

**CEC/SEABEE HISTORICAL FOUNDATION, INC.  
FINANCIAL STATEMENTS  
DECEMBER 31, 2021**



**CEC/SEABEE HISTORICAL FOUNDATION, INC.**  
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**DECEMBER 31, 2021**

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ALEXANDER | VAN LOON | SLOAN | LEVENS | FAVRE, PLLC  
Certified Public Accountants & Business Consultants

AVL WEALTHCARE, LLC  
Wealth Management

## INDEPENDENT AUDITORS' REPORT

May 4, 2022

To the Officers and Board of Trustees  
CEC/Seabee Historical Foundation, Inc.  
Gulfport, Mississippi

### ***Opinion***

We have audited the financial statements of CEC/Seabee Historical Foundation, Inc. (Foundation) (a nonprofit organization), which comprise the statement of financial position as of December 31, 2021, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of CEC/Seabee Historical Foundation, Inc. as of December 31, 2021, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Basis for Opinion***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of CEC/Seabee Historical Foundation, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about CEC/Seabee Historical Foundation, Inc.'s ability to continue as a going concern for one year after the date that the financial statements are issued.

Officers and Board of Trustees  
CEC/Seabee Historical Foundation, Inc.  
Gulfport, Mississippi

***Auditors' 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 auditors' 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 CEC/Seabee Historical Foundation, Inc.'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 CEC/Seabee Historical Foundation, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

*Alexander, Van Loon, Sloan, Levens, & Favre, PLLC*

**ALEXANDER, VAN LOON, SLOAN, LEVENS & FAVRE, PLLC**  
**Certified Public Accountants**  
**Gulfport, Mississippi**

## **FINANCIAL STATEMENTS**

**CEC/SEABEE HISTORICAL FOUNDATION, INC.**  
**STATEMENT OF FINANCIAL POSITION**  
**DECEMBER 31, 2021**

**ASSETS**

**CURRENT ASSETS**

Cash and cash equivalents	\$ 447,401
Cash and cash equivalents, designated	66,897
Unconditional promises to give, unrestricted	<u>62,208</u>
Total current assets	<u>576,506</u>

**NON-CURRENT ASSETS**

Long-term unconditional promises to give, unrestricted	<u>54,302</u>
Total non-current assets	<u>54,302</u>

**PROPERTY AND EQUIPMENT**

Equipment	33,234
Furniture and fixtures	<u>17,530</u>
Total property and equipment	50,764
Less: accumulated depreciation	<u>(43,821)</u>
Net property and equipment	<u>6,943</u>

<b>TOTAL ASSETS</b>	<b><u><u>\$ 637,751</u></u></b>
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## LIABILITIES AND NET ASSETS

### CURRENT LIABILITIES

Accounts payable	\$ 1,600
Accounts payable - related parties	5,540
Accrued payroll and related liabilities	781
Notes payable, related parties, current portion	38,947
	<hr/>
Total current liabilities	46,868
	<hr/>

### LONG-TERM LIABILITIES

Note payable	929,858
Notes payable, related parties	226,531
	<hr/>
Total long-term liabilities	1,156,389
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<b>TOTAL LIABILITIES</b>	<b>1,203,257</b>
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### NET ASSETS

Without donor restrictions:	
Invested in property and equipment	6,943
Undesignated	(572,449)
	<hr/>
Total without donor restrictions	(565,506)
	<hr/>
Total net assets	(565,506)
	<hr/>

<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 637,751</b>
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The accompanying notes are an integral part of these financial statements.

**CEC/SEABEE HISTORICAL FOUNDATION, INC.  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2021**

**REVENUE AND OTHER SUPPORT  
WITHOUT DONOR RESTRICTIONS**

Contributions: general	\$ 1,027,814
Contributions: in-kind	6,438
Membership dues	100,991
Other sources	26,676
Interest and dividend income	569
Loan forgiveness	52,580
Loan forgiveness, related parties	61,973
Gain (loss) on fixed asset sale	82
Realized gain on investments	15,474
Total revenue and other support without donor restrictions	1,292,597

**EXPENSES**

Program services	289,641
Fund raising: general	47,080
Fund raising: special events	9,415
General and administrative	59,852
Depreciation	2,681
Total	408,669

**CHANGE IN NET ASSETS  
WITHOUT DONOR RESTRICTIONS**

883,928

**NET ASSETS, BEGINNING OF YEAR**

(1,449,434)

**NET ASSETS, END OF YEAR**

\$ (565,506)

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



**CEC/SEABEE HISTORICAL FOUNDATION, INC.  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2021**

	Program Services	Fundraising	General and Administrative	Total
Administrative contract services	\$ 12,161	\$ -	\$ 3,039	\$ 15,200
Bank fees	4,328	-	5,819	10,147
Consulting services	25,590	25,590	-	51,180
Insurance	-	-	1,714	1,714
Interest	-	-	9,348	9,348
Membership	11,049	265	-	11,314
Office supplies	13,384	-	-	13,384
Other expenses	8,329	-	1,926	10,255
Payroll and taxes	135,247	4,091	11,932	151,270
Postage	2,627	2,627	1,314	6,568
Professional services	23,831	-	21,925	45,756
Printing and publications	17,988	-	-	17,988
Registration fees	-	5,584	-	5,584
Rent, in-kind	-	-	2,835	2,835
Special events	34,689	17,920	-	52,609
Travel	418	418	-	836
<b>TOTAL EXPENSES</b>	<b>\$ 289,641</b>	<b>\$ 56,495</b>	<b>\$ 59,852</b>	<b>\$ 405,988</b>

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

**CEC/SEABEE HISTORICAL FOUNDATION, INC.**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**

**CASH FLOWS FROM OPERATING ACTIVITIES**

Cash received from contributions, grants, and memberships	\$ 1,269,064
Cash paid for program and support services	(248,510)
Cash paid to employees	(143,737)
Interest paid	(7,448)
Interest received	143
Dividends received	426
	869,938
Net cash provided by operating activities	869,938

**CASH FLOWS FROM INVESTING ACTIVITIES**

Proceeds from sale of investments	101,682
Proceeds from sale of equipment	800
Purchase of equipment	(5,355)
	97,127
Net cash provided by investing activities	97,127

**CASH FLOWS FROM FINANCING ACTIVITIES**

Proceeds from debt	52,580
Principal paid on note payable	(876,515)
	(823,935)
Net cash used in financing activities	(823,935)
Increase in cash and cash equivalents	143,130
Cash and cash equivalents, beginning of year	371,168
Cash and cash equivalents, end of year	\$ 514,298

**RECONCILIATION OF CASH AND CASH  
EQUIVALENTS PER STATEMENT OF CASH FLOWS  
TO STATEMENT OF FINANCIAL POSITION**

Cash and cash equivalents	\$ 447,401
Cash and cash equivalents, designated	66,897
	514,298
Total cash and cash equivalents	\$ 514,298

**NONCASH FINANCING TRANSACTION**

Related party forgiveness of debt	\$ 61,973
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**CEC/SEABEE HISTORICAL FOUNDATION, INC.**  
**STATEMENT OF CASH FLOWS (Continued)**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**

**RECONCILIATION OF CHANGE IN NET ASSETS  
TO NET CASH PROVIDED BY OPERATING ACTIVITIES**

Change in net assets	<u>\$ 883,928</u>
Adjustments reconciling the change in net assets to net cash provided by operating activities:	
Depreciation	2,681
Gain (loss) on sale of fixed asset	(82)
Realized gains on investments	(15,474)
Loan forgiveness	(52,580)
Related party loan forgiveness principal	(60,073)
(Increase) decrease in assets:	
Unconditional promises to give	107,145
Prepaid expenses	12,400
Increase (decrease) in liabilities:	
Accounts payable	(4,477)
Payroll and related liabilities	<u>(3,530)</u>
Total adjustments	<u>(13,990)</u>
Net cash provided by operating activities	<u><u>\$ 869,938</u></u>

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

## **NOTES TO FINANCIAL STATEMENTS**

**CEC/SEABEE HISTORICAL FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Organization**

The CEC/Seabee Historical Foundation, Inc. (Foundation) is a non-profit organization whose purpose is to ensure that the proud heritage and rich history of the Navy's Civil Engineer Corps (CEC) and the Navy's military construction force, the Seabees, are properly documented, preserved and maintained. The primary goal of the Foundation is to maintain public awareness of the contributions and accomplishments of the Seabees and the Civil Engineer Corps. The Foundation accomplishes this mission through the support of the Seabee museums, various programs and newsletters. The Foundation is the private support arm of the U. S. Navy Seabee Museum. The U. S. Navy Seabee Museum is located in Port Hueneme, California and is operated by the United States Department of the Navy.

The Foundation was founded in September 1991 and is governed by a board of up to 33 trustees. At December 31, 2021, the board consists of 31 trustees. The Foundation is managed on a day-to-day basis by its Executive Director. The Foundation's headquarters are located in Gulfport, Mississippi.

In March 2000, the Foundation began a \$12 million campaign to generate capital funds for the construction of a new museum at Port Hueneme, California, to replace the previous facility. On June 6, 2008, September 3, 2009, and August 4, 2010, the Foundation gave \$10 million, \$1.2 million, and \$758,000, respectively, to the United States Department of the Navy for the construction of the U. S. Navy Seabee Museum in Port Hueneme, California. The U. S. Navy Seabee Museum building construction was completed in October 2010.

In May 2019, the Foundation received a gift donation of 100% ownership of the U.S. Navy Seabee Museum Exhibit Design/Intellectual Property and Design Documentation, valued at \$500,000. As stipulated in the gift documents, the Foundation gifted the Exhibit Design/Intellectual Property and Design Documentation to the U.S. Navy for use in the development of the U.S. Navy Seabee Museum Master Plan for accreditation with the American Alliance of Museums.

The Foundation's current campaign is to raise funds for debt relief.

**Related Entity**

The Foundation performs limited administrative services for the Seabee Memorial Scholarship Association, Inc. (Association), a separate corporation. These administrative services consist primarily of processing donations and pledge payments mailed to the Association's post office box located in Gulfport, Mississippi. The results of the Association's operations have not been reflected in these financial statements.

**CEC/SEABEE HISTORICAL FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Basis of Presentation**

The financial statements of the Foundation have been prepared in conformity with accounting principles generally accepted in the United States of America under the accrual basis of accounting. The accrual basis of accounting is the method of accounting under which liabilities and expenses are recorded when incurred, whether or not paid, and income is recorded when earned, whether or not received.

The Foundation reports information regarding its financial position and activities according to two classes of net assets: with donor restrictions and without donor restrictions. Net assets with donor restrictions are created only by donor-imposed restrictions on their use. All other net assets, including board-designated or appropriated amounts, are reported as part of without donor restrictions. In addition, the Foundation is required to present a statement of cash flows. As permitted, the Foundation does not use fund accounting.

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are restricted by the donor for specific purposes are reported as net assets with donor restrictions. When donor restrictions are met, these amounts are reclassified to net assets without donor restrictions. However, if a restriction is fulfilled in the same year in which the contribution is received, the Foundation reports that support as unrestricted.

**Use of Estimates**

In preparing financial statements in conformity with accounting principles generally accepted in the United States of America, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, as well as revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Income Taxes**

The Foundation is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code (IRC) and comparable state law, and contributions to the Foundation are tax deductible within the limitations prescribed by the IRC.

The Foundation has implemented the accounting requirements associated with uncertainty in income taxes using the provision of Financial Accounting Standards Board (FASB) ASC 740, *Income Taxes*. Using that guidance, tax positions initially need to be recognized in the financial statements when it is more-likely-than-not the positions will be sustained upon examination by the tax authorities. It also provides guidance for derecognition, classification, interest and penalties, accounting in interim periods, disclosure, and transition. As of December 31, 2021, the Foundation has no uncertain tax positions that qualify for either recognition or disclosure in the financial statements.

**Functional Allocation of Expenses**

The cost of providing the Foundation's fund raising, program, and support services has been summarized on a functional basis in the statement of activities. Certain costs, including payroll and other office expenses, are allocated among the functional expense categories based on management's analysis of personnel time and expenses for the related activities.

**CEC/SEABEE HISTORICAL FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Cash and Cash Equivalents**

For the purpose of the statement of cash flows, cash and cash equivalents are defined as demand deposits and savings accounts at local banks, cash accumulation accounts at a local brokerage firm, and highly liquid investments with an original maturity of three months or less when purchased.

Cash and cash equivalents, designated, consist of capital raised for expenses incurred to provide funding to the United States Department of the Navy for permanent exhibits in the U. S. Navy Seabee Museum at Port Hueneme, California. These funds include no long-term donor-imposed stipulations and are therefore considered to be current assets.

**Investments**

The Foundation records investments in marketable securities with readily determinable fair values and all investments in debt securities at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets. Investment income and gains restricted by a donor are reported as increases in unrestricted net assets if the restrictions are met in the reporting period in which the income and gains are recognized. There were no changes in the valuation techniques during the current year.

Realized gains and losses related to the sale of investments are recognized as income in the period to which they relate.

**Property and Equipment**

Property and equipment is stated at original cost. Property and equipment is capitalized if the cost of an item exceeds the minimum value of \$100. Expenditures of major renewals and betterments that extend the useful life of property and equipment are capitalized. Expenditures for maintenance and repairs are charged to expense as incurred.

Depreciation is provided over the estimated useful lives of the related assets using the straight-line method. The estimated useful lives for property and equipment used to compute the straight-line method of depreciation are as follows:

<u>Assets</u>	<u>Useful Life</u>
Furniture and Fixtures	5 - 7 years
Equipment	5 - 7 years

The Foundation reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future net cash flows expected to be generated by the asset. If these assets are considered to be impaired, the impairment loss recognized is measured as the amount by which the carrying amount of the assets exceeds the fair value of the assets. Assets to be disposed of are reported at the lower of the carrying amount or the fair value less costs to sell.

**CEC/SEABEE HISTORICAL FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Donated Facilities**

The Foundation receives the free use of office space at the United States Department of the Navy's Seabees facilities in Gulfport, Mississippi. Contributions and expenses related to the donated office space amounting to \$2,835 are included in general contributions and general and administrative expenses in the statement of activities.

**Unconditional Promises to Give**

*Debt Relief Campaign*

The Foundation's Debt Relief Campaign was designed to solicit promises to give to be paid over time (up to five years). Contributions are recorded at fair value as revenue at the time the promises to give are made.

The allowance for doubtful accounts at year-end represents an estimate based on delinquent promises to give at December 31, 2021. Management determines the allowance for doubtful accounts based on historical losses and current economic conditions. On a continuing basis, management analyzes delinquent receivables and, once these receivables are determined to be uncollectible, they are written off through a charge against the existing allowance account. It is management's policy to charge off uncollectible promises to give when it is determined that the receivable will not be collected.

**Conditional Promises to Give**

Conditional promises to give are recognized by the Foundation as revenues when substantially all the conditions have been met.

**Membership Dues**

The Foundation offers annual and lifetime memberships to individuals and annual memberships to corporations. Membership dues are recorded as revenues at the time of receipt.

**Liquidity and Availability of Financial Assets**

The Foundation has \$576,506 of financial assets available within one year of the statement of financial position date to meet cash needs for general operating expenses, consisting of the following:

Cash and cash equivalents	\$447,401
Cash and cash equivalents, designated	66,897
Unconditional promises to give, unrestricted	<u>62,208</u>
Total	<u>\$ 576,506</u>



**CEC/SEABEE HISTORICAL FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021**

**NOTE 2: UNCONDITIONAL PROMISES TO GIVE**

In accordance with FASB ASC 958-605, unconditional promises to give, not expected to be collected within one year, are discounted. Unconditional promises to give as of December 31, 2021 consist of the following:

Unconditional promises to give, beginning	\$ 297,378
Current year payments on prior year pledges	(170,262)
Current year write-offs	(5,386)
Unconditional promises to give, ending	<u>121,730</u>
Less: discount on pledges	(4,720)
Less: allowance for uncollectible promises to give	<u>(500)</u>
Net unconditional promises to give	116,510
Less: current portion	<u>(62,208)</u>
Long-term unconditional promises to give	<u><u>\$ 54,302</u></u>

The unpaid portion of the unconditional promises to give is expected to be collected as follows:

One year or less	\$ 62,208
2023-2024	<u>59,522</u>
	<u><u>\$ 121,730</u></u>

Pledges receivable with due dates extending beyond one year are discounted using Treasury bill rates for similar term investments. The applicable rates at December 31, 2021 range from 0.53% to 2.75%.

**NOTE 3: RELATED PARTY TRANSACTIONS**

Included in unconditional promises to give as of December 31, 2021 is approximately \$12,721 in promises to give made by Officers and Board Members of the Foundation for debt relief.

As of December 31, 2021, the Foundation owes the U.S. Navy Seabee Museum \$5,540 for contributions collected for the benefit of the museum.

The Foundation has five notes payable to current and former Board members, related parties, as further described in Note 5.

**CEC/SEABEE HISTORICAL FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021**

**NOTE 4: PROPERTY AND EQUIPMENT**

A summary of changes in property and equipment and the related accumulated depreciation is as follows:

Asset	Balance 12/31/2020	Additions	Disposal	Balance 12/31/2021
Equipment	\$ 32,168	\$ 5,355	\$ (4,289)	\$ 33,234
Furniture and fixtures	17,530	-	-	17,530
Total property and equipment	49,698	5,355	(4,289)	50,764
Less: accumulated depreciation	(44,711)	(2,681)	3,571	(43,821)
Net property and equipment	<u>\$ 4,987</u>	<u>\$ 2,674</u>	<u>(718)</u>	<u>\$ 6,943</u>

Depreciation expense included in the statement of activities is \$2,681 for the year ended December 31, 2021.

**NOTE 5: DEBT**

*Note Payable*

The Foundation has an unsecured note payable to The H. N. and Francis C. Berger Foundation of \$6,000,000 entered into on January 15, 2008, that matures December 31, 2024. The amount drawn on the note in 2008 was \$3,700,000. At December 31, 2021, the note payable balance is \$929,858. The original note requires quarterly payments of interest only at 7%, reduced to 5% starting January 2019. As of January 1, 2021, the interest has been reduced to 0% for the remaining four years of the note. In 2008, the proceeds from the note were included in funds given to the United States Department of the Navy to initiate the construction of the U.S. Navy Seabee Museum in Port Hueneme, California. The U. S. Navy Seabee Museum building construction was completed in October 2010.

**CEC/SEABEE HISTORICAL FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021**

**NOTE 5: DEBT (continued)**

*Notes Payable, Related Parties*

Notes payable financed by related parties consist of five loans from five current and former board members as follows as of December 31, 2021:

Note Payable - originated on December 26, 2017 in the amount of \$100,000; interest of 2.5% per annum; principal and interest payable in 20 semi-annual payments of \$5,684.37 each beginning on (or before) July 1, 2018; final payment of all unpaid principal and all accrued and unpaid interest due on January 1, 2028.	\$ 62,979
Note Payable - originated on May 27, 2019 in the amount of \$25,000; interest of 2.0% per annum; principal and interest payable in 20 semi-annual installments of \$1,388.04 each beginning on (or before) January 1, 2020; final payment of all unpaid principal and all accrued and unpaid interest due on July 1, 2029.	19,245
Note Payable - originated on December 27, 2017 in the amount of \$100,000; interest of 2.5% per annum; principal and interest payable in 20 semi-annual payments of \$5,683.98 each beginning on (or before) July 1, 2018; final payment of all unpaid principal and all accrued and unpaid interest due on January 1, 2028.	62,975
Note Payable - originated on September 27, 2018 in the amount of \$25,000; interest of 2.0% per annum; principal and interest payable in 20 semi-annual payments of \$1,385.69 each beginning on (or before) April 1, 2019; final payment of all unpaid principal and all accrued and unpaid interest due on October 1, 2028.	18,019
Note Payable - originated on January 8, 2018 in the amount of \$150,000; interest of 2.5% per annum; principal and interest payable in 20 semi-annual payments of \$8,571.51 each beginning on (or before) October 1, 2018; final payment of all unpaid principal and all accrued and unpaid interest due on April 1, 2028.	<u>102,260</u>
Total Notes Payable, Related Parties	265,478
Less: Current Maturities of Notes Payable	<u>(38,947)</u>
Notes Payable, Related Party, net of current maturities	<u><u>\$ 226,531</u></u>

**CEC/SEABEE HISTORICAL FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021**

**NOTE 5: DEBT (continued)**

*Notes Payable, Related Parties (continued)*

The following summarizes note payable, related party activity in the current year:

Note Payable, Related Party, beginning of year	\$ 366,211
Current year payments	<u>(100,733)</u>
Note Payable, Related Party, end of year	265,478
Less: current portion	<u>(38,947)</u>
Long-term Note Payable, Related Party	<u><u>\$ 226,531</u></u>

Principal and interest paid on related party loans for the year ending December 31, 2021 was \$100,733 and \$9,381, respectively. Of the amounts recognized as payments of principal and interest, \$60,073 of principal and \$1,900 of interest were in the form of debt forgiveness from three of the loan holders that is reported as loan forgiveness, related parties in the statement of activities.

*Maturity Schedule for All Long Term-Debt*

Payments on notes payable in future years are as follows:

Year	Amount
2022	\$ 38,947
2023	39,902
2024	970,739
2025	41,188
2026	42,648
2027-2030	<u>61,912</u>
	<u><u>\$ 1,195,336</u></u>

**NOTE 6: LOAN FORGIVENESS**

Under provisions of the Coronavirus Aid, Relief, and Economic Security (CARES) Act, on February 12, 2021, the Foundation received a \$52,580 Paycheck Protection Program (PPP) loan. The PPP loan is 100% guaranteed by the U.S. Small Business Administration (SBA). The major terms of the loan are 1% per annum interest rate, first six months payments deferred, and February 12, 2023, maturity date. Also included in the SBA's PPP loan agreement, is the stipulation that, if certain criteria are met during the six months deferral period, the loan will be fully forgiven and will be considered revenue.

On November 15, 2021, the Foundation had the loan forgiven in the full amount of \$52,580. Therefore, the loan proceeds are recognized as loan forgiveness in the statement of activities.

**CEC/SEABEE HISTORICAL FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021**

**NOTE 7: JOINT COSTS**

The Foundation's joint costs activities include maintaining a national database of CEC officers and Seabees, preparing and mailing a quarterly newsletter, conducting seminars highlighting significant events and activities, and producing educational and historical videos and publications. As of December 31, 2021, joint costs of \$239,002 were incurred. Of these costs, \$103,717, \$103,717, and \$31,568 were allocated to fundraising, program services, and general and administrative, respectively, in the statement of activities.

**NOTE 8: CONCENTRATIONS**

*Credit Risk*

The Foundation maintains its cash balances in two financial institutions located in Gulfport, Mississippi. The balances at these financial institutions are insured by the Federal Deposit Insurance Corporation (FDIC). At various times there may be balances in the banks that exceed the FDIC limits. There is \$468,445 in uninsured cash at December 31, 2021.

*Donors*

Three donors accounted for approximately 27% of total 2021 contribution revenue. All three donors' contributions were in the form of unconditional promises to give and were fully paid as of December 31, 2021.

**NOTE 9: CONTINGENCIES**

The Foundation continues to solicit promises to give to raise funds to retire its debt. The success of the debt relief campaign is contingent upon current economic conditions, on the Foundation's ability to solicit promises to give, and on its ability to collect on those promises to give.

A novel strain of coronavirus (COVID-19) spread across the world and was declared a pandemic by the World Health Organization on March 11, 2020. As a result of the spread of COVID-19, economic uncertainties have arisen. The extent of the impact of COVID-19 on operational and financial performance will depend on the duration and spread of the outbreak. As of the date of this report, the effects are uncertain and cannot be reasonably estimated.

**NOTE 10: SUBSEQUENT EVENTS**

Management has considered subsequent events reviewed through May 4, 2022. There were no subsequent events that required recognition or disclosure.