

PUGET SOUNDKEEPER ALLIANCE

FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

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C e r t i f i e d P u b l i c A c c o u n t a n t s

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Puget Soundkeeper Alliance
Seattle, Washington

We have audited the accompanying financial statements of Puget Soundkeeper Alliance (a nonprofit organization), which comprise the statements of financial position as of December 31, 2020 and 2019 and the related statements of activities and net assets, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

Management 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risk of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Puget Soundkeeper Alliance as of December 31, 2020 and 2019, 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.

A handwritten signature in black ink that reads "Luby & Thomson". The signature is written in a cursive, flowing style.

Luby and Thomson, PLLC
Certified Public Accountants
Bellevue, WA
July 20, 2021

PUGET SOUNDKEEPER ALLIANCE

STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2020 AND 2019

ASSETS

	<u>2020</u>	<u>2019</u>
CURRENT ASSETS		
Cash and cash equivalents	\$ 1,073,327	\$ 1,021,507
Receivables	89,189	105,084
Prepaid expenses	38,183	33,907
Total current assets	<u>1,200,699</u>	<u>1,160,498</u>
Receivables, due in more than one year	40,000	-
Property and equipment, net	6,016	9,269
Rent deposit	8,510	6,458
TOTAL ASSETS	<u>\$ 1,255,225</u>	<u>\$ 1,176,225</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES		
Accounts payable	\$ 25,413	\$ 47,699
Accrued expenses	61,000	58,615
Deferred rent	-	1,285
Accrued interest	1,066	-
Current portion Paycheck Protection Program loan	95,782	-
Total current liabilities	<u>183,261</u>	<u>107,599</u>
Paycheck Protection Program loan, net of current portion	78,618	-
TOTAL LIABILITIES	<u>261,879</u>	<u>107,599</u>
NET ASSETS		
Without donor restrictions		
Undesignated	260,312	412,144
Board designated	586,905	530,007
	<u>847,217</u>	<u>942,151</u>
With donor restrictions	146,129	126,475
Total net assets	<u>993,346</u>	<u>1,068,626</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 1,255,225</u>	<u>\$ 1,176,225</u>

The accompanying notes are an integral part of these financial statements

PUGET SOUNDKEEPER ALLIANCE

STATEMENT OF ACTIVITIES AND NET ASSETS
YEAR ENDED DECEMBER 31, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE			
Contributions and grants	\$ 629,219	\$ 337,431	\$ 966,650
In-kind contributions	136,051	-	136,051
Earth Share of Washington contributions	7,492	-	7,492
Virtual special event revenue	\$ 111,776		
Less: Costs of direct benefits to donors	<u>(3,842)</u>		
Net revenues from special events	107,934	-	107,934
Program fees	157,664	-	157,664
Interest income	599	-	599
	<u>1,038,959</u>	<u>337,431</u>	<u>1,376,390</u>
Net assets releases:			
Satisfaction of donor restrictions	<u>317,777</u>	<u>(317,777)</u>	<u>-</u>
Total support and revenue	<u>1,356,736</u>	<u>19,654</u>	<u>1,376,390</u>
EXPENSES			
Program services	1,056,269	-	1,056,269
Management and general	97,116	-	97,116
Fundraising and development	298,285	-	298,285
Total expenses	<u>1,451,670</u>	<u>-</u>	<u>1,451,670</u>
CHANGE IN NET ASSETS	(94,934)	19,654	(75,280)
NET ASSETS			
Beginning of the year	942,151	126,475	1,068,626
End of the year	<u>\$ 847,217</u>	<u>\$ 146,129</u>	<u>\$ 993,346</u>

The accompanying notes are an integral part of these financial statements

PUGET SOUNDKEEPER ALLIANCE

STATEMENT OF ACTIVITIES AND NET ASSETS
YEAR ENDED DECEMBER 31, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE			
Contributions and grants	\$ 765,427	\$ 291,888	\$ 1,057,315
In-kind contributions	18,564	-	18,564
Earth Share of Washington contributions	7,409	-	7,409
Special event revenue	\$ 221,482		
Less: Costs of direct benefits to donors	<u>(65,437)</u>		
Net revenues from special events	156,045	-	156,045
Program fees	205,249	-	205,249
Interest income	1,781	-	1,781
	<u>1,154,475</u>	<u>291,888</u>	<u>1,446,363</u>
Net assets releases:			
Satisfaction of donor restrictions	<u>352,413</u>	<u>(352,413)</u>	<u>-</u>
Total support and revenue	<u>1,506,888</u>	<u>(60,525)</u>	<u>1,446,363</u>
EXPENSES			
Program services	983,375	-	983,375
Management and general	107,329	-	107,329
Fundraising and development	261,959	-	261,959
Total expenses	<u>1,352,663</u>	<u>-</u>	<u>1,352,663</u>
CHANGE IN NET ASSETS	154,225	(60,525)	93,700
NET ASSETS			
Beginning of the year	787,926	187,000	974,926
End of the year	<u>\$ 942,151</u>	<u>\$ 126,475</u>	<u>\$ 1,068,626</u>

The accompanying notes are an integral part of these financial statements

PUGET SOUNDKEEPER ALLIANCE

STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2020

	Program Services				Support Services			Total
	Sound-keeper	Outreach	Pollution Prevention	Total	Management & General	Fundraising & Development	Total	
Salaries and related	\$ 306,483	\$ 181,178	\$ 148,503	\$ 636,164	\$ 55,368	\$ 174,216	\$ 229,584	\$ 865,748
Professional services	108,686	23,574	23,365	155,625	24,260	25,847	50,107	205,732
Donated consulting services	44,252	26,159	21,441	91,852	7,994	25,154	33,148	125,000
Occupancy	31,249	19,027	15,142	65,418	5,654	17,763	23,417	88,835
Printing and publications	282	7,606	2,461	10,349	49	20,662	20,711	31,060
Boat	7,611	-	17,441	25,052	-	-	-	25,052
Dues and conferences	5,474	5,894	2,058	13,426	757	10,750	11,507	24,933
Legal fund	24,844	-	-	24,844	-	-	-	24,844
Postage and mailing	3,459	2,007	1,882	7,348	618	5,118	5,736	13,084
Advertising and marketing	37	2,057	968	3,062	-	8,962	8,962	12,024
Other	1,418	678	324	2,420	1,666	6,495	8,161	10,581
Supplies	3,957	540	2,709	7,206	66	1,048	1,114	8,320
Travel and meetings	2,767	1,206	1,642	5,615	-	117	117	5,732
Equipment	1,632	949	777	3,358	290	912	1,202	4,560
Virtual special event costs of direct benefit to donors	-	-	-	-	-	3,842	3,842	3,842
Depreciation	1,152	681	558	2,391	208	655	863	3,254
Insurance	1,031	609	499	2,139	186	586	772	2,911
Total expenses	<u>\$ 544,334</u>	<u>\$ 272,165</u>	<u>\$ 239,770</u>	<u>\$ 1,056,269</u>	<u>\$ 97,116</u>	<u>\$ 302,127</u>	<u>\$ 399,243</u>	<u>\$ 1,455,512</u>
Reconciliation to the Statement of Activities:								
Less expenses netted against revenues:								
Virtual special event costs of direct benefit to donors	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,842</u>	<u>\$ 3,842</u>	<u>\$ 3,842</u>
	<u>\$ 544,334</u>	<u>\$ 272,165</u>	<u>\$ 239,770</u>	<u>\$ 1,056,269</u>	<u>\$ 97,116</u>	<u>\$ 298,285</u>	<u>\$ 395,401</u>	<u>\$ 1,451,670</u>

The accompanying notes are an integral part of these financial statements

PUGET SOUNDKEEPER ALLIANCE

STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2019

	Program Services				Support Services			
	Sound- keeper	Outreach	Pollution Prevention	Total	Management & General	Fundraising & Development	Total	Total
Salaries and related	\$ 298,690	\$ 208,399	\$ 122,213	\$ 629,302	\$ 73,100	\$ 162,655	\$ 235,755	\$ 865,057
Professional services	63,878	39,431	22,885	126,194	21,191	19,958	41,149	167,343
Occupancy	25,713	23,900	10,699	60,312	6,250	13,982	20,232	80,544
Printing and publications	1,200	13,336	16,458	30,994	203	23,394	23,597	54,591
Boat	18,966	410	8,564	27,940	-	-	-	27,940
Dues and conferences	6,921	4,654	1,723	13,298	1,225	6,220	7,445	20,743
Legal fund	25,825	-	-	25,825	-	-	-	25,825
Postage and mailing	2,293	1,702	1,707	5,702	529	4,660	5,189	10,891
Advertising and marketing	148	13,346	72	13,566	34	9,373	9,407	22,973
Other	1,591	1,336	4,073	7,000	2,111	9,729	11,840	18,840
Supplies	1,381	11,579	2,834	15,794	703	5,089	5,792	21,586
Travel and meetings	5,180	4,653	3,666	13,499	649	3,808	4,457	17,956
Equipment	2,353	5,107	936	8,396	689	1,655	2,344	10,740
Special event costs of direct benefit to donors	-	-	-	-	-	65,437	65,437	65,437
Depreciation	1,553	1,084	635	3,272	380	846	1,226	4,498
Insurance	1,083	755	443	2,281	265	590	855	3,136
Total expenses	<u>\$ 456,775</u>	<u>\$ 329,692</u>	<u>\$ 196,908</u>	<u>\$ 983,375</u>	<u>\$ 107,329</u>	<u>\$ 327,396</u>	<u>\$ 434,725</u>	<u>\$ 1,418,100</u>
Reconciliation to the Statement of Activities:								
Less expenses netted against revenues:								
Special event costs of direct benefit to donors	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 65,437	\$ 65,437	\$ 65,437
	<u>\$ 456,775</u>	<u>\$ 329,692</u>	<u>\$ 196,908</u>	<u>\$ 983,375</u>	<u>\$ 107,329</u>	<u>\$ 261,959</u>	<u>\$ 369,288</u>	<u>\$ 1,352,663</u>

The accompanying notes are an integral part of these financial statements

PUGET SOUNDKEEPER ALLIANCE

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 contributions, grants, events, and programs	\$ 1,219,477	\$ 1,490,433
Cash paid to employees and vendors	(1,342,656)	(1,378,636)
Interest received	599	1,781
	<u> </u>	<u> </u>
Net cash provided (used) by operating activities	(122,580)	113,578
Cash flows from financing activities		
Proceeds from Paycheck Protection Program loan	174,400	-
	<u> </u>	<u> </u>
Net cash provided (used) by financing activities	174,400	-
	<u> </u>	<u> </u>
Net increase (decrease) in cash	51,820	113,578
Cash, at beginning of year	1,021,507	907,929
	<u> </u>	<u> </u>
Cash, at end of year	<u>\$ 1,073,327</u>	<u>\$ 1,021,507</u>

The accompanying notes are an integral part of these financial statements

PUGET SOUNDKEEPER ALLIANCE

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

NOTE 1. ORGANIZATION

Puget Soundkeeper Alliance (PSA) was established in 1984 in the State of Washington. Puget Soundkeeper's mission is to protect and preserve the waters of Puget Sound by stopping the discharge of pollution into its waters. Puget Soundkeeper accomplishes its mission through monitoring and enforcement of the Clean Water Act, stewardship and education, and advocacy and civic engagement.

Puget Soundkeeper helps establish strong policies, permits, and regulations at the local, state, and federal level that protect waterways from harmful pollutants like stormwater runoff, industrial discharges, oil spills, and marine debris such as plastics. Puget Soundkeeper has been a vital voice in designating Puget Sound a No Discharge Zone, has advocated for the establishment or improvement of more than 35 water treatment facilities, and set national precedence for industrial stormwater treatment, toxics regulation, single-use plastic pollution reduction, and low-impact development requirements that help keep our waters clean and preserve and restore species in Puget Sound.

Revenue is primarily derived from grants, public and private contributions, and special events.

PSA's three major programs are:

Soundkeeper – In addition to reviewing the data collected under National Pollutant Discharge Elimination System permits, Puget Soundkeeper also monitors the waters of Puget Sound by boat, kayak, and aircraft in order to detect, document, and report sources of illegal pollution. When egregious pollution violations occur, Puget Soundkeeper utilizes the Citizen Lawsuit Provision of the Clean Water Act to bring polluting industries into compliance with federal and state laws that protect community rights to drinkable, swimmable, and fishable waters. To date, Puget Soundkeeper has filed over 200 legal actions. Funds from legal settlements are awarded to regional environmental projects that help restore water quality and mitigate water pollution in communities most affected by illegal pollution discharges and degraded ecosystems. Puget Soundkeeper has directed over \$7.4 million toward clean water projects in the region.

Outreach – Puget Soundkeeper has developed and maintains a web page, Instagram, Facebook, and Twitter accounts and regularly produces printed materials for outreach and education. The target audience includes students, volunteers, members, agency personnel, foundations, and the general public, including recreational boaters.

Pollution Prevention – Puget Soundkeeper's Pollution Prevention programs engage Puget Sound businesses, water recreationalists, and residents in reducing harmful pollution and cleaning up litter and marine debris along and in Puget Sound waterways. Every year, Puget Soundkeeper involves over 2,000 volunteers in stewardship projects, educates more than 10,000 community members on water quality issues, and partners with dozens of agencies, businesses, school groups, and organizations in water quality protection projects. To date, Puget Soundkeeper has removed more than 150,000 pounds of marine debris with the help of nearly 25,000 volunteers.

PUGET SOUNDKEEPER ALLIANCE

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies followed by PSA are as follows:

Basis of Presentation

The financial statements of PSA have been prepared in accordance with U.S. generally accepted accounting principles (US GAAP), which require PSA to report information regarding its financial position and activities according to the following net asset classifications:

Net Assets Without Donor Restrictions – Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of PSA. These net assets may be used at the discretion of PSA’s management and the board of directors.

Net Assets With Donor Restrictions – Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by the actions of PSA or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity. All of PSA’s net assets with donor restrictions are temporary in nature.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities.

Cash and Cash Equivalents

For the purpose of the statements of cash flows, PSA considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash and cash equivalents. Cash and cash equivalents consist of checking, savings, and money market accounts. At times bank balances may exceed the federally insured limit. PSA has not experienced any losses related to this risk in the past. Management believes that any potential losses related to this risk are not significant.

Receivables

Receivables consist primarily of grants, donations, and contracts receivable. Receivables that are expected to be collected within one year are presented in current assets on the statement of financial position. Receivables that are expected to be collected in one to five years are presented in non-current assets on the statement of financial position. There are no receivables expected to be collected in greater than five years. No allowance for uncollectible balances has been established by management based upon PSA’s historical experience in the collection of balances due.

Property and Equipment

Purchased property and equipment are carried at cost. Donated property and equipment are carried at the approximate fair value at the date of donation. Depreciation is computed using the straight-line method over a period of three to ten years. PSA capitalizes assets that have a useful life greater than one year and a value greater than \$5,000.

PUGET SOUNDKEEPER ALLIANCE

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue Recognition

Revenue recognition policies are as follows:

Contributions and Grants – Contributions and grants consist primarily of unconditional promises to give and are recognized as revenue in the period the promise is made. Conditional promises to give are not recognized as support until the conditions are substantially met.

Special Event Revenue – Ticket sales from the special event are recognized when the event occurs. Cash receipts for ticket sales typically occur in the year the event occurs.

Program Fees – Program fees consist of funds received from legal settlements under the Soundkeeper program. Revenue is recognized when a settlement is awarded and the amount is determined by the Court.

In-Kind Contributions

Donations of supplies, facilities and services are recorded as contribution support at the estimated fair value at the date of donation. During the years ended December 31, 2020 and 2019, PSA received donated goods and services valued at \$136,051 and \$18,564, respectively. \$125,000 of the in-kind contributions received in the year ended December 31, 2020 related to pro-bono consulting work for capacity building support for enhanced organizational reporting and communications. In-kind goods and services were used in programs, management and general, and fundraising.

Volunteers have made significant contributions of time to PSA's program, fundraising, and support functions. The value of this contributed time does not meet the criteria for recognition of contributed services under accounting principles generally accepted in the United States of America, and, accordingly, is not reflected in the accompanying financial statements.

Advertising

Advertising costs are expensed as incurred. For the years ended December 31, 2020 and 2019, advertising costs were \$12,024 and \$22,973, respectively.

PUGET SOUNDKEEPER ALLIANCE

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Functional Allocation of Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Such allocations are determined by management on an equitable basis.

Individual expenses that solely relate to one program or supporting service are allocated in full to that category. Expenses that relate to multiple programs or supporting services are allocated based on employee time and effort.

Allocated expenses are included in salaries and related, professional services, donated consulting services, occupancy, printing and publications, dues and conferences, travel and meetings, supplies, equipment, postage and mailing, depreciation, insurance, and other expenses.

Board Designated Net Assets

The Board of Directors has designated a legal fund and a reserve to be used in the future, as needed. The funds for these designated purposes are included in cash and cash equivalents. See Note 3 and Note 5.

Estimates

Management uses estimates and assumptions in preparing these financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

Income Tax Status

PSA is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. PSA qualifies for the charitable contribution deduction under Section 170(b)(1)(A)(vi) and has been classified as an organization other than a private foundation under Section 509(a)(1).

PSA has determined there are no uncertain tax positions for the years ended December 31, 2020 and 2019, and the accompanying financial statements contain no interest or penalties with respect to federal income taxes. PSA's federal income tax returns remain open for examination to the extent prescribed by the Internal Revenue Code.

PUGET SOUNDKEEPER ALLIANCE

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

NOTE 3. AVAILABILITY OF FINANCIAL ASSETS AND LIQUIDITY

The following represents PSA's liquidity and availability at December 31:

Financial assets at year end:	2020	2019
Cash and cash equivalents	\$ 1,073,327	\$ 1,021,507
Receivables	129,189	105,084
Total financial assets	1,202,516	1,126,591
Less amounts not available to be used for general purposes within one year:		
Receivables, due in more than one year	40,000	-
Current portion PPP loan	95,782	-
Net assets with donor restrictions	146,129	126,475
Board designated - legal fund	283,748	227,423
Board designated - operating reserve	303,157	302,584
	868,816	656,482
Financial assets available to meet general expenditures over the next twelve months:		
Excluding operating reserve	\$ 333,700	\$ 470,109
Including operating reserve	\$ 636,857	\$ 772,693

PSA's goal is generally to maintain financial assets to meet three to six months of operating expenses (approximately \$290,000 to \$580,000 based on the 2021 budget). In the event of liquidity issues, the Board has the ability to remove designations for the legal fund and operating reserve for use in operations.

The COVID-19 Pandemic has impacted PSA's ability to host in-person fundraising events and programmatic events. This may negatively impact PSA's revenue during the year ended December 31, 2021. While the disruption is currently expected to be temporary, there is considerable uncertainty around the duration. Therefore, while PSA expects this matter to negatively impact its operating results, the extent of the financial impact and duration cannot be reasonably estimated at this time.

Subsequent to year end, PSA obtained a round two Paycheck Protection Program loan of \$167,508, received full forgiveness of their round one Paycheck Protection Program loan, and PSA's landlord agreed to abate rent 50% for six months during 2021 which improved PSA's liquidity. PSA believes that future revenues, financial assets on hand, Paycheck Protection Program loans, and reduced expenses will allow PSA to continue to operate through one year from the date the financial statements were available to be issued.

PUGET SOUNDKEEPER ALLIANCE

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

NOTE 4. PROPERTY AND EQUIPMENT

Property and equipment consists of the following at December 31:

	<u>2020</u>	<u>2019</u>
Boat	\$ 11,345	\$ 11,345
Office furniture	1,145	1,145
Office equipment	17,764	17,764
Tenant improvements	<u>7,953</u>	<u>7,953</u>
	38,207	38,207
Less accumulated depreciation	<u>(32,191)</u>	<u>(28,938)</u>
	<u>\$ 6,016</u>	<u>\$ 9,269</u>

NOTE 5. BOARD DESIGNATED NET ASSETS

Board designated net assets consist of the following at December 31:

	<u>2020</u>	<u>2019</u>
Reserve fund	\$ 303,157	\$ 302,584
Legal fund	<u>283,748</u>	<u>227,423</u>
	<u>\$ 586,905</u>	<u>\$ 530,007</u>

NOTE 6. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consist of the following at December 31:

	<u>2020</u>	<u>2019</u>
Specific purpose		
Soundkeeper	\$ 129,129	\$ 50,975
Pollution Prevention	17,000	10,500
Passage of time	<u>-</u>	<u>65,000</u>
	<u>\$ 146,129</u>	<u>\$ 126,475</u>

PUGET SOUNDKEEPER ALLIANCE

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

NOTE 6. NET ASSETS WITH DONOR RESTRICTIONS (continued)

Net assets released from net assets with donor restrictions are as follows for the years ended December 31:

	2020	2019
Specific purpose		
Soundkeeper	\$ 162,846	\$ 163,413
Pollution Prevention	82,731	77,000
Outreach	-	42,000
Other	7,200	5,000
Passage of time	65,000	65,000
	\$ 317,777	\$ 352,413

NOTE 7. RETIREMENT PLANNING AND PROFIT SHARING

In 2006, PSA established a 403(b) employee retirement plan (the Plan) covering all employees who work at least 20 hours per week or are willing to contribute at least \$200 per year to the Plan. The employer contribution to the Plan is elective. There were no employer contributions to the Plan in 2020 or 2019.

NOTE 8. OPERATING LEASES

PSA had a noncancelable operating lease for the rental of its office space effective January 1, 2015 through April 30, 2020. The lease was amended to extend the term five years through April 30, 2025. Rental expense was \$79,481 and \$65,563 for the years ended December 31, 2020 and 2019, respectively.

Future minimum payments under the signed lease are as follows for the years ending December 31:

2021	\$ 87,108
2022	89,721
2023	92,413
2024	95,185
2025	32,040
	\$ 396,467

PUGET SOUNDKEEPER ALLIANCE

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

NOTE 9. PAYCHECK PROTECTION PROGRAM LOAN

On April 20, 2020, PSA received loan proceeds in the amount of \$174,400 under the Paycheck Protection Program (PPP). The PPP, established as part of the Coronavirus Aid, Relief and Economic Security Act (CARES Act), provides for loans to qualifying businesses for amounts up to 2.5 times the average monthly payroll expenses of the qualifying business. The loans and accrued interest are forgivable after eight or twenty-four weeks as long as the borrower uses the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities, and maintains its payroll levels. The amount of loan forgiveness will be reduced if the borrower terminates employees or reduces salaries during the selected period.

The unforgiven portion of the PPP loan is payable over two years at an interest rate of 1%, with a deferral of payments for ten months following the end of the covered period. The Organization believes it used the proceeds for purposes consistent with the PPP and expects the loan balance to be forgiven. The Small Business Administration may determine that PSA is ineligible for forgiveness of the loan, in whole or in part.

If the loan is not forgiven, future principal payments will be \$95,782 and \$78,618 during the years ended December 31, 2021 and 2022, respectively.

NOTE 10. CONCENTRATIONS

PSA historically received significant contributions due to a business raising funds for the benefit of PSA via a corporate campaign with the participation of several local businesses. During the year ended December 31, 2019 5% of total revenue was received from individuals and businesses contributing through this program. This business was significantly impacted by the COVID-19 Pandemic and PSA and this campaign did not occur during the year ended December 31, 2020.

At December 31, 2020, 46% of total receivables was due from one donor. There was no such concentration at December 31, 2019.

NOTE 11. SUBSEQUENT EVENTS

PSA has evaluated subsequent events through the date these financial statements were available to be issued on July 20, 2021.

In March 2021, PSA obtained a round two Paycheck Protection Program (PPP) loan of \$167,508 in order to maintain staffing levels throughout the COVID-19 Pandemic. The loan has a maturity of five years, an interest rate of one percent, and will be forgiven if certain requirements are met.

In June 2021, PSA was notified that the Small Business Administration approved full forgiveness of the PPP loan discussed in Note 9.