
BAYSIDE HOUSING & SERVICES
A Washington Not For Profit Organization

Financial Statements

For the Years Ended December 31, 2022 and 2021

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Independent Auditor's Report

To the Board of Directors
Bayside Housing and Services
Port Hadlock, WA

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Bayside Housing and Services (the Organization), which comprise the statements of financial position 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.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as of December 31, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one

resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

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

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

Aiken & Sanders, Inc., PS

A handwritten signature in cursive script that reads "Aiken & Sanders".

Certified Public Accountants
& Consultants

May 22, 2023

Montesano, WA

Bayside Housing & Services
A Washington Not For Profit Organization
Statement of Financial Position
As of December 31, 2022 and 2021

Assets	2022	2021
Current Assets:		
Cash and cash equivalents	\$ 162,827	\$ 317,062
Accounts and grants receivable	151,966	49,518
Current portion: pledges receivable	-	-
Current portion: right to use lease asset	291,127	285,268
Prepaid expenses	6,622	2,864
Total Current Assets	612,542	654,712
Fixed Assets:		
Furniture and equipment	8,499	8,499
Office equipment	6,902	6,902
Buildings and improvements	2,670,806	482,019
Less: Accumulated depreciation	(83,218)	(25,666)
Fixed Assets, Net	2,602,989	471,754
Other Assets:		
Long term portion: right to use lease asset	601,097	892,224
Long term pledges receivable: net of discount	707,483	707,483
Total Other Assets	1,308,580	1,599,707
Total Assets	\$ 4,524,111	\$ 2,726,173
Liabilities and Net Assets		
Current Liabilities:		
Accounts payable	\$ 240,736	\$ 66,765
Payroll and related accrued expenses	9,471	6,646
Current portion: lease liability	295,361	280,331
Current portion: notes payable	95,645	86,183
Total Current Liabilities	641,213	439,925
Long Term Liabilities:		
Long term portion: lease liability	638,189	933,550
Notes payable-net of current portion	200,797	205,000
Total Long Term Liabilities	838,986	1,138,550
Net Assets:		
With donor restrictions	14,550	-
Without donor restrictions	3,029,362	1,147,698
Total Net Assets	3,043,912	1,147,698
Total Liabilities and Net Assets	\$ 4,524,111	\$ 2,726,173

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

Bayside Housing & Services
A Washington Not For Profit Organization

Statement of Activities and Changes in Net Assets
For the Year Ended December 31, 2022

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>2022 Totals</u>
Support and Revenues:			
Contributions	\$ 691,536	\$ 14,550	\$ 706,086
Inkind contributions	190,431	-	190,431
Grant revenue	2,122,171	-	2,122,171
Rental revenue	110,655	-	110,655
Special event revenue	80	-	80
Investment revenue	(813)	-	(813)
Service fees and other revenue	5,226	-	5,226
Total Support and Revenue	<u>3,119,286</u>	<u>14,550</u>	<u>3,133,836</u>
Expenses:			
Program services	875,229	-	875,229
Management and general	226,037	-	226,037
Fundraising	136,356	-	136,356
Total Expenses	<u>1,237,622</u>	<u>-</u>	<u>1,237,622</u>
Change in Net Assets	1,881,664	14,550	1,896,214
Net Assets, Beginning of Year	<u>1,147,698</u>	<u>-</u>	<u>1,147,698</u>
Net Assets, End of Year	<u>\$ 3,029,362</u>	<u>\$ 14,550</u>	<u>\$ 3,043,912</u>

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

Bayside Housing & Services
A Washington Not For Profit Organization

Statement of Activities and Changes in Net Assets
For the Year Ended December 31, 2021

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>2021 Totals</u>
Support and Revenues:			
Contributions	\$ 583,890	\$ -	\$ 583,890
Inkind contributions	256,882	-	256,882
Grant revenue	318,949	-	318,949
Rental revenue	97,336	-	97,336
Special event revenue	17,176	-	17,176
Investment revenue	1,951	-	1,951
Service fees and other revenue	99,186	-	99,186
Released from restrictions	72,512	(72,512)	-
Total Support and Revenue	<u>1,447,882</u>	<u>(72,512)</u>	<u>1,375,370</u>
Expenses:			
Program services	755,220	-	755,220
Management and general	216,318	-	216,318
Fundraising	121,132	-	121,132
Total Expenses	<u>1,092,671</u>	<u>-</u>	<u>1,092,671</u>
Change in Net Assets	355,211	(72,512)	282,699
Net Assets, Beginning of Year	<u>792,487</u>	<u>72,512</u>	<u>864,999</u>
Net Assets, End of Year	<u>\$ 1,147,698</u>	<u>\$ -</u>	<u>\$ 1,147,698</u>

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

Bayside Housing & Services
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Statement of Functional Expenses
For the Year Ended December 31, 2022

	<u>Program</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Salaries and wages	\$ 194,311	\$ 80,380	\$ 67,087	\$ 341,778
Payroll taxes	23,696	9,977	7,899	41,572
Benefits	5,309	2,235	1,770	9,314
Bank fees and charges	1,091	1,715	1,091	3,897
Professional services	20,178	29,022	2,250	51,450
Repairs and maintenance	24,629	-	-	24,629
Property tax	4,497	-	-	4,497
Travel	4,288	-	-	4,288
Depreciation and amortization	51,797	5,755	-	57,552
Occupancy	325,539	38,299	19,149	382,987
Technology	11,454	1,348	674	13,475
Insurance	13,270	1,561	781	15,612
Interest	5,900	-	-	5,900
Dues & subscriptions	2,014	4,250	4,512	10,776
Advertising	-	-	28,058	28,058
Program expense	59,370	-	-	59,370
Inkind expense	127,886	37,720	3,086	168,692
Bad debt expense	-	9,775	-	9,775
Miscellaneous expense	-	4,000	-	4,000
Total Expenses	<u>\$ 875,229</u>	<u>\$ 226,037</u>	<u>\$ 136,356</u>	<u>\$ 1,237,622</u>

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

Bayside Housing & Services
A Washington Not For Profit Organization

Statement of Functional Expenses
For the Year Ended December 31, 2021

	<u>Program</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Salaries and wages	\$ 110,461	\$ 73,619	\$ 54,413	\$ 238,493
Payroll taxes	11,195	7,461	5,515	24,171
Benefits	1,775	1,183	874	3,832
Bank fees and charges	1,022	1,614	1,016	3,652
Professional services	16,849	50,110	2,696	69,655
Repairs and maintenance	29,958	-	-	29,958
Property tax	2,152	-	-	2,152
Travel	5,121	-	-	5,121
Depreciation and amortization	19,849	2,206	-	22,055
Occupancy	310,071	36,479	18,239	364,789
Technology	6,823	803	401	8,027
Insurance	7,339	863	432	8,634
Interest	5,900	-	-	5,900
Dues & subscriptions	4,971	2,712	4,480	12,163
Advertising	-	-	9,746	9,746
Program expense	130,630	-	-	130,630
Inkind expense	91,105	31,878	23,320	146,303
Bad debt expense	-	3,143	-	3,143
Miscellaneous expense	-	4,247	-	4,247
Total Expenses	<u>\$ 755,220</u>	<u>\$ 216,318</u>	<u>\$ 121,132</u>	<u>\$ 1,092,671</u>

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

Bayside Housing & Services
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Statement of Cash Flows
For the Years Ended December 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Cash flows from operating activities:		
Cash received from grantors, donors and customers	\$ 2,841,770	\$ 1,095,859
Cash paid to vendors and suppliers	(427,889)	(561,021)
Cash paid to and on behalf of employees	(389,839)	(264,017)
Cash received from interest	1,519	1,951
Net cash provided (used) by operating activities	<u>2,025,561</u>	<u>272,772</u>
Cash flows from investing activities:		
Cash paid for capital assets	<u>(2,179,155)</u>	<u>(216,550)</u>
Net cash provided (used) by investing activities	<u>(2,179,155)</u>	<u>(216,550)</u>
Cash flows from financing activities:		
Cash received from loans	-	-
Cash paid to loans	<u>(641)</u>	<u>-</u>
Net cash provided (used) by financing activities	<u>(641)</u>	<u>-</u>
Net increase (decrease) in cash & cash equivalents	(154,235)	56,222
Cash & cash equivalents at beginning of year	<u>317,062</u>	<u>260,840</u>
Cash & cash equivalents at end of year	<u>\$ 162,827</u>	<u>\$ 317,062</u>
Reconciliation of increase (decrease) in net assets to net cash provided (used) by operating activities:		
Increase (decrease) in net assets:	\$ 1,896,214	\$ 282,699
Adjustments:		
Depreciation and amortization	57,552	22,055
Bad debts	9,775	3,143
Capitalized inkind donations	(21,739)	(110,579)
Unrealized loss on short term investments	2,332	-
Interest expense additions to loans payable	5,900	5,900
Right to use lease asset reduction	4,937	36,389
Changes in assets and liabilities:		
(Increase) decrease in accounts receivable	(102,447)	(23,149)
(Increase) decrease in pledges receivable	-	10,000
(Increase) decrease in prepaid expense	(3,759)	11,758
Increase (decrease) in accounts payable	173,971	39,605
Increase (decrease) in payroll and related expense	2,825	2,479
Increase (decrease) in deferred revenue	<u>-</u>	<u>(7,528)</u>
Net cash provided (used) by operating activities	<u>\$ 2,025,561</u>	<u>\$ 272,772</u>

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

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Notes to Financial Statements

December 31, 2022 and 2021

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Nature of Activities--

Bayside Housing & Services (The Organization) is a not-for-profit corporation organized in 2014. The Organization's mission is to provide transformative services to people in need as they improve their quality of life.

The Organization primarily meets its mission by providing interim housing to individuals as they transition into permanent living situations at a leased facility in Port Hadlock, WA. Priority for housing is given to seniors, veterans, and underemployed/low wage workers who need housing to retain employment.

Basis of Accounting--

The Organization's policy is to prepare its financial statements on the accrual basis of accounting. Revenue is recognized when earned, and expenditures are recognized when incurred. If an expenditure results in an asset having an estimated useful life which extends substantially beyond the year of acquisition, the expenditure is capitalized and depreciated or amortized over the estimated useful life of the asset.

Financial Statement Presentation--

The Organization follows accounting prescribed by the Financial Accounting Standards Board in its Accounting Standards Codification (ASC) 958 Not-for Profit Entities. Under ASC 958, The Organization is required to report information regarding its financial position and activities according to two classes of net assets: with donor restrictions, and without donor restrictions.

With Donor Restrictions: Net assets that result from contributions whose use by The Organization is restricted by donor imposed stipulations that may expire with the passage of time or can be fulfilled or otherwise removed by actions of The Organization.

Without Donor Restrictions: Net assets that are not restricted by donor stipulation.

Gifts of goods and equipment are reported as without donor restrictions unless explicit donor stipulations specify how the donated assets must be used.

Property and Equipment--

Purchased furniture, equipment, and leasehold improvements are stated at cost. Donated furniture, equipment, or property is recognized as revenue and capitalized at its estimated fair value on the date of receipt. The Organization capitalizes assets that have a useful life greater than one year. Depreciation is computed using the straight-line method based on estimated useful lives.

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Notes to Financial Statements

December 31, 2022 and 2021

Estimates--

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

Expense Allocation--

The Organization records its expenses by function. Program expenses represent expenses incurred to fulfill The Organization's exempt purposes. Management and general expenses support that exempt purpose while fundraising expenses are incurred to raise resources to carry out program activities. Expenses are recorded, when appropriate, to the function receiving direct benefit. When expenses benefit more than one function, an allocation is made based on relative benefits provided to each function.

Cash and Cash Equivalents--

For purposes of the statement of cash flows, The Organization considers all checking and savings accounts and unrestricted highly liquid investments with an initial maturity of three months or less to be cash and cash equivalents.

Advertising--

The Organization's policy is to expense advertising costs as they are incurred.

Inventory--

Inventory is composed of linens for use in housing and is recorded at cost.

Contributions--

Contributions are recognized when received or when a donor makes an unconditional promise to give to the organization. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the year in which the contributions are recognized. All other donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

Unconditional promises to give (pledges receivable) are recognized as revenues in the period the pledge is received. Long term pledges (collection expected in greater than one year) are discounted to the net present value of future cash flows. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promise becomes unconditional.

If the restrictions on a contribution are met in the same year that the contribution is received, it is The Organization's policy to record the contribution as without donor restriction on the statement of activities and changes in net assets.

Bayside Housing & Services
A Washington Not For Profit Organization

Notes to Financial Statements

December 31, 2022 and 2021

B. ACCOUNTS RECEIVABLE:

Accounts receivable are recorded to the extent of qualifying amounts to be received after year end.

Historically, bad debts have been immaterial. The Organization uses the direct write-off method. When an amount becomes uncollectible, it is charged to expense in the year it is deemed to be uncollectible. During 2022 and 2021 there were bad debts of \$9,775 and \$3,143, respectively. As of December 31, 2022, management estimated that all accounts receivable were collectible.

The Organization considers accounts more than 90 days outstanding as past due. No interest is charged on past due receivables. The Organization had \$0 past due at December 31, 2022.

C. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS:

The Organization, although it expects to receive current support to fund operations for 2023 and later years, has \$300,243 and \$366,580 of financial assets available within one year of the statement of financial position dates on December 31, 2022 and 2021, respectively, to meet cash needs for general operating expenditures of The Organization.

		<u>2022</u>		<u>2021</u>
Financial assets at year end	\$	314,793	\$	366,580
Donor restricted		<u>(14,550)</u>		<u>-</u>
Financial assets available to meet cash needs within one year	\$	<u>300,243</u>	\$	<u>366,580</u>

D. DEPRECIATION EXPENSE:

Depreciation is provided as follows for 2022 and 2021:

	<u>Method</u>	<u>Life</u>		<u>2022</u>		<u>2021</u>
Buildings and Improvements	Straight Line	5-10 years	\$	55,075	\$	1,991
Equipment	Straight Line	3-5 years		<u>2,477</u>		<u>20,064</u>
Totals:			\$	<u>57,552</u>	\$	<u>22,055</u>

Bayside Housing & Services
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Notes to Financial Statements

December 31, 2022 and 2021

E. LEASES AGREEMENT:

The Organization leases rooms in the Tower Building: a four story, thirty one (31) room building located at the Historic Old Alcohol Plant in Port Hadlock, WA, from Inn Properties, LLC (Inn Properties). Inn Properties ownership includes several members who are also board members of the Organization. The Organization is also entitled to use the media room on the second floor of the Tower Building, equipped with a kitchenette, for food preparation and a room in a separate building on the site for an Organization employee.

The Organization signed a ten (10) year lease with Inn Properties effective January 1, 2016. The lease terms require monthly payments of \$5,000 for the first six months (6), monthly payments of \$7,500 for the next twelve months (12), and \$10,000 per month for the remaining one hundred and two months (102) with an annual increase of 3%. The lease contains an Organization option to extend the lease for one additional ten (10) year term. The lease was formally amended in January of 2020 to increase the total number of rooms being leased to 20 and the base lease cost to \$14,570 per month. The Organization is also able to use additional space, based on need and availability. The Organization recognized \$305,701 and \$274,249 in payments on this lease for 2022 and 2021, respectively.

The lease also requires the Organization to pay a prorated share of maintenance, utility, insurance, and property tax costs. The Organization also reimbursed Inn Properties for use of housekeeping and maintenance staff, preparation of meals used in program activities, and other operating costs. The Organization recognized \$123,123 and \$194,809 in reimbursed expenses during 2022 and 2021, respectively.

The Organization entered into a lease-purchase agreement signed on April 8, 2021, for land in Jefferson County, Washington, which is the site of Pat's Place, a tiny home village built by the Organization to provide housing. The term of the lease is two years, starting May 1, 2021, with an annual lease payment of \$1 and payment of applicable property taxes on the underlying property. The Organization has the option, prior to the lease expiration, to purchase the property for fair market value. The Organization intends to exercise that option.

Effective January 1, 2021, The Organization adopted the new lease accounting guidance in Accounting Standards Update No. 2016-02, Leases (Topic 842). The Organization has elected the package of practical expedients permitted in ASC Topic 842. Accordingly, The Organization accounted for its existing operating leases as operating leases under the new guidance, without reassessing (a) whether the contract contains a lease under ASC Topic 842, (b) whether classification of the operating lease would be different in accordance with ASC Topic 842.

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Notes to Financial Statements

December 31, 2022 and 2021

As a result of the adoption of the new lease accounting guidance, The Organization recognized on January 1, 2021, (a) a lease liability of \$1,457,665 which represents the present value of the remaining lease payments of \$1,553,188, discounted using the risk free ten year United States Treasury rate of 2.09%, and (b) a right-of-use asset of \$1,457,665, which represents the lease liability.

Lease expense for 2022 and 2021 was \$310,638 and \$310,638, respectively, which included amortization of the right of use asset in excess of the lease liability of \$4,957 and \$36,389 for 2022 and 2021, respectively.

Future lease payment due under these operating leases are presented below, along with discounts reflected in the lease liability for each year:

	<u>Lease Payment</u>	<u>Discount</u>	<u>Lease Liability</u>
2023	\$ 314,872	\$ 19,511	\$ 295,361
2024	324,318	13,338	310,980
2025	334,048	6,839	327,209
Total:	<u>\$ 973,238</u>	<u>\$ 39,688</u>	<u>\$ 933,550</u>

F. SUBSEQUENT EVENTS:

On March 11, 2020, the World Health Organization officially declared COVID-19, the disease caused by the novel coronavirus, a pandemic. COVID-19 has required the Organization to make adjustments to operating practice and delivery of services. Management is closely monitoring the evolution of this pandemic, including how it may affect the economy and the general population.

No other events have occurred through May 22, 2023, which is the date the financial statements were available to be issued, based on the Organization's facts and circumstances, for events requiring recording or disclosure in the financial statements for the year ended December 31, 2022.

G. INCOME TAX & UNCERTAIN TAX POSITIONS:

The Organization is a tax exempt non-profit organization under the Internal Revenue Code Section 501(c)(3) and is not classified as a private foundation. Accordingly, the financial statements do not include any provision for income taxes.

The Organization files income tax returns in the U.S. federal jurisdiction. The Organization is no longer subject to U.S. federal income tax examinations by tax

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Notes to Financial Statements

December 31, 2022 and 2021

authorities for years before 2019. Currently, there is no examination or pending examination with the Internal Revenue Service (IRS).

The Organization adopted the provisions of FASB ASC 740-10, Accounting for Uncertainty in Income Taxes, on January 1, 2015. As of December 31, 2022, there are no tax positions for which the deductibility is certain but for which there is uncertainty regarding the timing of such deductibility.

H. NOTES PAYABLE AND RELATED PARTY TRANSACTIONS:

The Organization, detailed in Note E, paid rent and reimbursed costs to Inn Properties.

The Organization received \$169,133 and \$188,928 in cash contributions from board members and affiliated individuals during 2022 and 2021, respectively, which represented approximately 25% and 31% of total contributions received.

The Organization, in addition to cash contributions from board members and affiliated individuals, also received pledges from the same group in the year ended December 31, 2018. Pledges receivable from 2018 were reaffirmed by these individuals during the year ended December 31, 2020, with payment expected in 2024.

The future pledge collections have been discounted to present value using a discount rate of 5%. Future collections of pledges are as follows:

	Current
2023 \$	-
2024	780,000
Discount	<u>(72,517)</u>
Total:	<u>\$ 707,483</u>

Board members and affiliated organizations have also provided, as of December 31, 2022 and 2021, \$147,083 and \$141,183 in unsecured loans to The Organization. Notes payable from related parties was the following at December 31, 2022:

Bayside Housing & Services
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Notes to Financial Statements

December 31, 2022 and 2021

Notes Payable To Christopher Eagan (Board Past President)

Note dated May 8, 2015. 6% annual interest, due quarterly.	
Note due on demand after 5 years from issuance	\$ 20,000
Three separate notes, all at 5% annual interest, due on demand. Interest due on January 1 of each year.	35,000
Accrued interest payable:	<u>20,128</u>
Total Due to Christopher Eagan	<u>\$ 75,128</u>

Notes Payable To Vincent Verneuil (Board Secretary/Treasurer)

Note dated May 20, 2015. 6% annual interest, due quarterly.	
Note due on demand after 5 years from issuance	\$ 20,000
Two separate notes, both at 5% annual interest, due on demand. Interest due on January 1 of each year.	20,000
Accrued interest payable:	<u>15,455</u>
Total Due to Vincent Verneuil	<u>\$ 55,455</u>

The GK & SK Living Trust (Living Trust of One Original Founder and Board Member and Spouse Who is a Current Board Member)

Note dated December 31, 2017. 5% interest. Due December 21, 2020	\$ 15,000
Accrued interest payable:	<u>1,500</u>
Total Due to GK & SK Living Trust	<u>\$ 16,500</u>
Total Related Party Notes Payable	<u>\$ 147,083</u>

Future maturities of notes payable from related parties are as follows for the years ending December 31:

2023		92,083	
2024		-	
2025		-	
2026		-	
2027		-	
Thereafter		<u>55,000</u>	
Total:	<u>\$</u>	<u>147,083</u>	

During 2021 and 2020, the Organization entered into three loan arrangements with the United States Small Business Administration (SBA).

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Notes to Financial Statements

December 31, 2022 and 2021

The Organization received a loan for \$19,800 guaranteed by the SBA, funded by Sound Community Bank, under the paycheck protection loan program, a government loan program implemented to address the Covid-19 pandemic. The loan carried an initial term of 24 months, with a stated interest rate of 1%. The loan was eligible for forgiveness if used for payroll and related costs. The Organization used the loan proceeds for costs that qualify for loan forgiveness and recorded the \$19,800 as grant revenue for 2020. The loan was formally forgiven in 2021.

The Organization received a loan for \$38,359 guaranteed by the SBA, funded by Sound Community Bank, under the second round of the paycheck protection loan program, a government loan program implemented to address the Covid-19 pandemic. The loan carried an initial term of 24 months, with a stated interest rate of 1%. The loan was eligible for forgiveness if used for payroll and related costs. The Organization used the loan proceeds for costs that qualify for loan forgiveness and recorded the \$38,359 as grant revenue for 2021. The loan was formally forgiven in 2021.

The Organization received a loan from the SBA under the Economic Impact Disaster Loan program in June of 2020. The loan amount was \$150,000 with a stated interest rate of 2.75% per year on the outstanding balance. Monthly payments of \$641 were due starting June 17, 2021, with a maturity date of June 17, 2050. The start of the loan amortization period has been extended by SBA several times since the original loan was made. The loan entered repayment status starting December of 2022. The loan is secured by future revenue and assets of the Organization. Future principal maturities for the next five years under this loan arrangement are as follows:

2023	3,562
2024	3,657
2025	3,753
2026	3,853
2027	3,955
Thereafter	<u>130,579</u>
Total:	<u>\$ 149,359</u>