Gulf of Maine Research Institute
and its Affiliate

Consolidated Financial Statements

December 31, 2017

CONTENTS

Independent Auditors' Report

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

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Gulf of Maine Research Institute (a nonprofit organization) and its Affiliate, Gulf of Maine Properties, Inc., which comprise the consolidated statements of financial position as of December 31, 2017 and 2016, and the related consolidated statements of activities and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

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

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

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Board of Directors
Gulf of Maine Research Institute and its Affiliate

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Gulf of Maine Research Institute and its Affiliate as of December 31, 2017 and 2016, and the consolidated changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report, dated June 11, 2018, on our consideration of Gulf of Maine Research Institute and its Affiliate's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Gulf of Maine Research Institute and its Affiliate's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Gulf of Maine Research Institute and its Affiliate's internal control over financial reporting and compliance.

Macpage LLC

South Portland, Maine
June 11, 2018

GULF OF MAINE RESEARCH INSTITUTE AND ITS AFFILIATE
Consolidated Statements of Financial Position
December 31,

		2017		2016
ASSETS				
Current assets:				
Cash and cash equivalents	$	3,254,173	$	2,065,082
Accrued interest and dividend receivable		19,210		13,916
Pledges receivable, current, net of reserve		1,304,438		966,693
Accounts receivable, net of reserve		944,352		731,106
Prepaid expenses		19,771		18,118
Total current assets		5,541,944		3,794,915
Property and equipment:				
Property and equipment		21,091,171		20,992,546
Less: accumulated depreciation/amortization		(6,663,572)		(6,186,676)
Net property and equipment		14,427,599		14,805,870
Other non-current assets:				
Escrows		13,587		134,941
Long-term investments:				
Designated for capital and operations		1,626,425		1,993,713
Designated for endowment		4,547,374		3,099,456
Beneficial interest in pooled investments held by others		2,128,296		1,838,260
Pledges receivable, non-current, net of amortized discount		775,899		1,097,546
Peldges receivable for endowment		478,689		711,720
Beneficial interest in charitable remainder trust		138,792		117,009
Total other non-current assets		9,709,062		8,992,645
Total assets	**$**	**29,678,605**	**$**	**27,593,430**
LIABILITIES AND NET ASSETS				
Current liabilities:				
Current portion of long-term debt	$	135,321	$	130,393
Current portion of capital lease payable		2,455		
Accounts payable		403,070		247,768
Accrued vacation		70,846		50,244
Accrued payroll liabilities		318,763		394,226
Deferred revenue				3,576
Total current liabilities		930,455		826,207
Long-term liabilities:				
Long-term debt, net of current portion		3,470,569		3,591,383
Capital lease payable, net of current portion		8,516		
Accrued incentive compensation		236,807		167,016
Security deposit payable		9,438		9,438
Total long-term liabilities		3,725,330		3,767,837
Total liabilities		4,655,785		4,594,044
Net assets:				
Unrestricted:				
Undesignated		93,700		212,931
Board-designated		6,090,626		4,877,408
Investment in property, equipment and site acquisition cost		11,191,902		11,445,605
Total unrestricted net assets		17,376,228		16,535,944
Temporarily restricted		3,840,561		3,270,840
Permanently restricted		3,806,031		3,192,602
Total net assets		25,022,820		22,999,386
Total liabilities and net assets	**$**	**29,678,605**	**$**	**27,593,430**

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

GULF OF MAINE RESEARCH INSTITUTE AND ITS AFFILIATE
Consolidated Statements of Activities
Year ended December 31, 2017

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Support and revenue:				
Federal and state grants	$ 4,277,088	$ 265,267		$ 4,542,355
Contributions	3,737,240	2,300,719	$ 421,943	6,459,902
Net investment income and changes in value	527,535	57,640	201,486	786,661
In-kind income	122,023			122,023
Contract income	223,441	62,381		285,822
Rental income	253,542			253,542
Property management fee	9,240			9,240
Conferences & consulting income	13,681	9,000		22,681
Other income	11,681			11,681
Net assets released from restrictions and board designations	2,135,286	(2,125,286)	(10,000)	
Total support and revenue	11,310,757	569,721	613,429	12,493,907
Expenses:				
Program expenses:				
Research	3,255,742			3,255,742
Education	2,989,663			2,989,663
Community	1,923,023			1,923,023
Support services:				
Development	1,466,995			1,466,995
Management, general & facilities	835,050			835,050
Total expenses	10,470,473			10,470,473
Change in net assets	840,284	569,721	613,429	2,023,434
Net assets, beginning of year	16,535,944	3,270,840	3,192,602	22,999,386
Net assets, end of year	**$ 17,376,228**	**$ 3,840,561**	**$ 3,806,031**	**$ 25,022,820**

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

GULF OF MAINE RESEARCH INSTITUTE AND ITS AFFILIATE
Consolidated Statements of Activities - Continued
Year ended December 31, 2016

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Support and revenue:				
Federal and state grants	$ 3,931,694	$ 256,109		$ 4,187,803
Contributions	3,499,166	1,875,368	$ 940,456	6,314,990
Net investment income and changes in value	169,125	21,427	84,793	275,345
In-kind income	153,450			153,450
Contract income	212,510	11,341		223,851
Rental income	252,136			252,136
Property management fee	10,360			10,360
Loss on disposal of fixed assets	(1,005)			(1,005)
Conferences & consulting income	24,431	5,094		29,525
Other income	8,564			8,564
Net assets released from restrictions	2,051,814	(2,051,814)		
Total support and revenue	10,312,245	117,525	1,025,249	11,455,019
Expenses:				
Program expenses:				
Research	3,172,996			3,172,996
Education	2,424,251			2,424,251
Community	1,927,365			1,927,365
Support services:				
Development	1,524,219			1,524,219
Management, general & facilities	696,889			696,889
Total expenses	9,745,720			9,745,720
Change in net assets	566,525	117,525	1,025,249	1,709,299
Net assets, beginning of year	15,969,419	3,153,315	2,167,353	21,290,087
Net assets, end of year	**$ 16,535,944**	**$ 3,270,840**	**$ 3,192,602**	**$ 22,999,386**

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

GULF OF MAINE RESEARCH INSTITUTE AND ITS AFFILIATE
Consolidated Statements of Cash Flows
Years ended December 31,

	2017	**2016**
Cash flows from operating activities:		
Change in net assets	$ 2,023,434	$ 1,709,299
Adjustments to reconcile change in net assets to net cash		
and cash equivalents provided by operating activities:		
Depreciation and amortization	502,771	530,829
Loss on disposal of fixed assets		1,005
Realized/unrealized gain on investments	(764,878)	(23,926)
Non-cash contributions	(779,101)	(583,093)
Change in pledge discount	40,276	33,743
Change in pledge allowance	(15,500)	
Change in value in charitable remainder trust	(21,783)	(3,780)
(Increase) decrease in assets:		
Net pledges receivable	192,157	120,844
Accounts receivable	(213,246)	(137,690)
Prepaid expenses	(1,653)	(274)
Accrued interest and dividend receivable	(5,294)	(11,523)
Escrows	121,354	
Increase (decrease) in liabilities:		
Accounts payable	155,302	32,466
Accrued vacation	20,602	2,876
Accrued payroll liabilities	(75,463)	354,074
Deferred revenue	(3,576)	(1,000)
Accrued incentive compensation	69,791	(84,116)
Security deposits		(4,781)
Net cash and cash equivalents provided by operating activities	1,245,193	1,934,953
Cash flows from investing activities:		
Purchase of fixed assets	(111,243)	(61,171)
Purchase of investments	(3,583,230)	(5,492,225)
Proceeds from sale of investments	3,756,543	4,282,010
Net cash and cash equivalents provided by (used in) investing activities	62,070	(1,271,386)
Cash flows from financing activities:		
Repayments of long-term debt	(115,886)	(124,762)
Repayments on capital lease	(2,286)	
Net cash and cash equivalents used in financing activities	(118,172)	(124,762)
Net change in cash and cash equivalents	1,189,091	538,805
Cash and cash equivalents, beginning of year	2,065,082	1,526,277
Cash and cash equivalents, end of year	**$ 3,254,173**	**$ 2,065,082**
Supplemental disclosure of cash flow information:		
Cash paid during the year for interest	**$ 143,028**	**$ 144,960**

Supplemental disclosure of noncash investing and financing activities:

During 2017, GMRI acquired fixed assets totaling $13,257 through a capital lease.

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

Notes to Consolidated Financial Statements

December 31, 2017 and 2016

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Gulf of Maine Research Institute (GMRI) was incorporated in 1994 under the laws of the State of Maine as a not-for-profit corporation committed to (i) educate the public about the Gulf of Maine and its watershed, (ii) facilitating and conducting marine research; (iii) enabling informed decisions about the stewardship and use of the Gulf of Maine; (iv) applying lessons learned in the Gulf of Maine to other marine communities worldwide; and (v) undertaking the financing, siting, design, and construction of facilities to support its education and research interests. In 2004, Gulf of Maine Properties, Inc. (GMPInc) was incorporated as a not-for-profit corporation and a wholly-owned subsidiary of GMRI under the laws of the State of Maine to acquire, hold, manage, maintain, develop, or dispose of real property for the benefit of and in connection with GMRI. Collectively GMRI and GMPInc comprise the Institute.

Basis of Accounting and Presentation

The consolidated financial statements for the Institute have been prepared using the accrual method of accounting in accordance with generally accepted accounting principles (U.S. GAAP). Accordingly, the Institute is required to report information regarding its consolidated financial position and activities according to three classes of net assets, as follows:

Unrestricted Net Assets – Net assets that are not subject to donor-imposed stipulations.

Temporarily Restricted Net Assets – Net assets subject to donor-imposed stipulations that may or will be met either by actions of the Institute and or the passage of time.

Permanently Restricted Net Assets – Net assets subject to donor-imposed stipulations that neither expire by passage of time, nor can be fulfilled or otherwise removed by actions of the Institute.

All donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are re-classified to unrestricted net assets and reported in the consolidated statements of activities as net assets released from restrictions. If a restriction is fulfilled in the same time period in which the contribution is received, the contribution is reported as unrestricted.

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

Revenue Recognition

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of donor restrictions. Grants, contracts, rent, and other revenue is recognized when earned.

Notes to Consolidated Financial Statements

December 31, 2017 and 2016

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Pledges Receivable

Pledges receivable (unconditional promises to give) that are expected to be collected within one year are recorded at net realizable value. Pledges receivable that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue. The carrying value of pledges receivable is reduced by a reserve for estimated uncollectible amounts based on a periodic review of outstanding pledges by management. Conditional promises to give are not included as support until the conditions are substantially met.

Cash and Cash Equivalents

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

Investments

Investments are carried at estimated fair value based on quoted market prices. Realized and unrealized gains and losses are included in the change in net assets.

Estimates

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

Functional Expense Allocation

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

Notes to Consolidated Financial Statements

December 31, 2017 and 2016

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Capitalization and Depreciation

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

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

The Institute uses the following thresholds in determining the capitalization of assets. An individual purchase of equipment, furniture and fixtures, greater than or equal to $5,000, will be capitalized and depreciated. A purchase of such that is less than $5,000 will be expensed. Soft costs of design consulting, software development, and content development for educational programs will be expensed. Given market valuation uncertainties and unknown future value of the educational content, this policy takes the most conservative approach by assigning no future value to these assets.

Income Taxes

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

The Institute is subject to audit under the statute of limitations by the Internal Revenue Service and state taxing authorities for three years after the filing of the Institute's return.

Accounts Receivable

Accounts receivable consist of amounts due from funders under various grants and contracts. No reserve for uncollectable amounts is deemed necessary as management views all such balances, which are primarily from governmental entities, to be fully collectible.

Notes to Consolidated Financial Statements

December 31, 2017 and 2016

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Fair Value Measurements and Disclosures

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

- Level 1 – Quoted prices for identical assets and liabilities traded in active exchange markets, such as the New York Stock Exchange.

- Level 2 – Observable inputs other than Level 1, including quoted prices for similar assets or liabilities, quoted prices in less active markets, or other observable inputs that can be corroborated by observable market data.

- Level 3 – Unobservable inputs supported by little or no market activity for financial instruments whose value is determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which the determination of fair value requires significant management judgment or estimation.

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

For the years ended December 31, 2017 and 2016, the application of valuation techniques applied to similar assets and liabilities has been consistent. The following is a description of the valuation methodologies used for instruments measured at fair value:

Investment Securities

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

Reclassification

Certain reclassifications have been made to the December 31, 2016 consolidated financial statement presentations to correspond to the current year’s format. These reclassifications had no effect on the change in net assets or net assets as of and for the year ended December 31, 2016.

Notes to Consolidated Financial Statements

December 31, 2017 and 2016

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Recent Accounting Pronouncements

Not-for-Profit Entities

In August 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-14, Not-for-Profit Entities: Presentation of Financial Statements of Not-for-Profit Entities, to amend current reporting requirements to make several improvements including reducing complexities of information presented within Not-for-Profit financial statements. A main provision of this update is that a Not-for-Profit entity will report two classes of net assets (amounts for net assets with donor restrictions and net assets without donor restrictions), rather than the currently required three classes. The guidance is effective for annual periods beginning after December 15, 2017, with early application permitted. This standard requires retroactive application to previously issued consolidated financial statements for 2018 and 2017, if presented. Management is currently evaluating the impact of adoption on its financial statements.

Revenue Recognition

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers*, to clarify the principles for recognizing revenue and to develop a common revenue standard for U.S. GAAP and International Financial Reporting Standard (IFRS). The core principle of the guidance requires entities to recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The guidance is effective for all nonpublic entities' annual periods beginning after December 15, 2018, but management presently does not expect a significant change in revenue recognition.

Leasing

In February 2016, FASB issued ASU 2016 – 02, Leases. This new standard will provide users of the consolidated financial statements a more accurate picture of the assets and the long-term financial obligations of entities that lease. The proposal is for a dual-model approach; a lessee would account for most existing capital leases as Type A leases, and most existing operating leases as Type B leases. Both would be reported on the statement of financial position of an entity for leases with a term exceeding 12 months. Lessors will see some changes too, largely made to align with the revised lease model. For nonpublic companies, the new leasing standard would apply for fiscal years beginning after December 15, 2019. The standard requires retroactive application to previously issued financial statements for 2019 and 2018, if presented. Management is currently evaluating the impact of adoption on its consolidated financial statements.

NOTE 2 – CASH AND CASH EQUIVALENTS

Cash balances were held in various checking and money market accounts in various financial institutions at December 31, 2017 and 2016. These accounts are all considered cash and cash equivalents for determining the change in cash in the accompanying consolidated statements of cash flows. At December 31, 2017 and 2016, account balances were insured up to $250,000. Management has not experienced any losses in these accounts and believes that it is not exposed to any significant risk on cash or cash equivalents.

Notes to Consolidated Financial Statements

December 31, 2017 and 2016

NOTE 3 – PLEDGES RECEIVABLE AND CONDITIONAL PROMISES RECEIVABLE

Pledges receivable, net of unamortized discount and allowance for uncollectible accounts, are summarized as follows at December 31. Interest rates based on market factors are used to discount the future payments of each respective year's pledges.

	2017	2016
Pledges receivable expected to be collected in:		
Less than one year	**$ 1,314,438**	$ 992,193
One year to five years:		
Restricted for future program expenses	**763,197**	806,194
Restricted for endowments	**240,000**	721,766
Restricted for split interest agreements	**291,667**	165,050
Fundraising & capacity building		150,000
Total one to five years	**1,294,864**	1,843,010
Over five years		
Subtotals	**2,609,302**	2,835,203
Less: allowance for uncollectible accounts	**(10,000)**	(25,500)
Less: unamortized discount	**(40,276)**	(33,744)
Pledges receivable, net	**2,559,026**	2,775,959
Less: current portion, net	**(1,304,438)**	(966,693)
Less: pledges receivable for endowment	**(478,689)**	(711,720)
Pledges receivable, net of current portion	**$ 775,899**	$ 1,097,546

Management estimates the allowance for uncollectible pledges based on a review of specific pledges outstanding. This reserve has been netted against pledges receivable as shown above.

In addition, at December 31, 2017 and 2016, GMRI holds several conditional pledges receivable in the total amount of $1,200,000 and $1,217,500, respectively, which have not been reflected in these consolidated financial statements. These are due to be received from the donors in future years upon the satisfaction of certain conditions.

Notes to Consolidated Financial Statements

December 31, 2017 and 2016

NOTE 4 – PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at December 31:

	2017			2016		
	GMRI	**GMPInc**	**Total**	GMRI	GMPInc	Total
Land	**$1,521,336**	**$ 2,540,526**	**$ 4,061,862**	$1,521,336	$ 2,540,526	$ 4,061,862
Building		**11,397,121**	**11,397,121**		11,397,121	11,397,121
Site improvements	**2,387,314**	**377,125**	**2,764,439**	2,387,314	377,125	2,764,439
Artwork		**6,345**	**6,345**		6,345	6,345
Leasehold improvements	**308,867**	**72,051**	**380,918**	308,867	72,051	380,918
Furniture and fixtures	**212,459**	**172,331**	**384,790**	212,459	142,575	355,034
Computer hardware and software	**156,783**		**156,783**	141,463		141,463
Equipment and vehicles	**882,486**	**164,835**	**1,047,321**	880,031	164,835	1,044,866
Exhibits	**891,592**		**891,592**	840,498		840,498
Totals	**$6,360,837**	**$14,730,334**	**$21,091,171**	$6,291,968	$14,700,578	$20,992,546

NOTE 5 – INVESTMENTS

Following is a summary of GMRI's and GMPInc's investment securities at December 31, 2017:

	GMRI Market Value	GMPInc Market Value	Total Market Value
U.S. Treasury and government agencies	**$ 990,218**	**$ 610,019**	**$ 1,600,237**
Equity	**2,937,356**		**2,937,356**
Non-government fixed income	**531,096**		**531,096**
Foreign fixed income	**170,756**		**170,756**
Cash and cash equivalents	**943,530**	**23,621**	**967,151**
Totals	**$ 5,572,956**	**$ 633,640**	**$ 6,206,596**

Following is a summary of GMRI's and GMPInc's investment securities at December 31, 2016:

	GMRI Market Value	GMPInc Market Value	Total Market Value
U.S. Treasury and government agencies	$ 885,239	$ 464,404	$ 1,349,643
Equity	2,144,796		2,144,796
Non-government fixed income	244,968		244,968
Foreign fixed income	91,464		91,464
Cash and cash equivalents	1,229,728	181,427	1,411,155
Totals	**$ 4,596,195**	**$ 645,831**	**$ 5,242,026**

Notes to Consolidated Financial Statements

December 31, 2017 and 2016

NOTE 5 – INVESTMENTS – CONTINUED

GMRI's net investment income for fiscal years 2017 and 2016 include investment earnings (dividend and interest) of $106,895 and $67,959, respectively, and realized and unrealized gains of $676,562 and $201,056, respectively. GMPInc's net investment income for fiscal years 2017 and 2016 include investment earnings (dividend and interest) of $8,610 and $6,032, respectively, and realized and unrealized gains (losses) of $(5,406) and $298, respectively.

NOTE 6 – BENEFICIAL INTEREST IN POOLED INVESTMENTS HELD BY OTHERS

In 2013, GMRI established an endowment fund held by the Maine Community Foundation (the Foundation). Pursuant to the terms of the resolution establishing this fund, property contributed to the Foundation is held as a separate fund designated for the benefit of the Institute. In accordance with its spending policy, the Foundation makes distributions from the fund to GMRI. The estimated value of the future distributions from the fund is included in these consolidated financial statements and amounted to $2,128,296 and $1,838,260 at December 31, 2017 and 2016, respectively.

NOTE 7 – BENEFICIAL INTEREST IN CHARITABLE REMAINDER TRUST

In 2008, GMRI was notified that it had been named a remainderman of a charitable remainder trust established by a particular donor who passed away during that year. Under the terms of this trust, a specified life tenant is to receive an annual distribution equal to 6% of the fair market value of the trust assets, as measured annually. Upon the death of this life tenant, the remaining trust assets are then to be distributed to various charitable beneficiaries; GMRI's share is to be one-third of such assets. At December 31, 2017 and 2016, the fair value of GMRI's interest in this trust was estimated to be $138,792 and $117,009, respectively, and in accordance with generally accepted accounting principles is recorded as an asset within the consolidated statements of financial position. At December 31, 2017, this fair value estimate was based on the readily-determinable market value of the underlying trust assets, an assumed remaining life expectancy of the life tenant of 11.5 years from that date, assumed annualized nominal rates of return for the trust assets of 5.25%, and a discount rate of 2.40%. The current year's change in the value of GMRI's interest in this trust is included in net investment income (loss), in the amount of $21,783, and the prior year change was $3,780.

NOTE 8 – ENDOWMENTS

As noted elsewhere in the consolidated financial statements, at December 31, 2017 and 2016, the Board of Directors had designated $3,759,197 and $2,668,622 (See Note 13), respectively, of GMRI's unrestricted net assets for long-term investment purposes. The purpose of these assets is to serve as a board designated endowment, the income from which is to be used to help meet the operating costs of GMRI and, if necessary, the balance of which is to provide a last-resort source of funds in the case of serious financial need.

Relevant Law

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

Notes to Consolidated Financial Statements

December 31, 2017 and 2016

NOTE 8 – ENDOWMENTS – CONTINUED

Relevant Law – Continued

GMRI's Board has interpreted the Maine Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. In keeping with this interpretation, GMRI classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent 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 classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by GMRI in a manner consistent with the standard of prudence prescribed by UPMIFA.

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

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

Endowment Spending Policy

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

Endowment Investment Policy

GMRI has adopted a policy under which its board designated and donor restricted endowment fund investments shall be comprised of 40-80% equities, 20-50% debt securities, and 0-10% cash and cash equivalents with a strategic target asset allocation of 70% equities and 30% debt securities. The fund is to be managed to achieve a moderate degree of risk, neither seeking the highest possible returns, nor avoiding all risk of loss, managing volatility in endowment asset value through an investment portfolio diversified by market geography, investment style, and asset class. GMRI believes that these parameters serve to appropriately guide the management of this fund to achieve the purposes stated earlier.

Endowment net asset composition by type of fund as of December 31, 2017 is as follows:

	Unrestricted	Temporarily restricted	Permanently restricted	Total
Donor-restricted endowment funds		**$ 111,060**	**$ 1,197,233**	**$ 1,308,293**
Board-designated endowment funds	**$ 3,759,197**	**497,880**		**4,257,077**
Total	**$ 3,759,197**	**$ 608,940**	**$ 1,197,233**	**$ 5,565,370**

Notes to Consolidated Financial Statements

December 31, 2017 and 2016

NOTE 8 – ENDOWMENTS – CONTINUED

The changes in the Institute's endowment balances for the year ended December 31, 2017 were as follows:

	Unrestricted	Temporarily restricted	Permanently restricted	Total
Endowment investments, beginning of year	**$ 2,599,795**	**$ 21,427**	**$ 478,234**	**$ 3,099,456**
Contributions	**681,279**		**243,400**	**924,679**
Investment return:				
Investment income	**115,310**	**22,401**		**137,711**
Net appreciation	**328,008**	**68,995**		**397,003**
Total investment return	**443,318**	**91,396**		**534,714**
Amounts appropriated for expenditure	**(9,712)**	**(1,763)**		**(11,475)**
Endowment investments, end of year	**3,714,680**	**111,060**	**721,634**	**4,547,374**
Pledges receivable for endowment, net of discount			**475,599**	**475,599**
Pledges receivable for endowment- (unrestricted board-designated)		**497,880**		**497,880**
Cash for board-designated endowment	**44,517**			**44,517**
Total endowment net assets, end of year	**$ 3,759,197**	**$ 608,940**	**$ 1,197,233**	**$ 5,565,370**

The Institute's endowment balances were comprised of the following as of December 31, 2016:

	Unrestricted	Temporarily restricted	Permanently restricted	Total
Donor-restricted endowment funds		$ 21,427	$ 1,189,954	$ 1,211,381
Board-designated endowment funds	$ 2,668,621	586,185		3,254,806
Totals	**$ 2,668,621**	**$ 607,612**	**$ 1,189,954**	**$ 4,466,187**

The changes in the Institute's endowment balances for the year ended December 31, 2016 were as follows:

	Unrestricted	Temporarily restricted	Permanently restricted	Total
Endowment investments, beginning of year	$ 1,785,004		$ 240,218	$ 2,025,222
Contributions	663,432		238,016	901,448
Investment return:				
Investment income	46,851	$ 6,807		53,658
Net appreciation	239,169	32,214		271,383
Total investment return	286,021	39,021		325,042
Amounts appropriated for expenditure	(134,662)	(17,594)		(152,256)
Endowment investments, end of year	2,599,794	21,427	478,234	3,099,456
Pledges receivable for endowment, net of discount			711,720	711,720
Pledges receivable for endowment- (unrestricted board-designated)		586,185		586,185
Cash for board-designated endowment	68,827			68,827
Total endowment net assets, end of year	**$ 2,668,621**	**$ 607,612**	**$ 1,189,954**	**$ 4,466,187**

Notes to Consolidated Financial Statements

December 31, 2017 and 2016

NOTE 9 – FAIR VALUE MEASUREMENTS

Fair values of assets measured on a recurring basis at December 31, 2017 are as follows:

	Totals	(Level 1)	(Level 2)	(Level 3)
U.S. Treasury and government agencies	**$ 1,600,237**	**$ 1,600,237**		
Domestic exchange traded funds	**2,937,356**	**2,937,356**		
Non-government fixed income	**531,096**	**531,096**		
Foreign fixed income	**170,756**	**170,756**		
Cash and cash equivalents	**967,151**	**967,151**		
Interest in pooled investments	**2,128,296**		**$ 2,128,296**	
Charitable remainder trust	**138,792**			**$ 138,792**
Totals	**$ 8,473,684**	**$ 6,206,596**	**$ 2,128,296**	**$ 138,792**

Fair values of assets measured on a recurring basis at December 31, 2016 are as follows:

	Totals	(Level 1)	(Level 2)	(Level 3)
U.S. Treasury and government agencies	$ 1,349,643	$ 1,349,643		
Domestic exchange traded funds	2,144,796	2,144,796		
Non-government fixed income	244,968	244,968		
Foreign fixed income	91,464	91,464		
Cash and cash equivalents	1,411,155	1,411,155		
Interest in pooled investments	1,838,260		$ 1,838,260	
Charitable remainder trust	117,009			$ 117,009
Totals	**$ 7,197,295**	**$ 5,242,026**	**$ 1,838,260**	**$ 117,009**

In accordance with the FASB Accounting Standards Update, *Improving Disclosures about Fair Value Measurements,* requires that, in the reconciliation for fair value measurements using significant unobservable inputs (Level 3), a reporting entity should present information separately about purchases, sales, issuances, and settlement on a gross basis rather than as one net number. The following table reconciles GMRI's assets classified as Level 3 measurements during the year ended December 31, on such a basis:

	2017	2016
Balance at beginning of year	**$ 117,009**	$ 113,229
Gain (loss) included in changes in net assets	**21,783**	3,780
Market value at end of year	**$ 138,792**	$ 117,009

Notes to Consolidated Financial Statements

December 31, 2017 and 2016

NOTE 10 – LINES OF CREDIT

At December 31, 2017 and 2016, GMRI held two lines of credit with local banks. The first of these bears a maximum credit limit currently set at $750,000 with interest payable monthly at a variable rate equal to the lesser of Wall Street Journal prime less 0.25% or BBA LIBOR, plus 2.35% (3.71% as of December 31, 2017), is payable on demand, and is secured by collateral comprising certain investments whose combined market value as of December 31, 2017 and 2016 amounted to $717,529 and $718,029, respectively. There were no outstanding balances on this credit line at December 31, 2017 and 2016. This credit line was renewed and will expire on August 31, 2018. The second line of credit bears interest at prime, plus 0.25% (4.75% as of December 31, 2017), and is secured by all business assets of GMRI. This credit line expires on October 31, 2019, is payable monthly, and is subject to a maximum credit limit of $400,000. There was no balance outstanding on this credit line at December 31, 2017 or December 31, 2016.

NOTE 11 – NOTES PAYABLE

A summary of notes payable as of December 31 is as follows:

	2017	2016
$3,900,000 qualified tax exempt bond note with a local bank, interest at a fixed rate of 3.75%, repaid based on a 25 year amortization, with all remaining principal and interest due in full on November 30, 2021.	**$ 3,260,431**	$ 3,376,037
$472,500 working capital loan with a local bank, interest rate at prime rate less 0.25%, to be repaid based on a 25 year amortization, with all remaining principal and interest due in full on November 30, 2021.	**397,382**	410,910
	3,657,813	3,786,947
Less current portion	**135,321**	130,393
Less deferred loan financing costs	**51,923**	65,171
Long-term portion	**$ 3,470,569**	$ 3,591,383

The bond and working capital loan, along with the lines of credit (See Note 10), carry certain financial covenants which must be satisfied in order for GMRI not to be in default under these agreements. Among these covenants is a debt service coverage requirement under which GMRI's debt service coverage ratio must be maintained at a level of at least 1.20 to 1. For the years ended December 31, 2017 and 2016, GMRI satisfied this requirement.

Expected maturities of the notes payable based on current interest rates are as follows:

2018	$ 135,321
2019	140,438
2020	145,395
2021	3,236,659
	$ 3,657,813

Notes to Consolidated Financial Statements

December 31, 2017 and 2016

NOTE 12 – CAPITAL LEASE

During 2017, GMRI entered into a capital lease for equipment with monthly payments of $264, through December 2021. The asset and liability under the capital lease are recorded at the present value of the minimum lease payments. The asset is depreciated over the expected useful life. Depreciation of the equipment under the capital lease will be included in depreciation expense.

The leased property under capital lease at December 31, 2017 is as follows:

Equipment	**$ 13,255**
Less accumulated depreciation	**1,326**
Net book value of equipment under capital lease	**$ 11,929**

The net present value of the future minimum lease payments at December 31, 2017 are as follows:

Present value of minimum lease payments	**$ 10,971**
Less current portion	**2,455**
Long-term capital lease obligation	**$ 8,516**

The future minimum lease payments under the capital lease are as follows:

Years ending December 31,

2018	$ 3,165
2019	3,165
2020	3,165
2021	3,166
Total lease payments	12,661
Amount representing interest	1,690
Present value of minimum lease payments	$ 10,971

Notes to Consolidated Financial Statements

December 31, 2017 and 2016

NOTE 13 – NET ASSETS

Unrestricted board designated, temporarily and permanently restricted net assets consisted of the following as of December 31,

	2017	2016
Unrestricted Board Designated:		
Waldron reserve fund	**$ 717,529**	$ 718,902
Endowment funds	**3,759,197**	2,668,622
Reserved for research and scientist guarantee surpluses	**117,284**	149,987
Reserved for capital projects and equipment and other	**688,560**	502,802
Capacity building	**89,056**	293,009
GMPInc	**719,000**	544,086
	$ 6,090,626	$ 4,877,408
Temporarily Restricted:		
Future program expenses	**$ 3,092,829**	$ 2,546,219
Beneficial interests in charitable remainder trusts	**138,792**	117,009
Endowment funds	**608,940**	607,612
	$ 3,840,561	$ 3,270,840
Permanently Restricted:		
Pooled investments held by others	**$ 2,128,296**	$ 1,838,260
Pledges receivable for endowment, net of discount	**475,599**	711,720
Pledges receivable for beneficial interest in pooled investments held by others	**480,502**	164,388
Endowment funds	**721,634**	478,234
	$ 3,806,031	$ 3,192,602

NOTE 14 – NET ASSETS RELEASED FROM RESTRICTIONS

Net assets released from restrictions as of December 31 are as follows:

	2017	2016
Future program expenses	**$ 2,125,286**	$ 2,051,814

NOTE 15 – FORMATION OF CONDOMINIUM ASSOCIATION

During 2011, GMPInc formed a condominium association, Gulf of Maine Properties I, through which all rentable space in the building has been converted into condominium units. As of December 31, 2017 and 2016, GMPInc was the sole unit owner of the units thus created. As of and for the years ended December 31, 2017 and 2016, Gulf of Maine Properties Inc. had no financial activity or balances.

NOTE 16 – RETIREMENT PLAN

GMRI sponsors a Section 401(k) plan for its employees. Under the 401(k) plan, participant eligibility is established upon the completion of one year of employment constituted by at least 1,000 hours of service. Total retirement expense under this plan for the years ended December 31, 2017 and 2016 was $150,331 and $133,756, respectively.

Notes to Consolidated Financial Statements

December 31, 2017 and 2016

NOTE 17 – RELATED PARTY COMPENSATION

Executive Employment Agreement - Effective January 1, 2016, the Institute entered into an employment agreement with their executive. The agreement's total compensation is contingent upon the executive's employment through December 31, 2020 and reaching long-term goals. Portions are pro-rated based on months of employment should the executive voluntarily leave or the Board dismisses the executive for other than cause before that date. The agreement includes:

- Annual performance payments through 2020 for success against financial and other organizational goals, as determined by the Board of Directors. In 2017 and 2016, $28,635 and $37,479 was earned, respectively.

- Deferred incentive compensation for progress on meeting long-term financial goals from 2015 through 2020, under which payments will be made starting in 2021. At December 31, 2017 and 2016, the total accrual was $108,172 and $79,537, respectively.

- A non-qualified supplemental retirement plan under Sections 409 and 457 of the Internal Revenue Code with a total obligation of $250,000. The Plan is fully vested by December 2020 unless the executive voluntarily leaves the Institute or the Board dismisses the executive other than for cause before that date. In this case vesting is pro-rated based on full months of employment. Funding of this plan began in 2016, and payments start in 2021.

NOTE 18 – CONTINGENCIES

Grants

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

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

NOTE 19 – ECONOMIC DEPENDENCY

The Institute receives a substantial portion of its total revenues from contributions. For the years ended December 31, 2017 and 2016, the Institute received approximately 52% and 55%, respectively, of its total revenues from contributions.

NOTE 20 – EVALUATION OF SUBSEQUENT EVENTS

On March 19, 2018, the Institute entered into a loan agreement with a bank in the amount up to $1,000,000 for the upgrade and renovations of its Cohen Center.

Management has evaluated subsequent events through June 11, 2018, the date the consolidated financial statements were available to be issued, and determined that any subsequent events that would require recognition or disclosure have been considered in the preparation of these consolidated financial statements.

Independent Auditors' Report on Supplementary Information

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

We have audited the consolidated financial statements of Gulf of Maine Research Institute and its Affiliate, Gulf of Maine Properties, Inc., for the years ended December 31, 2017 and 2016, and have issued our report thereon, dated June 11, 2018, which contained an unmodified opinion on those consolidated financial statements. Our audits were performed for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating schedules on pages 23-25 is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Macpage LLC

South Portland, Maine
June 11, 2018

Macpage LLC

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GULF OF MAINE RESEARCH INSTITUTE AND ITS AFFILIATE
Consolidating Statement of Financial Position
December 31, 2017
(with summarized comparative consolidated totals at December 31, 2016)

	2017				2016
	Gulf of Maine Research Institute	Gulf of Maine Properties, Inc.	Eliminations	Consolidated totals	Consolidated totals
ASSETS					
Current assets:					
Cash and cash equivalents	$ 3,003,829	$ 250,344		$ 3,254,173	$ 2,065,082
Accrued interest and dividend receivable	19,210			19,210	13,916
Pledges receivable, current, net of reserve	1,304,438			1,304,438	966,693
Accounts receivable, net of reserve	907,153	37,199		944,352	731,106
Intercompany receivable (payable)	9,166	(9,166)			
Prepaid expenses	19,771			19,771	18,118
Total current assets	5,263,567	278,377		5,541,944	3,794,915
Property and equipment:					
Property and equipment	6,360,837	14,730,334		21,091,171	20,992,546
Less: accumulated depreciation/amortization	(2,503,952)	(4,159,620)		(6,663,572)	(6,186,676)
Net property and equipment	3,856,885	10,570,714		14,427,599	14,805,870
Other non-current assets:					
Escrows	13,587			13,587	134,941
Long-term investments:					
Designated for capital and operations	992,785	633,640		1,626,425	1,993,713
Designated for endowment	4,547,374			4,547,374	3,099,456
Beneficial interest in pooled investments held by others	2,128,296			2,128,296	1,838,260
Pledges receivable, non-current, net of amortized discount	775,899			775,899	1,097,546
Pledges receivable for endowment	478,689			478,689	711,720
Beneficial interest in charitable remainder trust	138,792			138,792	117,009
Total other non-current assets	9,075,422	633,640		9,709,062	8,992,645
Total assets	**$ 18,195,874**	**$ 11,482,731**		**$ 29,678,605**	**$ 27,593,430**
LIABILITIES AND NET ASSETS					
Current liabilities:					
Current portion of long-term debt	$ 15,192	$ 120,129		$ 135,321	$ 130,393
Current portion of capital lease payable	2,455			2,455	
Accounts payable	334,054	69,016		403,070	247,768
Accrued vacation	70,846			70,846	50,244
Accrued payroll liabilities	318,763			318,763	394,226
Deferred revenue					3,576
Total current liabilities	741,310	189,145		930,455	826,207
Long-term liabilities:					
Long-term debt, net of current portion	382,190	3,088,379		3,470,569	3,591,383
Capital lease payable, net of current portion	8,516			8,516	
Accrued incentive compensation	236,807			236,807	167,016
Security deposit payable	980	8,458		9,438	9,438
Total long-term liabilities	628,493	3,096,837		3,725,330	3,767,837
Total liabilities	1,369,803	3,285,982		4,655,785	4,594,044
Net assets:					
Unrestricted:					
Undesignated	43,700	50,000		93,700	212,931
Board-designated	5,371,626	719,000		6,090,626	4,877,408
Investment in property, equipment and site acquisition cost	3,764,153	7,427,749		11,191,902	11,445,605
Total unrestricted net assets	9,179,479	8,196,749		17,376,228	16,535,944
Temporarily restricted	3,840,561			3,840,561	3,270,840
Permanently restricted	3,806,031			3,806,031	3,192,602
Total net assets	16,826,071	8,196,749		25,022,820	22,999,386
Total liabilities and net assets	**$ 18,195,874**	**$ 11,482,731**		**$ 29,678,605**	**$ 27,593,430**

See accompanying independent auditors' report on supplementary information.

GULF OF MAINE RESEARCH INSTITUTE AND ITS AFFILIATE
Consolidating Statements of Activities
Year ended December 31, 2017
(with summarized comparative consolidated totals for the year ended December 31, 2016)

	Gulf of Maine Research Institute						Gulf of Maine Properties, Inc.						
	Unrestricted			Temporarily Restricted	Permanently Restricted		Unrestricted					2017	2016
	Programs & support	Property & equipment	Board designated	Program & support	Endowment held by others	Total	Operations	Property & equipment	Board designated	Total	Eliminations	Consolidated totals	Consolidated totals
Support and revenue:													
Federal and state grants	$ 4,277,088			$ 265,267		$ 4,542,355						$ 4,542,355	$ 4,187,803
Contributions	3,223,771	$ 16,000	$ 497,469	2,300,719	$ 421,943	6,459,902						6,459,902	6,314,990
Net investment income and changes in value	192,409		331,922	57,640	201,486	783,457			$ 3,204	$ 3,204		786,661	275,345
In-kind income	122,023					122,023						122,023	153,450
Contract income	204,993		18,448	62,381		285,822						285,822	223,851
Rental income							$ 901,750			901,750	$ (648,208)	253,542	252,136
Property management fee	125,510					125,510					(116,270)	9,240	10,360
Loss on disposal of fixed assets													(1,005)
Conferences & consulting income	13,681			9,000		22,681						22,681	29,525
Other income	11,681					11,681						11,681	8,564
Net assets released from restrictions and board designations	1,943,518	50,414	141,354	(2,125,286)	(10,000)		14,302	$ 44,829	(59,131)				
Total support and revenue	10,114,674	66,414	989,193	569,721	613,429	12,353,431	916,052	44,829	(55,927)	904,954	(764,478)	12,493,907	11,455,019
Expenses:													
Program expenses:													
Research	3,255,742					3,255,742						3,255,742	3,172,996
Education	2,989,663					2,989,663						2,989,663	2,424,251
Community	1,923,023					1,923,023						1,923,023	1,927,365
Support services:													
Development	1,466,995					1,466,995						1,466,995	1,524,219
Management, general & facilities	403,450	144,140				547,590	693,307	$ 358,631		1,051,938	(764,478)	835,050	696,889
Total expenses	10,038,873	144,140				10,183,013	693,307	358,631		1,051,938	(764,478)	10,470,473	9,745,720
Change in net assets before transfers	75,801	(77,726)	989,193	569,721	613,429	2,170,418	222,745	(313,802)	(55,927)	(146,984)		2,023,434	1,709,299
Other transfers	(38,228)	15,812	49,111			26,695	(379,549)	122,013	230,841	(26,695)			
Total transfers	(38,228)	15,812	49,111			26,695	(379,549)	122,013	230,841	(26,695)			
Change in net assets	37,573	(61,914)	1,038,304	569,721	613,429	2,197,113	(156,804)	(191,789)	174,914	(173,679)		2,023,434	1,709,299
Net assets, beginning of year	6,127	3,826,067	4,333,322	3,270,840	3,192,602	14,628,958	206,804	7,619,538	544,086	8,370,428		22,999,386	21,290,087
Net assets, end of year	**$ 43,700**	**$ 3,764,153**	**$ 5,371,626**	**$ 3,840,561**	**$ 3,806,031**	**$ 16,826,071**	**$ 50,000**	**$ 7,427,749**	**$ 719,000**	**$ 8,196,749**		**$ 25,022,820**	**$ 22,999,386**

See accompanying independent auditors' report on supplementary information.

GULF OF MAINE RESEARCH INSTITUTE AND ITS AFFILIATE
Consolidating Statement of Cash Flows
Year Ended December 31, 2017
(with comparative consolidated totals for year ended December 31, 2016)

	2017			2016
	Gulf of Maine Research Institute	**Gulf of Maine Properties, Inc.**	**Consolidated totals**	**Consolidated totals**
Cash flows from operating activities:				
Change in net assets	$ 2,197,113	$ (173,679)	$ 2,023,434	$ 1,709,299
Adjustments to reconcile change in net assets to net cash and cash equivalents provided by operating activities:				
Depreciation and amortization	144,140	358,631	502,771	530,829
Loss on disposal of fixed assets				1,005
Realized/unrealized gain on investments	(761,674)	(3,204)	(764,878)	(23,926)
Non-cash contributions	(779,101)		(779,101)	(583,093)
Change in pledge discount	40,276		40,276	33,743
Change in pledge allowance	(15,500)		(15,500)	
Change in value in charitable remainder trust	(21,783)		(21,783)	(3,780)
(Increase) decrease in assets:				
Net pledges receivable	192,157		192,157	120,844
Accounts receivable	(213,308)	62	(213,246)	(137,690)
Intercompany receivable (payable)	(3,288)	3,288		
Prepaid expenses	(1,653)		(1,653)	(274)
Accrued interest and dividend receivable	(5,294)		(5,294)	(11,523)
Escrows	(34)	121,388	121,354	
Increase (decrease) in liabilities:				
Accounts payable	126,219	29,083	155,302	32,466
Accrued vacation	20,602		20,602	2,876
Accrued payroll liabilities	(75,463)		(75,463)	354,074
Deferred revenue		(3,576)	(3,576)	(1,000)
Accrued incentive compensation	69,791		69,791	(84,116)
Security deposits				(4,781)
Net cash and cash equivalents provided by operating activities	913,200	331,993	1,245,193	1,934,953
Cash flows from investing activities:				
Purchase of fixed assets	(66,412)	(44,831)	(111,243)	(61,171)
Purchase of investments	(1,977,331)	(1,605,899)	(3,583,230)	(5,492,225)
Proceeds from sale of investments	2,256,637	1,499,906	3,756,543	4,282,010
Net cash and cash equivalents provided by (used in) investing activities	212,894	(150,824)	62,070	(1,271,386)
Cash flows from financing activities:				
Repayments of long-term debt	(13,528)	(102,358)	(115,886)	(124,762)
Repayments on capital lease	(2,286)		(2,286)	
Net cash and cash equivalents used in financing activities	(15,814)	(102,358)	(118,172)	(124,762)
Net change in cash and cash equivalents	1,110,280	78,811	1,189,091	538,805
Cash and cash equivalents, beginning of year	1,893,549	171,533	2,065,082	1,526,277
Cash and cash equivalents, end of year	**$ 3,003,829**	**$ 250,344**	**$ 3,254,173**	**$ 2,065,082**
Supplemental disclosure of cash flow information:				
Cash paid during the year for interest	**$ 16,645**	**$ 126,383**	**$ 143,028**	**$ 144,960**

Supplemental disclosure of noncash investing and financing activities:

During 2017, GMRI acquired fixed assets totaling $13,257 through a capital lease.

See accompanying independent auditors' report on supplementary information.