PUGET SOUND PILOTS

SPECIAL-PURPOSE
FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION
(MODIFIED ACCRUAL BASIS)

FOR THE YEARS ENDED
DECEMBER 31, 2021 AND 2020

PUGET SOUND PILOTS

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Shannon & Associates LLP
Certified Public Accountants
Management Consultants

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Puget Sound Pilots
Seattle, Washington

Opinion
We have audited the accompanying special-purpose financial statements of Puget Sound Pilots (a voluntary association of sole proprietors and incorporated individuals), which comprise the special-purpose statements of assets, liabilities and pilots' equity - modified accrual basis as of December 31, 2021 and 2020, and the related special-purpose statements of revenues, expenses and changes in pilots' equity - modified accrual basis and cash flows - modified accrual basis for the years then ended, and the related notes to the special-purpose financial statements.

In our opinion, the special-purpose financial statements referred to above present fairly, in all material respects, the financial position of Puget Sound Pilots as of December 31, 2021 and 2020, and the results of its operations and its cash flows for the years then ended in accordance with the modified accrual basis of accounting described in Note 1.

Basis for Opinion
We conducted our audits in accordance with auditing standards generally accepted in the United States of America. 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 Puget Sound Pilots 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.

Basis of Accounting
We draw attention to Note 1 of the special-purpose financial statements, which describes the basis of accounting. The special-purpose financial statements are prepared on the modified accrual basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to that matter.

Responsibilities of Management for the Financial Statements
Management is responsible for the preparation and fair presentation of the special-purpose financial statements in accordance with the modified accrual basis of accounting as described in Note 1; this includes determining that the modified accrual basis of accounting is an acceptable basis for preparation of the special-purpose financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair preparation of special-purpose financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Audit of the Financial Statements
Our objectives are to obtain reasonable assurance about whether the special-purpose 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 generally accepted auditing standards 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 generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the special-purpose 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 special-purpose 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 Puget Sound Pilots' 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 special-purpose financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Puget Sound Pilots' ability to continue as a going concern for a reasonable period of time.

Restriction on Use

This report is intended solely for the information and use of Puget Sound Pilots, the Washington State Board of Pilotage Commissioners, and the Utilities and Transportation Commission and is not intended and should not be used by anyone other than these specified parties.

Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the special-purpose financial statements as a whole. The Comments on 2021 Operations, Schedule of Days of Service and Distribution of Pilotage Revenue and Expense, Notes to Schedule of Days of Service and Distribution of Pilotage Revenue and Expense, Schedule of Retirement Income for Inactive Pilots and Other Eligible Participants, Schedule of Seattle Office Operating Expense and Administrative Overhead, Schedule of Boat Operating Expense, Schedule of Port Angeles Station Operating Expense, and Schedule of Employees are presented for purposes of additional analysis and are not a required part of the special-purpose financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the special-purpose financial statements. The information has been subjected to the auditing procedures applied in the audits of the special-purpose financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the special-purpose financial statements or to the special-purpose 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 special-purpose financial statements as a whole.

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.

Shannon & Associates

Kent, Washington
April 25, 2022

PUGET SOUND PILOTS
STATEMENTS OF ASSETS, LIABILITIES AND PILOTS' EQUITY - MODIFIED ACCRUAL BASIS
DECEMBER 31, 2021 AND 2020

ASSETS

		2021	2020	Increase (Decrease)
1.	**CURRENT ASSETS**			
2.	Cash in banks	$ 1,215,099	$ 547,774	$ 667,325
3.	Accounts receivable, net of allowance for doubtful accounts of $5,500 at each year end	2,175,085	2,487,468	(312,383)
4.	Prepaid expenses	183,367	125,787	57,580
5.	**TOTAL CURRENT ASSETS**	3,573,551	3,161,029	412,522
6.	**PROPERTY, BOATS AND EQUIPMENT**			
7.	Total building, boats, furnishings, and equipment	9,898,175	9,898,175	-
8.	Less accumulated depreciation and amortization	(9,120,143)	(9,037,343)	(82,800)
9.	**NET PROPERTY, BOATS, AND EQUIPMENT**	778,032	860,832	(82,800)
10.	**TOTAL ASSETS**	$ 4,351,583	$ 4,021,861	$ 329,722

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

PUGET SOUND PILOTS
STATEMENTS OF ASSETS, LIABILITIES AND PILOTS' EQUITY - MODIFIED ACCRUAL BASIS
DECEMBER 31, 2021 AND 2020

LIABILITIES AND PILOTS' EQUITY

		2021	2020	Increase (Decrease)
11.	**CURRENT LIABILITIES**			
12.	Funds held in trust (See Note 3)	$ 148,926	$ 121,745	$ 27,181
13.	Callback day expense payable (See Note 4)	389,350	-	389,350
14.	Accrued taxes	43,732	38,566	5,166
15.	Retirement expense payable	507,660	431,550	76,110
16.	Contingent UTC liability (See Note 14)	124,239	-	124,239
17.	PPP loan	-	362,969	(362,969)
18.	Current portion of notes payable	-	22,997	(22,997)
19.	**TOTAL CURRENT LIABILITIES**	1,213,907	977,827	236,080
20.	**PILOTS' EQUITY**			
21.	December distributions payable to pilots	916,282	1,216,011	(299,729)
22.	Reserved for operations	750,000	750,000	-
23.	Equity from buy-ins and buy-outs, net	(190,151)	(180,045)	(10,106)
24.	Remainder of pilots' equity	1,661,545	1,258,068	403,477
25.	**TOTAL PILOTS' EQUITY**	3,137,676	3,044,034	93,642
26.	**TOTAL LIABILITIES AND PILOTS' EQUITY**	$ 4,351,583	$ 4,021,861	$ 329,722

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

PUGET SOUND PILOTS
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN PILOTS' EQUITY - MODIFIED ACCRUAL BASIS FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

	2021		2020	
	Amount	Percent	Amount	Percent
1. **PILOTAGE REVENUE**	$ 31,954,603	100.0 %	$ 25,494,863	100.0 %
2. **OPERATING EXPENSES**				
3. Seattle office operating expense and administrative overhead	13,667,849	42.8	11,493,692	45.1
4. Boat operating expense	2,067,075	6.5	1,929,462	7.6
5. Port Angeles station operating expense	327,583	1.0	494,037	1.9
6. **TOTAL OPERATING EXPENSES**	16,062,507	50.3	13,917,191	54.6
7. **TRANSPORTATION FEES PAID DIRECTLY TO PILOTS**	-	-	710,203	2.8
8. **NET INCOME FROM POOLED OPERATIONS**	15,892,096	49.7	10,867,469	42.6
9. **OTHER INCOME**				
10. Interest income and finance charges	18,827	0.1	2,509	0.0
11. PPP loan forgiveness	362,969	1.1	-	-
12. **TOTAL OTHER INCOME**	381,796	1.2	2,509	0.0
13. **BALANCE OF REVENUE POOL BEFORE DEDUCTIONS OF DISABILITY INSURANCE**	16,273,892	50.9 %	10,869,978	42.6 %
14. **LESS PER DETAIL BELOW**				
15. Buy-ins and buy-outs, net	(10,106)		(221,038)	
16. All other payments to pilots	(16,170,144)		(10,907,019)	
17. **TOTAL DETAIL**	(16,180,250)		(11,128,057)	
18. **NET INCREASE (DECREASE) IN PILOTS' EQUITY**	93,642		(258,079)	
19. **BEGINNING PILOTS' EQUITY**	3,044,034		3,302,113	
20. **ENDING PILOTS' EQUITY**	$ 3,137,676		$ 3,044,034	

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

PUGET SOUND PILOTS
STATEMENTS OF CASH FLOWS - MODIFIED ACCRUAL BASIS
DECEMBER 31, 2021 AND 2020

		2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES			
1.	Balance of revenue pool before deductions of individual pilots' business expenses	$ 16,273,892	$ 10,869,978
	Adjustments to reconcile balance of revenue pool to cash provided by operating activities:		
2.	Depreciation and amortization	82,800	149,144
3.	PPP loan forgiveness	(362,969)	-
4.	Decrease (increase) in net accounts receivable	312,383	(456,297)
5.	Increase in prepaid expenses	(57,580)	(37,458)
6.	Increase (decrease) in funds held in trust (see Note 3)	27,181	(1,070)
7.	Increase in callback day expense payable (see Note 4)	389,350	-
8.	Increase in accrued taxes	5,166	4,139
9.	Increase in retirement expense payable	76,110	5,307
10.	Increase in UTC contingent liability	124,239	-
11.	NET CASH PROVIDED BY OPERATING ACTIVITIES	16,870,572	10,533,743
CASH FLOWS FROM INVESTING ACTIVITIES			
12.	Purchase of property, boats, and equipment	-	(10,660)
CASH FLOWS FROM FINANCING ACTIVITIES			
13.	Payments on line of credit	-	(250,000)
14.	Principal payments on notes payable	(22,997)	(92,000)
15.	Proceeds from PPP loan	-	362,969
16.	Payments (to) from buy-ins and buy-outs, net	(10,106)	(221,038)
17.	Payments to members	(16,170,144)	(10,907,019)
18.	NET CASH USED IN FINANCING ACTIVITIES	(16,203,247)	(11,107,088)
19.	**NET INCREASE (DECREASE) IN CASH**	667,325	(584,005)
20.	Cash at beginning of year	547,774	1,131,779
21.	Cash at end of year	$ 1,215,099	$ 547,774
Supplemental disclosure of cash flow information			
22.	Interest paid	$ 125	$ 5,277

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

NOTE 1.--NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

The Puget Sound Pilots (PSP) is a voluntary association of sole proprietors and incorporated individuals. As such, it is an organization made up of independent contractors who pool revenue and expenses and who operate together for administrative purposes in providing regulated pilotage services. They do so for the efficiency of the membership and also, for the benefit of their commercial customers. The association provides centralized dispatch and enables customers to streamline and consolidate pilotage service orders and communications with independent pilotage service providers ("pilots") in one place rather than relying upon direct contacts of individual pilots who may be providing services at remote locations, distant from those where the customer has pressing service needs and who is also aware of all of the safety and operating protocols of an experienced and established pilotage association.

Their abiding mission is to ensure against the loss of lives, loss of or damage to property and vessels, and to protect the marine environment by maintaining efficient and competent pilotage service on our State's inland waters within the Puget Sound Pilotage District. They pilot vessels under licenses issued by the U.S. Coast Guard and the State of Washington. Customers are international and domestic companies that pay prescribed rates to utilize pilotage services within Puget Sound. Their business is conducted in accordance with the Pilotage Act of the State of Washington and outlined in RCW 88.16. Pilotage revenues are dependent on the tariff historically set by the Washington State Board of Pilotage Commissioners ("BPC") and the levels of maritime traffic on these waters. The Washington State legislature enacted a bill (SB 6519) revising the procedure for marine pilotage tariffs and that was signed into law on March 15, 2018. That law transferred the function of marine pilotage rate setting from the Board of Pilotage Commissioners to the Washington Utilities and Transportation Commission ("WUTC"), effective July 1, 2019. Effective January 25, 2021, the Washington Utilities and Transportation Commission (WUTC) updated the tariff rates based on the WUTC rate hearing. This was the first rate change under the WUTC.

Basis of Accounting

The accompanying special-purpose financial statements have been prepared on the modified accrual basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles. That basis differs from accounting principles generally accepted in the United States of America in that payments to vendors are recognized when paid instead of when goods or services are received. Also, payments to employees and the executive director for compensated absences (sick leave) are recognized when paid instead of when the leave is earned, and payments to pilots for compensated absences ((vacation, unfunded callback (see Note 12) and sick leave)), retirement, major medical and redemption of member ownership interests (buy-outs) are recognized when paid rather than when the leave is earned or liability incurred. See Notes 8 and 12 for unrecorded liabilities.

PUGET SOUND PILOTS
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

NOTE 1.--NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition

Pilotage revenue is recognized on the accrual basis of accounting when services are performed. Pilotage services are invoiced to their commercial customers in accordance with the tariff regulated by the Washington State Board of Pilotage Commissioners (WAC 363-116-300) (see above). The tariff is designed to cover current operating costs and liabilities and to provide fair, just and reasonable compensation for pilots. In 2019, the law transferred the function of the rate setting from the Washington State Board of Pilotage Commissioners to the Washington Utilities and Transportation Commission. However, during 2020 there were no rate changes and the rates in place were those set by the Washington State Board of Pilotage Commissioners. Effective January 25, 2021 a new tariff set by the WUTC became effective. The new tariff substantially changed the rate charging structure to be based upon a tonnage charge based on the vessel's international gross tonnage. In addition, the pilots have a service time charge of $244.50 per hour, a pilot boat charge of $348 per trip and a transportation charge of $168.20 per trip. Other ancillary charges allow for cancellations, delays or additional services provided.

Pilot Distributable Revenue and Reimbursed Expenses

Puget Sound Pilots passes all revenue and expenses to the individual pilots monthly which is considered a distribution. Puget Sound Pilots is not in the business of retaining profits or providing a return on investment to the individual members (pilots). The objective is to optimize individual member monthly distributions by billing for all pilotage services on behalf of the members and maintaining efficient operations in which to minimize administrative expenses. As a result, each individual pilot receives a monthly distribution which is calculated as an equal share (based on duty days) of all billed revenue net of paid expenses.

In addition, each pilot is reimbursed for travel expenses that they personally incur. These reimbursements have historically come in the form of TEC travel reimbursements as outlined in the tariff (pass through of direct charge to customer) as well as a Port Angeles reposition reimbursement ($163 per reposition assignment). Beginning December 2020, TEC and PA travel was no longer paid to pilots through the distributions but was individually reimbursed to the pilots. The amount included in Seattle operating expenses for the years ended 2021 and 2020 was $1,257,205 and $80,070, respectively.

Cash and Cash Equivalents

Cash and cash equivalents for purposes of the statements of cash flows, includes checking accounts, money market accounts, and certificates of deposit.

NOTE 1.--NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Accounts Receivable, Credit Policies, and Allowance For Doubtful Accounts

Accounts receivable are customer obligations due under trade terms requiring payment within 30 days from the invoice date. Accounts receivable are stated at the amount billed to the customer.

Finance charges are accrued at 1.5% monthly if payment is not made within the normal payment terms. Accounts over 90 days were $4,147 and $17,518 at December 31, 2021 and 2020, respectively.

PSP establishes an allowance for uncollectible trade accounts receivable based on historical collection experience and management's evaluation of collectability of outstanding accounts receivable. At both December 31, 2021 and 2020 the allowance was $5,500.

Property, Boats, and Equipment

Building, boats, equipment (including software) and furnishings are carried at cost. Depreciation and amortization of these assets is provided by the straight-line method over the assets' estimated useful lives which range from 3 to 39 years. Leasehold improvements are amortized over the shorter of the lease term or the assets useful life.

Effective January 1, 2014, PSP instituted a policy under which expenditures of $5,000 or more representing major improvements, replacements or extension of useful lives of property, boats, furnishings and equipment are capitalized. Expenditures for maintenance and repairs are charged to expense as incurred. Major boat and engine repairs are expensed as incurred. Upon sale or retirement of property, boats, furnishings and equipment, the cost and related accumulated depreciation are eliminated from the respective accounts and the resulting gain or loss is included in the results of operations. Depreciation and amortization for the years ended December 31, 2021 and 2020, was $82,800 and $149,144, respectively.

Income Taxes

As a voluntary association of sole proprietors and incorporated individuals, the PSP files a US Partnership Return of Income, which is informational in nature. The income and expense of the PSP includes only items relating to the business of the PSP which pass on to the individual or corporate income tax returns of the pilots. Pilots are responsible for their own income, social security and Medicare taxes. Accordingly, no provision for federal income taxes is represented in the special-purpose financial statements.

PSP asserts on all filings with the Internal Revenue Service that it is a voluntary association of individual persons and corporations and is not a partnership for any purpose whatsoever, including taxation, per a 1954 IRS directive.

PUGET SOUND PILOTS
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

NOTE 1.--NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Taxes (Continued)

PSP measures and recognizes the implications of positions taken or expected to be taken in its tax returns on an ongoing basis in accordance with income tax guidance. PSP had no unrecognized tax benefits or liabilities and no adjustments to its financial position, results of operations or cash flows related to uncertain tax positions taken for the years ended December 31, 2021 and 2020. PSP is no longer subject to federal, state or local income tax examinations by tax authorities for years prior to 2018. If assessed, PSP recognizes penalties and interest associated with tax matters as part of operating expenses.

Use of Estimates

The preparation of special-purpose financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the special-purpose financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Impacts of COVID-19

The outbreak of the COVID-19 pandemic has severely impacted and continues to severely impact the U.S. and global economies. The full impact of the COVID-19 outbreak continues to evolve as of the date the financial statements were available to be issued. As such, it is uncertain as to the full magnitude that the pandemic will have on PSP's financial condition, liquidity, and future results of operations. Management is actively monitoring the impact of the global situation on its financial condition, liquidity, operations, industry and workforce.

NOTE 2.--PROPERTY, BOATS AND EQUIPMENT

Property, boats and equipment are summarized as follows:

	2021	2020
Port Angeles station building	$ 2,104,532	$ 2,104,532
Port Angeles station furnishings and equipment	150,684	150,684
Boat "Juan de Fuca"	3,221,448	3,221,448
Boat "Puget Sound"	3,639,784	3,639,784
Seattle office furnishings, furniture and equipment, including computers	781,727	781,727
	9,898,175	9,898,175
Less accumulated depreciation and amortization	(9,120,143)	(9,037,343)
	$ 778,032	$ 860,832

PUGET SOUND PILOTS
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

NOTE 3.--FUNDS HELD IN TRUST - TRAINING SURCHARGE AND SELF-INSURANCE LIABILITY PREMIUM

Funds held in trust at December 31, 2021 and 2020, consisted of the following:

	2021	2020
Pilotage Commission Trust - trainee surcharge	$ 135,502	$ 107,825
Pilotage Commission self - insurance premium	13,424	13,920
	$ 148,926	$ 121,745

Pilotage Commission Trust – Pilot Trainee Surcharge

PSP acts as a fiduciary agent for the Washington State Board of Pilotage Commissioners (BPC) and collects a training surcharge on behalf of the BPC. This fee is set by the BPC and is invoiced by PSP on a per trainee and per-assignment basis. The funds are scheduled to be transmitted by PSP to the BPC on a monthly basis.

Pilot Trainee surcharge detail for years ended December 31, 2021 and 2020, consisted of the following:

	2021	2020
Pilot Trainee surcharge billed to customers (excluded from Pilotage Revenue on Page 7)	$ 1,172,270	$ 831,735
Pilot Trainee surcharge collected from customers	1,180,011	824,415
Collected and due to the BPC at December 31, 2021 and 2020	98,553	63,135
Billed and uncollected amounts due to the BPC at December 31, 2021 and 2020	40,994	48,735

Pilotage Commission Trust – Self-insurance Liability Premium (SILA)

PSP acts as a fiduciary agent for the Washington State Board of Pilotage Commissioners (BPC) and collects a self-insurance liability account surcharge on behalf of the BPC. This fee was established as a result of the Washington legislative action in 2017.

In order to promptly comply with the provisions described in the Engrossed Senate bill 5096 Sec. 108, effective May 18, 2017, the WUTC filed a new rule under emergency provisions. A public hearing was held in order to permanently adopt the rule, WAC 363-116-301 New Revenue Collection: Effective May 18, 2017 through June 30, 2023, Engrossed Senate Bill No. 5096 Section 108, the board of pilotage commissioners is appropriated $1,100,000 from the multimodal transportation account solely for self-insurance liability premium expenditures.

PUGET SOUND PILOTS
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

NOTE 3.--FUNDS HELD IN TRUST - TRAINING SURCHARGE AND SELF-INSURANCE LIABILITY PREMIUM (Continued)

Pilotage Commission Trust – Self-insurance Liability Premium (SILA) (Continued)

This appropriation requires two stipulated conditions: 1) The Puget Sound Pilots shall pay to the board, from its tariffs, $150,000 annually through July 1, 2022. 2) A self-insurance premium surcharge of $16 shall be added to each Puget Sound pilotage assignment on all vessels requiring pilotage. The Puget Sound Pilots shall remit the total amount of such surcharge generated to the BPC by the 10th of each month. The surcharge is in effect from July 1, 2017 through June 30, 2023.

Self-insurance premium surcharge payable detail for years ended December 31, 2021 and 2020, consisted of the following:

	2021	2020
Self-insurance premium surcharge billed to customers (excluded from Pilotage Revenue on Page 7)	$ 111,248	$ 97,760
Self-insurance premium surcharge collected from customers	113,584	96,896
Collected and due to the BPC at December 31, 2021 and 2020	9,488	7,648
Billed and uncollected amounts due to the BPC at December 31, 2021 and 2020	3,934	6,270

NOTE 4.--FUNDED CALLBACK DAYS

The Utilities and Transportation Commission ordered PSP to use full accrual method accounting to record callback day liabilities. The value of a callback day will be adjusted annually as of May 1 of each year. As of May 1, 2021, the organization began funding all new callback days at a rate of $1,198 per callback day worked. As callback days are earned by pilots a liability is recorded and offsetting expense to the pilots. As callback days are used, the liability is reduced and the expense to pilots is reduced. As of May 1, 2021, all callback days that were previously outstanding were considered unfunded and treated the same way they have been historically (see Note 12). As of May 1, 2021, Pilots use callback days on a last in first out basis. As of December 31, 2021 there were 327 funded days and 2,429 unfunded days outstanding.

PUGET SOUND PILOTS
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS
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NOTE 5.--LONG-TERM LIABILITIES

Notes payable at December 31, 2021 and 2020, consisted of the following:

	2021	2020
Dispatch software note payable to Finance Company secured by PSP assets bearing interest at 1.50% plus the lender's cost of funds (total rate of 3.16% at December 31, 2021 and 2020), monthly payments of $7,667, matured on April 1, 2021.	$ -	$ 22,997
Less current portion	(-)	(22,997)
Total long-term liabilities	$ -	$ -

Total interest expense was $125 and $2,554 for the years ended December 31, 2021 and 2020, respectively.

NOTE 6.--PPP LOAN

During May 2020, the Company received a Paycheck Protection Program (PPP) loan from U.S Bank for $362,969. The PPP is a Small Business Administration (SBA) loan designed to provide a direct incentive for small businesses to keep their workers on the payroll during the COVID-19 pandemic. The original note bore an interest rate of 1%. Under the requirements of the CARES Act, as amended by the PPP Flexibility Act and Consolidated Appropriations Act, 2021, proceeds may only be used for the Company's eligible payroll costs, or other eligible costs related to rent, mortgage interest, utilities, covered operations expenditures, covered property damage, covered supplier costs, covered worker protection expenditures, in each case paid during the 24 week period following disbursement. The PPP loan may be fully forgiven if (i) proceeds are used to pay eligible payroll costs or other eligible costs and (ii) full time employee headcount and salaries are either maintained during the 24 week period following disbursement or restored by December 31, 2020. If not maintained or restored, any forgiveness of the PPP loan would be reduced in accordance with the regulations that were issued by the SBA. PSP made a policy election to classify the loan as current debt as of December 31, 2020, on the accompanying special-purpose statements of assets, liabilities, and pilots' equity and to exclude the PPP loan payments from the future minimum payments schedule. Effective July 23, 2021, the Company received full forgiveness of the loan and recognized income from forgiveness of the PPP loan amount of $362,969 in the accompanying statements of revenues, expenses and changes in Pilots' equity. The income from loan forgiveness was not included in pilots net income from pooled operations.

NOTE 7.--LINE OF CREDIT

PSP had a line of credit with a bank in the amount of $500,000 which expired September 25, 2021, and was renewed with the bank in the amount of $1,000,000 that expires September 30, 2022. The line of credit bears interest at an annual rate equal to the 1-month LIBOR rate plus 1.35%. The interest rate was 1.48% and 1.54% at December 31, 2021 and 2020, respectively. The balance outstanding at both December 31, 2021 and 2020 was $0. Accounts, equipment, and other assets are security on the line. The agreement also requires PSP to provide periodic and annual financial statements prepared in accordance with generally accepted accounting principles. The bank has been provided with these special-purpose financial statements prepared in accordance with the modified accrual basis of accounting.

NOTE 8.--RETIREMENT PLANS AND UNRECORDED LIABILITY - PILOTS AND FORMER EXECUTIVE DIRECTOR

A retirement program, identified as Plan 1, was adopted in 1982 and most recently amended in August 2006. The program provides each retired pilot and a former executive director an annual income (paid monthly) of 1.50% of the average of the final three years Target Net Income, as established by the Pilotage Commission (or actual average net income for any year in which there is no target net income) multiplied by the number of years of service.

Pilots who retired between December 31, 1978, and December 31, 1981, participate in a retirement plan known as the "Retirement Agreement of 1978." Members who retired prior to that date participate in a smaller plan known as the "Trust Contract." Surviving spouses of members receive a benefit equal to 50% of the member's entitlement.

Retirement payments to eligible recipients are made from currently earned PSP income. There is no separate, segregated fund for satisfaction of future retirement income. As of December 31, 2021, and 2020, there were no assets earmarked for future benefits. For nearly four decades, from 1967-2006, the BPC recognized the annual ongoing costs of the pilot retirement plans as allowed expenses in revenues generated by the pilotage tariff. An estimate of the unfunded retirement program liability as of December 31, 2021 and 2020, has not been quantified. See Note 12 for further discussion of unrecorded liabilities.

NOTE 9.--RETIREMENT PLANS - EMPLOYEES

The PSP union employee retirement plan is defined in the collective bargaining agreement between PSP and the Inland boatmen's Union of the Pacific (Union).

The Union sponsors a contributory 401(k) plan so that employees may contribute a portion of their pretax income into a retirement plan. All Union employees are eligible to participate upon commencing employment. PSP does not sponsor or contribute to the Union's 401(k) plan. See Note 13 for Union pension information.

NOTE 9.--RETIREMENT PLANS – EMPLOYEES (Continued)

The PSP non-union employee retirement plan is a 401(k) plan. The plan allows for elective deferrals and provides a safe harbor match and discretionary profit sharing contribution. PSP contributions to the Plan for 2021 and 2020 were $4,929 and $30,223, respectively. As of December 31, 2021 and 2020 there was 0 and 1 eligible participants, respectively. See Note 15.

NOTE 10.--LEASES

Port Angeles Station

A building serving as a boarding and boat station is constructed on tidelands leased from the State of Washington. PSP had a lease with the State of Washington Department of Natural Resources that expired July 2021. Effective July 2021, the lease was renewed for 12 years ending July 2033. Rent expense related to this lease for 2021 and 2020 was $3,918 and $4,542, respectively.

Seattle Office

The Seattle office lease is for seven years ending November 2026 and has a five-year extension option. The lease has annual increases in rental rate per square foot. Rent is expensed as incurred and not amortized ratably over the lease term. Rent expense related to the Seattle location for 2021 and 2020 was $115,880 and $102,925, respectively.

PSP obtained an operating lease for PPU's in 2018. The lease is for 53 units for a period of 36 months effective July 1, 2018 and expired during 2021 and continued on a month to month basis until new units are purchased. See Note 15. Rent expense related to this lease for 2021 and 2020 was $335,820 and $338,478, respectively.

The following is a schedule of future minimum lease payments for non-cancelable operating leases as of December 31, 2021:

Years ending December 31,	
2022	$ 119,619
2023	123,118
2024	126,732
2025	130,446
2026	123,045
Thereafter	16,493
	$ 639,453

Total Leases

Total rent expense for all leases including parking, which is on a month-to-month agreement, was $528,503 and $520,067 for 2021 and 2020, respectively.

NOTE 11.--CONCENTRATIONS

PSP maintains cash balances in certain financial institutions that may, at times, exceed limits insured by the FDIC. PSP does not believe that it is exposed to significant credit risk on cash and cash equivalents as deposits are maintained in high quality financial institutions and PSP has not experienced any losses in such accounts.

There were no accounts receivable concentrations for the year ended December 31, 2021. One customer accounted for approximately 12% of accounts receivable for the year ended December 31, 2020. One customer accounted for approximately 12% of revenue for the years ended December 31, 2021 and 2020.

PSP derives its income from services performed within Puget Sound waters. Any disruption of ship travel within this region may significantly affect revenues and services.

NOTE 12.--UNRECORDED LIABILITIES

As noted in Note 1, these special-purpose financial statements are prepared on the modified accrual basis of accounting. This method of accounting and reporting permits PSP to present these special-purpose financial statements without recording the related liability for goods and services received but not paid, employee services earned but not paid, and the various pilot services earned but not paid. Thus, PSP is on a "pay-as-you-go" basis for most liabilities.

The following are unrecorded liabilities at December 31, 2021 and 2020:

Individual pilots earn respite time in paid days for working engagements during the two-week off part of their two-week on (duty)/two-week off (respite) watch periods. In addition, members earn 1.4 days of vacation for each watch period worked. Whenever the volume of shipping requires, members on respite or vacation may be called back to perform assignments during their off duty (respite) period and be credited with an unfunded callback day (also known as a "comp day"). For years ended December 31, 2021 and 2020 total unfunded callback days outstanding were 2,429 and 3,075, respectively. The estimated value of those days was approximately $3,934,980 and $3,437,850, respectively. See Note 4 for funded callback days.

The value of a callback day is directly related to the earnings of an active pilot (balance of pilotage revenue pooled per pilot) as of the respective year end. If those earnings adjust up or down, the value of the callback day - and the amount of the unrecorded liability associated with it – adjusts up or down by the same amount.

NOTE 12.--UNRECORDED LIABILITIES (Continued)

PSP's major medical plan provides for a continuation of full-share distributions for up to six watches to pilots who, due to illness or injury, are physically unable to pilot. During 2021 and 2020, 4.7 and 14.9 monthly payments, respectively, were made to different pilots under this operating rule. An estimate of the liability for major medical as of December 31, 2021 and 2020, has not been determined.

As pilots retire, PSP buys their membership out over a period of six years. As of December 31, 2021, and 2020, the amount due to retired pilots under the membership buyout is approximately $5,078,549 and $4,458,770, respectively.

Redemption of pilot membership interest for pilots being paid out as of December 31, 2021, due for each of the next five years and in the aggregate, are as follows:

Years ended December 31,	
2022	$1,342,931
2023	1,302,861
2024	971,878
2025	730,878
2026	457,909
Thereafter	272,092
	$5,078,549

Annual unpaid vacation value was approximately $751,842 and $539,211 at December 31, 2021 and 2020, respectively. This is estimated based on balance of revenue pool per day and the working pilot roster as of each respective year end.

All Union employees earn vacation and sick leave in accordance with the Union contract. Employees are entitled to 6 days of sick leave per year and may only carry forward a maximum of 90 days. Non-union employees earn vacation and sick leave in accordance with their contract. Unused sick leave may carryover from one year to another and may accrue up to a maximum of 90 days. An estimate of the liability for employee and non-union employees compensated absences as of December 31, 2021 and 2020, has not been determined.

NOTE 13.--COMMITMENTS AND CONTINGENCIES

Effective January 1, 2018 a collective bargaining agreement between the Puget Sound Pilots (PSP) and the Inland Boatmen's Union of the Pacific was contracted for the period January 1, 2018 through June 30, 2021. Through the date the financial statements were available to be issued, the Puget Sound Pilots (PSP) and the Inland Boatmen's Union of the Pacific remain in negotiations and are operating under the same agreement.

NOTE 13.--COMMITMENTS AND CONTINGENCIES (Continued)

PSP contributes to the Union's Trust, the purpose of which is to provide for hospital, medical, dental, vision care, time loss and life insurance benefits for all Union employees. Contributions to the Trust were $288,457 and $283,114 for the years ended December 31, 2021 and 2020, respectively, and are recorded on the cash basis in the accompanying special-purpose financial statements.

PSP also contributes to the Union's Trust, the purpose of which is to provide pensions and annuities for the benefit of employees who qualify under the provisions of the Union's retirement plan (Inland boatmen's Union of the Pacific National Pension Plan) and to provide benefits to the beneficiaries of the employees.

Contributions to the trust were $124,516 and $123,360 for the years ended December 31, 2021 and 2020, respectively, and are recorded on the cash basis in the accompanying special-purpose financial statements. Contributions include supplemental contributions under the Rehabilitation Plan adopted by the Union not to exceed 6.05% per year.

Under the terms of the Union contract, PSP makes "defined contributions" and not "defined benefits." PSP does not consent to the existence or maintenance of any funding deficiency. Accordingly, PSP's liability is limited to the making of contributions as prescribed by the agreement.

NOTE 14.--CONTINGENT UTC LIABILITY

On November 25, 2020, the Washington Utilities and Transportation Commission ("WUTC") entered Order 9 establishing new tariff rates authorizing the Puget Sound Pilots ("PSP") to collect revenues for pilotage based on a piloted vessel's international gross tonnage regardless of whether the vessel is engaged in international or exclusively coastwise commerce. The new tariff rates became effective on January 25, 2021. In reliance on Order 9, PSP collected revenue for services provided in 2021 to vessels owned by TOTE Maritime Alaska, LLC ("TOTE"). On August 26, 2021, TOTE filed a petition to amend Order 9 to amend PSP's tariff to establish a lower pilotage fee for TOTE vessels based on registered gross tonnage. On February 24, 2022, the WUTC entered Order 13 requiring PSP create a deferral account retroactive to August 26, 2021 for the incremental difference between the amounts actually charged to TOTE vessels and rates based on registered gross tonnage. As a result, PSP has reserved funds totaling $124,239 as a contingent liability for 2021 that will be resolved in PSP's next general rate case before the WUTC. PSP intends to file its rate case in 2022 and that case likely will be concluded in 2023.

NOTE 15.--SUBSEQUENT EVENTS

Effective January 1, 2022 the Puget Sound Pilots 401(k) Profit Sharing Plan became effective for certain nonunion eligible employees, this plan replaces the plan discussed in Note 9 for non-union employees. The plan allows immediate participation for eligible employees. The plan also allows for discretionary matching as determined by the board.

An LLC was established in order to hold new PPU units that will be purchased and owned by the LLC (leased in prior years). Puget Sound Pilots will pay a rental fee monthly to the LLC for use of these units. All activity will be consolidated on the year end December 31, 2022 audited financial statements.

Management has evaluated subsequent events through April 25, 2022, the date which the financial statements were available to be issued.

S U P P L E M E N T A R Y

I N F O R M A T I O N

PUGET SOUND PILOTS
COMMENTS ON 2021 OPERATIONS

A. FEATURES OF INDIVIDUAL DISTRIBUTIONS

		2021	
1.	Total annual duty days		19,315	
2.	Working Pilot roster			
	(duty days divided by days in year, rounded to nearest tenth)		52.9	*
3.	Piloting engagements		6,953	
4.	Total pilotage revenue			
	per day per pilot	$	1,654	
5.	Expense per day per pilot	$	844	
6.	Balance of revenue pool			
	per day per pilot	$	810	

B. OPERATING RESULTS, 2021

			2021
1.	Total Pilotage Revenue		$ 31,954,603
2.	Seattle	$ 13,667,849	
3.	Boats	2,067,075	
4.	Port Angeles	327,583	
5.	Operating expense - pooled		(16,062,507)
6.	Disability Insurance Expense @ $4,700	$ 248,714	
7.	Expense - other		(248,714)
8.	Balance of Pilotage Revenue Pooled		$ 15,643,382
9.	Working Pilot Roster		52.9
10.	Balance of Pilotage Revenue Pooled Per Pilot		$ 295,616

* The active roster was 51 and 53 pilots at December 31, 2021 and 2020. Based upon days of duty, the 2021 working pilot roster averaged 52.9 pilots as compared with 51.5 pilots in 2020.

PUGET SOUND PILOTS

SCHEDULE OF DAYS OF SERVICE AND DISTRIBUTION OF
PILOTAGE REVENUE AND EXPENSE

Year Ended December 31, 2021

Pilot Handle	(1) Days of Service	(2) Credit for Pilotage Revenue	(3) Charge for Operating Expense	(4) Charge for Other Expense	(5)*** Annual earnings after deductions
1. ANA	365	$ 603,853	$ 303,537	$ 4,700	$ 295,616
2. ANT	365	603,853	303,537	4,700	295,616
3. BEN	365	603,853	303,537	4,700	295,616
4. BOU	365	603,853	303,537	4,700	295,616
5. BOZ	365	603,853	303,537	4,700	295,616
6. BRU	365	603,853	303,537	4,700	295,616
7. BUJ	365	603,853	303,537	4,700	295,616
8. CAI	365	603,853	303,537	4,700	295,616
9. CAW	365	603,853	303,537	4,700	295,616
10. CAJ	365	603,853	303,537	4,700	295,616
11. COL	365	603,853	303,537	4,700	295,616
12. COR	365	603,853	303,537	4,700	295,616
13. EME	365	603,853	303,537	4,700	295,616
14. GAL	365	603,853	303,537	4,700	295,616
15. GAR**	95	157,167	79,003	1,223	76,941
16. GRK	365	603,853	303,537	4,700	295,616
17. GRD	365	603,853	303,537	4,700	295,616
18. HAJ	365	603,853	303,537	4,700	295,616
19. HAM	365	603,853	303,537	4,700	295,616
20. HAR *	333	550,913	276,925	4,288	269,700
Subtotal Forward	6,998	$ 11,577,434	$ 5,819,594	$ 90,111	$ 5,667,729

* Pilot is retired as of December 31, 2021
** Pilot started in 2021
*** Amount does not include individual income and FICA taxes
Formula for column (5) = (2) - (3) - (4)

See notes on page 27

PUGET SOUND PILOTS

SCHEDULE OF DAYS OF SERVICE AND DISTRIBUTION OF
PILOTAGE REVENUE AND EXPENSE

Year Ended December 31, 2021

Pilot Handle	(1) Days of Service	(2) Credit for Pilotage Revenue	(3) Charge for Operating Expense	(4) Charge for Other Expense	(5)*** Annual earnings after deductions
Subtotal Forward.....	6,998	$ 11,577,434	$ 5,819,594	$ 90,111	$ 5,667,729
21. HED	365	603,853	303,537	4,700	295,616
22. HEN*	273	451,649	227,029	3,515	221,105
23. HUP	365	603,853	303,537	4,700	295,616
24. JEN	365	603,853	303,537	4,700	295,616
25. KAL	365	603,853	303,537	4,700	295,616
26. KEA	365	603,853	303,537	4,700	295,616
27. KEN	365	603,853	303,537	4,700	295,616
28. KEP	365	603,853	303,537	4,700	295,616
29. KLA	365	603,853	303,537	4,700	295,616
30. KNU**.....	331	547,604	275,262	4,262	268,080
31. KRI.....	365	603,853	303,537	4,700	295,616
32. LOB	365	603,853	303,537	4,700	295,616
33. LOW*	88	145,587	73,181	1,133	71,273
34. MAY*	334	552,567	277,757	4,301	270,509
35. MCN.....	365	603,853	303,537	4,700	295,616
36. MCG	365	603,853	303,537	4,700	295,616
37. MEL	365	603,853	303,537	4,700	295,616
38. MIL	365	603,853	303,537	4,700	295,616
39. MOO**.....	39	64,521	32,433	502	31,586
40. MOT	365	603,853	303,537	4,700	295,616
Subtotal Forward.....	13,538	$ 22,397,157	$ 11,258,311	$ 174,324	$ 10,964,522

* Pilot is retired as of December 31, 2021
** Pilot started in 2021
*** Amount does not include individual income and FICA taxes
Formula for column (5) = (2) - (3) - (4)

See notes on page 27

PUGET SOUND PILOTS

SCHEDULE OF DAYS OF SERVICE AND DISTRIBUTION OF
PILOTAGE REVENUE AND EXPENSE

Year Ended December 31, 2021

Pilot Handle	(1) Days of Service	(2) Credit for Pilotage Revenue	(3) Charge for Operating Expense	(4) Charge for Other Expense	(5)*** Annual earnings after deductions
Subtotal Forward.....	13,538	$ 22,397,157	$ 11,258,311	$ 174,324	$ 10,964,522
41. MYE	365	603,853	303,537	4,700	295,616
42. NEW	365	603,853	303,537	4,700	295,616
43. NIN	365	603,853	303,537	4,700	295,616
44. ROU	365	603,853	303,537	4,700	295,616
45. SCR	365	603,853	303,537	4,700	295,616
46. SEA	365	603,853	303,537	4,700	295,616
47. SEM	365	603,853	303,537	4,700	295,616
48. SES	365	603,853	303,537	4,700	295,616
49. SEY	365	603,853	303,537	4,700	295,616
50. SHA*	302	499,651	251,141	3,890	244,620
51. SID	365	603,853	303,537	4,700	295,616
52. SLI	365	603,853	303,537	4,700	295,616
53. SOR	365	603,853	303,537	4,700	295,616
54. THG	365	603,853	303,537	4,700	295,616
55. VEL	365	603,853	303,537	4,700	295,616
56. VON	365	603,853	303,537	4,700	295,616
Total.....	19,315	$ 31,954,603	$ 16,062,507	$ 248,714	$ 15,643,382

* Pilot is retired as of December 31, 2021
** Pilot started in 2021
*** Amount does not include individual income and FICA taxes
Formula for column (5) = (2) - (3) - (4)

See notes on page 27

PUGET SOUND PILOTS

NOTES TO SCHEDULE OF DAYS OF SERVICE AND DISTRIBUTION
OF PILOTAGE REVENUE AND EXPENSE

Year Ended December 31, 2021

A. PSP bylaws provide for distribution of revenues for piloting services in proportion to days of duty and distributions of pooled expenses equally, except for certain treatments and dispensations in unusual circumstances at the discretion of the Board of Directors. See columns (2), (3), (4) and (5).
    a. Column (1): Days of Service is the total number of days the pilot was an active pilot on pilot roster.
    b. Column (2): Credit for Pilotage Revenue is the total gross tariff revenue which represents the annual earnings of individual pilots before deductions for expenses of pilot organization [Ref: RCW 88.16.035 (1)(f)]. Column (2) excludes SILA and Trainee surcharge charges.
    c. Column (3): Charge for Operating Expense is the deduction from pilotage revenue for operating expenses of the Puget Sound Pilots shared evenly among all pilots based on days of service.
    d. Column (4): Charge for Other Expense includes the individual out of pocket allowance of $4,700 per pilot for disability insurance.
    e. Column (5): Annual earnings after deductions represents the annual earnings of individual pilots after deductions for expenses of pilot organization. [Ref: RCW 88.16.035 (1)(f)].

PUGET SOUND PILOTS

SCHEDULE OF RETIREMENT INCOME FOR INACTIVE
PILOTS AND OTHER ELIGIBLE PARTICIPANTS

Year Ended December 31, 2021

1.	AWN	$ 19,223	38.	LOW	35,417
2.	AND	36,739	39.	MAC	144,363
3.	ARN	135,942	40.	MAR	63,634
4.	BLA	61,169	41.	MAT	126,912
5.	BOW	95,535	42.	MAY	16,369
6.	BRO	33,985	43.	MCC	120,303
7.	BUN	124,983	44.	MEN	44,154
8.	CAA	17,273	45.	MEN	88,308
9.	COE	150,408	46.	MIB	133,670
10.	CRA	9,694	47.	MIC	12,682
11.	ENM	94,908	48.	MOR	88,973
12.	ENG	125,198	49.	MOS	17,395
13.	ENF	19,825	50.	MUR	33,855
14.	ENV	69,510	51.	NIE	111,012
15.	FLA	171,696	52.	OST	53,105
16.	FOS	95,535	53.	PEA	35,698
17.	GAV	64,587	54.	PET	98,544
18.	GIE	139,021	55.	POO	45,314
19.	GOO	50,641	56.	ROB	54,173
20.	HAN	162,491	57.	SAC	20,558
21.	HAR	15,881	58.	SAN	124,613
22.	HEN	30,990	59.	SCO	79,299
23.	HOLS	28,791	60.	SHA	34,925
24.	HUN	77,760	61.	SHJ	164,180
25.	HUR	91,754	62.	SHU	118,591
26.	JAC	125,198	63.	SNY	62,964
27.	JOC	54,173	64.	STE	107,808
28.	JOM	52,872	65.	THJ	48,557
29.	JUS	148,218	66.	THL	39,980
30.	KJE	29,611	67.	THW	110,204
31.	KNO	96,242	68.	WAR	63,946
32.	KRO	149,304	69.	WAJ	45,295
33.	LAC	96,242	70.	WER	37,383
34.	LAR	69,672	71.	WLD	62,307
35.	LIC	131,930	72.	WIL	39,460
36.	LIN	7,200	73.	WOO	135,884
37.	LOF	13,442			
	TOTAL				$ 5,517,478

PUGET SOUND PILOTS

SCHEDULE OF SEATTLE OFFICE OPERATING EXPENSE
AND ADMINISTRATIVE OVERHEAD
(IN DOLLAR AMOUNT AND AS A PERCENTAGE OF PILOTAGE REVENUE)

Year Ended December 31, 2021

1.	Attorney fees	$ 462,577	1.4%
2.	Callback days	389,350	1.2%
3.	Commisson - senate bill 5096	150,000	0.5%
4.	Computer maintenance	334,496	1.0%
5.	Computer programming	10,177	0.0%
6.	Consulting services	235,898	0.7%
7.	CPA fees	86,307	0.3%
8.	Depreciation and amortization	41,704	0.1%
9.	Drug testing	10,297	0.0%
10.	Dues	171,950	0.5%
11.	Employee benefits	161,309	0.5%
12.	Employee salaries	930,096	2.9%
13.	Equipment leases	335,820	1.1%
14.	Former director retirement	69,502	0.2%
15.	Insurance	246,233	0.8%
16.	Interest	125	0.0%
17.	License fees - commission	344,500	1.1%
18.	Lobbyist	75,309	0.2%
19.	Medical insurance - pilots	1,644,567	5.1%
20.	Office maintenance and repair	7,638	0.0%
21.	Office supplies	81,751	0.3%
22.	Pilot training	58,339	0.2%
23.	Printing and publications	6,289	0.0%
24.	Puget Sound retirement	5,517,478	17.3%
25.	Rent and parking	188,765	0.6%
26.	Taxes on payroll	69,388	0.2%
27.	Taxes, other	1,494	0.0%
28.	Taxes on revenue	599,698	1.9%
29.	Travel and promotion	1,292,223	4.0%
30.	Telephone and communications	21,233	0.1%
31.	UTC Regulation Fees	123,336	0.4%
	TOTAL	$ 13,667,849	42.8%

PUGET SOUND PILOTS

SCHEDULE OF BOAT OPERATING EXPENSE
(IN DOLLAR AMOUNT AND AS A PERCENTAGE OF PILOTAGE REVENUE)

Year Ended December 31, 2021

1.	Depreciation	$ 28	0.0%
2.	Employee benefits	256,593	0.8%
3.	Employee salaries	834,299	2.6%
4.	Fuel of "Juan de Fuca"	178,282	0.6%
5.	Fuel of "Puget Sound"	126,082	0.4%
6.	Insurance	107,963	0.3%
7.	Maintenance and operation of "Juan de Fuca"	24,000	0.1%
8.	Maintenance and operation of "Puget Sound"	468,974	1.5%
9.	Taxes on payroll	65,837	0.2%
10.	Taxes on property	5,017	0.0%
	TOTAL	$ 2,067,075	6.5%

PUGET SOUND PILOTS

SCHEDULE OF PORT ANGELES STATION OPERATING EXPENSE
(IN DOLLAR AMOUNT AND AS A PERCENTAGE OF PILOTAGE REVENUE)

Year Ended December 31, 2021

1.	Depreciation	$ 41,067	0.1%
2.	Education	315	0.0%
3.	Food	85,203	0.3%
4.	Insurance	41,326	0.1%
5.	Lodging	110	0.0%
6.	Maintenance and repairs	63,810	0.2%
7.	Rent, tideland lease	3,918	0.0%
8.	Supplies	25,076	0.1%
9.	Taxes on property	14,173	0.0%
10.	Telephone and communications	22,940	0.1%
11.	Utilities	29,645	0.1%
	TOTAL	$ 327,583	1.0%

PUGET SOUND PILOTS

SCHEDULE OF EMPLOYEES

December 31, 2021

	Employee	Position
1.	T. Burnell	Dispatcher/Clerk
2.	J. Clark	Deckhand/Engineer
3.	M. Marvelle	Deckhand/Engineer
4.	M. Gregson	Deckhand/Engineer
5.	K. Houston	Dispatcher/Clerk
6.	P. Jacobsen	Deckhand/Engineer
7.	J. Melvin	Deckhand/Engineer
8.	E. Flack	Controller
9.	J. Rushton	Boat Operator
10.	D. Shideler	Deckhand/Engineer
11.	C. Costanzo	Executive Director
12.	B. Valentine	Dispatcher/Clerk
13.	D. Warczak	Clerk
14.	R. Welch	Lead Boat Operator
15.	M. Brooks	Office Manager