

**Finance & Audit Committee Meeting Agenda**  
**Fort Worden Lifelong Learning Center Public Development Authority (FWPDA)**  
**Wednesday, July 20, 2022 | 10 a.m.**  
**Seminar Building 297 + Zoom**

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***Remote Meeting Access***

**Via internet:**

<https://us06web.zoom.us/j/88388771624?pwd=MlNNVmp4alFYT3k5YmxEm1idUQyZz09>

**Phone-only dial in:**

+1 253 215 8782

Webinar ID: 883 8877 1624

Passcode: 207289

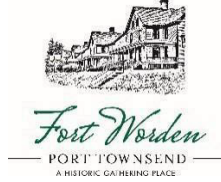
\*9 to raise hand to speak

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**Meeting Agenda**

- I. Call to order
- II. Roll Call
- III. Public Comment
- IV. Consent Agenda
  - a. Review and approve June 20, 2022 meeting minutes\*  
**Proposed action:** Motion to approve the consent agenda.
- V. Finance Reports (2<sup>nd</sup> Quarter)
  - a. Profit & Loss Statement\*
  - b. Balance Sheet\*
  - c. Cash Flow\*
- VI. Internal Controls
- VII. Public Comment
- VIII. Adjourn

*\*Topic involves documents in agenda packet*



**DRAFT Meeting Minutes**  
**Finance & Audit Committee Meeting Agenda**  
**Fort Worden Lifelong Learning Center Public Development Authority (FWPDA)**  
**Wednesday, June 15, 2022 | 10 a.m.**  
**Remote on Zoom**

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**Public Meeting Access**

**Via internet:**

<https://us06web.zoom.us/j/81346503854?pwd=YlZDdkpEUGJKaUlxYzZlQjkwakh2QT09>

**Via phone:**

+1 253 215 8782

Webinar ID: 813 4650 3854

Passcode: 391345

\*9 to raise hand to speak

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**Action Summary**

- ❖ Motion to approve the consent agenda. **Unanimously approved.**
- ❖ Motion to authorize Executive Director to proceed and prepare the financial documents for debt restructuring for consideration at the board's July meeting. **Unanimously approved.**

**Meeting Agenda**

**I. Call to order**

The meeting was called to order at 10:01 a.m.

**II. Roll Call**

Board Members: John Begley, David King

PDA Staff: David Timmons, Becky Wagner, Carolyn Zipeto, Meriden Vitale

**III. Public Comment**

No public comment at this time.

**IV. Consent Agenda**

- a. Review and approve April 20, 2022 meeting minutes\*

**Proposed action:** Motion to approve the consent agenda.

David King made a motion to approve. John Begley seconded. **Unanimously approved.**

**V. Finance Reports**

- a. Profit & Loss Statement\*

- b. Cash Flow\*

c. **Balance Sheet\***

Becky Wagner reviewed the above finance docs. The Profit & Loss report includes the previous five months in order to capture the transition with hospitality; anomalies occur in February and March because of the transition, including vacation payout to employees who switched from the PDA to Fort Worden Hospitality. After board questions about the cash flow, grants receivable was identified as the reimbursement to Signal Architecture for Building 202. 2120 "Due to FWH" was identified as an ongoing clearing account, since hospitality has not set up their merchant accounts yet.

**VI. Internal Controls**

David Timmons said he is working with the PUD to install smart meters in all campus buildings. It's currently difficult to get accurate data and readings on energy consumption, particularly electric. It would also include water reading. This would help establish direct accounts for partners and boost internal controls by eliminating transactions that the PDA manages internally, while making energy billing clear and straightforward.

He also discussed working with the PUD towards getting fiber internet access into every building. The PDA currently manages campus wide internet and phone service; working with the PUD would allow the PDA to get out of that business, allowing the partners to contract with ISP's or phone services individually.

**VII. Annual Report Certification**

Becky Wagner said that the 2018-2020 audit is currently underway. As of now there is one finding: reporting the bond under the Makers Square LLC rather than the PDA. She has filed 2021 but said she will re-file in order to go back and make similar corrections. The auditor is currently going through revenue and expenses. She said the audit shows up in financials under accounting fees, which are Becky Wagner's fees and the audit fees. Timmons said the audit is billed monthly and additionally the PDA received a credit due to prior delays. He said the PDA will continue with annual audits for the next few years and then reassess.

**VIII. GAAP vs. Cash Basis Reporting**

Wagner said that the auditor recommended moving to cash basis reporting. She said that this reflects the way the PDA runs its business. The majority of local governments use cash basis reporting and that the PDA's budget is also cash basis reporting.

**IX. Update on bank account transfers**

Timmons said accounts are established at Kitsap Bank and in the process of transitioning over from First Federal. The capital account at First Federal is now closed and in the new capital account at Kitsap Bank. There is a restricted account as well as savings accounts. There is a new \$250,000 line of credit for operating that will be used for tracking accounts payables and receivables. Payment reserves are for debt reserves. Becky Wagner said the balance sheet includes all accounts current as of end of May.

**X. Business card agreement w/ Kitsap Bank**

**XI. Review of Debt Restructuring Options**

- a. Bond Summary
- b. Refinancing Recommendations

Timmons said he has been working with Kitsap Bank on options for debt restructuring, to include suspending any future investments on glamping (viewing the infrastructure already paid for as a sunk cost). Timmons said he recommends suspending glamping work and that recovery of funds could be negotiated with future investors willing to take on the project.

He is also looking at consolidating the debt, four bonds into one single bond, with no pre-payment penalty. He recommends restructuring bond payments to match the PDA's cash flow (revenue from

Makers Square and the concession fee).

Timmons said he is looking for authorization to proceed and prepare the financial documents for consideration at the board's July meeting.

John Begley made a motion to approve. David King seconded. **Unanimously approved.**

**XII. 2022 Budget Update**

a. Copy of Budget 2022\*

Timmons said that once he gets the final reconciliation out of Makers Square and has debt restructuring in place, he will come back with a supplemental budget recommendation that will bring the budget current. He anticipates having a new budget format in by late summer (that would exclude hospitality's numbers).

He also discussed two MOU's with hospitality—including reducing the concession fee from 3.5% to 3% for the first five years and an agreed upon list of priority projects that are critical to Hospitality's continuity of business for both the public and partners. He will work with Dave Peterson to get investments for those from the state. David King acknowledged the significant progress achieved by David Timmons and Aislinn Diamanti on the MOU's.

He mentioned that he has the full agreement of the partners on lease terms and edits and is currently preparing final documents for signatures.

**XIII. Public Comment**

No public comment at this time.

**XIV. Adjourn**

The meeting was adjourned at 11:03 a.m.

*\*Topic involves documents in agenda packet*

**FORT WORDEN PDA**  
**Profit & Loss**  
January through June 2022

5:17 PM

07/18/2022

Accrual Basis

	Jan - Mar 22	Apr - Jun 22	TOTAL
<b>Ordinary Income/Expense</b>			
<b>Income</b>			
4000 Accomodations	102,229		102,229
4400 Food Sales Revenue	51,914	(2,343)	49,571
4600 Other Revenues			
4010 Partner Leases	31,365	26,551	57,916
4015 Concession Fee	7,132	40,771	47,903
4103 Cleaning Services	6,755	3,155	9,910
4125 Meeting Rooms	12,720		12,720
4200 Fees	8,637	898	9,535
4300 Other	240	271	511
4450 Merchandise Sales	222		222
4600 Other Revenues - Other	1,133	255	1,388
<b>Total 4600 Other Revenues</b>	68,204	71,901	140,105
4900 PDA Grants/Donations	300,839	57,458	358,297
<b>Total Income</b>	523,186	127,016	650,202
<b>Cost of Goods Sold</b>	12,021		12,021
<b>Gross Profit</b>	511,165	127,016	638,181
<b>Expense</b>			
6010 Personnel Costs	302,096	86,466	388,562
7000 Repairs & Maintenance	13,487	18,962	32,449
7100 Utilities	112,181	39,936	152,117
8000 Contracts			
8002 CompSoftware/Support Maint	250	3,901	4,151
8003 Alarm/Security/Fire Rescue		20,362	20,362
8005 Advertising/Marketing	9,000	6,000	15,000
8009 Design Arch/Eng	77,797	37,894	115,691
8010 Audit/Accounting	20,256	17,676	37,932
8012 Maintenance Contracts	3,807	3,648	7,455
8000 Contracts - Other		5,511	5,511
<b>Total 8000 Contracts</b>	111,110	94,992	206,102
8500 Operating Expense	60,332	34,466	94,798
<b>Total Expense</b>	599,206	274,822	874,028
<b>Net Ordinary Income</b>	(88,041)	(147,806)	(235,847)
<b>Other Income/Expense</b>			
<b>Other Expense</b>			
9200 Bond Interest Expense	55,125	57,620	112,745
9500 Capital Purchase/Equipment	22,057	137,500	159,557
9600 Leasehold Improvements	447		447
<b>Total Other Expense</b>	77,629	195,120	272,749
<b>Net Other Income</b>	(77,629)	(195,120)	(272,749)
<b>Net Income</b>	<b>(165,670)</b>	<b>(342,926)</b>	<b>(508,596)</b>

FORT WORDEN PDA

5:21 PM

Balance Sheet

07/18/2022

As of June 30, 2022

Accrual Basis

Jun 30, 22

ASSETS

Current Assets

Checking/Savings

1000 Operating Accounts	114,630
1020 Kitsap Operating 7811	330,238
1021 Kitsap Capital 7812	18,003
1022 Kitsap DR 7821	378,010

Total Checking/Savings 840,881

Accounts Receivable

Total 1100 Hospitality Services AR	265,718
1120 Partner Tenant	6,113
1140 Grants Receivable	30,501

Total Accounts Receivable 302,332

Other Current Assets

1200 Prepaid Expenses	37,934
1207 Due from FW Hospitality	145,395
1250 Due from MS Landlord LLC	755,540

Total Other Current Assets 938,869

Total Current Assets 2,082,082

1300 Fixed Assets 174,096

TOTAL ASSETS 2,256,178

LIABILITIES & EQUITY

Liabilities

Current Liabilities

Accounts Payable

2000 Operating	47,426
2003 Capital Fund A/P	35,012

Total Accounts Payable 82,438

Credit Cards 1,894

Other Current Liabilities

2100 Current Liabilities	(6,764)
2120 Due To FWH	116,770
Total 2200 Advance Deposits	828,077

2400 Notes Payables

2407 Kitsap Makers Square Bond 900,000

Accrued Note Interest Payable 123,120

Total 2400 Notes Payables 1,023,120

Total Other Current Liabilities 1,961,203

Total Current Liabilities 2,045,535

Long Term Liabilities

2700 Kitsap Bank Bonds

2705 Glamping Bond 2,107,863

2709 Revenue Bond 2021C 918,726

2710 Energy Efficiency Bond 1,698,277

Accrued Bond Interest Payable 135,249

Total 2700 Kitsap Bank Bonds 4,860,115

Total Long Term Liabilities 4,860,115

Total Liabilities 6,905,650

Equity

Unrestricted Net Assets (4,140,874)

Net Income (508,598)

Total Equity (4,649,472)

TOTAL LIABILITIES & EQUITY 2,256,178

**FORT WORDEN PDA**  
**Statement of Cash Flows**  
January through June 2022

5:14 PM  
07/18/2022

	<u>Jan - Jun 22</u>
<b>OPERATING ACTIVITIES</b>	
Net Income	(508,598)
Adjustments to reconcile Net Income to net cash provided by operations:	
1100 Hospitality Services AR	134,428
1120 Partner Tenant	20,435
1140 Grants Receivable	(30,501)
1049 Inventories	42,723
1207 Due from FW Hospitality	(126,030)
1250 Due from MS Landlord LLC	350,000
2001 Operating Payable Bank	2,761
2002 F.S Accounts Payable	(3,682)
2003 Capital Fund A/P	34,072
2010 Credit Cards & House Accts:2011 American Express	1,894
2100 Current Liabilities Payroll and Business Taxes	(50,645)
2120 Due To FWH	116,770
2200 Advance Deposits	(22,979)
2200 Advance Deposits:2201 P-Tenant Deposit	500
2400 Notes Payables:2407 Kitsap Makers Square Bond	(600,000)
2400 Notes Payables:Accrued Note Interest Payable	24,490
Net cash provided by Operating Activities	(614,362)
<b>INVESTING ACTIVITIES</b>	
1300 Fixed Assets	333,936
1350 Accumulated Depreciation	(201,099)
Net cash provided by Investing Activities	<u>132,837</u>
<b>FINANCING ACTIVITIES</b>	
2700 Kitsap Bank Bonds:2709 Revenue Bond 2021C	687,726
2700 Kitsap Bank Bonds:Accrued Bond Interest Payable	88,255
Net cash provided by Financing Activities	<u>775,981</u>
Net cash increase for period	<u>294,456</u>
Cash at beginning of period	546,425
Cash at end of period	<u><u>840,881</u></u>