laudholmtrust
In support of Wells Reserve

FINANCIAL STATEMENTS
June 30, 2025 and 2024

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RKO
Runyon Kersteen Ouellette
Certified Public Accountants and Business Consultants

INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
Laudholm Trust

Opinion

We have audited the accompanying financial statements of Laudholm Trust (a nonprofit organization), which comprise the statements of financial position as of June 30, 2025 and 2024, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Laudholm Trust as of June 30, 2025 and 2024, 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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Laudholm Trust and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Laudholm Trust's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted 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.

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Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal 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 Laudholm Trust's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Laudholm Trust's ability to continue as a going concern for a reasonable period of time.

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

Runyon Kersteen Ouellette

March 12, 2026
South Portland, Maine

LAUDHOLM TRUST
Statements of Financial Position
June 30, 2025 and 2024

		2025	2024
ASSETS			
Current assets:			
Cash and cash equivalents	$	456,264	227,647
Accounts receivable		4,351	3,655
Prepaid expenses		19,426	2,966
Inventory		3,321	4,991
Total current assets		483,362	239,259
Property and equipment:			
Land		90,000	97,950
Sculptures		31,947	6,947
Furniture and equipment		13,152	13,152
Total property and equipment		135,099	118,049
Less accumulated depreciation		(13,152)	(13,152)
Property and equipment, net		121,947	104,897
Other assets:			
Investments		11,410,461	10,283,168
Right of use asset - operating		2,625	4,725
Beneficial interest in perpetual trusts		1,344,410	1,281,087
Total other assets		12,757,496	11,568,980
Total assets	**$**	**13,362,805**	**11,913,136**
LIABILITIES AND NET ASSETS			
Current liabilities:			
Accounts payable	$	9,810	16,117
Accrued paid time off		14,401	7,781
Deferred revenue		113,655	103,060
Right of use liability - operating, current portion		2,100	2,100
Total current liabilities		139,966	129,058
Noncurrent liabilities:			
Right of use liability - operating, noncurrent		525	2,625
Total noncurrent liabilities		525	2,625
Total liabilities		140,491	131,683
Net assets:			
Without donor restrictions:			
Undesignated		326,988	88,433
Invested in property and equipment		121,947	104,897
Board-designated endowment		3,627,360	3,200,860
Total without donor restrictions		4,076,295	3,394,190
With donor restrictions		9,146,019	8,387,263
Total net assets		13,222,314	11,781,453
Total liabilities and net assets	**$**	**13,362,805**	**11,913,136**

See accompanying notes to financial statements.

LAUDHOLM TRUST
Statements of Activities
Years Ended June 30, 2025 and 2024

		2025			2024		
		Without donor restrictions	**With donor restrictions**	**Total**	**Without donor restrictions**	**With donor restrictions**	**Total**
Revenues and other support:							
Contributions and grants	$	496,873	317,350	814,223	206,670	104,313	310,983
Governmental grants - ERTC Funds		94,731	-	94,731	-	-	-
Memberships		257,324	-	257,324	201,753	-	201,753
Fundraising events, net of expenses of $43,087 and $39,007 in 2025 and 2024, respectively		145,959	-	145,959	115,059	-	115,059
Facility rentals, net of expenses of $13,820 and $10,627 in 2025 and 2024, respectively		79,455	-	79,455	78,048	-	78,048
Store sales, net of expenses of $7,545 and $4,543 in 2025 and 2024, respectively		4,773	-	4,773	4,175	-	4,175
Interest and dividends, net		95,171	64,281	159,452	75,866	45,343	121,209
Realized and unrealized gain on investments		212,912	534,804	747,716	303,405	700,422	1,003,827
Change in value of perpetual trusts		-	63,323	63,323	-	81,807	81,807
Change in annuity obligations		-	-	-	(4,500)	-	(4,500)
Contributed nonfinancial assets		8,450	-	8,450	3,735	-	3,735
Loss on disposal of assets		(5,950)	-	(5,950)	-	-	-
Net assets released from restrictions		221,002	(221,002)	-	269,029	(269,029)	-
Total revenues and other support		1,610,700	758,756	2,369,456	1,253,240	662,856	1,916,096
Expenses:							
Program services		577,914	-	577,914	605,865	-	605,865
Supporting services:							
Management and general		153,927	-	153,927	181,081	-	181,081
Fundraising		196,754	-	196,754	232,501	-	232,501
Total expenses		928,595	-	928,595	1,019,447	-	1,019,447
Changes in net assets		682,105	758,756	1,440,861	233,793	662,856	896,649
Net assets, beginning of year		3,394,190	8,387,263	11,781,453	3,160,397	7,724,407	10,884,804
Net assets, end of year	**$**	**4,076,295**	**9,146,019**	**13,222,314**	**3,394,190**	**8,387,263**	**11,781,453**

See accompanying notes to financial statements.

LAUDHOLM TRUST
Statement of Functional Expenses
Year Ended June 30, 2025

		Program services	Management and general	Fundraising	Total expenses
Salaries	$	75,396	81,396	117,132	273,924
Payroll taxes		5,198	6,841	6,573	18,612
Employee benefits		23,303	23,057	36,063	82,423
Total salaries and related expenses		103,897	111,294	159,768	374,959
Office supplies		-	2,700	10,796	13,496
Insurance		-	7,057	-	7,057
Postage		-	554	4,982	5,536
Printing and online communication		30,841	-	-	30,841
Professional fees		462	31,527	10,509	42,498
Property taxes		-	38	-	38
Donor recognition and cultivation		-	-	8,895	8,895
Marketing and advertising		15,647	-	-	15,647
Repairs and maintenance		-	60	-	60
Dues and subscriptions		-	299	300	599
Training		39,364	398	397	40,159
Contribution to Wells Reserve		380,785	-	-	380,785
Travel and meals		4,019	-	1,107	5,126
Miscellaneous		2,899	-	-	2,899
Total expenses	**$**	**577,914**	**153,927**	**196,754**	**928,595**

See accompanying notes to financial statements.

LAUDHOLM TRUST
Statement of Functional Expenses
Year Ended June 30, 2024

		Program services	Management and general	Fundraising	Total expenses
Salaries	$	73,470	96,854	139,375	309,699
Payroll taxes		4,945	8,558	8,223	21,726
Employee benefits		32,431	30,345	47,462	110,238
Total salaries and related expenses		110,846	135,757	195,060	441,663
Office supplies		-	2,322	9,289	11,611
Insurance		-	6,789	-	6,789
Postage		-	577	5,194	5,771
Printing and online communication		21,407	-	-	21,407
Professional fees		635	34,274	11,424	46,333
Property taxes		-	37	-	37
Donor recognition and cultivation		-	-	6,747	6,747
Marketing and advertising		18,112	-	-	18,112
Repairs and maintenance		-	131	-	131
Dues and subscriptions		160	160	321	641
Training		28,892	419	418	29,729
Contribution to Wells Reserve		423,962	-	-	423,962
Travel and meals		-	-	4,048	4,048
Miscellaneous		1,851	-	-	1,851
Total expenses before depreciation		605,865	180,466	232,501	1,018,832
Depreciation		-	615	-	615
Total expenses	**$**	**605,865**	**181,081**	**232,501**	**1,019,447**

See accompanying notes to financial statements.

LAUDHOLM TRUST
Statements of Cash Flows
Years Ended June 30, 2025 and 2024

		2025	2024
Cash flows from operating activities:			
Change in net assets	$	1,440,861	896,649
Adjustments to reconcile change in net assets to net cash and cash equivalents provided by (used in) operating activities:			
Depreciation		-	615
Unrealized gain on investments		(747,716)	(1,003,827)
Change in value of charitable trusts		(63,323)	(81,807)
Loss on disposition of assets		5,950	-
Contributions and investment income received for long-term purposes		(317,350)	(104,313)
(Increase) decrease in assets:			
Accounts receivable and due from WNERR		(696)	1,719
Pledges receivable		-	10,000
Inventory		1,670	(73)
Prepaid expenses		(16,460)	4,547
Right of use asset - operating		2,100	2,100
Increase (decrease) in liabilities:			
Accounts payable		(6,307)	9,269
Accrued paid time off		6,620	(5,231)
Right of use liability - operating		(2,100)	(2,100)
Deferred revenues		10,595	(42,560)
Net cash and cash equivalents provided by (used in) operating activities		313,844	(315,012)
Cash flows from investing activities:			
Purchase of property and equipment		(25,000)	-
Proceeds from sale of property and equipment		2,000	-
Proceeds from sale of investments		269,878	389,093
Purchase of investments		(649,455)	(169,812)
Net cash and cash equivalents (used in) provided by investing activities		(402,577)	219,281
Cash flows from financing activities:			
Contributions and investment income received for long-term purposes		317,350	104,313
Net cash and cash equivalents provided by financing activities		317,350	104,313
Net change in cash and cash equivalents		228,617	8,582
Cash and cash equivalents at beginning of year		227,647	219,065
Cash and cash equivalents at end of year	**$**	**456,264**	**227,647**

See accompanying notes to financial statements.

NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Basis of Accounting - The financial statements of the Trust have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Consequently, revenues and gains are recognized when earned, and expenses and losses are recognized when incurred.

Basis of Presentation - The Trust reports information regarding its financial position and activities according to two classes of net assets that are based upon the existence or absence of restrictions on use that are placed by its donors: net assets with donor restrictions and net assets without donor restrictions.

Net assets without donor restrictions are resources available to support operations and are not subject to donor imposed restrictions. The only limits on the use of net assets without donor restrictions are the broad limits resulting from the nature of the organization, the environment in which it operates, the purposes specified in its corporate documents, and its application for tax-exempt status. The governing board has designated a portion of net assets without donor restrictions as net assets for long-term investment.

Net assets with donor restrictions are subject to donor-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, such as where the donor stipulates that resources be maintained in perpetuity. The Trust's unspent contributions are reported in net assets with donor restrictions if the donor limits their use. Contributions of property and equipment or cash restricted to the acquisition of property and equipment are reported as net assets with donor restrictions if the donor has restricted the use of the property or equipment to a particular program. These restrictions expire when the assets are placed in service.

Revenues and Expenses - Revenues are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law.

Fair Value of Financial Instruments - Unless otherwise indicated, 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.

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

NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Cash and Cash Equivalents - For purposes of the statements of cash flows, the Trust considers all unrestricted highly liquid investments purchased with a maturity of three months or less to be cash equivalents.

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

Pledges Receivable - Pledges receivable, which represent unconditional promises to give, are recorded when received. Conditional promises to give are recognized when the conditions on which they depend are substantially met. There were no pledges receivables outstanding as of June 30, 2025 and 2024.

Contributed Nonfinancial Assets - 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 accounting principles generally accepted in the United States of America 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 financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

Functional Allocation of Expenses - The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited, based on internal accounting data and estimates made by management.

Property and Equipment - Purchased assets are carried at cost while contributed assets are carried at their fair value at the time of the gift. The Trust's policy is to capitalize costs for major additions over $1,000 and having a useful life greater than one year. Expenditures for repairs and maintenance or minor additions that do not improve or extend the life of an asset, are expensed when incurred. Depreciation is not computed on the Trust's land. Personal property items which are considered to be operating assets are depreciated using the straight line method of depreciation over the assets' estimated useful life. Furnishings and equipment are depreciated over a period of 5-10 years. Included in property and equipment is $31,947 and $6,947 of non-depreciable artwork (sculptures) at June 30, 2025 and 2024, respectively.

Land - Land consists of four parcels of property. Three of which are located in Mohave County, Arizona, and one is located on Drakes Island in Wells, Maine. Included in property and equipment is $90,000 and $97,950 of non-depreciable land at June 30, 2025 and 2024, respectively. During fiscal year 2025, all three plots of land in Mohave County, Arizona were sold.

Recognition of Donor Restricted Contributions - Support that is restricted by the donor is reported as an increase in net assets with donor restrictions, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), restricted net assets are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Income Taxes - The 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.

Accounting principles generally accepted in the United States of America requires management to evaluate tax positions taken by the Trust and recognize a tax liability if the Trust has taken an uncertain tax position that more likely than not would not be sustained upon examination by the Internal Revenue Service and state taxing authorities. The Trust is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

Accounts Receivable - Accounts receivables are recorded at cost less an allowance for credit losses, which is the net amount expected to be collected. The Trust considers receivables uncollectible after all efforts for collection have been exhausted.

Allowance for Credit Losses on Accounts Receivable - When an account balance is considered uncollectible it is written off against the allowance for credit losses. At June 30, 2025 and 2024, the Trust did not consider an allowance for credit losses to be necessary, as all amounts were considered fully collectible and the estimated credit loss was not considered material to the financial statements.

The Trust's policy is to measure its allowance for credit losses based on an evaluation of historical internal and external information and past experience of the receivable aging, adjusted for current economic conditions, and a reasonable and supportable forecast about future events that affects the collectability of receivables. Specific factors considered in measuring the expected amount of accounts receivable collected include the current customer-specific risk characteristics, current and forecasted future financial condition, the customer's past payment history and forecasted payment ability, and other factors, such as changes in the economy due to interest, inflation, and unemployment levels.

In measuring expected credit losses on accounts receivable, the Trust considers the entire population of accounts receivable to be a single pool because the assets have similar risk characteristics in terms of customer creditworthiness, customer industry and geographic location, and the impact of the current and forecasted direction of the economic and business environment on collectability of such receivables. In situations in which customers have risk characteristics that are outside those of the customer pool, those customers are evaluated for credit losses using criteria independent of the remainder of the accounts receivable pool.

From time to time, there may be changes in current economic conditions, such as rates of interest, inflation, unemployment, and borrower forecasted ability to make payments, among others, that may impact the overall economic outlook and change the forecast of the expected amounts to be collected for accounts receivable. In those situations, the Trust factors in those changes into its computation of expected losses.

During the years ended June 30, 2025 and 2024, there were no changes in the Trust's accounting policies or methodology, in measuring credit losses related to its accounts receivable. There were no significant changes in the amount of accounts written off during the years ended June 30, 2025 and 2024.

Reclassifications - During 2025, certain prior year balances were reclassified to conform to the current year presentation. Such reclassifications had no effect on the results of operations as previously reported.

NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

New Accounting Pronouncements - In December 2023, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2023-09 *Income Taxes (Topic 740).* This ASU eliminates or modifies certain requirements currently in place and establishes new income tax disclosure requirements. Application of this ASU must be applied for fiscal years ending on or after December 15, 2025.

In addition, during December 2023, the FASB issued ASU No. 2023-08 *Intangibles - Goodwill and Other – Crypto Assets (Subtopic 350-60).* This ASU requires additional disclosures as well as measuring crypto assets at fair value on the balance sheet and recognizing re-measurement changes, as needed, in net income for each reporting period. Topic 820, Fair Value, guidance is also applicable under this new ASU. Application of this ASU must be applied for fiscal years beginning after December 15, 2024.

The Trust is currently evaluating the impact of these ASUs on the financial statements.

CONCENTRATIONS OF CREDIT RISK ARISING FROM CASH DEPOSITS IN EXCESS OF INSURED LIMITS

The Trust maintains its cash balances at two banks and at two investment brokerages. The balances at each bank are insured by the Federal Deposit Insurance Corporation up to $250,000, and balances at each investment brokerage are insured by the Securities Investor Protection Corporation up to $500,000. At June 30, 2025 and 2024, the Trust had $157,494 and $0 of uninsured cash balances, respectively.

INVESTMENTS

The Trust records investments in marketable securities with readily determinable fair values, and all investments in debt securities, at their fair values in the statements of financial position. Unrealized gains and losses are included in the change in net assets in the accompanying statements of activities. 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 statements of financial position as follows at June 30:

	2025	2024
Cash and cash equivalents	$ 607,881	315,927
U.S. government treasuries	1,836,264	1,800,707
Mutual funds	255,722	243,766
Corporate equities	8,710,594	7,922,768
Total investments	**$ 11,410,461**	**10,283,168**

BENEFICIAL INTERESTS IN PERPETUAL TRUSTS

Laudholm Trust is the beneficiary of two 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, 2025 and 2024, the Trust has recorded its beneficial interest in these trusts of $1,344,410 and $1,281,087, respectively. 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 net assets with donor restrictions to be held in perpetuity based on explicit donor stipulations. Distributions received from the trusts during 2025 and 2024 amounted to $61,506 and $42,556, respectively. Distributions are recorded as increases to net assets without donor restrictions and are included in contributions and grants.

ENDOWMENT FUND

At June 30, 2025 and 2024, the Trust had an endowment fund totaling $11,410,461 and $10,283,168, respectively. The purpose of this fund is to generate income to be used to help meet the operating and non-operating costs the Trust. The Trust follows the provisions of FASB ASC 958-205-50-1A *Reporting Endowment Funds.* According to these provisions, the Trust is required to classify and report net assets associated with endowment funds, including those designated by the Board of Trustees to function as endowments, based on the existence or absence of donor-imposed restrictions. The Trust is also required to provide the following disclosures relating to its endowment activities.

Interpretation of Relevant Law - Investments for all net asset classes are stated at fair value. In accordance with the Maine Uniform Prudent Management of Institutional Funds Act (UPMIFA), the Trust has interpreted State law to require investment return on endowment funds with donor-imposed restrictions that are perpetual in nature to be restricted until appropriated by the Board of Trustees. Accordingly, except for explicit donor stipulations specifying reinvestment of some or all net investment return, net return on investment of endowment funds with donor-imposed restrictions that are perpetual in nature, is available for appropriation and is reported as increases (decreases) in net assets with donor restrictions, in accordance with the donor's stipulations, if any, concerning the purposes for which ordinary income may be used.

Absent explicit donor stipulations to the contrary, the Trust has interpreted UPMIFA as not requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds. As a result of this interpretation, the Trust retains in perpetuity and classifies as net assets with donor restrictions (1) the original value of gifts donated to the perpetual endowment, (2) the original value of subsequent gifts to the perpetual endowment, and (3) accumulations to the perpetual endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not retained in perpetuity are subject to appropriation for expenditure by the Trust in a manner consistent with the standard of prudence by UPMIFA. In accordance with UPMIFA, the Trust considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the fund, (2) purposes of the Trust and the donor-restricted endowment fund, (3) general economic conditions, (4) possible effects of inflation and deflation, (5) expected total return from income and the appreciation of investments, (6) other resources of the Trust, and (7) the Trust’s investment policies.

ENDOWMENT FUND, CONTINUED

Endowment Fund Spending Policy - The maximum amount of investment income utilization is determined by a spending formula approved by the Trustees. This formula allows for an amount to be allocated for operations equal to 4.0% of the market base defined as the average of the market values for the three preceding years as well as any other investment utilization of available amounts as voted on by the Board of Trustees. For the years ended June 30, 2025 and 2024, the spending policy allocation amounted to $278,991 and $367,053, respectively.

From time to time, certain donor-restricted endowment funds may have fair values that are less than the amount required to be maintained by donors or by law (underwater endowments). The Trust has interpreted UPMIFA to permit spending from underwater endowments in accordance with prudent measures required under law. During the year ended June 30, 2025 and 2024, the Trust did not have any underwater endowment funds.

Endowment Fund Investment Policy - The Trust has adopted a policy with an investment objective to provide long-term growth of principal and an increasing stream of income. The equity portfolio, unlike the bond portfolio, provides an opportunity for the endowment to both maintain and improve its purchasing power over time. The objective of increasing endowment income is considered a top long-term priority. The objective of the bond portfolio will be to provide a high, but steady, income stream to supplement the modest current income from stocks. The strategic asset allocation will be guided by the following ranges:

- Cash and cash equivalents 0% to 10%
- Debt securities 15% to 50%
- Equity securities 50% to 85%

The Trust's endowment fund balances were comprised of the following at June 30, 2025:

	Without donor restrictions	With donor restrictions	Totals
Board-designated	$ 3,627,360	-	3,627,360
Donor-restricted endowments:			
Original donor-restricted gift and amounts required to be maintained in perpetuity	-	2,631,534	2,631,534
Accumulated investment gains	-	5,151,567	5,151,567
Totals	**$ 3,627,360**	**7,783,101**	**11,410,461**

ENDOWMENT FUND, CONTINUED

Changes in the Trust's endowment fund balances for the year ended June 30, 2025 were as follows:

	Without donor restrictions	With donor restrictions	Totals
Endowment net assets, beginning of year	$ 3,200,860	7,082,308	10,283,168
Contributions	238,582	260,534	499,116
Investment return, net	308,083	599,085	907,168
Amounts appropriated for expenditure	(120,165)	(158,826)	(278,991)
Endowment net assets, end of year	**$ 3,627,360**	**7,783,101**	**11,410,461**

The Trust's endowment fund balances were comprised of the following at June 30, 2024:

	Without donor restrictions	With donor restrictions	Totals
Board-designated	$ 3,200,860	-	3,200,860
Donor-restricted endowments:			
Original donor-restricted gift and amounts required to be maintained in perpetuity	-	2,373,784	2,373,784
Accumulated investment gains	-	4,708,524	4,708,524
Totals	**$ 3,200,860**	**7,082,308**	**10,283,168**

ENDOWMENT FUND, CONTINUED

Changes in the Trust's endowment fund balances for the year ended June 30, 2024 were as follows:

	Without donor restrictions	With donor restrictions	Totals
Endowment net assets, beginning of year	$ 3,006,677	6,491,945	9,498,622
Contributions	9,132	17,431	26,563
Investment return, net	379,271	745,765	1,125,036
Amounts appropriated for expenditure	(194,220)	(172,833)	(367,053)
Endowment net assets, end of year	**$ 3,200,860**	**7,082,308**	**10,283,168**

ASSETS MEASURED AT FAIR VALUE ON A RECURRING BASIS

In accordance with FASB ASC 820-10 *Fair Value Measurements*, 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. There have been no changes in the methodologies used at June 30, 2025 and 2024.

- *Beneficial interest in perpetual 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.

ASSETS MEASURED AT FAIR VALUE ON A RECURRING BASIS, CONTINUED

The tables below segregate all financial assets as of June 30, 2025 and 2024, that are measured at fair value on a recurring basis (at least annually) into the most appropriate level within the fair value hierarchy based on the inputs used to determine the fair value at the measurement date:

Fair value measurements at June 30, 2025 are as follows:

	Total	Level 1	Level 2
Cash and cash equivalents	$ 607,881	607,881	-
U.S. government treasuries	1,836,264	1,836,264	-
Mutual funds:			
Growth	232,293	232,293	-
Fixed income	23,429	23,429	-
Corporate equities:			
Technology	3,153,321	3,153,321	-
Consumer goods	2,698,176	2,698,176	-
Healthcare	660,255	660,255	-
Industrial goods	780,100	780,100	-
Utilities	180,492	180,492	-
Basic materials	197,432	197,432	-
Financial	852,951	852,951	-
Real estate	187,867	187,867	-
Beneficial interest in:			
Perpetual Trusts	1,344,410	-	1,344,410
Totals	**$ 12,767,271**	**11,410,461**	**1,344,410**

ASSETS MEASURED AT FAIR VALUE ON A RECURRING BASIS, CONTINUED

Fair value measurements at June 30, 2024 are as follows:

	Total	Level 1	Level 2
Cash and cash equivalents	$ 315,927	315,927	-
U.S. government treasuries	1,800,707	1,800,707	-
Mutual funds:			
Growth	220,765	220,765	-
Fixed income	23,001	23,001	-
Corporate equities:			
Technology	2,839,308	2,839,308	-
Consumer goods	2,622,499	2,622,499	-
Healthcare	584,868	584,868	-
Industrial goods	708,278	708,278	-
Utilities	184,106	184,106	-
Basic materials	171,597	171,597	-
Financial	646,889	646,889	-
Real estate	165,223	165,223	-
Beneficial interest in:			
Perpetual Trusts	1,281,087	-	1,281,087
Totals	**$ 11,564,255**	**10,283,168**	**1,281,087**

There were no transfers between asset levels during either of the years ended June 30, 2025 or 2024.

RIGHT OF USE - OPERATING LEASE

Laudholm Trust entered into a non-cancelable operating lease for the use of certain office equipment in June 2021. The lease is for a period of 5 years and provides for monthly lease payments of $175. For each of the years ended June 30, 2025 and 2024, total lease expense paid under this lease arrangement amounted to $2,100 and $2,100, respectively. Future minimum required lease payments under non-cancelable agreements, are as follows:

Fiscal year ending June 30	Amount
2026	$ 2,100
2027	525
2028	-
Total	**$ 2,625**

RIGHT OF USE - OPERATING LEASE, CONTINUED

During 2003, the Trust entered into a lease agreement with the Wells National Estuarine Research Reserve to provide office space to Laudholm Trust. The space consists of mutually agreeable office space adequate for Laudholm Trust staff and officers. The term of the lease is for 20 years with the option to extend the lease for 4 successive 20 year terms. In January 2018, the Trust and the Wells National Estuarine Research Reserve entered into a new lease for the same office space. The term of the new lease is for 10 years, ending on December 31, 2028, with a 10-year renewal option at the end of the lease upon mutual consent. The space is being leased rent free under both leases. The Trust has concluded that the fair value of the lease is not determinable, but estimates that the value of the leased office space approximates $10,000 annually. This estimated value has not been reflected in the accompanying financial statements, and this exclusion has no net impact on the results of operations or on net position.

LINE OF CREDIT

The Trust has a line of credit with a commercial bank which provides for borrowings of up to $50,000. The line of credit is unsecured. There were no outstanding balances on this line of credit as of June 30, 2025 and June 30, 2024. This line of credit continues until which time the agreement is terminated.

RETIREMENT PLAN

The Trust has established a defined contribution retirement plan for the benefit of its employees. The Plan operates under Section 403(b) of the Internal Revenue Service Code. Under this plan, the Trust matches dollar for dollar up to 6.5% of each eligible employee’s salary. Employees must have one year of service with the Trust before they can participate in the plan. Total retirement plan expense amounted to $14,546 and $13,097 for each of the years ended June 30, 2025 and 2024, respectively.

CHARITABLE GIFT ANNUITY AGREEMENTS

Amounts due to others under charitable gift annuity agreements represent guarantees to pay a fixed amount to the donor for the remainder of their life. At June 30, 2025 and 2024, 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.

BOARD-DESIGNATED NET ASSETS

Amounts designated by the Board as funds functioning as endowment consisted of the following at June 30:

	2025	2024
Bequests, including the following named funds: William D. Haney Fund, Henry H. Pasco Fund, Gerald and Sally Holmes Fund, Esther French Martin Fund, Arthur, Virginia and Frank Sawyer Fund, and Dorothy Low Newton Fund.	$ 638,891	404,542
Memorials and celebratory gifts, including the following: James A. Forest Fund.	313,148	313,148
Other amounts designated by the Board, including the following: William R. Spaulding and Gertrude Mowry Spaulding Fund	44,500	44,500
Other amounts, including realized and unrealized gains.	2,630,821	2,438,670
Total Board-designated net assets	**$ 3,627,360**	**3,200,860**

RESTRICTED NET ASSETS

Net assets with donor restrictions consisted of the following at June 30:

Subject to the Trust's spending policy and appropriation:

	2025	2024
Endowment funds with income restricted to:		
Research	$ 2,374,563	2,164,570
Education	1,021,305	921,860
Other restricted amounts	1,755,699	1,622,094
Totals	**$ 5,151,567**	**4,708,524**

Subject to appropriation and expenditure when a specified event or time occurs:

Time restricted	$ 9,944	8,288
Donor restricted grants	8,563	15,580
Totals	**$ 18,507**	**23,868**

RESTRICTED NET ASSETS, CONTINUED

To be held in perpetuity:

Laudholm Trust Endowment Fund, with income to be used at the discretion of the Board with the primary goal to support the Wells National Estuarine Research Reserve. Included here are the following named endowments: E. Virginia Mowry Endowment, Rudolph F. Nunnemacher Endowment, Lily Rice Kendall Hsia Endowment, Frank V. Sandberg Endowment, Eleanor Mildram Carberry Endowment, Mort and Barbara Mather Endowment, Doris C. Adams-Nunnemacher Endowment, Kathryn Davis Endowment, and Robert Littlefield Endowment.	$ 400,351	398,600
Charles C. and Rebecca S. Richardson Lifelong Environmental Learning Fund, an endowment fund with income used each year in support of environmental education activities, programs, and projects.	273,753	273,753
Dorothy Fish Coastal Resource Library Fund, an endowment fund with income used each year in support of the Dorothy Fish Coastal Resource Library.	97,675	97,675
Christian A. Johnson Endeavor Fund, an endowment fund with income used each year in support of educational programs.	41,002	41,002
Sea Rose Trust Fund, an endowment fund with income used each year in support of educational programs.	250,000	-
Paquette Education Access Fund, an endowment fund with income used each year in support of educational programs.	15,000	10,000
Other endowment funds with income used each year in support of educational programs.	2,130	2,130
Charles Dennis Fink Research Support Fund, an endowment fund with income used each year in support of research programs.	37,254	37,254
George and Eleanor Ford Research Support Fund, an endowment fund with income used each year in support of research programs.	1,390,938	1,389,938
William and Gertrude Spaulding Fund, an endowment fund with income used each year in support of the junior and advanced junior research program.	50,949	50,949
Mattina R. Proctor Seacoast Explorers Fund, an endowment fund with income used each year in support of educational programs.	25,000	25,000

RESTRICTED NET ASSETS, CONTINUED

	2025	2024
Mary-Hale Furman Landscape Beautification Fund, an endowment fund with income used each year in support of annual tree planting, landscaping, and beautification efforts.	$ 5,000	5,000
Other endowment funds with income used each year in support of historic buildings. Included here is the Alice Freeman Muchnic Endowment.	42,483	42,483
Charitable trusts more fully described in separate footnote, with income used each year at the discretion of the Board. Included here are the following trusts: John Louis Alheim Trust, and the Fern Goff Charitable Trust.	1,344,410	1,281,087
Totals	**$ 3,975,945**	**3,654,871**
Total net assets with donor restrictions	**$ 9,146,019**	**8,387,263**

The sources of net assets released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of the passage of time or other events specified by the donors were as follows at June 30:

	2025	2024
Appropriation of endowment funds	$ 158,826	172,833
Expenditures with purpose restrictions	62,176	96,196
Total net assets released from restriction	**$ 221,002**	**269,029**

LIQUIDITY AND AVAILABILITY OF RESOURCES

The Trust has the following financial assets available within one year of the balance sheet date to meet cash needs for general expenditure:

	2025	2024
Cash and cash equivalents	$ 456,264	227,647
Accounts receivable, net	4,351	3,655
Total	**$ 460,615**	**231,302**

None of the financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditure within one year of the balance sheet date. Pledges receivable are subject to implied time restrictions but are expected to be collected within one year.

LIQUIDITY AND AVAILABILITY OF RESOURCES, CONTINUED

As part of the Trust's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. As more fully described in the "Line of Credit" note, the Trust has one committed line of credit in the amount of $50,000 which it could draw upon in the event of an unanticipated liquidity need. The Trust's endowment funds consist of donor-restricted endowments and Board-designated quasi-endowment. As described in the "Endowment" footnote, the Trust's Board of Trustees has adopted an endowment spending policy under which 4.00% of the market base defined as the average of the market values for the three preceding years, as well as any other investment utilization of available amounts, shall be available to the Trust each year. The Trust's Board-designated quasi-endowment fund amounted to $3,627,360 and $3,200,860 at June 30, 2025 and 2024, respectively. Although the Trust does not intend to spend from its quasi-endowment other than amounts appropriated for general expenditures as part of its spending policy, amounts from its quasi-endowment could be made available if necessary.

CONTRIBUTION TO WELLS RESERVE EXPENSE

Contribution to Wells Reserve expense includes cash payments made to, or paid on behalf of, the Wells National Estuarine Research Reserve Management Authority. Total contributions for the years ended June 30, 2025 and 2024 amounted to $380,785 and $423,962, respectively.

METHOD USED FOR ALLOCATION OF EXPENSES

The financial statements report certain categories of expenses that are attributable to one or more program or supporting functions of the Trust. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. Those expenses include salaries, employee benefits and payroll taxes. Each of these expenses is allocated based on a percentage of staff and management time estimated across each functional category. Other expenses such as office supplies, postage, professional fees, dues and subscriptions, training, and travel and meals, are allocated across functional categories based on management's estimated percentage of total expenditures.

REVENUE RECOGNITION

During the years ended June 30, 2025 and 2024, the Trust had net contract revenue of:

	2025	2024
Net fundraising events	$ 145,959	115,059
Facility rentals	79,455	78,048
Memberships	257,324	201,753
Net store sales	4,773	4,175
Total contract revenue	**$ 487,511**	**399,035**

REVENUE RECOGNITION, CONTINUED

At June 30, 2025 and 2024, the Trust had contract liabilities in the amount of $113,655 and $103,060, respectively. Such liabilities consisted of deposits for facility rentals and events that have not yet occurred, and are presented as deferred revenue on the statements of financial position. During the year ended June 30, 2025, total contract liabilities of $103,060 from the year ended June 30, 2024 were recognized as revenue. During the year ended June 30, 2024, total contract liabilities of $145,620 from the year ended June 30, 2023 were recognized as revenue. At June 30, 2025 and 2024, the Trust had no contract assets. For each of the years ended June 30, 2025 and 2024, goods and services provided to customers included access to special events, access to rental space, annual memberships, and purchase of goods.

To best match the timing of the transfer of goods or services, the Trust recognizes revenue from contracts with customers when performance obligations are satisfied, which is at the time goods are purchased, over the term of the rental or membership period, or on the date of occurrence for programs and events. All prices are fixed and there are no financing terms. There are no significant warranties of return, refund, or discount obligations related to any contracts with customers. For each of the years ended June 30, 2025 and 2024, the greatest economic factor effecting contract revenue has been the economy and inflation.

Contract transaction prices, such as admissions and membership fees, include management’s judgment of variable consideration, which includes incentives, and rebates. Based on available information, management must include an estimate of any variable consideration, if applicable, when determining the contract transaction price. There were no such variable considerations in determining contract transaction prices.

CONTRIBUTED NONFINANCIAL ASSETS

Contributed nonfinancial assets recognized within the statements of activities amounted to $8,450 and $3,735 for the years ended June 30, 2025 and 2024, respectively, and consisted of donated goods. Unless otherwise noted, all contributed nonfinancial assets are not subject to any donor restrictions.

All contributed services were utilized to further the programs of the Trust. In valuing and reporting these services, the Trust estimated fair value in the financial statements based on current rates for similar services.

The value of nonprofessional, donated services is not reflected in the accompanying financial statements as these services do not meet the criteria outlined in the recommendations of FASB ASC 958-605 *Revenue Recognition-Contributions*. During the years ended June 30, 2025 and 2024, an estimated 270 volunteers logged approximately 15,012 and 15,548 hours of service on behalf of Laudholm Trust and the Wells National Estuarine Research Reserve, respectively.

SUBSEQUENT EVENTS

In accordance with FASB ASC 855-10 *Subsequent Events,* management has evaluated subsequent events for possible recognition or disclosure through March 12, 2026, which is the date these financial statements were available to be issued.