

PUGET SOUND PILOTS

**SPECIAL PURPOSE
FINANCIAL STATEMENTS**

**FOR THE 12 MONTHS ENDED
JUNE 30, 2019**

PUGET SOUND PILOTS

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INDEPENDENT ACCOUNTANTS' COMPILATION REPORT

To the Board of Directors
Puget Sound Pilots
Seattle, Washington

Management is responsible for the accompanying special purpose financial statements of Puget Sound Pilots (a voluntary association of sole proprietors and incorporated individuals), which comprise the statement of assets, liabilities and pilots' equity – modified accrual basis as of June 30, 2019 and the related statement of revenues, expenses, and changes in pilots' equity – modified accrual basis for the twelve months then ended in accordance with the modified accrual basis of accounting. We have performed the compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the financial statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. We do not express an opinion, a conclusion, nor provide any form of assurance on these special purpose financial statements.

The special purpose financial statements are prepared in accordance with the modified accrual basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

Management has elected to omit all the disclosures and the statement of cash flows ordinarily included in the special purpose financial statements prepared in accordance with the modified accrual basis of accounting. If the omitted disclosures and the statement of cash flows were included in the special purpose financial statements, they might influence the user's conclusions about the Company's financial position, results of operations, and cash flows. Accordingly, the financial statements are not designed for those who are not informed about such matters.

Shannon & Associates

Kent, Washington
October 9, 2019

PUGET SOUND PILOTS
STATEMENT OF ASSETS, LIABILITIES
AND PILOTS' EQUITY – MODIFIED ACCRUAL BASIS
JUNE 30, 2019

ASSETS

1.	CURRENT ASSETS	
2.	Cash in banks	\$ 1,356,338
3.	Accounts receivable, net of allowance for doubtful accounts of \$5,500	3,394,008
4.	Prepaid expenses	<u>16,897</u>
5.	TOTAL CURRENT ASSETS	4,767,243
6.	PROPERTY, BOATS AND EQUIPMENT	
7.	Total building, boats, furnishings, and equipment	10,159,007
8.	Less accumulated depreciation and amortization	<u>9,200,587</u>
9.	NET PROPERTY, BOATS AND EQUIPMENT	958,420
10.	OTHER ASSETS	
11.	Loan fees, net of accumulated amortization	<u>345</u>
12.	TOTAL ASSETS	<u><u>\$ 5,726,008</u></u>

See independent accountants' compilation report

PUGET SOUND PILOTS
STATEMENT OF ASSETS, LIABILITIES
AND PILOTS' EQUITY – MODIFIED ACCRUAL BASIS
JUNE 30, 2019

LIABILITIES AND PILOTS' EQUITY

13.	CURRENT LIABILITIES	
14.	Funds held in trust	\$ 177,434
15.	Accrued taxes	50,086
16.	Retirement expense payable	412,646
17.	Current portion of long-term liabilities	<u>92,000</u>
18.	TOTAL CURRENT LIABILITIES	732,166
19.	LONG-TERM LIABILITIES, net of current portion	68,997
20.	TOTAL LIABILITIES	801,163
21.	PILOTS' EQUITY	
22.	June distributions payable to pilots	2,289,686
23.	Reserved for operations	750,000
24.	Reserved for working capital account	156,341
25.	Remainder of pilots' equity	<u>1,728,818</u>
26.	TOTAL PILOTS' EQUITY	<u>4,924,845</u>
27.	TOTAL LIABILITIES AND PILOTS' EQUITY	<u>\$ 5,726,008</u>

See independent accountants' compilation report

PUGET SOUND PILOTS
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN PILOTS' EQUITY –
MODIFIED ACCRUAL BASIS
FOR THE TWELVE MONTHS ENDED JUNE 30, 2019

	<u>2019</u>	
	<u>Amount</u>	<u>Percent</u>
1. PILOTAGE REVENUE	\$ 34,109,940	100.0 %
2. OPERATING EXPENSES		
3. Seattle office operating expense and administrative overhead	11,144,004	32.7
4. Boat operating expense	1,663,556	4.9
5. Port Angeles station operating expense	<u>475,811</u>	<u>1.3</u>
6. TOTAL OPERATING EXPENSES	13,283,371	38.9
7. TRANSPORTATION FEES PAID DIRECTLY TO PILOTS	<u>719,496</u>	<u>2.1</u>
8. NET INCOME FROM POOLED OPERATIONS	20,107,073	58.9
9. OTHER INCOME (EXPENSE)		
10. Interest income and finance charges	(30,714)	(0.1)
11. BALANCE OF REVENUE POOL BEFORE DEDUCTIONS OF INDIVIDUAL PILOTS' BUSINESS EXPENSES	20,076,359	<u>58.9 %</u>
12. LESS PER DETAIL BELOW		
13. Buy-ins and buy-outs, net	(342,513)	
14. All other payments to pilots	<u>(20,501,347)</u>	
15. TOTAL DETAIL	<u>(20,843,860)</u>	
16. NET DECREASE IN PILOTS' EQUITY	(767,501)	
17. BEGINNING PILOTS' EQUITY	<u>5,692,346</u>	
18. ENDING PILOTS' EQUITY	<u>\$ 4,924,845</u>	

See independent accountants' compilation report