

**BIKE WORKS SEATTLE**

**FINANCIAL STATEMENTS WITH  
INDEPENDENT AUDITORS' REPORT**

**DECEMBER 31, 2020 AND 2019**



## INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
Bike Works Seattle  
Seattle, Washington

We have audited the accompanying financial statements of Bike Works Seattle (a nonprofit organization), which comprise the statements of financial position as of December 31, 2020 and 2019, 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 Bike Works Seattle 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 cursive script that reads "Jones &amp; Associates PLLC, CPAs".

Jones & Associates PLLC, CPAs  
September 1, 2021

TEL 206.525.5170  
17544 Midvale Ave N, Suite 100  
Shoreline, WA 98133  
[www.judyjonescpa.com](http://www.judyjonescpa.com)

**BIKE WORKS SEATTLE**  
**STATEMENTS OF FINANCIAL POSITION**  
**DECEMBER 31, 2020 AND 2019**

	2020	2019
<b>ASSETS</b>		
Current assets		
Cash and cash equivalents	\$ 1,228,468	\$ 649,728
Pledges receivable	170,000	-
Inventory	288,190	399,506
Prepaid expenses	18,098	43,219
Total current assets	1,704,756	1,092,453
Pledges receivable, net	353,417	-
Property and equipment, net	9,769	25,713
	\$ 2,067,942	\$ 1,118,166
 <b>LIABILITIES AND NET ASSETS</b>		
<b>LIABILITIES</b>		
Current liabilities		
Accounts payable	\$ 30,839	\$ 31,174
Accrued expenses	67,209	29,368
Unearned income	1,079	3,005
Forgivable loan payable	199,933	-
Total current liabilities	299,060	63,547
 <b>NET ASSETS</b>		
Without donor restrictions	1,166,382	929,248
With donor restrictions	602,500	125,371
Total net assets	1,768,882	1,054,619
	\$ 2,067,942	\$ 1,118,166

**BIKE WORKS SEATTLE**  
**STATEMENT OF ACTIVITIES**  
**YEAR ENDED DECEMBER 31, 2020**

	Without Donor Restrictions	With Donor Restrictions	Total
<b>SUPPORT AND REVENUE</b>			
Contributions	\$ 871,167	\$ 602,500	\$ 1,473,667
In-kind contributions	155,256	-	155,256
Grants	507,100	-	507,100
Special events, net of costs	252,043	-	252,043
Shop sales, net of cost of sales	246,199	-	246,199
Program income	7,787	-	7,787
Investment return and other	5,015	-	5,015
	<u>2,044,567</u>	<u>602,500</u>	<u>2,647,067</u>
Net asset released:			
Purpose restrictions met	<u>125,371</u>	<u>(125,371)</u>	<u>-</u>
 Total support and revenue	 <u>2,169,938</u>	 <u>477,129</u>	 <u>2,647,067</u>
<b>EXPENSES</b>			
Program services	1,415,491	-	1,415,491
Management and general	422,747	-	422,747
Fundraising	94,566	-	94,566
Total expenses	<u>1,932,804</u>	<u>-</u>	<u>1,932,804</u>
 CHANGE IN NET ASSETS	 237,134	 477,129	 714,263
<b>NET ASSETS</b>			
Beginning of the year	<u>929,248</u>	<u>125,371</u>	<u>1,054,619</u>
End of the year	<u>\$ 1,166,382</u>	<u>\$ 602,500</u>	<u>\$ 1,768,882</u>

**BIKE WORKS SEATTLE**  
**STATEMENT OF ACTIVITIES**  
**YEAR ENDED DECEMBER 31, 2019**

	Without Donor Restrictions	With Donor Restrictions	Total
<b>SUPPORT AND REVENUE</b>			
Contributions	\$ 530,970	\$ 125,371	\$ 656,341
In-kind contributions	189,546	-	189,546
Grants	365,328	-	365,328
Special events, net of costs	311,274	-	311,274
Shop sales, net of cost of sales	400,092	-	400,092
Program income	65,332	-	65,332
Investment return and other	3,151	-	3,151
	<u>1,865,693</u>	<u>125,371</u>	<u>1,991,064</u>
Net asset released:			
Purpose restrictions met	117,917	(117,917)	-
Time restrictions met	100,000	(100,000)	-
	<u>217,917</u>	<u>(217,917)</u>	<u>-</u>
 Total support and revenue	 <u>2,083,610</u>	 <u>(92,546)</u>	 <u>1,991,064</u>
<b>EXPENSES</b>			
Program services	1,417,341	-	1,417,341
Management and general	346,214	-	346,214
Fundraising	141,521	-	141,521
Total expenses	<u>1,905,076</u>	<u>-</u>	<u>1,905,076</u>
 CHANGE IN NET ASSETS	 178,534	 (92,546)	 85,988
<b>NET ASSETS</b>			
Beginning of the year	<u>750,714</u>	<u>217,917</u>	<u>968,631</u>
End of the year	<u>\$ 929,248</u>	<u>\$ 125,371</u>	<u>\$ 1,054,619</u>

**BIKE WORKS SEATTLE**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED DECEMBER 31, 2020**

	Program Services						Support Services			Total
	Bike Mobile	Community	Reuse and Recycle	Youth	Adult	Shop and Retail	Total Program	Management and General	Fundraising	
Salaries,wages and related	\$ 24,424	\$ 23,111	\$ 201,560	\$ 346,328	\$ 27,659	\$ 225,981	\$ 849,063	\$ 338,415	\$ 28,757	\$ 1,216,235
Occupancy	54,655	38,752	50,919	51,507	38,752	22,636	257,221	36,114	4,352	297,687
Professional services	8,274	11,512	8,381	8,393	8,393	8,393	53,346	17,574	20,839	91,759
Bike program materials	-	76,731	-	7,643	-	-	84,374	-	-	84,374
Materials, supplies and equipment	350	5,806	3,275	22,340	975	5,950	38,696	1,729	2,603	43,028
Printing and publications	1,454	1,969	1,693	1,541	1,673	-	8,330	9,902	15,163	33,395
Bank charges	-	-	-	678	538	14,738	15,954	304	12,690	28,948
Facilities maintenance	230	2,212	2,533	230	230	14,884	20,319	7,565	-	27,884
Utilities	2,533	1,979	2,464	2,512	2,020	3,889	15,397	2,944	-	18,341
Information technology	13	1,711	2,980	2,453	13	4,307	11,477	4,561	1,493	17,531
Insurance	2,424	2,424	2,424	3,348	3,348	2,424	16,392	58	-	16,450
Depreciation and amortization	1,220	-	8,064	-	-	6,660	15,944	-	-	15,944
Advertising and promotion	66	4,530	865	55	55	1,123	6,694	5	2,185	8,884
Travel	495	-	3,677	3,064	-	1,095	8,331	50	244	8,625
Meals and snacks	-	1,026	1,118	737	449	397	3,727	2,273	257	6,257
Dues and subscriptions	-	2,040	-	-	-	195	2,235	477	3,203	5,915
Taxes	-	-	-	-	-	4,670	4,670	-	-	4,670
Postage and shipping	-	-	10	78	-	768	856	32	2,291	3,179
Office expenses	-	442	511	-	-	-	953	694	91	1,738
Licenses and permits	-	-	766	221	-	525	1,512	50	40	1,602
Activities and admission	-	-	-	-	-	-	-	-	358	358
<b>Total expenses</b>	<b>96,138</b>	<b>174,245</b>	<b>291,240</b>	<b>451,128</b>	<b>84,105</b>	<b>318,635</b>	<b>1,415,491</b>	<b>422,747</b>	<b>94,566</b>	<b>1,932,804</b>
Direct donor benefits	-	-	-	-	-	-	-	-	21,817	21,817
Cost of sales	-	-	-	-	-	240,794	240,794	-	-	240,794
<b>Total functional expenses</b>	<b>\$ 96,138</b>	<b>\$ 174,245</b>	<b>\$ 291,240</b>	<b>\$ 451,128</b>	<b>\$ 84,105</b>	<b>\$ 559,429</b>	<b>\$ 1,656,285</b>	<b>\$ 422,747</b>	<b>\$ 116,383</b>	<b>\$ 2,195,415</b>

*See accompanying notes to financial statements.*

**BIKE WORKS SEATTLE**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED DECEMBER 31, 2019**

	Program Services						Support Services			Total
	Bike Mobile	Community	Reuse and Recycle	Youth	Adult	Shop and Retail	Total Program	Management and General	Fundraising	
Salaries,wages and related	\$ 29,591	\$ 30,420	\$ 193,720	\$ 341,020	\$ 24,350	\$ 221,649	\$ 840,750	\$ 248,131	\$ 24,953	\$ 1,113,834
Occupancy	54,369	34,211	43,521	43,521	34,211	23,143	232,976	30,096	3,242	266,314
Professional services	12,164	24,168	7,969	11,609	10,722	10,208	76,840	21,600	47,951	146,391
Bike program materials	-	65,050	-	-	-	-	65,050	-	-	65,050
Materials, supplies and equipment	-	10,708	2,113	-	73	4,174	17,068	2,511	3,476	23,055
Printing and publications	1,482	9,874	1,830	6,899	1,794	428	22,307	2,432	31,655	56,394
Bank charges	78	287	-	746	1,378	21,057	23,546	80	5,217	28,843
Facilities maintenance	283	799	814	799	283	12,488	15,466	-	-	15,466
Utilities	1,881	1,958	2,703	2,574	1,999	3,983	15,098	2,305	-	17,403
Information technology	16	15	14	15	15	1,742	1,817	8,573	1,335	11,725
Insurance	2,136	2,170	2,136	3,082	3,060	2,161	14,745	2,136	-	16,881
Depreciation and amortization	11,364	-	8,053	-	-	12,577	31,994	-	-	31,994
Advertising and promotion	154	17,253	366	758	158	8,647	27,336	1,105	2,118	30,559
Travel	1,511	4,105	3,632	3,028	-	105	12,381	1,652	332	14,365
Meals and snacks	-	3,733	813	5,069	515	466	10,596	17,172	12,548	40,316
Dues and subscriptions	-	500	-	49	-	125	674	767	3,802	5,243
Taxes	-	-	-	-	-	5,571	5,571	-	-	5,571
Postage and shipping	-	22	-	466	-	58	546	4,092	1,914	6,552
Office expenses	-	-	-	31	-	-	31	3,472	-	3,503
Licenses and permits	-	-	326	731	-	522	1,579	50	1,493	3,122
Activities and admission	-	-	-	784	186	-	970	40	1,485	2,495
Total expenses	115,029	205,273	268,010	421,181	78,744	329,104	1,417,341	346,214	141,521	1,905,076
Direct donor benefits	-	-	-	-	-	-	-	-	54,598	54,598
Cost of sales	-	-	-	-	-	171,842	171,842	-	-	171,842
Total functional expenses	\$ 115,029	\$ 205,273	\$ 268,010	\$ 421,181	\$ 78,744	\$ 500,946	\$ 1,589,183	\$ 346,214	\$ 196,119	\$ 2,131,516

*See accompanying notes to financial statements.*

**BIKE WORKS SEATTLE**  
**STATEMENTS OF CASH FLOWS**  
**YEARS ENDED DECEMBER 31, 2020 AND 2019**

	2020	2019
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash received from contributions, special events and grants	\$ 1,709,393	\$ 1,450,860
Cash received from shop sales and program income	209,967	424,210
Cash received from interest and other income	5,015	3,151
Cash paid to employees and suppliers	(1,545,568)	(1,697,428)
	378,807	180,793
 <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property and equipment	-	(1,850)
	-	(1,850)
 <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from forgivable loan payable	199,933	-
	199,933	-
 NET CHANGE IN CASH AND CASH EQUIVALENTS	578,740	178,943
 <b>CASH AND CASH EQUIVALENTS</b>		
Beginning of the year	649,728	470,785
End of the year	\$ 1,228,468	\$ 649,728



**BIKE WORKS SEATTLE**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020 AND 2019**

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

**Nature of Activities** – Bike Works Seattle (the Organization) is a nonprofit that builds sustainable communities by educating and empowering youth and adults and making bicycling accessible and affordable to the Seattle community.

**Basis of Accounting and Presentation** – The financial statements have been prepared on the accrual basis of accounting and report information regarding the Organization’s 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.

*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. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. There are no donor-restricted net assets of perpetual nature at December 31, 2020 and 2019. The Organization reports contributions restricted by donors as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized.

**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, 2020 and 2019, cash and cash equivalents consist of checking, savings and money market accounts. The Organization maintains its cash and cash equivalents in bank accounts that may exceed federally insured limits at times during the year. The Organization has not experienced any losses in these accounts, and management does not believe it is exposed to any significant credit risk.

**Pledges Receivable** – Pledges receivable consist of unconditional promises to give from foundations. Pledges receivable that are expected to be collected within one year are recorded at net realizable value. Pledges receivable that are expected to be collected in more than one year have been discounted to the present value of estimated cash flows using a discount rate of 2%. No allowance for uncollectible balances has been established by management based upon the Organization’s historical experience in the collection of balances due.

**Inventory** – Inventories consist of donated and purchased bikes, parts and program supplies and are stated at the lower of cost, if purchased, or net realizable value, if donated. Cost is determined by the first-in, first-out method. When evidence exists that the net realizable value of inventory is lower than its cost, the difference is recognized as a loss in the statement of activities in the period in which it occurs.

**BIKE WORKS SEATTLE**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020 AND 2019**

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

**Property and Equipment** – Property and equipment is carried at cost. Depreciation is computed using the straight-line method over five years for vehicles and the life of the office lease for leasehold improvements. The Organization follows a policy whereby it capitalizes purchases of property and equipment with a value in excess of \$10,000 that provide future benefits over a period longer than one year.

**Revenue Recognition** – Contributions, grants 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.

The Organization recognizes revenue from shop sales when products are sold at the point of sale.

Program income may give rise to performance obligations for the Organization. Revenue from program income with performance obligations is recognized when the Organization satisfies a performance obligation by transferring a promised good or service to a customer at a point in time. For the Organization, these revenues consist of program fees for various trainings, classes, and camps for youth and adults. The registration fee does not have a significant financing component, and the consideration amount is not variable. For the related performance obligations, control of the promised good or service transfers to the customer at a point in time. Payment is typically due in full when the customer completes registration and revenue is recognized in the period in which the related educational instruction is performed. The Organization records revenue in the period in which the related educational instruction is performed. Accordingly, fees received for future instruction are deferred until the instruction commences.

**In-kind Contributions** – In-kind contributions include donated bicycles, bicycle parts and program supplies and have an estimated value of \$155,256 and \$189,546 for the years ended December 31, 2020 and 2019, respectively.

**Expense Allocation** – The costs of providing various programs and other activities have been summarized on a functional basis in the statements of functional expenses. The financial statements report certain categories of expenses that are attributable to one or more program or supporting functions of the Organization. Those expenses include administrative and development efforts. Depreciation is allocated based on square footage and the Executive Director’s salary is allocated across all departments based on estimates of time and effort. The Development and Admin departments are allocated on estimates of time and money.

**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.

**BIKE WORKS SEATTLE**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020 AND 2019**

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

**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).

**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:

	2020	2019
Financial Assets		
Cash and cash equivalents	\$ 1,228,468	\$ 649,728
Pledges receivable	523,417	-
Total financial assets	1,751,885	649,728
Less those unavailable for general expenditures within one year:		
Receivable balances to be collected in future years	(353,417)	-
Financial assets available within one year	\$ 1,398,468	\$ 649,728

The Organization's financial assets have seasonal variations during the year attributed to the timing of receipt of payments for programs, fundraising events, and how busy the Bike Shop is. The Organization has an operating reserve that is defined as capital on hand with a current goal of maintaining the equivalent of three months of expenses. The governing board has dedicated this amount with the objective of having sufficient funds available at any given time. In the event of an unanticipated liquidity need, the Organization could also draw upon \$100,000 of an available line of credit.

**Note 3 – Pledges Receivable**

Pledges receivable are due as follows at December 31:

	2020	2019
Receivable in one year or less	\$ 170,000	\$ -
Receivable in one to five years	375,000	-
	545,000	-
Less discount on long term pledges receivable	(21,583)	-
	\$ 523,417	\$ -

**BIKE WORKS SEATTLE**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020 AND 2019**

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**Note 4 – Property and Equipment**

Property and equipment consist of the following at December 31:

	2020	2019
Vehicles	\$ 146,219	\$ 146,219
Leasehold improvements	53,827	53,827
	200,046	200,046
Less accumulated depreciation	(190,277)	(174,333)
	<u>\$ 9,769</u>	<u>\$ 25,713</u>

**Note 5 – Inventory**

Inventory consists of the following at December 31:

	2020	2019
Bikes and other supplies for program use	\$ 125,004	\$ 140,279
Bikes	53,491	107,615
Used parts	55,997	76,226
New parts	53,698	75,386
	<u>\$ 288,190</u>	<u>\$ 399,506</u>

**Note 6 – Forgivable Loan Payable**

The Organization entered into a Small Business Administration Paycheck Protection Program loan payable with a bank on April 30, 2020 for \$199,933 with a maturity date of April 30, 2022, if conditions are not met. The loan is unsecured with an interest rate of 1%. Payments of principal and interest are due monthly beginning in February 2021 under the PPP Flexibility Act, with the outstanding principal balance due in full on the maturity date, if conditions are not met. The loan can be forgiven if the Organization meets certain criteria and applies for forgiveness with the Small Business Administration. The loan was fully forgiven subsequent to year end and as such, the forgivable loan payable is presented as a current liability on the statement of financial position.

**BIKE WORKS SEATTLE**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020 AND 2019**

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**Note 7 – Net Assets With Donor Restrictions**

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

	2020	2019
Youth programs	\$ 100,000	\$ 100,000
Time restricted - for use in subsequent year	502,500	25,371
	<u>\$ 602,500</u>	<u>\$ 125,371</u>

**Note 8 – Special Events**

Special events revenue is shown in the statement of activities net of consumable costs that directly benefit the participants of the event. The net revenue is as follows for the years ended December 31:

	2020	2019
Gross special events revenue	\$ 273,860	\$ 365,872
Less cost of direct donor benefits	(21,817)	(54,598)
	<u>\$ 252,043</u>	<u>\$ 311,274</u>

**Note 9 – Shop Sales**

Shop sales of bicycles and bicycle parts are shown in the statement of activities net of cost of sales. The net revenue is as follows for the years ended December 31:

	2020	2019
Gross bicycle shop sales	\$ 486,993	\$ 571,934
Less new parts cost of sales	(85,170)	(86,648)
Less in-kind cost of sales	(155,624)	(85,194)
	<u>\$ 246,199</u>	<u>\$ 400,092</u>

**BIKE WORKS SEATTLE**  
**NOTES TO FINANCIAL STATEMENTS**  
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**Note 10 – Lease Commitments**

The Organization leases its shop and office space with lease terms that expire in 2020 and 2026, respectively. Lease expense under these agreements was \$236,700 and \$223,837 for the years ended December 31, 2020 and 2019, respectively. Future minimum lease payments under the leases are as follows for the years ending December 31:

2021	\$ 224,174
2022	228,662
2023	233,228
2024	237,898
2025	241,848
Thereafter	<u>40,308</u>
	<u>\$ 1,206,118</u>

**Note 11 – Line of Credit**

In October 2018, the Organization entered into a \$200,000 unsecured line of credit agreement with a bank that expired in October 2020. The interest rate was equal to the bank's Base Rate plus 1.5%. In October 2020, the Organization entered into a \$100,000 unsecured line of credit agreement with the same bank, which expires in October 2021. The interest rate is equal to the bank's Base Rate plus 2.25%. No amounts have been borrowed on these lines of credit in the years ended December 31, 2020 and 2019. The Organization closed this line of credit and opened a new \$150,000 line of credit with a different financial institution subsequent to year end.

**Note 12 – Concentrations**

As of and for the year ended December 31, 2020, a single foundation represented 92% of total pledges receivable and 24% of total support and revenue. There were no such concentrations for the year ended December 31, 2019.

**Note 13 – 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 donors, customers, and employees, all of which are uncertain and cannot be determined.

**BIKE WORKS SEATTLE**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020 AND 2019**

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**Note 13 – Risks and Uncertainties (Continued)**

As a result of the pandemic, shop sales decreased by \$84,941 from 2019 to 2020 due to the closure of its social enterprise community Bike Shop, which later moved to an online platform while accepting appointment-only bike repair. Program income decreased by \$57,545 from 2019 to 2020 due to cancellation of camps and classes and reduction in fees charged. The Organization's annual fundraising event was cancelled in March 2020 and moved to October 2020 as a virtual event, which led to a decrease of \$59,231 in revenue from special events from 2019 to 2020.

To help cover the shortfall, the Organization received a \$199,933 Payroll Protection Program loan through the Small Business Administration as part of the CARES Act. The loan was fully forgiven subsequent to year end. Subsequent to year end, the Organization received a second Payroll Protection Program loan for \$216,277 and expects to meet qualifications to have all or most of the loan amount forgiven.

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.

**Note 14 – Subsequent Events**

Subsequent events were evaluated through September 1, 2021, which is the date the financial statements were available to be evaluated.

In January 2021, the Organization entered into a \$150,000 line of credit agreement with a bank that expires in January 2027. The line of credit is secured by the Organization's assets and has an interest rate equal to the U.S. Prime Rate plus 2%.

In February 2021, the Organization received a second Payroll Protection Program loan for \$216,277 and expects to meet qualifications to have all or most of the loan amount forgiven.