



DANA POINT HARBOR

Dana Point Harbor Partners, LLC

Consolidated Financial Statements -

Federal Income Tax Basis

As of December 31, 2019 and for the
period from October 29, 2018 (Inception)
through December 31, 2019

Dana Point Harbor Partners, LLC

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Independent Auditor's Report

Members
Dana Point Harbor Partners, LLC
Newport Beach, CA

We have audited the accompanying consolidated financial statements of Dana Point Harbor Partners, LLC (the "Company"), which comprise the consolidated statement of assets, liabilities and members' equity - federal income tax basis as of December 31, 2019 and the related consolidated statements of revenues and expenses - federal income tax basis, changes in members' equity - federal income tax basis, and cash flows - federal income tax basis for the period from October 29, 2018 (Inception) through December 31, 2019, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with the accrual basis of accounting the Company uses for federal income tax purposes; this includes determining that this basis of accounting is an acceptable basis for the preparation of the consolidated financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements 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 the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the assets, liabilities and members' equity of Dana Point Harbor Partners, LLC as of December 31, 2019, and its revenues and expenses, changes in its members' equity and its cash flows for the period from October 29, 2018 (Inception) through December 31, 2019 in accordance with the basis of accounting the Company uses for federal income tax purposes as described in Note 2.

Basis of Accounting

We draw attention to Note 2 to the consolidated financial statements, which describes the basis of accounting the Company uses for federal income tax purposes, 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 this matter.

Emphasis of a Matter - Subsequent Event

As more fully described in Note 8 to the consolidated financial statements, the Company may be materially impacted by the outbreak of a novel coronavirus (COVID-19), which was declared a global pandemic by the World Health Organization in March 2020. Our opinion is not modified with respect to this matter.

Supplemental information

Our audit of the consolidated financial statements was conducted for the purpose of forming an opinion on those statements as a whole. The supplementary information presented in this report is presented for purposes of additional analysis and is not a required part of the consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated 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 basic consolidated financial statements taken as a whole.

Restriction on Use

This report is intended solely for the information and use of the Members of the Company and the County of Orange and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "BDO USA, LLP". The signature is stylized, with the "BDO" part being more prominent and the "USA, LLP" part written in a cursive-like script.

Costa Mesa, California
September 4, 2020

Consolidated Financial Statements - Federal Income Tax Basis

Dana Point Harbor Partners, LLC

Consolidated Statement of Assets, Liabilities and Members' Equity - Federal Income Tax Basis

<i>As of December 31,</i>	2019
Assets	
Development and improvements, net	\$ 4,205,648
Cash	13,182,462
Accounts receivable	220,101
Prepaid expenses and other assets	937,076
Deposits	410,759
Total assets	\$ 18,956,046
Liabilities and Members' Equity	
Accounts payable	\$ 76,976
Accrued liabilities	112,235
Accrued taxes	924,854
Other liabilities	3,691,013
Total liabilities	4,805,078
Commitments and Contingencies	
Members' equity	14,150,968
Total liabilities and members' equity	\$ 18,956,046

See accompanying notes to the consolidated financial statements.

Dana Point Harbor Partners, LLC
Consolidated Statement of Revenues and Expenses -
Federal Income Tax Basis

<i>For the period from October 29, 2018 (Inception) through December 31,</i>	<i>2019</i>
Revenues:	
Rental	\$ 32,038,648
Total revenues	32,038,648
Expenses:	
General and administrative	373,395
Marketing and advertising	816,204
Depreciation	444,992
Payroll and related	3,677,079
Facilities	9,598,899
Operating and maintenance	2,283,321
Management fees	2,377,187
Property taxes and insurance	7,253,779
Other	159,650
Total expenses	26,984,506
Excess of revenues over expenses	\$ 5,054,142

See accompanying notes to the consolidated financial statements.

Dana Point Harbor Partners, LLC

Consolidated Statement of Changes in Members' Equity - Federal Income Tax Basis

	Total Members' Equity
Members' equity - October 29, 2018 (Inception)	\$ -
Contributions from members	9,096,826
Excess of revenues over expenses	5,054,142
Members' equity - December 31, 2019	\$ 14,150,968

See accompanying notes to the consolidated financial statements.

Dana Point Harbor Partners, LLC

Consolidated Statement of Cash Flows - Federal Income Tax Basis

<i>For the period from October 29, 2018 (Inception) through December 31,</i>	<i>2019</i>
Cash flows from operating activities	
Excess of revenues over expenses	\$ 5,054,142
Adjustments to reconcile excess of revenues over expenses to net cash provided by operating activities:	
Depreciation	444,992
Changes in assets and liabilities:	
Accounts receivable	(220,101)
Prepaid expenses and other assets	(840,250)
Deposits	(410,759)
Accounts payable, accrued liabilities, and accrued taxes	1,114,065
Other liabilities	3,691,013
Net cash provided by operating activities	8,833,102
Cash flows from investing activities	
Additions to development and improvements	(4,650,640)
Net cash used in investing activities	(4,650,640)
Cash flows from financing activities	
Contributions from members	9,000,000
Net cash provided by financing activities	9,000,000
Net increase in cash	13,182,462
Cash, beginning of period	-
Cash, end of period	\$ 13,182,462
Non-cash financing activities:	
Non-cash contributions from members	\$ 96,826

See accompanying notes to the consolidated financial statements.

Dana Point Harbor Partners, LLC

Notes to the Consolidated Financial Statements

1. Organization and Nature of Operations

Dana Point Harbor Partners, LLC (“DPHP” or the “Company”), a California limited liability company, was formed on January 26, 2017 (the “formation date”). The primary purpose of the Company is to operate and redevelop the marina, hotel and retail assets of the Dana Point Harbor, in the city of Dana Point, California (the “Property”).

Pursuant to the Amended and Restated Operating Agreement dated September 5, 2017 (the “Op Agreement”), the term of the Company commences on the formation date and shall continue until terminated according to the provisions of the Op Agreement.

The Company commenced operations on October 29, 2018 (“Inception”) upon entering into a 66-year ground lease with the County of Orange, California (“County”), for the Property.

The Company is wholly owned by the following members (collectively, the “Members”):

- Burnham-Ward Properties, LLC (“BWP”) owns 33 1/3% (100 units)
- Bellwether Marine Development, LLC (“Bellwether”) owns 33 1/3% (100 units)
- R.D. Olson Investments II, LLC (“RD Olson”) owns 33 1/3% (100 units)

The Company has divided operations into the following components:

Commercial Core Operations

The commercial core operations include the retail, restaurants, offices, other landside buildings, and all park scape areas. BWP is responsible for the development, oversight and day to day operation of the Property’s commercial core activities.

Marina Operations

The marina operations includes the boat slips and boater parking. Bellwether is responsible for the development, oversight and day to day operation of the marina. Bellwether has appointed BellPort Group, Inc. (“BellPort”) as its initial designated manager.

Hotel Operations

The hotel operations are related to the Property’s hotel called the Marina Inn. RD Olson is responsible for the development, oversight and day to day operation of the Property’s hotel and hospitality activities. RD Olson has appointed Olsen Real Estate Group, Inc. (“OREG”) as its initial designated manager. A third-party property manager, Twenty4seven Hotels Corporation (“Third-party Property Manager”), has been engaged by the Company to run the hotel operations.

Management

BWP, BellPort and OREG are collectively referred to as the Managers (the “Managers”) of the Company. Each Manager is responsible for maintaining the books and records with respect to the management and operation of its respective component of the business.

The description of the Company’s Op Agreement contained in these consolidated financial statements provides only general information. Refer to the Op Agreement for a more complete description of the provisions.

Dana Point Harbor Partners, LLC

Notes to the Consolidated Financial Statements

2. Summary of Significant Accounting Policies

Principles of Consolidation

The accompanying consolidated financial statements - federal income tax basis include the accounts of the Commercial Core, Marina and Hotel operations. All significant intercompany transactions and balances have been eliminated in consolidation.

Basis of Presentation

The consolidated financial statements have been prepared on the accrual basis of accounting used for federal income tax purposes ("FITB"), which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America ("GAAP"). Certain presentations and the timing of the recognition of certain revenues and expenses in the accompanying financial statements - federal income tax basis differ from what would be required under GAAP. The primary differences, as applicable, are as follows:

- For FITB, rental income under operating leases is recognized as rentals become due, rather than on a straight-line basis over lease term in accordance with ASC 840, "Leases," as required by GAAP.
- For FITB, the specific charge-off method is utilized to deduct bad debt expenses related to accounts receivable and is based on when a receivable is deemed uncollectible. As such, accounts receivable are carried at cost rather than at the amount expected to be collected. Under GAAP, an allowance for doubtful accounts is established when management believes collection of an account receivable is no longer probable.
- For FITB, depreciation of certain property and equipment is computed using the methods allowable for income tax purposes, instead of the estimated useful lives of individual assets as required by GAAP.
- For FITB, permanent declines in and, subsequently, realized losses on long-lived assets are recorded when the long-lived assets are abandoned or upon disposition of the long-lived assets. Under GAAP, such losses are provided when the assets are deemed impaired.
- Under GAAP, in accordance with ASC 740, "Income Taxes," the Company would be required to evaluate its uncertain tax positions and recognize liability for each uncertain tax position. This evaluation is not required for FITB.

Use of Accounting Estimates

The preparation of consolidated financial statements in conformity with FITB requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses and the disclosure of commitments and contingencies. Actual results could materially differ from those estimates.

Concentrations of Credit Risk

Financial instruments, which potentially expose the Company to a concentration of credit risk, consist primarily of cash. Cash is maintained at financial institutions and, at times, the balances may exceed federally insured limits. The Company has never experienced any losses related to these balances.

Dana Point Harbor Partners, LLC

Notes to the Consolidated Financial Statements

The property leased by the Company at December 31, 2019 is located in Dana Point Harbor, California; accordingly, there is a geographic concentration of risk subject to fluctuation in the local economy.

General Risks

The Company's operations and markets are affected by local and regional factors such as the respective economies, demographic demand for retail, boating, and hospitality facilities, population age, governmental rules and regulations, and general economic trends.

Accounts Receivable

Accounts receivable primarily consist of receivables from tenants for rent and other charges, if applicable, recorded according to the terms of their respective leases. Uncollectable receivables are written off directly to bad debt expense when substantially all collection efforts have been exhausted.

Development and Improvements

On October 29, 2018, the Company entered into an agreement with the County of Orange, California to lease property located in the City of Dana Point for 66 years. Under the terms of the agreement, the Company is required to redevelop and renovate the property. All improvements are accounted for as assets of the Company.

Development and improvements are carried at depreciated cost. Depreciation is computed using income tax methods. The cost of maintenance and repairs is charged to income as incurred; significant renewals or betterments are capitalized.

Building and improvements are depreciated over the estimated useful lives of 39 years. Furniture and fixtures are depreciated over the estimated useful lives ranging from three to five years.

Revenue Recognition

Revenue is recognized when it is due.

Income Taxes

The Company is organized as a limited liability company and is treated as a Company for deferral and state income tax purposes. Accordingly, the Company does not provide for federal and state income taxes. The members are responsible for reporting their allocable share of the Company's income, gains, deductions, losses and credits on their respective tax returns.

Management believes that the Company has adequately addressed all relevant tax positions and that there are no unrecorded tax liabilities. Tax returns filed from Inception of the Company through December 31, 2019 are subject to examination by federal and state tax authorities. The Company recognizes interest and penalties, if any, related to unrecognized tax benefits in other expense. For the period from Inception through December 31, 2019, no interest or penalties were recorded in the accompanying consolidated financial statements.

Dana Point Harbor Partners, LLC

Notes to the Consolidated Financial Statements

3. Development and Improvements, net

At December 31, 2019, development and improvements, net consist of the following:

Buildings and improvements	\$	251,056
Equipment & vehicles		364,828
Park scape improvements		74,696
		690,580
Less: Accumulated depreciation		(444,992)
		245,588
Construction in progress		3,960,060
	\$	4,205,648

Depreciation and amortization expense for the period from Inception through December 31, 2019 was \$444,992.

4. Future Minimum Lease Payments

The future minimum lease payments to be received under existing operating leases as of December 31, 2019 are as follows:

Years Ending December 31,

2020	\$	2,778,384
2021		2,105,708
2022		1,737,037
2023		291,697
2024		22,075
Total	\$	6,935,170

5. Members' Equity

As of December 31, 2019, the Members have contributed the following cash contributions to the Company:

- Burnham-Ward Properties, LLC ("BWP") \$3,000,000
- Bellwether Marine Development, LLC ("Bellwether") \$3,000,000
- R.D. Olson Investments II, LLC ("RD Olson") \$3,000,000

In addition to the cash contributions noted above, the members also contributed \$96,826 in aggregate non-cash contributions during the period from October 29, 2018 (Inception) through December 31, 2019. In accordance with the Op Agreement, net cash flow, if any, shall be distributed to the Members quarterly, in proportion to their respective percentage interests. Further, at a minimum, the Company shall distribute to each Member an amount equal to twenty-five percent (25%) of the Company's taxable income multiplied by the sum of the maximum federal and state of California

Dana Point Harbor Partners, LLC

Notes to the Consolidated Financial Statements

income tax rate in effect attributed to each Member on each of April, June, September. However, the Company shall make no distributions to the Members if after giving effect to the distribution, all liabilities of the Company, other than liability to the Members on account of the capital contributions, would exceed the fair value of the Company's assets. As of December 31, 2019, no distributions have been made to the Company's members.

In accordance with the Op Agreement, profits and losses with respect to any year shall be allocated to the Members, after giving effect to the special allocations, as defined, and subject to the loss limitation as follows:

Profits

First to the Members' to the extent of the amount by which the cumulative losses allocated to the members for all prior allocation periods exceeds the cumulative profits previously allocated to them, then to the Members in accordance with their respective percentage interest.

Losses

First to the Members' to the extent of the amount by which the cumulative profits allocated to the members for all prior allocation periods exceeds the cumulative losses previously allocated to them, then to the Members in accordance with their respective percentage interest.

Loss Limitation

In accordance with the Op Agreement, losses allocated shall not exceed the maximum amount of losses that can be allocated without causing any Member to have an adjusted capital account deficit at the end of any fiscal year. In the event some, but not all, of the Members would have an adjusted capital account deficit as a consequence of an allocation of losses, the losses not allocable to any Member as a result of such limitation shall be allocated to the other Members in accordance with the positive balances in such Member's capital accounts.

6. Related Party Transactions

In accordance with the Op Agreement, the following fees are payable to the Managers:

Management Fees

Each Manager may charge management fees for the day to day management of the Property, as approved in the budget. For the period from Inception through December 31, 2019, the Company incurred \$1,285,857 in management fees, which are included in "management fees" in the accompanying consolidated statement of revenues and expenses - federal income tax basis. As of December 31, 2019, \$66,404 was payable to certain managers and included in "accounts payable" in the accompanying consolidated statement of assets, liabilities and members' equity. See Note 7.

In addition, each Manager that hires a third-party operator for the operation of the Property shall be paid an asset management fee of four percent (4%) of the net operating income, as defined. For the period from Inception through December 31, 2019, the Company incurred \$147,973 in asset management fees, which are included in "management fees" in the accompanying consolidated statement of revenues and expenses - federal income tax basis.

Dana Point Harbor Partners, LLC

Notes to the Consolidated Financial Statements

During the period from October 29, 2018 (Inception) through December 31, 2019, the Company paid a \$700,000 termination fee to a former operator. Such amount is included in “management fees” in the accompanying consolidated statement of revenues and expenses - federal income tax basis.

Third-Party Property Manager

The Third-party Property Manager charges a base fee of three percent (3%) of gross revenue, however, in the first year, the fee is the greater of three percent (3%) of gross revenue or \$10,000 per month. The third-party Property Manager is also entitled to an incentive fee equal to for any operating year, an amount equal to fifteen percent (15%) of the excess of (i) actual net operating income for such operating year over (ii) the net operating income budgeted for such operating year in the applicable operating plan and budget, as defined. During the period from Inception through December 31, 2019, the Company incurred \$248,393 in “management fees”, which are included in management fees in the accompanying consolidated statement of revenues and expenses - federal income tax basis. The Third-party Property Manager is also subject to other terms and conditions, including establishing a capital improvements and reserve fund, as defined. See Note 7.

Developer Fees

Each Manager shall be entitled to a four percent (4%) development fee based upon the approved budget with such fee to be charged at the time of construction as such costs are incurred. For the period from Inception through December 31, 2019, the Company incurred \$0 in development fees.

OREG has the right, but not the obligation, without such majority approval, to hire R.D. Olson Construction, Inc. as the general contractor for the hotel component with general contractor fees of six percent (6%), such fee not to include general conditions, and Bellwether has the right, but not the obligation, to hire Bellingham Marine as the design, builder of the marina component consistent with BellPort’s scope and budget submitted to the County of Orange. For the period from Inception through December 31, 2019, the Company incurred \$0 in general contractor fees.

7. Commitments and Contingencies

Leasing Arrangement

The Company leases the property in the City of Dana Point from the County of Orange, California under a noncancelable operating lease that expires in 2084. The lease generally requires the Company to pay property taxes, insurance, normal maintenance, other operating costs of the property, and annual rental escalations. In addition, the lease requires contingent rent payments based upon a percentage of the applicable gross receipts. The amounts of future minimum lease payments do not reflect any contingent rental payments or potential adjustments for Consumer Price Index changes, as defined and assumes the minimum rent for the hotel component is abated through April 2021, and, accordingly, actual future lease payments may be higher. Minimum lease rent for the period from Inception through December 31, 2019 was \$1,579,167 and contingent rent based on gross receipts was \$666,952.

Dana Point Harbor Partners, LLC

Notes to the Consolidated Financial Statements

The lease requires minimum annual payments as follows:

Years ending December 31,

2020	\$ 1,379,167
2021	1,527,777
2022	1,666,666
2023	1,666,666
2024	1,666,666
Thereafter	99,722,182
	<hr/>
	\$ 107,629,124

Management Agreements

The Company's management agreement with BWP commenced October 2018 and shall continue for a period of thirty-six (36) months. Thereafter, the management agreement is cancellable upon thirty (30) days written notice. The Company's management agreement with BellPort commenced January 2019 and has an initial term of five (5) years and will automatically renew for successive five (5) year periods thereafter unless terminated at least 12 months in advance of the renewal date and not earlier than 15 months in advance.

Third-Party Property Management Agreement

The term of the Third-Party Property Management agreement expires on the earlier of (a) the expiration date and (b) the date, if any, that the agreement is terminated in accordance with its terms. The expiration date (as it may be extended from time to time) is automatically extended for an additional one (1) year period unless, on or before the sixtieth (60th) day before such expiration date, either party gives the other party notice that such expiration date will not be extended. The initial expiration date is the third (3rd) anniversary from the opening date or November 29, 2021.

Contingencies

The Company's operations are subject to a variety of state and local regulations. Failure to comply with one or more regulations could result in fines, restrictions on its operations, or losses of permits that could result in the Company ceasing operations however, the Company believes that it is in compliance with applicable local and state regulations as of December 31, 2019.

The Company is subject to certain claims and complaints that arise during the ordinary course of business. The Company is not aware of any claims or complaints that would have a significant effect on the consolidated financial position or results of operations of the Company if disposed of unfavorably.

Reserve for Future Marine Maintenance

As part of its lease obligation with the County, the Company is responsible for maintenance of the leased property. This includes the required dredging of the harbor that occurs every 8-10 years. The estimated cost of the harbor dredging is \$7.7 million. During the period ended December 31, 2019, the Company has recognized approximately \$1.0 million of this future cost. Such amount is included in other liabilities on the accompanying consolidated statement of assets, liabilities and member' equity federal income tax basis.

Dana Point Harbor Partners, LLC

Notes to the Consolidated Financial Statements

Indemnification

The Company has indemnified the Managers for all expenses, losses, liabilities or otherwise that the Company actually and reasonably incurs arising out of or relating to the conduct of the Company's activities, unless the loss is the result of fraud, deceit, gross negligence, reckless actions.

8. Subsequent Events

The Company has evaluated subsequent events from the date of the consolidated financial statements through September 4, 2020, the date on which the consolidated financial statements were available to be issued, and determined that there are no items to disclose, except as noted below:

COVID-19

On January 30, 2020, the World Health Organization ("WHO") announced a global health emergency due to a novel strain of coronavirus ("COVID-19"). In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally. The Company's operations depend significantly on the demand for retail, hospitality, and boating facilities and the tenant's ability to pay rent. As such, a significant disruption in the Company's operations may impact the collectability of rent from affected tenants as well as the recoverability of certain assets.

The Company has closely monitored the impact of COVID-19 and has worked with tenants and visitors to minimize any adverse effects. Within the commercial core, tenants were offered rent deferment to assist them through the State mandated "shelter-in-place" order. Of the 42 total tenants, 3 chose to defer two month's rent, and 9 chose to defer one month's rent. The deferred rent will be paid back monthly from January 2021 through December 2021 at 0% interest and was memorialized with lease amendments. The Company also utilized available cash on hand to create al fresco patio areas to assist restaurants with dining restrictions and minimize restaurant revenue lost due to dining restrictions. COVID-19 safety signage was installed throughout the harbor to enable guests to follow social distancing protocols. Additional marketing support was also offered to the businesses including setting up online ordering, increased social media promotions, and safe events such as live music and a drive-in movie to drive visitors to the harbor and increase tenant sales. The cash on hand was sufficient to make these purchases. In regard to staffing, DPHP's third party managers for the various product units (commercial core and marina) have maintained their full labor forces and have not experienced a reduction in work productivity. The Dana Point Marina Inn did see a reduction in staffing to better suit the levels of occupancy during the stay at home order including 3 layoffs, furlough of salaried/hourly employees, and reduction in hours for hourly employees.

CARES Act

The President has signed into law the Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act") as well as others that have provided various business tax incentives to taxpayers, certain provisions related to eligible providers and other economic stimulus. The Company will continue to evaluate and monitor all legislation to determine the ultimate impact, if any, to the Company.'

The CARES Act also appropriated funds for the Small Business Administration ("SBA") Paycheck Protection Program ("PPP") loans that are forgivable in certain situations to promote continued employment, as well as Economic Injury Disaster Loans to provide liquidity to small businesses harmed by COVID-19. To apply for these funds, the Company was required to, in good faith, certify that the current economic uncertainty made the loan request necessary to support the ongoing operations of the Company. This certification further required to Company to take into account the Company's

Dana Point Harbor Partners, LLC

Notes to the Consolidated Financial Statements

current business activity and ability to access other sources of liquidity sufficient to support ongoing operations in a manner that is not significantly detrimental to the business. Subsequent to December 31, 2019, the Company was approved for and, on April 21, 2020, the Company entered into a PPP loan agreement with a lender for a principal amount of \$191,000. The PPP loan is payable in equal monthly installments beginning seven months after the loan disbursement through the maturity date of April 21, 2022. The PPP loan bears interest at 1.00% per annum. There is no assurance the Company is eligible for loan forgiveness of these funds.

Supplemental Schedule

Dana Point Harbor Partners, LLC
Consolidated Statement of Gross Receipts

<i>Business Categories</i>	Sum of Gross Receipts
Boat Slips, anchorages, moorings and other water side facilities	\$ 16,180,873
Boat Slips, Anchorages, Moorings, Dockside Gear Lockers, Dock	2,745,227
Boat-out or Boat Repair, Including Maintenance, Repair, Painting	-
Club dues, initiation fees	-
Commercial Core Rents	861,173
Direct Taxes imposed upon the consumer and collected	426,398
Dry Stack Storage or Mast-up Storage	-
Existing Marina Inn hotel room revenue	3,854,425
Gross Receipts from any movie theater operation	-
Gross Receipts from club dues, initiation fees	-
Gross Receipts from operation of excursion, sightseeing	-
Gross Receipts from Overnight Trailer Storage	-
Gross Receipts from parking operations	143,090
Gross Receipts from the existing Marina Inn Hotel Room Re	341,020
Installation or Operation of Coin-operated Vending or service machines	9,849
Lease Use or Occupancy for an Office (Including Boat Brokerage and Commercial Core Component)	7,020,777
Lease, Use of Occupancy of the Boat Repair Shop	219,658
Miscellaneous Boater Services	2,680
Movie theater operations	-
Operation of excursion, sightseeing	-
Other Dry or Landside Storage Facilities	13,526
Other hotel operations	38,074
Overnight trailer storage	-
Parking operations	70,075
Payments received from a Sublessee for the cost of such sublease	25,742
Rental of Boats for charter boats, bareboat charters and sport fishing	30,920
Rental of Boats or Other Commercial Boating Activities; Misc. boater services	-
Rental of boats or other commercial boating activities; Misc. boater services; sale of fuel or oil; dry or landside storage	298,620
Rental or Other Fees for Boats, Motors, Tackle, Recreational Equipment	10,656
Security Deposits paid by a Sublessee to a Lessee to be held	297,913
Service Enterprises, cable television, internet, satellite or other antennae	-
The Sale of Fuel or Oil	15,393
The sale of marine insurance in conjunction with boat sales/boat brokerage	-
Use or Occupancy of space used for both events and catering of events	4,500
Use or Occupancy of space used for display of new or used boats	-
Total gross receipts	\$ 32,610,589

See accompanying notes to the consolidated financial statements and independent auditor's report.