

CENTER FOR WOODEN BOATS

FINANCIAL STATEMENTS

With Independent Accountant's Review Report

YEARS ENDED DECEMBER 31, 2022 AND 2021



THE CENTER FOR
WOODEN
BOATS

CENTER FOR WOODEN BOATS

FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2022 AND 2021

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INDEPENDENT ACCOUNTANT'S REVIEW REPORT

August 9, 2023

Board of Trustees
Center for Wooden Boats
Seattle, Washington

We have reviewed the accompanying statements of financial position of Center for Wooden Boats (a nonprofit corporation), as of December 31, 2022 and 2021, 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.

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, 2022 AND 2021

ASSETS

	<u>2022</u>	<u>2021</u>
Current Assets		
Cash and cash equivalents	\$ 664,130	\$ 553,075
Accounts receivable	2,236	10,567
Inventory	233,765	154,329
Prepaid expenses	<u>19,554</u>	<u>27,852</u>
Total Current Assets	919,685	745,823
Restricted Cash	512,922	575,826
Property and Equipment, net	6,321,464	6,422,910
Collections	<u>705,975</u>	<u>740,224</u>
	<u>\$ 8,460,046</u>	<u>\$ 8,484,783</u>

LIABILITIES AND NET ASSETS

Current Liabilities		
Accounts payable	\$ 20,657	\$ 25,983
Accrued payroll liabilities	30,597	33,213
Current portion of notes payable	12,826	12,514
Current portion of obligation under financing lease	8,444	12,922
Unearned revenue	<u>34,441</u>	<u>92,363</u>
Total Current Liabilities	106,965	176,995
King County Sewer Capacity Charge	23,910	28,366
Notes Payable, less current portion above	471,627	487,263
Obligation Under Financing Lease, less current portion	<u>40,773</u>	<u>13,583</u>
Total Liabilities	<u>643,275</u>	<u>706,207</u>
Net Assets		
Without donor restrictions	7,432,208	7,324,077
With donor restrictions	<u>384,563</u>	<u>454,499</u>
Total Net Assets	<u>7,816,771</u>	<u>7,778,576</u>
	<u>\$ 8,460,046</u>	<u>\$ 8,484,783</u>

See accompanying notes and independent accountant's review report.

CENTER FOR WOODEN BOATS

STATEMENTS OF ACTIVITIES

YEARS ENDED DECEMBER 31, 2022 AND 2021

	2022			2021		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenue						
Support						
Contributions	\$ 248,346	\$ 48,542	\$ 296,888	\$ 269,547	\$ 257,542	\$ 527,089
Special events	110,256		110,256	109,468		109,468
In-kind contributions	164,501		164,501	223,943		223,943
Grants	164,924	-	164,924	214,529	-	214,529
Memberships	71,900		71,900	73,770		73,770
Net assets released from purpose restrictions	118,478	(118,478)	-	72,154	(72,154)	-
Total support	<u>878,405</u>	<u>(69,936)</u>	<u>808,469</u>	<u>963,411</u>	<u>185,388</u>	<u>1,148,799</u>
Revenue						
Program service fees	1,043,256		1,043,256	734,086		734,086
Sales to the public	79,078		79,078	98,545		98,545
Other revenue	9,552		9,552	54,331		54,331
Total revenue	<u>1,131,886</u>		<u>1,131,886</u>	<u>886,962</u>		<u>886,962</u>
Total support and revenue	<u>2,010,291</u>	<u>(69,936)</u>	<u>1,940,355</u>	<u>1,850,373</u>	<u>185,388</u>	<u>2,035,761</u>
Expenses						
Program services	1,246,426		1,246,426	1,218,722		1,218,722
Management and general	460,521		460,521	370,387		370,387
Fundraising	195,213		195,213	151,755		151,755
Total Expenses	<u>1,902,160</u>		<u>1,902,160</u>	<u>1,740,864</u>		<u>1,740,864</u>
Change in Net Assets	108,131	(69,936)	38,195	109,509	185,388	294,897
Net Assets - Beginning of Year	<u>7,324,077</u>	<u>454,499</u>	<u>7,778,576</u>	<u>7,214,568</u>	<u>269,111</u>	<u>7,483,679</u>
Net Asset - End of Year	<u>\$ 7,432,208</u>	<u>\$ 384,563</u>	<u>\$ 7,816,771</u>	<u>\$ 7,324,077</u>	<u>\$ 454,499</u>	<u>\$ 7,778,576</u>

See accompanying notes and independent accountant's review report.

CENTER FOR WOODEN BOATS

STATEMENTS OF FUNCTIONAL EXPENSES

YEARS ENDED DECEMBER 31, 2022 AND 2021

	2022				2021			
	Program Services	Management and General	Fundraising	Total	Program Services	Management and General	Fundraising	Total
Salaries	\$ 398,942	\$ 219,031	\$ 112,446	\$ 730,419	\$ 381,192	\$ 201,616	\$ 84,410	\$ 667,218
Depreciation	229,422	37,281	20,075	286,778	225,766	36,917	21,299	283,982
Professional fees	61,056	91,170	800	153,026	112,685	22,699	8,066	143,450
Payroll taxes and benefits	83,884	41,179	27,453	152,516	111,272	18,196	10,497	139,965
Materials and supplies	128,509	10,163	1,120	139,792	83,728	15,949	6,439	106,116
Insurance	90,686	6,814	2,271	99,771	62,072	16,350	4,774	83,196
Rent	67,803	29,059	-	96,862	67,415	29,235	-	96,650
Computer expenses	34,913	5,673	3,056	43,642	34,877	5,704	3,290	43,871
Bank fees	25,847	4,200	2,262	32,309	24,335	3,979	2,296	30,610
Communications	20,001	3,250	1,750	25,001	25,920	4,221	2,444	32,585
Utilities	19,718	3,204	1,726	24,648	17,762	2,904	1,676	22,342
Grants and scholarships	22,592	-	-	22,592	8,693	-	-	8,693
Other	15,345	2,494	1,341	19,180	18,150	3,614	1,552	23,316
Cost of goods sold	17,099	-	-	17,099	13,769	-	-	13,769
Interest expense	13,133	2,134	1,149	16,416	17,252	2,821	792	20,865
Postage and office supplies	9,990	1,623	874	12,487	6,231	1,278	479	7,988
Printing and copying	1,760	1,760	6,011	9,531	7,603	1,560	584	9,747
Food and beverages	-	1,486	5,877	7,363	-	3,344	-	3,344
Special event expenses	-	-	7,002	7,002	-	-	2,712	2,712
Advertising	5,726	-	-	5,726	-	-	445	445
Total Expenses	<u>\$ 1,246,426</u>	<u>\$ 460,521</u>	<u>\$ 195,213</u>	<u>\$ 1,902,160</u>	<u>\$ 1,218,722</u>	<u>\$ 370,387</u>	<u>\$ 151,755</u>	<u>\$ 1,740,864</u>

See accompanying notes and independent accountant's review report.

CENTER FOR WOODEN BOATS

STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
Cash Flows from Operating Activities		
Cash received from:		
Donors	\$ 643,968	\$ 940,856
Program participants	1,072,743	902,014
Other revenue	9,552	54,331
Cash paid for:		
Personnel	(885,551)	(781,604)
Services and supplies	(632,994)	(520,219)
Interest	<u>(16,416)</u>	<u>(20,865)</u>
Net Cash Provided by Operating Activities	<u>191,302</u>	<u>574,513</u>
Cash Flows Used by Investing Activities		
Purchases of property and equipment	<u>(146,083)</u>	<u>(33,235)</u>
Cash Flows from Financing Activities		
Proceeds from issuance of long term liabilities	-	350,000
Repayments on long term liabilities	<u>2,932</u>	<u>(159,106)</u>
Net Cash Provided by Financing Activities	<u>2,932</u>	<u>190,894</u>
Changes in Cash and Cash Equivalents	48,151	732,172
Total Cash and Cash Equivalents - beginning of year	<u>1,128,901</u>	<u>396,729</u>
Total Cash and Cash Equivalents - end of year	1,177,052	1,128,901
Less Restricted Cash	<u>(512,922)</u>	<u>(575,826)</u>
	<u>\$ 664,130</u>	<u>\$ 553,075</u>

See accompanying notes and independent accountant's review report.

CENTER FOR WOODEN BOATS

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2022 AND 2021

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.

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.

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.

CENTER FOR WOODEN BOATS

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2022 AND 2021

NOTE A - ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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 and Gift Shop items for resale.

CENTER FOR WOODEN BOATS

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2022 AND 2021

NOTE A - ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (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 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>2022</u>	<u>2021</u>
Maritime park and structure	\$ 7,448,285	\$ 7,391,912
Vehicles and equipment	651,669	570,072
Leasehold improvements	<u>148,137</u>	<u>148,137</u>
	8,248,091	8,110,121
Less accumulated depreciation	<u>(1,926,627)</u>	<u>(1,687,211)</u>
Total Park and Museum Property, Net	<u>\$ 6,321,464</u>	<u>\$ 6,422,910</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.

Support and revenue recognition

CWB 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.

CENTER FOR WOODEN BOATS

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2022 AND 2021

NOTE A - ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

As of December 31, 2022 and 2021, there were no conditional contributions and grants for which no amounts had been received in advance.

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>2022</u>	<u>2021</u>
Facilities	\$ 51,419	\$ 53,175
Boats for resale	66,799	31,074
Professional services	45,853	44,694
Materials, supplies and other	<u>430</u>	<u>95,000</u>
Total in-kind contributions	<u>\$ 164,501</u>	<u>\$ 223,943</u>

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.

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.

NOTE B - LIQUIDITY

CWB has substantially and steadily improved its liquidity since 2015. In 2022, CWB saw robust activity in all programs and Management believes the cash flow forecast shows sufficient cash to sustain operations through the 2023 peak season.

CENTER FOR WOODEN BOATS

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2022 AND 2021

NOTE B - LIQUIDITY

CWB believes that it is in a strong financial position and 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>2022</u>	<u>2021</u>
Total financial assets	\$ 1,179,288	\$ 1,139,468
Donor-imposed restrictions:		
Purpose restrictions	(235,936)	(312,870)
Endowments, net of amounts loaned to operations	<u>(148,627)</u>	<u>(141,629)</u>
	<u>\$ 794,725</u>	<u>\$ 684,969</u>

NOTE C - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions as of December 31 are:

	<u>2022</u>	<u>2021</u>
Subject to expenditure for specific purpose:		
Capital projects	\$ 169,197	\$ 216,212
Youth programs	4,243	16,388
Boat maintenance and restoration	51,526	49,826
Other projects	<u>10,970</u>	<u>23,638</u>
	<u>235,936</u>	<u>306,064</u>
Endowments:		
Subject to endowment spending policy and appropriation:		
Endowment - boat shop	118,022	117,830
Endowment - youth scholarships	30,000	30,000
Endowment - general fund	<u>605</u>	<u>605</u>
	<u>148,627</u>	<u>148,435</u>
Total net assets with donor restrictions	<u>\$ 384,563</u>	<u>\$ 454,499</u>

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. The endowment funds are held in cash and are included in restricted cash on the statement of financial position.

CENTER FOR WOODEN BOATS

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2022 AND 2021

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 years ended December 31, 2022 and 2021, 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.

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.

CENTER FOR WOODEN BOATS

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2022 AND 2021

NOTE E - COMMITMENTS (Continued)

King County Lease Agreement

In June 2021, CWB entered into a 5 year Lease Agreement with King County related to the use of space for fleet storage and maintenance at its North Lake Union facility. The lease effective date is December 5, 2021 and has an initial term of 5 years with the option to extend for two additional five-year terms. The lease calls for monthly base rent of \$4,250 increasing by 3% annually during the lease term.

Lessee Improvements: For the first two years of the Lease Agreement, CWB will be entitled to a credit against payment of monthly Rent equal to the total cost of certain capital improvements to be made to or for the benefit of the Premises. The Rent Credit shall not exceed the amount due as monthly Rent. The cost of such improvements shall include both soft costs (e.g., professional fees, permitting fees, etc.) and hard costs (e. g., labor, materials, contractors profit and overhead, etc.). Donated services or materials shall be included at their fair market value. For the year ended December 31, 2022, CWB received a 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.

Leasehold Excise Tax: The Lease Agreement includes the provision for a Leasehold Excise Tax as additional rent. However, CWB holds a Property Tax Exemption for Non-profits filed with the Washington State Department of Revenue and is not subject to this tax.

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 totaling \$11,639 are due during the year ending December 31, 2023.

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. In October 2021 CWB obtained \$350,000 in additional funding through the EIDL program. 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 \$2,168, including interest at a rate of 2.75%, are set to begin in November 2021 and continue through April 2051.

	<u>2022</u>	<u>2021</u>
	\$ 484,453	\$ 499,777
Less current portion	<u>(12,826)</u>	<u>(12,514)</u>
	<u>\$ 471,627</u>	<u>\$ 487,263</u>

CENTER FOR WOODEN BOATS

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2022 AND 2021

NOTE F - NOTES PAYABLE (Continued)

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

2023	\$	12,826
2024		13,231
2025		13,600
2026		13,978
2027		14,367
Thereafter		<u>416,451</u>
	\$	<u>484,453</u>

NOTE G - FINANCING LEASE OBLIGATION

In November 2022, CWB replaced the 2018 leased copier and entered into a new non-cancelable financing lease for a copier with a total recorded cost of \$61,916 and related accumulated depreciation for December 31, 2022 of \$2,105. Accumulated depreciation related to the prior lease at December 31, 2022 was \$47,396. The monthly payment is \$1,032 including interest at 7% per annum and monthly service fees of \$96. Scheduled lease payments for the years ending December 31 are as follows:

2023	\$	12,383
2024		12,383
2025		12,383
2026		12,383
2027		<u>10,319</u>
		59,851
Less amounts for interest		<u>(10,634)</u>
		49,217
Less current portion:		<u>(8,444)</u>
	\$	<u>40,773</u>

NOTE H - RISKS AND UNCERTAINTIES

CWB, post-pandemic, is now operating at full capacity, however, 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.

CENTER FOR WOODEN BOATS

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2022 AND 2021

NOTE I - SUBSEQUENT EVENTS

Management has evaluated events occurring subsequent to December 31, 2022 through August 9, 2023, 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, 2022, including the estimates inherent in the processing of financial statements. The following events arose after December 31, 2022 relating to conditions that did not exist as of December 31, 2022.

Washington State Parks has completed the repair of the 2022 storm damage to CWB's campus at Cama Beach State Park. The Cama Beach facility will be able to resume full seasonal operations capacity for the summer of 2023 and beyond.

In response to the Spring 2023 banking uncertainty, CWB management reviewed all balances in its depository accounts and instituted Cash Sweep insurance coverage for all accounts containing balances exceeding current FDIC limits.

In May 2023, CWB established an investment portfolio with Wells Fargo Investors, creating long term and short term investment strategies and accounts. CWB transferred \$500K (including the existing endowment funds of \$148K) from operating accounts at Mountain Pacific Bank into these accounts.