



The Center for
WOODEN BOATS

Financial Statements
with Independent Auditors' Report

December 31, 2009

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Independent Auditors' Report***Board of Directors
The Center for Wooden Boats
Seattle, Washington***Certified Public
Accountants
and Consultants

We have audited the accompanying statement of financial position of The Center for Wooden Boats (CWB) as of December 31, 2009, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of CWB's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year comparative information has been derived from the CWB's December 31, 2008, financial statements and, in our report dated June 30, 2009, we expressed an unqualified opinion on those financial statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Center for Wooden Boats as of December 31, 2009, and the changes in its net assets and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Our audit was made for the purpose of forming an opinion on the basic financial statements of The Center for Wooden Boats taken as a whole. The schedule of functional operating expenses for the year ended December 31, 2009, is presented for additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Certified Public Accountants
August 9, 2010

THE CENTER FOR WOODEN BOATS

Statement of Financial Position

December 31, 2009

(With Comparative Totals for 2008)

	<u>2009</u>	<u>2008</u>
Assets		
Current Assets:		
Cash and cash equivalents	\$ 153,328	\$ 233,573
Certificates of deposit		69,038
Accounts receivable, net	14,411	36,844
Current portion of pledges and grants receivable (Note 3)	130,810	86,050
Inventory (Note 4)	61,591	116,798
Other assets	12,807	8,427
Total Current Assets	372,947	550,730
Assets restricted by donors for reserves and acquisition of long-term assets (Note 2)	370,914	378,792
Pledges and grants receivable (Note 3)	1,701	6,000
Park and museum property, net (Note 6)	968,843	727,153
Collections (Note 7)	652,763	704,512
Total Assets	\$ 2,367,168	\$ 2,367,187
Liabilities and Net Assets		
Current Liabilities:		
Accounts payable	\$ 27,254	\$ 101,519
Accrued expenses	61,641	40,831
Line of credit (Note 8)	41,859	65,566
Current portion of long term debt (Note 9)	7,792	6,612
Current portion of loan payable - employee (Note 9)	8,150	7,992
Deferred revenue	7,616	1,725
Total Current Liabilities	154,312	224,245
Long term debt, net of current portion (Note 9)	23,274	32,187
Long term loan payable - employee, net of current portion (Note 9)	19,174	27,324
Total Liabilities	196,760	283,756
Net Assets:		
Unrestricted (Note 11)	1,663,499	1,459,323
Temporarily restricted (Note 11)	355,918	473,117
Permanently restricted (Note 11)	150,991	150,991
Total Net Assets	2,170,408	2,083,431
Total Liabilities and Net Assets	\$ 2,367,168	\$ 2,367,187

The accompanying notes are an integral part of the financial statements.

THE CENTER FOR WOODEN BOATS

Statement of Activities

For the Year Ended December 31, 2009

(With Comparative Totals for 2008)

	<i>Unrestricted</i>	<i>Temporarily Restricted</i>	<i>Permanently Restricted</i>	<i>2009 Total</i>	<i>2008 Total</i>
Support:					
Contributions	\$ 54,788	\$ 326,550	\$ -	\$ 381,338	\$ 221,047
In-kind contributions	340,573			340,573	417,740
Grants	391,905			391,905	632,540
Memberships	75,086			75,086	78,364
Sponsorships	7,650			7,650	52,800
Net assets released from restriction	454,193	(454,193)			
Total Support	1,324,195	(127,643)		1,196,552	1,402,491
Revenue:					
Program service fees	323,513			323,513	340,725
Sales to the public	43,770			43,770	67,423
Interest income		10,444		10,444	22,198
Loss on sale of assets	(41,087)			(41,087)	(30,632)
Other income	67,262			67,262	65,571
Total Revenue	393,458	10,444		403,902	465,285
Total Support and Revenue	1,717,653	(117,199)		1,600,454	1,867,776
Expenses:					
Program expenses	1,163,020			1,163,020	1,285,472
Management and general	135,910			135,910	185,039
Fundraising	214,547			214,547	227,926
Total Expenses	1,513,477			1,513,477	1,698,437
Change in Net Assets	204,176	(117,199)		86,977	169,339
Net assets, beginning of year	1,459,323	473,117	150,991	2,083,431	1,914,092
Net Assets, End of Year	\$ 1,663,499	\$ 355,918	\$ 150,991	\$ 2,170,408	\$ 2,083,431

The accompanying notes are an integral part of the financial statements.

THE CENTER FOR WOODEN BOATS

**Statement of Cash Flows
For the Year Ended December 31, 2009
(With Comparative Totals for 2008)**

	<u>2009</u>	<u>2008</u>
Cash Flows from Operating Activities:		
Change in net assets	\$ 86,977	\$ 169,339
Adjustments to reconcile change in net assets to net cash (used) provided by operating activities:		
Depreciation	34,563	34,100
Contributed collections	(10,050)	(22,550)
Contributed park and museum property	(7,700)	(99,075)
Loss on sale/disposal of collections	23,371	1,800
Contributions received for long-term purposes	(196,969)	(67,711)
Changes in assets and liabilities:		
Accounts receivable	22,433	(5,835)
Pledges and grants receivable	(40,461)	75,569
Inventory	55,207	24,572
Other assets	(4,380)	11,202
Accounts payable	(74,265)	25,717
Accrued expenses	20,810	(4,657)
Deferred revenue	5,891	635
Net Cash (Used) Provided by Operating Activities	<u>(84,573)</u>	<u>143,106</u>
Cash Flows from Investing Activities:		
Proceeds from sale of park and museum property and collections	44,928	8,250
Purchase of park and museum property	(268,553)	(317,579)
Purchase of collections	(6,500)	(18,614)
Proceeds from redemption of certificates of deposit	69,038	
Purchase of certificates of deposit		(61,963)
Change in assets restricted by donor for reserves and the acquisition of long-term assets	7,878	111,963
Net Cash Used by Investing Activities	<u>(153,209)</u>	<u>(277,943)</u>
Cash Flows from Financing Activities:		
Net activity on line of credit	(23,707)	51,579
Payments on long-term debt	(15,725)	(15,472)
Proceeds from contributions received for long-term purposes	196,969	67,711
Net Cash Provided by Financing Activities	<u>157,537</u>	<u>103,818</u>
Net Decrease in Cash	<u>(80,245)</u>	<u>(31,019)</u>
Cash balance, beginning of year	233,573	264,592
Cash Balance, End of Year	<u>\$ 153,328</u>	<u>\$ 233,573</u>
Supplemental Cash Flow Information:		
Cash paid during year for interest	\$ 7,562	\$ 13,056
Non-cash donations of collection and equipment items	1,000	121,625
Park and museum additions in accounts payable	3,012	

The accompanying notes are an integral part of the financial statements.

THE CENTER FOR WOODEN BOATS

Notes to Financial Statements

Note 1 - Activities and Summary of Significant Accounting Policies

Nature of Activities - The Center for Wooden Boats (CWB) is a non-profit organization formed for the purpose of operating and maintaining a Maritime Museum and Maritime Park open to the general public at State of Washington Waterway #4 at the south end of Lake Union in Seattle, Washington. CWB's revenues are primarily derived from contributions, government grants and program service fees.

Basis of Accounting - The accompanying financial statements have been prepared on the accrual basis of accounting whereby revenues are recognized when earned and expenditures are recognized when incurred.

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

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

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

Permanently Restricted Net Assets - Net assets for which donor restrictions require that the principal be invested in perpetuity and only the income be made available for program operations in accordance with donor restrictions.

Revenues are reported as increases in unrestricted net assets unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Expirations of temporary restrictions on net assets (i.e., the donor stipulated purpose has been fulfilled and/or the stipulated time period has lapsed) are reported as reclassifications between the applicable classes of net assets.

Use of Estimates - The preparation of financial statements in conformity with generally accepted accounting principles (GAAP) requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Vulnerability from Certain Concentrations - There are government grants from two grantors which represent 68% of grants revenue for the year ended December 31, 2009. Receivables from these grants account for 76% of pledges and grants receivable as of December 31, 2009. Government grants from three grantors represent 92% of grants revenue for the year ended December 21, 2008. There were no receivables from these grantors as of December 31, 2008.

CWB received contributions from two donors which accounted for 33% of contribution revenues for the year ended December 31, 2009. Outstanding pledges from one of these donors represent 82% of the pledges receivable at December 31, 2009. No such concentrations existed during the year ended December 31, 2008.

Contributions - Contributions, including unconditional promises to give, are recorded as made. All contributions are available for unrestricted use unless specifically restricted by the donor. Conditional promises to give are recognized when the conditions on which they depend are substantially met. Unconditional promises to give due in the next year are recorded at their net realizable value. For the fiscal years ending December 31, 2009 and 2008, contribution revenue in the statement of financial position is reported net of direct special event costs of \$39,841 and \$47,907, respectively.

THE CENTER FOR WOODEN BOATS

Notes to Financial Statements

Note 1 - Continued

Membership Income - Membership dues are recognized as income in the period the dues are received.

Donated Services, Materials and Use of Facilities - A substantial number of unpaid volunteers have made significant contributions of their time in furtherance of CWB's programs. The value of certain contributed time to capital projects is not included in the accompanying financial statements since it is not presently susceptible to current objective measurement or valuation. Certain other professional services formally documented are recorded in the accompanying financial statements. Contributions of materials recorded in the current year, based on market values at the time of contribution, have also been recorded.

Substantially all of the Maritime Park area as well as office space utilized by CWB is donated by governmental agencies. CWB also utilizes storage space which is donated by a company. The estimated fair rental value of the premises and storage space is recorded in the statement of activities as in-kind contributions and storage rent expense.

Following is a summary of in-kind contributions:

	<u>2009</u>	<u>2008</u>
Storage space	\$ 85,831	\$ 44,364
Professional services	84,428	115,862
Boats for resale	79,490	96,700
Other	52,167	73,563
Premises	27,804	76,490
Boats for program	5,000	6,261
Materials	4,853	2,500
Boats for the collection	1,000	
Vehicles		2,000
	<u>\$ 340,573</u>	<u>\$ 417,740</u>

Cash and Cash Equivalents - Cash and cash equivalents consist of cash in checking and savings accounts and other highly liquid investments with a maturity of less than ninety days. CWB places its cash deposits with major financial institutions. At times, deposits with any one institution may exceed federally insured limits.

Accounts Receivable - Accounts receivable are stated at the amount that management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a charge to earnings and a credit to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. As of December 31, 2009, the allowance for doubtful accounts totaled \$5,540. There was no allowance as of December 31, 2008.

Inventory - Inventory is valued at the lower of cost or market, cost determined on a first in, first out basis, using the retail method.

THE CENTER FOR WOODEN BOATS

Notes to Financial Statements

Note 1 - Continued

Park and Museum Property - Park and museum property are capitalized at purchased cost or estimated fair value, if donated, and are depreciated using the straight-line method over their estimated useful lives, ranging from 4 to 39 years, in accordance with GAAP. CWB capitalizes all tools over \$500 and all other items over \$1,000 that provide a future benefit.

Collections - CWB's collections include a wooden boat fleet as well as books, models and displays that are held for educational and curatorial purposes. Each of the collection items are cataloged, preserved and cared for, and activities verifying their existence and assessing their condition are performed continuously. The collections are subject to a policy that requires proceeds from their sales to be used to acquire other items for collection or to maintain the existing collection.

CWB has received donations of collection items which are capitalized at their fair value on the accession date. Collection items purchased or restoration of collection items are capitalized at cost. Gains or losses on the deaccession of collection items are classified on the statement of activities as unrestricted or temporarily restricted support depending on donor restrictions, if any, placed on the item at the time of accession.

Income Taxes - The Internal Revenue Service has determined CWB to be exempt from federal income taxes as a nonprofit organization as defined in Section 501(c)(3) of the Internal Revenue Code, and accordingly is generally exempt from federal income taxes under the provisions of Section 501 (a) of the Internal Revenue Code.

Functional Allocation of Expenses - The costs of providing CWB's various programs and supporting services have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the program and supporting services benefited.

Advertising - Advertising costs are expensed as incurred. The advertising expense was \$9,386 and \$25,532 for the years ending December 31, 2009 and 2008, respectively.

Reclassifications - Certain reclassifications were made to the December 31, 2008, financial statements to conform to the current period presentation. The reclassifications have no effect on previously reported change in net assets or net assets.

Comparative Amounts for 2008 - The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with GAAP. Accordingly, such information should be read in conjunction with CWB's financial statements for the year ended December 31, 2008, from which the summarized information was derived.

Subsequent Events - CWB has evaluated subsequent events through August 9, 2010, the date on which the financial statements were available to be issued.

THE CENTER FOR WOODEN BOATS

Notes to Financial Statements

Note 2 - Assets Restricted by Donors for Reserves and Acquisition of Long-Term Assets

At December 31, assets that were restricted by donors for long-term reserves and acquisition of long-term assets consisted of the following:

	<u>2009</u>	<u>2008</u>
Certificates of deposit and cash equivalents	\$ 315,914	\$ 378,792
Pledges and grants receivable	<u>55,000</u>	<u> </u>
Total Assets Restricted by Donors for Reserves and Acquisition of Long-Term Assets	<u>\$ 370,914</u>	<u>\$ 378,792</u>

Note 3 - Pledges and Grants Receivable

Pledges receivable are recorded at their net realizable value. The receivables are deemed fully collectible by management. As of December 31, pledges and grants receivable were reported in the statement of financial position as follows:

	<u>2009</u>	<u>2008</u>
Pledges and grants receivable, current portion	\$ 130,810	\$ 86,050
Pledges and grants receivable, long-term	1,701	6,000
Assets restricted by donors for reserves and acquisition of long-term assets	<u>55,000</u>	<u> </u>
Total Pledges and Grants Receivable	<u>\$ 187,511</u>	<u>\$ 92,050</u>

Note 4 - Inventory

Inventory consists of the following at December 31:

	<u>2009</u>	<u>2008</u>
Gift shop items	\$ 3,061	\$ 18,850
Auction items for the subsequent year fundraising event	19,193	26,148
Boats for resale	36,849	71,800
Other	<u>2,488</u>	<u> </u>
Total Inventory	<u>\$ 61,591</u>	<u>\$ 116,798</u>

THE CENTER FOR WOODEN BOATS

Notes to Financial Statements

Note 5 - Fair Value Measurements

CWB measures its financial assets on a recurring basis at fair value. GAAP establishes a three level hierarchy of valuation inputs based on the extent to which inputs are observable in the marketplace. Levels I and II are considered observable and Level III is considered unobservable. CWB's investments consist entirely of certificates of deposit accounts held at banks and are measured using Level II inputs. The fair value of these investments totaled \$222,830 and \$447,830 at December 31, 2009 and 2008, respectively. As of December 31, 2009, investments were included in assets restricted by donors for reserves and acquisition of long-term assets in the statement of financial position. As of December 31, 2008, investments were included in assets restricted by donors for reserves and acquisition of long-term assets and certificates of deposit in the statement of financial position.

Note 6 - Park and Museum Property

Park and Museum property as of December 31 are as follows:

	<u>2009</u>	<u>2008</u>
Maritime park and structure	\$ 982,307	\$ 757,596
Office and other equipment	40,291	40,291
Vehicles	12,000	12,000
Program assets	2,700	
Capitalized project costs	<u>233,003</u>	<u>184,161</u>
	1,270,301	994,048
Less accumulated depreciation	<u>(301,458)</u>	<u>(266,895)</u>
Total Park and Museum Property, Net	<u>\$ 968,843</u>	<u>\$ 727,153</u>

Capitalized project costs as of December 31, 2009, consists primarily of accumulated costs relating to the newly planned Education Center.

Note 7 - Collections

Collections as of December 31 are as follows:

	<u>2009</u>	<u>2008</u>
Museum fleet	\$ 518,716	\$ 580,516
Library, models and displays	<u>134,047</u>	<u>123,996</u>
Total Collections	<u>\$ 652,763</u>	<u>\$ 704,512</u>

THE CENTER FOR WOODEN BOATS

Notes to Financial Statements

Note 8 - Line Of Credit

CWB has a \$25,000 line-of-credit with Viking Bank, which will expire July 2010 and is secured by all inventory, chattel paper, accounts receivable, equipment and general intangibles. Borrowing under the line bears interest at the prime rate plus 0.5%, not to be less than 7% (7% as of December 31, 2009). The balance outstanding on December 31, 2009 and 2008, was \$18,908 and \$8,000, respectively.

CWB has a \$100,000 line-of-credit with Pacific Continental Bank which will expire August 2010 and is secured by all inventory, chattel paper, accounts receivable, equipment and general intangibles. Borrowing under the line bears interest at the prime rate plus 1.0%, not to be less than 6.5% (6.5% as of December 31, 2009). The balance outstanding at December 31, 2009 and 2008, was \$22,951 and \$57,566, respectively.

Note 9 - Loans Payable

Bank - CWB has a term loan from Viking Bank, which is payable in monthly installments of \$874, including interest at the prime rate plus 0.5% not to be less than 7% (7% as of December 31, 2009). The loan is secured by inventory and equipment, and the maturity date of the loan is August 7, 2013. The bank loan payable at December 31, 2009 and 2008, was \$31,066 and \$38,799, respectively. Principal payments of \$7,792 are due in 2010.

Employee - CWB has a loan payable with an employee, which is payable in monthly installments of approximately \$750, including interest at 3%. The loan is unsecured and the maturity date of the loan is March 1, 2013. The total loan payable to an employee as of December 31, 2009 and 2008, was \$27,324 and \$35,316, respectively. Principal payments of \$8,150 are due in 2010.

Principal maturities on the loans payable as of December 31 are as follows:

2010	\$	15,942
2011		16,968
2012		18,080
2013		<u>7,400</u>
	\$	<u>58,390</u>

Note 10 - Commitments and Contingencies

Lease Commitment - CWB leases equipment, park and waterway space under operating lease agreements expiring in various years through 2013. Payments under these leases during the year ending December 31, 2009 and 2008, totaled \$23,000 and \$8,800, respectively.

THE CENTER FOR WOODEN BOATS

Notes to Financial Statements

Note 10 - Continued

Future minimum payments required under the leases consist of the following for the years ending December 31:

2010	\$	21,288
2011		21,288
2012		14,460
2013		<u>9,784</u>
Future Minimum Lease Payments	\$	<u>66,820</u>

Note 11 - Net Assets

Unrestricted net assets consist of the following designated and undesignated amounts at December 31:

	<u>2009</u>	<u>2008</u>
Undesignated	\$ 1,659,690	\$ 1,455,947
Board designated - wharf management	3,059	450
Board designated - seattle flying dragon boats	750	2,911
Board designated - cama fund		<u>15</u>
	<u>\$ 1,663,499</u>	<u>\$ 1,459,323</u>

Temporarily restricted net assets are available for the following purposes at December 31:

	<u>2009</u>	<u>2008</u>
Capital expenditures	\$ 219,918	\$ 215,143
Boat maintenance and restoration	46,549	45,956
Boat building education	28,275	27,576
Youth programs	27,829	118,521
Other projects	25,380	51,940
Artist-in-residence	5,416	10,000
Capacity building initiative	<u>2,551</u>	<u>3,981</u>
	<u>\$ 355,918</u>	<u>\$ 473,117</u>

THE CENTER FOR WOODEN BOATS

Notes to Financial Statements

Note 11 - Continued

Permanently restricted net assets consist of endowment fund assets to be held indefinitely. The income from the assets can be used to support boat shop maintenance and youth scholarships. Balances in each endowment type are as follows at December 31:

	<u>2009</u>	<u>2008</u>
Endowment - boat shop	\$ 117,830	\$ 117,830
Endowment - youth scholarships	30,000	30,000
Endowment - blanchard	2,883	2,883
Endowment - dora	<u>278</u>	<u>278</u>
	<u>\$ 150,991</u>	<u>\$ 150,991</u>

CWB's endowment consists of donor-restricted endowment funds totaling \$150,991. As required by GAAP, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law - The Board of Directors of CWB has interpreted the Washington State Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, CWB classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by CWB in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, CWB 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 CWB 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 of CWB; and
- The investment policies of CWB.

Funds with Deficiencies - From time to time, the fair value of assets associated with individual donor restricted endowment funds may fall below the level that was donated to CWB. There were no such deficiencies as of December 31, 2009.

THE CENTER FOR WOODEN BOATS

Notes to Financial Statements

Note 11 - Continued

Return Objectives and Risk Parameters - CWB has adopted investment policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that CWB must hold in perpetuity or for a donor-specified periods as well as board-designated funds. Under this policy, as approved by the Board of Directors, the endowment assets are invested so that the funds preserve their real purchasing power, after accounting for investment returns, spending and inflation. The investment strategy is to emphasize total return; that is the aggregate return from capital appreciation and dividend and interest income. The objective of the fund is to earn the highest yield available given the constraints of safety and liquidity.

Strategies Employed for Achieving Objectives - To satisfy its long-term rate-of-return objectives, CWB relies on a total return strategy in which investment returns are achieved through current yield (interest and dividends) by holding assets in certificates of deposits.

Spending Policy and How the Investment Objectives Relate to Spending Policy - CWB does not currently have a spending policy in place.

CWB's endowment consists of donor-restricted endowment funds. As required by GAAP, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

Note 12 - Lake Union Park

CWB currently occupies space at Lake Union Park (the Park), owned by the City of Seattle. The Park is scheduled for major renovations and expansion including space for CWB to expand its educational facilities. The Seattle Parks Foundation (SPF), a 501(c)(3) organization that raises money for Seattle Parks capital projects, has made a conditional pledge to CWB. CWB and SPF signed a Memorandum of Understanding (MOU) in June 2007 in which SPF will designate \$500,000 of its \$20 million capital campaign budget as a match for the expansion of CWB's facilities. SPF will prioritize the \$500,000 pledge for the Center for Wooden Boat Education Center and with specific project conditions needing to be met for each installment payment of the pledge. Upon signing the new MOU during 2007, CWB received a payment on the pledge of \$100,000. As of December 31, 2009, CWB had not recognized the remaining conditional pledge amount of \$400,000 as the remaining pledge payments are conditioned upon CWB completing certain project tasks that were still in process as of year end.

SUPPLEMENTAL INFORMATION

THE CENTER FOR WOODEN BOATS

***Schedule of Functional Operating Expenses
For the Year Ended December 31, 2009
(With Comparative Totals for 2008)***

	<i>Program Services</i>	<i>Management and General</i>	<i>Fundraising</i>	<i>2009 Total Expenses</i>	<i>2008 Total Expenses</i>
Salaries and benefits	\$ 472,576	\$ 90,052	\$ 122,875	\$ 685,503	\$ 721,598
Professional services	131,949	23,011	37,581	192,541	261,287
Workshop and exhibit materials and supplies	48,810	935	1,403	51,148	61,108
Cost of goods sold	24,521		11,241	35,762	46,215
Printing and stationery	46,008	1,614	3,625	51,247	56,790
Postage	11,551	1,231	2,601	15,383	17,744
Storage rent	85,831			85,831	44,364
Occupancy	62,426	1,055	589	64,070	79,645
Telephone and utilities	22,819	1,372	1,841	26,032	21,448
Events	37,654	577	5,281	43,512	50,987
Excise and payroll taxes	44,881	8,753	11,914	65,548	85,784
Awards and conferences	7,644	175	3,106	10,925	30,324
Insurance	46,695	1,500		48,195	38,974
Bank fees	10,590	1,313	684	12,587	14,816
Licenses and permits	9,224	1	298	9,523	10,675
Office supplies	8,980	1,113	1,062	11,155	15,679
Interest	5,774	716	1,073	7,563	13,056
Depreciation	33,676	569	318	34,563	34,100
Miscellaneous	51,411	1,923	9,055	62,389	93,843
Total Expenses	\$ 1,163,020	\$ 135,910	\$ 214,547	\$ 1,513,477	\$ 1,698,437

See accountants' report.