Gulf of Maine Research Institute

and its Subsidiaries

Consolidated Financial Statements

June 30, 2021 and 2020

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Independent Auditor's Report

To the Board of Directors
Gulf of Maine Research Institute and its Subsidiaries
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 Subsidiaries, Gulf of Maine Properties, Inc., Gulf of Maine Sashimi Inc., and New England Marine Monitoring, Inc., which comprise the consolidated statements of financial position as of June 30, 2021 and 2020, and the related consolidated statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the consolidated financial statements.

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; 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.

Auditor's 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. The financial statements of the subsidiaries of Gulf of Maine Research Institute were not audited in accordance with *Government Auditing Standards*.

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 auditor's 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.

Board of Directors
Gulf of Maine Research Institute and its Subsidiaries

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 Subsidiaries as of June 30, 2021 and 2020, 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 8, 2021, on our consideration of Gulf of Maine Research Institute's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Gulf of Maine Research Institute's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Gulf of Maine Research Institute's internal control over financial reporting and compliance.

Wipfli LLP

Wipfli LLP

South Portland, Maine
December 8, 2021

GULF OF MAINE RESEARCH INSTITUTE AND ITS SUBSIDIARIES
Consolidated Statements of Financial Position
June 30, 2021 and 2020

	2021	2020
ASSETS		
Current assets:		
Cash and cash equivalents	$ 6,288,905	$ 5,502,843
Accrued interest and dividend receivable	36,011	29,545
Promises to give, current	1,374,244	1,552,688
Accounts receivable, net	1,231,163	957,220
Inventory	18,654	-
Security deposits	3,300	3,992
Prepaid expenses	191,415	172,402
Total current assets	9,143,692	8,218,690
Property and equipment:		
Property and equipment	22,020,598	21,799,602
Less: accumulated depreciation/amortization	(7,813,939)	(7,161,941)
Net property and equipment	14,206,659	14,637,661
Other non-current assets:		
Long-term investments:		
Designated for capital and operations	1,608,570	2,178,641
Designated for endowment	10,171,069	6,823,297
Beneficial interest in pooled investments held by others	3,096,046	2,323,060
Promises to give, non-current, net of amortized discount	2,596,635	2,975,257
Beneficial interest in charitable remainder trust	220,244	174,696
Total other non-current assets	17,692,564	14,474,951
Total assets	**$ 41,042,915**	**$ 37,331,302**
LIABILITIES AND NET ASSETS		
Current liabilities:		
Current portion of long-term debt	$ 99,345	$ 331,320
Current portion of capital lease payable	1,550	2,733
Accounts payable	465,713	435,208
Refundable advance	-	594,540
Accrued vacation	203,190	275,819
Accrued payroll liabilities	400,640	398,070
Current portion of accrued incentive compensation	194,876	-
Deferred revenue	18,929	13,835
Total current liabilities	1,384,243	2,051,525
Long-term liabilities:		
Long-term debt, net of current portion	2,714,613	2,959,145
Capital lease payable, net of current portion	-	1,755
Accrued incentive compensation	625,016	440,104
Convertible notes payable, at fair value	950,000	-
Accrued interest on convertible notes payable	14,223	-
Security deposit payable	12,381	12,381
Total long-term liabilities	4,316,233	3,413,385
Total liabilities	5,700,476	5,464,910
NET ASSETS (DEFICIT)		
Without donor restrictions:		
Undesignated	(292,275)	42,201
Board-designated	11,600,286	8,188,665
Investment in property, equipment and site acquisition cost	11,446,055	11,813,969
Total without donor restrictions	22,754,066	20,044,835
With donor restrictions	12,588,373	11,821,557
Total net assets	35,342,439	31,866,392
Total liabilities and net assets	**$ 41,042,915**	**$ 37,331,302**

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

GULF OF MAINE RESEARCH INSTITUTE AND ITS SUBSIDIARIES
Consolidated Statement of Activities
For the Year Ended June 30, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Support and revenue:			
Federal and state grants	$ 5,714,490	$ 4,060	$ 5,718,550
Contributions	3,433,821	3,142,143	6,575,964
Investment income	1,819,206	1,114,046	2,933,252
In-kind income	232,981	-	232,981
Contract income	454,017	-	454,017
Rental income	230,394	-	230,394
Property management fee	5,040	-	5,040
Conferences & consulting income	500	17,809	18,309
Sales	625,960	-	625,960
Other income	699,415	-	699,415
Net assets released from restrictions	3,514,850	(3,514,850)	-
Other reclassifications	(3,608)	3,608	-
Total support and revenue	16,727,066	766,816	17,493,882
Expenses:			
Program expenses:			
Research	2,408,846		2,408,846
Education	2,220,396		2,220,396
Community	1,710,256		1,710,256
Business Development	448,850		448,850
Subsidiary expenses	2,092,410		2,092,410
Support services:			
Development	1,368,592		1,368,592
Management, general & facilities	3,768,485		3,768,485
Total expenses	14,017,835		14,017,835
Change in net assets	2,709,231	766,816	3,476,047
Net assets, beginning of year	20,044,835	11,821,557	31,866,392
Net assets, end of year	**$ 22,754,066**	**$ 12,588,373**	**$ 35,342,439**

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

GULF OF MAINE RESEARCH INSTITUTE AND ITS SUBSIDIARIES
Consolidated Statement of Activities
For the Year Ended June 30, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
Support and revenue:			
Federal and state grants	$ 5,563,087	$ 299,838	$ 5,862,925
Contributions	4,413,137	4,582,289	8,995,426
Investment income	442,095	(48,968)	393,127
In-kind income	67,181	-	67,181
Contract income	308,124	-	308,124
Rental income	197,425	-	197,425
Property management fee	6,790	-	6,790
Conferences & consulting income	29,482	110,178	139,660
Sales	241,807	-	241,807
Other income	591,273	510	591,783
Net assets released from restrictions	2,383,698	(2,383,698)	-
Total support and revenue	14,244,099	2,560,149	16,804,248
Expenses:			
Program expenses:			
Research	2,761,803		2,761,803
Education	2,656,305		2,656,305
Community	1,805,528		1,805,528
Business Development	137,877		137,877
Subsidiary expenses	803,068		803,068
Support services:			
Development	1,179,358		1,179,358
Management, general & facilities	3,865,330		3,865,330
Total expenses	13,209,269		13,209,269
Change in net assets	1,034,830	2,560,149	3,594,979
Net assets, beginning of year	19,010,005	9,261,408	28,271,413
Net assets, end of year	**$ 20,044,835**	**$ 11,821,557**	**$ 31,866,392**

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

GULF OF MAINE RESEARCH INSTITUTE AND ITS SUBSIDIARIES
Consolidated Statement of Functional Expenses
For the Year Ended June 30, 2021

	Program Services							Management and General			Development	Total
								GMRI	GMPInc			
	Research Programs	Education Programs	Community Programs	Business Development	Gulf of Maine Sashimi, Inc.	New England Marine Monitoring, Inc.	Total Program Services	Management & Administration	Operations Facilities	Total		
Salaries	$ 1,333,722	$ 823,660	$ 668,761	$ 194,536	$ 270,898	$ 386,738	$ 3,678,315	$ 1,508,471	$ -	$ 1,508,471	$ 942,974	**$ 6,129,760**
Fringe benefits, net	515,083	318,768	259,657	68,069	106,160	92,037	1,359,774	573,591	-	573,591	272,130	**2,205,495**
Supplies & materials	21,872	18,346	13,072	513	561,176	44,340	659,319	134,986	-	134,986	24,161	**818,466**
Sub-contracted services	383,691	857,991	78,587	159,435	46,843	316,881	1,843,428	163,725	-	163,725	1,769	**2,008,922**
In-kind expense	-	-	230,391	-	-	-	230,391	-	-	-	2,590	**232,981**
Facilities	11,418	11,751	4,173	18	28,037	15,487	70,884	312,752	909,045	1,221,797	1,840	**1,294,521**
Other administrative expenses	14,400	2,683	1,776	892	163,499	41,806	225,056	157,378	-	157,378	33,695	**416,129**
Travel & entertainment	2,094	1,388	16,604	5,000	3,286	15,222	43,594	15,425	-	15,425	6,360	**65,379**
Special direct costs	126,566	185,809	437,235	20,387	-	-	769,997	(6,888)	-	(6,888)	83,073	**846,182**
Total Expenses Before Indirect Charge	**2,408,846**	**2,220,396**	**1,710,256**	**448,850**	**1,179,899**	**912,511**	**8,880,758**	**2,859,440**	**909,045**	**3,768,485**	**1,368,592**	**14,017,835**
Indirect Charged to Direct Research and Development												
Indirect	983,665	641,405	504,139	184,731	-	-	2,313,940	(2,929,746)	-	(2,929,746)	615,806	-
Special indirect	3,572	8,899	19,938	1,011	-	-	33,420	(37,536)	-	(37,536)	4,116	-
Total Expenses After Indirect Charge	**$ 3,396,083**	**$ 2,870,700**	**$ 2,234,333**	**$ 634,592**	**$ 1,179,899**	**$ 912,511**	**$ 11,228,118**	**$ (107,842)**	**$ 909,045**	**$ 801,203**	**$ 1,988,514**	**$ 14,017,835**

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

GULF OF MAINE RESEARCH INSTITUTE AND ITS SUBSIDIARIES
Consolidated Statement of Functional Expenses
For the Year Ended June 30, 2020

	Program Services							Management and General			Development	Total
								GMRI	GMPInc			
	Research Programs	Education Programs	Community Programs	Business Development	Gulf of Maine Sashimi, Inc.	New England Marine Monitoring, Inc.	Total Program Services	Management & Administration	Operations Facilities	Total		
Salaries	$ 1,245,302	$ 814,015	$ 640,225	$ 88,235	$ 197,585	$ 170,579	$ 3,155,941	$ 1,354,161	$ -	$ 1,354,161	$ 712,321	**$ 5,222,423**
Fringe benefits, net	483,358	317,501	247,078	34,412	38,807	27,211	1,148,367	583,647	-	583,647	237,643	**1,969,657**
Supplies & materials	51,587	22,125	30,138	-	191,085	6,941	301,876	114,527	-	114,527	22,354	**438,757**
Sub-contracted services	614,623	956,555	102,032	9,119	27,729	30,280	1,740,338	144,352	-	144,352	23,500	**1,908,190**
In-kind expense	11,553	-	55,388	-	-	-	66,941	-	-	-	240	**67,181**
Facilities	9,682	12,468	2,024	1,480	37,558	13,367	76,579	265,972	886,672	1,152,644	1,360	**1,230,583**
Other administrative expenses	17,955	14,382	8,669	773	21,495	24,664	87,938	189,569	-	189,569	38,573	**316,080**
Travel & entertainment	92,802	36,042	86,185	3,566	6,108	9,659	234,362	200,484	-	200,484	39,577	**474,423**
Special direct costs	234,941	483,217	633,789	292	-	-	1,352,239	125,946	-	125,946	103,790	**1,581,975**
Total Expenses Before Indirect Charge	**2,761,803**	**2,656,305**	**1,805,528**	**137,877**	**520,367**	**282,701**	**8,164,581**	**2,978,658**	**886,672**	**3,865,330**	**1,179,358**	**13,209,269**
Indirect Charged to Direct Research and Development												
Indirect	949,006	626,581	535,848	66,041	-	-	2,177,476	(2,688,393)	-	(2,688,393)	510,917	-
Special indirect	8,248	22,482	23,868	15	-	-	54,613	(59,802)	-	(59,802)	5,189	-
Total Expenses After Indirect Charge	**$ 3,719,057**	**$ 3,305,368**	**$ 2,365,244**	**$ 203,933**	**$ 520,367**	**$ 282,701**	**$ 10,396,670**	**$ 230,463**	**$ 886,672**	**$ 1,117,135**	**$ 1,695,464**	**$ 13,209,269**

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

GULF OF MAINE RESEARCH INSTITUTE AND ITS SUBSIDIARIES
Consolidated Statements of Cash Flows
For the Years Ended June 30, 2021 and 2020

	2021	2020
Cash flows from operating activities:		
Change in net assets	$ 3,476,047	$ 3,594,979
Adjustments to reconcile change in net assets to net cash		
and cash equivalents provided by operating activities:		
Depreciation	652,000	618,322
Realized/unrealized gain on investments	(2,739,095)	(228,786)
Gain on sale of subsidiary	(21,070)	-
Forgiveness of debt	(92,100)	-
Reinvested dividends and interest	(127,151)	-
Change in pledge discount	(19,594)	(41,806)
Change in value in charitable remainder trust	(45,548)	(17,750)
Permanently restricted contributions	(249,753)	-
Deferred loan financing costs	13,248	13,248
(Increase) decrease in assets:		
Accrued interest and dividend receivable	(6,466)	(2,896)
Net promises to give	576,660	(892,768)
Accounts receivable	(524,652)	(81,905)
Inventory	(18,654)	-
Security deposit	(475)	(3,992)
Prepaid expenses	(26,402)	(32,745)
Increase (decrease) in liabilities:		
Accounts payable	211,596	(3,258)
Refundable advance	(594,540)	594,540
Accrued vacation	(72,629)	137,325
Accrued payroll liabilities	24,394	115,196
Accrued incentive compensation	379,788	109,395
Deferred revenue	5,094	13,835
Accrued interest	14,223	-
Security deposit payable	-	5,893
Net cash and cash equivalents provided by operating activities	814,921	3,896,827
Cash flows from investing activities:		
Purchase of property and equipment	(220,998)	(377,991)
Purchase of investments	(1,731,751)	(3,288,615)
Proceeds from sale of investments	1,047,310	2,410,492
Proceeds from sale of subsidiary	100,000	-
Net cash outflow from deconsolidation of subsidiary	(22,580)	-
Net cash and cash equivalents used in investing activities	(828,019)	(1,256,114)
Cash flows from financing activities:		
Proceeds from issuance of debt	950,000	92,100
Repayments on long-term debt	(397,655)	(664,188)
Repayments on capital lease	(2,938)	(2,733)
Permanently restricted contributions	249,753	-
Net cash and cash equivalents provided by (used in) financing activities	799,160	(574,821)
Net change in cash and cash equivalents	786,062	2,065,892
Cash and cash equivalents, beginning of year	5,502,843	3,436,951
Cash and cash equivalents, end of year	**$ 6,288,905**	**$ 5,502,843**
Supplemental disclosure of cash flow information:		
Cash paid during the year for interest	**$ 114,579**	**$ 135,735**

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

Notes to Consolidated Financial Statements

Years Ended June 30, 2021 and 2020

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.

During FY2019, Gulf of Maine Sashimi, Inc. (GOMS) was incorporated by action of the GMRI Board, as a wholly-owned for-profit subsidiary of GMRI under the laws of the State of Maine. GOMS was formed as a taxable C-Corporation and its primary purpose is to buy sashimi grade fish from commercial fishermen and sell it to dealers, retailers, and restaurants locally and outside the region.

During FY2020, New England Marine Monitoring, Inc. (NEMM) was incorporated by action of the GMRI Board, as a wholly-owned for-profit subsidiary of GMRI under the laws of the State of Maine. NEMM is an electronic monitoring (EM) services company that provides video review, on-vessel technical support, and program design service to New England fishermen. This entity was sold on June 9, 2021 (See Note 24).

Basis of Accounting and Presentation

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

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

Net Assets

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

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

Net assets without donor restrictions for GMRI reflect accumulated operating losses from GMRI's subsidiary GOMS totaling $806,582 and $297,343 as of June 30, 2021 and 2020, respectively.

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

Notes to Consolidated Financial Statements

Years Ended June 30, 2021 and 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Revenue Recognition

Contribution Revenue

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

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

Grant and Contract Revenue

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

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

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

Contracts with Customers

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

Revenues from contracts with customers recognized over time for the years ended June 30, 2021 and 2020, are $605,651 and $558,597, respectively.

The Institute's subsidiary GOMS sells sashimi grade fish to various dealers and retail outlets. In accordance with ASU 2014-09, revenue is recognized upon satisfaction of all contractual performance obligations and is measured at the amount of consideration to which GOMS expects to be entitled to for the corresponding merchandise. Substantially all of the sales are single performance obligation arrangements with the transaction price being the stand-alone selling price of each item. Revenue is recognized at a point in time, which occurs at the point of sale, when the customer receives and pays for the purchased goods. Revenue recognized at a point in time was $625,960 and $241,807 for the years ended June 30, 2021 and 2020, respectively.

Notes to Consolidated Financial Statements

Years Ended June 30, 2021 and 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Revenue Recognition (Continued)

Contract assets consist of receivables of $64,929 and $30,763 as of June 30, 2021 and 2020, respectively. Contract liabilities consist of deferred revenue of $18,929 and $13,835 as of June 30, 2021 and 2020, respectively. Contract assets were $12,065 as of July 1, 2019. There were no contract liabilities as of July 1, 2019.

Promises to Give

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

The carrying value of promises to give is reduced by a reserve for estimated uncollectible amounts based on a periodic review of outstanding promises to give by management. Conditional promises to give are not included as support until the conditions are substantially met.

In-Kind Income

The Institute's policy is to recognize contributed professional services if the services received create or enhance nonfinancial assets or require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. In-kind contributions of $232,981 and $67,181 were recorded for contributed services for the years ended June 30, 2021 and 2020, respectively.

Cash and Cash Equivalents

For financial statement purposes, the Institute considers all highly liquid debt instruments purchased with an initial maturity of fifteen 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. Investment fees are off set against investment income.

Estimates

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

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 based on modified total direct costs for each program. Management distributes these costs based on a cost allocation plan using a federally negotiated indirect cost rate. Expenses which have been allocated using this method include, but are not limited to, administrative salaries and wages, occupancy, supplies, telephone, and accounting.

Notes to Consolidated Financial Statements

Years Ended June 30, 2021 and 2020

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. Depreciation expense for the years ended June 30, 2021 and 2020, are $652,000 and $618,322, respectively.

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.

Gulf of Maine Sashimi, Inc. (GOMS) and New England Marine Monitoring, Inc. (NEMM) are for-profit taxable subsidiaries and are subject to income taxes. GOMS and NEMM are taxable C-Corporation entities. Income taxes are provided based on financial statement income. Deferred income taxes arise from temporary differences in the bases of assets and liabilities for financial reporting and tax purposes. Deferred taxes are classified as current or non-current, depending on the classification of the assets and liabilities to which they relate. Deferred taxes arising from temporary differences that are not related to an asset or liability are classified as current or non-current, depending on the periods in which the temporary differences are expected to reverse. GOMS and NEMM has not recorded a deferred income tax provision as it is not material to the overall consolidated financial statements.

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

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

Years Ended June 30, 2021 and 2020

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 June 30, 2021 and 2020, the application of valuation techniques applied to similar assets and liabilities has been consistent. The following is a description of the valuation methodologies used for instruments measured at fair value:

Investment Securities

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

Charitable Remainder Trust

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

Interest in Pooled Investments

The fair value of the beneficial interest in pooled investments held by others is determined based on calculating the present value of future distributions expected to be received.

Notes to Consolidated Financial Statements

Years Ended June 30, 2021 and 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Fair Value Measurements and Disclosures (Continued)

Convertible Notes

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

Recent Accounting Pronouncements

Leasing

In February 2016, the Financial Accounts Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-02, Leases (Topic 842). This ASU modifies lease accounting to increase transparency and comparability by recognizing lease assets and lease liabilities on the balance sheet and disclosing key information about leasing activities. The most significant change for lessees will be the recognition of both a liability to make lease payments (the lease liability) and a right-of-use asset representing its right to use the underlying asset for the lease term for those leases classified as operating leases under current GAAP. Certain accounting policy elections are permitted for leases with terms of 12 months or less. Accounting Standards Codification Topic 842, Leases ("ASC 842"), supersedes current lease requirements in FASB ASC Topic 840, Leases. The new standard is effective for nonpublic companies for annual periods beginning after December 15, 2020. In June 2020, the FASB issued 2020-05 which provided nonpublic companies with a one-year deferral of the effective date of ASC 842. Management has elected to adopt this deferral and ASU 2016-02 is effective for annual periods beginning after December 15, 2021. Management is currently evaluating the impact of the provisions of ASC 842.

Subsequent Events

In addition to refinancing its mortgage (See Note 14), GMRI also secured a $1,400,000 line of credit with Androscoggin Bank. This line has a variable interest rate equal to the Prime Rate in effect on the date of closing, as the "Prime Rate" is reported in The Wall Street Journal plus zero percent (0.00%) per annum. The Bank may adjust the interest rate monthly. The variable interest rate will be adjusted periodically as described but is subject to a 3.00% floor. The line of credit is secured by substantially all non-real estate assets of the Institute.

Subsequent to year-end, GMRI entered into a negotiation to purchase Union Wharf. GMRI will form a new for-profit Limited Liability Company which will own the Wharf and contain the debt. The purchase price is $12,350,000 with $9,300,000 financed. Management expects the close to occur prior to December 31, 2021.

Management has evaluated all other subsequent events through December 8, 2021, 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.

Notes to Consolidated Financial Statements

Years Ended June 30, 2021 and 2020

NOTE 2 – LIQUIDITY AND AVAILABILITY

The Institute strives to maintain liquid financial assets sufficient to cover 90 days of general expenditures. The following table reflects the Institute's financial assets as of June 30, 2021 and 2020, reduced by amounts that are not available to meet general expenditures within one year of the consolidated statements of financial position date because of donor restrictions or internal board designations. In the event the need arises to utilize the board-designated funds for liquidity purposes, the reserves could be drawn upon through board resolution. Amounts not available to meet general expenditures within one year also may include net assets with donor restrictions.

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

	2021	2020
Cash and cash equivalents	$ 4,500,040	$ 4,351,858
Accrued interest and dividend receivable	36,011	29,545
Promises to give, current	1,374,244	1,552,688
Accounts receivable	1,231,163	957,220
Long-term investments: designated for endowment appropriation	372,147	813,273
	$ 7,513,605	$ 7,704,584

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

The Institute's board-designated endowment of $8,317,198 and $5,548,616 as of June 30, 2021 and 2020, respectively, is subject to an annual distribution rate of 4.0 percent, as described in Note 9. Although the Institute does not intend to spend from this board-designated endowment (other than amounts appropriated for general expenditure as part of our Board's annual budget approval and appropriation), these amounts could be made available, if necessary.

NOTE 3 – CASH AND CASH EQUIVALENTS

Cash balances were held in various checking and money market accounts in various financial institutions at June 30, 2021 and 2020. These accounts are all considered cash and cash equivalents for determining the change in cash in the accompanying consolidated statements of cash flows. At June 30, 2021 and 2020, 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

Years Ended June 30, 2021 and 2020

NOTE 4 – PLEDGES RECEIVABLE AND CONDITIONAL PROMISES RECEIVABLE

Pledges receivable, net of unamortized discount and allowance for uncollectible accounts, are summarized as follows at June 30, 2021 and June 30, 2020. Interest rates based on market factors are used to discount the future payments of each respective year's pledges.

	2021	2020
Pledges receivable expected to be collected in:		
Less than one year	$ 1,374,244	$ 1,552,688
One year to five years	2,656,356	2,654,572
Over five years	-	400,000
Subtotals	4,030,600	4,607,260
Less: discount to net present value at rates ranging from 0.07% to 2.33%	(59,721)	(79,315)
Pledges receivable, net	3,970,879	4,527,945
Less: current portion, net	(1,374,244)	(1,552,688)
Pledges receivable, net of current portion	$ 2,596,635	$ 2,975,257

Management estimates the allowance for uncollectible pledges based on a review of specific pledges outstanding. An allowance was not considered necessary as of June 30, 2021 and 2020.

In addition, at June 30, 2021 and June 30, 2020, GMRI holds conditional pledges receivable in the total amount of $1,627,813 and $1,400,000, respectively, which have not been reflected in these consolidated financial statements. These are due to be received from the donors in future years upon the satisfaction of certain conditions.

NOTE 5 – PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at June 30, 2021:

	GMRI	GMPInc	GOMS	Total
Land	$1,521,336	$ 2,540,526		$ 4,061,862
Building		11,397,121		11,397,121
Site improvements	2,387,314	377,125		2,764,439
Artwork		6,345		6,345
Leasehold improvements	324,057	88,686	$ 81,414	494,157
Furniture and fixtures	212,459	302,297		514,756
Computer hardware and software	156,783		21,960	178,743
Equipment and vehicles	1,255,827	171,721	44,035	1,471,583
Exhibits	1,131,592			1,131,592
Totals	$6,969,368	$14,883,821	$147,409	$22,020,598

Notes to Consolidated Financial Statements

Years Ended June 30, 2021 and 2020

NOTE 5 – PROPERTY AND EQUIPMENT (Continued)

Property and equipment consisted of the following at June 30, 2020:

	GMRI	GMPInc	GOMS	Total
Land	$1,521,336	$ 2,540,526		$ 4,061,862
Building		11,397,121		11,397,121
Site improvements	2,387,314	377,125		2,764,439
Artwork		6,345		6,345
Leasehold improvements	324,057	88,686		412,743
Furniture and fixtures	212,459	196,798		409,257
Computer hardware and software	156,783			156,783
Equipment and vehicles	1,200,059	171,721	$87,680	1,459,460
Exhibits	1,131,592			1,131,592
Totals	$6,933,600	$14,778,322	$87,680	$21,799,602

NOTE 6 – INVESTMENTS

Following is a summary of GMRI's and GMPInc's investment securities at June 30, 2021:

	GMRI Market Value	GMPInc Market Value	Total Market Value
U.S. Treasury and government agencies	$ 2,149,575		$ 2,149,575
Equity	6,881,198		6,881,198
Non-government fixed income	1,251,281	$815,027	2,066,308
Foreign fixed income	311,011		311,011
Cash and cash equivalents	337,449	34,098	371,547
Totals	$10,930,514	$849,125	$11,779,639

Following is a summary of GMRI's and GMPInc's investment securities at June 30, 2020:

	GMRI Market Value	GMPInc Market Value	Total Market Value
U.S. Treasury and government agencies	$1,498,963		$1,498,963
Equity	4,629,244		4,629,244
Non-government fixed income	828,707	$908,502	1,737,209
Foreign fixed income	231,721		231,721
Cash and cash equivalents	862,336	42,465	904,801
Totals	$8,050,971	$950,967	$9,001,938

Notes to Consolidated Financial Statements

Years Ended June 30, 2021 and 2020

NOTE 6 – INVESTMENTS (Continued)

Investment income consists of the following as of June 30, 2021:

	GMRI	GMPInc	Total
Interest and dividends	$ 201,769	$12,863	$ 214,632
Change in beneficial interest in charitable remainder trust	45,548		45,548
Unrealized and realized gains and (losses)	2,748,579	(9,484)	2,739,095
Less: fees	(63,374)	(2,649)	(66,023)
Totals	$2,932,522	$ 730	$2,933,252

Investment income consists of the following as of June 30, 2020:

	GMRI	GMPInc	Total
Interest and dividends	$150,187	$22,673	$172,860
Change in beneficial interest in charitable remainder trust	17,750		17,750
Unrealized and realized gains and (losses)	183,736	45,050	228,786
Less: fees	(23,274)	(2,995)	(26,269)
Totals	$328,399	$64,728	$393,127

NOTE 7 – BENEFICIAL INTEREST IN POOLED INVESTMENTS HELD BY OTHERS

In 2013, GMRI established an endowment fund held by the Maine Community Foundation (the Foundation). Pursuant to the terms of the resolution establishing this fund, property contributed to the Foundation is held as a separate fund designated for the benefit of the Institute. In accordance with its spending policy, the Foundation makes distributions from the fund to GMRI. The estimated value of the future distributions from the fund is included in these consolidated financial statements and amounted to $3,096,046 and $2,323,060 at June 30, 2021 and 2020, respectively.

NOTE 8 – BENEFICIAL INTEREST IN CHARITABLE REMAINDER TRUST

In 2008, GMRI was notified that it had been named a remainderman of a charitable remainder trust established by a particular donor who passed away during that year. Under the terms of this trust, a specified life tenant is to receive an annual distribution equal to 6% of the fair market value of the trust assets, as measured annually. Upon the death of this life tenant, the remaining trust assets are then to be distributed to various charitable beneficiaries; GMRI's share is to be one-third of such assets. At June 30, 2021 and 2020, the fair value of GMRI's interest in this trust was estimated to be $220,244 and $174,696, respectively, and in accordance with GAAP is recorded as an asset within the consolidated statements of financial position.

At June 30, 2021, 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 9.5 years from that date, assumed annualized nominal rates of return for the trust assets of 5.5%, and a discount rate of 1.45%. The current year's change in the value of GMRI's interest in this trust is included in net investment income in the amount of $45,548 and the prior year change was $17,750.

Notes to Consolidated Financial Statements

Years Ended June 30, 2021 and 2020

NOTE 9 – ENDOWMENTS

As noted elsewhere in the consolidated financial statements, at June 30, 2021 and 2020, the Board of Directors had designated $8,317,198 and $5,548,616 (See Note 16), respectively, of GMRI's net assets without donor restrictions for long-term investment purposes. The purpose of these assets is to serve as a board designated endowment, the income from which is to be used to help meet the operating costs of GMRI and, if necessary, the balance of which is to provide a last-resort source of funds in the case of serious financial need.

Relevant Law

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

GMRI's endowment (the Endowment) consists of various funds established by donors to provide annual funding for specific activities and general operations. The Endowment also includes certain net assets without donor restrictions that have been designated for endowment by the Board of Directors. The Board of Directors has interpreted the Maine Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the date of the donor-restricted endowment funds, unless there are explicit donor stipulations to the contrary. At June 30, 2021 and 2020, there were no such donor stipulations. As a result of this interpretation, GMRI retains in perpetuity (a) the original value of initial and subsequent gift amounts (including promises to give net of discount and allowance for doubtful accounts donated to the Endowment; and (b) any accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added. Donor-restricted amounts not retained in perpetuity are subject to appropriation for expenditure by us in a manner consistent with the standard of prudence prescribed by UPMIFA.

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

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

Endowment Spending Policy

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

Endowment Investment Policy

GMRI has adopted a policy under which its board designated, and donor restricted endowment fund investments shall be comprised of 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.

Notes to Consolidated Financial Statements

Years Ended June 30, 2021 and 2020

NOTE 9 – ENDOWMENTS (Continued)

The Institute's endowment balances were comprised of the following as of June 30, 2021:

	Without Donor Restriction	With Donor Restrictions	Total
Board-designated endowment funds	$8,317,198	$2,627,287	$10,944,485
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	-	1,447,253	1,447,253
Accumulated investment gains	-	439,511	439,511
Total endowment net assets, end of year	$8,317,198	$4,514,051	$12,831,249

The changes in the Institute's endowment balances for the year ended June 30, 2021, were as follows:

	Without Donor Restriction	With Donor Restrictions	Total
Endowment investments, beginning of year	$5,548,616	$1,299,825	$ 6,848,441
Contributions	1,368,332	248,244	1,616,576
Investment return:			
Investment income	224,661	54,853	279,514
Net appreciation	1,408,365	338,929	1,747,294
Total investment return	228,791	393,782	281,591
Appropriation of endowment assets pursuant to spending rate-policy	(232,776)	(55,087)	(287,863)
Endowment investments, end of year	8,317,198	1,886,764	10,203,962
Promises to give for endowment, Board-designated, net of discount	-	2,627,287	2,627,287
Total endowment net assets, end of year	$8,317,198	$4,514,051	$12,831,249

Included in endowment investments as of June 30, 2021 is accrued interest and dividends receivable in the amount of $32,893.

The Institute's endowment balances were comprised of the following as of June 30, 2020:

	Without Donor Restriction	With Donor Restrictions	Total
Board-designated endowment funds	$5,548,616	$2,838,993	$8,387,609
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	-	1,200,000	1,200,000
Accumulated investment gains	-	98,993	98,993
Total endowment net assets, end of year	$5,548,616	$4,137,986	$9,686,602

Notes to Consolidated Financial Statements

Years Ended June 30, 2021 and 2020

NOTE 9 – ENDOWMENTS (Continued)

The changes in the Institute's endowment balances for the year ended June 30, 2020, were as follows:

	Without Donor Restriction	With Donor Restrictions	Total
Endowment investments, beginning of year	$4,814,216	$1,058,084	$5,872,300
Contributions	726,914	237,879	964,793
Investment return:			
Investment income	114,230	27,488	141,718
Net appreciation	114,561	25,312	139,873
Total investment return	228,791	52,800	281,591
Appropriation of endowment assets pursuant to spending rate-policy	(221,305)	(48,938)	(270,243)
Endowment investments, end of year	5,548,616	1,299,825	6,848,441
Promises to give for endowment, Board-designated, net of discount	-	2,838,161	2,838,161
Total endowment net assets, end of year	$5,548,616	$4,137,986	$9,686,602

Included in endowment investments as of June 30, 2020 is accrued interest and dividends receivable in the amount of $25,144.

NOTE 10 – FAIR VALUE MEASUREMENTS

Fair values of assets and (liabilities) measured on a recurring basis at June 30, 2021, are as follows:

	Totals	(Level 1)	(Level 2)	(Level 3)
U.S. Treasury and government agencies	$ 2,149,575	$ 2,149,575		
Domestic exchange traded funds	6,881,198	6,881,198		
Non-government fixed income	2,066,308	2,066,308		
Foreign fixed income	311,011	311,011		
Cash and cash equivalents	371,547	371,547		
Interest in pooled investments	3,096,046		$ 3,096,046	
Charitable remainder trust	220,244			$ 220,244
Total assets	$ 15,095,929	$ 11,799,639	$ 3,096,046	$ 220,244
Convertible notes	$ (950,000)			$ (950,000)
Total liabilities	$ (950,000)			$ (950,000)

Notes to Consolidated Financial Statements

Years Ended June 30, 2021 and 2020

NOTE 10 – FAIR VALUE MEASUREMENTS (Continued)

Fair values of assets measured on a recurring basis at June 30, 2020, are as follows:

	Totals	(Level 1)	(Level 2)	(Level 3)
U.S. Treasury and government agencies	$ 1,498,963	$ 1,498,963		
Domestic exchange traded funds	4,629,244	4,629,244		
Non-government fixed income	1,737,209	1,737,209		
Foreign fixed income	231,721	231,721		
Cash and cash equivalents	904,801	904,801		
Interest in pooled investments	2,323,060		$ 2,323,060	
Charitable remainder trust	174,696			$ 174,696
Totals	$ 11,499,964	$ 9,001,938	$ 2,323,060	$ 174,696

In accordance with the FASB ASU, *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 and liabilities classified as Level 3 measurements during the years ended June 30, 2021 and 2020, on such a basis:

Assets:	2021	2020
Balance at beginning of year	$ 174,696	$ 156,946
Gain included in changes in net assets	45,548	17,750
Market value at end of year	$ 220,244	$ 174,696

Liabilities:	2021	2020
Balance at beginning of year	$ -	$ -
Issuance of convertible debt	950,000	-
Market value at end of year	$ 950,000	$ -

NOTE 11 – LINES OF CREDIT

At June 30, 2021 and 2020, 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% (2.44% as of June 30, 2021), is payable on demand, and is secured by collateral comprising certain investments whose combined market value as of June 30, 2021 and 2020, amounted to $762,563 and $765,818, respectively. There were no outstanding balances on this credit line at June 30, 2021 and 2020. The second line of credit bears interest at prime, plus 0.25%, with a floor of 4.00% (4.00% as of June 30, 2021), and is secured by all business assets of GMRI. This credit line expires on February 28, 2022, is payable monthly, and is subject to a maximum credit limit of $1,000,000. There was no balance outstanding on this credit line at June 30, 2021 and 2020.

Both credit lines were closed subsequent to year-end and a new credit line was established (See Note 1 Subsequent Events).

Notes to Consolidated Financial Statements

Years Ended June 30, 2021 and 2020

NOTE 12 – REFUNDABLE ADVANCE

At June 30, 2020, the Organization had a refundable advance liability of $594,540. This amount represents the receipt of an award from the Small Business Administration's (SBA) Paycheck Protection Program (PPP) as a result of legislation passed to assist businesses in navigating the Coronavirus pandemic. The total amount awarded was $1,082,300. The Organization has determined the award is a conditional grant and has applied the policy as described in Note 1. Accordingly, the award is reported as a refundable advance liability until the conditions are substantially met or explicitly waived.

The Organization has interpreted the condition of the award to be the incurrence of eligible expenditures, adjusted for any decrease in full time equivalents and or salary/wage limitations, recognized ratably over the covered period of 24 weeks. Should the conditions of the award not be substantially met or explicitly waived, all or a portion of the award will be treated as a loan bearing interest at 1%.

Subsequent to June 30, 2020, the Institute applied for, and was approved by the SBA for, full forgiveness of the loan. The amount of revenue recognized for eligible expenses incurred and paid for the years ended June 30, 2021 and 2020, amounted to $594,540 and $487,760, respectively, and is included in other income in the consolidated statements of activities.

In addition, both NEMM, and GOMS received funds under this same legislation. NEMM received $47,400 and GOMS received $44,700. As of June 30, 2020, those amounts were recorded as liabilities as noted in Note 14. During the Organization's fiscal year end, both Companies applied for, and received, full forgiveness of the loans. Those amounts were then reclassed to revenue and are included in other income in the consolidated statements of activities.

NOTE 13 – CAPITAL LEASE

During 2017, GMRI entered 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 is included in depreciation expense.

The leased property under capital lease at June 30, 2021 and 2020, are as follows:

	2021	2020
Equipment	$ 13,255	$ 13,255
Less accumulated depreciation	10,604	7,954
Net book value of equipment under capital lease	$ 2,651	$ 5,301

The net present value of the future minimum lease payments at June 30, 2021 and 2020, are as follows:

	2021	2020
Present value of minimum lease payments	$ 1,550	$ 4,448
Less current portion	1,550	2,733
Long-term capital lease obligation	$ -	$ 1,755

Notes to Consolidated Financial Statements

Years Ended June 30, 2021 and 2020

NOTE 13 – CAPITAL LEASE (Continued)

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

Year ending June 30:

2022	$ 1,583
Total lease payments	1,583
Amount representing interest	33
Present value of minimum lease payments	$ 1,550

NOTE 14 – NOTES PAYABLE

A summary of notes payable as of June 30, 2021 and 2020, is as follows:

	2021	2020
$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. Subsequent to year-end this note was refinanced with a different bank at the principal amount of $2,860,000 with a fixed interest rate of 3.35% to be amortized over 25 years with an approximate balloon payment in year ten of $1,990,000.	$ 2,819,513	$ 2,951,563
$500,000 non-restoring line of credit with a local bank, interest rate at LIBOR + 1.85%, to be repaid based on a 5-year amortization. The note was paid in full during fiscal year 2021.	-	265,605
GOMS note payable to People's United Bank with interest of 1% accruing for the first 6 months. This note represents the receipt of an award from the Small Business Administration's Paycheck Protection Program as a result of legislation passed to assist businesses in navigating the Coronavirus pandemic. Management received full forgiveness of the note in fiscal year 2021.	-	44,700
NEMM note payable to People's United Bank with interest of 1% accruing for the first 6 months. This note represents the receipt of an award from the Small Business Administration's Paycheck Protection Program as a result of legislation passed to assist businesses in navigating the Coronavirus pandemic. Management received full forgiveness of the note in fiscal year 2021.	-	47,400
	2,819,513	3,309,268
Less: current portion	99,345	331,320
Less: deferred loan financing costs	5,555	18,803
Long-term portion, net	$ 2,714,613	$ 2,959,145

The bond and working capital loan, along with the lines of credit (See Note 11), 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.

Notes to Consolidated Financial Statements

Years Ended June 30, 2021 and 2020

NOTE 14 – NOTES PAYABLE (Continued)

Interest expense for the years ended June 30, 2021 and 2020 was $128,802 and $135,735, respectively.

Expected maturities of the notes payable based on current interest rates and the new refinancing terms are as follows:

2022	$ 99,345
2023	75,857
2024	78,437
2025	81,106
2026	83,865
Thereafter	2,400,903
	$ 2,819,513

The entirety of the qualified tax-exempt bond note is due on November 30, 2021. Subsequent to year-end the Organization refinanced this note and the above current portion reflects amortization under the new terms established in the refinancing.

NOTE 15 – CONVERTIBLE NOTES PAYABLE

From October 2020 through May 2021, GOMS issued convertible notes payable for aggregate cash proceeds of $1,000,000. The notes accrue interest at 4% and all accrued interest and principal is due 60 months from the date of the note.

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

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

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

The note is subordinated to certain entities. All payments under these notes shall be applied first to accrued but unpaid interest, and next to outstanding principal. Interest accrued under these notes totaled $14,223 as of June 30, 2021.

GOMS elected the fair value option of accounting in accordance with ASC 825 for the convertible notes payable upon issuance to reduce accounting complexity. Fair value is measured on a recurring basis and related unrealized gains or losses are recognized in unrealized gain on change in fair value of convertible notes payable in the statements of activities. The fair value for the convertible notes payable is estimated based on a market analysis that was completed in May 2021. During the year ended June 30, 2021, GOMS recorded no gain or loss on the change in fair value.

Notes to Consolidated Financial Statements

Years Ended June 30, 2021 and 2020

NOTE 16 – NET ASSETS

Net assets without donor restrictions, but are designated by the Board for specific uses, consisted of the following as of June 30, 2021 and 2020:

	2021	2020
Board-designated net assets:		
Waldron reserve fund	$ 762,564	$ 765,818
Endowment funds	8,317,198	5,548,616
Reserved for research and scientist guarantee surpluses	236,566	186,174
Reserved for capital projects and equipment and other	1,260,648	902,671
Capacity building	291,651	62,140
GMPInc	731,659	723,246
	$11,600,286	$ 8,188,665

Net assets with donor restrictions consisted of the following as of June 30, 2021 and 2020:

Net Assets with Donor Restriction:	2021	2020
Subject to expenditure for specified purpose:		
Future program expenses	$ 3,414,440	$ 3,502,128
Subject to the passage of time:		
Beneficial interests in charitable remainder trusts	220,244	174,696
Promises to give that are not restricted by donors, but which are unavailable for expenditure until due	1,253,592	1,502,607
	4,888,276	5,179,431
Endowments:		
Subject to GMRI's spending policy and appropriation:		
Unconditional promises to give, net – donor restricted for general endowment	2,627,287	2,838,993
General use	439,511	98,993
Endowments investments held in perpetuity	1,447,253	1,200,000
	4,514,051	4,137,986
Not subject to spending policy or appropriation:		
Pooled investments held by community foundation	3,096,046	2,323,060
Unconditional promises to give, net – donor restricted for pooled investments held by community foundation	90,000	181,080
	3,186,046	2,504,140
	$12,588,373	$11,821,557

Notes to Consolidated Financial Statements

Years Ended June 30, 2021 and 2020

NOTE 17 – NET ASSETS RELEASED FROM RESTRICTIONS

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other events specified by the donors as follows for the years ended June 30, 2021 and 2020:

	2021	2020
Satisfaction of purpose restrictions		
Research	$ 114,351	$ 133,817
Convening	513,017	567,151
Education	655,739	617,883
Climate center	241,340	-
Development	217,500	253,500
Business development	431,978	515,345
Management	17,413	2,745
Endowment	1,268,425	244,319
General purpose spending-rate distributions and appropriations from endowments	55,087	48,938
	$ 3,514,850	$ 2,383,698

NOTE 18 – 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 June 30, 2021 and 2020, GMPInc was the sole unit owner of the units thus created. As of and for the years ended June 30, 2021 and 2020, Gulf of Maine Properties I had no financial activity or balances.

NOTE 19 – RETIREMENT PLAN

GMRI sponsors a Section 401(k) plan for its employees. Under the 401(k) plan, participant eligibility is established upon the completion of one year of employment constituted by at least 1,000 hours of service. Total retirement expense under this plan for the years ended June 30, 2021 and 2020, was $260,538 and $208,368, respectively.

NOTE 20 – RELATED PARTY COMPENSATION

Executive Employment Agreement - Effective January 1, 2016, the Institute entered into an employment agreement with their executive. The total compensation under the agreement was contingent upon the executive’s employment through December 31, 2020 and reaching long-term goals. This contract was amended and extended the executive’s employment through December 31, 2023. Portions are pro-rated based on months of employment should the executive voluntarily leave, or the Board dismisses the executive for other than cause before that date. The agreement includes:

- Annual performance payments for success against financial and other organizational goals, as determined by the Board of Directors. In 2021 and 2020, $39,880 and $56,862 was earned, respectively.

- Deferred incentive compensation for progress on meeting long-term financial goals from 2015 through 2023, under which payments will be made starting in 2021. At June 30, 2021 and 2020, the total accrual was $230,013 and $212,571, respectively.

Notes to Consolidated Financial Statements

Years Ended June 30, 2021 and 2020

NOTE 20 – RELATED PARTY COMPENSATION (Continued)

- A non-qualified supplemental retirement plan under Sections 409 and 457 of the Internal Revenue Code with a total obligation up to $800,000. The Plan is fully vested by December 2023 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 started in 2021.

NOTE 21 – CONTINGENCIES

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

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

NOTE 22 – ECONOMIC DEPENDENCY

The Institute receives a substantial portion of its total revenues from contributions. For the years ended June 30, 2021 and 2020, the Institute received approximately 38% and 57%, respectively, of its total revenues from contributions.

NOTE 23 – RISK AND UNCERTAINTIES

Beginning in March 2021, the United States economy began suffering adverse effects from the COVID 19 Virus Crisis ("CV19 Crisis"). As of the date of issuance of the consolidated financial statements, the Institute had not yet suffered material adverse impact from the CV19 Crisis. The future impact of the CV19 Crisis on the Institute, cannot be reasonably estimated at this time.

NOTE 24 – SALE OF SUBSIDIARY

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

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

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

The $100,000 cash received net of the funds invested and losses incurred by GMRI on the subsidiary resulted in a gain of $21,070 on the sale of the subsidiary for the year ended June 30, 2021. This gain is included in other income on the statement of activities.

As a result of the sale of the subsidiary, the net cash on hand for the subsidiary was $22,580 and is reported as a cash outflow in the consolidated statements of cash flows.

Independent Auditor's Report on Supplementary Information

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

We have audited the consolidated financial statements of Gulf of Maine Research Institute and its Subsidiaries, Gulf of Maine Properties, Inc., Gulf of Maine Sashimi, Inc., and New England Marine Monitoring, Inc. for the years ended June 30, 2021 and 2020, and have issued our report thereon dated December 8, 2021, 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 30-32 are presented for purposes of additional analysis and are not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audits 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. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Wipfli LLP

Wipfli LLP

South Portland, Maine
December 8, 2021

GULF OF MAINE RESEARCH INSTITUTE AND ITS SUBSIDIARIES
Consolidating Schedule of Financial Position
June 30, 2021
(with summarized comparative consolidated totals at June 30, 2020)

	2021					2020
	Gulf of Maine Research Institute	Gulf of Maine Properties, Inc.	Gulf of Maine Sashimi, Inc.	Eliminations	Consolidated Totals	Consolidated Totals
ASSETS						
Current assets:						
Cash and cash equivalents	$ 5,545,387	$ 218,627	$ 524,891	$ -	$ 6,288,905	$ 5,502,843
Accrued interest and dividend receivable	36,011	-	-	-	36,011	29,545
Promises to give, current	1,374,244	-	-	-	1,374,244	1,552,688
Accounts receivable, net	1,233,627	6,153	50,684	(59,301)	1,231,163	957,220
Inventory	-	-	18,654	-	18,654	-
Security deposit	-	-	3,300	-	3,300	3,992
Prepaid expenses	77,736	101,762	11,917	-	191,415	172,402
Total current assets	8,267,005	326,542	609,446	(59,301)	9,143,692	8,218,690
Property and equipment:						
Property and equipment	6,989,368	14,883,821	147,409	-	22,020,598	21,799,602
Less: accumulated depreciation/amortization	(2,369,937)	(5,396,442)	(47,560)	-	(7,813,939)	(7,161,941)
Net property and equipment	4,619,431	9,487,379	99,849	-	14,206,659	14,637,661
Other non-current assets:						
Long-term investments:						
Designated for capital and operations	759,445	849,125	-	-	1,608,570	2,178,641
Designated for endowment	10,171,069	-	-	-	10,171,069	6,823,297
Beneficial interest in pooled investments held by others	3,096,046	-	-	-	3,096,046	2,323,060
Promises to give, non-current, net of amortized discount	2,596,635	-	-	-	2,596,635	2,975,257
Beneficial interest in charitable remainder trust	220,244	-	-	-	220,244	174,696
Note receivable	50,000	-	-	(50,000)	-	-
Investment in subsidiary	(356,582)	-	-	356,582	-	-
Total other non-current assets	16,536,857	849,125	-	306,582	17,692,564	14,474,951
Total assets	**$ 29,423,293**	**$ 10,663,046**	**$ 709,295**	**$ 247,281**	**$ 41,042,915**	**$ 37,331,302**
LIABILITIES AND NET ASSETS						
Current liabilities:						
Current portion of long-term debt	$ -	$ 99,345	$ -	$ -	$ 99,345	$ 331,320
Current portion of capital lease payable	1,550	-	-	-	1,550	2,733
Accounts payable	406,754	83,843	34,417	(59,301)	465,713	435,208
Refundable advance	-	-	-	-	-	594,540
Accrued vacation	203,190	-	-	-	203,190	275,819
Accrued payroll liabilities	384,647	-	15,993	-	400,640	398,070
Current portion of accrued incentive compensation	194,876	-	-	-	194,876	-
Deferred revenue	-	17,685	1,244	-	18,929	13,835
Total current liabilities	1,191,017	200,873	51,654	(59,301)	1,384,243	2,051,525
Long-term liabilities:						
Long-term debt, net of current portion	-	2,714,613	-	-	2,714,613	2,959,145
Capital lease payable, net of current portion	-	-	-	-	-	1,755
Accrued incentive compensation	625,016	-	-	-	625,016	440,104
Convertible notes payable, at fair value	-	-	1,000,000	(50,000)	950,000	-
Accrued interest on convertible notes payable	-	-	14,223	-	14,223	-
Security deposit payable	980	11,401	-	-	12,381	12,381
Total long-term liabilities	625,996	2,726,014	1,014,223	(50,000)	4,316,233	3,413,385
Total liabilities	1,817,013	2,926,887	1,065,877	(109,301)	5,700,476	5,464,910
NET ASSETS (DEFICIT)						
Without donor restrictions:						
Undesignated	(472,756)	180,481	(356,582)	356,582	(292,275)	42,201
Board-designated	10,868,627	731,659	-	-	11,600,286	8,188,665
Investment in property, equipment and site acquisition cost	4,622,036	6,824,019			11,446,055	11,813,969
Total without donor restrictions	15,017,907	7,736,159	(356,582)	356,582	22,754,066	20,044,835
With donor restrictions	12,588,373	-	-	-	12,588,373	11,821,557
Total net assets	27,606,280	7,736,159	(356,582)	356,582	35,342,439	31,866,392
Total liabilities and net assets	**$ 29,423,293**	**$ 10,663,046**	**$ 709,295**	**$ 247,281**	**$ 41,042,915**	**$ 37,331,302**

See accompanying independent auditor's report on supplementary information.

GULF OF MAINE RESEARCH INSTITUTE AND ITS SUBSIDIARIES
Consolidating Schedule of Activities
For the Year Ended June 30, 2021
(with summarized comparative consolidated totals for the year ended June 30, 2020)

	Gulf of Maine Research Institute						Gulf of Maine Properties, Inc.				Gulf of Maine Sashimi, Inc.	New England Marine Monitoring, Inc.			
	Without Donor Restriction			With Donor Restriction			Without Donor Restriction				Without Donor Restriction	Without Donor Restriction		2021	2020
	Programs & Support	Property & Equipment	Board Designated	Program & Support	Endowment	Total	Operations	Property & Equipment	Board Designated	Total	Operations	Operations	Eliminations	Consolidated Totals	Consolidated Totals
Support and revenue:															
Federal and state grants	$ 4,967,594	$ 40,518	$ -	$ 4,060	$ -	$ 5,012,172	$ -	$ -	$ -	$ -	$ 3,000	$ 703,378	$ -	$ 5,718,550	$ 5,862,925
Contributions	2,915,093	-	518,728	2,889,304	252,839	6,575,964	-	-	-	-	-	-	-	6,575,964	8,995,426
Investment income	101,692	-	1,716,784	439,329	674,717	2,932,522	562		168	730	-	-	-	2,933,252	393,127
In-kind income	232,981	-	-	-	-	232,981	-	-	-	-	-	-	-	232,981	67,181
Contract income	443,517	-	-	-	-	443,517	-	-	-	-	-	10,500	-	454,017	308,124
Rental income	-	-	-	-	-	-	908,690	-	-	908,690	-	-	(678,296)	230,394	197,425
Property management fee	102,140	-	-	-	-	102,140	-	-	-	-	-	-	(97,100)	5,040	6,790
Conferences & consulting income	500	-	-	17,809	-	18,309	-	-	-	-	-	-	-	18,309	139,660
Sales	-	-	-	-	-	-	-	-	-	-	625,960	-	-	625,960	241,807
Other income	610,315	-	-	-	-	610,315	-	-	-	-	41,700	47,400	-	699,415	591,783
Net assets released from restrictions	2,394,688	15,250	1,104,912	(3,514,850)	-	-	-	-	-	-	-	-	-	-	-
Total support and revenue	11,768,520	55,768	3,340,424	(164,348)	927,556	15,927,920	909,252	-	168	909,420	670,660	761,278	(775,396)	17,493,882	16,804,248
Expenses:															
Program expenses:															
Research	2,408,846	-	-	-	-	2,408,846	-	-	-	-	-	-	-	2,408,846	2,761,803
Education	2,220,396	-	-	-	-	2,220,396	-	-	-	-	-	-	-	2,220,396	2,656,305
Community	1,710,256	-	-	-	-	1,710,256	-	-	-	-	-	-	-	1,710,256	1,805,528
Business development	448,850	-	-	-	-	448,850	-	-	-	-	-	-	-	448,850	137,877
Subsidiary expenses	-	-	-	-	-	-	-	-	-	-	1,179,899	912,511	-	2,092,410	803,068
Support services:															
Development	1,368,592	-	-	-	-	1,368,592	-	-	-	-	-	-	-	1,368,592	1,179,358
Management, general & facilities	3,271,914	265,822	-	-	-	3,537,736	667,527	338,618	-	1,006,145	-	-	(775,396)	3,768,485	3,865,330
Total expenses	11,428,854	265,822				11,694,676	667,527	338,618		1,006,145	1,179,899	912,511	(775,396)	14,017,835	13,209,269
Change in net assets before transfers and loss from subsidiaries	339,666	(210,054)	3,340,424	(164,348)	927,556	4,233,244	241,725	(338,618)	168	(96,725)	(509,239)	(151,233)		3,476,047	3,594,979
Other transfers	(38,285)	2,938	62,783	4,118	(510)	31,044	(217,110)	177,820	8,246	(31,044)	-	-	-	-	-
Total transfers	(38,285)	2,938	62,783	4,118	(510)	31,044	(217,110)	177,820	8,246	(31,044)	-	-	-	-	-
Loss from subsidiaries	(660,472)	-	-	-	-	(660,472)	-	-	-	-	-	-	660,472	-	-
Total loss from subsidiaries	(660,472)	-	-	-	-	(660,472)	-	-	-	-	-	-	660,472	-	-
Change in net assets	(359,091)	(207,116)	3,403,207	(160,230)	927,046	3,603,816	24,615	(160,798)	8,414	(127,769)	(509,239)	(151,233)	660,472	3,476,047	3,594,979
Net assets, beginning of year	(113,665)	4,829,152	7,465,420	8,115,124	3,706,433	24,002,464	155,866	6,984,817	723,245	7,863,928	77,657	30,163	(107,820)	31,866,392	28,271,413
Capital contribution											75,000	200,000	(275,000)	-	-
Sale of subsidiary												(78,930)	78,930	-	-
Net assets, end of year	**$ (472,756)**	**$ 4,622,036**	**$ 10,868,627**	**$ 7,954,894**	**$ 4,633,479**	**$ 27,606,280**	**$ 180,481**	**$ 6,824,019**	**$ 731,659**	**$ 7,736,159**	**$ (356,582)**	**$ -**	**$ 356,582**	**$ 35,342,439**	**$ 31,866,392**

See accompanying independent auditor's report on supplementary information.

GULF OF MAINE RESEARCH INSTITUTE AND ITS SUBSIDIARIES
Consolidating Schedule of Cash Flows
For the Year Ended June 30, 2021
(with comparative consolidated totals for the year ended June 30, 2020)

	2021						2020
	Gulf of Maine Research Institute	**Gulf of Maine Properties, Inc.**	**Gulf of Maine Sashimi, Inc.**	**New England Marine Monitoring Inc.**	**Eliminations**	**Consolidated Totals**	**Consolidated Totals**
Cash flows from operating activities:							
Change in net assets	$ 3,603,816	$ (127,769)	$ (509,239)	$ (151,233)	$ 660,472	$ 3,476,047	$ 3,594,979
Adjustments to reconcile change in net assets to net cash and cash equivalents provided by (used in) operating activities:							
Depreciation	265,822	338,618	47,560	-	-	652,000	618,322
Realized/unrealized gain on investments	(2,748,579)	9,484	-	-	-	(2,739,095)	(228,786)
Gain on sale of subsidiary	(21,070)	-	-	-	-	(21,070)	-
Forgiveness of debt	-	-	(44,700)	(47,400)	-	(92,100)	-
Reinvested dividends and interest	(127,151)	-	-	-	-	(127,151)	-
Earnings from subsidiaries	660,472	-	-	-	(660,472)	-	-
Change in pledge discount	(19,594)	-	-	-	-	(19,594)	(41,806)
Change in value in charitable remainder trust	(45,548)	-	-	-	-	(45,548)	(17,750)
Permanently restricted contributions	(249,753)	-	-	-	-	(249,753)	-
Deferred loan financing costs	-	13,248	-	-	-	13,248	13,248
(Increase) decrease in assets:							
Accrued interest and dividend receivable	(6,466)	-	-	-		(6,466)	(2,896)
Net promises to give	575,879	-	781	-	-	576,660	(892,768)
Accounts receivable	(356,129)	6,616	(40,782)	(134,357)	-	(524,652)	(81,905)
Inventory	-	-	(18,654)	-	-	(18,654)	-
Security deposit	-	-	-	(475)	-	(475)	(3,992)
Prepaid expenses	11,024	(25,166)	(8,926)	(3,334)	-	(26,402)	(32,745)
Increase (decrease) in liabilities:							
Accounts payable	126,317	(20,876)	(571)	106,726	-	211,596	(3,258)
Refundable advance	(594,540)	-	-	-	-	(594,540)	594,540
Accrued vacation	(72,629)	-	-	-	-	(72,629)	137,325
Accrued payroll liabilities	6,095	-	15,598	2,701	-	24,394	115,196
Accrued incentive compensation	379,788	-	-	-	-	379,788	109,395
Deferred revenue	-	3,850	1,244	-	-	5,094	13,835
Accrued interest	-	-	14,223	-	-	14,223	-
Security deposit payable	-	-	-	-	-	-	5,893
Net cash and cash equivalents provided by (used in) operating activities	1,387,754	198,005	(543,466)	(227,372)	-	814,921	3,896,827
Cash flows from investing activities:							
Capital contribution - subsidiaries	(275,000)	-	75,000	200,000	-	-	-
Purchase of property and equipment	(55,769)	(105,500)	(59,729)	-	-	(220,998)	(377,991)
Purchase of investments	(1,713,853)	(17,898)	-	-	-	(1,731,751)	(3,288,615)
Proceeds from sale of investments	937,054	110,256	-	-	-	1,047,310	2,410,492
Proceeds from sale of subsidiary	100,000	-	-	-	-	100,000	-
Net cash outflow from deconsolidation of subsidiary	-	-	-	(22,580)	-	(22,580)	-
Net cash and cash equivalents provided by (used in) investing activities	(1,007,568)	(13,142)	15,271	177,420	-	(828,019)	(1,256,114)
Cash flows from financing activities:							
Proceeds from issuance of debt	(50,000)	-	1,000,000		-	950,000	92,100
Repayments on long-term debt	(265,605)	(132,050)	-	-	-	(397,655)	(664,188)
Repayments on capital lease	(2,938)	-	-	-	-	(2,938)	(2,733)
Permanently restricted contributions	249,753	-	-	-	-	249,753	-
Net cash and cash equivalents provided by (used in) financing activities	(68,790)	(132,050)	1,000,000	-	-	799,160	(574,821)
Net change in cash and cash equivalents	311,396	52,813	471,805	(49,952)	-	786,062	2,065,892
Cash and cash equivalents, beginning of year	5,233,991	165,814	53,086	49,952		5,502,843	3,436,951
Cash and cash equivalents, end of year	**$ 5,545,387**	**$ 218,627**	**$ 524,891**	**$ -**	**$ -**	**$ 6,288,905**	**$ 5,502,843**
Supplemental disclosure of cash flow information:							
Cash paid during the year for interest	**$ 3,479**	**$ 109,939**	**$ 272**	**$ 889**	**$ -**	**$ 114,579**	**$ 135,735**

See accompanying independent auditor's report on supplementary information.