



PACIFIC LUMBER INSPECTION BUREAU

Financial Statements

For the Years Ended December 31, 2019 and 2018

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Independent Accountant's Review Report

**To the Board of Directors
Pacific Lumber Inspection Bureau
Federal Way, Washington**

We have reviewed the accompanying statements of financial position of the Pacific Lumber Inspection Bureau (PLIB) as of December 31, 2019 and 2018, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of PLIB's management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management's Responsibility for the Financial Statements

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

Accountant's Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

Accountant's Conclusion

Based on our reviews, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

Clark Nuber P.S.

Certified Public Accountants
June 26, 2020



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PACIFIC LUMBER INSPECTION BUREAU

Statements of Financial Position
December 31, 2019 and 2018

	2019	2018
Assets		
Current Assets:		
Cash and cash equivalents	\$ 296,663	\$ 75,165
Accounts receivable-		
Member mills and subscribers,		
net of allowance of \$16,343 (\$2,733 - 2018)	613,358	196,714
Interest	657	335
Investments	1,175,470	396,839
Prepaid expenses	159,445	26,597
Property held for sale	781,963	
Total Current Assets	3,027,556	695,650
Property and Equipment:		
Furniture and fixtures	71,583	66,217
Automobiles	210,769	174,125
	282,352	240,342
Accumulated depreciation	(193,036)	(226,292)
Total Property and Equipment, Net	89,316	14,050
Total Assets	\$ 3,116,872	\$ 709,700
Liabilities and Net Assets		
Current Liabilities:		
Accounts payable	\$ 126,722	\$ 41,811
Accrued expenses and other liabilities	289,887	80,016
Current portion of capital leases	21,337	4,464
Total Current Liabilities	437,946	126,291
Capital leases, less current portion	58,798	9,373
Member and subscriber deposits	478,646	57,820
Total Liabilities	975,390	193,484
Net Assets:		
Net assets without donor restrictions-		
Undesignated	2,162,049	479,918
Board designated	(20,567)	36,298
Total Net Assets Without Donor Restrictions	2,141,482	516,216
Total Liabilities and Net Assets	\$ 3,116,872	\$ 709,700

See accompanying notes.

PACIFIC LUMBER INSPECTION BUREAU

**Statements of Activities
For the Years Ended December 31, 2019 and 2018**

	<u>2019</u>	<u>2018</u>
Operating Activities		
Revenues:		
Program assessments	\$ 3,101,536	\$ 968,043
ALS/CLS/NLGA fees and assessments	346,601	276,074
Supervisor fees	97,599	33,268
Other income	80,369	2,139
	<u>3,626,105</u>	<u>1,279,524</u>
Total Revenues	3,626,105	1,279,524
Expenses:		
Salaries	1,803,378	573,589
Employee benefits and taxes	621,150	190,023
Travel	603,405	84,942
ALS/CLS/NLGA dues and expenses	425,065	319,139
Professional fees	116,950	39,292
Information technology, printing, office supplies and postage	79,900	10,710
Miscellaneous	84,281	65,696
Depreciation	76,491	12,444
Insurance	60,332	28,945
Rent and utilities	46,733	29,737
Meetings	42,473	26,668
Telephone	40,136	10,714
Supervisory consulting	37,734	6,499
	<u>4,038,028</u>	<u>1,398,398</u>
Total Expenses	4,038,028	1,398,398
Change in Net Assets From Operating Activities	(411,923)	(118,874)

See accompanying notes.

PACIFIC LUMBER INSPECTION BUREAU

Statements of Activities (Continued)
For the Years Ended December 31, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Nonoperating Activities		
Interest income	16,598	2,783
Realized/unrealized gain (loss) on investments	146,707	(14,985)
Contribution related to acquisition of WCLIB	1,846,821	
Other income	<u>2,721</u>	<u>949</u>
Change in Net Assets From Nonoperating Activities	<u>2,012,847</u>	<u>(11,253)</u>
Change in Net Assets Before Foreign Currency Translation	1,600,924	(130,127)
Foreign currency translation gain (loss)	<u>24,342</u>	<u>(46,622)</u>
Total Change in Net Assets Without Donor Restrictions	<u>1,625,266</u>	<u>(176,749)</u>
Net assets, beginning of year	<u>516,216</u>	<u>692,965</u>
Net Assets, End of Year	<u>\$ 2,141,482</u>	<u>\$ 516,216</u>

See accompanying notes.

PACIFIC LUMBER INSPECTION BUREAU

Statements of Functional Expenses
For the Year Ended December 31, 2019

	<u>Program</u>	<u>Management and General</u>	<u>2019 Total</u>
Salaries	\$ 1,637,188	\$ 166,190	\$ 1,803,378
Travel	577,830	25,575	603,405
Employee benefits and taxes	560,415	60,735	621,150
ALS/CLS/NLGA dues and expenses	425,065		425,065
Professional fees	11,695	105,255	116,950
Miscellaneous	53,351	30,930	84,281
Information technology, printing, office supplies and postage	13,583	66,317	79,900
Depreciation	57,367	19,124	76,491
Insurance		60,332	60,332
Rent and utilities		46,733	46,733
Meetings	3,647	38,826	42,473
Telephone	14,449	25,687	40,136
Supervisory consulting	37,734		37,734
Total Expenses	<u>\$ 3,392,324</u>	<u>\$ 645,704</u>	<u>\$ 4,038,028</u>

See accompanying notes.

PACIFIC LUMBER INSPECTION BUREAU

Statements of Functional Expenses
For the Year Ended December 31, 2018

	<u>Program</u>	<u>Management and General</u>	<u>2018 Total</u>
Salaries	\$ 439,064	\$ 134,525	\$ 573,589
Travel	79,952	4,990	84,942
Employee benefits and taxes	154,434	35,589	190,023
ALS/CLS/NLGA dues and expenses	319,139		319,139
Professional fees	3,929	35,363	39,292
Miscellaneous	52,147	13,549	65,696
Information technology, printing, office supplies and postage	1,069	9,641	10,710
Depreciation	9,333	3,111	12,444
Insurance		28,945	28,945
Rent and utilities		29,737	29,737
Meetings	3,001	23,667	26,668
Telephone	9,107	1,607	10,714
Supervisory consulting fees	6,499		6,499
Total Expenses	<u>\$ 1,077,674</u>	<u>\$ 320,724</u>	<u>\$ 1,398,398</u>

See accompanying notes.

PACIFIC LUMBER INSPECTION BUREAU

**Statements of Cash Flows
For the Years Ended December 31, 2019 and 2018**

	<u>2019</u>	<u>2018</u>
Cash Flows From Operating Activities:		
Change in net assets without donor restrictions	\$ 1,625,266	\$ (176,749)
Adjustments to reconcile change in net assets without donor restrictions to net cash used in operating activities-		
Depreciation	76,491	12,444
Foreign currency translation (gain) loss	(10,762)	46,622
In-kind contribution related to WCLIB acquisition	(1,666,191)	
Realized/unrealized (gain) loss on investments	(146,707)	14,985
Changes in assets and liabilities, net:		
Accounts receivable	(100,972)	(39,055)
Prepaid expenses	(68,650)	9,938
Accounts payable	26,517	(11,686)
Accrued expenses and other liabilities	(15,187)	6,736
Member mill and subscriber deposits	8,426	(1,445)
Net Cash Used in Operating Activities	(271,769)	(138,210)
Cash Flows From Investing Activities:		
Purchase of investments	(1,127,393)	(18,909)
Proceeds from sale of investments	1,639,879	115,250
Purchase of equipment	(4,663)	(503)
Net Cash Provided by Investing Activities	507,823	95,838
Cash Flows From Financing Activities:		
Repayments on capital leases	(14,556)	(4,748)
Net Cash Used in Financing Activities	(14,556)	(4,748)
Net Change in Cash and Cash Equivalents	221,498	(47,120)
Cash and cash equivalents balance, beginning of year	75,165	122,285
Cash and Cash Equivalents Balance, End of Year	\$ 296,663	\$ 75,165
Supplementary Disclosure of Cash Flow Information:		
Investments, property and equipment acquired through WCLIB acquisition	\$ 1,982,974	\$ -
Acquisition of equipment through capital leases	\$ 80,854	\$ -

See accompanying notes.

PACIFIC LUMBER INSPECTION BUREAU

Notes to Financial Statements For the Years Ended December 31, 2019 and 2018

Note 1 - Nature of Operations and Significant Accounting Policies

The Bureau - Pacific Lumber Inspection Bureau (PLIB) is a nonprofit corporation. PLIB provides quality inspection and grading services to lumber manufacturers, wholesalers and specifiers or interested parties in lumber transactions. PLIB also provides quality control inspection at glulam timber manufacturing facilities, wood truss manufacturing facilities and cross-laminated timber manufacturing facilities as well as wood packaging manufacturing facilities and heat treating facilities that are required to comply with phytosanitary regulations for export.

PLIB's lumber inspection and grading services are principally provided in the Western United States, Canada and Europe. AITC glulam inspection services are also provided East of the Mississippi river. Policies and procedures of PLIB are formulated by its Board of Directors. The Board of Directors is elected each year by PLIB's members. Each member is entitled to only one vote regardless of the member's mill size or volume of lumber production.

Basis of Presentation - Net assets and revenues, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of PLIB and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions - Net assets that are not subject to donor-imposed stipulations. Changes in this category of net assets include restricted contributions whose donor-imposed restrictions were met during the fiscal year.

Net Assets With Donor Restrictions - Net assets subject to donor-imposed stipulations that will be met either by actions of PLIB and/or the passage of time. PLIB had no net assets with donor restrictions at both December 31, 2019 and 2018.

Revenues are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law. Expirations of net assets with donor restrictions (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets.

Cash and Cash Equivalents - PLIB considers all highly liquid debt instruments with an original maturity of three months or less, other than those held in the investment portfolio, to be cash equivalents.

Investments - Investments are reported at fair value based on quoted market prices, except for certificates of deposit and Government Investment Certificates, which are reported at cost plus accrued interest. Realized and unrealized gains and losses are reflected in the statements of activities.

Accounts Receivable - Accounts receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a charge to change in net assets and a credit to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable.

Property and Equipment - PLIB capitalizes property and equipment with a value greater than \$1,000, at cost. Depreciation is provided using the straight-line method. Estimated useful lives of office equipment and automobiles range from three to seven years. The estimated useful life of the building is 25 years.

PACIFIC LUMBER INSPECTION BUREAU

**Notes to Financial Statements
For the Years Ended December 31, 2019 and 2018**

Note 1 - Continued

Accrued Expenses and Other Liabilities - Included in accrued expenses and other liabilities are the following balances at December 31:

	<u>2019</u>	<u>2018</u>
Accrued payroll, vacation and benefits	\$ 166,102	\$ 20,238
Pension liability	101,878	54,699
Building sale deposit held	20,000	
Deferred lease liability	1,907	5,079
	<u><u>\$ 289,887</u></u>	<u><u>\$ 80,016</u></u>

Revenue Recognition - PLIB provides quality inspection and grading services to lumber manufacturers and other manufacturers of wood products such as glulam and wood packaging as well as wholesalers, specifiers and other parties interested in lumber and wood products transactions. Program assessment and ALS/CLS/NLGA fees and assessment revenues are recognized over the period of time the members received inspection and grading services. The amounts of revenue earned is based upon the board footage shipments of its member companies for the month or on a flat monthly fee. Generally, the Organization invoices members and subscribers in the month subsequent to providing service. At the time of initial membership PLIB collects deposits from member mills and subscribers to be used for payment of inspection operating expenses in advance of inspection services provided. Deposit balances are refunded upon cancellation of membership.

Significant balances associated with fee and assessment revenues are as follows:

	<u>2019</u>	<u>2018</u>
Contract Assets:		
Accounts receivable-		
Accrued revenue	\$ 278,058	\$ 96,548
Accounts receivable, net	335,300	100,166
Total Accounts Receivable	<u><u>\$ 613,358</u></u>	<u><u>\$ 196,714</u></u>
Contract Liabilities:		
Member and Subscriber Deposits	<u><u>\$ 478,646</u></u>	<u><u>\$ 57,820</u></u>

The sources of total operating revenue are as follows for the years ended December 31:

	<u>2019</u>	<u>2018</u>
Canada - fees and assessments	\$ 353,608	\$ 436,259
Europe - fees and assessments	628,620	
United States - fees and assessments	2,643,877	843,265
	<u><u>\$ 3,626,105</u></u>	<u><u>\$ 1,279,524</u></u>

PACIFIC LUMBER INSPECTION BUREAU

Notes to Financial Statements For the Years Ended December 31, 2019 and 2018

Note 1 - Continued

Foreign Currency Translation - Assets and liabilities of PLIB's Canadian operations are translated at year end exchange rates of 0.77184 and 0.7330 at December 31, 2019 and 2018, respectively. The resulting adjustments are accumulated in a cumulative foreign currency translation adjustment account. Changes in this account are recognized as changes in net assets without donor restrictions. Revenues and expenses are translated at exchange rates prevailing during the year. All amounts in the accompanying financial statements are presented in U.S. dollars. PLIB recorded foreign currency translation gains/ (losses) of \$24,342 and \$(46,622) for the years ended December 31, 2019 and 2018, respectively, on the statements of activities.

Allocation of Functional Expenses - The financial statements report certain categories of expenses that are attributable to one or more program or supporting services of PLIB. Those expenses include the compensation expenses of certain shared staff, depreciation, and professional services. Shared services staff compensation expenditures are allocated based on time studies of where efforts are made. Depreciation and professional services are allocated based upon estimates of what function benefits from the natural expenditures incurred.

Use of Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP) 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 financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Federal Income Taxes - The Internal Revenue Service has determined PLIB is a tax-exempt organization under Internal Revenue Code Section 501(c)(6).

Reclassifications of Prior Year Balances - Certain reclassifications have been made to prior year accounts to conform to the presentation in the current year financial statements. The reclassifications have no effect on the previously reported change in net assets or net asset balances.

Note 2 - Benefit Plans

PLIB sponsors the Pacific Lumber Inspection Bureau 401(k) Plan (the 401(k) Plan), a defined contribution plan to provide retirement benefits to its employees. Employees are eligible to participate in the 401(k) Plan if they have met the specified service requirement, which is to be 21 years of age and complete three months of service. PLIB contributes 6% of the eligible employee compensation for those employees that have completed at least 1000 hours of service during the plan year. In addition, PLIB provides matching contributions of 100% of the first 3% of each employee's salary deferral and 50% of the next 2% of salary deferral.

PLIB maintained a defined contribution money purchase pension plan for its U.S. salaried employees in which contributions are self-directed by the participants. Employees were eligible to participate in the plan after three months of service. Effective January 1, 2019 the plan was terminated, and the participant account assets were merged into the 401(k) Plan.

PACIFIC LUMBER INSPECTION BUREAU

Notes to Financial Statements For the Years Ended December 31, 2019 and 2018

Note 2 - Continued

The West Coast Lumber Inspection Bureau maintained a defined benefit pension plan (the Defined Benefit Plan) and a 401(k) deferred compensation plan covering most of its employees. The Defined Benefit plan provided for continuing contributions for participants that had attained age 55 and accrued ten or more years of service or had attained age 65 as of December 31, 2004. Contributions had been frozen for all other participants, and the Defined Benefit Plan was closed to new employees. During the year ended December 31, 2019, both the Defined Benefit Plan and 401(k) deferred compensation plan were terminated.

On May 31, 2012, PLIB established a registered retirement savings plan (RRSP) account for Canadian employees.

For the years ended December 31, 2019 and 2018, expense recorded for contributions to the plans totaled \$171,505 and \$55,049, respectively.

Retired Canadian salaried employees also participate in a noncontributory post-retirement health insurance plan. Total premium payments under this plan were approximately \$6,793 and \$5,690 for the years ended December 31, 2019 and 2018, respectively. These premiums are funded and expensed as incurred.

Note 3 - Capital Lease

PLIB leases vehicles under capital lease agreements with terms expiring through October 2024. Assets under capital leases are included in property and equipment with a total cost of \$104,716 and \$23,862 and related accumulated amortization of \$23,637 and \$9,943 at December 31, 2019 and 2018, respectively. Amortization expense associated with assets under capital leases is included with depreciation expense.

The future minimum lease payments under these capital leases are as follows:

For the Year Ending December 31,

2020	\$	27,823
2021		25,997
2022		20,565
2023		16,771
2024		5,739
		<hr/>
		96,895
Less interest		(16,760)
		<hr/>
	\$	80,135

PACIFIC LUMBER INSPECTION BUREAU

Notes to Financial Statements For the Years Ended December 31, 2019 and 2018

Note 4 - Operating Lease

PLIB occupies and maintains its U.S. headquarters under an operating lease. During 2015, PLIB commenced an operating lease for office space for the U.S. headquarters for a five year and six month term through June 30, 2020. Rent is expensed on a straight-line basis over the lease term. Rent expense for all office leases was \$29,567 and \$29,737 in 2019 and 2018, respectively. Included in rent expense are payments to an employee for office space in British Columbia of \$6,715 and \$6,377, for the years ended December 31, 2019 and 2018, respectively.

Future minimum lease payments are as follows:

For the Year Ending December 31,

2020	\$ 13,416
	<u>\$ 13,416</u>

Note 5 - Concentrations

For the year ended December 31, 2019, PLIB had two member companies which accounted for \$593,623 or 16% of operating revenues. For the year ended December 31, 2018, PLIB had two member companies which accounted for \$589,433 or 46% of operating revenues, and one member company which accounted for \$40,229 or 20% of accounts receivable.

Note 6 - Letter of Credit

PLIB utilizes two letters of credit issued by a Canadian bank to ensure payment of fees to the Canadian Lumber Standards Accreditation Board and National Lumber Grades Authority. As of December 31, 2019 and 2018, PLIB had no outstanding balances drawn on the letters of credit.

Note 7 - Investments and Fair Value Measurements

U.S. GAAP defines fair value, establishes a framework for measuring fair value, and requires disclosures about fair value measurements. To increase consistency and comparability in fair value measurements, U.S. GAAP uses a fair value hierarchy that prioritizes the inputs to valuation approaches into three broad levels. The hierarchy gives the highest priority to quoted prices in active markets (Level 1) and the lowest priority to unobservable inputs (Level 3).

Valuation Techniques - Financial assets and liabilities valued using Level 1 inputs are based on unadjusted quoted market prices within active markets. Financial assets and liabilities valued using Level 2 inputs are based primarily on quoted prices for similar assets or liabilities in active or inactive markets. Financial assets and liabilities using Level 3 inputs are primarily valued using management's assumptions about the assumptions market participants would utilize in pricing the asset or liability. Valuation techniques utilized to determine fair value are consistently applied.

Mutual funds and exchange traded funds are valued at quoted market prices in active markets, which represent the net asset value (NAV) of shares held by PLIB at year end and are considered Level 1 inputs.

PACIFIC LUMBER INSPECTION BUREAU

Notes to Financial Statements For the Years Ended December 31, 2019 and 2018

Note 7 - Continued

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

Investment balances were as follows at December 31:

	<u>2019</u>	<u>2018</u>
Investments at fair value (Level 1)-		
U.S. exchange traded funds	\$ 779,536	\$ 48,909
Canadian mutual funds	<u>278,448</u>	<u>236,737</u>
Total investments at fair value	1,057,984	285,646
Investments at cost-		
Government investment certificates	72,106	68,271
Term deposits	<u>45,380</u>	<u>42,922</u>
Total investments at cost	<u>117,486</u>	<u>111,193</u>
Total Investments	<u>\$ 1,175,470</u>	<u>\$ 396,839</u>

Note 8 - Board Designated Net Assets

As of December 31, 2019 and 2018, the Board has designated net assets in the amount of (\$20,567) and \$36,298, respectively, to be used for ALS/CLS/NLGA dues expenses.

Note 9 - Liquidity and Availability of Financial Assets

As part PLIB's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, PLIB invests cash in excess of daily requirements in investments. To help manage unanticipated liquidity needs, PLIB has investments of \$1,175,470 and \$396,839 as of December 31, 2019 and 2018, respectively.

PACIFIC LUMBER INSPECTION BUREAU

Notes to Financial Statements
For the Years Ended December 31, 2019 and 2018

Note 9 - Continued

The following table shows the total financial assets held by PLIB and the amounts of those financial assets that could readily be made available within one year of the date of the statements of financial position at December 31, 2019 and 2018 to meet general expenditures:

	<u>2019</u>	<u>2018</u>
Cash and cash equivalents	\$ 296,663	\$ 75,165
Accounts receivable	614,015	197,049
Investments	<u>1,175,470</u>	<u>396,839</u>
Total financial assets	2,086,148	669,053
Less amounts unavailable for general expenditure due to board designation		<u>(36,298)</u>
Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	<u>\$ 2,086,148</u>	<u>\$ 632,755</u>

Note 10 - Acquisition of WCLIB

On January 1, 2019, PLIB acquired the rights to all assets and assumed all liabilities of the West Coast Lumber Inspection Bureau (WCLIB), an Oregon non-profit corporation. The acquisition was the result of a vote of the members of PLIB and WCLIB to merge into one organization and no consideration was transferred associated with the transaction.

The following table summarizes the identifiable assets acquired, liabilities assumed and inherent contributions recognized at the acquisition date, measured at fair value:

Other current assets	\$ 559,697
Investments	1,134,771
Property and equipment	848,203
Liabilities	<u>(695,850)</u>
Contribution Related to the Acquisition of WCLIB	<u>\$ 1,846,821</u>

Note 11 - Property Held for Sale

In 2019, PLIB placed a property in Tigard, Oregon up for sale. The property is held on the books of PLIB at the net book value of \$781,963 as of December 31, 2019. PLIB entered into a purchase and sale agreement effective October 14, 2019 to sell the property for \$885,000. The sale of the property is anticipated to close in July 2020.

PACIFIC LUMBER INSPECTION BUREAU

**Notes to Financial Statements
For the Years Ended December 31, 2019 and 2018**

Note 12 - Subsequent Event

Subsequent Events - PLIB has evaluated subsequent events through June 26, 2020, the date on which the financial statements were available to be issued. In December 2019, a novel strain of coronavirus (COVID-19) was reported in Wuhan, China. Subsequent to year-end, the World Health Organization has declared the outbreak to constitute a “Public Health Emergency of International Concern.” The COVID-19 outbreak has caused business disruptions through mandated and voluntary closings of multiple businesses. As a result, employees of PLIB are eliminating non-essential business travel. The extent of the impact of COVID-19 on the PLIB’s operational and financial performance will depend on certain developments, including the duration and spread of the outbreak, impact on our members, all of which are uncertain and cannot be predicted. At this point, the extent to which COVID-19 may impact PLIB’s financial condition or results of operations is uncertain.