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**PORT ANGELES WATERFRONT CENTER**  
**A Washington Non-Profit Corporation**

**Financial Statements**

**For the Years Ended December 31, 2024 and 2023**

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### **Independent Auditor's Report**

To the Board of Directors  
Port Angeles Waterfront Center  
Port Angeles, WA

#### **Opinion**

We have audited the accompanying financial statements of the Port Angeles Waterfront Center (the Center), which comprise the statements of financial position as of December 31, 2024 and 2023, and the related statements of activities and changes in net assets, functional expenses 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 the Center, as of December 31, 2024 and 2023, and changes in 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 (GAAS) and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States. 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 the Center and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. 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 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.

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 the Center's ability to continue as a going concern for one year after the date that the financial statements are issued

#### **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 GAAS 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 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 GAAS, 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 the Center'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 the Center'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 audits.

### **Other Information**

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, is presented for purposes of additional analysis and is not a required part of the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

### **Other Reporting Required by Government Auditing Standards**

In accordance with Government Auditing Standards, we have also issued our report dated September 30, 2025, on our consideration of the Center's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Center's internal control over financial reporting and compliance.



Aiken & Sanders, Inc., PS  
Certified Public Accountants  
& Consultants

September 30, 2025

**Port Angeles Waterfront Center**  
**A Washington Non-Profit Corporation**

**Statement of Financial Position**

As of December 31,	2024	2023
<b>Assets</b>		
<b>Current Assets:</b>		
Cash & cash equivalents	\$ 839,037	\$ 1,407,749
Accounts receivable	221,172	15,254
Pledges receivable short term-net	2,172,724	349,109
Inventory	29,857	-
Prepaid expense	73,325	133,583
<b>Total Current Assets</b>	<b>3,336,115</b>	<b>1,905,695</b>
<b>Fixed Assets:</b>		
Buildings	54,871,169	54,412,509
Furniture, fixtures, and equipment	1,575,856	1,519,749
Construction in process	-	413,816
Land	2,012,830	2,014,330
Less: accumulated depreciation	(1,762,800)	(513,934)
<b>Total Fixed Assets</b>	<b>56,697,055</b>	<b>57,846,470</b>
<b>Other Assets:</b>		
Investments	2,329	2,272
Pledges receivable long term-net	326,326	590,483
Assets restricted for endowment	3,447,845	3,276,252
<b>Total Other Assets</b>	<b>3,776,500</b>	<b>3,869,007</b>
<b>Total Assets</b>	<b>\$ 63,809,670</b>	<b>\$ 63,621,172</b>
<b>Liabilities and Net Assets</b>		
<b>Current Liabilities:</b>		
Accounts payable	\$ 138,806	\$ 787,219
Payroll liabilities	69,487	44,662
Unearned revenue	109,437	67,471
Lease deposit-current	9,996	278,210
Line of credit	7,950,000	9,549,655
<b>Total Current Liabilities</b>	<b>8,277,726</b>	<b>10,727,217</b>
<b>Long Term Liabilities:</b>		
Lease deposit-long term	388,338	-
<b>Total Long-Term Liabilities</b>	<b>388,338</b>	<b>-</b>
<b>Net Assets:</b>		
Without donor restrictions:		
Undesignated	49,075,605	48,678,109
<b>Total Net Assets Without Donor Restrictions</b>	<b>49,075,605</b>	<b>48,678,109</b>
With donor restrictions	6,068,001	4,215,846
<b>Total Net Assets</b>	<b>55,143,606</b>	<b>52,893,955</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 63,809,670</b>	<b>\$ 63,621,172</b>

*The accompanying notes are an integral part of these financial statements.*

**Port Angeles Waterfront Center**  
**A Washington Non-Profit Corporation**

**Statement of Activities and Changes in Net Assets**

<b>For the Year Ended December 31,</b>	<b>2024</b>		
	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
<b>Support and Revenue:</b>			
Public support:			
Contributions	\$ 1,251,842	\$ 2,468,456	\$ 3,720,298
Fundraising revenue, net of \$35,991 direct costs	216,212	-	216,212
Grants	1,735,372	-	1,735,372
Ticket revenue	393,849	-	393,849
Coffee shop revenue, net	121,049	-	121,049
Rental revenue, net	194,172	-	194,172
Performance food and beverage revenue, net	230,510	-	230,510
Gallery revenue, net	9,847	-	9,847
Other revenue	13,413	-	13,413
Interest and dividends	29,906	76,861	106,767
Net realized & unrealized gain (loss) on investments	3,147	265,055	268,202
Net assets released from restrictions	958,217	(958,217)	-
<b>Total Support and Revenue</b>	<b>5,157,536</b>	<b>1,852,155</b>	<b>7,009,691</b>
<b>Expenses:</b>			
Program Services	3,558,798	-	3,558,798
Management and General	232,638	-	232,638
Fundraising	968,604	-	968,604
<b>Total Expenses</b>	<b>4,760,040</b>	<b>-</b>	<b>4,760,040</b>
<b>Increase (Decrease) in Net Assets</b>	<b>397,496</b>	<b>1,852,155</b>	<b>2,249,651</b>
Net Assets, Beginning of Year	48,678,109	4,215,846	52,893,955
<b>Net Assets, End of Year</b>	<b>\$ 49,075,605</b>	<b>\$ 6,068,001</b>	<b>\$ 55,143,606</b>

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**Port Angeles Waterfront Center**  
**A Washington Non-Profit Corporation**

**Statement of Activities and Changes in Net Assets**

<b>For the Year Ended December 31,</b>	<b>2023</b>		
	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
<b>Support and Revenue:</b>			
Contributions	\$ 1,636,464	\$ 454,613	\$ 2,091,077
Grants	3,169,136	-	3,169,136
Programming revenue	474,417	-	474,417
Facility rental revenue	89,907	-	89,907
Inkind contributions	104,464	-	104,464
Interest and dividends	21,042	78,863	99,905
Net realized & unrealized gain (loss) on investments	31,889	354,987	386,876
Net assets released from restrictions	1,322,020	(1,322,020)	-
<b>Total Support and Revenue</b>	<b>6,849,339</b>	<b>(433,557)</b>	<b>6,415,782</b>
<b>Expenses:</b>			
Program Services	2,067,895	-	2,067,895
Management and General	175,431	-	175,431
Fundraising	572,844	-	572,844
<b>Total Expenses</b>	<b>2,816,170</b>	<b>-</b>	<b>2,816,170</b>
<b>Increase (Decrease) in Net Assets</b>	<b>4,033,169</b>	<b>(433,557)</b>	<b>3,599,612</b>
Net Assets, Beginning of Year	44,644,940	4,649,403	49,294,343
<b>Net Assets, End of Year</b>	<b>\$ 48,678,109</b>	<b>\$ 4,215,846</b>	<b>\$ 52,893,955</b>

*The accompanying notes are an integral part of these financial statements.*

# Port Angeles Waterfront Center

## A Washington Non-Profit Corporation

### Statement of Functional Expenses

	<b>For the Year Ended December 31,</b>			<b>2024</b>
	<b>Program Services</b>	<b>Management &amp; General</b>	<b>Fundraising</b>	<b>Total</b>
Salaries and wages	\$ 998,423	\$ 69,141	\$ 265,807	\$ 1,333,371
Payroll tax expense	87,885	5,859	23,436	117,180
Employee benefits	57,824	3,855	15,420	77,099
Artistic programming	253,914	-	-	253,914
Production materials and supplies	22,001	-	-	22,001
Licenses & Fees	7,190	479	1,917	9,586
Dues & subscriptions	13,444	896	3,585	17,925
Professional fees	68,342	13,039	111,812	193,193
Insurance	155,835	10,389	41,556	207,780
Occupancy	169,341	11,289	45,158	225,788
Travel, meetings, and events	42,781	5,570	11,408	59,759
Office expense	29,250	1,950	7,820	39,020
Bank fees	19,894	1,326	5,305	26,525
Advertising and promotion	74,497	4,966	19,866	99,329
Printing and postage	16,103	1,074	4,294	21,471
Interest expense	605,425	40,362	161,447	807,234
Depreciation expense	936,649	62,443	249,773	1,248,865
<b>Total</b>	<b>\$ 3,558,798</b>	<b>\$ 232,638</b>	<b>\$ 968,604</b>	<b>\$ 4,760,040</b>

*The accompanying notes are an integral part of these financial statements.*



**Port Angeles Waterfront Center**  
**A Washington Non-Profit Corporation**

**Statement of Functional Expenses**

	<b>For the Year Ended December 31,</b>			<b>2023</b>
	<b>Program Services</b>	<b>Management &amp; General</b>	<b>Fundraising</b>	<b>Total</b>
Salaries and wages	\$ 591,677	\$ 71,876	\$ 276,578	\$ 940,131
Payroll tax expense	49,666	6,033	23,221	78,919
Employee benefits	42,906	5,213	20,059	68,178
Program expense	190,193	-	-	190,193
Performance fees and expenses	196,478	-	-	196,478
Licenses & fees	-	1,506	-	1,506
Dues & subscriptions	16,469	2,001	7,700	26,170
Professional fees	189,596	37,444	20,416	247,456
Inkind expense	78,000	-	26,464	104,464
Insurance	57,015	6,928	26,655	90,598
Occupancy	83,279	10,105	38,945	132,329
Travel and events	9,536	1,158	17,902	28,596
Office expense	7,840	953	3,665	12,458
Bank fees	10,567	1,290	4,940	16,797
Advertising and promotion	-	347	73,394	73,741
Property tax	2,251	-	-	2,251
Printing and postage	6,726	817	3,145	10,688
Interest expense	6	-	-	6
Depreciation and amortization	535,690	29,761	29,761	595,211
<b>Total</b>	<b>\$ 2,067,895</b>	<b>\$ 175,431</b>	<b>\$ 572,844</b>	<b>\$ 2,816,170</b>

*The accompanying notes are an integral part of these financial statements.*

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**A Washington Non-Profit Corporation**

**Statement of Cash Flows**

<b>For the Years Ended December 31,</b>	<b>2024</b>	<b>2023</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in Net Assets	\$ 2,249,651	\$ 3,599,612
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
(Gain) loss on investments	(268,202)	(386,876)
Depreciation and amortization	1,248,865	595,211
(Increase) Decrease in contributions and accounts receivable	(1,765,376)	4,324,297
(Increase) Decrease in inventory	(29,857)	-
(Increase) Decrease in prepaid expense	60,258	(50,278)
Increase (Decrease) in accounts payable	(648,413)	(2,229,242)
Increase (Decrease) in payroll liabilities	24,825	19,641
Increase (Decrease) in deferred revenue	41,966	67,471
Increase (Decrease) in lease deposits	120,124	50,000
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>1,033,841</b>	<b>5,989,836</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Cash paid for fixed assets	(99,451)	(15,840,394)
Cash received from investments	2,028,288	2,732,422
Cash paid for investments	(1,931,735)	(1,722,652)
<b>Net Cash Provided (Used) By Investing Activities</b>	<b>(2,898)</b>	<b>(14,830,624)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Cash received from line of credit	-	15,498,615
Cash paid on line of credit	(1,599,655)	(5,948,960)
<b>Net Cash Provided (Used) By Financing Activities</b>	<b>(1,599,655)</b>	<b>9,549,655</b>
Net Increase (Decrease) in Cash	(568,712)	708,867
Cash, Beginning of Year	1,407,749	698,882
<b>Cash, End of Year</b>	<b>\$ 839,037</b>	<b>\$ 1,407,749</b>
<b>Cash Paid For Interest</b>	<b>\$ 768,431</b>	<b>\$ 467,733</b>

*The accompanying notes are an integral part of these financial statements.*

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A Washington Non-Profit Corporation**

**Notes to Financial Statements**

**Years Ended December 31, 2024 and 2023**

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**A. PURPOSE OF THE CENTER:**

**Organization's purpose--**

The Port Angeles Waterfront Center (the Center): DBA Field Arts & Events Hall, is a non-profit corporation established for the purpose of designing, constructing, and operating a performing, fine arts, and conference center in Port Angeles, Washington.

The Center was formed in response to an estate bequest from a local resident that was restricted to purpose for the building of a performing arts and conference center. The bequest was initially gifted to the Peninsula College Foundation who, in collaboration with local arts groups, determined that a separate entity would be best suited to develop and operate the facility. The Center was incorporated on June 20, 2016 and the bequest principal was transferred to the Center in 2017. Construction was completed during 2023 and the facility opened in July of 2023. Field Hall is a state-of-the-art, multi-purpose arts and events center, gallery, theater, coffee bar and conference center on the Port Angeles waterfront.

**B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:**

**Basis of accounting--**

The Center's policy is to prepare its financial statements on the accrual basis of accounting in accordance with generally accepted accounting principles. Revenues are recognized when earned and expenses are recognized when incurred.

**Financial Statement Presentation--**

The Center follows accounting prescribed by the Financial Accounting Standards Board in its Accounting Standards Codification (ASC) 958 Not-for Profit Entities. Under ASC 958, the Center is required to report information regarding its financial position and activities according to two classes of net assets: with donor restrictions, and without donor restrictions.

With Donor Restrictions: Net assets that result from contributions whose use by the Center is restricted by donor imposed stipulations that may expire with the passage of time or can be fulfilled or otherwise removed by actions of the Center.

Without Donor Restrictions: Net assets that are not restricted by donor stipulation.

Gifts of goods and equipment are reported as without donor restrictions unless explicit donor stipulations specify how the donated assets must be used.

**Estimates--**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that effect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**Port Angeles Waterfront Center**  
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**Notes to Financial Statements**

**Years Ended December 31, 2024 and 2023**

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**Income tax--**

The Center is a tax exempt non-profit organization under Internal Revenue Code Section 501(c)(3) and is not classified as a private foundation. Accordingly, the financial statements do not include any provision for income taxes. In addition, the Center qualifies for the charitable contribution deduction under Section 170(b)(1)(a).

**Advertising--**

The Center's policy is to expense advertising costs as they are incurred.

**Functional allocation of expenses--**

Expenses are charged to program activities when mission related activities benefit. Administration costs include those expenses that are not directly identifiable with any specific program function but provide for the overall support and direction of the Center. Fundraising costs, including costs of special events, are incurred to persuade potential donors to make contributions to the Center. Expenses are recorded, when appropriate, to the function receiving direct benefit. When expenses benefit more than one function, an allocation is made based on relative benefits provided to each function.

**Cash and cash equivalents--**

All time deposits, certificates of deposit, and short-term highly liquid investments with original maturities of three months or less are considered to be cash equivalents.

**Investments--**

The Center's investment objectives are to maximize total return and preserve capital while minimizing credit risk and avoiding excessive market risk. An investment company is currently managing the majority of the Center's investments. Investments in equity securities with readily determinable fair values and all investments in debt securities are valued at their fair values in the statement of financial position.

Investments are reported in the statements as investments and as assets restricted for endowments.

**Recognition of Contribution Revenue--**

Contributions are recognized when received or when a donor makes an unconditional promise to give to the organization. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the year in which the contributions are recognized. All other donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

Unconditional promises to give (pledges receivable) are recognized as revenues in the period the pledge is received. Long term pledges (collection expected in greater than one year) are discounted to the net present value of future cash flows. Conditional promises to give are

**Port Angeles Waterfront Center  
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**Notes to Financial Statements**

**Years Ended December 31, 2024 and 2023**

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recognized only when the conditions on which they depend are substantially met and the promise becomes unconditional.

**Property and equipment--**

Purchased and constructed buildings, furniture, equipment, and improvements are stated at cost. Donated furniture, equipment, or property is recognized as revenue and capitalized at its estimated fair value on the date of receipt. The Center capitalizes assets that have a useful life greater than one year. Depreciation is computed using the straight-line method based on estimated useful lives.

**C. FINANCING ARRANGEMENTS:**

The Center, on November 29, 2022, signed a line of credit arrangement with First Federal Bank. The line of credit allowed for a maximum borrowing of \$10,000,000, carried a stated interest rate of prime plus 1% (8.5% at December 31, 2022), and expired on November 29, 2023. No amounts were borrowed on the line during 2022. Loan costs of \$77,949 included in prepaid expense at December 31, 2022 were amortized in 2023.

The Center, on December 11, 2023, signed a renewal of the line of credit arrangement with First Federal Bank. The renewed line of credit allowed for a maximum borrowing of \$10,600,000, carried a stated interest rate using the CME 1-month Term SOFR index plus 2.5% (6.944% and 7.865% at December 31, 2024 and 2023, respectively), and expired on December 11, 2024. It was subsequently renewed in 2024 until December 11, 2025. The balance on the line was \$7,950,000 and \$9,549,655 at December 31, 2024 and 2023, respectively. Interest paid of \$768,431 for 2024 is included in expense. Interest paid during 2023 of \$467,727 was included in building construction costs. Loan costs of \$38,803 were included in prepaid expense at December 31, 2023 and were amortized to expense in 2024.

**D. ASSETS RESTRICTED FOR ENDOWMENT:**

The Center has received funds to support the operation of the facility and to help defray the costs for the use of the facility by local performing and fine arts groups. These funds have been contributed by an estate to an operations endowment established by the Center.

Use of the funds has been restricted by the donor and permit the expenditure of 5% of the net fair market value of assets held in this fund, measured as of the first day of the taxable year of the Center. The Center received additional contributions to the operations endowment in 2020 and later years and anticipates raising additional funds for the operations endowment in future years.

The Center manages endowed funds and restricted and unrestricted funds to meet organization objectives.

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**Notes to Financial Statements**

**Years Ended December 31, 2024 and 2023**

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The primary investment objectives of the Center are to provide adequate liquidity to meet the distribution needs of the Center, to foster stability and growth in asset values and net income, and to introduce a suitable balance of quality and diversification to all assets within the endowment fund.

The Center adheres to Washington State's Uniform Prudent Management of Institutional Funds Act requirements for investment management and endowment fund spending. The Center's return objective is to earn an average real rate of return of 5% as measured over a three to five year market period. Distributions are determined annually in accordance with Center policy and donor restrictions, as applicable.

Changes in Endowment Assets for the Year Ended December 31, 2024:

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
Donor restricted net assets beginning of period	\$ -	\$ 3,276,252	\$ 3,276,252
Investment return:			
Investment income	-	76,861	76,861
Investment fee	-	(19,489)	(19,489)
Net appreciation (realized and unrealized)	-	284,544	284,544
Total investment return	-	341,916	341,916
Contributions	-	-	-
Appropriation of donor restricted assets for expenditure	-	(170,323)	(170,323)
Donor Restricted net assets end of period	\$ -	\$ 3,447,845	\$ 3,447,845

Endowment Composition-December 31, 2024

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
Donor-restricted endowment funds	\$ -	\$ 3,447,845	\$ 3,447,845

**Port Angeles Waterfront Center**  
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**Notes to Financial Statements**

**Years Ended December 31, 2024 and 2023**

Changes in Endowment Assets for the Year Ended December 31, 2023:

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
Donor restricted net assets beginning of period	\$ -	\$ 2,971,260	\$ 2,971,260
Investment return:			
Investment income	-	97,415	97,415
Investment fee	-	(18,552)	(18,552)
Net appreciation (realized and unrealized)	-	354,986	354,986
Total investment return	-	433,849	433,849
Contributions	-	-	-
Appropriation of donor restricted assets for expenditure	-	(128,857)	(128,857)
Donor Restricted net assets end of period	\$ -	\$ 3,276,252	\$ 3,276,252

Endowment Composition-December 31, 2023

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
Donor-restricted endowment funds	\$ -	\$ 3,276,252	\$ 3,276,252

**E. NET ASSET COMPOSITION:**

	<b>2024</b>	<b>2023</b>
<b>Without Donor Restrictions:</b>		
Undesignated	\$ 49,073,939	\$ 48,678,109
Total:	\$ 49,073,939	\$ 48,678,109
<b>With Donor Restrictions:</b>		
Time restricted pledges	\$ 2,620,156	\$ 939,594
Endowment	3,447,845	3,276,252
Total:	\$ 6,068,001	\$ 4,215,846

**Port Angeles Waterfront Center**  
**A Washington Non-Profit Corporation**

**Notes to Financial Statements**

**Years Ended December 31, 2024 and 2023**

**F. INVESTMENTS:**

Following are the aggregate carrying amounts and cost basis of investments as of December 31, 2024:

	<u>Investments</u>	<u>Assets Restricted for Endowment</u>	<u>Carrying Amount</u>	<u>Investments Cost Basis</u>
Invested Assets	\$ 2,329	\$ 3,447,845	\$ 3,450,174	\$ 3,577,580
	<u>\$ 2,329</u>	<u>\$ 3,447,845</u>	<u>\$ 3,450,174</u>	<u>\$ 3,577,580</u>

Following are the aggregate carrying amounts and cost basis of investments as of December 31, 2023:

	<u>Investments</u>	<u>Assets Restricted for Endowment</u>	<u>Carrying Amount</u>	<u>Investments Cost Basis</u>
Invested Assets	\$ 2,272	\$ 3,276,252	\$ 3,278,524	\$ 3,674,133
	<u>\$ 2,272</u>	<u>\$ 3,276,252</u>	<u>\$ 3,278,524</u>	<u>\$ 3,674,133</u>

Investment income is composed of the following for the years ended December 31, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Dividends	\$ 76,861	\$ 86,539
Interest	29,906	32,029
Less: Investment Expense	(19,489)	(18,663)
Realized Gains (Losses)	175,954	(17,305)
Unrealized Gains (Losses)	<u>111,737</u>	<u>404,181</u>
Investment Income	<u>\$ 374,969</u>	<u>\$ 486,781</u>



**Port Angeles Waterfront Center**  
**A Washington Non-Profit Corporation**

**Notes to Financial Statements**

**Years Ended December 31, 2024 and 2023**

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**G. CONCENTRATION OF CREDIT RISK:**

The Center maintains accounts with one stock brokerage firm. The accounts contain cash and securities. Cash balances deposited at participating outside banks by the stock brokerage firm are insured up to \$250,000 per institution by the Federal Deposit Insurance Corporation. Security balances are insured up to \$500,000 (with limits of \$250,000 for cash) by the Securities Investor Protection Corporation (SIPC). The brokerage firm has purchased additional SIPC (Excess SIPC) protection from London insurers with an aggregate firm limit of \$150 million, including a maximum cash limit of \$900,000 per customer for cash above the basic SIPC Protection.

**H. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS:**

The Center, although it expects to receive current support to fund operations for 2025 and later years, has \$1,062,538 and \$1,425,275 of financial assets available within one year of the statement of financial position dates on December 31, 2024 and 2023, respectively, to meet cash needs for general operating expenditures of the Center. Financial assets available within one year consist of the following:

	<u>2024</u>	<u>2023</u>
Cash & equivalents	\$ 839,037	\$ 1,407,749
Accounts receivable	221,172	15,254
Pledge receivable	2,172,724	349,109
Investments	3,450,174	3,278,524
Donor restricted to purpose	<u>(5,620,569)</u>	<u>(3,625,361)</u>
Financial assets available to meet cash needs within one year	<u>\$ 1,062,538</u>	<u>\$ 1,425,275</u>

**I. COMMITMENTS:**

Certain contributions and bequests require the fulfillment of conditions accompanying the gift. Failure to fulfill the conditions could result in the return of the funds to donors. Although that is a possibility, the management and the board of the Center considers the return of such funds remote, since by accepting the gifts and their terms it has accepted the responsibility for and intends to fulfill its conditions.

**J. SUBSEQUENT EVENTS:**

No events have occurred through September 30, 2025, which is the date the financial statements were available to be issued based on Center facts and circumstances, for events requiring recording or disclosure in the financial statements for the year ended December 31, 2024.

**Port Angeles Waterfront Center**  
**A Washington Non-Profit Corporation**

**Notes to Financial Statements**

**Years Ended December 31, 2024 and 2023**

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**K. PLEDGES RECEIVABLE:**

The Center receives promises to give from numerous sources. No allowance for uncollectible pledges has been provided as all pledges receivable are expected to be collected. As of December 31, 2024 and 2023, total pledges receivable was \$2,620,156 and \$1,012,888, respectively. The Center has provided a discount to present value of \$121,106 and \$73,295 for the years ended December 31, 2024 and 2023, for that portion of pledges to be collected in periods greater than one year. A discount rate of 4% has been used. Future maturities of pledge receivables are as follows as of December 31, 2024:

	<u><b>2024</b></u>
Year Ended December 31:	
2025	\$ 2,172,724
2026	350,649
2027	86,777
2028	10,006
Discount	<u>(121,106)</u>
	<u><u>\$ 2,499,050</u></u>

**L. UNCERTAIN TAX POSITIONS:**

The Center files income tax returns in the U.S. federal jurisdiction. The Center is subject to income tax examination for tax returns for the 2024, 2023 and 2022 years. Currently, there is no examination or pending examination with the Internal Revenue Service (IRS).

As of December 31, 2024, there are no tax positions for which the deductibility is certain but for which there is uncertainty regarding the timing of such deductibility.

**M. FAIR VALUE MEASUREMENT:**

The Center has adopted Accounting Standards Codification 958. ASC 958, Fair Value Measurements, establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 Measurements) and the lowest priority to unobservable inputs (Level 3 Measurements). The three levels of the fair value hierarchy under ASC 958 are described as follows:

Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Center has the ability to access.

**Port Angeles Waterfront Center**  
**A Washington Non-Profit Corporation**

**Notes to Financial Statements**

**Years Ended December 31, 2024 and 2023**

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Level 2: Inputs to valuation methodology include: Quoted prices for similar assets or liabilities in active markets. Quoted prices for identical or similar assets or liabilities in inactive markets. Inputs other than quoted prices that are observable for the asset or liability. Inputs that are principally from or corroborated by observable market data by correlation or other means.

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2024.

*Corporate Stock and Mutual Funds: Valued at quoted prices on public exchanges.*

*Corporate and Government Bonds: Valued at quoted prices in public markets.*

*Certificates of Deposit and Money Funds: The investments are reported at face value plus accrued interest.*

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Center believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table sets forth by level, within the fair value hierarchy, the Center's assets at fair value as of December 31, 2024:

**Assets at Fair Value as of December 31, 2024**

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Mutual Funds	\$ 3,432,705	\$ -	\$ -	\$ 3,432,705
Money Funds	<u>-</u>	<u>17,469</u>	<u>-</u>	<u>17,469</u>
Total Assets at Fair Value:	\$ <u>3,432,705</u>	\$ <u>17,469</u>	\$ <u>-</u>	\$ <u>3,450,174</u>

**Port Angeles Waterfront Center**  
**A Washington Non-Profit Corporation**

**Notes to Financial Statements**

**Years Ended December 31, 2024 and 2023**

The following table sets forth by level, within the fair value hierarchy, the Center's assets at fair value as of December 31, 2023:

**Assets at Fair Value as of December 31, 2023**

	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Corporate Bonds	\$ 318,906	\$ -	\$ -	\$ 318,906
Government Bonds	385,858	-	-	385,858
Mutual Funds	2,536,610	-	-	2,536,610
Money Funds	-	37,150	-	37,150
Total Assets at Fair Value:	\$ <u>3,241,374</u>	\$ <u>37,150</u>	\$ <u>-</u>	\$ <u>3,278,524</u>

**N. RETIREMENT PLAN:**

The Center adopted a Simple Individual Retirement plan during 2017 and replaced it with a 403(b) retirement plan during 2022. All employees are eligible to participate in the plan which provides opportunity for employees to defer a portion of their compensation, tax deferred, into the plan upon hire, with the Center providing a match up to 3% of compensation after six months of employment. The Center contributed \$15,765 and \$12,571 to the plan in the years ended December 31, 2024 and 2023, respectively.

**O. MEMORANDUM OF AGREEMENT AND LEASE DEPOSIT:**

The Center entered into a memorandum of agreement (MOA) with two local groups who desire to construct a Marine Discovery Center (MDC) on a portion of the land on which the Center has constructed and is operating the performing arts and conference center. During August of 2024, a long term lease was signed with the parties which granted a 40 year lease term, commencing after the an initial due diligence period of 90 days from lease signing, in November of 2024.

During 2017, as part of the contribution of funds to the operations endowment detailed in Note D, the Center also received an additional \$228,210, which the donor specified was to be used to partially fund future ground lease payments on behalf of the two groups who intend to construct the MDC. The Center classified this receipt as a lease deposit liability. An additional deposit of \$50,000 was received in 2023 and the balance of \$121,790 was paid in 2024, bringing the total prepaid lease deposit balance to \$400,000, which represents the total lease payments due for the 40 year lease period. \$1,666 was recognized as lease income during 2024.

**Port Angeles Waterfront Center**  
**A Washington Non-Profit Corporation**

**Notes to Financial Statements**

**Years Ended December 31, 2024 and 2023**

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**P. DEPRECIATION AND AMORTIZATION EXPENSE:**

Depreciation and amortization is provided as follows for 2024:

Buildings	Straight Line	50 years	\$	1,098,443
Land improvements	Straight Line	20 years		12,325
Furniture and equipment	Straight Line	7-25 years		135,413
Software	Straight Line	3 years		2,685
<b>Totals:</b>			\$	<b><u>1,248,866</u></b>

Depreciation and amortization is provided as follows for 2023:

	<b><u>Method</u></b>	<b><u>Life</u></b>		<b><u>2023</u></b>
Buildings	Straight Line	50 years	\$	453,438
Land improvements	Straight Line	20 years		5,167
Furniture and equipment	Straight Line	7-25 years		54,210
Software	Straight Line	3 years		1,119
Loan costs	Straight Line	1 year		81,277
<b>Totals:</b>			\$	<b><u>595,211</u></b>

**Port Angeles Waterfront Center**  
**A Washington Not For Profit Organization**  
**Schedule of Expenditures of Federal Awards**

**Year Ended December 31, 2024**

Federal Grantor/ Pass-through Grantor/ Program Title	Federal Assistance Listing Number	Pass-through Grantor's Number	Expenditures			
			Pass-Through Awards	Direct Awards	Total Federal Expenditures	Amounts Paid To Sub-Recipients
<b>United States Department of Agriculture</b>						
Rural Development						
Community Facilities Loans and Grants	10.766	GN 86439	-	1,000,000	1,000,000	-
<b>Total United States Department of Agriculture</b>			-	1,000,000	1,000,000	-
<b>United States Department of Commerce</b>						
Economic Development Administration						
Economic Adjustment Assistance	11.307	ARPA	-	209,645	209,645	-
<b>Total United States Department of Commerce</b>			-	209,645	209,645	-
<b>National Endowment for the Arts</b>						
Passed through Western States Arts Federation						
Promotion of the Arts Partnership Agreement	45.025	1932222-61-24	3,000	-	3,000	-
<b>Total National Endowment for the Arts</b>			3,000	-	3,000	-
<b>Total Expenditures of Federal Awards</b>						
			\$ 3,000	\$ 1,209,645	\$ 1,212,645	\$ -

**Port Angeles Waterfront Center  
A Washington Not For Profit Organization  
Notes to the Schedule of Expenditures of Federal Awards**

**Year Ended December 31, 2024**

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**Note 1 – Purpose of Schedule**

The accompanying schedule of expenditures of federal awards (the Schedule) is a supplementary schedule to the Port Angeles Waterfront Center's (the Center's) financial statements and is presented for purposes of additional analysis. Because the Schedule presents only a selected portion of the activities of the Center, it does not present the financial position, changes in financial position, or the revenues and expenditures of the Center.

**Note 2 – Reporting Entity**

The reporting entity is described in Note B to the Center's financial statements. The Schedule includes all federal programs administered by the Center for the year ended December 31, 2024.

**Note 3 – Basis of Accounting**

This schedule is prepared on the same basis of accounting as the Center's financial statements. The Center uses the accrual basis of accounting for financial reporting purposes.

**Note 4 – De-Minimis Cost Rate**

The Center did not use the 10% de-minimis cost rate.

**Note 5 – Basis of Presentation**

The information in the Schedule is presented in accordance with Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards 2 CFR 200 (Uniform Guidance).

**Independent Auditor's Report on Internal Control Over Financial Reporting and on  
Compliance and Other Matters Based on an Audit of Financial Statements Performed in  
Accordance With *Government Auditing Standards***

To the Board of Directors  
Port Angeles Waterfront Center  
Port Angeles, WA

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Port Angeles Waterfront Center (the Center), which comprise the statement of financial position as of December 31, 2024, and the related statements of activities and changes in net assets, functional expenses and cash flows for the year then ended and the related notes to the financial statements, and have issued our report thereon dated September 30, 2025.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Center's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Center's internal control. Accordingly, we do not express an opinion on the effectiveness of the Center's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

**Compliance and Other Matters**

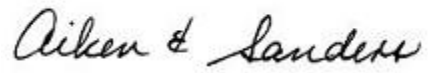
As part of obtaining reasonable assurance about whether the Center's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Center's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards*



in considering the Center's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in cursive script that reads "Aiken & Sanders".

Aiken & Sanders, Inc., PS  
Certified Public Accountants  
& Consultants

September 30, 2025

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM  
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM  
GUIDANCE**

To the Board of Directors  
Port Angeles Waterfront Center  
Port Angeles, WA

**Report on Compliance for Each Major Federal Program**

**Opinion on Each Major Federal Program**

We have audited The Port Angeles Waterfront Center's (the Center's) compliance with the types of compliance requirements described in the OMB Compliance Supplement that could have a direct and material effect on each of the Center's major federal programs for the year ended December 31, 2024. The Center's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Center complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2024.

**Basis for Opinion on Each Major Federal Program**

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Center and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Center's compliance with the compliance requirements referred to above.

**Responsibilities of Management for Compliance**

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the Center's federal programs.

**Auditor's Responsibilities for the Audit of Compliance**

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Center's compliance based on our audit. 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 GAAS, Government Auditing Standards, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Center's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, Government Auditing Standards, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Center's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Center's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Center's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.


### **Report on Internal Control over Compliance**

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



Aiken & Sanders, Inc., PS  
Certified Public Accountants  
& Consultants

September 30, 2025

**Port Angeles Waterfront Center  
A Washington Not For Profit Organization  
Schedule of Findings and Questioned Costs**

**Year Ended December 31, 2024**

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**Section I - Summary of Auditor's Results:**

**Financial Statements**

Type of auditor's report issued: Unmodified

**Internal control over financial reporting:**

Material weaknesses identified: No.

Significant Deficiencies identified not considered to be material weaknesses: None reported

Noncompliance material to financial statements noted: No

**Federal Awards**

**Internal control over major programs:**

Material weaknesses identified: No

Significant Deficiencies identified not considered to be material weaknesses: None reported

Type of auditor's report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance, Section 200.516(a): No

**Identification of major programs:**

10.766	Community Facilities Loans and Grants
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**Dollar threshold used to distinguish between Type A and Type B programs: \$750,000**

**Auditee qualified as low-risk auditee: No**

**Section II – Financial Statement Findings:**

No matters were reported.

**Section III – Federal Award Findings and Questioned Costs:**

No matters were reported.