

EASTSIDE BABY CORNER
FINANCIAL STATEMENTS WITH
INDEPENDENT AUDITORS' REPORT
DECEMBER 31, 2019 AND 2018



INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Eastside Baby Corner
Issaquah, Washington

We have audited the accompanying financial statements of Eastside Baby Corner (a nonprofit organization), which comprise the statements of financial position as of December 31, 2019 and 2018, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

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.

Auditors' 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 from 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 risks 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 have 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 Eastside Baby Corner as of December 31, 2019 and 2018, 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 cursive script that reads "Jones & Associates PLLC, CPAs".

Jones & Associates PLLC, CPAs
August 27, 2020

**EASTSIDE BABY CORNER
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2019 AND 2018**

	2019	2018
ASSETS		
Cash and cash equivalents	\$ 435,902	\$ 227,980
Promises to give, net of allowance	21,316	57,452
Government grants receivable	45,388	33,482
Other assets	30,763	20,761
Inventory for distribution	1,111,342	882,632
Total current assets	1,644,711	1,222,307
Investments	133,436	115,429
Property and equipment, net	196,090	220,780
	\$ 1,974,237	\$ 1,558,516
 LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable	\$ 15,418	\$ 11,629
Accrued expenses	48,621	46,789
Total current liabilities	64,039	58,418
 NET ASSETS		
Without donor restrictions - undesignated	1,730,389	1,324,268
Without donor restrictions - Board designated	133,436	115,429
	1,863,825	1,439,697
With donor restrictions	46,373	60,401
Total net assets	1,910,198	1,500,098
	\$ 1,974,237	\$ 1,558,516

**EASTSIDE BABY CORNER
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2019**

	Total	Without Donor Restrictions		With Donor Restrictions
		Undesignated	Board Designated	
SUPPORT AND REVENUE				
Contributions	\$ 665,216	\$ 570,999	\$ -	\$ 94,217
Special events, net	322,335	322,335	-	-
Government grants	349,894	349,894	-	-
Donated use of space and other goods	120,018	120,018	-	-
Investment return	18,115	108	18,007	-
Other revenue	4,176	4,176	-	-
	<u>1,479,754</u>	<u>1,367,530</u>	<u>18,007</u>	<u>94,217</u>
Net assets released from restrictions	-	108,245	-	(108,245)
Total support and revenue	<u>1,479,754</u>	<u>1,475,775</u>	<u>18,007</u>	<u>(14,028)</u>
EXPENSES				
Program services	542,706	542,706	-	-
Management and general	162,897	162,897	-	-
Fundraising	349,179	349,179	-	-
Total expenses	<u>1,054,782</u>	<u>1,054,782</u>	<u>-</u>	<u>-</u>
CHANGE IN NET ASSETS BEFORE PRODUCTS FOR KIDS REVENUE AND EXPENSE				
	424,972	420,993	18,007	(14,028)
PRODUCTS FOR KIDS REVENUE AND EXPENSE				
Contributions, in-kind products for kids	4,059,659	4,059,659	-	-
Distributions, products for kids	(4,074,531)	(4,074,531)	-	-
Net products for kids	<u>(14,872)</u>	<u>(14,872)</u>	<u>-</u>	<u>-</u>
CHANGE IN NET ASSETS	410,100	406,121	18,007	(14,028)
NET ASSETS				
Beginning of the year	<u>1,500,098</u>	<u>1,324,268</u>	<u>115,429</u>	<u>60,401</u>
End of the year	<u>\$ 1,910,198</u>	<u>\$ 1,730,389</u>	<u>\$ 133,436</u>	<u>\$ 46,373</u>

**EASTSIDE BABY CORNER
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2018**

	Total	Without Donor Restrictions		With Donor Restrictions
		Undesignated	Board Designated	
SUPPORT AND REVENUE				
Contributions	\$ 608,318	\$ 493,946	\$ -	\$ 114,372
Special events, net	248,641	248,641	-	-
Government grants	256,775	256,775	-	-
Donated use of space and services	133,196	133,196	-	-
Investment return	(4,796)	90	(4,886)	-
Other revenue	2,938	2,938	-	-
	<u>1,245,072</u>	<u>1,135,586</u>	<u>(4,886)</u>	<u>114,372</u>
Net assets released from restrictions	-	129,344	-	(129,344)
Transfers of board designated funds	-	50,000	(50,000)	-
Total support and revenue	<u>1,245,072</u>	<u>1,314,930</u>	<u>(54,886)</u>	<u>(14,972)</u>
EXPENSES				
Program services	495,270	495,270	-	-
Management and general	197,645	197,645	-	-
Fundraising	355,465	355,465	-	-
Total expenses	<u>1,048,380</u>	<u>1,048,380</u>	<u>-</u>	<u>-</u>
CHANGE IN NET ASSETS BEFORE PRODUCTS FOR KIDS REVENUE AND EXPENSE				
	196,692	266,550	(54,886)	(14,972)
PRODUCTS FOR KIDS REVENUE AND EXPENSE				
Contributions, in-kind products for kids	5,146,820	5,146,820	-	-
Distributions, products for kids	<u>(5,400,678)</u>	<u>(5,400,678)</u>	<u>-</u>	<u>-</u>
Net products for kids	<u>(253,858)</u>	<u>(253,858)</u>	<u>-</u>	<u>-</u>
CHANGE IN NET ASSETS	(57,166)	12,692	(54,886)	(14,972)
NET ASSETS				
Beginning of the year	<u>1,557,264</u>	<u>1,311,576</u>	<u>170,315</u>	<u>75,373</u>
End of the year	<u>\$ 1,500,098</u>	<u>\$ 1,324,268</u>	<u>\$ 115,429</u>	<u>\$ 60,401</u>

**EASTSIDE BABY CORNER
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2019**

	Program Services	Support Services		Total
		Management and General	Fundraising	
Salaries and wages	\$ 238,097	\$ 97,392	\$ 241,087	\$ 576,576
Payroll taxes and benefits	25,584	11,136	23,663	60,383
	263,681	108,528	264,750	636,959
Occupancy	204,752	5,527	13,979	224,258
Professional services	17,552	20,396	5,753	43,701
Depreciation	25,433	1,083	1,554	28,070
Office expense	2,206	7,993	17,802	28,001
Software	9,712	1,682	10,785	22,179
Events	-	-	20,769	20,769
Miscellaneous	7,147	7,008	3,734	17,889
Supplies	4,244	6,419	4,230	14,893
Conferences and travel	4,806	2,328	626	7,760
Insurance	2,980	1,848	190	5,018
Publications and events	84	85	4,160	4,329
Equipment	109	-	847	956
Total expenses, excluding products for kids distribution and special event direct donor benefit	542,706	162,897	349,179	1,054,782
Distributions, products for kids	4,074,531	-	-	4,074,531
Direct donor benefit	-	-	59,174	59,174
Total expenses	<u>\$ 4,617,237</u>	<u>\$ 162,897</u>	<u>\$ 408,353</u>	<u>\$ 5,188,487</u>

**EASTSIDE BABY CORNER
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2018**

	Program Services	Support Services		Total
		Management and General	Fundraising	
Salaries and wages	\$ 186,696	\$ 130,989	\$ 257,759	\$ 575,444
Payroll taxes and benefits	22,456	15,619	28,378	66,453
	209,152	146,608	286,137	641,897
Occupancy	206,910	6,279	12,736	225,925
Professional services	26,199	18,931	8,126	53,256
Depreciation	17,897	1,206	1,464	20,567
Office expense	2,856	7,992	18,009	28,857
Software	9,595	661	5,068	15,324
Events	-	-	12,710	12,710
Miscellaneous	6,069	5,562	2,132	13,763
Supplies	5,462	3,559	3,832	12,853
Conferences and travel	4,640	1,541	1,337	7,518
Insurance	971	4,117	-	5,088
Publications and events	-	-	3,914	3,914
Equipment	5,519	1,189	-	6,708
Total expenses, excluding products for kids distribution and special event direct donor benefit	495,270	197,645	355,465	1,048,380
Distributions, products for kids	5,400,678	-	-	5,400,678
Direct donor benefit	-	-	62,245	62,245
Total expenses	<u>\$ 5,895,948</u>	<u>\$ 197,645</u>	<u>\$ 417,710</u>	<u>\$ 6,511,303</u>

**EASTSIDE BABY CORNER
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2019 AND 2018**

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from contributions and government grants	\$ 1,361,675	\$ 1,039,398
Cash received from investments and other	7,559	3,028
Cash paid to employees and suppliers	(1,154,657)	(1,120,986)
	214,577	(78,560)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(3,380)	(47,405)
Purchase of investments	(3,275)	-
Proceeds from sale of investments	-	50,000
	(6,655)	2,595
 NET CHANGE IN CASH AND CASH EQUIVALENTS	 207,922	 (75,965)
CASH AND CASH EQUIVALENTS		
Beginning of the year	227,980	303,945
End of the year	\$ 435,902	\$ 227,980

**EASTSIDE BABY CORNER
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018**

Note 1 – Nature of Activities and Summary of Significant Accounting Policies

Nature of Activities – Eastside Baby Corner (the Organization or EBC) is a nonprofit organization headquartered in Issaquah, Washington.

In 2019, the lives of 9,132 babies, children and expectant mothers (unduplicated) in the central Puget Sound region were changed by giving them the tangible goods that reduce the stress of living in poverty, promote their health and well-being, and prepare them for success in school and life.

EBC strengthens families, builds resiliency in children, reduces inequities, and creates stronger communities through our mission of helping kids reach their full potential tomorrow by meeting basic needs today. The Organization provides concrete assistance at no cost to families who are in difficulty, reducing the distress felt by children, and their parents.

Through partnerships with human service organizations, schools, and medical facilities, more than 1,500 children each month are helped. Kids have the stress of living in poverty reduced, their healthy development promoted, and they are better prepared for success in school and life. Partner agencies can concentrate their resources and expertise on supporting families, increasing their opportunities for success. Parents and caregivers have what they need to care for their families.

At EBC, members of the community connect with each other while caring for their neighbors. They donate goods, volunteer, or give financial support to make sure kids are getting what they need, when they need it. Founded in 1990, EBC annually distributes more than 110,000 items for kids and expectant women in five Puget Sound counties. What EBC does seems simple, but the goods families receive relieves stress, reduces financial burdens, and provides the support caregivers need to ensure the safety and well-being of their children.

Basis of Accounting and Presentation – The financial statements of the Organization have been prepared on the accrual basis of accounting and report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The Board has designated certain otherwise net assets without donor restrictions as a Board designated operating reserve fund. These funds are approved by the Board to be held for specific purposes and require Board approval to designate for any other purpose.

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. There were no perpetually restricted net assets at December 31, 2019 and 2018.

**EASTSIDE BABY CORNER
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018**

Note 1 – Nature of Activities and Summary of Significant Accounting Policies (Continued)

Cash and Cash Equivalents – For purposes of the statements of cash flows, the Organization considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash and cash equivalents. At December 31, 2019 and 2018, cash and cash equivalents consist of checking and savings accounts. At times, cash and cash equivalents may exceed federally insured limits. The Organization has not experienced a loss due to this risk.

Promises to Give – Promises to give 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 that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance or directly to bad debt expense.

Government Grants Receivable – Government grants receivable consist of amounts due from governmental contracts earned. All balances are unsecured and expected to be collected within the next fiscal year. No allowance for uncollectible balances has been established by management based upon the Organization's historical experience in the collection of balances due.

Inventory, Revenue and Expense – Inventory for distribution consists of new and used clothing and equipment for children and babies, and is recognized at estimated fair value. Purchased inventory is used to supplement donated goods inventory and is recorded at the date of purchase. Purchased inventory at December 31, 2019 and 2018 was estimated to be approximately \$140,000 and \$126,000, respectively.

Investments – The Organization carries investments with readily determinable fair values at their fair values in the statements of financial position. Investment return is included in the accompanying statements of activities.

Fair Value Measurements – Fair value is defined as the price received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. Accounting standards establish a hierarchy for measuring fair value that gives the highest priority to unadjusted quoted prices in active markets (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy are as follows:

- Level 1 Unadjusted quoted prices for identical assets or liabilities in active markets.

- Level 2 Quoted prices for similar assets or liabilities in active markets, quoted prices for identical assets or liabilities in inactive markets, or other inputs that can be corroborated by observable market data.

- Level 3 Inputs that are not observable that reflect management's assumptions and estimates.

**EASTSIDE BABY CORNER
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018**

Note 1 – Nature of Activities and Summary of Significant Accounting Policies (Continued)

Fair Value Measurements (continued) – Fair value measurements apply to the Organization's investments in money market and mutual funds, which are all classified within Level 1 of the fair value hierarchy.

Property and Equipment – Property and equipment is carried at cost. Depreciation is computed using the straight-line method over a period of five to fifteen years. The Organization follows a policy whereby it capitalizes purchases of property and equipment with a value in excess of \$1,000 that provide future benefits over a period longer than one year.

Revenue Recognition – Contributions and special events are recorded as increases in net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor restrictions. 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. Contributions with donor restrictions for the purchase of property and equipment are released from restriction when the property and equipment is placed in service.

Government grants revenue are recognized in the period in which the related contractual activity is performed.

In-Kind Contributions – The Organization receives in-kind contributions of inventory, use of space and services. Donated goods are recorded at fair value when received. Contributions of use of space are recognized on a monthly basis when the lease is a month to month lease, and recognized when promised for a long-term lease. Donated services are recognized as revenue and expenses, at fair value, if the services received (i) create or enhance nonfinancial assets or (ii) require specialized skills, are provided by individuals possessing those skills, and would need to be purchased if not provided by donation.

Expense Allocation – The costs of providing various programs and other activities have been summarized on a functional basis in the statements of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Payroll and related costs are allocated based on estimates of time and effort spent. Occupancy and related costs are allocated based on percentage of space used for program and other activities. Other costs are charged directly to the affected programs and supporting services.

Estimates – Management uses estimates and assumptions in preparing 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 – The Organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. The Organization 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).

**EASTSIDE BABY CORNER
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018**

Note 1 – Nature of Activities and Summary of Significant Accounting Policies (Continued)

New Accounting Pronouncements – The Financial Accounting Standards Board (FASB) issued two Accounting Standard Updates (ASUs) that will affect the Organization’s revenue recognition.

In May 2014, the FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*. ASU 2014-09, and all subsequently-issued clarifying ASUs, replaced most existing revenue recognition guidance in accounting principles generally accepted in the United States of America (U.S. GAAP). ASU 2014-09 also required expanded disclosures relating to the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. The Organization adopted ASU 2014-09 effective January 1, 2019, using the modified retrospective approach. There was no cumulative effect from the initial application recognized as an adjustment to opening net assets as a result of the adoption, and the adoption did not have a significant impact on the financial statements for the year ended December 31, 2019.

In June 2018, the FASB issued ASU 2018-08, *Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made*, which provides guidance in evaluating whether transactions should be accounted for as nonexchange or exchange transactions. In addition, ASU 2018-08 provides guidance for the identification and recognition of conditional nonexchange transactions. The Organization adopted ASU 2018-08 effective January 1, 2019, using the modified prospective approach. The adoption did not have a significant impact on the financial statements for the year ended December 31, 2019.

Note 2 – Liquidity and Availability

Financial assets available for general expenditure within one year of the statement of financial position date are as follows at December 31:

	2019	2018
Financial Assets		
Cash and cash equivalents	\$ 435,902	\$ 227,980
Investments	133,436	115,429
Promises to give and government receivables	66,704	90,934
Total financial assets	636,042	434,343
Less those unavailable for general expenditures within one year:		
Restricted by donors with purpose restrictions	(23,834)	(18,396)
Board reserve fund (unavailable without Board approval)	(133,436)	(115,429)
Financial assets available within one year	\$ 478,772	\$ 300,518

**EASTSIDE BABY CORNER
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018**

Note 2 – Liquidity and Availability (Continued)

The Organization's financial assets have seasonal variations during the year attributed to the timing of receipts from the major fundraising event. The Organization has an operating reserve that the governing board has dedicated with the objective of setting funds aside to be drawn upon in the event of financial distress or an immediate liquidity need. Distress or a liquidity need could result from events outside the typical life cycle of converting financial assets to cash or settling financial liabilities. In the event of an unanticipated liquidity need, the Organization could also draw upon \$100,000 of an available line of credit.

Note 3 – Promises to Give

Promises to give consist of the following at December 31:

	2019	2018
Due in one year or less	\$ 23,816	\$ 59,952
Allowance for doubtful accounts	(2,500)	(2,500)
	\$ 21,316	\$ 57,452

Note 4 – Conditional Grants

In February 2018, the Organization received notice of a multi-year grant award for \$386,360, of which \$128,750 and \$125,000 was received in the years ended December 31, 2019 and 2018, respectively. The remainder of the total award will be received in the year ending December 31, 2020, contingent on the Organization's completion of terms and conditions set forth in the grant. As the \$132,610 remainder represents a conditional promise to give, this portion of the award will not be recognized as revenue until the grantor conditions are met.

In January 2019, the Organization received notice of a multi-year grant award for \$156,525, of which \$77,637 was received in the year ended December 31, 2019. The remainder of the total award will be received in the year ending December 31, 2020, contingent on the Organization's completion of terms and conditions set forth in the grant. As the \$78,888 remainder represents a conditional promise to give, this portion of the award will not be recognized as revenue until the grantor conditions are met.

In May 2019, the Organization received notice of a multi-year grant award for \$216,843, of which \$114,343 was received in the year ended December 31, 2019. The remainder of the total award will be received in the years ending December 31, 2020 and 2021, contingent on the Organization's completion of terms and conditions set forth in the grant. As the \$102,500 remainder represents a conditional promise to give, this portion of the award will not be recognized as revenue until the grantor conditions are met.

**EASTSIDE BABY CORNER
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018**

Note 5 – Investments

Investments consist of the following at December 31:

	2019	2018
Money market funds	\$ 398	\$ 390
Mutual funds:		
Emerging markets	5,365	4,462
International	8,518	7,075
Short-term investments	61,299	57,916
Small cap	29,032	22,752
Value	13,941	11,512
Index	14,883	11,322
	\$ 133,436	\$ 115,429

Note 6 – Property and Equipment

Property and equipment consist of the following at December 31:

	2019	2018
Ordering system	\$ 146,621	\$ 146,621
Equipment	18,803	23,048
Furniture and shelving	25,157	25,157
Warehouse improvements	49,767	47,612
Vehicles	42,489	42,489
	282,837	284,927
Less accumulated depreciation	(86,747)	(64,147)
	\$ 196,090	\$ 220,780

Note 7 – Line of Credit

In July 2018, the Organization opened a revolving line of credit with a bank with a maximum borrowing amount of \$100,000. Interest is calculated at a rate of 2.25% over the Wall Street Journal Prime Rate, less a 0.50% preferred rate reduction, resulting in an annual rate of 7.25% and 6.50% at December 31, 2019 and 2018, respectively. The Organization drew \$15,000 on the line of credit in September 2018 and paid back the amount in full in October 2018. The Organization did not use the line of credit in 2019.

**EASTSIDE BABY CORNER
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018**

Note 8 – In-Kind Contributions

In-kind contributions consist of the following for the years ended December 31:

	2019	2018
Inventory	\$ 4,303,244	\$ 5,146,820
Use of space	119,104	120,215
Other goods	614	1,031
Services	300	11,950
	\$ 4,423,262	\$ 5,280,016

In-kind contributions were used for program activities. In addition to the recognized in-kind services, the Organization had approximately 6,000 individual volunteers provide roughly 27,500 and 30,000 volunteers hours in 2019 and 2018, respectively. The value of these services is not recorded in the accompanying financial statements as the services do not meet the criteria for recognition under U.S. GAAP.

Note 9 – Net Assets With Donor Restrictions

Net assets with donor restrictions are donor-restricted for the following purposes at December 31:

	2019	2018
Specific goods for distribution	\$ 22,539	\$ 26,688
Office remodel	22,500	-
Equipment	1,334	-
Staffing expansion	-	17,945
For use in a future year	-	10,000
Protect the kids	-	5,317
Vehicles	-	451
	\$ 46,373	\$ 60,401

**EASTSIDE BABY CORNER
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018**

Note 10 – Special Events Revenue

Special events revenue is shown in the statements of activities net of costs that directly benefit the donor. The net special events revenue is as follows for the years ended December 31:

	2019	2018
Gross special events revenue	\$ 381,509	\$ 310,886
Less cost of direct donor benefits	(59,174)	(62,245)
	\$ 322,335	\$ 248,641

Note 11 – Lease Commitments

The Organization received donated office and warehouse space for its headquarters and central hub, which is valued at approximately \$119,100 and \$120,200 for the years ended December 31, 2019 and 2018, respectively. The Organization leased storage units on a month-to-month basis and the lease expense for these units was approximately \$50,100 and \$48,100 for the years ended December 31, 2019 and 2018, respectively.

In 2016, the Organization entered into a non-cancelable lease for warehouse space at its West Sound location. Subsequent to this lease's term ending in March 2019, the Organization continued the lease arrangement on a month-to-month basis. Lease expense under this lease was approximately \$23,000 and \$22,000 for the years ended December 31, 2019 and 2018, respectively. In December 2019, the Organization entered into a new non-cancelable lease for the same property, which commenced in January 2020 and terminates in December 2021.

In 2017, the Organization entered into a non-cancellable lease for warehouse space at its Northshore location. Subsequent to this lease's term ending in January 2019, the Organization continued the lease arrangement on a month-to-month basis. In July 2019, the lease was renewed for one year, with two options to renew for an additional year. Lease expense under this lease was approximately \$22,200 and \$21,000 for the years ended December 31, 2019 and 2018, respectively.

Future minimum lease payments under the West Sound and Northshore lease agreements are approximately as follows for the years ending December 31:

2020	\$ 30,000
2021	18,800
	\$ 48,800

EASTSIDE BABY CORNER
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

Note 12 – Concentrations

At December 31, 2019, 66% of government grants receivable was due from three separate governmental agencies. At December 31, 2018, 58% of government grants receivable was due from two separate governmental agencies.

At December 31, 2018, 35% of promises to give receivable was due from a single organization. There was so such concentration as of December 31, 2019.

Note 13 – Subsequent Events

Subsequent events were evaluated through August 27, 2020, which is the date the financial statements were available to be issued.

In December 2019, a novel strain of coronavirus (COVID-19) was reported in Wuhan, China. On March 11, 2020, the World Health Organization declared the outbreak to be a global pandemic. The resulting economic crisis has created significant need in the local community for services offered by the Organization and similar organizations. The Organization will strive to fulfill the increased demand and expects for its financial position to remain strong as local donors and government authorities provide additional funding needed to help the Organization address the crisis. The Organization also received a \$122,300 Payroll Protection Program loan through the Small Business Administration as part of the CARES Act. The Organization expects to meet qualifications to have the full loan amount forgiven.