

CENTER FOR WOODEN BOATS

FINANCIAL STATEMENTS

With Independent Accountant's Review Report

YEARS ENDED DECEMBER 31, 2020 AND 2019



**THE CENTER FOR
WOODEN
BOATS**

CENTER FOR WOODEN BOATS

FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2020 AND 2019

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INDEPENDENT ACCOUNTANT'S REVIEW REPORT

May 17, 2021

Board of Trustees
Center for Wooden Boats
Seattle, Washington

We have reviewed the accompanying statements of financial position of Center for Wooden Boats, as of December 31, 2020 and 2019, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements. A Review includes primarily applying analytical procedures to management's financial data and making inquiries of management. A Review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management's Responsibility for the Financial Statements

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

Accountant's Responsibility

Our responsibility is to conduct the review in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

Accountant's Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.



Jacobson Jarvis & Co, PLLC

CENTER FOR WOODEN BOATS

STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2020 AND 2019

ASSETS

	<u>2020</u>	<u>2019</u>
Current Assets		
Cash and cash equivalents	\$ 223,588	\$ 62,944
Accounts receivable	19,610	21,154
Grants receivable	16,000	-
Inventory	147,975	84,324
Prepaid expenses	7,565	16,175
	<hr/>	<hr/>
Total Current Assets	414,738	184,597
Restricted Cash	173,141	89,484
Property and Equipment, net	6,588,792	6,844,479
Collections	744,989	689,189
	<hr/>	<hr/>
	<u>\$ 7,921,660</u>	<u>\$ 7,807,749</u>

LIABILITIES AND NET ASSETS

Current Liabilities		
Accounts payable	\$ 34,570	\$ 50,882
Accrued payroll liabilities	7,634	35,621
Line of credit	-	120,768
Current portion of notes payable	31,796	-
Current portion of obligation under capital lease	12,293	11,695
Unearned revenue	32,023	13,956
	<hr/>	<hr/>
Total Current Liabilities	118,316	232,922
King County Sewer Capacity Charge	28,372	30,598
Notes Payable, less current portion above	264,788	-
Obligation Under Capital Lease, less current portion	26,505	38,798
	<hr/>	<hr/>
Total Liabilities	437,981	302,318
Net Assets		
Without donor restriction	7,214,568	7,253,123
With donor restriction	269,111	252,308
	<hr/>	<hr/>
Total Net Assets	7,483,679	7,505,431
	<hr/>	<hr/>
	<u>\$ 7,921,660</u>	<u>\$ 7,807,749</u>

See accompanying notes and independent accountant's review report.

CENTER FOR WOODEN BOATS

STATEMENTS OF ACTIVITIES

YEARS ENDED DECEMBER 31, 2020 AND 2019

	2020			2019		
	Without Donor Restriction	With Donor Restriction	Total	Without Donor Restriction	With Donor Restriction	Total
Support and Revenue						
Support						
Contributions	\$ 257,710	\$ 59,688	\$ 317,398	\$ 316,164	\$ 80,630	\$ 396,794
Special events	85,018		85,018	239,372		239,372
In-kind contributions	235,575		235,575	229,466		229,466
Grants	296,149	-	296,149	52,943	37,230	90,173
Memberships	38,550		38,550	59,380		59,380
Net assets released from purpose restrictions	42,885	(42,885)	-	2,387,179	(2,387,179)	-
Total support	<u>955,887</u>	<u>16,803</u>	<u>972,690</u>	<u>3,284,504</u>	<u>(2,269,319)</u>	<u>1,015,185</u>
Revenue						
Program service fees	424,898		424,898	675,749		675,749
Sales to the public	38,381		38,381	68,539		68,539
Other revenue	47,499		47,499	16,810		16,810
Total revenue	<u>510,778</u>		<u>510,778</u>	<u>761,098</u>		<u>761,098</u>
Total support and revenue	<u>1,466,665</u>	<u>16,803</u>	<u>1,483,468</u>	<u>4,045,602</u>	<u>(2,269,319)</u>	<u>1,776,283</u>
Expenses						
Program services	992,876		992,876	1,058,921		1,058,921
Management and general	379,589		379,589	473,708		473,708
Fundraising	132,755		132,755	325,291		325,291
Total Expenses	<u>1,505,220</u>		<u>1,505,220</u>	<u>1,857,920</u>		<u>1,857,920</u>
Change in Net Assets	(38,555)	16,803	(21,752)	2,187,682	(2,269,319)	(81,637)
Net Assets - Beginning of Year	<u>7,253,123</u>	<u>252,308</u>	<u>7,505,431</u>	<u>5,065,441</u>	<u>2,521,627</u>	<u>7,587,068</u>
Net Asset - End of Year	<u>\$ 7,214,568</u>	<u>\$ 269,111</u>	<u>\$ 7,483,679</u>	<u>\$ 7,253,123</u>	<u>\$ 252,308</u>	<u>\$ 7,505,431</u>

See accompanying notes and independent accountant's review report.

CENTER FOR WOODEN BOATS

STATEMENTS OF FUNCTIONAL EXPENSES

YEARS ENDED DECEMBER 31, 2020 AND 2019

	2020				2019			
	Program Services	Management and General	Fundraising	Total	Program Services	Management and General	Fundraising	Total
Salaries	\$ 348,607	\$ 180,319	\$ 82,142	\$ 611,068	\$ 432,822	\$ 238,396	\$ 122,233	\$ 793,451
Depreciation	217,814	39,504	13,258	270,576	154,062	41,586	34,563	230,211
Payroll taxes and benefits	73,554	41,844	13,495	128,893	76,188	40,502	22,062	138,752
Rent	81,372	25,800	3,000	110,172	68,407	18,378	15,315	102,100
Professional fees	54,778	28,336	5,000	88,114	86,210	49,400	8,401	144,011
Insurance	44,691	31,590	3,500	79,781	53,644	14,412	12,010	80,066
Materials and supplies	37,615	7,809	-	45,424	75,563	20,300	16,917	112,780
Computer expenses	31,092	5,639	1,893	38,624	23,216	6,237	5,198	34,651
Communications	21,795	3,953	1,327	27,075	24,838	6,708	5,573	37,119
Utilities	18,070	3,277	1,100	22,447	13,550	3,640	3,033	20,223
Other	19,135	1,819	610	21,564	9,081	2,447	2,033	13,561
Bank fees	15,819	2,869	963	19,651	15,356	4,125	3,438	22,919
Grants and scholarships	11,797	-	-	11,797	9,727	-	-	9,727
Postage and office supplies	6,978	1,266	425	8,669	-	7,243	1,303	8,546
Interest expense	6,226	1,129	379	7,734	9,666	2,608	2,168	14,442
Printing and copying	-	3,095	3,661	6,756	-	12,309	4,823	17,132
Cost of goods sold	3,533	-	-	3,533	-	-	-	-
Food and beverages	-	1,340	-	1,340	-	5,417	7,347	12,764
Special event expenses	-	-	1,329	1,329	-	-	58,364	58,364
Advertising	-	-	673	673	6,591	-	510	7,101
Total Expenses	<u>\$ 992,876</u>	<u>\$ 379,589</u>	<u>\$ 132,755</u>	<u>\$ 1,505,220</u>	<u>\$ 1,058,921</u>	<u>\$ 473,708</u>	<u>\$ 325,291</u>	<u>\$ 1,857,920</u>

See accompanying notes and independent accountant's review report.

CENTER FOR WOODEN BOATS

STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
Cash Flows from Operating Activities		
Cash received from:		
Donors	\$ 720,615	\$ 803,969
Program participants	483,390	687,353
Other revenue	47,499	16,810
Cash paid for:		
Personnel	(767,948)	(962,883)
Services and supplies	(367,377)	(702,924)
Interest	<u>(7,734)</u>	<u>(14,442)</u>
Net Cash Provided (Used) by Operating Activities	<u>108,445</u>	<u>(172,117)</u>
Cash Flows Used by Investing Activities		
Purchases of property and equipment	<u>(26,039)</u>	<u>(56,400)</u>
Cash Flows from Financing Activities		
Net (repayment) borrowings on line of credit	(120,768)	3,768
Proceeds from issuance of long term liabilities	299,885	-
Repayments on long term liabilities	<u>(17,222)</u>	<u>(13,607)</u>
Net Cash Provided (Used) by Financing Activities	<u>161,895</u>	<u>(9,839)</u>
Changes in Cash and Cash Equivalents	244,301	(238,356)
Total Cash and Cash Equivalents - beginning of year	<u>152,428</u>	<u>390,784</u>
Total Cash and Cash Equivalents - end of year	396,729	152,428
Less Restricted Cash	<u>(173,141)</u>	<u>(89,484)</u>
	<u>\$ 223,588</u>	<u>\$ 62,944</u>
Noncash Investing and Financing Activities		
Purchase of equipment through issuance of capital lease obligation	<u>\$ -</u>	<u>\$ 61,875</u>

See accompanying notes and independent accountant's review report.

CENTER FOR WOODEN BOATS

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2020 AND 2019

NOTE A - ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

The Center for Wooden Boats (CWB) is a nonprofit 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 also operates facilities at the north end of Lake Union and at Cama Beach State Park. CWB's revenues are primarily derived from contributions, government and private grants, and program service fees.

Basis of presentation

CWB presents its financial statements on an accrual basis of accounting in accordance with FASB Accounting Standards Codification (ASC) 958, Not-for-Profit Entities. Under FASB ASC 958, CWB is required to report information regarding its financial position and activities 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.

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 that resources be maintained in perpetuity.

Contributions restricted by donors are reported as increases in net assets with donor restrictions when received. When a restriction expires (that 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 statement of activities as net assets released from restriction. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are released from restriction when the assets are placed in service.

Income taxes

The Internal Revenue Service has recognized Center for Wooden Boats as exempt from federal income taxes under provision of Section 501(a) of the Internal Revenue Code as an entity described in Section 501(c)(3) and not as a private foundation.

Use of estimates

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

CENTER FOR WOODEN BOATS

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2020 AND 2019

NOTE A - ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and cash equivalents

Cash and cash equivalents consist of general checking, savings, and money market accounts. CWB maintains its cash and cash equivalents in bank accounts that may exceed federally insured limits at times during the year. CWB has not experienced any losses in these accounts, and management does not believe it is exposed to any significant credit risk.

Restricted cash

Restricted cash represents funds held for long term purposes including endowment funds and capital project restricted funds.

Fair value measurements

In accordance with financial accounting standards, a three-tiered hierarchy of input levels is used for measuring fair value. Financial accounting standards defines fair value as 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. Valuation techniques utilized to determine fair value are consistently applied. Transfers between levels in the fair value hierarchy are recognized at the end of the reporting period. The three tiers of inputs used for fair value measurements are as follows:

Level 1: Fair values are based on quoted prices in active markets for identical assets and liabilities.

Level 2: Fair values are based on observable inputs that include: quoted market prices for similar assets or liabilities; quoted market prices that are not in an active market; or other inputs that are observable in the market and can be corroborated by observable market data for substantially the full term of the assets.

Level 3: Fair values are calculated by the use of pricing models and/or discounted cash flow methodologies, and may require significant management judgment or estimation. These methodologies may result in a significant portion of the fair value being derived from unobservable data.

Accounts Receivable

Accounts receivable are stated at the amount 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 still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to trade accounts receivable. Changes in the valuation allowance have not been material to the financial statements.

CENTER FOR WOODEN BOATS

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2020 AND 2019

NOTE A - ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Grants receivable and promises to give

Grants receivable and promises to give are shown net of unrealizable amounts. Unconditional promises to give are recognized as revenues in the period received and as assets, decreases of liabilities, or expenses, depending on the form of the benefits received.

Inventory

Inventory is valued at the lower of cost or market. Cost is determined on a first in, first out basis and consists of donated boats for resale.

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 four to 39 years. CWB capitalizes all tools over \$500 and all other items over \$1,000 that provide a future benefit. At December 31, park and museum property consisted of the following:

	<u>2020</u>	<u>2019</u>
Maritime park and structure	\$ 7,365,674	\$ 7,365,674
Vehicles and equipment	484,211	469,321
Leasehold improvements	<u>142,137</u>	<u>142,137</u>
	7,992,022	7,977,132
Less accumulated depreciation	<u>(1,403,230)</u>	<u>(1,132,653)</u>
Total Park and Museum Property, Net	<u>\$ 6,588,792</u>	<u>\$ 6,844,479</u>

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 is 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 that are capitalized at their fair value on the accession date. Collection items purchased and restoration of collection items are capitalized at cost. Gains or losses on the deaccession of collection items are classified on the statement of activities based on the presence or absence of donor restrictions, if any, placed on the item at the time of accession.

CENTER FOR WOODEN BOATS

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2020 AND 2019

NOTE A - ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Support and revenue recognition

CBW conducts program-related experiences such as boat rentals, youth and adult sailing and boatbuilding classes, camps and field trips where the performance obligation is delivery of the program. Fees collected in advance of delivery of the program are initially recognized as unearned revenue and are recognized in the statement of activities only after delivery of the program has occurred. CWB recognizes revenue from sales of products when the products are transferred. Membership dues are contributory in nature as are recognized when received.

CWB recognizes contributions when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give, that is, those with a measurable performance or other barrier and a right of return or release, are not recognized until the conditions on which they depend have been met. As of December 31, 2020, conditional contributions and grants for which no amounts had been received in advance totaled \$16,000 and have not been recognized in the accompanying financial statements.

In-kind goods and services

Contributed materials have been recorded on the basis of rates that otherwise would have been paid for similar goods. Donated services are recorded as in-kind contributions and are recognized as revenue at estimated values at the date of receipt if they (a) create or enhance non-financial assets, or (b) require specialized skills and would need to be purchased if not provided by donation. Corresponding expenses are recognized as the assets and services are utilized.

A substantial number of unpaid volunteers have made significant contributions of their time in furtherance of CWB's programs. The value of this contributed time is not included in the accompanying financial statements as it does not meet the criteria for recording under generally accepted accounting principles.

For the years ended December 31, in-kind contributions recognized in the financial statements consisted of the following:

	<u>2020</u>	<u>2019</u>
Facilities	\$ 51,300	\$ 51,300
Boats for resale	97,290	69,597
Professional services	39,587	78,779
Materials, supplies and other	47,398	29,790
Total In-Kind Contributions	<u>\$ 235,575</u>	<u>\$ 229,466</u>

CENTER FOR WOODEN BOATS

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2020 AND 2019

NOTE A - ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Functional allocation of expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of activities and of functional expenses. Where possible, specific expenses have been charged directly to the appropriate category. When functions are shared or costs are intermingled, expenses are allocated based on employee counts.

NOTE B - LIQUIDITY

CWB has substantially and steadily improved its liquidity since 2015. Management believes the cash flow forecast shows sufficient cash to sustain operations through the 2021 peak season. With the assistance of the Paycheck Protection Program Loan proceeds (See note I), CWB believes that it has sufficient capital to continue as a going concern and adequately satisfy any liquidity needs for at least 12 months from the issuance date of the financial statements.

Financial assets available to meet cash needs for general expenditures within one year are as follows as of December 31:

	<u>2020</u>	<u>2019</u>
Total financial assets	\$ 432,339	\$ 173,582
Donor-imposed restrictions:		
Purpose restrictions	(120,676)	(103,885)
Endowments, net of amounts loaned to operations	<u>(41,066)</u>	<u>(41,054)</u>
	<u>\$ 270,597</u>	<u>\$ 28,643</u>

NOTE C - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions as of December 31 are:

	<u>2020</u>	<u>2019</u>
Subject to expenditure for specific purpose:		
Capital projects	\$ 31,883	\$ 18,559
Youth programs	21,036	21,518
Boat maintenance and restoration	51,668	47,719
Other projects	<u>16,089</u>	<u>16,089</u>
	<u>120,676</u>	<u>103,885</u>
Endowments:		
Subject to endowment spending policy and appropriation:		
Endowment - boat shop	117,830	117,830
Endowment - youth scholarships	30,000	30,000
Endowment - general fund	<u>605</u>	<u>593</u>
	<u>148,435</u>	<u>148,423</u>
Total net assets with donor restrictions	<u>\$ 269,111</u>	<u>\$ 252,308</u>

CENTER FOR WOODEN BOATS

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2020 AND 2019

NOTE D - ENDOWMENT

CWB's endowment funds consist of three individual funds: the Boat Shop Endowment, the Youth Scholarship Endowment and the General Endowment. CWB's endowment funds include donor-restricted endowment funds only. As required by generally accepted accounting principles, net assets associated with endowment funds are classified and reported based on the existence of donor-imposed restrictions.

The original donor-restricted corpus of the endowment funds totals \$148,435. In 2016, CWB's Board of Trustees authorized the loan of funds from the endowment to CWB for operating expenses of \$100,000, adding to a loan balance of \$70,000 authorized in 2014. As of December 31, 2020, \$107,369 of the loan is still outstanding. The remaining endowment funds are held in cash and are included in restricted cash on the statement of financial position.

NOTE E - COMMITMENTS

City of Seattle Ground Lease

In February 2015, CWB and the City of Seattle entered into an amended ground lease for the Lake Union Park property upon which CWB constructed its building. The lease has an initial term of 25 years with the option to extend for two additional five-year terms. The lease calls for annual rent of \$50,000, adjusted by CPI every five years.

In addition to the cash rent payment, CWB is also required to provide a minimum public benefit annually, equal to 10% of the adjusted rent payment. Public benefit is provided by offering free or reduced-cost programs and activities for the public. Under the terms of the lease, up to 100% of the annual rent payment can be offset as follows:

Capital Improvement Offset: Through the term of the agreement, CWB is entitled to apply an offset against 75% of the rent payment representing CWB's unamortized capital improvement costs. Unamortized capital improvement costs represent the amounts CWB incurred to construct its Lake Union Park facility net of amounts applied to prior rent payments under the terms of the agreement.

Public Program Offset: CWB may request a public program rental offset against up to 15% of the rent to reflect the value of programming that is available to the general public at free or reduced cost that is above the minimum required public benefit provided.

Park Service Offset: CWB may offset up to 10% of the annual rent based on services performed by CWB at the request of the City of Seattle. These services relate to guest experience enhancements in Lake Union Park.

For the year ended December 31, 2020, CWB received 100% offset of the rent payment based on compliance with the terms of the agreement and therefore has not recognized any rent expense related to this lease.

CENTER FOR WOODEN BOATS

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2020 AND 2019

NOTE E - COMMITMENTS (Continued)

Cooperative Agreement

In March 2008, CWB entered into a 30 year cooperative agreement with the Washington State Parks and Recreation Commission (State Park) related to the use of space and provision of programming at Cama Beach State Park on Camano Island. Under the terms of the agreement, CWB has been granted leasehold interest in property owned by the State Park in exchange for constructing, renovating, maintaining, storing, displaying, using and renting historically significant boats. The agreement also requires CWB to provide maritime heritage skill programs and related instructional, educational, and recreational programs for the mutual benefit of the State Park, CWB and park visitors. No value has been assigned to this agreement in the accompanying financial statements.

Software Subscription

During the year ended December 31, 2020, CWB renewed an agreement with Blackbaud, Inc. for a donor database program (Altru) which expires in 2023. Future minimum payments are as follows for the years ending December 31:

2021	\$	23,278
2022		23,278
2023		11,639
	\$	<u>58,195</u>

NOTE F - NOTES PAYABLE

Notes payable consist of the following:

As part of its emergency response plan to the COVID-19 pandemic, CWB obtained a \$150,000 Economic Injury Disaster Loan (EIDL) in May 2020. The EIDL is payable to the U.S. Small Business Administration and is secured by all tangible and intangible personal property of CWB. Monthly payments of \$641, including interest at a rate of 2.75%, are set to begin in May 2021, twelve months from the date of the loan, and continue through April 2050.

Note payable to Columbia Bank, including interest at 5.05%, monthly payments of \$2,849, maturing in June 2025, secured by all tangible and intangible personal property of CWB.

Less current portion

	<u>2020</u>	<u>2019</u>
	\$ 149,900	\$ -
	<u>146,684</u>	<u>-</u>
	296,584	-
	<u>(31,796)</u>	<u>-</u>
	<u>\$ 264,788</u>	<u>\$ -</u>

CENTER FOR WOODEN BOATS

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2020 AND 2019

NOTE F - NOTES PAYABLE (Continued)

Principal payments for the notes payable are as follows for the years ending December 31:

2021	\$	31,796
2022		36,412
2023		37,896
2024		39,457
2025		36,378
Thereafter		<u>114,645</u>
	\$	<u>296,584</u>

NOTE G - LINE OF CREDIT

In 2020, CWB terminated their line of credit, using the proceeds from the Columbia Bank note payable. (See Note F)

NOTE H - CAPITAL LEASE OBLIGATION

CWB entered into a non-cancelable capital lease for a copier with a total recorded cost of \$61,875 and related accumulated depreciation at December 31, 2020 of \$24,750. The monthly payment is \$1,306 including interest at 5% per annum and monthly service fees of \$144. Scheduled lease payments for the years ending December 31 are as follows:

2021	\$	13,954
2022		13,954
2023		<u>13,954</u>
		41,862
Less amounts for interest:		<u>(3,064)</u>
		38,798
Less current portion:		<u>(12,293)</u>
	\$	<u>26,505</u>

NOTE I - PAYCHECK PROTECTION PROGRAM

In April 2020, CWB applied for and received loan proceeds of \$171,700 under the Paycheck Protection Program (“PPP”). The PPP, established as part of the Coronavirus Aid, Relief and Economic Security Act (“CARES Act”), provides loans to qualifying organizations for amounts up to 2.5 times of the average monthly payroll expenses of the qualifying organization. The loan and accrued interest are subject to forgiveness after 24 weeks as long as the qualifying organization uses the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities, and maintains its payroll levels.

CENTER FOR WOODEN BOATS

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2020 AND 2019

NOTE I - PAYCHECK PROTECTION PROGRAM (Continued)

CWB entered into the program with the intention of complying with the terms for forgiveness and has recognized the loan as a conditional grant. As of December 31, 2020, CWB believed they had met the conditions for forgiveness as recognized the full amount as grant income. CWB received the confirmation of full forgiveness for this Paycheck Protection Program loan on April 10, 2021.

NOTE J - RISKS AND UNCERTAINTIES

On March 11, 2020, the World Health Organization declared the outbreak of a novel coronavirus (COVID-19) as a pandemic which continues to spread throughout the United States. On March 23, 2020, the Governor of Washington declared a health emergency and issued an order to close all nonessential businesses until further notice. Management continues to evaluate the financial impact of the COVID-19 pandemic and monitor carefully the effect on CWB's financial position, change in net assets, and cash flows in the future. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

NOTE K - SUBSEQUENT EVENTS

Management has evaluated events occurring subsequent to December 31, 2020 through May 17, 2021, which is the date the financial statements were available to be issued and has recognized in the financial statements the effects of all subsequent events that provide additional evidence about conditions that existed at December 31, 2020, including the estimates inherent in the processing of financial statements. The following events arose after December 31, 2020 relating to conditions that did not exist as of December 31, 2020.

On January 26, 2021, CWB applied for the second round of Paycheck Protection Program loan and received a five-year loan through the U.S. SBA totaling \$174,029. The annual interest rate is 1%. Protection Program loans have a forgiveness option for employers who maintain their staffing levels and salaries at pre-COVID-19 pandemic levels. Expenses eligible to trigger forgiveness include employee wages, benefits, and office lease payments. CWB entered into the program with the intention of complying with the terms for forgiveness.