

**BIKE WORKS SEATTLE**

**FINANCIAL STATEMENTS WITH  
INDEPENDENT AUDITORS' REPORT**

**DECEMBER 31, 2021 AND 2020**



## INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
Bike Works Seattle  
Seattle, Washington

### **Opinion**

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, 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 Bike Works Seattle 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 Bike Works Seattle 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 Bike Works Seattle's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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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 Bike Works Seattle'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 Bike Works Seattle'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  
July 8, 2022

**BIKE WORKS SEATTLE**  
**STATEMENTS OF FINANCIAL POSITION**  
**DECEMBER 31, 2021 AND 2020**

	2021	2020
<b>ASSETS</b>		
Current assets		
Cash and cash equivalents	\$ 1,634,824	\$ 1,228,468
Pledges receivable	129,050	170,000
Inventory	321,711	288,190
Prepaid expenses	17,040	18,098
Total current assets	2,102,625	1,704,756
Pledges receivable, net	237,936	353,417
Property and equipment, net	42,423	9,769
	\$ 2,382,984	\$ 2,067,942
 <b>LIABILITIES AND NET ASSETS</b>		
<b>LIABILITIES</b>		
Current liabilities		
Accounts payable	\$ 41,629	\$ 30,839
Accrued expenses	67,222	67,209
Unearned income	-	1,079
Forgivable loan payable	-	199,933
Total current liabilities	108,851	299,060
 <b>NET ASSETS</b>		
Without donor restrictions	1,894,133	1,166,382
With donor restrictions	380,000	602,500
Total net assets	2,274,133	1,768,882
	\$ 2,382,984	\$ 2,067,942

**BIKE WORKS SEATTLE**  
**STATEMENT OF ACTIVITIES**  
**YEAR ENDED DECEMBER 31, 2021**

	Without Donor Restrictions	With Donor Restrictions	Total
<b>SUPPORT AND REVENUE</b>			
Contributions	\$ 610,057	\$ 5,000	\$ 615,057
In-kind contributions	155,650	-	155,650
Grants	1,054,854	-	1,054,854
Special events, net of costs	279,017	-	279,017
Shop sales, net of cost of sales	385,599	-	385,599
Program income	41,581	-	41,581
Investment return and other	1,104	-	1,104
	<u>2,527,862</u>	<u>5,000</u>	<u>2,532,862</u>
Net asset released:			
Purpose restrictions met	100,000	(100,000)	-
Time restrictions met	127,500	(127,500)	-
	<u>227,500</u>	<u>(227,500)</u>	<u>-</u>
 Total support and revenue	 <u>2,755,362</u>	 <u>(222,500)</u>	 <u>2,532,862</u>
<b>EXPENSES</b>			
Program services	1,522,467	-	1,522,467
Management and general	395,595	-	395,595
Fundraising	109,549	-	109,549
Total expenses	<u>2,027,611</u>	<u>-</u>	<u>2,027,611</u>
 CHANGE IN NET ASSETS	 727,751	 (222,500)	 505,251
<b>NET ASSETS</b>			
Beginning of the year	<u>1,166,382</u>	<u>602,500</u>	<u>1,768,882</u>
End of the year	<u>\$ 1,894,133</u>	<u>\$ 380,000</u>	<u>\$ 2,274,133</u>

**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	125,371	(125,371)	-
	<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	929,248	125,371	1,054,619
End of the year	<u>\$ 1,166,382</u>	<u>\$ 602,500</u>	<u>\$ 1,768,882</u>

**BIKE WORKS SEATTLE**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED DECEMBER 31, 2021**

	Program Services						Support Services			
	Bike Mobile	Community	Reuse and Recycle	Youth	Adult	Shop and Retail	Total Program	Management and General	Fundraising	Total
Salaries,wages and related	\$ 20,641	\$ 20,076	\$ 237,821	\$ 290,088	\$ 95,865	\$ 357,186	\$ 1,021,677	\$ 310,538	\$ 22,122	\$ 1,354,337
Occupancy	54,686	39,663	52,475	52,474	39,663	24,331	263,292	39,684	7,300	310,276
Professional services	8,112	8,626	8,109	9,030	8,130	8,130	50,137	13,508	14,092	77,737
Bike program materials	-	58,773	-	-	-	-	58,773	-	-	58,773
Printing and publications	1,991	2,000	1,814	1,526	1,531	320	9,182	1,843	38,280	49,305
Materials, supplies and equipment	75	4,761	1,083	15,106	711	8,498	30,234	870	967	32,071
Bank charges	365	-	-	776	115	15,938	17,194	663	8,968	26,825
Utilities	2,615	2,280	3,023	2,927	2,414	5,084	18,343	2,854	-	21,197
Facilities maintenance	2,357	15	3,211	1,515	15	515	7,628	11,853	-	19,481
Insurance	2,499	2,499	2,499	3,349	3,349	2,499	16,694	2,236	-	18,930
Meals and snacks	441	1,370	1,237	2,667	193	363	6,271	8,510	1,496	16,277
Depreciation and amortization	1,416	-	8,064	-	-	366	9,846	-	-	9,846
Postage and shipping	-	-	-	-	-	604	604	146	7,446	8,196
Advertising and promotion	-	3,000	-	210	-	1,350	4,560	10	2,419	6,989
Dues and subscriptions	-	-	-	-	11	195	206	397	3,905	4,508
Information technology	-	-	-	-	-	977	977	1,533	1,979	4,489
Taxes	-	-	-	-	-	4,485	4,485	-	-	4,485
Travel	238	-	211	443	29	102	1,023	464	103	1,590
Licenses and permits	-	-	87	566	-	130	783	90	-	873
Office expenses	-	-	27	235	-	165	427	343	89	859
Activities and admission	-	-	-	131	-	-	131	53	383	567
<b>Total expenses</b>	<b>95,436</b>	<b>143,063</b>	<b>319,661</b>	<b>381,043</b>	<b>152,026</b>	<b>431,238</b>	<b>1,522,467</b>	<b>395,595</b>	<b>109,549</b>	<b>2,027,611</b>
Direct donor benefits	-	-	-	-	-	-	-	-	31,467	31,467
Cost of sales	-	-	-	-	-	165,626	165,626	-	-	165,626
<b>Total functional expenses</b>	<b>\$ 95,436</b>	<b>\$ 143,063</b>	<b>\$ 319,661</b>	<b>\$ 381,043</b>	<b>\$ 152,026</b>	<b>\$ 596,864</b>	<b>\$ 1,688,093</b>	<b>\$ 395,595</b>	<b>\$ 141,016</b>	<b>\$ 2,224,704</b>

*See accompanying notes to financial statements.*

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

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

*See accompanying notes to financial statements.*



**BIKE WORKS SEATTLE  
STATEMENTS OF CASH FLOWS  
YEARS ENDED DECEMBER 31, 2021 AND 2020**

	2021	2020
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash received from contributions, special events and grants	\$ 1,905,426	\$ 1,709,393
Cash received from shop sales and program income	384,008	209,967
Cash received from interest and other income	1,104	5,015
Cash paid to employees and suppliers	(1,841,682)	(1,545,568)
	448,856	378,807
 <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property and equipment	(42,500)	-
	(42,500)	-
 <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from forgivable loan payable	-	199,933
	-	199,933
 NET CHANGE IN CASH AND CASH EQUIVALENTS	406,356	578,740
 <b>CASH AND CASH EQUIVALENTS</b>		
Beginning of the year	1,228,468	649,728
End of the year	\$ 1,634,824	\$ 1,228,468
 <b>SUPPLEMENTAL INFORMATION</b>		
Note forgiveness	\$ 199,933	\$ -
	\$ 199,933	\$ -

**BIKE WORKS SEATTLE**  
**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** – 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, 2021 and 2020. 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, 2021 and 2020, 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, 2021 AND 2020**

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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 \$155,650 and \$155,256 for the years ended December 31, 2021 and 2020, 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, 2021 AND 2020**

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**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).

**Subsequent Events** – Subsequent events were evaluated through July 8, 2022, which is the date the financial statements were available to be evaluated.

**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	\$ 1,634,824	\$ 1,228,468
Pledges receivable	366,986	523,417
Total financial assets	<u>2,001,810</u>	<u>1,751,885</u>
Less those unavailable for general expenditures within one year:		
Receivable balances to be collected in future years	<u>(237,936)</u>	<u>(353,417)</u>
Financial assets available within one year	<u><u>\$ 1,763,874</u></u>	<u><u>\$ 1,398,468</u></u>

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 \$150,000 of an available line of credit.

**BIKE WORKS SEATTLE**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021 AND 2020**

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**Note 3 – Pledges Receivable**

Pledges receivable are due as follows at December 31:

	2021	2020
Receivable in one year or less	\$ 129,050	\$ 170,000
Receivable in one to five years	250,000	375,000
	<u>379,050</u>	<u>545,000</u>
Less discount on long term pledges receivable	(12,064)	(21,583)
	<u>\$ 366,986</u>	<u>\$ 523,417</u>

**Note 4 – Property and Equipment**

Property and equipment consist of the following at December 31:

	2021	2020
Vehicles	\$ 188,719	\$ 146,219
Leasehold improvements	53,827	53,827
	<u>242,546</u>	<u>200,046</u>
Less accumulated depreciation	(200,123)	(190,277)
	<u>\$ 42,423</u>	<u>\$ 9,769</u>

**Note 5 – Inventory**

Inventory consists of the following at December 31:

	2021	2020
Bikes and other supplies for program use	\$ 114,621	\$ 125,004
Bikes	68,715	53,491
Used parts	59,861	55,997
New parts	78,514	53,698
	<u>\$ 321,711</u>	<u>\$ 288,190</u>

**Note 6 – Forgivable Loan Payable**

The Organization entered into a Small Business Administration Paycheck Protection Program unsecured loan payable with a bank on April 30, 2020 for \$199,933, with a maturity date of April 30, 2022 at 1% interest. The loan was forgiven in full on August 10, 2021.

**BIKE WORKS SEATTLE**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021 AND 2020**

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

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

	2021	2020
Youth programs	\$ -	\$ 100,000
Time restricted - for use in subsequent year	380,000	502,500
	\$ 380,000	\$ 602,500

**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:

	2021	2020
Gross special events revenue	\$ 310,484	\$ 273,860
Less cost of direct donor benefits	(31,467)	(21,817)
	\$ 279,017	\$ 252,043

**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:

	2021	2020
Gross bicycle shop sales	\$ 551,225	\$ 486,993
Less new parts cost of sales	(78,004)	(85,170)
Less in-kind cost of sales	(87,622)	(155,624)
	\$ 385,599	\$ 246,199

**BIKE WORKS SEATTLE**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021 AND 2020**

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**Note 10 – Lease Commitments**

The Organization leases its shop and office space with lease terms that expire in 2023 and 2026, respectively. Lease expense under these agreements was \$241,604 and \$236,700 for the years ended December 31, 2021 and 2020, respectively. Future minimum lease payments under the leases are as follows for the years ending December 31:

2022	\$ 246,615
2023	251,719
2024	237,898
2025	241,848
2026	40,308
	<u>                    </u>
	<u>\$ 1,018,388</u>

**Note 11 – Line of Credit**

In October 2020, the Organization entered into a \$100,000 unsecured line of credit agreement with a bank that expires October 2021. The interest rate is equal to the bank’s Base Rate plus 2.25%.

In January 2021, the Organization entered into a \$150,000 unsecured line of credit agreement with a bank that expires January 2027. The note rate of interest is variable based on the U.S. Prime Rate plus 2%, which was 5.25% as of per annum as of December 31, 2021.

No amounts have been borrowed on these lines of credit in the years ended December 31, 2021 and 2020.

**Note 12 – Concentrations**

As of December 31, 2021 and 2020, a single foundation represented 99% and 92% of total pledges receivable. The same foundation represented 24% of total support and revenue as of December 31, 2020. There were no such support and revenue concentrations for the year ended December 31, 2021.

**BIKE WORKS SEATTLE**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021 AND 2020**

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**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.

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.