

**EASTSIDE BABY CORNER**  
**FINANCIAL STATEMENTS WITH**  
**INDEPENDENT AUDITORS' REPORT**  
**DECEMBER 31, 2021 AND 2020**



## INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
Eastside Baby Corner  
Issaquah, Washington

### Opinion

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, 2021 and 2020, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

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, 2021 and 2020, 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. 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 Eastside Baby Corner and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. 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 Eastside Baby Corner's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

*(Continued on next page)*

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### **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 generally accepted auditing standards 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, including omissions, 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 generally accepted auditing standards, 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 Eastside Baby Corner'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 Eastside Baby Corner'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.

*Jones & Associates PLLC, CPAs*

Jones & Associates PLLC, CPAs  
August 2, 2022

**EASTSIDE BABY CORNER  
STATEMENTS OF FINANCIAL POSITION  
DECEMBER 31, 2021 AND 2020**

	2021	2020
<b>ASSETS</b>		
Cash and cash equivalents	\$ 833,760	\$ 1,013,102
Promises to give, net of allowance	-	32,173
Government grants receivable	99,050	131,209
Other assets	28,332	64,997
Inventory for distribution	1,951,036	1,315,792
Total current assets	2,912,178	2,557,273
Investments	725,835	160,956
Property and equipment, net	160,073	177,038
	<u>\$ 3,798,086</u>	<u>\$ 2,895,267</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>LIABILITIES</b>		
Accounts payable	\$ 20,341	\$ 23,371
Accrued expenses	23,021	62,620
Total current liabilities	<u>43,362</u>	<u>85,991</u>
<b>NET ASSETS</b>		
Without donor restrictions - undesignated	3,001,556	2,216,031
Without donor restrictions - Board designated	641,785	418,000
	<u>3,643,341</u>	<u>2,634,031</u>
With donor restrictions	111,383	175,245
Total net assets	<u>3,754,724</u>	<u>2,809,276</u>
	<u>\$ 3,798,086</u>	<u>\$ 2,895,267</u>

**EASTSIDE BABY CORNER  
STATEMENT OF ACTIVITIES  
YEAR ENDED DECEMBER 31, 2021**

	Total	Without Donor Restrictions		With Donor Restrictions
		Undesignated	Board Designated	
<b>SUPPORT AND REVENUE</b>				
Contributions	\$ 1,113,677	\$ 1,012,379	\$ -	\$ 101,298
Special events, net	247,409	247,409	-	-
Government grants	520,689	520,689	-	-
Donated use of space and other goods	127,420	127,420	-	-
Investment return	15,099	15,099	-	-
Other revenue	2,256	2,256	-	-
	<u>2,026,550</u>	<u>1,925,252</u>	<u>-</u>	<u>101,298</u>
Net assets released from restrictions	-	165,160	-	(165,160)
Transfers of board designated funds	-	(223,785)	223,785	-
Total support and revenue	<u>2,026,550</u>	<u>1,866,627</u>	<u>223,785</u>	<u>(63,862)</u>
<b>EXPENSES</b>				
Program services	700,929	700,929	-	-
Management and general	222,002	222,002	-	-
Fundraising	444,290	444,290	-	-
Total expenses	<u>1,367,221</u>	<u>1,367,221</u>	<u>-</u>	<u>-</u>
<b>CHANGE IN NET ASSETS BEFORE PRODUCTS FOR KIDS REVENUE AND EXPENSE</b>				
	659,329	499,406	223,785	(63,862)
<b>PRODUCTS FOR KIDS REVENUE AND EXPENSE</b>				
Contributions, in-kind products for kids	3,981,507	3,981,507	-	-
Distributions, products for kids	(3,695,388)	(3,695,388)	-	-
Net products for kids	<u>286,119</u>	<u>286,119</u>	<u>-</u>	<u>-</u>
CHANGE IN NET ASSETS	945,448	785,525	223,785	(63,862)
<b>NET ASSETS</b>				
Beginning of the year	<u>2,809,276</u>	<u>2,216,031</u>	<u>418,000</u>	<u>175,245</u>
End of the year	<u>\$ 3,754,724</u>	<u>\$ 3,001,556</u>	<u>\$ 641,785</u>	<u>\$ 111,383</u>

**EASTSIDE BABY CORNER  
STATEMENT OF ACTIVITIES  
YEAR ENDED DECEMBER 31, 2020**

	Total	Without Donor Restrictions		With Donor Restrictions
		Undesignated	Board Designated	
<b>SUPPORT AND REVENUE</b>				
Contributions	\$ 1,170,080	\$ 939,324	\$ -	\$ 230,756
Special events, net	251,484	251,484	-	-
Government grants	736,144	736,144	-	-
Donated use of space and services	125,645	125,645	-	-
Investment return	13,374	13,374	-	-
Other revenue	3,880	3,880	-	-
	<u>2,300,607</u>	<u>2,069,851</u>	<u>-</u>	<u>230,756</u>
Net assets released from restrictions	-	101,884	-	(101,884)
Transfers of board designated funds	-	(284,564)	284,564	-
Total support and revenue	<u>2,300,607</u>	<u>1,887,171</u>	<u>284,564</u>	<u>128,872</u>
<b>EXPENSES</b>				
Program services	598,225	598,225	-	-
Management and general	190,819	190,819	-	-
Fundraising	440,052	440,052	-	-
Total expenses	<u>1,229,096</u>	<u>1,229,096</u>	<u>-</u>	<u>-</u>
<b>CHANGE IN NET ASSETS BEFORE PRODUCTS FOR KIDS REVENUE AND EXPENSE</b>				
	1,071,511	658,075	284,564	128,872
<b>PRODUCTS FOR KIDS REVENUE AND EXPENSE</b>				
Contributions, in-kind products for kids	3,720,360	3,720,360	-	-
Distributions, products for kids	(3,892,793)	(3,892,793)	-	-
Net products for kids	<u>(172,433)</u>	<u>(172,433)</u>	<u>-</u>	<u>-</u>
CHANGE IN NET ASSETS	899,078	485,642	284,564	128,872
<b>NET ASSETS</b>				
Beginning of the year	<u>1,910,198</u>	<u>1,730,389</u>	<u>133,436</u>	<u>46,373</u>
End of the year	<u>\$ 2,809,276</u>	<u>\$ 2,216,031</u>	<u>\$ 418,000</u>	<u>\$ 175,245</u>

**EASTSIDE BABY CORNER  
STATEMENT OF FUNCTIONAL EXPENSES  
YEAR ENDED DECEMBER 31, 2021**

	Total	Program Services	Support Services	
			Management and General	Fundraising
Salaries and wages	\$ 722,641	\$ 319,266	\$ 128,040	\$ 275,335
Payroll taxes and benefits	85,944	37,970	15,228	32,746
	808,585	357,236	143,268	308,081
Occupancy	277,618	234,341	15,200	28,077
Professional services	86,571	35,409	31,009	20,153
Events	33,992	-	-	33,992
Office expense	32,540	3,913	9,221	19,406
Depreciation	28,495	25,608	1,193	1,694
Supplies	27,593	12,944	11,486	3,163
Miscellaneous	25,079	8,583	4,311	12,185
Software	21,759	9,372	2,444	9,943
Insurance	7,958	3,880	3,744	334
Publications and events	7,237	-	-	7,237
Equipment	5,422	5,422	-	-
Conferences and travel	4,372	4,221	126	25
Total expenses, excluding products for kids distribution and special event direct donor benefit	1,367,221	700,929	222,002	444,290
Distributions, products for kids	3,695,388	3,695,388	-	-
Total expenses	<u>\$ 5,062,609</u>	<u>\$ 4,396,317</u>	<u>\$ 222,002</u>	<u>\$ 444,290</u>

**EASTSIDE BABY CORNER  
STATEMENT OF FUNCTIONAL EXPENSES  
YEAR ENDED DECEMBER 31, 2020**

	Total	Program Services	Support Services	
			Management and General	Fundraising
Salaries and wages	\$ 673,788	\$ 265,949	\$ 115,095	\$ 292,744
Payroll taxes and benefits	75,949	30,483	15,907	29,559
	<u>749,737</u>	<u>296,432</u>	<u>131,002</u>	<u>322,303</u>
Occupancy	237,780	218,054	6,364	13,362
Professional services	71,683	22,504	26,127	23,052
Events	43,449	-	-	43,449
Office expense	27,744	3,256	8,780	15,708
Depreciation	28,303	26,013	819	1,471
Supplies	20,029	10,758	8,179	1,092
Miscellaneous	13,418	6,012	3,977	3,429
Software	23,242	8,301	1,868	13,073
Insurance	6,353	3,599	2,599	155
Publications and events	2,720	-	-	2,720
Equipment	850	-	850	-
Conferences and travel	3,788	3,296	254	238
Total expenses, excluding products for kids distribution and special event direct donor benefit	<u>1,229,096</u>	<u>598,225</u>	<u>190,819</u>	<u>440,052</u>
Distributions, products for kids	<u>3,892,793</u>	<u>3,892,793</u>	<u>-</u>	<u>-</u>
Total expenses	<u>\$ 5,121,889</u>	<u>\$ 4,491,018</u>	<u>\$ 190,819</u>	<u>\$ 440,052</u>



**EASTSIDE BABY CORNER  
STATEMENTS OF CASH FLOWS  
YEARS ENDED DECEMBER 31, 2021 AND 2020**

	2021	2020
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash received from contributions and government grants	\$ 1,946,107	\$ 2,061,030
Cash received from investments and other	5,503	6,837
Cash paid to employees and suppliers	(1,566,395)	(1,464,313)
	385,215	603,554
 <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property and equipment	(11,530)	(9,251)
Purchase of investments	(553,027)	(17,103)
	(564,557)	(26,354)
 NET CHANGE IN CASH AND CASH EQUIVALENTS	(179,342)	577,200
 <b>CASH AND CASH EQUIVALENTS</b>		
Beginning of the year	1,013,102	435,902
End of the year	\$ 833,760	\$ 1,013,102

**EASTSIDE BABY CORNER  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021 AND 2020**

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**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.

EBC’s mission is to help kids reach their full potential tomorrow by meeting basic needs today. EBC keeps kids well-nourished, safe and healthy by providing children’s essentials such as diapers, formula, car seats, clothing, safe sleep and home items, school supplies, books and more.

In 2021, EBC assisted 10,530 babies, children, and expectant mothers one or more times, supplying them with 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 over 70 health and human service organizations, early learning centers and food banks to get an average of 1,776 children each month with what they need to grow, play, learn and thrive. 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.

EBC increased services throughout the second COVID-19 pandemic year of 2021, continuing to support families through standard, Rapid Response, and Opportunity Gateway programs, supporting equity in distribution of diapers, formula, clothing and more, answering the rising need in the region's most-impacted communities.

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. EBC distributed 160,866 product orders of essential goods for kids and expectant women in five Puget Sound counties in 2021. 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.

**EASTSIDE BABY CORNER  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021 AND 2020**

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

**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, 2021 and 2020.

**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, 2021 and 2020, 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.

**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.

**EASTSIDE BABY CORNER  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021 AND 2020**

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

**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.

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. For conditional contributions and grants with donor restrictions, it is the Organization’s policy to recognize restricted conditional contributions in the net assets without donor restrictions class if the restrictions have been met in the same year. Contributions with donor restrictions for the purchase of property and equipment are released from restriction when the property and equipment is placed in service.

Revenue from government grants is recognized based on billings submitted for reimbursement and are subject to audit and retroactive adjustment made by the funding agencies. There were no adjustments resulting from government audits during the years ended December 31, 2021 and 2020. Amounts received in advance are deferred to the applicable period in which the related expenditures are incurred.

**EASTSIDE BABY CORNER  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021 AND 2020**

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

**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 full-time equivalent employees 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).

**Subsequent Events** – Subsequent events were evaluated through August 2, 2022, which is the date the financial statements were available to be issued.

**EASTSIDE BABY CORNER  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021 AND 2020**

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**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:

	2021	2020
Financial Assets		
Cash and cash equivalents	\$ 833,760	\$ 1,013,102
Investments	725,835	160,956
Promises to give and government receivables	99,050	163,382
Total financial assets	1,658,645	1,337,440
Less those unavailable for general expenditures within one year:		
Restricted by donors with purpose restrictions	(92,606)	(80,438)
Board reserve fund (unavailable without Board approval)	(641,785)	(418,000)
Financial assets available within one year	\$ 924,254	\$ 839,002

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 – Conditional Grants**

Prior to December 31, 2021, the Organization received notice of two multi-year grants totaling \$443,196, of which \$129,921 was recognized through the year ended December 31, 2021. The remainder of the total grant amount will be received in the year ending December 31, 2022, contingent on the Organization's completion of terms and conditions set forth in the grant agreements. As the \$313,275 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, 2021 AND 2020**

**Note 4 – Investments**

Investments consist of the following at December 31:

	2021	2020
Money market funds	\$ 564,871	\$ 14,820
Mutual funds:		
Short-term investments	64,300	64,517
Small cap	40,446	35,033
Index	22,668	17,618
Value	17,290	13,503
International	10,025	9,283
Emerging markets	6,235	6,182
	<u>\$ 725,835</u>	<u>\$ 160,956</u>

**Note 5 – Property and Equipment**

Property and equipment consist of the following at December 31:

	2021	2020
Ordering system	\$ 146,621	\$ 146,621
Warehouse improvements	55,345	55,345
Vehicles	42,489	42,489
Furniture and shelving	27,893	24,829
Equipment	30,373	22,804
	<u>302,721</u>	<u>292,088</u>
Less accumulated depreciation	<u>(142,648)</u>	<u>(115,050)</u>
	<u>\$ 160,073</u>	<u>\$ 177,038</u>

**Note 6 – 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 5% and 5% at December 31, 2021 and 2020, respectively. The Organization did not use the line of credit in 2021 or 2020.

**EASTSIDE BABY CORNER  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021 AND 2020**

**Note 7 – In-Kind Contributions**

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

	2021	2020
Inventory	\$ 3,981,507	\$ 3,720,360
Use of space	125,635	115,347
Services	1,785	3,355
Other goods	-	6,943
	<u>\$ 4,108,927</u>	<u>\$ 3,846,005</u>

In-kind contributions were used for program activities. In addition to the recognized in-kind services, the Organization had approximately 2,900 and 2,500 individual volunteers provide roughly 17,000 and 18,000 volunteers hours in 2021 and 2020, 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 8 – Net Assets With Donor Restrictions**

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

	2021	2020
Office remodel	\$ 92,606	\$ 79,104
Specific goods for distribution	17,443	64,807
Equipment	1,334	1,334
For use in a future year	-	30,000
	<u>\$ 111,383</u>	<u>\$ 175,245</u>

**Note 9 – Lease Commitments**

The Organization has a non-cancelable lease for warehouse and office space at its Issaquah Central Hub ending in May 2023. Lease expense under this lease was approximately \$35,500 for the year ended December 31, 2021. Future minimum lease payments under this lease are approximately \$54,600 in 2022 and \$23,400 in 2023. The Organization received donated office and warehouse space for its Issaquah headquarters and central hub, which is valued at approximately \$118,200 and \$115,300 for the years ended December 31, 2021 and 2020, respectively. The Organization leased storage units on a month-to-month basis and the lease expense for these units was approximately \$69,500 and \$67,200 for the years ended December 31, 2021 and 2020, respectively.



**EASTSIDE BABY CORNER**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021 AND 2020**

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**Note 9 – Lease Commitments (Continued)**

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. 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, with two options to renew for an additional year. Lease expense under these leases was \$23,807 for both the years ended December 31, 2021 and 2020.

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. The Organization exercised the first renewal option in 2020 and the second renewal option in 2021. Lease expense under this lease was approximately \$22,700 and \$22,400 for the years ended December 31, 2021 and 2020, respectively. Future minimum lease payments under this lease are approximately \$11,500 for 2022.

Subsequent to year-end the Organization entered into a new lease to move its Northshore location to Shoreline. The new lease commences in May 2022 for \$8,805 per month and ends in May 2027.

Also subsequent to year-end the Organization entered into a lease for a new location in Kent. This lease commences in July 2022 for \$1,400 per month and ends in June 2025.

**Note 10 – Concentrations**

At December 31, 2021, 55% of government grants receivable was due from two separate government entities. At December 31, 2020, 72% of government grants receivable was due from two separate governmental agencies.

At December 31, 2020, 99% of promises to give receivable was due from two organizations. There was so such concentration as of December 31, 2021.

**Note 11 – Risks and Uncertainties**

In December 2019, a novel strain of coronavirus (COVID-19) was first reported. On March 11, 2020, the World Health Organization declared the outbreak to be a global pandemic. The extent of the impact of COVID-19 on the Organization's operations will depend on certain developments, including the duration and spread of the outbreak and the impact to clients and employees, all of which are uncertain and cannot be determined.

**EASTSIDE BABY CORNER  
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**Note 11 – Risks and Uncertainties (Continued)**

The continuing fallout from COVID-19 has created significant need in the local community for services offered by the Organization and similar agencies. Local donors and government authorities have provided additional funding needed to help the Organization address the crisis. As a result of the pandemic, the Organization had to provide services with approximately 9,000 fewer volunteer hours and uneven amounts of in-kind merchandise donations. The Organization reduced the budget goals for money raised through a planned major fundraising event in 2021 and held one virtual fundraising event instead.

The extent to which the pandemic will further impact the Organization going forward will depend on numerous evolving factors that cannot be reasonably predicted, including the duration and scope of the pandemic; governmental, business, and families' actions in response to the pandemic; and the impact on economic activity including the possibility of recession or financial market instability.