

Gulf of Maine Research Institute

Consolidated Financial Statements and
Supplemental Information

Years Ended June 30, 2022 and 2021



WIPFLI

Independent Auditor's Report

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

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the 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., Union Wharf, LLC, and Gulf of Maine Ventures, LLC which comprise the consolidated statements of financial position as of June 30, 2022 and 2021, 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.

In our opinion, the accompanying consolidated financial statements referred to above present fairly, in all material respects, the financial position of Gulf of Maine Research Institute and its Subsidiaries as of June 30, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America ("GAAP").

Basis for Opinion

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

Responsibilities of Management for the Consolidated Financial Statements

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

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Gulf of Maine Research Institute and its Subsidiaries' ability to continue as a going concern for one year after the date the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Gulf of Maine Research Institute and its Subsidiaries' internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Gulf of Maine Research Institute and its Subsidiaries' ability to continue as a going concern for a reasonable period of time.


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

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating schedules 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 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 16, 2022, 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. The financial statements of Gulf of Maine Properties, Inc., Gulf of Maine Sashimi, Inc., Union Wharf, LLC, and Gulf of Maine Ventures, LLC were not audited in accordance with *Government Auditing Standards* as these entities did not receive federal funding.

A handwritten signature in black ink that reads "Wipfli LLP". The signature is written in a cursive, flowing style.

Wipfli LLP
South Portland, Maine
December 16, 2022

GULF OF MAINE RESEARCH INSTITUTE AND ITS SUBSIDIARIES
Consolidated Statements of Financial Position
June 30, 2022 and 2021

| | 2022 | 2021 |
|---|----------------------|----------------------|
| ASSETS | | |
| Current assets: | | |
| Cash and cash equivalents | \$ 8,274,717 | \$ 6,288,905 |
| Accrued interest and dividend receivable | 38,722 | 36,011 |
| Promises to give, current | 1,688,904 | 1,374,244 |
| Accounts receivable | 1,607,061 | 1,231,163 |
| Inventory | 98,137 | 18,654 |
| Security deposit | 3,300 | 3,300 |
| Prepaid expenses | 186,431 | 191,415 |
| Total current assets | 11,897,272 | 9,143,692 |
| Property and equipment: | | |
| Property and equipment | 34,604,364 | 22,020,598 |
| Less: accumulated depreciation/amortization | 8,595,993 | 7,813,939 |
| Net property and equipment | 26,008,371 | 14,206,659 |
| Other non-current assets: | | |
| Long-term investments: | | |
| Designated for capital and operations | 840,541 | 1,608,570 |
| Designated for endowment | 9,871,742 | 10,171,069 |
| Incentive compensation | 697,870 | - |
| Beneficial interest in pooled investments held by others | 2,810,173 | 3,096,046 |
| Promises to give, non-current, net of amortized discount | 2,079,790 | 2,596,635 |
| Beneficial interest in charitable remainder trust | 157,740 | 220,244 |
| Total other non-current assets | 16,457,856 | 17,692,564 |
| Total assets | \$ 54,363,499 | \$ 41,042,915 |
| LIABILITIES AND NET ASSETS | | |
| Current liabilities: | | |
| Current portion of long-term debt | \$ 309,643 | \$ 99,345 |
| Current portion of capital lease payable | - | 1,550 |
| Accounts payable | 779,250 | 465,713 |
| Accrued vacation | 227,256 | 203,190 |
| Accrued payroll liabilities | 146,195 | 400,640 |
| Accrued income tax | 21,142 | - |
| Accrued interest | 21,750 | - |
| Current portion of accrued incentive compensation | 159,224 | 194,876 |
| Deferred revenue | 65,893 | 18,929 |
| Total current liabilities | 1,730,353 | 1,384,243 |
| Long-term liabilities: | | |
| Long-term debt, net of current portion | 15,219,669 | 2,714,613 |
| Accrued incentive compensation | 721,392 | 625,016 |
| Convertible notes payable, at fair value | 1,405,000 | 950,000 |
| Accrued interest on convertible notes payable | 56,356 | 14,223 |
| Security deposit payable | 28,556 | 12,381 |
| Total long-term liabilities | 17,430,973 | 4,316,233 |
| Total liabilities | 19,161,326 | 5,700,476 |
| NET ASSETS (DEFICIT) AND EQUITY | | |
| Additional paid in capital | 99,441 | - |
| Without donor restrictions: | | |
| Undesignated | (604,947) | (292,275) |
| Board-designated | 10,482,038 | 11,600,286 |
| Investment in property, equipment and site acquisition cost | 10,861,274 | 11,446,055 |
| Total without donor restrictions | 20,738,365 | 22,754,066 |
| With donor restrictions | 14,364,367 | 12,588,373 |
| Total net assets | 35,102,732 | 35,342,439 |
| Total net assets and equity | 35,202,173 | 35,342,439 |
| Total liabilities and net assets and equity | \$ 54,363,499 | \$ 41,042,915 |

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, 2022

| | <u>Without Donor Restrictions</u> | <u>With Donor Restrictions</u> | <u>Total</u> |
|---------------------------------------|---------------------------------------|------------------------------------|----------------------|
| Support and revenue: | | | |
| Federal and state grants | \$ 6,570,348 | \$ 303,616 | \$ 6,873,964 |
| Contributions | 2,999,166 | 4,948,624 | 7,947,790 |
| Investment income (loss) | (1,200,456) | (705,531) | (1,905,987) |
| In-kind income | 452,081 | - | 452,081 |
| Contract income | 370,047 | 9,579 | 379,626 |
| Rental income | 972,858 | - | 972,858 |
| Property management fee | 5,040 | - | 5,040 |
| Sales | 988,391 | - | 988,391 |
| Other income | 2,638 | - | 2,638 |
| Net assets released from restrictions | 2,780,294 | (2,780,294) | - |
| Total support and revenue | 13,940,407 | 1,775,994 | 15,716,401 |
| Expenses: | | | |
| Program expenses: | | | |
| Research | 2,796,167 | - | 2,796,167 |
| Education | 2,746,204 | - | 2,746,204 |
| Community | 1,947,774 | - | 1,947,774 |
| Business development | 870,840 | - | 870,840 |
| Subsidiary expenses | 2,270,575 | - | 2,270,575 |
| Support services: | | | |
| Development | 1,212,627 | - | 1,212,627 |
| Management, general & facilities | 4,111,921 | - | 4,111,921 |
| Total expenses | 15,956,108 | - | 15,956,108 |
| Change in net assets | (2,015,701) | 1,775,994 | (239,707) |
| Net assets, beginning of year | 22,754,066 | 12,588,373 | 35,342,439 |
| Net assets, end of year | \$ 20,738,365 | \$ 14,364,367 | \$ 35,102,732 |

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

| | <u>Without Donor Restrictions</u> | <u>With Donor Restrictions</u> | <u>Total</u> |
|---------------------------------------|---------------------------------------|------------------------------------|----------------------|
| 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 Functional Expenses
For the Year Ended June 30, 2022

| | Program Services | | | | | | | Management and General | | | Development | Total |
|---|---------------------|---------------------|---------------------|----------------------|-----------------------------|-------------------|------------------------|----------------------------------|------------------------------|-------------------|---------------------|----------------------|
| | Research Programs | Education Programs | Community Programs | Business Development | Gulf of Maine Sashimi, Inc. | Union Wharf, LLC | Total Program Services | GMRI Management & Administration | GMPInc Operations Facilities | Total | | |
| Salaries | \$ 1,562,238 | \$ 812,275 | \$ 644,259 | \$ 298,158 | \$ 451,306 | \$ - | \$ 3,768,236 | \$ 1,591,091 | \$ - | \$ 1,591,091 | \$ 770,815 | \$ 6,130,142 |
| Fringe benefits, net | 596,817 | 309,144 | 249,584 | 116,281 | 86,071 | - | 1,357,897 | 639,676 | - | 639,676 | 228,647 | 2,226,220 |
| Supplies & materials | 32,586 | 20,391 | 10,321 | 4,044 | 884,246 | - | 951,588 | 92,518 | - | 92,518 | 25,771 | 1,069,877 |
| Sub-contracted services | 265,388 | 980,532 | 112,280 | 40,289 | 44,651 | - | 1,443,140 | 388,928 | - | 388,928 | 53,751 | 1,885,819 |
| In-kind expense | - | - | 234,098 | 217,983 | - | - | 452,081 | - | - | - | - | 452,081 |
| Facilities | 11,710 | 8,409 | 3,855 | 179 | 114,670 | 161,268 | 300,091 | 44,126 | 859,970 | 904,096 | 1,341 | 1,205,528 |
| Other administrative expenses | 19,443 | 7,100 | 14,017 | 1,963 | 123,292 | 400,621 | 566,436 | 449,502 | - | 449,502 | 60,527 | 1,076,465 |
| Travel & entertainment | 29,489 | 32,171 | 42,755 | 2,382 | 4,450 | - | 111,247 | 43,749 | - | 43,749 | 27,275 | 182,271 |
| Special direct costs | 278,496 | 576,182 | 636,605 | 189,561 | - | - | 1,680,844 | 2,361 | - | 2,361 | 44,500 | 1,727,705 |
| Total Expenses Before Indirect Charge | 2,796,167 | 2,746,204 | 1,947,774 | 870,840 | 1,708,686 | 561,889 | 10,631,560 | 3,251,951 | 859,970 | 4,111,921 | 1,212,627 | 15,956,108 |
| Indirect Charged to Direct Research and Development | | | | | | | | | | | | |
| Indirect | 1,125,893 | 706,960 | 514,926 | 233,952 | - | - | 2,581,731 | (3,138,466) | - | (3,138,466) | 556,735 | - |
| Special indirect | 578 | 27,545 | 28,320 | 9,467 | - | - | 65,910 | (68,769) | - | (68,769) | 2,859 | - |
| Total Expenses After Indirect Charge | \$ 3,922,638 | \$ 3,480,709 | \$ 2,491,020 | \$ 1,114,259 | \$ 1,708,686 | \$ 561,889 | \$ 13,279,201 | \$ 44,716 | \$ 859,970 | \$ 904,686 | \$ 1,772,221 | \$ 15,956,108 |

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 |
|---|---------------------|---------------------|---------------------|----------------------|-----------------------------|-------------------------------------|------------------------|-----------------------------|-----------------------|-------------------|---------------------|----------------------|
| | Research Programs | Education Programs | Community Programs | Business Development | Gulf of Maine Sashimi, Inc. | New England Marine Monitoring, Inc. | Total Program Services | GMRI | GMPinc | | | |
| | | | | | | | | 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 Statements of Cash Flows
For the Years Ended June 30, 2022 and 2021

| | 2022 | 2021 |
|--|---------------------|---------------------|
| Cash flows from operating activities: | | |
| Change in net assets | \$ (239,707) | \$ 3,476,047 |
| Adjustments to reconcile change in net assets to net cash and cash equivalents provided by operating activities: | | |
| Depreciation | 802,027 | 652,000 |
| Gain on fixed asset disposal | (10,950) | - |
| Imputed interest on debt issuance costs | 7,042 | 13,248 |
| Realized and unrealized (gain) loss on investments | 2,033,435 | (2,739,095) |
| Gain on sale of subsidiary | - | (21,070) |
| Forgiveness of debt | - | (92,100) |
| Bad debt expense | 39,074 | - |
| Stock option compensation cost | 99,441 | - |
| Reinvested dividends and interest | (190,291) | (127,151) |
| Change in discount on promises to give | (15,202) | (19,594) |
| Change in value in charitable remainder trust | 62,504 | (45,548) |
| Permanently restricted contributions | (241,200) | (249,753) |
| (Increase) decrease in assets: | | |
| Accrued interest and dividend receivable | (2,711) | (6,466) |
| Net promises to give | 178,313 | 576,660 |
| Accounts receivable | (375,898) | (524,652) |
| Inventory | (79,483) | (18,654) |
| Security deposit | - | (475) |
| Prepaid expenses | 4,984 | (26,402) |
| Increase (decrease) in liabilities: | | |
| Accounts payable | 313,537 | 211,596 |
| Refundable advance | - | (594,540) |
| Accrued vacation | 24,066 | (72,629) |
| Accrued payroll liabilities | (254,445) | 24,394 |
| Accrued income tax | 21,142 | - |
| Accrued interest | 63,883 | 14,223 |
| Accrued incentive compensation | 60,724 | 379,788 |
| Deferred revenue | 46,964 | 5,094 |
| Security deposit payable | 16,175 | - |
| Net cash and cash equivalents provided by operating activities | 2,363,424 | 814,921 |
| Cash flows from investing activities: | | |
| Purchase of property and equipment | (2,776,431) | (220,998) |
| Purchase of investments | (1,680,285) | (1,731,751) |
| Proceeds from sale of investments | 492,500 | 1,047,310 |
| Proceeds from sale of subsidiary | - | 100,000 |
| Proceeds from disposal of fixed assets | 8,255 | - |
| Net cash outflow from deconsolidation of subsidiary | - | (22,580) |
| Net cash and cash equivalents used in investing activities | (3,955,961) | (828,019) |
| Cash flows from financing activities: | | |
| Proceeds from issuance of debt | 3,044,663 | - |
| Proceeds from issuance of convertible notes | 455,000 | 950,000 |
| Repayments on long-term debt | (160,964) | (397,655) |
| Repayments on capital lease | (1,550) | (2,938) |
| Permanently restricted contributions | 241,200 | 249,753 |
| Net cash and cash equivalents provided by financing activities | 3,578,349 | 799,160 |
| Net change in cash and cash equivalents | 1,985,812 | 786,062 |
| Cash and cash equivalents, beginning of year | 6,288,905 | 5,502,843 |
| Cash and cash equivalents, end of year | \$ 8,274,717 | \$ 6,288,905 |

Supplemental disclosure of cash flow information:

| | | |
|--|------------|------------|
| Cash paid during the year for interest | \$ 240,111 | \$ 114,579 |
|--|------------|------------|

Supplemental disclosures of noncash investing and financing activities:

During the year ended June 30, 2022, Union Wharf, LLC obtained new financing for the purchase of a wharf. Financing of \$9,824,613 went directly to the seller for the purchase. Additionally, debt issuance costs of \$19,762 were relieved through closing.

Gulf of Maine Properties, Inc. refinanced debt of \$2,785,926 with a new lender. Debt issuance costs of \$19,535, accrued interest of \$8,126 and an escrow account of \$1,750 were established or paid through closing.

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

Gulf of Maine Research Institute

Notes to Consolidated Financial Statements

Note 1: Summary of Significant Accounting Policies

The accompanying consolidated financial statements reflect the application of the accounting policies described in this note.

Nature of Operations

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) facilitating and conducting marine research; (ii) educating the public about the oceans; (iii) enabling informed decisions about the stewardship and use of our marine resources; (iv) supporting investment in marine communities; (v) applying lessons learned in the Gulf of Maine to other marine communities worldwide; and (vi) undertaking the financing, siting, design, construction and operation of facilities to support its education, research, and community development 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) d/b/a True Fin 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 23).

During FY2022, Gulf of Maine Ventures, LLC (GOMV) was incorporated by action of the GMRI Board, as a wholly-owned single member limited liability company subsidiary of GMRI under the laws of the State of Maine.

During FY2022, Union Wharf, LLC (UW) was incorporated by action of the GMRI Board, as a wholly-owned single member limited liability company subsidiary of GMRI under the laws of the State of Maine. On December 29, 2021, this entity purchased the property located on Union Wharf and assumed operations thereof.

Basis of Presentation

The consolidated financial statements of the Institute have been prepared in accordance with accounting principles generally accepted in the United States ("GAAP").

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

Gulf of Maine Research Institute

Notes to Consolidated Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Use of 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.

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.

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. Management determined there was no reserve for uncollectible amounts necessary as of June 30, 2022 and 2021.

Accounts Receivable

Accounts receivable consist of amounts due from funders under various grants, contracts and rental agreements. Management provides for probable uncollectible amounts through a charge to a reserve for bad debt based on its assessment of the current status of individual accounts. No reserve for uncollectible amounts is deemed necessary as management views all such balances, which are primarily from governmental entities, to be fully collectible.

Investments

Investments are carried at estimated fair value based on quoted market prices. Gains and losses, both realized and unrealized, resulting from increases or decreases in the fair value of investments are reflected in the consolidated statements of activities and changes in net assets as increases or decreases in net assets without donor restrictions unless the use was restricted by explicit donor stipulations or by law.

Gulf of Maine Research Institute

Notes to Consolidated Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Property, Equipment 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 |
| Buildings | 25 to 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, 2022 and 2021, was approximately \$802,000 and \$652,000, respectively.

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 a board-designated endowment fund.

Net assets without donor restrictions for GMRI reflect accumulated operating losses from GMRI's subsidiary Gulf of Maine Sashimi, Inc. totaling \$1,501,877 and \$806,582 as of June 30, 2022 and 2021, 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. 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.

Gulf of Maine Research Institute

Notes to Consolidated Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Net Assets (Continued)

Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are reported as net assets with donor restrictions. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Institute reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

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 without donor 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.

Gulf of Maine Research Institute

Notes to Consolidated Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Revenue Recognition (Continued)

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 the 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, 2022 and 2021, are \$387,304 and \$605,651, respectively.

The Institute's subsidiary Gulf of Maine, Sashimi, Inc. (GOMS) sells sashimi grade fish to various dealers and retail outlets. In accordance with Accounting Standards Update (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 \$988,391 and \$625,960 for the years ended June 30, 2022 and 2021, respectively.

Receivables, exclusive of amounts due under grant agreements, were \$103,907 and \$64,929 as of June 30, 2022 and 2021, respectively. Contract liabilities consist of deferred revenue of \$65,893 and \$18,929 as of June 30, 2022 and 2021, respectively. Receivables were \$30,763 and contract liabilities were \$13,835 as of July 1, 2020.

Rental Income

Rental revenues are reported and recognized in accordance with Accounting Standards Codification (ASC) Topic 840, *Leases*, using a method for revenue recognition that represents a straight-line basis over the term of the lease. Rent revenue is recognized in the period in which it is earned. Any amounts received for future periods are reported as deferred income.

In-Kind Contributions - Contributed Nonfinancial Assets

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. Contributed nonfinancial assets consist of contributed services of \$452,081 and \$232,981 for the years ended June 30, 2022 and 2021, respectively. The Institute recognizes contributed nonfinancial assets within revenue. Unless otherwise noted, contributed nonfinancial assets did not have donor-imposed restrictions.

Gulf of Maine Research Institute

Notes to Consolidated Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

In-Kind Contributions - Contributed Nonfinancial Assets (Continued)

Contributed services recognized comprise professional services from local advisors, fisherman and fleet management companies. These services were utilized during the reporting period for business development and community programs. Contributed services are valued and are reported at the estimated fair value in the financial statements based on current rates for similar services.

Functional Allocation of Expenses

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.

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) is a for-profit taxable subsidiary and is subject to income taxes. 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 has accumulated net operating losses for tax purposes of approximately \$1,103,000. The losses represent a deferred tax asset of \$270,000 of which management believes the likelihood of realization is not probable. As a result, a deferred tax valuation allowance of \$270,000 has been recorded effectively reducing the deferred tax asset to zero.

Gulf of Maine Ventures, LLC (GOMV) and Union Wharf, LLC (UW) are single-member limited liability companies disregarded for federal tax purposes.

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.

Gulf of Maine Research Institute

Notes to Consolidated Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Stock-based Compensation

Gulf of Maine Sashimi, Inc. has a stock-based employee compensation plan. The fair value of the stock options was estimated as of the date of grant using a 409A valuation approach for a start-up company performed by a third-party valuation specialist. The fair value of each common stock award is estimated on the date of grant using a market approach valuation model that uses various assumptions and weighted probabilities and the most recent financing of the company.

The resulting compensation cost for common stock awards are amortized on a straight-line basis over the vesting period for the entire award. Forfeitures are accounted for as they occur.

Fair Value Measurements

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.

Gulf of Maine Research Institute

Notes to Consolidated Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Fair Value Measurements (Continued)

For the years ended June 30, 2022 and 2021, 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 beneficial interest in pooled investments held by others is valued at fair value using GMRI's calculated share of the pooled fund and the underlying value of the fund's assets at June 30.

Convertible Notes Payable

The fair value of the convertible notes payable 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 Gulf of Maine Sashimi, Inc. (GOMS) as well as the present value of the future cash flows expected from GOMS was used in determining the fair value.

New Accounting Pronouncements

Leasing

In February 2016, the Financial Accounts Standards Board (FASB) issued 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. ASC 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.

Gulf of Maine Research Institute

Notes to Consolidated Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Deferred Loan Financing Costs

Unamortized loan origination costs related to issuance of long-term debt are amortized over the life of the related debt using the straight-line method, and have been recorded as a reduction to the related notes payable obligation. Net deferred financing costs as of June 30, 2022 and 2021, were \$73,435 and \$5,555, respectively.

Subsequent Events

Subsequent to year end, Gulf of Maine Sashimi, Inc. (GOMS) obtained a note from the Finance Authority of Maine for additional working capital in the amount of \$230,000. The note is to be repaid over five years at 6% interest. Additionally, GOMS obtained a \$65,000 note from the Portland Development Corporation for working capital. The note is to be repaid over five years at an interest rate of 5.5%. GMRI signed as standby creditor on the obligation to the Portland Development Corporation.

Management has evaluated all other subsequent events through December 16, 2022, 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.

Note 2: Liquidity and Availability of Financial Resources

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, 2022 and 2021, reduced by amounts that are not available to meet general expenditures within one year of the date of the consolidated statements of financial position 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:

| <i>June 30,</i> | 2022 | 2021 |
|---|----------------------|---------------------|
| Cash and cash equivalents | \$ 8,274,717 | \$ 6,288,905 |
| Less board-designated cash for specified purposes | (1,636,256) | (1,788,865) |
| Accrued interest and dividend receivable | 38,722 | 36,011 |
| Promises to give, current | 1,688,904 | 1,374,244 |
| Accounts receivable | 1,607,061 | 1,231,163 |
| Long-term investments: designated for endowment appropriation | 357,671 | 372,147 |
| Total | \$ 10,330,819 | \$ 7,513,605 |

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

Gulf of Maine Research Institute

Notes to Consolidated Financial Statements

Note 2: Liquidity and Availability of Financial Resources (Continued)

amounts available for general use. Donor-restricted endowment funds are not available for general expenditure.

The Institute's board-designated endowment of \$8,122,074 and \$8,317,198 as of June 30, 2022 and 2021, 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 the 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, 2022 and 2021. 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, 2022 and 2021, 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.

Note 4: Promises to Give and Conditional Promises Receivable

Promises to give or pledges, net of unamortized discount and allowance for uncollectible accounts, are summarized as follows at June 30, 2022 and 2021. Interest rates based on market factors are used to discount the future payments of each respective year's pledges.

| <i>June 30,</i> | 2022 | 2021 |
|---|--------------|--------------|
| Pledges receivable expected to be collected in: | | |
| Less than one year | \$ 1,688,904 | \$ 1,374,244 |
| One year to five years | 2,154,713 | 2,656,356 |
| Over five years | - | - |
| Subtotals | 3,843,617 | 4,030,600 |
| Less: discount to net present value at rates ranging from 0.07% to 2.8% | 74,923 | 59,721 |
| Pledges receivable, net | 3,768,694 | 3,970,879 |
| Less: current portion, net | 1,688,904 | 1,374,244 |
| Pledges receivable, net of current portion | \$ 2,079,790 | \$ 2,596,635 |

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, 2022 and 2021.

In addition, at June 30, 2022 and 2021, GMRI holds conditional promises in the total amount of \$2,842,087 and \$1,627,813, 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.

Gulf of Maine Research Institute

Notes to Consolidated Financial Statements

Note 5: Property and Equipment

A summary of property and equipment is as follows as of June 30, 2022:

| | GMRI | GMPInc | GOMS | UW | Total |
|--------------------------------|---------------------|----------------------|-------------------|----------------------|----------------------|
| Land | \$ 1,521,336 | \$ 2,540,526 | \$ - | \$ 3,819,266 | \$ 7,881,128 |
| Building | - | 11,397,121 | - | - | 11,397,121 |
| Wharf | - | - | - | 8,701,156 | 8,701,156 |
| 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 | - | 25,440 | - | 182,223 |
| Equipment and vehicles | 1,308,727 | 171,721 | 50,999 | - | 1,531,447 |
| Exhibits | 1,131,592 | - | - | - | 1,131,592 |
| Total | \$ 7,042,268 | \$ 14,883,821 | \$ 157,853 | \$ 12,520,422 | \$ 34,604,364 |

A summary of property and equipment is as follows as of 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 |
| Total | \$ 6,989,368 | \$ 14,883,821 | \$ 147,409 | \$ 22,020,598 |

Gulf of Maine Research Institute

Notes to Consolidated Financial Statements

Note 6: Investments

Following is a summary of GMRI's and GMPInc's investment securities at June 30, 2022:

| | GMRI Market Value | GMPInc Market Value | Total Market Value |
|---------------------------------------|----------------------|------------------------|-----------------------|
| U.S. Treasury and government agencies | \$ 2,240,390 | \$ - | \$ 2,240,390 |
| Equity | 6,321,300 | 312,618 | 6,633,918 |
| Non-government fixed income | 1,127,140 | 467,674 | 1,594,814 |
| Foreign fixed income | 321,327 | - | 321,327 |
| Cash and cash equivalents | 559,455 | 60,249 | 619,704 |
| Total | \$ 10,569,612 | \$ 840,541 | \$ 11,410,153 |

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 |
| Total | \$ 10,930,514 | \$ 849,125 | \$ 11,779,639 |

Investment income (loss) consists of the following as of June 30, 2022:

| | GMRI Market Value | GMPInc Market Value | Union Wharf | Total |
|---|-----------------------|------------------------|-----------------|-----------------------|
| Interest and dividends | \$ 228,124 | \$ 14,720 | \$ 1,393 | \$ 244,237 |
| Change in beneficial interest in charitable remainder trust | (62,504) | - | - | (62,504) |
| Unrealized and realized gains and (losses) | (1,938,069) | (95,366) | - | (2,033,435) |
| Less: fees | (51,743) | (2,542) | - | (54,285) |
| Total | \$ (1,824,192) | \$ (83,188) | \$ 1,393 | \$ (1,905,987) |

Gulf of Maine Research Institute

Notes to Consolidated Financial Statements

Note 6: Investments (Continued)

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

| | GMRI Market Value | GMPInc Market Value | 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) |
| Total | \$ 2,932,522 | \$ 730 | \$ 2,933,252 |

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 value of the interest in pooled investments totaled \$2,810,173 and \$3,096,046 at June 30, 2022 and 2021, 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, 2022 and 2021, the fair value of GMRI's interest in this trust was estimated to be \$157,740 and \$220,244, respectively, and in accordance with GAAP is recorded as an asset within the consolidated statements of financial position.

At June 30, 2022, 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 7 years from that date, assumed annualized nominal rates of return for the trust assets of 5.5%, and a discount rate of 2.98%. The change in the value of GMRI's interest in this trust is included in net investment income in the amount of \$(62,504) and \$45,548 for the years ended June 30, 2022 and 2021, respectively.

Gulf of Maine Research Institute

Notes to Consolidated Financial Statements

Note 9: Endowments

As noted elsewhere in the consolidated financial statements, at June 30, 2022 and 2021, the Board of Directors had designated \$8,122,074 and \$8,317,198, 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, 2022 and 2021, 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 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.

Gulf of Maine Research Institute

Notes to Consolidated Financial Statements

Note 9: Endowments (Continued)

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 70-90% equities, 10-30% debt securities, and 0-10% cash and cash equivalents with a strategic target asset allocation of 80% equities and 20% 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.

The Institute's endowment balances were comprised of the following as of June 30, 2022:

| | Without Donor Restriction | With Donor Restriction | Total |
|--|------------------------------|---------------------------|----------------------|
| Board-designated endowment funds | \$ 8,122,074 | \$ 2,164,956 | \$ 10,287,030 |
| Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor | - | 1,688,453 | 1,688,453 |
| Accumulated investment gains | - | 99,306 | 99,306 |
| Total | \$ 8,122,074 | \$ 3,952,715 | \$ 12,074,789 |

Included in endowment investments as of June 30, 2022, is accrued interest and dividends receivable in the amount of \$38,089.

Gulf of Maine Research Institute

Notes to Consolidated Financial Statements

Note 9: Endowments (Continued)

The changes in the Institute's endowment balances for the year ended June 30, 2022, were as follows:

| | Without Donor Restriction | With Donor Restriction | Total |
|--|------------------------------|---------------------------|----------------------|
| Endowment investments, beginning of year | \$ 8,317,198 | \$ 1,886,764 | \$ 10,203,962 |
| Contributions | 575,543 | 241,200 | 816,743 |
| Transfer from board designated reserve | 739,436 | - | 739,436 |
| Investment return: | | | |
| Investment income | 130,397 | 28,545 | 158,942 |
| Net depreciation | (1,338,360) | (295,518) | (1,633,878) |
| Total investment return | (1,207,963) | (266,973) | (1,474,936) |
| Appropriation of endowment assets pursuant to spending rate-policy | (302,140) | (73,232) | (375,372) |
| Endowment investments, end of year | 8,122,074 | 1,787,759 | 9,909,833 |
| Promises to give for endowment, board-designated, net of discount | - | 2,164,956 | 2,164,956 |
| Total endowment net assets, end of year | \$ 8,122,074 | \$ 3,952,715 | \$ 12,074,789 |

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

| | Without Donor Restriction | With Donor Restriction | 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 | \$ 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.

Gulf of Maine Research Institute

Notes to Consolidated Financial Statements

Note 9: Endowments (Continued)

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

| | Without Donor Restriction | With Donor Restriction | 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 | 1,633,026 | 393,782 | 2,026,808 |
| 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 |

Note 10: Fair Value Measurements

Fair values of assets and (liabilities) measured on a recurring basis at June 30, 2022, are as follows:

| | Total | Level 1 | Level 2 | Level 3 |
|---------------------------------------|-----------------------|----------------------|---------------------|-----------------------|
| U.S. Treasury and government agencies | \$ 2,240,390 | \$ 2,240,390 | \$ - | \$ - |
| Domestic exchange traded funds | 6,633,918 | 6,633,918 | - | - |
| Non-government fixed income | 1,594,814 | 1,594,814 | - | - |
| Foreign fixed income | 321,327 | 321,327 | - | - |
| Cash and cash equivalents | 619,704 | 619,704 | - | - |
| Interest in pooled investments | 2,810,173 | - | 2,810,173 | - |
| Charitable remainder trust | 157,740 | - | - | 157,740 |
| Total assets | \$ 14,378,066 | \$ 11,410,153 | \$ 2,810,173 | \$ 157,740 |
| Convertible notes | \$ (1,405,000) | \$ - | \$ - | \$ (1,405,000) |
| Total liabilities | \$ (1,405,000) | \$ - | \$ - | \$ (1,405,000) |

Gulf of Maine Research Institute

Notes to Consolidated Financial Statements

Note 10: Fair Value Measurements (Continued)

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

| | Total | 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 | \$ 11,779,639 | \$ 3,096,046 | \$ 220,244 |
| Convertible notes | \$ (950,000) | \$ - | \$ - | \$ (950,000) |
| Total liabilities | \$ (950,000) | \$ - | \$ - | \$ (950,000) |

There were no transfers in or out of Level 3 during the fiscal years ended June 30, 2022 and 2021.

Note 11: Refundable Advance

At June 30, 2020, the Institute had a refundable advance liability of \$594,540. This amount represented 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 Institute determined the award was a conditional grant and applied the policy as described in Note 1. Accordingly, the award was reported as a refundable advance liability until the conditions were substantially met or explicitly waived. The Institute 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.

During the fiscal year ended June 30, 2021, the Institute applied for, and was approved by the SBA for, full forgiveness of the loan. Revenue recognized for eligible expenses incurred and paid for the year ended June 30, 2021, amounted to \$594,540 and is included in other income in the consolidated statement of activities.

Gulf of Maine Sashimi, Inc. (GOMS) received funds under this same legislation in the amount of \$41,700. During the year ended June 30, 2021, GOMS applied for, and received, full forgiveness of the loan. Revenue recognized during the year ended June 30, 2021, amounted to \$41,700 and was included in other income in the consolidated statement of activities

Gulf of Maine Research Institute

Notes to Consolidated Financial Statements

Note 12: Lines of Credit

At June 30, 2021, GMRI held two lines of credit with local banks. The first of bore a maximum credit limit of \$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%, was payable on demand, and was secured by collateral comprising certain investments whose combined market value as of June 30, 2021, amounted to \$762,563. There was no outstanding balance on this credit line at June 30, 2021. The second line of credit bore interest at prime, plus 0.25%, with a floor of 4.00% and was secured by all business assets of GMRI. This credit line was subject to a maximum credit limit of \$1,000,000. There was no balance outstanding on this credit line at June 30, 2021. Both lines of credit were closed during the fiscal year ended June 30, 2022.

A new line of credit was established with Androscoggin Bank upon the refinancing that occurred during the year ended June 30, 2022. The new line of credit has a credit limit of \$1,400,000, with interest payable monthly at a variable rate equal to Wall Street Journal prime with a floor of 3.00% (4.75% as of June 30, 2022). The line of credit matures January 27, 2023, and requires the obligation to be at zero for 30 successive days during the term. The line of credit is cross-defaulted and cross-collateralized with the GMPInc note payable. There was no balance outstanding on this credit line at June 30, 2022.

Note 13: Notes Payable

A summary of notes payable as of June 30 is as follows:

| <i>June 30,</i> | 2022 | 2021 |
|---|-----------|--------------|
| \$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. This note was refinanced with a different bank during the year ended June 30, 2022. | \$ - | \$ 2,819,513 |
| GMP \$2,860,000 note payable to a bank, at a fixed rate of 3.35% with monthly principal and interest payments of \$14,089 through September 27, 2031, with a balloon payment due at that time. The note is collateralized by an assignment of leases and rents and all buildings and improvements held by GMPInc. The note is cross-defaulted and cross-collateralized with the line of credit and is guaranteed by GMRI. | 2,806,408 | - |
| GMRI six individual friendly loans for varying amounts totaling \$2,900,000 used for the purchase of Union Wharf. The loans bear interest at 1.5% for years one through three and 3% for years four through seven. Interest is payable annually on the anniversary of the notes all dated December 22, 2021, with the entire principal amount due December 2028. One of these is a related party loan for \$1,500,000 with a member of the Board of Director's family foundation. | 2,900,000 | - |
| UW fixed rate mortgage note payable with a lender, interest at 5.05% with monthly principal and interest payments of \$25,677 through January 1, 2047. The note is collateralized by an assignment of leases and rents and the buildings and improvements held by UW. The loan is cross-defaulted and cross-collateralized with the UW variable rate mortgage. | 4,332,021 | - |

Gulf of Maine Research Institute

Notes to Consolidated Financial Statements

Note 13: Notes Payable (Continued)

| | 2022 | 2021 |
|--|----------------------|---------------------|
| UW variable rate mortgage note payable with a lender, interest at the lender's variable rate (3.25% at June 30, 2022), with monthly principal and interest payments of \$24,814 through January 1, 2047, with a balloon payment due at that time. The note is collateralized by an assignment of leases and rents and the buildings and improvements held by UW. The loan is cross-defaulted and cross-collateralized with the UW fixed rate mortgage. | \$ 5,464,318 | \$ - |
| \$100,000 loan from a local institution with expected additional advances of \$100,000 in 2023 and 2024. The loan bears interest at 5% but does not require the accrual of interest until April 2025 upon which time principal and interest payments of \$5,639 are payable monthly through the maturity date of March 1, 2030. | 100,000 | - |
| Total | 15,602,747 | 2,819,513 |
| Less: current portion | 309,643 | 99,345 |
| Less: deferred loan financing costs | 73,435 | 5,555 |
| Long-term portion, net | \$ 15,219,669 | \$ 2,714,613 |

The \$2,860,000 note along with the new line of credit (See Note 12), carry certain financial covenants. Among these covenants is a debt service coverage requirement under which GMPInc's debt service coverage ratio must be maintained at a level of at least 1.25 to 1.

Interest expense for the years ended June 30, 2022 and 2021, was \$312,119 and \$128,802, respectively.

Scheduled principal payments on long-term debt at June 30, 2022, including current maturities, are summarized as follows:

| <i>Year Ended</i> | | |
|-------------------|-----------|-------------------|
| 2023 | \$ | 309,643 |
| 2024 | | 300,995 |
| 2025 | | 317,629 |
| 2026 | | 343,302 |
| 2027 | | 357,033 |
| Thereafter | | 13,974,145 |
| Total | \$ | 15,602,747 |

Gulf of Maine Research Institute

Notes to Consolidated Financial Statements

Note 14: Convertible Notes Payable

During the fiscal years ended June 30, 2022 and 2021, Gulf of Maine Sashimi, Inc. (GOMS) issued convertible notes payable for aggregate cash proceeds of \$455,000 and \$1,000,000, respectively. 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 for the convertible notes issued in 2021 or \$7,500,000 for the convertible notes issued in 2022, 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 stock in an arm-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 for the convertible notes issued in 2021 or \$3,750,000 for the convertible notes issued in 2022, 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 \$56,356 and \$14,223 as of June 30, 2022 and 2021, respectively.

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 or loss 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 June 2022. During the years ended June 30, 2022 and 2021, GOMS recorded no gain or loss on the change in fair value, as management has determined that any change in fair value would not be material to the consolidated financial statements.

Note 15: Stock Option Plan

Gulf of Maine Sashimi, Inc. (GOMS) developed a stock option plan that authorizes the granting of stock options to selected employees for up to 31,860 shares of common stock. Under the plan, the exercise price of each option equals the market price of the GOMS stock on the grant date, and an option's maximum term to exercise is ten years. Options were granted on October 28, 2021, and began to vest monthly until October 2023. Upon the occurrence of certain defined performance metrics, 14,500 total options can vest in the years ending June 30, 2024 and 2025. Compensation cost for performance vesting options is recognized if the performance metric is deemed probable. The Company concluded that the performance vesting options are not probable of vesting as of June 30, 2022. The fair value of each option grant was measured based on an independent party valuation.

Gulf of Maine Research Institute

Notes to Consolidated Financial Statements

Note 15: Stock Option Plan (Continued)

During the year ended June 30, 2022, GOMS recognized stock-based compensation expense of \$99,441. The compensation expense was determined based on the number of shares vested and an estimated fair value at the grant date of \$7.78. Total unrecognized compensation cost, including performance options, related to stock options is \$148,429 at June 30, 2022 which will be recognized over the vesting period.

The following table shows stock option activity for the years ended:

| | Number of Options | Weighted- Average Exercise Price | Weighted- Average Remaining Contractual Life - Years |
|------------------------------------|----------------------|--|--|
| Options outstanding, July 1, 2021 | - | \$ - | - |
| Granted | 31,860 | 7.78 | - |
| Forfeited | - | - | - |
| <hr/> | | | |
| Options outstanding June 30, 2022 | 31,860 | \$ 7.78 | 9.33 |
| Options exercisable, June 30, 2022 | 12,782 | \$ 7.78 | 9.33 |

The following table shows the fair value of non-vested stock options:

| | Number of Options | Weighted- Average Grant Date Fair Value |
|----------------------------------|----------------------|--|
| Non-vested options, July 1, 2021 | - | \$ - |
| Granted | 31,860 | 7.78 |
| Forfeited | - | - |
| Vested | (12,782) | 7.78 |
| <hr/> | | |
| Non-vested options June 30, 2022 | 19,078 | \$ 7.78 |

Gulf of Maine Research Institute

Notes to Consolidated Financial Statements

Note 16: Net Assets

Net assets without donor restrictions, but designated by the Board for specific uses, consisted of the following as of June 30, 2022 and 2021:

| | 2022 | 2021 |
|---|----------------------|----------------------|
| Waldron reserve fund | \$ - | \$ 762,564 |
| Endowment funds | 8,122,074 | 8,317,198 |
| Reserved for research and scientist guarantee surpluses | 252,886 | 236,566 |
| Reserved for capital projects and equipment and other | 1,091,720 | 1,260,648 |
| Capacity building | 291,650 | 291,651 |
| GMPInc | 723,708 | 731,659 |
| Total board designated net assets | \$ 10,482,038 | \$ 11,600,286 |

Net assets with donor restrictions consisted of the following for the years ended June 30, 2022 and 2021:

| | 2022 | 2021 |
|--|----------------------|----------------------|
| Net assets with donor restriction: | | |
| Subject to expenditure for specified purpose: | | |
| Future program expenses | \$ 5,840,000 | \$ 3,414,440 |
| Subject to the passage of time: | | |
| Beneficial interest in charitable remainder trusts | 157,740 | 220,244 |
| Promises to give that are not restricted by donors, but which are unavailable for expenditure until due | 1,603,739 | 1,253,592 |
| | 7,601,479 | 4,888,276 |
| Endowments: | | |
| Subject to GMRI's spending policy and appropriation: | | |
| Unconditional promises to give, net - donor restricted for general endowment | 2,164,956 | 2,627,287 |
| General use | 99,306 | 439,511 |
| Endowment investments held in perpetuity | 1,688,453 | 1,447,253 |
| | 3,952,715 | 4,514,051 |
| Not subject to spending policy or appropriation: | | |
| Pooled investments held by community foundation | 2,810,173 | 3,096,046 |
| Unconditional promises to give, net - donor restricted for pooled investments held by community foundation | - | 90,000 |
| | 2,810,173 | 3,186,046 |
| Total | \$ 14,364,367 | \$ 12,588,373 |

Gulf of Maine Research Institute

Notes to Consolidated Financial Statements

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, 2022 and 2021:

| | 2022 | 2021 |
|--|--------------|--------------|
| Satisfaction of purpose restrictions | | |
| Research | \$ 395,920 | \$ 114,351 |
| Climate center | 280,328 | 241,340 |
| Convening | 240,748 | 513,017 |
| Education | 445,310 | 655,739 |
| Development | 628,676 | 217,500 |
| Business development | 109,721 | 431,978 |
| Management | 133,359 | 17,413 |
| Endowment | 473,000 | 1,268,425 |
| General purpose spending rate distributions and appropriations from endowments | 73,232 | 55,087 |
| Total net assets release from restrictions | \$ 2,780,294 | \$ 3,514,850 |

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, 2022 and 2021, GMPInc was the sole unit owner of the units thus created. As of and for the years ended June 30, 2022 and 2021, 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, 2022 and 2021, was \$269,746 and \$260,538, respectively.

Gulf of Maine Research Institute

Notes to Consolidated Financial Statements

Note 20: Related Parties

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. During the years ended June 30, 2022 and 2021, \$47,636 and \$39,880 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, 2022 and 2021, the total accrual was \$259,350 and \$230,013, respectively.
- 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. During 2022, a Rabbi Trust account was set-up to set aside assets to meet this liability.

Note 21: Risks and 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 consolidated financial statements for such contingency.

The Institute invests in various investment securities which are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and such changes could materially affect the investment balances.

Note 22: Economic Dependency

The Institute receives a substantial portion of its total revenues from contributions. For the years ended June 30, 2022 and 2021, the Institute received approximately 51% and 38%, respectively, of its total revenues from contributions.

Gulf of Maine Research Institute

Notes to Consolidated Financial Statements

Note 23: 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 the 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 date of the financial statements to raise capital or generate cash from operations to pay the unsecured notes.

Under FASB ASC 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 was reported as a cash outflow in the consolidated statements of cash flows.

Note 24: Lease Commitments

UW leases space in its buildings and at the wharf to various tenants with long-term leases. The cost and carrying amounts for all leased buildings and improvements is approximately \$12,520,000 and \$12,346,000 at June 30, 2022, respectively.

Future rent under the foregoing lease agreements, by year and in the aggregate is, as follows:

| <i>Year Ended</i> | |
|-------------------|--------------|
| 2023 | \$ 1,212,051 |
| 2024 | 1,057,531 |
| 2025 | 729,188 |
| 2026 | 190,927 |
| 2027 | 81,677 |
| <hr/> | |
| Total | \$ 3,271,374 |

Gulf of Maine Research Institute

Notes to Consolidated Financial Statements

Note 25: Accumulated Deficit

As indicated in the accompanying consolidated financial statements, Gulf of Maine Sashimi, Inc. (GOMS) showed a deficit in net assets of \$952,436 at June 30, 2022. Management of GOMS has developed a plan to diversify the business strategy by focusing on premium quality frozen products that will help alleviate inconsistent supply issues. The ability of GOMS to continue as a going concern is dependent on additional financing, increasing margins and securing high-volume buyers. The consolidated financial statements do not include any adjustments that might be necessary if GOMS is unable to continue as a going concern.

GULF OF MAINE RESEARCH INSTITUTE AND ITS SUBSIDIARIES
Consolidating Schedule of Financial Position
June 30, 2022
(with summarized comparative consolidated totals at June 30, 2021)

| | 2022 | | | | | | 2021 | |
|---|-------------------------------------|-----------------------------------|--------------------------------|----------------------|--------------------------------|-----------------------|------------------------|------------------------|
| | Gulf of Maine Research Institute | Gulf of Maine Properties, Inc. | Gulf of Maine Sashimi, Inc. | Union Wharf LLC | Gulf of Maine Ventures, LLC | Eliminations | Consolidated Totals | Consolidated Totals |
| ASSETS | | | | | | | | |
| Current assets: | | | | | | | | |
| Cash and cash equivalents | \$ 6,990,953 | \$ 363,216 | \$ 374,816 | \$ 544,732 | \$ 1,000 | \$ - | \$ 8,274,717 | \$ 6,288,905 |
| Accrued interest and dividend receivable | 38,089 | 633 | - | - | - | - | 38,722 | 36,011 |
| Promises to give, current | 1,688,904 | - | - | - | - | - | 1,688,904 | 1,374,244 |
| Accounts receivable | 1,526,390 | 204,948 | 45,355 | 54,574 | - | (224,206) | 1,607,061 | 1,231,163 |
| Inventory | - | - | 98,137 | - | - | - | 98,137 | 18,654 |
| Security deposit | - | - | 3,300 | - | - | - | 3,300 | 3,300 |
| Prepaid expenses | 105,292 | 11,916 | 17,929 | 51,294 | - | - | 186,431 | 191,415 |
| Total current assets | 10,349,628 | 580,713 | 539,537 | 650,600 | 1,000 | (224,206) | 11,897,272 | 9,143,692 |
| Property and equipment: | | | | | | | | |
| Property and equipment | 7,042,268 | 14,883,821 | 157,853 | 12,520,422 | - | - | 34,604,364 | 22,020,598 |
| Less: accumulated depreciation/amortization | 2,632,855 | 5,739,762 | 49,353 | 174,023 | - | - | 8,595,993 | 7,813,939 |
| Net property and equipment | 4,409,413 | 9,144,059 | 108,500 | 12,346,399 | - | - | 26,008,371 | 14,206,659 |
| Other non-current assets: | | | | | | | | |
| Long-term investments: | | | | | | | | |
| Designated for capital and operations | - | 840,541 | - | - | - | - | 840,541 | 1,608,570 |
| Designated for endowment | 9,871,742 | - | - | - | - | - | 9,871,742 | 10,171,069 |
| Incentive compensation | 697,870 | - | - | - | - | - | 697,870 | - |
| Beneficial interest in pooled investments held by others | 2,810,173 | - | - | - | - | - | 2,810,173 | 3,096,046 |
| Promises to give, non-current, net of amortized discount | 2,079,790 | - | - | - | - | - | 2,079,790 | 2,596,635 |
| Beneficial interest in charitable remainder trust | 157,740 | - | - | - | - | - | 157,740 | 220,244 |
| Note receivable | 50,000 | - | - | - | - | (50,000) | - | - |
| Investment in subsidiaries | 1,903,487 | - | - | - | - | (1,903,487) | - | - |
| Total other non-current assets | 17,570,802 | 840,541 | - | - | - | (1,953,487) | 16,457,856 | 17,692,564 |
| Total assets | \$ 32,329,843 | \$ 10,565,313 | \$ 648,037 | \$ 12,996,999 | \$ 1,000 | \$ (2,177,693) | \$ 54,363,499 | \$ 41,042,915 |
| LIABILITIES AND NET ASSETS | | | | | | | | |
| Current liabilities: | | | | | | | | |
| Current portion of long-term debt | \$ - | \$ 77,058 | \$ - | \$ 232,585 | \$ - | \$ - | \$ 309,643 | \$ 99,345 |
| Current portion of capital lease payable | - | - | - | - | - | - | - | 1,550 |
| Accounts payable | 686,145 | 39,910 | 56,435 | 220,966 | - | (224,206) | 779,250 | 465,713 |
| Accrued vacation | 227,256 | - | - | - | - | - | 227,256 | 203,190 |
| Accrued payroll liabilities | 114,517 | - | 31,678 | - | - | - | 146,195 | 400,640 |
| Accrued income tax | - | - | - | 21,142 | - | - | 21,142 | - |
| Accrued interest | 21,750 | - | - | - | - | - | 21,750 | - |
| Current portion of accrued incentive compensation | 159,224 | - | - | - | - | - | 159,224 | 194,876 |
| Deferred revenue | - | 21,674 | 1,004 | 43,215 | - | - | 65,893 | 18,929 |
| Total current liabilities | 1,208,892 | 138,642 | 89,117 | 517,908 | - | (224,206) | 1,730,353 | 1,384,243 |
| Long-term liabilities: | | | | | | | | |
| Long-term debt, net of current portion | 3,000,000 | 2,711,117 | - | 9,508,552 | - | - | 15,219,669 | 2,714,613 |
| Accrued incentive compensation | 721,392 | - | - | - | - | - | 721,392 | 625,016 |
| Convertible notes payable, at fair value | - | - | 1,455,000 | - | - | (50,000) | 1,405,000 | 950,000 |
| Accrued interest on convertible notes payable | - | - | 56,356 | - | - | - | 56,356 | 14,223 |
| Security deposit payable | 980 | 11,401 | - | 16,175 | - | - | 28,556 | 12,381 |
| Total long-term liabilities | 3,722,372 | 2,722,518 | 1,511,356 | 9,524,727 | - | (50,000) | 17,430,973 | 4,316,233 |
| Total liabilities | 4,931,264 | 2,861,160 | 1,600,473 | 10,042,635 | - | (274,206) | 19,161,326 | 5,700,476 |
| NET ASSETS (DEFICIT) AND EQUITY | | | | | | | | |
| Additional paid in capital | - | - | 99,441 | - | - | - | 99,441 | - |
| Retained earnings (deficit) | - | - | (1,051,877) | - | - | 1,051,877 | - | - |
| Member's equity | - | - | - | 2,954,364 | 1,000 | (2,955,364) | - | - |
| Without donor restrictions: | | | | | | | | |
| Undesignated | (1,137,687) | 532,740 | - | - | - | - | (604,947) | (292,275) |
| Board-designated | 9,758,330 | 723,708 | - | - | - | - | 10,482,038 | 11,600,286 |
| Investment in property, equipment and site acquisition cost | 4,413,569 | 6,447,705 | - | - | - | - | 10,861,274 | 11,446,055 |
| Total without donor restrictions | 13,034,212 | 7,704,153 | (1,051,877) | 2,954,364 | 1,000 | (1,903,487) | 20,738,365 | 22,754,066 |
| With donor restrictions | 14,364,367 | - | - | - | - | - | 14,364,367 | 12,588,373 |
| Total net assets | 27,398,579 | 7,704,153 | (1,051,877) | 2,954,364 | 1,000 | (1,903,487) | 35,102,732 | 35,342,439 |
| Total net assets and equity | 27,398,579 | 7,704,153 | (952,436) | 2,954,364 | 1,000 | (1,903,487) | 35,202,173 | 35,342,439 |
| Total liabilities and net assets and equity | \$ 32,329,843 | \$ 10,565,313 | \$ 648,037 | \$ 12,996,999 | \$ 1,000 | \$ (2,177,693) | \$ 54,363,499 | \$ 41,042,915 |

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, 2022
(with summarized comparative consolidated totals for the year ended June 30, 2021)

| | Gulf of Maine Research Institute | | | | | Gulf of Maine Properties, Inc. | | | | | Gulf of Maine Sashimi, Inc. | Union Wharf, LLC | Gulf of Maine Ventures, LLC | Eliminations | 2022 Consolidated Totals | 2021 Consolidated Totals | |
|---|----------------------------------|----------------------|---------------------|------------------------|---------------------|--------------------------------|----------------------|---------------------|-------------------|---------------------|-----------------------------|---------------------------|-----------------------------|-----------------------|--------------------------|--------------------------|--------------|
| | Without Donor Restriction | | | With Donor Restriction | | Without Donor Restriction | | | Board Designated | Total | Without Donor Restriction | Without Donor Restriction | Without Donor Restriction | | | | |
| | Programs & Support | Property & Equipment | Board Designated | Program & Support | Endowment | Operations | Property & Equipment | Operations | | | Operations | Operations | | | | | |
| Support and revenue: | | | | | | | | | | | | | | | | | |
| Federal and state grants | \$ 6,545,348 | \$ - | \$ - | \$ 303,616 | \$ - | \$ 6,848,964 | \$ - | \$ - | \$ - | \$ - | \$ 25,000 | \$ - | \$ - | \$ - | \$ - | \$ 6,873,964 | \$ 5,718,550 |
| Contributions | 2,810,467 | - | 188,699 | 4,707,424 | 241,200 | 7,947,790 | - | - | - | - | - | - | - | - | 7,947,790 | 6,575,964 | |
| Investment income (loss) | 366,517 | - | (1,485,178) | (329,478) | (376,053) | (1,824,192) | 435 | - | (83,623) | (83,188) | - | 1,393 | - | - | (1,905,987) | 2,933,252 | |
| In-kind income | 452,081 | - | - | - | - | 452,081 | - | - | - | - | - | - | - | - | 452,081 | 232,981 | |
| Contract income | 370,047 | - | - | 9,579 | - | 379,626 | - | - | - | - | - | - | - | - | 379,626 | 454,017 | |
| Rental income | - | - | - | - | - | - | 1,041,247 | - | - | 1,041,247 | - | 649,858 | - | (718,247) | 972,858 | 230,394 | |
| Property management fee | 137,138 | - | - | - | - | 137,138 | - | - | - | - | - | - | - | (132,098) | 5,040 | 5,040 | |
| Conferences & consulting income | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 18,309 | |
| Sales | - | - | - | - | - | - | - | - | - | 988,391 | - | - | - | - | 988,391 | 625,960 | |
| Other income | 2,638 | - | - | - | - | 2,638 | - | - | - | - | - | - | - | - | 2,638 | 699,415 | |
| Net assets released from restrictions | 2,593,728 | 52,900 | 133,666 | (2,780,294) | - | - | - | - | - | - | - | - | - | - | - | - | |
| Total support and revenue | 13,277,964 | 52,900 | (1,162,813) | 1,910,847 | (134,853) | 13,944,045 | 1,041,682 | - | (83,623) | 958,059 | 1,013,391 | 651,251 | - | (850,345) | 15,716,401 | 17,493,882 | |
| Expenses: | | | | | | | | | | | | | | | | | |
| Program expenses: | | | | | | | | | | | | | | | | | |
| Research | 2,796,167 | - | - | - | - | 2,796,167 | - | - | - | - | - | - | - | - | 2,796,167 | 2,408,846 | |
| Education | 2,746,204 | - | - | - | - | 2,746,204 | - | - | - | - | - | - | - | - | 2,746,204 | 2,220,396 | |
| Community | 1,947,774 | - | - | - | - | 1,947,774 | - | - | - | - | - | - | - | - | 1,947,774 | 1,710,256 | |
| Business development | 870,840 | - | - | - | - | 870,840 | - | - | - | - | - | - | - | - | 870,840 | 448,850 | |
| Subsidiary expenses | - | - | - | - | - | - | - | - | - | - | 1,708,686 | 596,887 | - | (34,998) | 2,270,575 | 2,092,410 | |
| Support services: | | | | | | | | | | | | | | | | | |
| Development | 1,212,627 | - | - | - | - | 1,212,627 | - | - | - | - | - | - | - | - | 1,212,627 | 1,368,592 | |
| Management, general & facilities | 3,707,281 | 262,917 | - | - | - | 3,970,198 | 613,751 | 343,319 | - | 957,070 | - | - | - | (815,347) | 4,111,921 | 3,768,485 | |
| Total expenses | 13,280,893 | 262,917 | - | - | - | 13,543,810 | 613,751 | 343,319 | - | 957,070 | 1,708,686 | 596,887 | - | (850,345) | 15,956,108 | 14,017,835 | |
| Change in net assets before transfers and loss from subsidiaries | (2,929) | (210,017) | (1,162,813) | 1,910,847 | (134,853) | 400,235 | 427,931 | (343,319) | (83,623) | 989 | (695,295) | 54,364 | - | - | (239,707) | 3,476,047 | |
| Other transfers | (21,071) | 1,550 | 52,516 | - | - | 32,995 | (75,672) | (32,995) | 75,672 | (32,995) | - | - | - | - | - | - | |
| Total transfers | (21,071) | 1,550 | 52,516 | - | - | 32,995 | (75,672) | (32,995) | 75,672 | (32,995) | - | - | - | - | - | - | |
| Gain from subsidiary | 54,364 | - | - | - | - | 54,364 | - | - | - | - | - | - | - | (54,364) | - | - | |
| Loss from subsidiary | (695,295) | - | - | - | - | (695,295) | - | - | - | - | - | - | - | 695,295 | - | - | |
| Total net loss from subsidiaries | (640,931) | - | - | - | - | (640,931) | - | - | - | - | - | - | - | 640,931 | - | - | |
| Change in net assets | (664,931) | (208,467) | (1,110,297) | 1,910,847 | (134,853) | (207,701) | 352,259 | (376,314) | (7,951) | (32,006) | (695,295) | 54,364 | - | 640,931 | (239,707) | 3,476,047 | |
| Net assets, beginning 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 | |
| Capital contribution | - | - | - | - | - | - | - | - | - | - | - | 2,900,000 | 1,000 | (2,901,000) | - | - | |
| Net assets, end of year | \$ (1,137,687) | \$ 4,413,569 | \$ 9,758,330 | \$ 9,865,741 | \$ 4,498,626 | \$ 27,398,579 | \$ 532,740 | \$ 6,447,705 | \$ 723,708 | \$ 7,704,153 | \$ (1,051,877) | \$ 2,954,364 | \$ 1,000 | \$ (1,903,487) | \$ 35,102,732 | \$ 35,342,439 | |

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, 2022
(with comparative consolidated totals for the year ended June 30, 2021)

| | 2022 | | | | | | 2021 | |
|---|--|--------------------------------------|-----------------------------------|------------------------|-----------------------------------|--------------|------------------------|------------------------|
| | Gulf of Maine Research Institute | Gulf of Maine Properties, Inc. | Gulf of Maine Sashimi, Inc. | Union Wharf, LLC | Gulf of Maine Ventures, LLC | Eliminations | Consolidated Totals | Consolidated Totals |
| Cash flows from operating activities: | | | | | | | | |
| Change in net assets | \$ (207,701) | \$ (32,006) | \$ (695,295) | \$ 54,364 | \$ - | \$ 640,931 | \$ (239,707) | \$ 3,476,047 |
| Adjustments to reconcile change in net assets to net cash and cash equivalents provided by (used in) operating activities: | | | | | | | | |
| Depreciation | 262,918 | 343,320 | 21,766 | 174,023 | - | - | 802,027 | 652,000 |
| Gain on fixed asset disposal | - | - | (10,950) | - | - | - | (10,950) | - |
| Imputed interest on debt issuance costs | - | 6,857 | - | 185 | - | - | 7,042 | 13,248 |
| Realized and unrealized (gain) loss on investments | 1,938,069 | 95,366 | - | - | - | - | 2,033,435 | (2,739,095) |
| Gain on sale of subsidiary | - | - | - | - | - | - | - | (21,070) |
| Forgiveness of debt | - | - | - | - | - | - | - | (92,100) |
| Bad debt expense | 39,074 | - | - | - | - | - | 39,074 | - |
| Stock option compensation cost | - | - | 99,441 | - | - | - | 99,441 | - |
| Reinvested dividends and interest | (179,181) | (11,110) | - | - | - | - | (190,291) | (127,151) |
| Earnings from subsidiaries | 640,931 | - | - | - | - | (640,931) | - | - |
| Change in discount on promises to give | (15,202) | - | - | - | - | - | (15,202) | (19,594) |
| Change in value in charitable remainder trust | 62,504 | - | - | - | - | - | 62,504 | (45,548) |
| Permanently restricted contributions | (241,200) | - | - | - | - | - | (241,200) | (249,753) |
| (Increase) decrease in assets: | | | | | | | | |
| Accrued interest and dividend receivable | (2,078) | (633) | - | - | - | - | (2,711) | (6,466) |
| Net promises to give | 178,313 | - | - | - | - | - | 178,313 | 576,660 |
| Accounts receivable | (292,763) | (198,795) | 5,329 | (54,574) | - | 164,905 | (375,898) | (524,652) |
| Inventory | - | - | (79,483) | - | - | - | - | (18,654) |
| Security deposit | - | - | - | - | - | - | - | (475) |
| Prepaid expenses | (27,556) | 89,846 | (6,012) | (51,294) | - | - | 4,984 | (26,402) |
| Increase (decrease) in liabilities: | | | | | | | | |
| Accounts payable | 279,391 | (43,933) | 22,018 | 220,966 | - | (164,905) | 313,537 | 211,596 |
| Refundable advance | - | - | - | - | - | - | - | (594,540) |
| Accrued vacation | 24,066 | - | - | - | - | - | 24,066 | (72,629) |
| Accrued payroll liabilities | (270,130) | - | 15,685 | - | - | - | (254,445) | 24,394 |
| Accrued income tax | - | - | - | 21,142 | - | - | 21,142 | - |
| Accrued interest | 21,750 | - | 42,133 | - | - | - | 63,883 | 14,223 |
| Accrued incentive compensation | 60,724 | - | - | - | - | - | 60,724 | 379,788 |
| Deferred revenue | - | 3,989 | (240) | 43,215 | - | - | 46,964 | 5,094 |
| Security deposit payable | - | - | - | 16,175 | - | - | 16,175 | - |
| Net cash and cash equivalents provided by (used in) operating activities | 2,271,929 | 252,901 | (585,608) | 424,202 | - | - | 2,363,424 | 814,921 |
| Cash flows from investing activities: | | | | | | | | |
| Capital contribution - subsidiaries | (2,901,000) | - | - | 2,900,000 | 1,000 | - | - | - |
| Purchase of property and equipment | (52,900) | - | (27,722) | (2,695,809) | - | - | (2,776,431) | (220,998) |
| Purchase of investments | (1,604,613) | (75,672) | - | - | - | - | (1,680,285) | (1,731,751) |
| Proceeds from sale of investments | 492,500 | - | - | - | - | - | 492,500 | 1,047,310 |
| Proceeds from sale of subsidiary | - | - | - | - | - | - | - | 100,000 |
| Proceeds from disposal of fixed assets | - | - | 8,255 | - | - | - | 8,255 | - |
| Net cash outflow from deconsolidation of subsidiary | - | - | - | - | - | - | - | (22,580) |
| Net cash and cash equivalents provided by (used in) investing activities | (4,066,013) | (75,672) | (19,467) | 204,191 | 1,000 | - | (3,955,961) | (828,019) |
| Cash flows from financing activities: | | | | | | | | |
| Proceeds from issuance of debt | 3,000,000 | 44,663 | - | - | - | - | 3,044,663 | - |
| Proceeds from issuance of convertible notes | - | - | 455,000 | - | - | - | 455,000 | 950,000 |
| Repayments on long-term debt | - | (77,303) | - | (83,661) | - | - | (160,964) | (397,655) |
| Repayments on capital lease | (1,550) | - | - | - | - | - | (1,550) | (2,938) |
| Permanently restricted contributions | 241,200 | - | - | - | - | - | 241,200 | 249,753 |
| Net cash and cash equivalents provided by (used in) financing activities | 3,239,650 | (32,640) | 455,000 | (83,661) | - | - | 3,578,349 | 799,160 |
| Net change in cash and cash equivalents | 1,445,566 | 144,589 | (150,075) | 544,732 | 1,000 | - | 1,985,812 | 786,062 |
| Cash and cash equivalents, beginning of year | 5,545,387 | 218,627 | 524,891 | - | - | - | 6,288,905 | 5,502,843 |
| Cash and cash equivalents, end of year | \$ 6,990,953 | \$ 363,216 | \$ 374,816 | \$ 544,732 | \$ 1,000 | \$ - | \$ 8,274,717 | \$ 6,288,905 |
| Supplemental disclosure of cash flow information: | | | | | | | | |
| Cash paid during the year for interest | \$ 33 | \$ 86,030 | \$ - | \$ 154,048 | \$ - | \$ - | \$ 240,111 | \$ 114,579 |
| Supplemental disclosure of noncash investing and financing activities: | | | | | | | | |
| During the year ended June 30, 2022, Union Wharf, LLC obtained new financing for the purchase of a wharf. Financing of \$9,824,613 went directly to the seller for the purchase. Additionally, debt issuance costs of \$19,762 were relieved through closing. | | | | | | | | |
| Gulf of Maine Properties, Inc. refinanced debt of \$2,785,926 with a new lender. Debt issuance costs of \$19,535, accrued interest of \$8,126 and an escrow account of \$1,750 were established or paid through closing. | | | | | | | | |

See accompanying independent auditor's report on supplementary information.