

CENTER FOR WOODEN BOATS

FINANCIAL STATEMENTS

With Independent Accountant's Review Report

YEARS ENDED DECEMBER 31, 2021 AND 2020



THE CENTER FOR
WOODEN
BOATS

CENTER FOR WOODEN BOATS

FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2021 AND 2020

TABLE OF CONTENTS

INDEPENDENT ACCOUNTANT'S REVIEW REPORT	2
STATEMENTS OF FINANCIAL POSITION December 31, 2021 and 2020	3
STATEMENTS OF ACTIVITIES Years ended December 31, 2021 and 2020	4
STATEMENTS OF FUNCTIONAL EXPENSES Years ended December 31, 2021 and 2020	5
STATEMENTS OF CASH FLOWS Years ended December 31, 2021 and 2020	6
NOTES TO FINANCIAL STATEMENTS	7 - 16

INDEPENDENT ACCOUNTANT'S REVIEW REPORT

August 18, 2022

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, 2021 and 2020, 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, 2021 AND 2020

ASSETS

	<u>2021</u>	<u>2020</u>
Current Assets		
Cash and cash equivalents	\$ 553,075	\$ 223,588
Accounts receivable	10,567	19,610
Grants receivable	-	16,000
Inventory	154,329	147,975
Prepaid expenses	<u>27,852</u>	<u>7,565</u>
Total Current Assets	745,823	414,738
Restricted Cash	575,826	173,141
Property and Equipment, net	6,422,910	6,588,792
Collections	<u>740,224</u>	<u>744,989</u>
	<u>\$ 8,484,783</u>	<u>\$ 7,921,660</u>

LIABILITIES AND NET ASSETS

Current Liabilities		
Accounts payable	\$ 25,983	\$ 34,570
Accrued payroll liabilities	33,213	7,634
Current portion of notes payable	12,514	31,796
Current portion of obligation under capital lease	12,922	12,293
Unearned revenue	<u>92,363</u>	<u>32,023</u>
Total Current Liabilities	176,995	118,316
King County Sewer Capacity Charge	28,366	28,372
Notes Payable, less current portion above	487,263	264,788
Obligation Under Capital Lease, less current portion	<u>13,583</u>	<u>26,505</u>
Total Liabilities	<u>706,207</u>	<u>437,981</u>
Net Assets		
Without donor restriction	7,324,077	7,214,568
With donor restriction	<u>454,499</u>	<u>269,111</u>
Total Net Assets	<u>7,778,576</u>	<u>7,483,679</u>
	<u>\$ 8,484,783</u>	<u>\$ 7,921,660</u>

See accompanying notes and independent accountant's review report.

CENTER FOR WOODEN BOATS

STATEMENTS OF ACTIVITIES

YEARS ENDED DECEMBER 31, 2021 AND 2020

	2021			2020		
	Without Donor Restriction	With Donor Restriction	Total	Without Donor Restriction	With Donor Restriction	Total
Support and Revenue						
Support						
Contributions	\$ 269,547	\$ 257,542	\$ 527,089	\$ 257,710	\$ 59,688	\$ 317,398
Special events	109,468		109,468	85,018		85,018
In-kind contributions	223,943		223,943	235,575		235,575
Grants	214,529	-	214,529	296,149	-	296,149
Memberships	73,770		73,770	38,550		38,550
Net assets released from purpose restrictions	72,154	(72,154)	-	42,885	(42,885)	-
Total support	<u>963,411</u>	<u>185,388</u>	<u>1,148,799</u>	<u>955,887</u>	<u>16,803</u>	<u>972,690</u>
Revenue						
Program service fees	734,086		734,086	424,898		424,898
Sales to the public	98,545		98,545	38,381		38,381
Other revenue	54,331		54,331	47,499		47,499
Total revenue	<u>886,962</u>		<u>886,962</u>	<u>510,778</u>		<u>510,778</u>
Total support and revenue	<u>1,850,373</u>	<u>185,388</u>	<u>2,035,761</u>	<u>1,466,665</u>	<u>16,803</u>	<u>1,483,468</u>
Expenses						
Program services	1,218,722		1,218,722	992,876		992,876
Management and general	370,387		370,387	379,589		379,589
Fundraising	151,755		151,755	132,755		132,755
Total Expenses	<u>1,740,864</u>		<u>1,740,864</u>	<u>1,505,220</u>		<u>1,505,220</u>
Change in Net Assets	109,509	185,388	294,897	(38,555)	16,803	(21,752)
Net Assets - Beginning 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>
Net Asset - End 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>

See accompanying notes and independent accountant's review report.

CENTER FOR WOODEN BOATS

STATEMENTS OF FUNCTIONAL EXPENSES

YEARS ENDED DECEMBER 31, 2021 AND 2020

	2021				2020			
	Program Services	Management and General	Fundraising	Total	Program Services	Management and General	Fundraising	Total
Salaries	\$ 381,192	\$ 201,616	\$ 84,410	\$ 667,218	\$ 348,607	\$ 180,319	\$ 82,142	\$ 611,068
Depreciation	225,766	36,917	21,299	283,982	217,814	39,504	13,258	270,576
Professional fees	110,659	22,699	8,066	141,424	54,778	28,336	5,000	88,114
Payroll taxes and benefits	111,272	18,196	10,497	139,965	73,554	41,844	13,495	128,893
Materials and supplies	83,728	15,949	6,439	106,116	37,615	7,809	-	45,424
Rent	67,415	29,235	-	96,650	81,372	25,800	3,000	110,172
Insurance	62,072	16,350	4,774	83,196	44,691	31,590	3,500	79,781
Computer expenses	34,877	5,704	3,290	43,871	31,092	5,639	1,893	38,624
Communications	25,920	4,221	2,444	32,585	21,795	3,953	1,327	27,075
Bank fees	24,335	3,979	2,296	30,610	15,819	2,869	963	19,651
Other	20,176	3,614	1,552	25,342	19,135	1,819	610	21,564
Utilities	17,762	2,904	1,676	22,342	18,070	3,277	1,100	22,447
Interest expense	17,252	2,821	792	20,865	6,226	1,129	379	7,734
Cost of goods sold	13,769	-	-	13,769	3,533	-	-	3,533
Printing and copying	7,603	1,560	584	9,747	-	3,095	3,661	6,756
Grants and scholarships	8,693	-	-	8,693	11,797	-	-	11,797
Postage and office supplies	6,231	1,278	479	7,988	6,978	1,266	425	8,669
Food and beverages	-	3,344	-	3,344	-	1,340	-	1,340
Special event expenses	-	-	2,712	2,712	-	-	1,329	1,329
Advertising	-	-	445	445	-	-	673	673
Total Expenses	<u>\$ 1,218,722</u>	<u>\$ 370,387</u>	<u>\$ 151,755</u>	<u>\$ 1,740,864</u>	<u>\$ 992,876</u>	<u>\$ 379,589</u>	<u>\$ 132,755</u>	<u>\$ 1,505,220</u>

See accompanying notes and independent accountant's review report.

CENTER FOR WOODEN BOATS

STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
Cash Flows from Operating Activities		
Cash received from:		
Donors	\$ 940,856	\$ 720,615
Program participants	902,014	483,390
Other revenue	54,331	47,499
Cash paid for:		
Personnel	(781,604)	(767,948)
Services and supplies	(520,219)	(367,377)
Interest	<u>(20,865)</u>	<u>(7,734)</u>
Net Cash Provided by Operating Activities	<u>574,513</u>	<u>108,445</u>
Cash Flows Used by Investing Activities		
Purchases of property and equipment	<u>(33,235)</u>	<u>(26,039)</u>
Cash Flows from Financing Activities		
Net (repayment) borrowings on line of credit	-	(120,768)
Proceeds from issuance of long term liabilities	350,000	299,885
Repayments on long term liabilities	<u>(159,106)</u>	<u>(17,222)</u>
Net Cash Provided by Financing Activities	<u>190,894</u>	<u>161,895</u>
Changes in Cash and Cash Equivalents	732,172	244,301
Total Cash and Cash Equivalents - beginning of year	<u>396,729</u>	<u>152,428</u>
Total Cash and Cash Equivalents - end of year	1,128,901	396,729
Less Restricted Cash	<u>(575,826)</u>	<u>(173,141)</u>
	<u>\$ 553,075</u>	<u>\$ 223,588</u>

See accompanying notes and independent accountant's review report.

CENTER FOR WOODEN BOATS

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2021 AND 2020

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, 2021 AND 2020

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, 2021 AND 2020

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 and Gift Shop items 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>2021</u>	<u>2020</u>
Maritime park and structure	\$ 7,391,912	\$ 7,365,674
Vehicles and equipment	570,072	484,211
Leasehold improvements	<u>148,137</u>	<u>142,137</u>
	8,110,121	7,992,022
Less accumulated depreciation	<u>(1,687,211)</u>	<u>(1,403,230)</u>
Total Park and Museum Property, Net	<u>\$ 6,422,910</u>	<u>\$ 6,588,792</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, 2021 AND 2020

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, 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>2021</u>	<u>2020</u>
Facilities	\$ 53,175	\$ 51,300
Boats for resale	31,074	97,290
Professional services	44,694	39,587
Materials, supplies and other	<u>95,000</u>	<u>47,398</u>
Total In-Kind Contributions	<u>\$ 223,943</u>	<u>\$ 235,575</u>

CENTER FOR WOODEN BOATS

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2021 AND 2020

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 2022 peak season. With the assistance of the Paycheck Protection Program Loan, CARES funds and grants, and EIDL proceeds (See note I), 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>2021</u>	<u>2020</u>
Total financial assets	\$ 1,139,468	\$ 432,339
Donor-imposed restrictions:		
Purpose restrictions	(312,870)	(120,676)
Endowments, net of amounts loaned to operations	<u>(141,629)</u>	<u>(41,066)</u>
	<u>\$ 684,969</u>	<u>\$ 270,597</u>

NOTE C - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions as of December 31 are:

	<u>2021</u>	<u>2020</u>
Subject to expenditure for specific purpose:		
Capital projects	\$ 216,212	\$ 31,883
Youth programs	23,194	21,036
Boat maintenance and restoration	49,826	51,668
Other projects	<u>23,638</u>	<u>16,089</u>
	<u>312,870</u>	<u>120,676</u>
Endowments:		
Subject to endowment spending policy and appropriation:		
Endowment - boat shop	117,830	117,830
Endowment - youth scholarships	23,194	30,000
Endowment - general fund	<u>605</u>	<u>605</u>
	<u>141,629</u>	<u>148,435</u>
Total net assets with donor restrictions	<u>\$ 454,499</u>	<u>\$ 269,111</u>

CENTER FOR WOODEN BOATS

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2021 AND 2020

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. As of December 31, 2021, all loans had been repaid to the fund. The 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.

CENTER FOR WOODEN BOATS

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2021 AND 2020

NOTE E - COMMITMENTS (Continued)

For the years ended December 31, 2021 and 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.

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:

2022	\$	23,278
2023		<u>11,639</u>
	\$	<u>34,917</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. 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>2021</u>	<u>2020</u>
	\$ 499,777	\$ 149,900

CENTER FOR WOODEN BOATS

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2021 AND 2020

NOTE F - NOTES PAYABLE (Continued)	<u>2021</u>	<u>2020</u>
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. The note was paid in full in November 2021.	-	146,684
	<u>499,777</u>	<u>296,584</u>
Less current portion	<u>(12,514)</u>	<u>(31,796)</u>
	<u>\$ 487,263</u>	<u>\$ 264,788</u>

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

2022	\$ 12,514
2023	12,873
2024	13,231
2025	13,600
2026	13,978
Thereafter	<u>433,581</u>
	<u>\$ 499,777</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, 2021 of \$37,125. 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	<u>13,954</u>
	27,908
Less amounts for interest:	<u>(1,403)</u>
	26,505
Less current portion:	<u>(12,922)</u>
	<u>\$ 13,583</u>

CENTER FOR WOODEN BOATS

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2021 AND 2020

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.

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 and had recognized the full amount as grant income. CWB received the confirmation of full forgiveness for this Paycheck Protection Program loan on April 10, 2021.

In January 2021, CWB applied for and received loan proceeds of \$174,029 under the second round of Paycheck Protection Program (“PPP”). The terms and conditions of this loan are consistent with the initial PPP loan discussed above. Consistent with the first round PPP loan, CWB entered into the program with the intention of complying with the terms for forgiveness and has recognized the loan as a conditional grant. CWB received the confirmation of full forgiveness for this Paycheck Protection Program loan on September 2, 2021 and has recognized the full amount as grant income.

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. While the crisis has eased somewhat, the pandemic with its variants has not ended. While CWB is now operating at nearly full capacity, 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, 2021 through August 18, 2022 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, 2021, including the estimates inherent in the processing of financial statements. The following events arose after December 31, 2021 relating to conditions that did not exist as of December 31, 2021.

CENTER FOR WOODEN BOATS

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2021 AND 2020

NOTE K - SUBSEQUENT EVENTS (Continued)

In February 2022, CWB purchased a 2010 Ford 350 Truck for \$36,288 for use as a shop vehicle. In March 2022, CWB finalized a new 5-year-lease for the North Lake Union Facility with King County Metro at the same terms as the previous lease, with options to renew every 5 years for 15 years.

During a late winter storm, the Cama Beach facility sustained significant damage. Washington State Parks has assumed responsibility for repairs and is engaging the Army Corps of Engineers to plan and implement restoration of the seawall and boat ramp supports. CWB has been notified that the repairs will not be completed in time for the Summer 2022 Livery Program to operate. The facility will continue it's cabin rentals and workshops as usual. CWB is now working with its insurance providers on replacement of the lost revenue for Livery Program.