WELLS NATIONAL ESTUARINE RESEARCH RESERVE

MANAGEMENT AUTHORITY

Annual Financial Report

For the Year Ended June 30, 2025

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Table of Contents

Runyon Kersteen Ouellette

Certified Public Accountants and Business Consultants

Independent Auditor's Report

Board of Directors
Wells National Estuarine Research Reserve Management Authority

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the Wells National Estuarine Research Reserve Management Authority (the Authority), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Wells National Estuarine Research Reserve Management Authority, as of June 30, 2025, and the respective changes in financial position, and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Emphasis of Matter

Change in Accounting Principle

As described in the notes to the basic financial statements, the Authority adopted new accounting guidance, GASB 101, *Compensated Absences*. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Wells National Estuarine Research Reserve Management Authority's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of 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 opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and Government Auditing Standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

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

- Identify and assess the risks of material misstatement of the 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 the Wells National Estuarine Research Reserve Management Authority's internal control. Accordingly, no such opinion is expressed.

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

- Conclude whether, in our judgment, there are conditions or events considered in the aggregate that raise substantial doubt about the Wells National Estuarine Research Reserve Management Authority's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Authority's basic financial statements. The accompanying combining statements and schedule of expenses by function are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

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

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South Portland, Maine

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, 2025, 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 discreetly presented component unit because of the significance of its financial relationship with the Authority.

Financial Highlights

- The Authority's net position increased by $326,194 from the prior fiscal year-end balance. Of this amount, the plant fund had an increase in net position of $261,828 and the operating fund had an increase of $64,366.

- The assets of the Authority exceeded their liabilities and deferred inflows of resources at the close of the current fiscal year by $3,604,203 (net position). Of this amount, $2,899,641 was invested in capital assets, and the remaining $704,562 was unrestricted and may be used for the Authority's general operations. Of the unrestricted net position, $319,378 was board-designated for education, research, training and engagement, and stewardship, and $385,184 was undesignated.

- Capital assets increased by $261,828 which is the net result of $458,876 in additions and $(197,048) in current depreciation.

Overview of the Basic Financial Statements

The basic financial statements are comprised of the following:

- Independent Auditors' Report - This report was 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, 2025, 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, 2025. 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, 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, 2025.

- Notes to Financial Statements - The notes to the financial statements provide information about the Authority, its accounting policies, and additional information on amounts reported in other parts of the financial statements.

- The Authority's financial statements include not only the Authority itself (known as the primary government), but also a component unit: Laudholm Trust (a nonprofit organization). Financial information for the component unit is reported separately from the financial information presented for the primary government. Complete financial statements for Laudholm Trust are available from the Executive Director upon request.

- Additional Information - This portion of the Authority's financial statements includes additional financial information that is not required to be included in the Authority's basic financial statements. The information is presented in the form of a schedule and is meant to assist the reader by providing additional information that the Authority believes would be useful to the readers of the financial statements. As with the basic financial statements, the Authority's auditors have also issued a report on this additional information. Their report states that the additional information is fairly stated in relation to the basic financial statements.

As explained in the independent auditor's 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 on June 30, 2025, and 2024 follows:

Table 1
Wells National Estuarine Research Reserve Management Authority
Net Position
June 30, 2025

	2025	2024
Assets:		
Current Assets	$ 1,104,578	708,437
Noncurrent Assets - Capital Assets	2,899,641	2,637,813
Other Assets	-	2,083,629
Total Assets	4,004,219	5,429,879
Liabilities:		
Current Liabilities	275,658	214,272
Total Liabilities	275,658	214,272
Deferred Inflows of Resources:		
Related to Grants	124,358	1,937,598
Total Deferred Inflows of Resources	124,358	1,937,598
Net Position:		
Net Investment in Capital Assets	2,899,641	2,637,813
Restricted	-	5,767
Unrestricted	704,562	634,429
Total Net Position	$ 3,604,203	3,278,009

On June 30, 2025, the Authority had restricted grants receivable of $352,125 restricted to research, education, stewardship and general operations. Grants are recorded in 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 $352,125 in grants receivable, $352,125 has been earned and can be drawn down. $124,358 has been included in deferred inflows related to grants as the timing requirements have not yet been met for those grants.

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. An 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, 2025, and 2024 follows:

Table 2
Wells National Estuarine Research Reserve Management Authority
Changes in Net Position
June 30, 2025

	2025	2024
Revenues:		
Charges for services	$ 128,940	115,798
Facility rentals	43,327	34,183
Other income	66,261	24,485
Total Revenues	238,528	174,466
Expenses:		
Program services:		
Education	387,664	525,194
Research	544,105	484,985
Training and engagement	325,784	-
Stewardship	572,057	539,886
Supporting services:		
General and administrative	739,268	603,524
Depreciation	197,048	198,316
Total Expenses	2,765,926	2,351,905
Operating income (loss)	(2,527,398)	(2,177,439)
Nonoperating revenues (expenses)	2,358,849	2,062,943
Income (loss) before capital grants and contributions	(168,549)	(114,496)
Capital grants and contributions	494,743	287,560
Change in net position	326,194	173,064
Net position, beginning of year	3,278,009	3,104,945
Net position, end of year	$ 3,604,203	3,278,009

The Authority's operations are funded mainly by grants and other support which are considered to be non-operating revenues in the financial statements. After including non-operating revenues, the Operating Fund had an increase in net position of $64,366 which increased unrestricted net position. For the year ended June 30, 2025, depreciation expense of the Plant Fund did not exceed capital grants and contributions resulting in an increase in net position of $261,828.

Capital Assets

As of June 30, 2025, the Authority had $2,899,641 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 the historic Laudholm Farm where the Reserve facilities are situated, which is owned by the Town of Wells, Maine. Capital assets increased by $261,828 which is the net result of $458,876 in additions and $197,048 in current depreciation.

Table 3
Wells National Estuarine Research Reserve Management Authority
Capital Assets (Net of Depreciation)
June 30, 2025

	2025	2024
Land	$ 1,053,519	1,053,519
Leasehold improvements	923,321	901,791
Buildings	522,865	464,227
Furniture and fixtures	24,134	24,134
Equipment	77,344	80,225
Trails and boardwalks	38,254	43,426
Easements	206,000	-
Vehicles	54,204	70,490
Total	$ 2,899,641	2,637,812

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.

BASIC FINANCIAL STATEMENTS

WELLS NATIONAL ESTUARINE RESEARCH RESERVE MANAGEMENT AUTHORITY
Statement of Net Position
June 30, 2025

		Authority	Component Unit
ASSETS			
Current assets:			
Cash and cash equivalents	$	750,865	456,264
Investments		-	11,410,461
Accounts receivable		1,588	4,351
Grant receivable		352,125	-
Prepaid expenses		-	19,426
Inventory		-	3,321
Total current assets		1,104,578	11,893,823
Noncurrent assets:			
Capital assets		8,797,597	135,099
Accumulated depreciation and amortization		(5,897,956)	(13,152)
Total capital assets, net of accumulated depreciation		2,899,641	121,947
Noncurrent assets, restricted:			
Beneficial interest in charitable trusts		-	1,344,410
Right of use asset - operating		-	2,625
Total noncurrent assets		-	1,347,035
Total assets		**4,004,219**	**13,362,805**
LIABILITIES			
Accounts payable		58,281	9,810
Accrued payroll and related liabilities		58,235	14,401
Accrued compensated absences		152,142	-
Unearned revenues		7,000	113,655
Noncurrent liabilities:			
Amounts due in one year		-	2,100
Amount due in more than one year		-	525
Total liabilities		**275,658**	**140,491**
DEFERRED INFLOWS OF RESOURCES			
Related to grants		124,358	-
		124,358	-
NET POSITION			
Net investment in capital assets		2,899,641	121,947
Restricted		-	9,204,208
Unrestricted:			
Board designated - education		159,396	-
Board designated - research		33,661	-
Board designated - stewardship		74,504	-
Board designated - T & E		51,817	-
Board designated - endowments		-	3,627,360
Unrestricted, undesignated		385,184	268,799
Total net position	**$**	**3,604,203**	**13,222,314**

See accompanying notes to financial statements.

WELLS NATIONAL ESTUARINE RESEARCH RESERVE MANAGEMENT AUTHORITY
Statement of Revenues, Expenses, and Changes in Net Position
For the year ended June 30, 2025

		Authority	Component Unit
Operating revenues:			
Charges for services		128,940	-
Fundraisers		-	145,959
Rentals		43,327	79,455
Miscellaneous income		66,261	4,773
Total operating revenues		238,528	230,187
Operating expenses:			
Program services:			
Education		387,664	-
Training and engagement		325,784	-
Research		544,105	-
Stewardship		572,057	-
Contributions to RMA		-	577,914
Supporting service:			
General and administration		739,268	153,927
Fundraising		-	196,754
Depreciation		197,048	-
Total direct expenses		2,765,926	928,595
Operating income (loss)		(2,527,398)	(698,408)
Nonoperating revenues (expenses):			
Federal grants		1,652,007	-
State grants		-	94,731
Laudholm trust grants		318,736	-
Laudholm trust indirect support		203,981	-
Other grants and contributions		154,723	764,484
Memberships		-	257,324
Interest income		29,402	217,641
Unrealized gain (loss) on investments		-	747,716
Change in value of perpetual trusts		-	63,323
Gain (loss) on disposal of assets		-	(5,950)
Total nonoperating revenue (expenses)		2,358,849	2,139,269
Income (loss) before capital grants and contributions		(168,549)	1,440,861
Capital grants and contributions:			
Federal grants		428,563	-
Laudholm trust grants		56,680	-
Other grants		9,500	-
Total capital grants and contributions		494,743	-
Change in net position		326,194	1,440,861
Net position - beginning of year		3,278,009	11,781,453
Net position - end of year	**$**	**3,604,203**	**13,222,314**

See accompanying notes to financial statements.

WELLS NATIONAL ESTUARINE RESEARCH RESERVE MANAGEMENT AUTHORITY
Statement of Cash Flows
For the year ended June 30, 2025

Cash flows from operating activities:		
Receipts from members and other governments	$	2,650,482
Payments to employees		(1,566,845)
Payments to others		(1,083,246)
Net cash provided by (used in) operating activities		391
Cash flows from capital and related financing activities:		
Capital asset purchases		(458,876)
Capital grants and contributions		494,743
Net cash provided by (used in) capital financing activities		35,867
Cash flows from investing activities:		
Investment income		29,402
Net cash provided by (used in) investing activities		29,402
Net increase (decrease) in cash		65,660
Cash and cash equivalents, beginning of year		685,205
Cash and cash equivalents, end of year	**$**	**750,865**
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:		
Operating income (loss)	$	(2,527,398)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:		
Depreciation and amortization		197,048
Nonoperating grants and contributions		2,329,447
(Increase) decrease in operating assets:		
Accounts receivable		14,798
Grant receivables		1,731,504
Prepaid expenses		6,846
Increase (decrease) in operating liabilities:		
Accounts payable		(40,495)
Accrued payroll and related liabilities		5,942
Accrued compensated absences		88,940
Unearned revenues		7,000
Deferred inflows rleated to grants		(1,813,241)
Net cash provided by (used in) operating activities	**$**	**391**

See accompanying notes to financial statements.

SUMMARY OF SIGNIFICANT 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 promote the interests of the Wells National Estuarine Research Reserve.

The financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The GASB is the standard-setting body for governmental accounting and financial reporting. The GASB periodically updates its codification of the existing Governmental Accounting and Financial Reporting Standards which, along with subsequent GASB pronouncements (Statements and Interpretations), constitutes GAAP for governmental units. The more significant of these accounting policies are described below.

A. Reporting Entity

In evaluating the Authority as a reporting entity, management has addressed all potential component units for which the Authority may be financially accountable and, as such, should be included within the Authority's financial statements. In accordance with GASB Statement No. 14 as amended by subsequent statements, the Authority is financially accountable if it appoints a voting majority of the organization's governing board and (1) it is able to impose its will on the organization or (2) there is a potential for the organization to provide specific financial benefits to or impose specific financial burdens on the organization. Additionally, the Authority is required to consider other organizations for which the nature and significance of their relationship with the Authority are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Based on the application of these criteria, the following organization has been included in the financial statements as a component unit:

Laudholm Trust – Laudholm Trust is a not-for-profit organization that provides fund raising for the Wells National Estuarine Research Reserve and the Laudholm Farm. The Trust has been included in the Authority's financial statements as a discretely presented component unit due to the significance of its financial relationship with the authority.

The Laudholm Trust has issued separate financial statements for the fiscal year ended June 30, 2025. Complete financial statements may be obtained at the Trust's administrative office: Laudholm Trust, 342 Laudholm Farm Road, Wells, Maine 04090 or at www.laudholm.org.

B. Basis of Presentation

The Authority's financial statements consist of a statement of net position, a statement of revenues, expenses, and changes in net position, and a statement of cash flows.

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The Authority's financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all the eligibility requirements imposed by the provider have been met. The Authority follows the governmental model as it applies to business-type activities as defined by Governmental Accounting Standards Board (GASB) for accounting and financial reporting.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

The Authority distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the principal ongoing operations of the Authority. The principal operating revenues of the Authority are fees and income derived from use of the Reserve property. Operating expenses include education, research, stewardship, training, and administrative expenses. All revenues and expenses not meeting this determination are reported as nonoperating revenues and expenses.

D. Estimates

The presentation of the 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 reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

E. Cash and Cash Equivalents, Investments

Cash and cash equivalents are considered to be cash on hand, demand deposits, and time deposits. For purposes of the statement of cash flows, all highly liquid investments with a maturity of three months or less when purchased are considered to be cash equivalents.

The Authority's discretely presented component unit has recorded its investments at fair market value.

F. Accounts Receivable and Unearned Revenues

The Authority receives grants that often span more than one fiscal year and in the past, has recognized receivables for the full amount of the grants in the year the grant was awarded. As the Authority had not met the requirements to recognize the grant revenues (e.g. timing of expenses), the difference between the earned and unearned grant balances were reported as unearned revenues. In FY 2025, the Authority removed the unearned revenues and receivables for grants that had not yet been earned based on the grants' requirements. Therefore, unearned revenues for grants reflect amounts that were received that have not been spent, and grant receivables reflect expenses for which the Authority has not received reimbursement. The balances for grant receivables and grant related unearned revenues decreased significantly on the Statement of Net Position compared to FY 2024. There was no impact on the Statement of Revenues, Expenses, and Changes in Net Position.

G. Inventory

The Authority's discretely presented component unit has recorded inventory at the lower of cost or market, determined by the first in first out method.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

H. Capital Assets

Capital assets, which consist of land, land easements, equipment, vehicles, trails, buildings, and furniture and fixtures, are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

Capital assets are defined by the Authority as assets with initial individual costs of $5,000 or more and an estimated useful life of two or more years and are depreciated under the straight-line method over the respective estimated useful lives of the assets. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

The Authority's discretely presented component unit, the Laudholm Trust, records capital assets with an initial individual cost of $1,000 or more.

Capital assets are depreciated using the estimated useful lives that range from 3 to 25 years.

I. Compensated Absences

Under terms of the personnel policy, employees accumulate earned but unused vacation and sick leave. The accumulated compensated absences are reported as a liability on the statement of net position.

J. Deferred Inflows of Resources

In addition to assets and liabilities, the statement of net position will sometimes report separate sections for deferred inflows and outflows of resources. These separate financial statement elements, deferred outflows of resources or deferred inflows of resources, represent a consumption of or acquisition of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) or inflow of resources (revenue) until that time. The Authority has a deferred inflow that is related to grant revenues, which is recognized as a revenue when the amounts have met all timing restrictions.

K. Unearned Revenues

Unearned revenues represent revenue that has been received by the Authority that has not yet been earned, as the activity related to that revenue take place in the following fiscal year.

L. Net Position

Net position represents the difference between assets, deferred outflows of resources, liabilities, and deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by any balance of outstanding debt related to the assets. Net position is reported as restricted through external restrictions imposed by grantors, laws, regulations, or donors.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

The Authority's discretely presented component unit, the Laudholm Trust, reports net position with donor restrictions, which are resources available to support operations and are not subject to donor imposed restrictions. The only limits on the use of net position without donor restrictions are the broad limits resulting from the nature of the organization and its environment in which it operates. The Trust also reports net position with donor restrictions, some restrictions of which are temporary in nature or perpetual in nature. The Trust's unspent contributions are reported in net position 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 position with donor restrictions.

DEPOSITS AND INVESTMENTS

Custodial Credit Risk-Deposits: Custodial credit risk is the risk that in the event of a bank failure, the Authority's deposits may not be returned to it. As of June 30, 2025, the Authority had bank balances of $833,128 of which all amounts were covered by FDIC coverage.

The Authority's discretely presented component unit, the Laudholm Trust, maintains cash balances insured by FDIC coverage, and investment balances are insured by the Securities Investor Protection Corporation. At June 30, 2025, the Trust had $157,494 of uninsured cash balances.

The Trust categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset.

Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The Authority's discretely presented component unit, the Laudholm Trust, held the following investments at June 30, 2025:

	Carrying Amount/ Fair Value	Investment Maturity Less Than 1 Year	Level of Input
Investment type:			
Cash and cash equivalents	$ 607,881	N/A	N/A
U.S. governmental securities	1,836,264	N/A	1
Mutual funds	255,722	N/A	1
Corporate equities	8,710,594	N/A	1
Total	**$ 11,410,461**	**N/A**	

Credit Risk: Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. This credit risk is measured by the credit quality ratings of investments as described by nationally recognized statistical rating organizations.

DEPOSITS AND INVESTMENTS, CONTINUED

Custodial Credit Risk-Investments: Custodial credit risk is the risk that, in the event of failure of the counterparty, the Trust will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Authority limits custodial credit risk by regularly monitoring the credit quality ratings of the counterparties and the adequacy of the collateral accounts.

The Trust has an investment policy for its endowment investments to provide long-term growth objectives for the investments.

BENEFICIAL INTERESTS IN PERPETUAL TRUSTS

The Authority's discretely presented component unit, the 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, the Trust has recorded its beneficial interest in these trusts of $1,344,410. Net realized and unrealized gains (losses) and undistributed investment income, net of management fees, are reported as changes in net position with donor restrictions to be held in perpetuity based on explicit donor stipulations. Distributions received from the trusts during 2025 amounted to $61,506 and are included in contributions and grants.

RIGHT OF USE – OPERATING LEASE

The Authority's discretely presented component unit entered into a noncancelable 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 the year ended June 30, 2025, total lease expense paid under the lease arrangement amounted to $2,100. Future minimum required lease payments under noncancelable agreements are as follows:

Fiscal year ended June 30:	
2026	$2,100
2027	525
Total	**$ 2,625**

CAPITAL ASSETS

Capital asset activity is as follows for the year ended June 30, 2025:

	Balance June 30, 2024	Increases	Decreases	Balance June 30, 2025
Capital assets not being depreciated:				
Land	$ 1,053,519	-	-	1,053,519
Land easements	-	206,000	-	206,000
Antiques	23,300	-	-	23,300
Construction in progress	-	51,809	-	51,809
Total capital assets not being depreciated	1,076,819	257,809	-	1,334,628
Capital assets, being depreciated:				
Leasehold improvements	3,907,751	82,703	-	3,990,454
Buildings	1,608,455	102,080	-	1,710,535
Furniture and fixtures	53,072	-	-	53,072
Equipment	389,742	16,284	-	406,026
Trails and boardwalks	198,462	-	-	198,462
Library and exhibits	910,164	-	-	910,164
Vehicles	194,256	-	-	194,256
Total capital assets being depreciated	7,261,902	201,067	-	7,462,969
Less accumulated depreciation for:				
Leasehold improvements	3,005,960	91,291	-	3,097,251
Buildings	1,144,471	64,890	-	1,209,361
Furniture and fixtures	51,995	243	-	52,238
Equipment	309,517	19,166	-	328,683
Trails and boardwalks	155,036	5,172	-	160,208
Library and exhibits	910,164	-	-	910,164
Vehicles	123,765	16,286	-	140,051
Total accumulated depreciation/amortization	5,700,908	197,048	-	5,897,956
Total capital assets being depreciated, net	1,560,994	4,019	-	1,565,013
Capital assets, net	**$ 2,637,813**	**261,828**	-	**2,899,641**

CHANGES IN LONG-TERM LIABILITIES

The following is a summary of long-term liability transactions of the Authority for the year ended June 30, 2025:

	Beginning Balance	Additions	Deletions	Ending balance	Due within one year
Accrued compensated absences	$ 63,202	88,940	-	152,142	-
Total long-term liabilities	**$ 63,202**	**88,940**	**-**	**152,142**	**-**

In FY 2025, the Authority implemented Governmental Accounting Standards Board (GASB) Statement No. 101, *Compensated Absences*. The standard required the Authority to recognize a liability for employee sick time that was more likely than not to be used or paid out. The Authority had previously not recognized a liability for sick time and therefore, the accrued compensated absences balance has increased for the additional accrued sick time.

The changes in accrued compensated absences are shown as a net addition or deletion.

The Authority's discretely presented component unit also has a line of credit with a commercial bank that provides funding of up to $50,000. The line of credit is unsecured. As of June 30, 2025, there were no borrowings against the line of credit.

DESIGNATED AND RESTRICTED NET POSITION

The Authority's discretely presented component unit, the Laudholm Trust, had amounts designated by the Board as funds functioning as endowment and restricted net position consisting of the following at June 30, 2025:

Bequests	$ 638,891
Memorials and celebratory gifts	313,148
Other amounts designated by the Board	44,500
Other amounts, including realized and unrealized gains	2,630,821
Total	3,627,360

Subject to the Trust's spending policy and appropriation:

Endowment funds with income restricted to:	
Research	$ 2,374,563
Education	1,021,305
Other restricted amounts	1,755,699
Total	5,151,567

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

Time restricted	$ 9,944
Donor restricted grants	8,563
Total	18,507

DESIGNATED AND RESTRICTED NET POSITION, 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.	$ 400,351
Charles C. and Rebecca S. Richarson lifelong environmental learning fund	273,753
Dorothy Fish coastal resource library fund	97,675
Christian A. Johnson endeavor fund	41,002
Sea Rose trust fund	250,000
Paquette education access fund	15,000
Other endowment funds with income used each year in support of Educational programs	2,130
Charles Dennis Fink research support fund	37,254
George and Eleanor Ford research support fund	1,390,938
William and Gertrude Spaulding fund	50,949
Mattina R. Proctor seacoast explorers fund	25,000
Mary Hale Furman landscape beautification fund	5,000
Other endowment funds with income used each year in support of Historic buildings	42,483
Charitable trusts	1,344,410
Total	3,975,945
Total net position with donor restrictions	**$ 9,146,019**

CHARITABLE GIFT ANNUITY AGREEMENTS

The Authority’s discretely presented component unit has amounts due to others under charitable gift annuity agreements, which represent guarantees to pay a fixed amount to the donor for the remainder of their life. At June 30, 2025, 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 the date of the gift, using a discount rate that approximates the Trust’s rate of return on invested assets.

PENSION PLAN

The Authority has a defined contribution pension plan for the benefit of its employees. Employees must have one year of service with the Authority before they can participate in the plan. The Authority’s’ matching contributions into a 403(b) account are up to 6.5% of each eligible employee’s salary. The Authority’s contributions were $57,360 for the year ended June 30, 2025.

RELATED PARTY TRANSACTIONS

The Authority's discretely presented component unit, the Laudholm Trust, provides local matching funds required by federal grants, as well as support for operations and capital improvements. The Trust raises fund through membership dues, donations, facility rentals, and fundraising activities and events with the primary goal of supporting the Wells National Estuarine Research Reserve and the related Management Authority. For the year ended June 30, 2025, the Authority reported total grants from the Trust of $373K with an additional $203,981 recorded for indirect support by the Trust.

The Trust's financial statements reflect an expense for contributions for all amounts paid to the Authority in FY 2025. The Authority's financial statements reflect revenues for the contributions from Laudholm Trust, but only to the extent that expenses have been incurred for specific projects. Remaining balances for contributions are therefore recorded as unearned revenues until the project expenses are incurred.

The Trust entered into a lease agreement with the Wells National Estuarine Research Reserve Management Authority for office space. The term of the 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 leased rent free.

RISK MANAGEMENT

The Authority is exposed to various risks of loss related to tors; theft of damage to and destruction of assets, errors, and omissions; and natural disasters for which the Authority carries commercial insurance. Based on the coverage provided by insurance, the Authority is not aware of any material actual or potential claim liabilities which should be recorded at June 30, 2025.

COMMITMENTS AND CONTINGENCIES

Federal and State Grant Programs

The Authority participates in federal and state grant programs, which are governed by various rules and regulations of the respective oversight agencies. Costs charged to the programs and claims for reimbursement are subject to audit and adjustment by the respective oversight agencies. Therefore, to the extent that the Authority has not complied with rules and regulations governing the programs, refunds of any money received may be required. In the opinion of the Authority, there is no significant contingent liability relating to compliance with the rules and regulations governing these programs. Additionally, no determination has been made with respect to refunding of interest earned on federal and state funds. The amount of refund, if any, would be immaterial to the financial statements taken as a whole. Therefore, no provision has been recorded in the accompanying financial statements for such contingencies.

WELLS NATIONAL ESTUARINE RESEARCH RESERVE MANAGEMENT AUTHORITY
Combining Statement of Net Position
June 30, 2025

		Operating	Plant	Total
ASSETS				
Current assets:				
Cash and cash equivalents	$	750,865	-	750,865
Accounts receivable		1,588	-	1,588
Grant receivable		352,125	-	352,125
Total current assets		1,104,578	-	1,104,578
Noncurrent assets:				
Capital assets		-	8,797,597	8,797,597
Accumulated depreciation and amortization		-	(5,897,956)	(5,897,956)
Total noncurrent assets		-	2,899,641	2,899,641
Total assets		**1,104,578**	**2,899,641**	**4,004,219**
LIABILITIES				
Accounts payable		58,281	-	58,281
Accrued payroll and related liabilities		58,235	-	58,235
Accrued compensated absences		152,142	-	152,142
Unearned revenues		7,000	-	7,000
Total liabilities		**275,658**	**-**	**275,658**
DEFERRED INFLOWS OF RESOURCES				
Related to grants		124,358	-	124,358
Total deferred inflows of resources		124,358	-	124,358
NET POSITION				
Net investment in capital assets		-	2,899,641	2,899,641
Unrestricted:				
Board designated - education		159,396	-	159,396
Board designated - research		33,661	-	33,661
Board designated - stewardship		74,504	-	74,504
Board designated - T & E		51,817	-	51,817
Unrestricted, undesignated		385,184	-	385,184
Total net position	**$**	**704,562**	**2,899,641**	**3,604,203**

Exhibit A-2

WELLS NATIONAL ESTUARINE RESEARCH RESERVE MANAGEMENT AUTHORITY
Combining Statement of Revenues, Expenses, and Changes in Net Position
For the year ended June 30, 2025

		Operating	Plant	Total
Operating revenues:				
Charges for services	$	128,940	-	128,940
Rentals		43,327	-	43,327
Miscellaneous income		66,261	-	66,261
Total operating revenues		238,528	-	238,528
Operating expenses:				
Program services:				
Education		387,664	-	387,664
Training and engagement		325,784	-	325,784
Research		544,105	-	544,105
Stewardship		572,057	-	572,057
Supporting service:				
General and administration		739,268	-	739,268
Depreciation		-	197,048	197,048
Total operating expenses		2,568,878	197,048	2,765,926
Operating income (loss)		(2,330,350)	(197,048)	(2,527,398)
Nonoperating revenues (expenses):				
Federal grants		1,652,007	-	1,652,007
Local grants and donations		154,723	-	154,723
Laudholm trust grants		318,736	-	318,736
Laudholm trust indirect support		203,981	-	203,981
Interest income		29,402	-	29,402
Total nonoperating revenue (expenses)		2,358,849	-	2,358,849
Income (loss) before capital grants and contributions		28,499	(197,048)	(168,549)
Capital grants and contributions before transfers:				
Federal grants		24,567	403,996	428,563
Laudholm trust grants		1,800	54,880	56,680
Other grants		9,500	-	9,500
Total capital grants and contributions		35,867	458,876	494,743
Change in net position		64,366	261,828	326,194
Net position - beginning of year		640,196	2,637,813	3,278,009
Net position - end of year	**$**	**704,562**	**2,899,641**	**3,604,203**

Exhibit A-3

WELLS NATIONAL ESTUARINE RESEARCH RESERVE MANAGEMENT AUTHORITY
Combining Statement of Cash Flows
For the year ended June 30, 2025

		Operating	Plant	Total
Cash flows from operating activities:				
Receipts from members and other governments	$	2,650,482	-	2,650,482
Payments to employees		(1,566,845)	-	(1,566,845)
Payments to others		(1,083,246)	-	(1,083,246)
Net cash provided by (used in) operating activities		391	-	391
Cash flows from capital and related financing activities:				
Capital asset purchases		-	(458,876)	(458,876)
Capital grants and contributions		35,867	458,876	494,743
Net cash provided by (used in) capital financing activities		35,867	-	35,867
Cash flows from investing activities:				
Investment income		29,402	-	29,402
Net cash provided by (used in) investing activities		29,402	-	29,402
Net increase (decrease) in cash		65,660	-	65,660
Cash and cash equivalents, beginning of year		685,205	-	685,205
Cash and cash equivalents, end of year	**$**	**750,865**	**-**	**750,865**
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:				
Operating income (loss)	$	(2,330,350)	(197,048)	(2,527,398)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation and amortization		-	197,048	197,048
Nonoperating grants and contributions		2,329,447	-	2,329,447
(Increase) decrease in operating assets:				
Accounts receivable		14,798	-	14,798
Grant receivables		1,731,504	-	1,731,504
Prepaid expenses		6,846	-	6,846
Increase (decrease) in operating liabilities:				
Accounts payable		(40,495)	-	(40,495)
Accrued payroll and related liabilities		5,942	-	5,942
Accrued compensated absences		88,940	-	88,940
Unearned revenues		7,000	-	7,000
Deferred inflows related to grants		(1,813,241)	-	(1,813,241)
Net cash provided by (used in) operating activities	**$**	**391**	**-**	**391**

See accompanying notes to financial statements.

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WELLS NATIONAL ESTUARINE RESEARCH RESERVE MANAGEMENT AUTHORITY
Schedule of Expenses by Function
For the year ended June 30, 2025

		Education	Training and Engagement	Research	Stewardship	General and Administrative	Total
Expenses:							
Salaries	$	240,799	180,150	301,221	258,423	384,822	1,365,415
Benefits		59,414	46,484	77,502	51,249	61,663	296,312
Contracted Services		22,883	76,486	63,263	231,082	57,931	451,645
Docent and volunteer expenses		10,703	-	-	-	-	10,703
Insurance		-	-	-	-	18,139	18,139
Phone and utilities		-	-	-	-	49,924	49,924
Postage		-	-	-	-	1,014	1,014
Printing		30,841	-	-	-	-	30,841
Professional fees		-	-	-	-	20,332	20,332
Repairs and maintenance		-	-	497	252	41,866	42,615
Staff development		-	-	-	-	41,864	41,864
Subscriptions and memberships		-	160	6,711	-	6,710	13,581
Supplies		6,045	7,352	83,168	15,066	31,141	142,772
Travel		7,627	7,425	10,846	7,288	1,976	35,162
Miscellaneous		9,352	7,727	897	8,697	21,886	48,559
Indirect allocation		-	41,669	37,797	62,980	-	142,446
Total Board Reserves	**$**	387,664	367,453	581,902	635,037	739,268	2,711,324