



**wellsreserve**  
Wells National Estuarine  
Research Reserve

**WELLS NATIONAL ESTUARINE RESEARCH  
RESERVE MANAGEMENT AUTHORITY**

**AUDIT OF FINANCIAL STATEMENTS  
AND  
ADDITIONAL INFORMATION**

**YEAR ENDED JUNE 30, 2019**

**WELLS NATIONAL ESTUARINE RESEARCH  
RESERVE MANAGEMENT AUTHORITY**

**AUDIT OF FINANCIAL STATEMENTS  
AND  
ADDITIONAL INFORMATION**

**YEAR ENDED JUNE 30, 2019**

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# INDEPENDENT AUDITOR'S REPORT

**CUMMINGS  
LAMONT  
& McNAMEE, PLLC**

*"Trusted Advisors for  
60 years!"*

March 17, 2020

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

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We have audited the accompanying financial statements of the enterprise fund of the Wells National Estuarine Research Reserve Management Authority (the "Authority"), as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

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

### **Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the component unit Laudholm Trust, which represent 69 percent, 72 percent, and 54 percent, respectively, of the assets, net position, and revenues of the Authority. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for Laudholm Trust, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

March 17, 2020  
To the Board of Directors  
Wells, Maine  
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## **Opinions**

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the enterprise fund of the Authority, as of June 30, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 6 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We and other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Reporting Required by Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 17, 2020, on our consideration of the Authority'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 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

*Cummings Lamont & McNamee, PLLC*

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

## Management's Discussion and Analysis (Unaudited)

The following discussion and analysis of the Wells National Estuarine Research Reserve Management Authority's (the Authority's) financial performance provides an overview of the Authority's financial activities for the year ended June 30, 2019 and is intended to serve as an introduction to the Authority's basic financial statements. Please read it in conjunction with the financial statements and the accompanying notes to those financial statements, which follow this section.

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

### Financial Highlights

- The Authority's net position decreased by \$112,614 from the prior fiscal year-end balance. Of this amount, the plant fund had a decrease in net position of \$119,667, and the operating fund had an increase of \$7,053.
- The assets of the Authority exceeded its liabilities and deferred inflows of resources at the close of the current fiscal year by \$3,283,940 (net position). Of this amount, \$2,869,930 was invested in capital assets, and the remaining \$414,010 was unrestricted and may be used for the Authority's general operations. Of the unrestricted net position, \$181,509 was board-designated for education, research and stewardship, and \$232,501 was undesignated.
- Capital assets decreased by \$119,667 which is the net result of \$91,889 in additions and \$211,556 in current depreciation.

### Overview of the Basic Financial Statements

The basic financial statements are comprised of the following:

- Independent Auditors' Report – This report is issued by the Authority's independent auditors. In it, the auditors explain that they audited the Authority's basic financial statements in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards* issued by the Comptroller General of the United States. It also expresses that, in the opinion of the auditors, the Authority's financial statements present fairly the Authority's financial position and the results of its operations and cash flows for the year ended June 30, 2019 in conformity with accounting principles generally accepted in the United States of America.
- Statement of Net Position – This statement presents information on all of the Authority's assets, liabilities and deferred inflows of resources, with the sum of assets, liabilities and deferred inflows of resources reported as net position.
- Statement of Revenues, Expenses, and Change in Net Position – This statement reports the operating and nonoperating revenues and expenses of the Authority as well as capital grants and contributions for the year ended June 30, 2019. It also shows how the Authority's net position changed during the fiscal year.
- Statement of Cash Flows – The statement of cash flows reports the sources and uses of the Authority's cash from operating activities, noncapital financing activities, capital and related financing activities, and investing activities. Sources and uses of cash are netted on the statement to show the Authority's net increase or decrease in cash for the year ended June 30, 2019.
- Notes to Financial Statements – The notes to the financial statements provide information about the Authority, its accounting policies, and additional information on amounts reported in other parts of the financial statements.
- Additional Information – This portion of the Authority's financial statements includes additional financial information that is not required to be included in the Authority's basic financial statements. The information is presented in the form of a schedule and is meant to assist the reader by providing additional information that the Authority believes would be useful to the readers of the financial statements. As with the basic financial statements, the Authority's auditors have also issued a report on this additional information. Their report states that the additional information is fairly stated in relation to the basic financial statements.

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

**Financial Analysis of the Authority**

A summary of the Authority's net position at June 30, 2019 and 2018 follows:

	<b>Net Position</b>					
	<b>(in thousands)</b>					
	<u>Operating Fund</u>		<u>Plant Fund</u>		<u>Total</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
<b>CURRENT ASSETS</b>						
Cash	\$ 300	\$ 241	\$ -	\$ -	\$ 300	\$ 241
Other current assets	2	6	4	( 2 )	6	4
<b>NONCURRENT ASSETS</b>						
Restricted grants receivable	737	926	5	51	742	977
Capital assets	<u>-</u>	<u>-</u>	<u>2,870</u>	<u>2,990</u>	<u>2,870</u>	<u>2,990</u>
<b>Total Assets</b>	<u>1,039</u>	<u>1,173</u>	<u>2,879</u>	<u>3,039</u>	<u>3,918</u>	<u>4,212</u>
<b>CURRENT LIABILITIES</b>						
Accounts payable and accrued expenses	<u>74</u>	<u>50</u>	<u>4</u>	<u>-</u>	<u>78</u>	<u>50</u>
<b>Total liabilities</b>	<u>74</u>	<u>50</u>	<u>4</u>	<u>-</u>	<u>78</u>	<u>50</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Unearned revenue	<u>551</u>	<u>716</u>	<u>5</u>	<u>49</u>	<u>556</u>	<u>765</u>
<b>Total deferred inflows of resources</b>	<u>551</u>	<u>716</u>	<u>5</u>	<u>49</u>	<u>556</u>	<u>765</u>
<b>NET POSITION</b>						
Unrestricted	414	407	-	-	414	407
Invested in capital assets	<u>-</u>	<u>-</u>	<u>2,870</u>	<u>2,990</u>	<u>2,870</u>	<u>2,990</u>
<b>Total net position</b>	<u>\$ 414</u>	<u>\$ 407</u>	<u>\$ 2,870</u>	<u>\$ 2,990</u>	<u>\$ 3,284</u>	<u>\$ 3,397</u>

At June 30, 2019 the Authority had restricted grants receivable of \$742,407 restricted to research, education, stewardship and general operations. Grants are recorded on the books when awarded to the Authority but revenue is not recognized until all eligibility requirements imposed by the provider have been met, generally when qualifying expenditures are incurred. Grant funds are generally drawn down from the granting agency once these requirements are met. Of the \$742,407 in grants receivable, \$186,331 has been earned and can be drawn down and the remaining \$556,076 has not been earned and is included in unearned revenue and is separately reported in the Statement of Net Position as deferred inflows of resources at June 30, 2019.

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

The Statement of Revenues, Expenses, and Changes in Net Position presents information showing how the Authority's net position changed during the fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. A condensed version of the Statement for the years ended June 30, 2019 and 2018 follows:

**Results of Operations**  
(in thousands)

	<u>Operating Fund</u>		<u>Plant Fund</u>		<u>Total</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
OPERATING REVENUES	\$ <u>85</u>	\$ <u>75</u>	\$ <u>23</u>	\$ <u>45</u>	\$ <u>108</u>	\$ <u>120</u>
OPERATING EXPENSES						
Education	389	377	-	-	389	377
Research	298	298	-	-	298	298
Stewardship	202	271	-	-	202	271
General and administrative	476	407	-	-	476	407
Depreciation	<u>-</u>	<u>-</u>	<u>212</u>	<u>277</u>	<u>212</u>	<u>277</u>
OPERATING INCOME (LOSS)	( 1,280 )	( 1,278 )	( 189 )	( 232 )	( 1,469 )	( 1,510 )
NONOPERATING REVENUES (EXPENSES)						
Federal grants	922	920	-	-	922	920
State grants	6	11	-	-	6	11
Laudholm Trust grants and support	358	309	-	-	358	309
Other nonoperating revenues	1	51	-	-	1	51
CAPITAL GRANTS AND CONTRIBUTIONS						
Federal grants	-	-	42	16	42	16
Laudholm Trust grants	-	-	21	71	21	71
Other grants	<u>-</u>	<u>-</u>	<u>6</u>	<u>8</u>	<u>6</u>	<u>8</u>
CHANGE IN NET POSITION	\$ <u>7</u>	\$ <u>13</u>	\$ ( <u>120</u> )	\$ ( <u>137</u> )	\$ ( <u>113</u> )	\$ ( <u>124</u> )

The Authority's operations are funded mainly by grants and other support which are considered to be nonoperating revenues in the financial statements. After including nonoperating revenues, the Operating Fund had an increase in net position of \$7,053 which increased unrestricted net position. For the year ended June 30, 2019 depreciation expense of the Plant Fund exceeded capital grants and contributions resulting in a decrease in net position of \$119,667.

**Capital Assets**

As of June 30, 2019 the Authority had \$2,869,930 invested in capital assets consisting of leasehold improvements, land, buildings, furniture and fixtures, equipment, trails and boardwalks, library and exhibits, and vehicles. The largest category, leasehold improvements, consists of improvements to historic Laudholm Farm where the Reserve facilities are situated which is owned by the Town of Wells, Maine. Capital assets decreased by \$119,667 which is the net result of \$91,889 in additions and \$211,556 in current depreciation.

This year's major additions included:

Leasehold improvements	\$	22,287
Buildings		6,080
Equipment		21,036
Trails and boardwalks		<u>42,486</u>
	\$	<u>91,889</u>

**Requests for information**

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



**WELLS NATIONAL ESTUARINE RESEARCH  
RESERVE MANAGEMENT AUTHORITY**

**STATEMENT OF NET POSITION**

**JUNE 30, 2019**

	Primary Government			Component Unit
	Operating Fund	Plant Fund	Total	
<b>ASSETS</b>				
<b>CURRENT ASSETS</b>				
Cash	\$ 299,885	\$ -	\$ 299,885	\$ 279,395
Accounts receivable	5,609	-	5,609	5,734
Investments	-	-	-	7,045,371
Asset held for resale	-	-	-	30,900
Internal balances	(4,082)	4,082	-	-
Inventory	-	-	-	4,000
<b>Total Current Assets</b>	<b>301,412</b>	<b>4,082</b>	<b>305,494</b>	<b>7,365,400</b>
<b>NONCURRENT ASSETS</b>				
Restricted assets:				
Grants receivable	737,407	5,000	742,407	57,500
Beneficial interest in charitable trusts	-	-	-	1,112,032
<b>Total Restricted Assets</b>	<b>737,407</b>	<b>5,000</b>	<b>742,407</b>	<b>1,169,532</b>
Capital assets:				
Leasehold improvements	-	3,417,462	3,417,462	-
Land and buildings	-	2,610,994	2,610,994	97,950
Furniture and fixtures	-	75,185	75,185	10,247
Equipment	-	356,528	356,528	10,961
Trails and boardwalks	-	196,369	196,369	-
Library and exhibits	-	910,164	910,164	-
Vehicles	-	111,349	111,349	-
Less accumulated depreciation	-	(4,808,121)	(4,808,121)	(13,279)
<b>Total Capital Assets</b>	<b>-</b>	<b>2,869,930</b>	<b>2,869,930</b>	<b>105,879</b>
<b>Total Noncurrent Assets</b>	<b>737,407</b>	<b>2,874,930</b>	<b>3,612,337</b>	<b>1,275,411</b>
<b>Total Assets</b>	<b>1,038,819</b>	<b>2,879,012</b>	<b>3,917,831</b>	<b>8,640,811</b>

*See Notes to Financial Statements*

**WELLS NATIONAL ESTUARINE RESEARCH  
RESERVE MANAGEMENT AUTHORITY**

**STATEMENT OF NET POSITION**

**JUNE 30, 2019**

	Primary Government			Component Unit
	Operating Fund	Plant Fund	Total	
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION</b>				
<b>CURRENT LIABILITIES</b>				
Accounts payable	45,504	4,082	49,586	3,489
Accrued salaries	4,159	-	4,159	-
Accrued compensated absences	24,070	-	24,070	15,125
<b>Total Current Liabilities</b>	<b>73,733</b>	<b>4,082</b>	<b>77,815</b>	<b>18,614</b>
<b>Total Liabilities</b>	<b>73,733</b>	<b>4,082</b>	<b>77,815</b>	<b>18,614</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unearned revenue	551,076	5,000	556,076	104,195
<b>Total Deferred Inflows of Resources</b>	<b>551,076</b>	<b>5,000</b>	<b>556,076</b>	<b>104,195</b>
<b>NET POSITION</b>				
Unrestricted:				
Board-designated for Education	106,229	-	106,229	-
Board-designated for Research	35,863	-	35,863	-
Board-designated for Stewardship	39,417	-	39,417	-
Board-designated Endowment	-	-	-	2,013,010
Undesignated	232,501	-	232,501	169,409
Restricted for:				
Endowment fund	-	-	-	2,339,259
Charitable trusts	-	-	-	1,112,032
Other purposes (spendable)	-	-	-	2,778,413
Invested in capital assets	-	2,869,930	2,869,930	105,879
<b>Total Net Position</b>	<b>\$ 414,010</b>	<b>\$ 2,869,930</b>	<b>\$ 3,283,940</b>	<b>\$ 8,518,002</b>

*See Notes to Financial Statements*

**WELLS NATIONAL ESTUARINE RESEARCH  
RESERVE MANAGEMENT AUTHORITY**

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**

**YEAR ENDED JUNE 30, 2019**

	Primary Government			Total	Component Unit
	Operating Fund		Plant Fund		
	Unrestricted	Restricted			
<b>OPERATING REVENUES</b>					
Charges for services	\$ 84,373	\$ -	\$ 22,910	\$ 107,283	\$ -
Fundraising events, net	-	-	-	-	153,299
Facility rentals, net	-	-	-	-	74,909
Other income	741	-	-	741	3,164
<b>Total Operating Revenues</b>	<b>85,114</b>	<b>-</b>	<b>22,910</b>	<b>108,024</b>	<b>231,372</b>
<b>OPERATING EXPENSES</b>					
Program services					
Education	103,730	285,013	-	388,743	-
Research	-	297,640	-	297,640	-
Stewardship	12,480	189,874	-	202,354	-
Contributions to Primary Government	-	-	-	-	383,506
<b>Total Program Services</b>	<b>116,210</b>	<b>772,527</b>	<b>-</b>	<b>888,737</b>	<b>383,506</b>
Supporting services					
General and administrative	250,247	225,996	-	476,243	147,809
Fundraising	-	-	-	-	146,673
Depreciation	-	-	211,556	211,556	1,000
<b>Total Supporting Services</b>	<b>250,247</b>	<b>225,996</b>	<b>211,556</b>	<b>687,799</b>	<b>295,482</b>
<b>Total Operating Expenses</b>	<b>366,457</b>	<b>998,523</b>	<b>211,556</b>	<b>1,576,536</b>	<b>678,988</b>
<b>OPERATING INCOME (LOSS)</b>	<b>(281,343)</b>	<b>(998,523)</b>	<b>(188,646)</b>	<b>(1,468,512)</b>	<b>(447,616)</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>					
Federal grants	-	922,509	-	922,509	-
State grants	-	5,565	-	5,565	-
Laudholm Trust grants	170,500	72,309	-	242,809	-
Laudholm Trust indirect support	115,046	-	-	115,046	-
Other grants	-	61,368	-	61,368	-
Contributions	2,687	-	-	2,687	274,390
Memberships	-	-	-	-	107,210
Interest and dividends	163	-	-	163	101,968
Gains (losses) on investments	-	-	-	-	1,032,171
Gains (losses) on charitable trusts	-	-	-	-	17,667
Change in annuity obligations	-	-	-	-	(6,000)
Grants to others	-	(63,228)	-	(63,228)	-
<b>Total Nonoperating Revenues (Expenses)</b>	<b>288,396</b>	<b>998,523</b>	<b>-</b>	<b>1,286,919</b>	<b>1,527,406</b>

*See Notes to Financial Statements*

**WELLS NATIONAL ESTUARINE RESEARCH  
RESERVE MANAGEMENT AUTHORITY**

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**

**YEAR ENDED JUNE 30, 2019**

	Primary Government			Total	Component Unit
	Operating Fund		Plant Fund		
	Unrestricted	Restricted			
INCOME (LOSS) BEFORE CAPITAL GRANTS AND CONTRIBUTIONS	7,053	-	(188,646)	(181,593)	1,079,790
CAPITAL GRANTS AND CONTRIBUTIONS					
Federal grants	-	-	42,486	42,486	-
Laudhom Trust grants	-	-	12,857	12,857	-
Laudholm Trust indirect support	-	-	7,636	1,000	-
Other grants	-	-	6,000	8,000	-
Total Capital Grants and Contributions	-	-	68,979	68,979	-
CHANGE IN NET POSITION	7,053	-	(119,667)	(112,614)	1,079,790
NET POSITION, BEGINNING OF YEAR	406,957	-	2,989,597	3,396,554	7,438,212
NET POSITION, END OF YEAR	\$ 414,010	\$ -	\$ 2,869,930	\$ 3,283,940	\$ 8,518,002

*See Notes to Financial Statements*

**WELLS NATIONAL ESTUARINE RESEARCH  
RESERVE MANAGEMENT AUTHORITY**

**STATEMENT OF CASH FLOWS**

**YEAR ENDED JUNE 30, 2019**

	Primary Government		
	Operating Fund	Plant Fund	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers	\$ 82,479	\$ 22,910	\$ 105,389
Payments to employees	(727,361)	-	(727,361)
Payments to suppliers for goods and services	(613,753)	-	(613,753)
Internal activity - payments to other funds	5,963	(5,963)	-
Other receipts (payments)	741	-	741
Net cash provided by (used in) operating activities	(1,251,931)	16,947	(1,234,984)
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Noncapital grants, contributions and other support	1,374,101	-	1,374,101
Grants to others	(63,228)	-	(63,228)
Net cash provided by (used in) noncapital financing activities	1,310,873	-	1,310,873
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Capital grants and contributions	-	70,979	70,979
Acquisitions of capital assets	-	(87,926)	(87,926)
Net cash provided by (used in) capital and related financing activities	-	(16,947)	(16,947)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest and dividends	163	-	163
Net cash provided by (used in) investing activities	163	-	163
<b>NET INCREASE (DECREASE) IN CASH BALANCE</b>	<b>59,105</b>	<b>-</b>	<b>59,105</b>
<b>CASH BALANCE, BEGINNING OF YEAR</b>	<b>240,780</b>	<b>-</b>	<b>240,780</b>
<b>CASH BALANCE, END OF YEAR</b>	<b>\$ 299,885</b>	<b>\$ -</b>	<b>\$ 299,885</b>
<b>Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:</b>			
Operating income (loss)	\$ (1,279,866)	\$ (188,646)	\$ (1,468,512)
Adjustments:			
Depreciation expense	-	211,556	211,556
Change in assets and liabilities:			
Internal balances	5,963	(5,963)	-
Accounts receivable	(1,894)	-	(1,894)
Accounts payable	24,549	-	24,549
Accrued salaries	(683)	-	(683)
Net cash provided by (used in) operating activities	\$ (1,251,931)	\$ 16,947	\$ (1,234,984)

*See Notes to Financial Statements*

**WELLS NATIONAL ESTUARINE RESEARCH  
RESERVE MANAGEMENT AUTHORITY**

**NOTES TO FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2019**

**Note 1 – Summary of Accounting Policies**

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

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

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

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

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

Laudholm Trust has issued separate financial statements for the fiscal year ended June 30, 2019. Complete financial statements may be obtained at the Trust's administrative offices: Laudholm Trust, 342 Laudholm Farm Road, Wells, Maine 04090 or at [www.laudholm.org](http://www.laudholm.org).

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

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

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

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

WELLS NATIONAL ESTUARINE RESEARCH  
RESERVE MANAGEMENT AUTHORITY

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2019

*Note 1 – Summary of Accounting Policies (continued)*

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

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

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

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

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

**Capital Assets** – Purchased assets are carried at cost. Contributed assets are carried at their estimated fair market value at the time of the gift. For the Authority, major additions are included in the property accounts while maintenance and repairs which do not improve or extend the life of the assets are expensed currently. For the Authority’s discretely presented component unit, Laudholm Trust, the policy is to capitalize costs for major additions over \$1,000. Depreciation is computed by the straight-line method based on the estimated useful lives of the assets. See Note 4.

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

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

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

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

**Unrestricted net position** – This component of net position consists of assets that do not meet the definition of “restricted” or “invested in capital assets.”

**WELLS NATIONAL ESTUARINE RESEARCH  
RESERVE MANAGEMENT AUTHORITY**

**NOTES TO FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2019**

**Note 1 – Summary of Accounting Policies (continued)**

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

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

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

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

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

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

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

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

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

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



**WELLS NATIONAL ESTUARINE RESEARCH  
RESERVE MANAGEMENT AUTHORITY**

**NOTES TO FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2019**

**Note 2 – Memorandums of Understanding**

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

**Note 3 – Cash Deposits and Investments**

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

Deposits

At June 30, 2019, the carrying amount of the Authority's deposits with financial institutions was \$299,485 and the bank balance was \$337,253. The difference between the carrying amount and the bank balance is due primarily to outstanding checks and deposits in transit. Of the bank balance, the entire \$337,253 was covered by federal depository insurance.

At June 30, 2019, the carrying amount of the discretely presented component unit's deposits with financial institutions was covered by federal depository insurance, the Securities Investor Protection Corporation, or by additional insurance.

Investments

The Authority's discretely presented component unit, Laudholm Trust, records investments in marketable securities with readily determinable fair values and all investments in debt securities at their fair values in the Statement of Net Position. Unrealized gains and losses are included in the change in net position in the accompanying Statement of Revenue, Expenses, and Changes in Net Position. Investments include gifts that are subject to donor or legal restrictions as well as other unrestricted gifts and funds, which are invested to provide support for Trust activities in accordance with Trustee direction. Investments, at fair value, are classified in the Statement of Net Position at June 30, 2019 as follows:

Cash and cash equivalents	\$ 187,389
U.S. government treasuries	982,293
Mutual funds	172,872
Corporate equities	<u>5,702,817</u>
Total investments	\$ <u>7,045,371</u>

**Note 4 – Capital Assets**

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

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

**WELLS NATIONAL ESTUARINE RESEARCH  
RESERVE MANAGEMENT AUTHORITY**

**NOTES TO FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2019**

**Note 4 – Capital Assets (continued)**

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

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

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

Capital asset activity of the primary government for the year ended June 30, 2019 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>
Capital assets not being depreciated:				
Land	\$ 1,053,519	\$ -	\$ -	\$ 1,053,519
Furniture and fixtures	<u>23,300</u>	<u>-</u>	<u>-</u>	<u>23,300</u>
Total capital assets not being depreciated	<u>1,076,819</u>	<u>-</u>	<u>-</u>	<u>1,076,819</u>
Other capital assets:				
Leasehold improvements	3,395,175	22,287	-	3,417,462
Buildings	1,551,395	6,080	-	1,557,475
Furniture and fixtures	51,885	-	-	51,885
Equipment	335,492	21,036	-	356,528
Trails and boardwalks	153,883	42,486	-	196,369
Library and exhibits	910,164	-	-	910,164
Vehicles	<u>111,349</u>	<u>-</u>	<u>-</u>	<u>111,349</u>
Total other capital assets	<u>6,509,343</u>	<u>91,889</u>	<u>-</u>	<u>6,601,232</u>
Less accumulated depreciation:				
Leasehold improvements	( 2,464,006 )	( 94,455 )	-	( 2,558,461 )
Buildings	( 770,338 )	( 62,178 )	-	( 832,516 )
Furniture and fixtures	( 50,164 )	( 444 )	-	( 50,608 )
Equipment	( 255,764 )	( 32,489 )	-	( 288,253 )
Trails and boardwalks	( 113,019 )	( 5,441 )	-	( 118,460 )
Library and exhibits	( 882,474 )	( 5,304 )	-	( 887,778 )
Vehicles	<u>( 60,800 )</u>	<u>( 11,245 )</u>	<u>-</u>	<u>( 72,045 )</u>
Total accumulated depreciation	( <u>4,596,565</u> )	( <u>211,556</u> )	<u>-</u>	( <u>4,808,121</u> )
Total other capital assets, net	<u>1,912,778</u>	( <u>119,667</u> )	<u>-</u>	<u>1,793,111</u>
Total capital assets, net	\$ <u>2,989,597</u>	\$ ( <u>119,667</u> )	<u>\$ -</u>	\$ <u>2,869,930</u>

**WELLS NATIONAL ESTUARINE RESEARCH  
RESERVE MANAGEMENT AUTHORITY**

**NOTES TO FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2019**

**Note 4 – Capital Assets (continued)**

Capital asset activity of the discretely presented component unit for the year ended June 30, 2019 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>
Capital assets not being depreciated:				
Land	\$ 97,950	\$ -	\$ -	\$ 97,950
Furniture and fixtures	<u>1,300</u>	<u>-</u>	<u>-</u>	<u>1,300</u>
Total capital assets not being depreciated	<u>99,250</u>	<u>-</u>	<u>-</u>	<u>99,250</u>
Other capital assets:				
Furniture and fixtures	4,447	4,500	-	8,947
Equipment	<u>7,943</u>	<u>3,018</u>	<u>-</u>	<u>10,961</u>
Total other capital assets	<u>12,390</u>	<u>7,518</u>	<u>-</u>	<u>19,908</u>
Less accumulated depreciation:				
Furniture and fixtures	( 4,447 )	( 563 )	-	( 5,010 )
Equipment	( <u>7,832</u> )	( <u>437</u> )	<u>-</u>	( <u>8,269</u> )
Total accumulated depreciation	( <u>12,279</u> )	( <u>1,000</u> )	<u>-</u>	( <u>13,279</u> )
Total other capital assets, net	<u>111</u>	<u>6,518</u>	<u>-</u>	<u>6,629</u>
Total capital assets, net	\$ <u>99,361</u>	\$ <u>6,518</u>	\$ <u>-</u>	\$ <u>105,879</u>

**Note 5 – Deferred Amounts**

Grants receivable represent the balances of unrestricted and restricted grants, all of which are due to be received during the year ending June 30, 2020.

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

Balance at beginning of period	\$ 764,972
Additional restricted grants	<u>914,198</u>
	1,679,170
Less - funds expended during the period	<u>1,123,094</u>
Balance at end of period	\$ <u>556,076</u>

The unearned revenue amounts are more fully described as follows:

Restricted to education	\$ 132,687
Restricted to research	217,204
Restricted to stewardship	134,720
Restricted to general and administrative	66,465
Restricted to capital asset additions	<u>5,000</u>
	\$ <u>556,076</u>

**WELLS NATIONAL ESTUARINE RESEARCH  
RESERVE MANAGEMENT AUTHORITY**

**NOTES TO FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2019**

**Note 6 – Support and Revenue**

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

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

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

**Note 7 – Pension Plan**

The Authority has established a defined contribution pension plan for the benefit of its employees. Under this plan the Authority matches dollar for dollar up to 6.5% of each eligible employee's salary. Employees must have one year of service with the Authority before they can participate in the plan. The related pension expense of the primary government was \$29,664 for the year ended June 30, 2019. The Authority's discretely presented component unit, Laudholm Trust, has a similar plan with a related pension expense of \$13,462 for the year ended June 30, 2019.

**Note 8 – Beneficial Interest in Charitable Trusts**

The Authority's discretely presented component unit, Laudholm Trust, is the beneficiary of two perpetual trusts created by donors, the assets of which are not in possession of the Trust. The Trust has legally enforceable rights and claims relating to such assets, including the sole right to income therefrom. At June 30, 2019 the Trust has recorded its beneficial interest in these trusts of \$1,112,032. Net realized and unrealized gains (losses) and undistributed investment income, net of trust management fees related to the beneficial interests are reported as changes in restricted net position based on explicit donor stipulations. Distributions received from the trusts during 2019 amounted to \$44,606. Distributions are included in contributions.

**Note 9 – Charitable Gift Annuity Agreements**

For the Authority's discretely presented component unit, Laudholm Trust, amounts due to others under charitable gift annuity agreements represent guarantees to pay a fixed amount to the donor for the life of the donor. At June 30, 2019 the Trust had obligations under two separate agreements. The assets received have generally been invested in savings accounts, the earnings from which are used to offset the payments required under one of the agreements. An annuity has been purchased from an insurance company, the payments from which are used to offset the payments required under the other agreement. In the year of a new gift, the difference between the amount received and the present value of the future annuity payments is recorded as a contribution. The present value of future annuity payments is determined based on the ages and life expectancies of the donors as of the date of the gift, using a discount rate that approximates the Trust's rate of return on invested assets.

**WELLS NATIONAL ESTUARINE RESEARCH  
RESERVE MANAGEMENT AUTHORITY**

**NOTES TO FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2019**

**Note 10 – Line of Credit**

The Authority's discretely presented component unit, Laudholm Trust, has a line of credit with a commercial bank which provides for borrowings of up to \$50,000. The line of credit is unsecured. There were no borrowings under the line of credit as of June 30, 2019. This line of credit has been extended through July 22, 2020.

**Note 11 – Donated Materials and Services**

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

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

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

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

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

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

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

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

At June 30, 2019 the Trust calculated fair value measurements using inputs corresponding to the following levels:

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

**Note 13 – Restricted Net Assets**

Restricted net position of the Authority's discretely presented component unit, Laudholm Trust, at June 30, 2019 consisted of the following:

**WELLS NATIONAL ESTUARINE RESEARCH  
RESERVE MANAGEMENT AUTHORITY**

**NOTES TO FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2019**

**Note 13 – Restricted Net Assets (continued)**

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

Unrestricted	\$ 392,900
Restricted to educational programs	328,012
Restricted to research programs	1,422,240
Restricted to library support	97,675
Restricted to junior research programs	50,949
Restricted to landscape beautification	5,000
Restricted to support of historic buildings	<u>42,483</u>
Total endowment fund	\$ <u>2,339,259</u>

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

Unrestricted	\$ <u>1,112,032</u>
Total charitable trusts	\$ <u>1,112,032</u>

Other amounts temporarily restricted to be spent as follows:

Accumulated endowment earnings restricted to:	
Restricted to research programs	\$ 1,177,312
Restricted to educational programs	514,128
Other restricted amounts	1,007,973
Pledges receivable	57,500
Other grants	<u>21,500</u>
Total restricted for other purposes (spendable)	\$ <u>2,778,413</u>

**Note 14 – Lease of Office Space**

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

**Note 15 – Subsequent Events**

Subsequent events have been evaluated by management through March 17, 2020. March 17, 2020 is the date the financial statements were available to be issued. There are no subsequent events that were material to the financial statements at March 17, 2020.



INDEPENDENT AUDITORS' REPORT  
ON ADDITIONAL INFORMATION

March 17, 2020

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

Our report on our audit of the basic financial statements of the Wells National Estuarine Research Reserve Management Authority for the year ended June 30, 2019, appears on page 1. This audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying schedule of functional expenses is presented for purposes of additional analysis and is not a required part of the basic financial statements. The supplementary information is the responsibility of management and was derived from, and relates directly to, the underlying accounting and other records used to prepare the financial statements. We have applied certain limited procedures to the supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. Such information, in our opinion, is fairly stated in all material respects in relation to the basic financial statements of the Authority taken as a whole.

*Cummings, Lamont & Mackenzie, PLLC*

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

**WELLS NATIONAL ESTUARINE RESEARCH  
RESERVE MANAGEMENT AUTHORITY**

**SCHEDULE OF FUNCTIONAL EXPENSES**

**YEAR ENDED JUNE 30, 2019**

	Primary Government			Supporting Services General and Administrative	Component Unit	
	Program Services		Stewardship		Supporting Services	
	Education	Research			General and Administrative	Fundraising
<b>EXPENSES</b>						
Salaries	\$ 244,345	\$ 182,028	\$ 95,110	\$ 205,195	\$ 73,481	\$ 87,170
Payroll taxes and benefits	73,448	63,958	21,805	35,789	28,466	30,744
Contracted services	27,321	2,696	64,548	27,592	-	-
Docent and volunteer expenses	8,949	-	-	-	-	-
Insurance	-	-	-	10,946	5,502	-
Miscellaneous	6,206	2,427	3,160	6,648	52	-
Postage	-	-	-	677	437	3,934
Printing	12,472	-	-	-	-	-
Professional fees	-	-	-	72,262	37,411	12,470
Recognition	-	-	-	-	-	5,251
Repairs and maintenance	-	-	-	63,858	401	-
Staff development	728	682	4,146	2,838	334	334
Subscriptions and memberships	-	490	-	4,050	147	296
Supplies	7,086	37,140	4,307	9,281	1,479	5,916
Travel	8,188	8,219	9,278	3,484	99	558
Utilities and telephone	-	-	-	33,623	-	-
<b>Total Expenses</b>	<b>\$ 388,743</b>	<b>\$ 297,640</b>	<b>\$ 202,354</b>	<b>\$ 476,243</b>	<b>\$ 147,809</b>	<b>\$ 146,673</b>

*See Independent Auditors' Report on Page 21*