. Interest rates based on market factors are used to discount the future payments of each respective year's pledges.

<i>June 30,</i>	<b>2024</b>	<b>2023</b>
Pledges receivable expected to be collected in:		
Less than one year	\$ 2,631,921	\$ 3,177,117
One year to five years	2,979,000	3,871,000
Subtotals	5,610,921	7,048,117
Less: discount to net present value at rates ranging from 0.07% to 5.4%	308,323	408,118
Pledges receivable, net	5,302,598	6,639,999
Less: current portion, net	2,631,921	3,177,117
Pledges receivable, net of current portion	\$ 2,670,677	\$ 3,462,882

Management estimates the allowance for uncollectible pledges based on a review of specific pledges outstanding. An allowance was not considered necessary as of June 30, 2024 and 2023.

In addition, at June 30, 2024 and 2023, GMRI holds conditional promises in the total amount of \$2,616,547 and \$2,671,829, respectively, which have not been reflected in these consolidated financial statements. These are due to be received from the donors in future years upon the satisfaction of certain conditions.

### Note 5: Property and Equipment

A summary of property and equipment is as follows as of June 30, 2024:

	<b>GMRI</b>	<b>GMPInc</b>	<b>GOMS</b>	<b>UW</b>	<b>Total</b>
Land	\$ 1,521,336	\$ 2,540,526	\$ -	\$ 3,819,266	\$ 7,881,128
Building	-	11,397,121	-	-	11,397,121
Wharf	-	-	-	8,722,710	8,722,710
Site improvements	2,387,314	377,125	-	12,450	2,776,889
Artwork	-	6,345	-	-	6,345
Leasehold improvements	324,057	88,686	-	-	412,743
Furniture and fixtures	222,459	327,809	-	-	550,268
Computer hardware and software	156,783	-	-	-	156,783
Equipment and vehicles	1,628,428	196,557	-	87,461	1,912,446
Exhibits	1,131,592	-	-	-	1,131,592
Total	\$ 7,371,969	\$ 14,934,169	\$ -	\$ 12,641,887	\$ 34,948,025

# Gulf of Maine Research Institute and its Subsidiaries

## Notes to Consolidated Financial Statements

### Note 5: Property and Equipment (Continued)

A summary of property and equipment is as follows as of June 30, 2023:

	GMRI	GMPInc	GOMS	UW	Total
Land	\$ 1,521,336	\$ 2,540,526	\$ -	\$ 3,819,266	\$ 7,881,128
Building	-	11,397,121	-	-	11,397,121
Wharf	-	-	-	8,701,156	8,701,156
Site improvements	2,387,314	377,125	-	-	2,764,439
Artwork	-	6,345	-	-	6,345
Leasehold improvements	324,057	88,686	-	-	412,743
Furniture and fixtures	222,459	302,297	-	-	524,756
Computer hardware and software	156,783	-	25,470	-	182,253
Equipment and vehicles	1,459,930	171,721	24,787	-	1,656,438
Exhibits	1,131,592	-	-	-	1,131,592
<b>Total</b>	<b>\$ 7,203,471</b>	<b>\$ 14,883,821</b>	<b>\$ 50,257</b>	<b>\$ 12,520,422</b>	<b>\$ 34,657,971</b>

### Note 6: Investments

Following is a summary of GMRI's and GMPInc's investment securities at June 30, 2024:

	GMRI Market Value	GMPInc Market Value	Total Market Value
U.S. Treasury and government agencies	\$ 5,808,386	\$ -	\$ 5,808,386
Domestic exchange traded funds	10,007,577	419,685	10,427,262
Non-government fixed income	3,465,505	633,242	4,098,747
Foreign fixed income	230,004	-	230,004
Cash and cash equivalents	450,497	28,851	479,348
<b>Total</b>	<b>\$ 19,961,969</b>	<b>\$ 1,081,778</b>	<b>\$ 21,043,747</b>

# Gulf of Maine Research Institute and its Subsidiaries

## Notes to Consolidated Financial Statements

### Note 6: Investments (Continued)

Following is a summary of GMRI's and GMPInc's investment securities at June 30, 2023:

	GMRI Market Value	GMPInc Market Value	Total Market Value
U.S. Treasury and government agencies	\$ 5,372,615	\$ -	\$ 5,372,615
Domestic exchange traded funds	8,208,310	367,591	8,575,901
Non-government fixed income	1,149,275	548,945	1,698,220
Foreign fixed income	285,044	-	285,044
Cash and cash equivalents	475,986	22,794	498,780
<b>Total</b>	<b>\$ 15,491,230</b>	<b>\$ 939,330</b>	<b>\$ 16,430,560</b>

Investment income consists of the following as of June 30, 2024:

	GMRI	GMPInc	Union Wharf	Total
Interest and dividends	\$ 450,898	\$ 59,631	\$ 31,465	\$ 541,994
Change in beneficial interest in charitable remainder trust	19,863	-	-	19,863
Unrealized and realized gains	1,806,877	33,776	-	1,840,653
Less: fees	(54,762)	(2,839)	-	(57,601)
<b>Total</b>	<b>\$ 2,222,876</b>	<b>\$ 90,568</b>	<b>\$ 31,465</b>	<b>\$ 2,344,909</b>

Investment income consists of the following as of June 30, 2023:

	GMRI	GMPInc	Union Wharf	Total
Interest and dividends	\$ 329,233	\$ 35,138	\$ 11,331	\$ 375,702
Change in beneficial interest in charitable remainder trust	10,734	-	-	10,734
Unrealized and realized losses	1,119,255	9,861	-	1,129,116
Less: fees	(47,528)	(2,518)	-	(50,046)
<b>Total</b>	<b>\$ 1,411,694</b>	<b>\$ 42,481</b>	<b>\$ 11,331</b>	<b>\$ 1,465,506</b>

# Gulf of Maine Research Institute and its Subsidiaries

## Notes to Consolidated Financial Statements

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### **Note 7: Beneficial Interest in Pooled Investments Held by Others**

In 2013, GMRI established an endowment fund held by the Maine Community Foundation (the Foundation). Pursuant to the terms of the resolution establishing this fund, property contributed to the Foundation is held as a separate fund designated for the benefit of the Institute. In accordance with its spending policy, the Foundation makes distributions from the fund to GMRI. The value of the interest in pooled investments totaled \$2,993,680 and \$2,850,487 at June 30, 2024 and 2023, respectively.

### **Note 8: Beneficial Interest in Charitable Remainder Trust**

In 2008, GMRI was notified that it had been named a remainderman of a charitable remainder trust established by a particular donor who passed away during that year. Under the terms of this trust, a specified life tenant is to receive an annual distribution equal to 6% of the fair market value of the trust assets, as measured annually. Upon the death of this life tenant, the remaining trust assets are then to be distributed to various charitable beneficiaries; GMRI's share is to be one-third of such assets. At June 30, 2024 and 2023, the fair value of GMRI's interest in this trust was estimated to be \$188,337 and \$168,474, respectively, and in accordance with GAAP is recorded as an asset within the consolidated statements of financial position.

At June 30, 2024, this fair value estimate was based on the readily-determinable market value of the underlying trust assets, an assumed remaining life expectancy of the life tenant of 6 years from that date, assumed annualized nominal rates of return for the trust assets of 5.5%, and a discount rate of 4.13%. The change in the value of GMRI's interest in this trust is included in net investment income in the amount of \$19,863 and \$10,734 for the years ended June 30, 2024 and 2023, respectively.

### **Note 9: Endowments**

As noted elsewhere in the consolidated financial statements, at June 30, 2024 and 2023, the Board of Directors had designated \$12,387,391 and \$9,869,657, respectively, of GMRI's net assets without donor restrictions for long-term investment purposes. The purpose of these assets is to serve as a board designated endowment, the income from which is to be used to help meet the operating costs of GMRI and, if necessary, the balance of which is to provide a last-resort source of funds in the case of serious financial need.

#### Relevant Law

GMRI's endowment consists of various funds established for a variety of purposes including both donor-restricted endowment funds and funds designated by the Board to act as endowments. Endowment net assets, including funds designated by the Board to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.



# Gulf of Maine Research Institute and its Subsidiaries

## Notes to Consolidated Financial Statements

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### Note 9: Endowments (Continued)

#### Relevant Law (Continued)

GMRI's endowment (the Endowment) consists of various funds established by donors to provide annual funding for specific activities and general operations. The Endowment also includes certain net assets without donor restrictions that have been designated for endowment by the Board of Directors. The Board of Directors has interpreted the Maine Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the date of the donor-restricted endowment funds, unless there are explicit donor stipulations to the contrary. At June 30, 2024 and 2023, there were no such donor stipulations. As a result of this interpretation, GMRI retains in perpetuity (a) the original value of initial and subsequent gift amounts (including promises to give net of discount and allowance for doubtful accounts donated to the Endowment; and (b) any accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added. Donor-restricted amounts not retained in perpetuity are subject to appropriation for expenditure by GMRI in a manner consistent with the standard of prudence prescribed by UPMIFA.

In accordance with UPMIFA, GMRI considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: the duration and preservation of the fund, the purposes of GMRI and the donor-restricted endowment fund, general economic conditions, the possible effect of inflation and deflation, the expected total return from income and the appreciation of investments, other resources and the investment policies of GMRI.

Under that statute, GMRI's board designated investments acting as endowments are not considered to constitute an endowment from a legal perspective under UPMIFA, though they do constitute a board designated endowment from a financial accounting and reporting perspective.

#### Endowment Spending Policy

The Board of Directors has approved an annual distribution of 4% of the trailing 12-quarter average value of the endowment fund to support current operations. However, during endowment-building campaigns, distributions may be calculated on the ending balance of the endowments in lieu of the average value over the trailing 12 quarters. No other withdrawals, expenditures or transfers from the Board designated endowment may be made without prior approval by the Board of Directors.

#### Endowment Investment Policy

GMRI has adopted a policy under which its board designated, and donor restricted endowment fund investments shall be comprised of 70-90% equities, 10-30% debt securities, and 0-10% cash and cash equivalents with a strategic target asset allocation of 80% equities and 20% debt securities. The fund is to be managed to achieve a moderate degree of risk, neither seeking the highest possible returns, nor avoiding all risk of loss, managing volatility in endowment asset value through an investment portfolio diversified by market geography, investment style, and asset class. GMRI believes that these parameters serve to appropriately guide the management of this fund to achieve the purposes stated earlier.

# Gulf of Maine Research Institute and its Subsidiaries

## Notes to Consolidated Financial Statements

### Note 9: Endowments (Continued)

The Institute's endowment balances were comprised of the following as of June 30, 2024:

	Without Donor Restrictions	With Donor Restrictions	Total
Board-designated endowment funds	\$ 12,387,391	\$ 1,872,165	\$ 14,259,556
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	-	1,875,394	1,875,394
Accumulated investment gains	-	403,615	403,615
<b>Total</b>	<b>\$ 12,387,391</b>	<b>\$ 4,151,174</b>	<b>\$ 16,538,565</b>

Included in endowment investments as of June 30, 2024, is accrued interest and dividends receivable in the amount of \$56,101.

The changes in the Institute's endowment balances for the year ended June 30, 2024, were as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment investments, beginning of year	\$ 9,869,657	\$ 1,905,461	\$ 11,775,118
Contributions	1,481,005	186,638	1,667,643
Investment return:			
Investment income	183,417	34,844	218,261
Net appreciation	1,212,478	225,945	1,438,423
Total investment return	1,395,895	260,789	1,656,684
Appropriation of endowment assets pursuant to spending rate-policy	(359,166)	(73,879)	(433,045)
Endowment investments, end of year	12,387,391	2,279,009	14,666,400
Promises to give for endowment, board-designated, net of discount	-	1,872,165	1,872,165
<b>Total endowment net assets, end of year</b>	<b>\$ 12,387,391</b>	<b>\$ 4,151,174</b>	<b>\$ 16,538,565</b>

# Gulf of Maine Research Institute and its Subsidiaries

## Notes to Consolidated Financial Statements

### Note 9: Endowments (Continued)

The Institute's endowment balances were comprised of the following as of June 30, 2023:

	Without Donor Restrictions	With Donor Restrictions	Total
Board-designated endowment funds	\$ 9,869,657	\$ 2,339,569	\$ 12,209,226
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	-	1,688,453	1,688,453
Accumulated investment gains	-	217,008	217,008
<b>Total</b>	<b>\$ 9,869,657</b>	<b>\$ 4,245,030</b>	<b>\$ 14,114,687</b>

Included in endowment investments as of June 30, 2023, is accrued interest and dividends receivable in the amount of \$40,444.

The changes in the Institute's endowment balances for the year ended June 30, 2023, were as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment investments, beginning of year	\$ 8,122,074	\$ 1,787,759	\$ 9,909,833
Contributions	1,169,920	-	1,169,920
Investment return:			
Investment income	135,130	28,326	163,456
Net depreciation	786,761	164,971	951,732
Total investment return	921,891	193,297	1,115,188
Appropriation of endowment assets pursuant to spending rate-policy	(344,228)	(75,595)	(419,823)
Endowment investments, end of year	9,869,657	1,905,461	11,775,118
Promises to give for endowment, board-designated, net of discount	-	2,339,569	2,339,569
<b>Total endowment net assets, end of year</b>	<b>\$ 9,869,657</b>	<b>\$ 4,245,030</b>	<b>\$ 14,114,687</b>

# Gulf of Maine Research Institute and its Subsidiaries

## Notes to Consolidated Financial Statements

### Note 10: Fair Value Measurements

Fair values of assets and (liabilities) measured on a recurring basis at June 30, 2024, are as follows:

	Total	Level 1	Level 2	Level 3
U.S. Treasury and government agencies	\$ 5,808,386	\$ 5,808,386	\$ -	\$ -
Domestic exchange traded funds	10,427,262	10,427,262	-	-
Non-government fixed income	4,098,747	4,098,747	-	-
Foreign fixed income	230,004	230,004	-	-
Cash and cash equivalents	479,348	479,348	-	-
Interest in pooled investments	2,993,680	-	2,993,680	-
Charitable remainder trust	188,337	-	-	188,337
<b>Total assets</b>	<b>\$ 24,225,764</b>	<b>\$ 21,043,747</b>	<b>\$ 2,993,680</b>	<b>\$ 188,337</b>
Convertible notes	\$ (1,405,000)	\$ -	\$ -	\$ (1,405,000)
<b>Total liabilities</b>	<b>\$ (1,405,000)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (1,405,000)</b>

Fair values of assets and (liabilities) measured on a recurring basis at June 30, 2023, are as follows:

	Total	Level 1	Level 2	Level 3
U.S. Treasury and government agencies	\$ 5,372,615	\$ 5,372,615	\$ -	\$ -
Domestic exchange traded funds	8,575,901	8,575,901	-	-
Non-government fixed income	1,698,220	1,698,220	-	-
Foreign fixed income	285,044	285,044	-	-
Cash and cash equivalents	498,780	498,780	-	-
Interest in pooled investments	2,850,487	-	2,850,487	-
Charitable remainder trust	168,474	-	-	168,474
<b>Total assets</b>	<b>\$ 19,449,521</b>	<b>\$ 16,430,560</b>	<b>\$ 2,850,487</b>	<b>\$ 168,474</b>
Convertible notes	\$ (1,405,000)	\$ -	\$ -	\$ (1,405,000)
<b>Total liabilities</b>	<b>\$ (1,405,000)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (1,405,000)</b>

There were no transfers in or out of Level 3 during the fiscal years ended June 30, 2024 and 2023.

# Gulf of Maine Research Institute and its Subsidiaries

## Notes to Consolidated Financial Statements

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### Note 11: Lines of Credit

GMRI holds a line of credit with Androscoggin Bank. The line of credit has a credit limit of \$1,400,000, with interest payable monthly at a variable rate equal to Wall Street Journal prime with a floor of 3.00% (8.50% and 8.25% as of June 30, 2024 and 2023, respectively). The line of credit matures January 27, 2025, and requires the obligation to be at zero for 30 successive days during the term. The line of credit is cross-defaulted and cross-collateralized with the GMPInc note payable. There was no balance outstanding on this credit line at June 30, 2024 and 2023.

### Note 12: Notes Payable

A summary of notes payable as of June 30 is as follows:

<i>June 30,</i>	<b>2024</b>	<b>2023</b>
GMPInc \$2,860,000 note payable to a bank, at a fixed rate of 3.35% with monthly principal and interest payments of \$14,089 through September 27, 2031, with a balloon payment due at that time. The note is collateralized by an assignment of leases and rents and all buildings and improvements held by GMPInc. The note is cross-defaulted and cross-collateralized with the line of credit and is guaranteed by GMRI.	\$ 2,654,539	\$ 2,731,636
GMRI six individual friendly loans for varying amounts totaling \$2,900,000 used for the purchase of Union Wharf. The loans bear interest at 1.5% for years one through three and 3% for years four through seven. Interest is payable annually on the anniversary of the notes all dated December 22, 2021, with the entire principal amount due December 2028. One of these is a related party loan for \$1,500,000 with a member of the Board of Director's family foundation.	2,900,000	2,900,000
UW fixed rate mortgage note payable with a lender, interest at 5.05% with monthly principal and interest payments of \$25,677 through January 1, 2047. The note is collateralized by an assignment of leases and rents and the buildings and improvements held by UW. The loan is cross-defaulted and cross-collateralized with the UW variable rate mortgage.	4,136,547	4,240,624
UW variable rate mortgage note payable with a lender, interest at the lender's variable rate (7.75% and 7.50% at June 30, 2024 and 2023, respectively), with monthly principal and interest payments of \$24,814 through January 1, 2047, with a balloon payment due at that time. The note is collateralized by an assignment of leases and rents and the buildings and improvements held by UW. The loan is cross-defaulted and cross-collateralized with the UW fixed rate mortgage.	5,268,192	5,358,499
<b>Balance Forward</b>	<b>\$ 14,959,278</b>	<b>\$ 15,230,759</b>

# Gulf of Maine Research Institute and its Subsidiaries

## Notes to Consolidated Financial Statements

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### Note 12: Notes Payable (Continued)

<i>June 30,</i>	<b>2024</b>	<b>2023</b>
Balance Forward	\$ 14,959,278	\$ 15,230,759
GMRI \$100,000 loan from a local institution with potential additional advances of \$100,000 available. The loan bears interest at 5% but does not require the accrual of interest until April 2025 upon which time principal and interest payments of \$5,639 are payable monthly through the maturity date of March 1, 2030.	100,000	100,000
GOMS \$230,000 note to Finance Authority of Maine. The loan bears interest at 6%. Loan commenced in November 2022 and will bear interest only payments from May 2023 through November 2023. Subsequent to November 2023 payments are \$3,341 per month until the maturity date of October 19, 2027, at which point any unpaid principal and interest will be due.	84,302	209,802
GOMS \$65,000 note to Portland Development Corporation. The loan bears interest at 5.5%. Loan commenced on October 19, 2022, and will bear interest only payments from July 2023 through December 2023. Subsequent to December 2023 payments are 1,242 per month until the maturity date of May 2028 at which point any unpaid principal and interest will be due.	38,353	58,353
GOMS \$30,549 forgivable note to Finance Authority of Maine under the Thrive Loan program. A portion of the unsecured note is forgiven annually beginning in December 2023 in increments of 25% unless an event of default occurs which would require repayment of the outstanding balance including any interest accrued at 3%.	22,912	30,549
<b>Total</b>	<b>15,204,845</b>	<b>15,629,463</b>
Less: current portion	362,581	298,787
Less: deferred loan financing costs	65,097	69,266
<b>Long-term portion, net</b>	<b>\$ 14,777,167</b>	<b>\$ 15,261,410</b>

# Gulf of Maine Research Institute and its Subsidiaries

## Notes to Consolidated Financial Statements

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### Note 12: Notes Payable (Continued)

GMPInc's note along with line of credit (See Note 11) carry certain financial covenants. Among these covenants is a debt service coverage requirement under which GMPInc's debt service coverage ratio must be maintained at a level of at least 1.25 to 1.

Interest expense for the years ended June 30, 2024 and 2023, was \$829,548 and \$733,349, respectively.

Scheduled principal payments on long-term debt at June 30, 2024, including current maturities, are summarized as follows:

<i>Year Ended</i>				
2025	\$	362,581		
2026		356,554		
2027		346,929		
2028		344,122		
2029		3,263,332		
Thereafter		10,531,327		
Total	\$	15,204,845		

### Note 13: Convertible Notes Payable

During the fiscal years ended June 30, 2022 and 2021, GOMS issued convertible notes payable for aggregate cash proceeds of \$455,000 and \$1,000,000, respectively. The notes accrue interest at 4% and all accrued interest and principal is due 60 months from the date of the note.

The notes convert to equity in the event that a qualified financing occurs which is defined as an equity financing of at least \$2,000,000. The conversion price is the lesser of the price per share paid by the purchasers in the qualified financing, less a discount of twenty percent (20%) or the price equal to the quotient of \$5,000,000 for the convertible notes issued in 2021 or \$7,500,000 for the convertible notes issued in 2022, divided by the aggregate number of outstanding shares of the Company's stock as of immediately prior to the initial closing of the qualified financing.

In the event the company is sold or 50% of the company's voting stock or capital stock is transferred, the holders will have the option to convert their notes into a senior class of preferred stock at a conversion price equal to the last price paid for that stock in an arm-length transaction or receive payment in the aggregate amount equal to 1.5 times the outstanding principal under the note with any accrued interest.

If a qualified financing does not occur before the maturity date, then the note holders may elect to convert the outstanding principal balance and any unpaid accrued interest into the most senior class of stock at a conversion price equal to the quotient of \$2,500,000 for the convertible notes issued in 2021 or \$3,750,000 for the convertible notes issued in 2022, divided by the aggregate number of outstanding shares.

# Gulf of Maine Research Institute and its Subsidiaries

## Notes to Consolidated Financial Statements

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### Note 13: Convertible Notes Payable (Continued)

The note is subordinated to certain entities. All payments under these notes shall be applied first to accrued but unpaid interest, and next to outstanding principal. Interest accrued under these notes totaled \$173,075 and \$114,556 as of June 30, 2024 and 2023, respectively.

GOMS elected the fair value option of accounting in accordance with ASC 825 for the convertible notes payable upon issuance to reduce accounting complexity. Fair value is measured on a recurring basis and related unrealized gains or losses are recognized in unrealized gain or loss on change in fair value of convertible notes payable in the statements of activities. The fair value for the convertible notes payable is estimated based on a market analysis that was completed in June 2022. Due to liquidation proceedings, no change in fair value has been relevant and therefore GOMS recorded no gain or loss on the change in fair value, during the years ended June 30, 2024 and 2023.

### Note 14: Stock Option Plan

GOMS developed a stock option plan that authorized the granting of stock options to selected employees for up to 31,860 shares of common stock. Under the plan, the exercise price of each option equaled the market price of the GOMS stock on the grant date, and an option's maximum term to exercise is ten years. Options were granted on October 28, 2021, and began to vest monthly until October 2023. Upon the occurrence of certain defined performance metrics, 14,500 total options could have vested in the years ending June 30, 2024 and 2025. Compensation cost for performance vesting options was recognized if the performance metric was deemed probable. The Company concluded that the performance vesting options are not probable of vesting as of June 30, 2023. The fair value of each option grant was measured based on an independent party valuation.

During the year ended June 30, 2023, GOMS recognized stock-based compensation expense of \$33,765. The compensation expense was determined based on the number of shares vested and an estimated fair value at the grant date of \$7.78. Total unrecognized compensation cost, including performance options, related to stock options was \$114,664 at June 30, 2023. Due to the plan of liquidation, and subsequent loss of the selected employees no additional stock options vested during the year ended June 30, 2024.

The following table shows stock option activity for the year ended June 30, 2023:

	Number of Options	Weighted- Average Exercise Price	Weighted- Average Remaining Contractual Life - Years
Options outstanding, July 1, 2022	31,860	\$ 7.78	-
Granted	-	-	-
Forfeited	-	-	-
Options outstanding June 30, 2023	31,860	7.78	8.30
Options exercisable, June 30, 2023	17,122	\$ 7.78	8.30



# Gulf of Maine Research Institute and its Subsidiaries

## Notes to Consolidated Financial Statements

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### Note 14: Stock Option Plan (Continued)

The following table shows the fair value of non-vested stock options as of June 30, 2023:

	Number of Options	Weighted- Average Grant Date Fair Value
Non-vested options, July 1, 2022	19,078	\$ 7.78
Granted	-	-
Forfeited	-	-
Vested	(4,340)	7.78
<hr/>		
Non-vested options June 30, 2023	14,738	\$ 7.78

### Note 15: Refundable Advance

At June 30, 2023, the Institute had a refundable advance liability of \$453,555. This amount represented the receipt of an award from the Small Business Administration. The Institute determined the award was a conditional grant and applied the policy as described in Note 1. Accordingly, the award was reported as a refundable advance liability until the conditions were substantially met or explicitly waived. The Institute interpreted the condition of the award to be the incurrence of eligible expenditures for the Gulf of Maine Blue Economy.

### Note 16: Net Assets

Net assets without donor restrictions, but designated by the Board for specific uses, consisted of the following as of June 30, 2024 and 2023:

	2024	2023
Endowment funds	\$ 12,387,391	\$ 9,869,657
Reserved for research and scientist guarantee surpluses	278,444	171,890
Reserved for capital projects and equipment and other	869,338	1,012,097
Capacity building	148,079	299,604
GMPInc asset replacement reserve	965,103	822,569
<hr/>		
Total board designated net assets	\$ 14,648,355	\$ 12,175,817

# Gulf of Maine Research Institute and its Subsidiaries

## Notes to Consolidated Financial Statements

### Note 16: Net Assets (Continued)

Net assets with donor restrictions consisted of the following for the years ended June 30, 2024 and 2023:

	<b>2024</b>	<b>2023</b>
Net assets with donor restriction:		
Subject to expenditure for specified purpose:		
Future program expenses	\$ 9,333,207	\$ 6,546,306
Subject to the passage of time:		
Beneficial interest in charitable remainder trusts	188,337	168,474
Promises to give that are not restricted by donors, but which are unavailable for expenditure until due	3,430,433	4,300,430
	12,951,977	11,015,210
Endowments:		
Subject to GMRI's spending policy and appropriation:		
Unconditional promises to give, net - donor restricted for general endowment	1,872,165	2,339,569
General use	403,615	217,008
Endowment investments held in perpetuity	1,875,394	1,688,453
	4,151,174	4,245,030
Not subject to spending policy or appropriation:		
Pooled investments held by community foundation	2,993,680	2,850,487
	2,993,680	2,850,487
<b>Total</b>	<b>\$ 20,096,831</b>	<b>\$ 18,110,727</b>

# Gulf of Maine Research Institute and its Subsidiaries

## Notes to Consolidated Financial Statements

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### Note 17: Net Assets Released from Restrictions

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other events specified by the donors as follows for the years ended June 30, 2024 and 2023:

	2024	2023
Satisfaction of purpose restrictions		
Research	\$ 856,633	\$ 184,845
Climate center	367,019	334,506
Convening	646,231	835,918
Education	157,794	604,025
Development	505,665	627,727
Business development	294,602	368,508
Management	119,294	38,990
Endowment	739,052	710,000
General purpose spending rate distributions and appropriations from endowments	73,879	75,595
Total net assets released from restrictions	\$ 3,760,169	\$ 3,780,114

### Note 18: Retirement Plan

GMRI sponsors a Section 401(k) plan for its employees. Under the 401(k) plan, participant eligibility is established upon the completion of one year of employment constituted by at least 1,000 hours of service. Total retirement expense under this plan for the years ended June 30, 2024 and 2023, was \$378,316 and \$308,406, respectively.

### Note 19: Related Parties

The Institute entered into an employment agreement with their executive effective January 1, 2016. The total compensation under the agreement was contingent upon the executive's employment through December 31, 2020, and reaching long-term goals. This contract was amended and extended the executive's employment through December 31, 2023, at which time the executive retired. The agreement includes:

- Annual performance payments for success against financial and other organizational goals, as determined by the Board of Directors. During the years ended June 30, 2024 and 2023, \$27,094 and \$59,931 was earned, respectively.
- Deferred incentive compensation for progress on meeting long-term financial goals from 2015 through 2023, under which payments will be made starting in 2021. The quarterly payment amount is determined annually based on a percentage of the board-designated endowment and is estimated to continue through December 2030 based on the maximum payout period in the agreement. At June 30, 2024 and 2023, the total accrual was \$217,174 and \$264,051, respectively.

# Gulf of Maine Research Institute and its Subsidiaries

## Notes to Consolidated Financial Statements

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### Note 19: Related Parties (Continued)

- A non-qualified supplemental retirement plan under Sections 409 and 457 of the Internal Revenue Code with a total obligation up to \$800,000. The Plan was fully vested by December 2023. Funding of this plan began in 2016 and payments started in 2021 and will continue through December 2028. During 2022, a Rabbi Trust account was created to set aside assets to meet this liability. At June 30, 2024 and 2023, the total accrual was \$420,000 and \$500,000, respectively.

The Institute entered into an employment agreement with their new executive effective June 11, 2023. Portions are pro-rated based on months of employment should the executive voluntarily leave, or the Board dismisses the executive for other than cause before that date. The agreement includes:

- Annual performance payments for success against financial and other organizational goals, as determined by the Board of Directors. During the year ended June 30, 2024, \$25,000 was earned.
- A non-qualified unfunded supplemental retirement plan under Sections 409 and 457 of the Internal Revenue Code under which \$25,000 per year shall be credited. At June 30, 2024, \$25,000 was accrued.

### Note 20: Risks and Contingencies

All government grants and contracts are subject to audit and acceptance of final costs by the appropriate governmental agency. Most contract terms contain a provisionally approved overhead rate that is subject to final government audit. To date, government audits have resulted in only minor settlement amounts.

In the opinion of the Institute, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the grants. Therefore, no provision has been recorded in the accompanying consolidated financial statements for such contingency.

The Institute invests in various investment securities which are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and such changes could materially affect the investment balances.

### Note 21: Economic Dependency

The Institute receives a substantial portion of its total revenues from contributions. For the years ended June 30, 2024 and 2023, the Institute received approximately 33% and 42%, respectively, of its total revenues from contributions. Of these contribution revenues, 22% and 54% were from two donors in 2024 and 2023, respectively. Two donors also consist of 68% and 69% of the pledges receivable outstanding at June 30, 2024 and 2023, respectively.

# Gulf of Maine Research Institute and its Subsidiaries

## Notes to Consolidated Financial Statements

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### Note 22: Lease Commitments

UW leases space in its buildings and at the wharf to various tenants under multiple operating leases.

The cost and carrying amounts for all leased buildings and improvements is approximately \$12,641,000 and \$11,764,000 at June 30, 2024, and \$12,520,000 and \$11,998,000 at June 30, 2023.

Future rent under the foregoing lease agreements, by year and in the aggregate, is as follows:

<i>Year Ended</i>	
2025	\$ 1,215,170
2026	660,345
2027	533,079
2028	533,079
2029	270,914
Thereafter	194,580
Total	\$ 3,407,167

### Note 23: Contingency

GMRI created a for-profit subsidiary during the fiscal year ended June 30, 2019. This subsidiary was called New England Marine Monitoring (NEMM). Due to legislation passed during the fiscal year ended June 30, 2021, GMRI found it necessary to sell this for-profit subsidiary. On June 9, 2021, NEMM was sold to Always Blue Technologies Inc. for \$100,000 in cash, a senior, unsecured note for \$250,000 and a junior unsecured note for \$250,000.

For accounting purposes, management considers the collection of the notes and the associated accrued interest to be contingent on the buyer either selling NEMM, issuing equity of at least \$1.5 million, or generating cash from operations to pay the notes. As such, the buyer has not had the opportunity between the sale date and the date of the financial statements to raise capital or generate cash from operations to pay the unsecured notes.

Under FASB ASC 450, a contingency that might result in a gain usually should not be reflected in the consolidated financial statements because to do so might recognize revenue before its realization. As such, management has not recorded this contingent gain of \$500,000.

### Note 24: Gulf of Maine Sashimi, Inc. Liquidation Basis of Accounting

The financial statements for GOMS have been prepared using the liquidation basis of accounting. Effective August 21, 2023, GOMS board of directors approved the dissolution of GOMS, and management has assessed that liquidation is imminent as of that date. No significant changes in methods or assumptions for measuring assets or liabilities were deemed necessary.

# Gulf of Maine Research Institute and its Subsidiaries

## Notes to Consolidated Financial Statements

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### **Note 24: Gulf of Maine Sashimi, Inc. Liquidation Basis of Accounting (Continued)**

As part of management's liquidation plan, an asset purchase agreement was signed with a third party. The agreement provides for the sale of frozen inventory, branded packaging and materials, the customer list and other intellectual property at cost plus an earnout equal to 10% of gross margin on sales of certain product up to \$20,000 and 7.5% of the amount over. The earnout occurs over a 24-month period ending in November 2025. During this time, GOMS will remain a legal entity with no operations except for ongoing costs incurred for software, professional fees, and insurance which are not expected to be material. Upon the close of the earnout period, GOMS will dissolve. Management has created a cash flow plan in which, through the sale of assets and earnout collected, all non-convertible notes payable will be paid in full. It is expected that no assets will remain to repay the convertible notes payable.

**GULF OF MAINE RESEARCH INSTITUTE AND ITS SUBSIDIARIES**  
**Consolidating Schedule of Financial Position**  
June 30, 2024  
(with summarized comparative consolidated totals at June 30, 2023)

	2024							2023
	Gulf of Maine Research Institute	Gulf of Maine Properties, Inc.	Gulf of Maine Sashimi, Inc. <i>Liquidation Basis*</i>	Union Wharf LLC	Gulf of Maine Ventures, LLC	Eliminations	Consolidated Totals	Consolidated Totals
<b>ASSETS</b>								
Current assets:								
Cash and cash equivalents	\$ 5,127,545	\$ 616,322	\$ 39,651	\$ 863,023	\$ 208	\$ -	\$ 6,646,749	\$ 6,265,220
Short term investments	4,701,242	-	-	-	-	-	4,701,242	3,046,872
Accrued interest and dividend receivable	55,796	791	-	-	-	-	56,587	41,148
Promises to give, current	2,631,921	-	-	-	-	-	2,631,921	3,177,117
Accounts receivable	1,834,273	195,267	4,864	-	-	(212,628)	1,821,776	1,808,649
Inventory	-	-	-	-	-	-	-	90,434
Security deposit	-	-	-	-	-	-	-	3,300
Prepaid expenses	182,114	9,915	-	63,721	-	-	255,750	311,546
<b>Total current assets</b>	<b>14,532,891</b>	<b>822,295</b>	<b>44,515</b>	<b>926,744</b>	<b>208</b>	<b>(212,628)</b>	<b>16,114,025</b>	<b>14,744,286</b>
Property and equipment:								
Property and equipment	7,371,969	14,934,169	-	12,641,887	-	-	34,948,025	34,657,971
Less: accumulated depreciation/amortization	3,198,365	6,414,783	-	877,671	-	-	10,490,819	9,543,403
<b>Net property and equipment</b>	<b>4,173,604</b>	<b>8,519,386</b>	<b>-</b>	<b>11,764,216</b>	<b>-</b>	<b>-</b>	<b>24,457,206</b>	<b>25,114,568</b>
Other non-current assets:								
Long-term investments:								
Designated for capital and operations	-	1,081,778	-	-	-	-	1,081,778	939,330
Designated for endowment	14,610,299	-	-	-	-	-	14,610,299	11,734,674
Incentive compensation	650,428	-	-	-	-	-	650,428	709,684
Investment - other	-	-	-	-	1,000	-	1,000	1,000
Beneficial interest in pooled investments held by others	2,993,680	-	-	-	-	-	2,993,680	2,850,487
Promises to give, non-current, net of amortized discount	2,670,677	-	-	-	-	-	2,670,677	3,462,882
Beneficial interest in charitable remainder trust	188,337	-	-	-	-	-	188,337	168,474
Note receivable	50,000	-	-	-	-	(50,000)	-	-
Investment in subsidiaries	1,143,124	-	-	-	-	(1,143,124)	-	-
<b>Total other non-current assets</b>	<b>22,306,545</b>	<b>1,081,778</b>	<b>-</b>	<b>-</b>	<b>1,000</b>	<b>(1,193,124)</b>	<b>22,196,199</b>	<b>19,866,531</b>
<b>Total assets</b>	<b>\$ 41,013,040</b>	<b>\$ 10,423,459</b>	<b>\$ 44,515</b>	<b>\$ 12,690,960</b>	<b>\$ 1,208</b>	<b>\$ (1,405,752)</b>	<b>\$ 62,767,430</b>	<b>\$ 59,725,385</b>
<b>LIABILITIES AND NET ASSETS</b>								
Current liabilities:								
Current portion of long-term debt	\$ -	\$ 79,877	\$ 92,035	\$ 190,669	\$ -	\$ -	\$ 362,581	\$ 298,787
Accounts payable	637,794	68,944	2,818	227,503	-	(212,628)	724,431	799,413
Accrued vacation	249,272	-	-	-	-	-	249,272	287,787
Accrued payroll liabilities	223,519	-	-	-	-	-	223,519	200,744
Accrued income tax	-	-	-	-	-	-	-	1,727
Accrued interest	21,750	-	-	16,163	-	-	37,913	21,750
Current portion of accrued incentive compensation	169,170	-	-	-	-	-	169,170	224,357
Refundable advance liability	-	-	-	-	-	-	-	453,555
Deferred revenue	1,040	-	-	67,023	-	-	68,063	65,400
<b>Total current liabilities</b>	<b>1,302,545</b>	<b>148,821</b>	<b>94,853</b>	<b>501,358</b>	<b>-</b>	<b>(212,628)</b>	<b>1,834,949</b>	<b>2,353,520</b>
Long-term liabilities:								
Long-term debt, net of current portion	3,000,000	2,560,336	53,532	9,163,299	-	-	14,777,167	15,261,410
Accrued incentive compensation	495,098	-	-	-	-	-	495,098	624,623
Convertible notes payable, at fair value	-	-	1,455,000	-	-	(50,000)	1,405,000	1,405,000
Accrued interest on convertible notes payable	-	-	173,075	-	-	-	173,075	114,556
Security deposit payable	420	692	-	19,236	-	-	20,348	30,260
<b>Total long-term liabilities</b>	<b>3,495,518</b>	<b>2,561,028</b>	<b>1,681,607</b>	<b>9,182,535</b>	<b>-</b>	<b>(50,000)</b>	<b>16,870,688</b>	<b>17,435,849</b>
<b>Total liabilities</b>	<b>4,798,063</b>	<b>2,709,849</b>	<b>1,776,460</b>	<b>9,683,893</b>	<b>-</b>	<b>(262,628)</b>	<b>18,705,637</b>	<b>19,789,369</b>
<b>NET ASSETS (DEFICIT) AND EQUITY</b>								
Additional paid in capital	-	-	133,206	-	-	-	133,206	133,206
Retained earnings (deficit) - liquidation basis	-	-	(1,865,151)	-	-	1,865,151	-	-
Member's equity	-	-	-	3,007,067	1,208	(3,008,275)	-	-
Without donor restrictions:								
Undesignated	(1,643,812)	1,047,591	-	-	-	-	(596,221)	(760,680)
Board-designated	13,683,253	965,102	-	-	-	-	14,648,355	12,175,817
Investment in property, equipment and site acquisition cost	4,078,705	5,700,917	-	-	-	-	9,779,622	10,276,946
<b>Total without donor restrictions</b>	<b>16,118,146</b>	<b>7,713,610</b>	<b>(1,865,151)</b>	<b>3,007,067</b>	<b>1,208</b>	<b>(1,143,124)</b>	<b>23,831,756</b>	<b>21,692,083</b>
With donor restrictions	20,096,831	-	-	-	-	-	20,096,831	18,110,727
<b>Total net assets</b>	<b>36,214,977</b>	<b>7,713,610</b>	<b>(1,865,151)</b>	<b>3,007,067</b>	<b>1,208</b>	<b>(1,143,124)</b>	<b>43,928,587</b>	<b>39,802,810</b>
<b>Total net assets and equity</b>	<b>36,214,977</b>	<b>7,713,610</b>	<b>(1,731,945)</b>	<b>3,007,067</b>	<b>1,208</b>	<b>(1,143,124)</b>	<b>44,061,793</b>	<b>39,936,016</b>
<b>Total liabilities and net assets and equity</b>	<b>\$ 41,013,040</b>	<b>\$ 10,423,459</b>	<b>\$ 44,515</b>	<b>\$ 12,690,960</b>	<b>\$ 1,208</b>	<b>\$ (1,405,752)</b>	<b>\$ 62,767,430</b>	<b>\$ 59,725,385</b>

\* As noted in footnote 25 this subsidiary is presented on the liquidation basis of accounting

See accompanying independent auditor's report on supplementary information.

**GULF OF MAINE RESEARCH INSTITUTE AND ITS SUBSIDIARIES**  
**Consolidating Schedule of Activities**  
For the Year Ended June 30, 2024  
(with summarized comparative consolidated totals for the year ended June 30, 2023)

	Gulf of Maine Research Institute						Gulf of Maine Properties, Inc.				Gulf of Maine Sashimi, Inc. Liquidation Basis*		Union Wharf, LLC		Gulf of Maine Ventures, LLC		Eliminations	2024 Consolidated Totals	2023 Consolidated Totals	
	Without Donor Restriction			With Donor Restriction			Without Donor Restriction				Without Donor Restriction	Without Donor Restriction	Without Donor Restriction	Operations	Operations	Operations				
	Programs & Support	Property & Equipment	Board Designated	Program & Support	Endowment	Total	Operations	Property & Equipment	Board Designated	Total	Operations	Operations	Operations							
<b>Support and revenue:</b>																				
Federal and state grants	\$ 10,033,131	\$ 139,170	\$ -	\$ 226,350	\$ -	\$ 10,398,651	\$ -	\$ -	\$ -	\$ -	\$ 8,304	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 10,406,955	\$ 8,477,020
Contributions	2,365,688	-	810,774	4,403,323	186,638	7,766,423	-	-	-	-	-	-	-	-	-	-	-	7,766,423	10,178,818	
Investment income (loss)	762,077	-	1,037,256	280,350	143,193	2,222,876	22,717	-	67,851	90,568	-	31,465	-	-	-	-	-	2,344,909	1,465,506	
In-kind income	272,042	-	-	-	-	272,042	-	-	-	-	-	-	-	-	-	-	-	272,042	414,509	
Contract income	851,772	-	-	486,393	-	1,338,165	-	-	-	-	-	-	-	-	-	-	-	1,338,165	517,325	
Rental income	-	-	-	-	-	-	1,022,033	-	-	1,022,033	-	1,385,318	-	-	(911,388)	-	-	1,495,963	1,716,534	
Property management fee	235,871	-	-	-	-	235,871	-	-	-	-	-	-	-	-	(223,151)	-	-	12,720	10,540	
Sales	-	-	-	-	-	-	-	-	-	130,971	-	-	-	-	-	-	-	130,971	1,014,362	
Other income	40,941	-	-	19,723	303	60,967	-	-	-	-	26	-	-	-	4	-	-	60,997	2,610	
Net assets released from restrictions	3,412,390	29,328	318,451	(3,760,169)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
<b>Total support and revenue</b>	<b>17,973,912</b>	<b>168,498</b>	<b>2,166,481</b>	<b>1,655,970</b>	<b>330,134</b>	<b>22,294,995</b>	<b>1,044,750</b>	<b>-</b>	<b>67,851</b>	<b>1,112,601</b>	<b>139,301</b>	<b>1,416,783</b>	<b>4</b>	<b>(1,134,539)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>23,829,145</b>	<b>23,797,224</b>	
<b>Expenses:</b>																				
<b>Program expenses:</b>																				
Research	3,921,352	-	-	-	-	3,921,352	-	-	-	-	-	-	-	-	-	-	-	3,921,352	3,181,542	
Education	3,858,357	-	-	-	-	3,858,357	-	-	-	-	-	-	-	-	-	-	-	3,858,357	3,363,983	
Community	2,501,582	-	-	-	-	2,501,582	-	-	-	-	-	-	-	-	-	-	-	2,501,582	2,329,728	
Business development	1,184,625	-	-	-	-	1,184,625	-	-	-	-	-	-	-	-	-	-	-	1,184,625	1,046,568	
Subsidiary expenses	-	-	-	-	-	-	-	-	-	-	335,874	1,414,583	379	(83,219)	-	-	-	1,667,617	3,050,431	
<b>Support services:</b>																				
Development	1,371,436	-	-	-	-	1,371,436	-	-	-	-	-	-	-	-	-	-	-	1,371,436	1,245,198	
Management, general & facilities	4,881,064	290,837	-	-	-	5,171,901	739,393	338,425	-	1,077,818	-	-	-	(1,051,320)	-	-	-	5,198,399	4,879,696	
<b>Total expenses</b>	<b>17,718,416</b>	<b>290,837</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>18,009,253</b>	<b>739,393</b>	<b>338,425</b>	<b>-</b>	<b>1,077,818</b>	<b>335,874</b>	<b>1,414,583</b>	<b>379</b>	<b>(1,134,539)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>19,703,368</b>	<b>19,097,146</b>	
<b>Change in net assets before transfers and gain (loss) from subsidiaries</b>	<b>255,496</b>	<b>(122,339)</b>	<b>2,166,481</b>	<b>1,655,970</b>	<b>330,134</b>	<b>4,285,742</b>	<b>305,357</b>	<b>(338,425)</b>	<b>67,851</b>	<b>34,783</b>	<b>(196,573)</b>	<b>2,200</b>	<b>(375)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4,125,777</b>	<b>4,700,078</b>	
<b>Other transfers</b>	<b>(126,964)</b>	<b>-</b>	<b>163,524</b>	<b>-</b>	<b>-</b>	<b>36,560</b>	<b>(74,682)</b>	<b>(36,560)</b>	<b>74,682</b>	<b>(36,560)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	
<b>Total transfers</b>	<b>(126,964)</b>	<b>-</b>	<b>163,524</b>	<b>-</b>	<b>-</b>	<b>36,560</b>	<b>(74,682)</b>	<b>(36,560)</b>	<b>74,682</b>	<b>(36,560)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	
Gain from subsidiary	2,200	-	-	-	-	2,200	-	-	-	-	-	-	-	(2,200)	-	-	-	-	-	
Loss from subsidiary	(196,948)	-	-	-	-	(196,948)	-	-	-	-	-	-	-	196,948	-	-	-	-	-	
<b>Total net loss from subsidiaries</b>	<b>(194,748)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(194,748)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>194,748</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	
<b>Change in net assets</b>	<b>(66,216)</b>	<b>(122,339)</b>	<b>2,330,005</b>	<b>1,655,970</b>	<b>330,134</b>	<b>4,127,554</b>	<b>230,675</b>	<b>(374,985)</b>	<b>142,533</b>	<b>(1,777)</b>	<b>(196,573)</b>	<b>2,200</b>	<b>(375)</b>	<b>194,748</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4,125,777</b>	<b>4,700,078</b>	
<b>Net assets, beginning of year</b>	<b>(1,577,596)</b>	<b>4,201,044</b>	<b>11,353,248</b>	<b>13,571,788</b>	<b>4,538,939</b>	<b>32,087,423</b>	<b>816,916</b>	<b>6,075,902</b>	<b>822,569</b>	<b>7,715,387</b>	<b>(1,668,578)</b>	<b>3,004,867</b>	<b>1,583</b>	<b>(1,337,872)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>39,802,810</b>	<b>35,102,732</b>	
<b>Net assets, end of year</b>	<b>\$ (1,643,812)</b>	<b>\$ 4,078,705</b>	<b>\$ 13,683,253</b>	<b>\$ 15,227,758</b>	<b>\$ 4,869,073</b>	<b>\$ 36,214,977</b>	<b>\$ 1,047,591</b>	<b>\$ 5,700,917</b>	<b>\$ 965,102</b>	<b>\$ 7,713,610</b>	<b>\$ (1,865,151)</b>	<b>\$ 3,007,067</b>	<b>\$ 1,208</b>	<b>\$ (1,143,124)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 43,928,587</b>	<b>\$ 39,802,810</b>	

\* As noted in footnote 25 this subsidiary is presented on the liquidation basis of accounting

See accompanying independent auditor's report on supplementary information.



**GULF OF MAINE RESEARCH INSTITUTE AND ITS SUBSIDIARIES**  
**Consolidating Schedule of Cash Flows**  
For the Year Ended June 30, 2024  
(with comparative consolidated totals for the year ended June 30, 2023)

	2024						2023	
	Gulf of Maine Research Institute	Gulf of Maine Properties, Inc.	Gulf of Maine Sashimi, Inc.	Union Wharf, LLC	Gulf of Maine Ventures, LLC	Eliminations	Consolidated Totals	Consolidated Totals
Cash flows from operating activities:								
Change in net assets	\$ 4,127,554	\$ (1,777)	\$ (196,573)	\$ 2,200	\$ (375)	\$ 194,748	\$ 4,125,777	\$ 4,700,078
Adjustments to reconcile change in net assets to net cash and cash equivalents provided by (used in) operating activities:								
Depreciation	290,837	338,425	167	355,601	-	-	985,030	984,276
Loss (gain) on fixed asset disposal	-	-	511	-	-	-	511	62,865
Imputed interest on debt issuance costs	-	1,953	-	2,216	-	-	4,169	4,169
Realized and unrealized (gain) loss on investments	(1,806,877)	(33,776)	-	-	-	-	(1,840,653)	(1,129,116)
Bad debt expense	60,302	-	-	-	-	-	60,302	-
Stock option compensation cost	-	-	-	-	-	-	-	33,765
Reinvested dividends and interest	(283,806)	(36,123)	-	-	-	-	(319,929)	(268,988)
Earnings from subsidiaries	194,748	-	-	-	-	(194,748)	-	-
Change in discount on promises to give	99,795	-	-	-	-	-	99,795	(333,195)
Change in value in charitable remainder trust	(19,863)	-	-	-	-	-	(19,863)	(10,734)
Permanently restricted contributions	(186,638)	-	-	-	-	-	(186,638)	(5,000)
Increase (decrease) in assets:								
Accrued interest and dividend receivable	(15,353)	(86)	-	-	-	-	(15,439)	(2,426)
Net promises to give	1,177,304	-	-	-	-	-	1,177,304	(2,538,110)
Accounts receivable	(99,269)	24,441	78,167	54,848	-	(71,314)	(13,127)	(201,588)
Inventory	-	-	90,434	-	-	-	90,434	7,703
Prepaid expenses	49,356	(2,543)	23,215	(10,932)	-	-	59,096	(125,115)
Increase (decrease) in liabilities:								
Accounts payable	(12,171)	(85,666)	(24,990)	(23,469)	-	71,314	(74,982)	20,163
Accrued vacation	(38,515)	-	-	-	-	-	(38,515)	60,531
Accrued payroll liabilities	33,021	-	(10,246)	-	-	-	22,775	54,549
Accrued income tax	-	-	-	(1,727)	-	-	(1,727)	(19,415)
Accrued interest	-	-	58,519	16,163	-	-	74,682	58,200
Accrued incentive compensation	(184,712)	-	-	-	-	-	(184,712)	(31,636)
Deferred revenue	1,040	(400)	(554)	2,577	-	-	2,663	(493)
Refundable advance liability	(453,555)	-	-	-	-	-	(453,555)	453,555
Security deposit payable	(560)	(10,709)	-	1,357	-	-	(9,912)	1,704
Net cash and cash equivalents provided by (used in) operating activities	2,932,638	193,739	18,650	398,834	(375)	-	3,543,486	1,775,742
Cash flows from investing activities:								
Purchase of property and equipment	(168,499)	(50,348)	-	(121,464)	-	-	(340,311)	(161,204)
Purchase of investments	(3,303,730)	(72,549)	-	-	-	-	(3,376,279)	(6,397,230)
Proceeds from sale of investments	780,481	-	-	-	-	-	780,481	2,733,613
Proceeds from disposal of fixed assets	-	-	12,132	-	-	-	12,132	7,866
Net cash and cash equivalents provided by (used in) investing activities	(2,691,748)	(122,897)	12,132	(121,464)	-	-	(2,923,977)	(3,816,955)
Cash flows from financing activities:								
Proceeds from issuance of debt	-	-	-	-	-	-	-	325,549
Repayments on long-term debt	-	(77,097)	(153,137)	(194,384)	-	-	(424,618)	(298,833)
Permanently restricted contributions	186,638	-	-	-	-	-	186,638	5,000
Net cash and cash equivalents provided by (used in) financing activities	186,638	(77,097)	(153,137)	(194,384)	-	-	(237,980)	31,716
Net change in cash and cash equivalents	427,528	(6,255)	(122,355)	82,986	(375)	-	381,529	(2,009,497)
Cash and cash equivalents, beginning of year	4,700,017	622,577	162,006	780,037	583	-	6,265,220	8,274,717
<b>Cash and cash equivalents, end of year</b>	<b>\$ 5,127,545</b>	<b>\$ 616,322</b>	<b>\$ 39,651</b>	<b>\$ 863,023</b>	<b>\$ 208</b>	<b>\$ -</b>	<b>\$ 6,646,749</b>	<b>\$ 6,265,220</b>
<b>Supplemental disclosure of cash flow information:</b>								
Cash paid for income taxes	-	-	-	10,641	-	-	10,641	19,836
Cash paid during the year for interest	\$ 43,500	\$ 91,967	\$ 11,734	\$ 607,665	\$ -	\$ -	\$ 754,866	\$ 675,149

See accompanying independent auditor's report on supplementary information.