

EASTSIDE BABY CORNER
FINANCIAL STATEMENTS WITH
INDEPENDENT AUDITORS' REPORT
DECEMBER 31, 2020 AND 2019



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, 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 Eastside Baby Corner 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 & Associates PLLC, CPAs".

Jones & Associates PLLC, CPAs
June 22, 2021

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**EASTSIDE BABY CORNER
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2020 AND 2019**

	2020	2019
ASSETS		
Cash and cash equivalents	\$ 1,013,102	\$ 435,902
Promises to give, net of allowance	32,173	21,316
Government grants receivable	131,209	45,388
Other assets	64,997	30,763
Inventory for distribution	1,315,792	1,111,342
Total current assets	2,557,273	1,644,711
Investments	160,956	133,436
Property and equipment, net	177,038	196,090
	<u>\$ 2,895,267</u>	<u>\$ 1,974,237</u>
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable	\$ 23,371	\$ 15,418
Accrued expenses	62,620	48,621
Total current liabilities	85,991	64,039
NET ASSETS		
Without donor restrictions - undesignated	2,216,031	1,730,389
Without donor restrictions - Board designated	418,000	133,436
	2,634,031	1,863,825
With donor restrictions	175,245	46,373
Total net assets	2,809,276	1,910,198
	<u>\$ 2,895,267</u>	<u>\$ 1,974,237</u>

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

	Total	Without Donor Restrictions		With Donor Restrictions
		Undesignated	Board Designated	
SUPPORT AND REVENUE				
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 other goods	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>
EXPENSES				
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>
CHANGE IN NET ASSETS BEFORE PRODUCTS FOR KIDS REVENUE AND EXPENSE				
	1,071,511	658,075	284,564	128,872
PRODUCTS FOR KIDS REVENUE AND EXPENSE				
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
NET ASSETS				
Beginning of the year	1,910,198	1,730,389	133,436	46,373
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 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 services	120,018	120,018	-	-
Investment return	18,115	18,115	-	-
Other revenue	4,176	4,176	-	-
	<u>1,479,754</u>	<u>1,385,537</u>	<u>-</u>	<u>94,217</u>
Net assets released from restrictions	-	108,245	-	(108,245)
Transfers of board designated funds	-	(18,007)	18,007	-
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 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
Depreciation	28,303	26,013	819	1,471
Office expense	27,744	3,256	8,780	15,708
Software	23,242	8,301	1,868	13,073
Supplies	20,029	10,758	8,179	1,092
Miscellaneous	13,418	6,012	3,977	3,429
Insurance	6,353	3,599	2,599	155
Conferences and travel	3,788	3,296	254	238
Publications and events	2,720	-	-	2,720
Equipment	850	-	850	-
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	3,892,793	3,892,793	-	-
Direct donor benefit	-	-	-	-
Total expenses	<u>\$ 5,121,889</u>	<u>\$ 4,491,018</u>	<u>\$ 190,819</u>	<u>\$ 440,052</u>

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

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

**EASTSIDE BABY CORNER
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2020 AND 2019**

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from contributions and government grants	\$ 2,061,030	\$ 1,361,675
Cash received from investments and other	6,837	7,559
Cash paid to employees and suppliers	(1,464,313)	(1,154,657)
	<u>603,554</u>	<u>214,577</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(9,251)	(3,380)
Purchase of investments	(17,103)	(3,275)
	<u>(26,354)</u>	<u>(6,655)</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	577,200	207,922
CASH AND CASH EQUIVALENTS		
Beginning of the year	435,902	227,980
End of the year	<u>\$ 1,013,102</u>	<u>\$ 435,902</u>

**EASTSIDE BABY CORNER
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019**

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 2020, the lives of 11,501 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 stayed open throughout the COVID-19 pandemic year of 2020, and grew service delivery. Nineteen agency partners were added to the network and two new low-barrier programs (Rapid Response and Opportunity Gateway) were added to support equity in distribution of diapers, formula, clothing and more, answering the rising need in the region's most-impacted communities.

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 1,700 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 147,000 orders of essential goods 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, 2020 and 2019.

**EASTSIDE BABY CORNER
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019**

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, 2020 and 2019, 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, 2020 and 2019 was estimated to be approximately \$153,000 and \$140,000, 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, 2020 AND 2019**

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. 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, 2020 and 2019. Amounts received in advance are deferred to the applicable period in which the related expenditures are incurred.

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.

**EASTSIDE BABY CORNER
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).

Subsequent Events – Subsequent events were evaluated through June 22, 2021, which is the date the financial statements were available to be issued.

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	\$ 1,013,102	\$ 435,902
Investments	160,956	133,436
Promises to give and government receivables	163,382	66,704
Total financial assets	1,337,440	636,042
Less those unavailable for general expenditures within one year:		
Restricted by donors with purpose restrictions	(80,438)	(23,834)
Board reserve fund (unavailable without Board approval)	(418,000)	(133,436)
Financial assets available within one year	\$ 839,002	\$ 478,772

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.

EASTSIDE BABY CORNER
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

Note 3 – Promises to Give

Promises to give consist of the following at December 31:

	2020	2019
Due in one year or less	\$ 32,431	\$ 23,816
Allowance for doubtful accounts	(258)	(2,500)
	<u>\$ 32,173</u>	<u>\$ 21,316</u>

Note 4 – Conditional Grants

Prior to December 31, 2020, the Organization received notice of four multi-year grants totaling \$1,106,735, of which \$368,093 was recognized through the year ended December 31, 2019 and \$434,054 was recognized in the year ended December 31, 2020. The remainder of the total grant amount will be received in the year ending December 31, 2021, contingent on the Organization's completion of terms and conditions set forth in the grant agreements. As the \$304,588 remainder represents a conditional promise to give, this portion of the award will not be recognized as revenue until the grantor conditions are met.

Note 5 – Investments

Investments consist of the following at December 31:

	2020	2019
Money market funds	\$ 14,820	\$ 398
Mutual funds:		
Short-term investments	64,517	61,299
Small cap	35,033	29,032
Index	17,618	14,883
Value	13,503	13,941
International	9,283	8,518
Emerging markets	6,182	5,365
	<u>\$ 160,956</u>	<u>\$ 133,436</u>

**EASTSIDE BABY CORNER
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019**

Note 6 – Property and Equipment

Property and equipment consist of the following at December 31:

	2020	2019
Ordering system	\$ 146,621	\$ 146,621
Warehouse improvements	55,345	49,767
Vehicles	42,489	42,489
Furniture and shelving	24,829	25,157
Equipment	22,804	18,803
	<u>292,088</u>	<u>282,837</u>
Less accumulated depreciation	(115,050)	(86,747)
	<u>\$ 177,038</u>	<u>\$ 196,090</u>

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 5% and 6.5% at December 31, 2020 and 2019, respectively. The Organization did not use the line of credit in 2020 or 2019.

Note 8 – In-Kind Contributions

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

	2020	2019
Inventory	\$ 3,720,360	\$ 4,059,659
Use of space	115,347	119,104
Other goods	6,943	614
Services	3,355	300
	<u>\$ 3,846,005</u>	<u>\$ 4,179,677</u>

In-kind contributions were used for program activities. In addition to the recognized in-kind services, the Organization had approximately 3,000 and 6,000 individual volunteers provide roughly 27,000 and 27,500 volunteers hours in 2020 and 2019, 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.

**EASTSIDE BABY CORNER
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019**

Note 9 – Net Assets With Donor Restrictions

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

	2020	2019
Office remodel	\$ 79,104	\$ 22,500
Specific goods for distribution	64,807	22,539
For use in a future year	30,000	-
Equipment	1,334	1,334
	<u>\$ 175,245</u>	<u>\$ 46,373</u>

Note 10 – Special Events Revenue

Special events revenue is shown in the statements of activities net of costs that directly benefit the donor. Due to the COVID-19 pandemic, special events were held virtually in 2020, which resulted in no direct donor benefit costs. The net special events revenue is as follows for the years ended December 31:

	2020	2019
Gross special events revenue	\$ 251,484	\$ 381,509
Less cost of direct donor benefits	-	(59,174)
	<u>\$ 251,484</u>	<u>\$ 322,335</u>

Note 11 – Lease Commitments

The Organization received donated office and warehouse space for its Issaquah headquarters and central hub, which is valued at approximately \$115,300 and \$119,100 for the years ended December 31, 2020 and 2019, respectively. The Organization leased storage units on a month-to-month basis and the lease expense for these units was approximately \$67,200 and \$50,100 for the years ended December 31, 2020 and 2019, 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. 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 approximately \$23,100 and \$23,000 for the years ended December 31, 2020 and 2019, respectively.

EASTSIDE BABY CORNER
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

Note 11 – Lease Commitments (Continued)

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. Lease expense under this lease was approximately \$22,400 and \$22,200 for the years ended December 31, 2020 and 2019, respectively.

Future minimum lease payments under the West Sound and Northshore lease agreements are approximately \$30,000 for the year ending December 31, 2021.

Subsequent to year end, the Organization entered into a non-cancellable lease for its Issaquah location, which commenced on May 1, 2021 and terminates on May 31, 2024, with an option to extend for two additional years.

Note 12 – Concentrations

At December 31, 2020, 72% of government grants receivable was due from two separate governmental agencies. At December 31, 2019, 66% of government grants receivable was due from three 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, 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 clients and employees, all of which are uncertain and cannot be determined.

The resulting economic crisis 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 volunteers and a significant decrease in in-kind merchandise donations. The Organization cancelled two in-person fundraising events in 2020 and held one virtual fundraising event instead. This led to a decrease of \$70,851 in support from special events.

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.