



**Office of the Washington State Auditor
Pat McCarthy**

November 30, 2023

Council
Pike Place Market Preservation and Development Authority
Seattle, Washington

Contracted CPA Firm's Audit Report on Financial Statements

We have reviewed the audit report issued by a certified public accounting (CPA) firm on the financial statements and compliance with federal grant requirements of the Pike Place Market Preservation and Development Authority for the fiscal year ended December 31, 2022. The Authority contracted with the CPA firm for this audit and requested that we accept it in lieu of performing our own audit.

Based on this review, we have accepted this report in lieu of the audit required by RCW 43.09.260. The Office of the Washington State Auditor did not audit the accompanying financial statements or the Pike Place Market Preservation and Development Authority's compliance with federal grant agreements and, accordingly, we do not express an opinion on those financial statements or on compliance.

This report is being published on the Office of the Washington State Auditor website as a matter of public record.

Sincerely,

Pat McCarthy, State Auditor
Olympia, WA

Americans with Disabilities

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Pike Place Market Preservation and Development Authority

Audit of Financial Statements and
Supplementary Information
with Supplementary Reports and Schedules
in Accordance with *Government Auditing
Standards* and Required by the Uniform
Guidance
Year Ended December 31, 2022

The report accompanying these financial statements was issued by

BDO USA, P.A., a Delaware professional service corporation and the U.S.
member of BDO International Limited, a UK company limited by guarantee.



Pike Place Market Preservation and Development Authority

Audit of Financial Statements and Supplementary Information
with Supplementary Reports and Schedules in Accordance with
Government Auditing Standards and Required by the Uniform Guidance
Year ended December 31, 2022

Pike Place Market Preservation and Development Authority

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Independent Auditor's Report

To the Council
Pike Place Market Preservation
and Development Authority
Seattle, Washington

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the proprietary fund, the discretely presented component unit, and the fiduciary fund component unit of the Pike Place Market Preservation and Development Authority (the PDA), as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the PDA's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the proprietary fund, the discretely presented component unit, and the fiduciary fund component unit of the PDA, as of December 31, 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 the PDA and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions. The financial statements of Pike Place Market QB3 (a blended component unit) and Western Avenue Senior Housing LLC (a discrete component unit) were not audited in accordance with *Government Auditing Standards*.

Emphasis of Matter

As discussed in Note 1 to the financial statements, the PDA adopted the provisions of Governmental Accounting Standards Board Statement Number 87, *Leases*. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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



In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the PDA's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government 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 GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the PDA's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the PDA's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited



procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the PDA's basic financial statements. The consolidating statement of net position - proprietary fund, consolidating statement of revenues, expenses, and changes in fund net position - proprietary fund and schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* are presented for purposes of additional analysis and are not a required part of the basic 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 basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the consolidating statement of net position - proprietary fund, consolidating statement of revenues, expenses, and changes in fund net position - proprietary fund and schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated July 27, 2023 on our consideration of the PDA's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the PDA's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the PDA's internal control over financial reporting and compliance.

BDO USA, P.A.

July 27, 2023

Pike Place Market Preservation and Development Authority

Management's Discussion and Analysis

We are pleased to present the Pike Place Market Preservation and Development Authority (the PDA) financial report for the year ended December 31, 2022. This report was prepared by the PDA's finance staff. The 2022 financial statements were audited by the public accounting firm BDO USA, LLP. The information presented in this report is the responsibility of the management of the PDA. To the best of our knowledge, the information presented is accurate in all material respects and is presented in a manner designed to fairly state the financial position and results of operations of the PDA and includes all necessary disclosures to present a complete understanding of the PDA's financial affairs.

Profile

The PDA is an independent public corporation created and chartered by the City of Seattle (the City) in 1973 to own and operate the buildings and open spaces in the Pike Place Market Historic District (the District). After a citizen's initiative in 1971 directed the City to create a Historic District in and around the Pike Place Market (the Market) and to rehabilitate the properties therein, the City purchased the majority of properties in the District, rehabilitated these buildings, and transferred them to the PDA to operate in accordance with the initiative directive and City charter. The PDA is not a component of the City, and the City is not financially accountable for the operations of the PDA. The PDA is an independent public corporation, and its governance rests in a 12-member Council. This Council appoints an Executive Director to administer the affairs of the PDA as prescribed by its charter.

The charter of the PDA directs the PDA to manage the buildings and open space in the Market so that the properties and traditional uses of the Market are preserved and maintained. The charter also directs the PDA to ensure that a place for farmers to sell their goods directly to consumers is maintained, that services to low- and moderate-income persons continue to be provided, and that opportunities for small, owner-operated businesses continue to be available in the Market.

The PDA owns approximately 80% of the property in the District. To that end, the PDA provides property management services to over 220 small commercial tenants within its properties in the nine-acre district. It offers space to five social service agencies at lower-than-market rates and provides approximately 400 residential units to the low- and moderate-income population. The PDA also offers year-round sales space on a daily basis to farmers wishing to sell directly to the public in a farmers' market venue. Daily rental spaces (daystalls) that are not rented to farmers are rented to craft vendors selling their original arts and crafts.

As an independent public agency, the PDA operations are primarily supported from its commercial, residential, and daystall tenants' rents and parking revenues.

The PDA, as a real estate owner and development entity, has some properties held in a separate entity that it reports as a discretely presented component unit in these financial statements, and the PDA itself is referred to as the primary government, as required by the Government Accounting Standards Board.

Overview of the Financial Statements

The financial statements herein comprise the statements of net position, revenues, expenses, and changes in fund net position, and cash flows. These financial statements and accompanying notes provide information about the activities of the PDA, including resources held by the PDA but restricted for specified purposes by contributors, grantors, lenders, or enabling legislation.

Pike Place Market Preservation and Development Authority

Management's Discussion and Analysis

The PDA has certain properties held in separate entities that it reports in its financial statements as blended and discrete component units. The blended component unit consists of Pike Place Market QB3 (PPMQB3). PPMQB3 is reported as blended as the PDA is the sole corporate member of the entity. The discrete component unit includes Western Avenue Senior Housing LLC (WASH). WASH is independent from the PDA but is managed by the PDA.

LaSalle Senior Housing was formerly presented as a blended component unit, however in 2022 the entity was dissolved and all remaining assets and obligations were absorbed by the PDA.

The PDA always searches for ways to secure additional funds for capital improvements in the Market. As a result of these efforts, the PDA has benefited by participating in low-income housing tax credit (LIHTC) and new market tax credit (NMTC) financing programs. To facilitate the LIHTC, the PDA created WASH in 2016, and to facilitate the NMTCs, the PDA created PPMQB3 in 2016, and master leased certain buildings to each entity. The PDA maintains a Property Management Agreement and Master Lease Agreement with each entity, with exception to PPMQB3 (the PDA subleased the property in 2016 from PPMQB3). Based on these agreements, rents are earned by WASH. Each entity reimburses the PDA for operating expenses, capital repairs, lease payments, and management fees.

The PDA is the trustee, or fiduciary, for its employees' pension plan. The PDA's pension plan activities are reported in a separate statement of fiduciary net position and statement of changes in fiduciary net position on pages 20 and 21. The PDA excludes these activities from the PDA's other financial statements because the PDA cannot use these assets to finance its operations. The PDA is responsible for ensuring that the assets reported in this fund are used for their intended purposes.

Financial Highlights

- Assets of the PDA exceeded liabilities and deferred inflows of resources at December 31, 2022, by \$157.2 million (net position). Of this, \$31.9 million is unrestricted and may be used to meet the PDA's ongoing operating obligations.
- Net position decreased overall by \$0.5 million in 2022 primarily due to losses from operations (\$0.9 million).
- Capital assets decreased by \$4.1 million primarily due to depreciation (\$6.7 million) exceeding capital additions (\$2.6 million).
- Long-term liabilities decreased \$2.0 million due to expected principal maturities on bonds payable, amortization of bond premiums, and recognition of non-capital grant advances.
- The PDA has retroactively implemented GASB Statement Number 87, *Leases* (GASB 87) effective for PDA's fiscal year beginning January 1, 2022. At January 1, 2022, lease receivable was \$8.2 million and deferred inflows of resources related to leases was \$8.2 million. There was no change to net position at January 1, 2022. At December 31, 2022, lease receivable was \$7.8 million and deferred inflows of resources related to leases was \$7.6 million.

Pike Place Market Preservation and Development Authority

Management's Discussion and Analysis

PDA's Net Position

<i>December 31,</i>	2022	2021
Assets		
Current assets	\$ 9,818,898	\$ 4,942,122
Non-current assets, less capital assets, net	40,405,728	34,538,542
Capital assets, net	150,775,621	154,829,754
Total Assets	\$ 201,000,247	\$ 194,310,418
Liabilities		
Accounts payable and accrued expenses	\$ 3,446,124	\$ 2,583,480
Compensated absences	314,914	331,577
Accrued interest	236,658	228,266
Unearned revenue	403,558	445,844
Current portion of non-capital grant advances	526,316	526,316
Current portion of bonds payable	605,000	575,000
Current portion of loans payable	711,256	19,594
Total Current Liabilities	6,243,826	4,710,077
Non-capital grant advances, net of current portion	1,052,630	1,578,946
Loans payable, net of current portion	11,377,127	12,089,244
Bonds payable, net of current portion	17,485,340	18,201,925
Total Long-Term Liabilities	29,915,097	31,870,115
Total Liabilities	36,158,923	36,580,192
Deferred Inflow of Resources		
Leases	7,613,422	-
Net Position		
Net investment in capital assets	120,596,898	123,943,991
Restricted for required reserves	4,760,587	4,366,243
Unrestricted	31,870,417	29,419,992
Total Net Position	157,227,902	157,730,226
Total Liabilities and Net Position	\$ 201,000,247	\$ 194,310,418

Pike Place Market Preservation and Development Authority

Management's Discussion and Analysis

The statement of net position presents the assets, liabilities, deferred inflows of resources, and net position of the PDA at the end of the fiscal year. The purpose is to give a snapshot of the financial condition of the PDA at a certain point in time.

Total assets of the PDA amounted to \$201.0 million and \$194.3 million at December 31, 2022 and 2021, respectively. Investments in Market properties are reflected in both the PDA (primary government) and the discretely presented component unit, as some of the properties have been master leased to three and two entities controlled by the PDA in 2022 and 2021, respectively, and capital spending has occurred in these properties.

The PDA's primary asset base is its real property in the Market Historic District, and these properties make up \$150.8 million of the total \$201.0 million (or 75%) of total assets as of December 31, 2022. The remainder of the PDA's total assets comprise, for the most part, current cash, designated cash reserves, lease receivables, prepaid taxes, and loans receivable.

The PDA was assessed a Local Improvement District (LID) tax for the Waterfront from the City of Seattle in the amount of \$1.8 million. The PDA elected to prepay the LID tax in full in 2021 in order to save on financing costs, and it is being amortized over the 20 year tax period from 2022 to 2041.

Total liabilities of the PDA were \$36.2 million and \$36.6 million at December 31, 2022 and 2021, respectively. The PDA's major liabilities consist of outstanding loans, bonds, and non-capital grant advances.

Deferred inflows of resources to the PDA were \$7.6 million at December 31, 2022. The deferred inflows consist of commercial lease receivables expected to be recognized as revenue over the terms of the leases.

Net position represents the PDA's equity. Net position is divided into three categories. The first category is net investment in capital assets and represents the PDA's land, buildings, structures, equipment, and construction in progress, less any outstanding debt related to these assets. The second category is restricted for required reserves and represents assets, generally cash that has external limitations on the way it may be used. The last category of net position is unrestricted; these are available for use in the PDA's normal operations.

Pike Place Market Preservation and Development Authority

Management's Discussion and Analysis

PDA's Revenues, Expenses, and Changes in Fund Net Position

<i>Year Ended December 31,</i>	2022	2021
Operating Revenues		
Lease income	\$ 18,700,795	\$ 14,356,372
Parking	4,876,867	4,072,694
Management fees	27,607	52,196
Security	109,647	83,873
Contributions and grants	415,707	807,927
Miscellaneous	231,030	256,257
Total Operating Revenues	24,361,653	19,629,319
Operating Expenses		
Property management	(14,966,883)	(12,577,186)
Depreciation and amortization	(6,695,461)	(6,607,550)
Parking	(1,654,799)	(1,260,301)
Security	(1,782,690)	(1,680,406)
Professional fees	(175,280)	(230,185)
Total Operating Expenses	(25,275,113)	(22,355,628)
Operating Loss	(913,460)	(2,726,309)
Non-operating revenues	1,329,483	649,359
Non-operating expenses	(918,347)	(940,068)
Net Non-Operating Revenues (Expenses)	411,136	(290,709)
Change in Net Position	(502,324)	(3,017,018)
Net Position, beginning of year	157,730,226	160,747,244
Net Position, end of year	\$ 157,227,902	\$ 157,730,226

The purpose of the above is to present the PDA's operations and net revenue earned from those operations. The PDA's operations are primarily real estate development and management. The PDA's real estate holdings consist of commercial and residential properties, and its primary revenue source is rent from these holdings. The PDA's purpose is to operate the Pike Place Market in accordance with its charter mandates, not necessarily to maximize income from operations. Residential rentals are made primarily to low and moderate-income persons, and commercial spaces

Pike Place Market Preservation and Development Authority

Management's Discussion and Analysis

are leased to small and unique owner operated businesses at rates not generally available in other parts of downtown Seattle. The PDA's objective is to be financially strong while preserving the traditional character of this unique commercial and residential community.

Non-operating income increased from 2021 primarily due to \$679 thousand increase in interest income.

Non-operating revenue also reflects interest income and non-capital grant revenue. This revenue is classified as non-operating, as it is nonrecurring and not a part of the PDA's normal operations.

Non-operating expenses consist primarily of interest expense on loans and bonds payable, as well as a loss on the dissolution and absorption of LaSalle Senior Housing LLC.

Capital Asset and Debt Obligation Administration

The PDA has invested \$150.8 million and \$154.8 million in net capital assets as shown in the table below at December 31, 2022 and 2021, respectively.

<i>December 31,</i>	2022	2021
Buildings and improvements	\$ 219,710,647	\$ 218,189,546
Equipment	2,247,913	2,089,665
Capital improvement plan	1,752,425	1,747,334
	223,710,985	222,026,545
Less: Accumulated depreciation	(80,847,187)	(74,151,726)
	142,863,798	147,874,819
Land	6,333,203	6,333,203
Construction in progress	1,578,620	621,732
Total	\$ 150,775,621	\$ 154,829,754

The decrease in 2022 is attributed to depreciation (\$6.7 million) exceeding capital additions (\$2.6 million). Additions were primarily related to improvements to the Market Historic District.

Pike Place Market Preservation and Development Authority

Management's Discussion and Analysis

The PDA has debt obligations of \$30.2 million and \$30.9 million as shown in the table below at December 31, 2022 and 2021, respectively.

<i>December 31,</i>	2022	2021
Loans Payable		
Creamery loan	\$ 455,000	\$ 455,000
LaSalle - City of Seattle loan	839,212	839,212
LaSalle - State of WA loan	544,171	564,626
PPMQB3 - Loan A	7,310,125	7,310,125
PPMQB3 - Loan B	2,939,875	2,939,875
Bonds Payable		
Series 2015A bonds	16,935,000	17,510,000
Unamortized Bond Premiums	1,155,340	1,266,925
Total	\$ 30,178,723	\$ 30,885,763

In June 2015, the PDA issued Special Obligation and Refunding Bonds (the Series A Bonds) and Special Obligation Bonds (the Series B Bonds), collectively referred to as "2015 Bonds," for the purpose of financing the design, acquisition, construction, and equipping of parking and other improvements related to the MarketFront Project, and to also refinance and pay in full certain bonds, a commercial mortgage, and another long-term obligation previously outstanding of the PDA. The Series B Bonds were paid in full in 2018. The Series A Bonds are secured by restricted cash and, effectively, the unrestricted net position of the PDA. The bonds include a covenant that the PDA maintain a minimum debt service coverage ratio. Under Section 9(a) of the Bond Resolution, the PDA has covenanted with the owner of each of the Bonds to establish, maintain, revise as necessary, and collect such rents, rates and charges to be paid by tenants and other users of the Market such that net revenue in each fiscal year will at least equal 125% of the amounts required in such fiscal year to be paid as scheduled debt service on all parity Bonds, with some permitted adjustments. Net revenue for the fiscal year ended December 31, 2022 equaled 406% of scheduled debt service on parity Bonds.

Economic and Other Factors Affecting the PDA's Future

During 2022 the PDA had considerable improvement compared to the activities and financial performances in 2021 and 2020. The vision for 2023 reflects a general recovery of business post-COVID. By the end of summer 2022, general business had started to return to 2019 levels. Recently, global and local economic activity has been facing uncertainties with increased inflation, ongoing supply chain issues and labor shortages, and the pandemic transition of short patterns to neighborhood retail and on-line shopping. There are specific challenges to the Pike Place Market and downtown Seattle such as increased behavioral issues with streetscapes, the delayed return of office workers to downtown and to some extent, the drop in tourism from Asia due to longer term COVID restrictions on travel. However, general tourism rebounded well with the return of cruise ship traffic in the summer and a long period of good weather resulting in overall growth. The post-COVID period brings continuous optimism for the future, but there is still uncertainty that has to do with a possible recession which will have an impact on different aspects of our business. PDA

Pike Place Market Preservation and Development Authority

Management's Discussion and Analysis

Management is actively monitoring the impact of the global and local situation on its financial condition, inflation, liquidity, operations, supplies, industry, and workforce.

In the previous decade the PDA has managed the regular and consistent growth of successful businesses in the Pike Place Market - both legacy businesses and new additions. The PDA was able to set aside operating profits as reserves for capital needs and upgrades for the coming years. New programs were funded to support the further development of small business, farm-related business and general public involvement.

We expect to have some growth during 2023 but are still very cautious because the increase in revenue will be intertwined with the increase of operating expenses due to inflation which causes high prices.

With a continued focus on the health of the Market within the Historic District, it is also important to stay engaged with projects adjacent to the Market in how they affect our business.

Overall the forecast of Pike Place Market for 2023 reflects:

- Good economics - continued balance of projected revenues to operating expenses.
- Amplifying the diversity of business opportunities, especially as space becomes available for new entrepreneurs in food service, retail and traditional groceries.
- An appraisal of what the PDA can do to best support the traditional farmers market and enhance the craft artist program.
- Exploring means and methods for increasing range of opportunities, times and places for customers to participate, shop and support the Market community.
- Initiate long term planning for strategies to keep the Market on sound financial footing, authentic and relevant in a time of significant changes and challenges for traditional small businesses.
- Environmental conservation and sustainability projects in the Market.

Requests for Information

This financial report is designed to provide users with a general overview of the PDA's finances and to demonstrate the PDA's accountability for the money it receives. If you have any questions about this report or need additional financial information, a request should be addressed to the Pike Place Market Preservation and Development Authority, 85 Pike Street, Room 500, Seattle, WA 98101, or please call (206)-682-7453 or email info@pikeplacemarket.org.

WASH and PPMQB3 issue their own separate audited financial statements. These statements may also be obtained by contacting the PDA at the address or phone number indicated above.

Financial Statements

Pike Place Market Preservation and Development Authority

Statement of Net Position - Proprietary Fund

<i>December 31, 2022</i>	Primary Government Proprietary Fund	Discrete Component Unit
Assets		
Current Assets		
Cash and cash equivalents	\$ 5,695,557	\$ 117,619
Accounts receivable, tenants, net	743,831	7,106
Accounts receivable, other	229,398	153,621
Accounts receivable, related party	190,358	-
Lease receivables	2,462,438	-
Prepaid local improvement district tax, current portion	91,040	-
Prepaid expenses and other assets	406,276	-
Total Current Assets	9,818,898	278,346
Noncurrent Assets		
Designated cash and cash equivalents	21,139,920	-
Restricted cash and cash equivalents	4,760,587	311,828
Lease receivables, net	5,350,241	-
Prepaid local improvement district tax, less current portion	1,638,755	-
Loan receivable - tax credit project	7,310,125	-
Intangible assets, net of accumulated amortization	206,100	-
Capital assets, net	150,775,621	7,666,781
Total Noncurrent Assets	191,181,349	7,978,609
Total Assets	\$ 201,000,247	\$ 8,256,955
Liabilities and Net Position		
Current Liabilities		
Accounts payable	\$ 1,826,810	\$ 20,296
Accounts payable, related party	-	190,358
Accrued expenses and deposits payable	1,619,314	27,590
Compensated absences	314,914	-
Interest payable	236,658	79,004
Unearned revenue	403,558	-
Current portion of non-capital grant advances	526,316	-
Current portion of loans payable	711,256	-
Current portion of bonds payable	605,000	-
Total Current Liabilities	6,243,826	317,248
Long-Term Liabilities		
Non-capital grant advances, net of current portion	1,052,630	-
Loans payable, net of current portion	11,377,127	1,332,834
Bonds payable, net of current portion	17,485,340	-
Total Long-Term Liabilities	29,915,097	1,332,834
Total Liabilities	36,158,923	1,650,082
Deferred Inflows of Resources		
Leases	7,613,422	-
Net Position		
Net investment in capital assets	120,596,898	6,333,947
Restricted for required reserves	4,760,587	311,828
Unrestricted	31,870,417	(38,902)
Total Net Position	157,227,902	6,606,873
Total Liabilities and Net Position	\$ 201,000,247	\$ 8,256,955

See accompanying notes to financial statements.

Pike Place Market Preservation and Development Authority

Statement of Revenues, Expenses, and Changes in Fund Net Position - Proprietary Fund

<i>Year Ended December 31, 2022</i>	Primary Government Proprietary Fund	Discrete Component Unit
Operating Revenues		
Lease income	\$ 18,700,795	\$ 347,521
Parking	4,876,867	-
Management fees	27,607	-
Security	109,647	-
Contributions and grants	415,707	-
Miscellaneous	231,030	-
Total Operating Revenues	24,361,653	347,521
Operating Expenses		
Property management	14,966,883	355,609
Depreciation and amortization	6,695,461	227,603
Parking	1,654,799	-
Security	1,782,690	-
Professional fees	175,280	33,107
Total Operating Expenses	25,275,113	616,319
Operating Loss	(913,460)	(268,798)
Non-Operating Revenues (Expenses)		
Gain (loss) on dissolution of LaSalle	(100)	-
Lease interest income	234,781	-
Interest income	545,736	-
Forgiveness of interest	22,750	-
Non-capital grant revenue	526,316	-
Interest expense	(914,747)	(13,327)
Amortization of intangible assets	(3,600)	-
Net Non-Operating Revenues (Expenses)	411,136	(13,327)
Change in Net Position	(502,324)	(282,125)
Net Position, beginning of year	157,730,226	6,888,998
Net Position, end of year	\$ 157,227,902	\$ 6,606,873

See accompanying notes to financial statements.

Pike Place Market Preservation and Development Authority

Statement of Cash Flows - Proprietary Fund

<i>Year Ended December 31, 2022</i>	Primary Government Proprietary Fund	Discrete Component Unit
Cash Flows Provided by (Used in) Operating Activities		
Cash received from tenants for rent	\$ 15,585,514	\$ 347,630
Cash received from parking	4,876,867	-
Cash received from management fees and other customers	628,244	(153,621)
Cash paid to employees	(9,799,796)	-
Cash paid to suppliers and others	(7,675,709)	(383,460)
Net Cash Flows Provided by (Used in) Operating Activities	3,615,120	(189,451)
Cash Flows Provided by (Used in) Non-Capital Financing Activities		
Advances from (to) related parties	(145,623)	145,623
Net Cash Flows Provided by (Used in) Non-Capital Financing Activities	(145,623)	145,623
Cash Flows Used in Capital and Related Financing Activities		
Proceeds from long-term leasing activities	2,453,841	-
Purchases of capital assets	(2,641,428)	(2,779)
Interest paid	(995,190)	-
Repayment of bonds and loans payable	(595,455)	-
Net Cash Flows Used in Capital and Related Financing Activities	(1,778,232)	(2,779)
Cash Flows Provided by Investing Activity		
Interest received	780,517	-
Net Change in Cash and Cash Equivalents	2,471,782	(46,607)
Cash and Cash Equivalents, beginning of year	29,124,282	476,054
Cash and Cash Equivalents, end of year	\$ 31,596,064	\$ 429,447
Included in the Statement of Net Position as Follows		
Cash and cash equivalents	\$ 5,695,557	\$ 117,619
Restricted cash and cash equivalents	4,760,587	311,828
Designated cash and cash equivalents	21,139,920	-
	\$ 31,596,064	\$ 429,447

See accompanying notes to financial statements.

Pike Place Market Preservation and Development Authority

Statement of Cash Flows - Proprietary Fund

<i>Year Ended December 31, 2022</i>	Primary Government Proprietary Fund	Discrete Component Unit
Reconciliation of Operating Loss to		
Net Cash Flows from Operating Activities		
Operating loss	\$ (913,460)	\$ (268,798)
Adjustments to reconcile operating loss to net cash flows from operating activities:		
Depreciation and amortization	6,695,461	227,603
Proceeds from long-term leasing activities	(2,453,841)	
Changes in operating assets and liabilities		
Accounts receivable, tenants and other	(376,437)	(153,512)
Allowance for doubtful accounts	100,000	-
Prepaid expenses and other assets	(41,041)	-
Accounts payable and accrued expenses	862,644	5,256
Compensated absences	(16,663)	-
Unearned revenue	(42,286)	-
Net Cash Flows from Operating Activities	\$ 3,615,120	\$ (189,451)

See accompanying notes to financial statements.

Pike Place Market Preservation and Development Authority

Statement of Fiduciary Net Position Fiduciary Fund Component Unit - Pension Trust Fund

December 31, 2022

Assets

Cash and cash equivalents	\$	135,334
Investments		4,991,242
Employer contributions receivable		653,030
Participant loans receivable		69,902

Total Assets	\$	5,849,508
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Net Position

Restricted for pension benefits	\$	5,849,508
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See accompanying notes to financial statements.

Pike Place Market Preservation and Development Authority

Statement of Changes in Fiduciary Net Position Fiduciary Fund Component Unit - Pension Trust Fund

Year Ended December 31, 2022

Additions

Contributions	
Employer	\$ 650,000
Plan members	7,430

Total contributions	657,430
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Investment earnings	
Interest and dividends	228,477
Net decrease in the fair value of investments	(1,250,603)

Total investment earnings	(1,022,126)
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Total Additions	(364,696)
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Deductions

Benefits	234,600
Loan distributions	39,890
Administrative expenses	5,567

Total Deductions	280,057
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Change in Net Position	(644,753)
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Net Position, beginning of year	6,494,261
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Net Position, end of year	\$ 5,849,508
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See accompanying notes to financial statements.

Pike Place Market Preservation and Development Authority

Notes to Financial Statements

1. Organization and Summary of Significant Accounting Policies

Organization and Nature of Operations

Pike Place Market Preservation and Development Authority (the PDA), is a public governmental corporation established by charter issued by the City of Seattle (the City) in 1973. The charter obligates the PDA to preserve, redevelop, and manage the Pike Place Market (the Market), which resides in a nine-acre historical district in downtown Seattle. According to the charter, the PDA is required to preserve these historical properties, assure the Market's economic viability, provide opportunities and services to low- and moderate-income people, maintain the tradition of a farmers' market for direct sale of fresh produce by the farmer to the consumer, and enhance the economic health of small owner operated businesses, farmers, and craftspeople. The Market properties were renovated using a combination of private and federal funds during the 1970s and early 1980s. In addition, the State of Washington (the State) Department of Community Development has a historic preservation easement on the property.

Blended Component Units

Pike Place Market QALICB3 (PPMQB3) is considered blended component unit of the PDA as the PDA is the sole corporate member of PPMQB3. PPMQB3 is a Washington State nonprofit tax-exempt organization affiliated with the PDA. PPMQB3's financial data are included on the face of the PDA's basic financial statements as allowed under the Governmental Accounting Standards Board (GASB). All inter-entity transactions are eliminated on the face of the PDA's basic financial statements. PPMQB3 report on a fiscal year end consistent with the PDA primary government. The financial statements of PPMQB3 were prepared in accordance with accounting principles generally accepted in the United States of America and were audited separately. The financial statements of PPMQB3 for the purposes of these financial statements, are presented in accordance with GASB. Copies of these financial statements may be obtained by contacting the PDA. The following notes to the financial statements are presented including the financial information of PPMQB3.

Discretely Presented Component Unit

Western Avenue Senior Housing, LLC (WASH) is considered a component unit of the PDA, discretely presented in a separate column on the face of the PDA's basic financial statements. As the managing member of WASH, the PDA is financially accountable for and oversees the day-to-day operations of this separate legal entity. WASH reports on a fiscal year-end consistent with the PDA primary government. The financial statements of WASH were prepared in accordance with accounting principles generally accepted in the United States of America, and the financial statements of WASH were audited separately. The financial statements of WASH for the purposes of these financial statements, are presented in accordance with GASB. Copies of these financial statements may be obtained by contacting the PDA.

Fiduciary Fund Component Unit - Pension Trust Fund

The PDA's sponsored tax advantaged deferred compensation plan, a defined contribution plan (the Pension Trust Fund) is a governmental 457 type plan and is used to account for assets held in trust by Matrix Trust Company for the benefit of qualified employees of the PDA. The Pension Trust Fund is sponsored by the PDA and governed by a Plan Administrative Committee (acting as Board of the Pension Trust Fund). The Plan Administrative Committee is made up of the PDA Finance Committee Chair, the PDA Executive Director, the PDA Director of Finance, and the PDA Director of Human

Pike Place Market Preservation and Development Authority

Notes to Financial Statements

Resources, which are appointed by the PDA Council (which thereby, may impose its will on the Pension Trust Fund). Therefore, the Pension Trust Fund is included as a component unit of the PDA. The PDA has evaluated the requirements of GASB Statement No. 84, *Fiduciary Activities*, and as a result, determined the Pension Trust Fund is a fiduciary fund component unit.

LaSalle Senior Housing, LLC Dissolution

The Pike Place Market PDA Council, in its meeting on February 24th, 2022, approved Resolution Number 22-26 “*Transfer of LaSalle Senior Housing LLC Project to Pike Place Market PDA*” to allow the PDA to absorb the remaining assets and obligations of the LaSalle Project immediately. The LLC was dissolved, and operations of the Project continued as a housing project within the PDA. The notes receivable and notes payable and associated accrued interest between the PDA and LaSalle have been forgiven and written off as a part of this transaction. The City of Seattle and State of Washington loans have been absorbed and are the responsibility of the PDA. As LaSalle was previously combined as a blended component unit, there was no significant impact to the financial statements or disclosures as the related assets and liabilities were already combined and/or eliminated where applicable.

Basis of Accounting

Due to its business-like operations, the PDA is considered a stand-alone proprietary entity. The financial statements have been prepared using the economic resources measurement focus and the accrual basis of accounting. All assets and all liabilities (whether current or noncurrent) associated with its activities are included on the statement of net position. Revenue is recognized when earned and expenses are recorded when an obligation has been incurred. Capital asset purchases are capitalized and, when appropriate, depreciated.

The financial statements of the Pension Trust Fund are prepared using the accrual basis of accounting. Discretionary contributions to the Plan are made by the PDA in order to maintain sufficient assets to pay benefits and are recognized when due. Benefits are recognized when paid in accordance with the terms of the Pension Trust Fund.

Cash and Cash Equivalents

For cash flow purposes, highly liquid investments with an original maturity of less than three months, including those investments held at the Local Government Investment Pool (LGIP) described below, that are not restricted are considered cash equivalents. Cash and cash equivalents, including those designated and restricted are described in Notes 2, 3, and 4.

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in event of a failure of a depository financial institution, the PDA would not be able to recover deposits or will not be able to recover collateral securities that are in possession of an outside party.

At December 31, 2022, the PDA did not have cash and cash equivalents held in banks in excess of federally insured limits.

Pike Place Market Preservation and Development Authority

Notes to Financial Statements

Investments in Local Governmental Investment Pool

The PDA is a participant in the LGIP. The LGIP was authorized by Chapter 294, Laws of 1986, and is managed and operated by the Washington State Treasurer. The State Finance Committee is the administrator of the statute that created the pool and adopts rules. The State Treasurer is responsible for establishing the investment policy for the pool and reviews the policy annually and proposed changes are reviewed by the LGIP advisory Committee.

Investments in the LGIP, a qualified external investment pool, are reported at amortized cost which approximates fair value. The LGIP is an unrated external investment pool. The pool portfolio is invested in a manner that meets the maturity, quality, diversification and liquidity requirements set forth by GASB Statement No. 79 for external investments pools that elect to measure, for financial reporting purposes, investments at amortized cost. The LGIP does not have any legally binding guarantees of share values. The LGIP does not impose liquidity fees or redemption gates on participant withdrawals. According to GASB guidelines, the balances are also not subject to custodial credit risk.

The Office of the State Treasurer prepares a stand-alone LGIP financial report. A copy of the report is available from the Office of the State Treasurer, P.O. Box 40200, Olympia, Washington 98504-0200, online at <http://www.tre.wa.gov>.

Investments - Pension Trust Fund

Investments in money market funds, mutual funds, and marketable debt securities are carried at fair value based on quoted market prices. Investment income, including net realized and unrealized gains or losses, and interest and dividends earned are recorded as nonoperating revenue (expenses). Gains and losses from the sale of securities are recorded using the specific-identification method.

Accounts Receivable

Accounts receivable from tenants are due for rent and related expenses and are generally unsecured. Accounts receivable from others are due for the reimbursement of expenses. Related-party receivables are discussed in Note 5. The PDA considers all accounts greater than 30 days old to be past due and uses the allowance method for recognizing bad debts. When an account is deemed uncollectible, it is generally written off against the allowance. The allowance for doubtful accounts was \$250,000 at December 31, 2022.

Participant Loans Receivable - Pension Trust Fund

Participant loans receivable are recognized at net realizable value and are limited to the lesser of \$50,000 or 50% of the participant's vested balance. Loans generally have repayment terms of five or 10 years, and bear interest at fixed rates of 3.25% to 8.00%. Loans are secured by the vested portion of the participants loan balance. Management has determined no allowance was necessary at December 31, 2022.

Pike Place Market Preservation and Development Authority

Notes to Financial Statements

Leases - Lessee

At the commencement of a lease, the PDA initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to leases include how the PDA determines (1) the discount rate used to discount the expected lease payments to present value, (2) lease term, and (3) lease payments. The PDA uses the risk free rate as the discount rate. When the interest rate charged by the lessor is not provided, the PDA generally uses its estimated incremental borrowing rate as the discount rate for leases. The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the PDA is reasonably certain to exercise.

The PDA monitors changes in circumstances that would require a remeasurement of its leases and will remeasure lease assets and liabilities if certain changes occur that are expected to significantly affect the amount of any lease liability. Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statement of net position.

Leases - Lessor

The PDA has leased to third-parties multiple nonfinancial assets, relating to commercial and residential tenants. For leases greater than 12 months as of January 1, 2022, the PDA recognizes a lease receivable and a deferred inflow of resources in the primary government proprietary fund financial statements where applicable.

At the commencement of the lease, the PDA initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments receivable. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Under the lease agreements, the PDA may receive variable lease payments that are dependent upon the lessee's revenue. The variable payments are recorded as an inflow of resources in the period the payment is received.

Key estimates and judgments include how the PDA determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts. The PDA uses 3.25% as the discount rate for leases, which is its estimated incremental borrowing rate. The lease term includes the noncancellable period of the lease. Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee. The PDA monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

Pike Place Market Preservation and Development Authority

Notes to Financial Statements

Capital Assets

The capitalization policy for building improvements includes all items with a unit cost of \$2,500 or more and an estimated useful life of more than 10 years. The capitalization policy for equipment includes all items with a unit cost of \$1,500 or more and an estimated useful life of more than five years. The costs of normal maintenance and repairs, which do not increase the value of the assets or materially extend asset lives, are charged to operating expenses in the year the expense is incurred.

Depreciation is computed using the straight-line method over the estimated useful lives of the assets. Buildings (excluding the garage) are depreciated over periods up to 70 years. Building improvements and the garage are amortized/depreciated over periods up to 40 years. Other property and equipment are depreciated over five to ten years.

The PDA has recognized intangible assets as a result of costs incurred to obtain tax abatement and tax credit fees. Intangible assets are amortized over the years they benefit.

Capital assets are also discussed in Note 7.

Debt Premiums and Discounts

Debt premiums and discounts are netted against the debt payable and are deferred and amortized over the life of the related debt using the effective interest method.

Net Position

Net position is composed of various net earnings from operating revenue, non-operating revenue, capital grants and contributions, and expenses. Net position is classified in the following three components:

- *Net investment in capital assets* - This component of net position consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, loans, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. As of December 31, 2022, the total invested in capital assets, net of accumulated depreciation, was \$150,775,621, and related debt was \$30,178,723.
- *Restricted for required reserves* - This component of net position consists of external constraints imposed by creditors (through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation, that restrict the use of net position. The PDA had restricted net position (made up of cash and cash equivalents) of \$4,760,587 as of December 31, 2022 (see Note 3).
- *Unrestricted* - This component of net position consists of net position that does not meet the definition of “restricted for required reserves” or “net investment in capital assets.”

When both restricted and unrestricted resources are available for use, it is the PDA’s policy to use unrestricted resources first and then use restricted resources as they are needed.

Pike Place Market Preservation and Development Authority

Notes to Financial Statements

Classification of Revenue and Expenses

The PDA distinguishes operating revenue and expenses from non-operating items in the preparation of its financial statements according to the following criteria:

Operating - Operating revenue and expenses generally result from providing rental, parking, and security services in connection with the PDA's principal ongoing operations. Principal operating revenue includes rent, parking, property management, and security fees. Operating expenses include property management, parking, security, professional fees, and other expenses related to the delivery of rental, parking, and security services.

Non-Operating - Almost all revenue and expenses not meeting the definition above are reported as non-operating revenue and expenses. Related-party grant revenue (expense) is considered non-operating given that it is discretionary in nature and calculated based on a non-operating measure.

Rent Revenue and Unearned Revenue

The PDA receives regular monthly income from residential and commercial tenants under operating leases. Revenue is recognized in accordance with the lease agreement rather than on the straight-line method over the lease term, as management believes the difference would be immaterial. Residential leases are stated at a fixed monthly rate, and commercial leases are stated at a base rate or a percentage of monthly sales, whichever is greater. Most commercial tenants pay rent based on a percentage of monthly sales. Generally, residential lease contracts are for a one-year term and are always cancelable with a 30 day notice by either party. Commercial lease contracts generally have terms up to 10 years and are noncancelable (see Note 10).

Rent revenue received in advance of the rental service period is recognized as unearned revenue.

Parking and Management Fee Revenue

Parking and management fee revenue is recognized when the service is provided.

Compensated Absences

Compensated absences are absences for which employees will be paid (vacation leave). The PDA records unpaid leave for compensated absences as an expense and liability when earned. Vacation pay may be accumulated to a maximum of 20 to 25 days depending on the length of service. Unused vacation leave is payable upon resignation, retirement, or death.

Non-Capital Grant Advances

Non-capital grant advances represent funds received by the PDA under an agreement with the Washington State Department of Transportation to restrict 450 of its existing parking spaces to short-term parking through December 31, 2025. Non-capital grant advances are recognized ratably over the term of the agreement.

Income Taxes

As a public governmental corporation, the PDA is exempt from income taxes.

Pike Place Market Preservation and Development Authority

Notes to Financial Statements

Fair Value of Financial Instruments

The fair value of a financial instrument is the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. GASB Statement No. 72, *Fair Value Measurement and Application*, establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The fair value hierarchy gives the highest priority to quoted market prices in active markets for identical assets (Level 1) and the lowest priority to observable inputs (Level 3).

Use of Estimates

The preparation of financial statements in conformity with governmental accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

New Accounting Pronouncements

The PDA has retroactively implemented GASB Statement Number 87, *Leases* (GASB 87) effective for PDA's fiscal year beginning January 1, 2022. GASB 87 establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under GASB 87, a lessee is required to recognize a lease liability and an intangible right-to-use asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about leasing activities.

At January 1, 2022, lease receivable was \$8,176,064 and deferred inflow related to leases was \$8,176,064. There was no change to net position at January 1, 2022.

The GASB has also passed several new accounting standards that will be implemented in future reporting periods. The following new accounting standards were implemented by the PDA for 2022 reporting:

- *GASB 91 - Conduit Debt Obligations* - The provisions of this standard are required to be implemented for the 2022 financial reporting period.
- *GASB 92 - Omnibus 2020* - The provisions of this standard related to the effective date of Statement 87 and Implementation Guide 2019-3, reinsurance recoveries, and terminology used to refer to derivative instruments were implemented in the 2020 financial reporting period. All other requirements are required to be implemented for the 2022 financial reporting period.
- *GASB 93 - Replacement of Interbank Offered Rates* - The provisions of this standard, except for paragraphs 11b, 13, and 14, were implemented for the 2021 financial reporting period. The requirements in paragraphs 11b, 13, and 14 are required to be implemented for the 2022 financial reporting period.

These remaining standards had no impact on the PDA's financial statements.

Pike Place Market Preservation and Development Authority

Notes to Financial Statements

The following standards are not required to be adopted for the reporting period:

- *GASB 94 - Public-Private and Public-Public Partnerships and Availability Payment Arrangements* - The provisions of this standard are required to be implemented in the 2023 financial reporting period.
- *GASB 96 - Subscription-Based Information Technology Arrangements* - The provisions of this standard are required to be implemented for the 2023 financial reporting period.
- *GASB 97 - Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans - an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32* - The provisions in (1) paragraph 4 of this Statement as it applies to defined contribution pension plans, defined contribution OPEB plans, and other employee benefit plans and (2) paragraph 5 of this Statement are effective upon issuance. All other requirements are required to be implemented for the 2022 financial reporting period.
- *GASB 99 - Omnibus 2022* - The provisions related to leases, PPPs, and SBITAs are effective for the 2023 reporting period. The provisions related to financial guarantees and derivative instruments are effective for the 2024 reporting period. All other provisions were effective and implemented upon issuance.
- *GASB 100 - Accounting Changes and Error Corrections—an amendment of GASB Statement No. 62* - The provisions of this standard are effective for the 2024 reporting period.
- *GASB 101 - Compensated Absences* - The provisions of this standard are effective for the 2023 reporting period.

The PDA is currently evaluating the impact each new accounting standard will have on its future financial statements.

2. Cash and Cash Equivalents

The PDA's cash and cash equivalents are held with the following institutions:

December 31, 2022

Investment in State of Washington LGIP	\$ 30,914,332
Cash and cash equivalents on hand	81,642
Cash and cash equivalents held in banks	600,090
	<hr/>
	\$ 31,596,064

Pike Place Market Preservation and Development Authority

Notes to Financial Statements

These amounts are presented in the statement of net position as follows:

December 31, 2022

Cash and cash equivalents	\$ 5,695,557
Designated cash and cash equivalents	21,139,920
Restricted cash and cash equivalents	4,760,587
	<hr/>
	\$ 31,596,064

The composition of designated cash and cash equivalents is as follows:

December 31, 2022

Capital equipment and capital budget carryovers	\$ 15,994,009
MarketFront project reserve	1,529,872
Low-income housing reserve	954,264
Minimum operating reserve - PDA	2,357,064
Reserve for contingencies	304,711
	<hr/>
	\$ 21,139,920

3. Restricted Cash and Cash Equivalents

Restricted cash and cash equivalents consist of the following:

2015 bond reserves - Debt service reserve funds for special obligation and refunding bonds issued in 2015.

Replacement reserves - LaSalle - In accordance with provisions in the Operating Agreement and the City of Seattle note agreement, the PDA is required to maintain a replacement reserve for property repairs and improvements.

Retainage reserve - Consists of retainage in the amount of \$571,819 for construction performed through December 31, 2018, related to the MarketFront project that is expected be paid during 2022, and retainage in the amount of \$41,039 related the Elevator project that is ongoing as of December 31, 2022.

Other reserves - LaSalle - In accordance with provisions in the Operating Agreement, formally, LaSalle was required to maintain an operating reserve through the end of the Compliance Period in the amount of \$164,348. The requirement ended during the year ended December 31, 2020, however management maintains the reserve for future use and to comply with debt agreements of the Project. The operating reserve totaled \$176,560 at December 31, 2022.

Pike Place Market Preservation and Development Authority

Notes to Financial Statements

In accordance with provisions in the Operating Agreement, formally, LaSalle was required to establish a special purpose reserve in the amount of \$104,668 to cover operating deficits associated with the expiration of the Project Section 8 contract. The requirement ended during the year ended December 31, 2020, with the end of the Compliance Period, however management maintains the reserve for future use and to comply with debt agreements of the Project. The operating reserve totaled \$104,659 at December 31, 2022.

Security deposits - Funds held as tenant security deposits.

Senior Center reserves - Funds reserved for Pike Market Senior Center capital maintenance and replacement.

Unclaimed Funds - Funds reserved for relatives of deceased tenant.

Minimum operating reserves - PPMQB3 - Funds restricted under loan reserve and security agreements of PPMQB3.

The composition of restricted cash and cash equivalents is as follows:

December 31, 2022

2015 bond reserves	\$ 2,007,720
Replacement reserves - LaSalle	762,512
MarketFront project retainage reserve	622,544
Other reserves - LaSalle	281,219
Security deposits	493,403
Senior Center reserves	310,620
Unclaimed funds	241,759
Minimum operating reserve under loan and security agreement - PPMQB3	40,810
	<hr/>
	\$ 4,760,587

4. Cash and Cash Equivalents and Investments - Pension Trust Fund

The Pension Trust Fund is authorized to invest in accordance with an established investment policy. The investment policy allows for investments in conservative investments (including money market or stable value funds), fixed-income investments, domestic equity investments, and foreign or international investments.

Pike Place Market Preservation and Development Authority

Notes to Financial Statements

The PDA's cash and cash equivalents and investments of the Pension Trust Fund are summarized as follows:

December 31, 2022

Cash and cash equivalents	\$	135,334
Mutual funds - mid and large cap equities		1,891,591
Mutual funds - international equities		864,069
Mutual funds - small and mid-cap equities		496,529
Mutual funds - fixed income		1,739,053
		<hr/>
		\$ 5,126,576

Credit Risk

With respect to fixed-income investments, credit risk is the risk that an issuer or other counterparty to an investment will not fulfill their obligations as required by the fixed-income security. The PDA's investment policy, adopted by the Plan Administrative Committee, allows for up to a moderate amount of risk. As of December 31, 2022, the Pension Trust Fund's fixed-income securities had a range of credit ratings of BB to AAA.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. There is no formal policy for the plan that limits investment maturities as a means of managing its exposure to fair value losses.

Custodial Credit Risk

Custodial credit risk is the risk that, in the event of the failure of the counterparty, the PDA will not be able to recover the value of its investments or collateral securities that are in possession of a third party.

Investments are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the PDA, and are held by either the counterparty or the counterparty's trust department or agent, but not in the name of the PDA. As of December 31, 2022, the PDA's investments are in open-end mutual funds and are not exposed to custodial credit risk. As of December 31, 2022, the cash deposits did not have custodial credit risk.

Concentration of Credit Risk

The PDA's investment holdings include mutual funds, which are intended to cover an appropriate range of asset classes that reasonably span the risk/return spectrum. Within mutual fund holdings, there are no significant concentrations of investments in any one entity. Holding targets by mutual fund type are set by the PDA's investment policy. All holdings are within the investment policy's acceptable ranges at December 31, 2022.

Pike Place Market Preservation and Development Authority

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Foreign Currency Risk

As of December 31, 2022, the PDA did not have any significant exposure to foreign currency risks.

Fair Value

The three levels of fair value hierarchy are as follows:

Level 1: Quoted prices for identical assets or liabilities in active markets

Level 2: Quoted prices for similar instruments in active markets; for identical instruments in markets that are not active; any model-driven valuations whose inputs are observable either indirectly or directly

Level 3: Unobservable inputs that are significant to the fair value of the assets or liabilities

Although PDA management believes the fair value accounting estimates reflected in the PDA's financial statements are reasonable, there can be no assurances that the PDA could ultimately realize these values.

The following table presents the PDA's fair value hierarchy for investments in the Pension Trust Fund at December 31, 2022:

	Total	Level 1	Level 2	Level 3
Mutual funds - mid and large cap equities	\$ 1,891,591	\$ 1,891,591	\$ -	\$ -
Mutual funds - international equities	864,069	864,069	-	-
Mutual funds - small and mid-cap equities	496,529	496,529	-	-
Mutual funds - fixed income	1,739,053	1,739,053	-	-
	\$ 4,991,242	\$ 4,991,242	\$ -	\$ -

5. Related-Party Transactions

Western Avenue Senior Housing, LLC (WASH)

WASH is a limited liability company formed in 2016 by the PDA to construct and operate 40 low-income residential units in the MarketFront building. The PDA is the managing member of WASH (through Western Avenue Manager LLC, the PDA's wholly owned subsidiary) and holds a 0.01% interest. U.S. Bank is the 99.99% owner and investor member. In addition, U.S. Bank obtained the right to receive low-income housing tax credits resulting from this low-income residential housing project. In exchange, U.S. Bank committed to invest approximately \$8,000,000 into WASH.

In February 2016, the PDA leased the residential portion of the MarketFront building to WASH under a 100-year lease agreement, which terminates in December 2115. Under terms of the agreement, WASH pays the PDA a fixed annual amount of \$10. Due to the related nature of the entities, there is no financial statement or GASB 87 impact recognized by the PDA or WASH for rent below fair market rates.

Pike Place Market Preservation and Development Authority

Notes to Financial Statements

In addition, WASH entered into a property management agreement with the PDA, whereby the PDA earns 8% of gross rents collected. The agreement renews annually.

Certain administration expenses paid by the PDA on behalf of WASH are reimbursed by WASH. During 2022, the following transactions occurred between the PDA and WASH:

- As of December 31, 2022, \$162,751 of unreimbursed expenses is receivable from WASH.
- The PDA earned a management fee of \$27,607 from WASH in 2022. This is included as a receivable from WASH.

Additionally, under the WASH Operating Agreement, the PDA was granted first right of refusal to purchase the residential portion of the MarketFront building or the U.S. Bank's interest in WASH after January 2032 (the end of the tax credit period). The purchase price is outlined in the WASH Operating Agreement.

Also, under the Operating Agreement, the PDA has agreed to advance funds to cover operating deficits not funded from the operating reserve. Any such advances may be repaid from project cash flow in subsequent years or from proceeds of sale or refinance of the property, if that were to occur.

WASH is included in these financial statements as a discretely presented component unit.

Pike Place Market QALICB3 (PPMQB3)

PPMQB3 is a Washington State nonprofit corporation formed in 2016 to obtain funds under the NMTC program, which commenced in 2016. Certain PPMQB3 board members are members of the PDA Council, and the PDA is the sole corporate member of PPMQB3.

On February 11, 2016, the PDA entered into a 50-year lease to QB3 related to the Market Front project to PPMQB3 for the purposes of renovating and rehabilitating the space through the NMTC financing program (the PPMQB3 Agreement). The PDA received \$9,711,325 from PPMQB3 for the lease of the building for the 50-year period from February 11, 2016, to February 28, 2066. This amount is classified as a right-of-use asset of PPMQB3 (a blended component unit) and as of December 31, 2022 was \$8,615,688. The lease revenue advance is being recognized by the PDA on the straight-line method over the life of the lease.

The amount has been collected in advance by the PDA, so it is considered a liability by the PDA. Lease revenue in 2022 was \$199,207, and lease revenue over each of the following full years under the agreement is expected to be \$199,207.

Simultaneously, PPMQB3 subleased the space back to the PDA with a term expiring on December 31, 2051. Under terms of the sublease from PPMQB3, the PDA is required to make fixed annual sublease payments.

Additionally, under the PPMQB3 Agreement, the PDA has guaranteed any future operating deficits PPMQB3, and the PDA has guaranteed payment of any unearned NMTCs to MS NMSC Equity Fund, LLC (MS NMSC), the NMTC investor, in the event of an NMTC recapture event. No recapture events occurred in 2022.

Pike Place Market Preservation and Development Authority

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The PDA and MS NMSC have entered into a put/call option agreement to take place at the end of the seven-year NMTC reconveyance period ending January 2023. Under the agreement, Morgan Stanley (MS) NMSC can exercise a put option to sell all interest in the Pike Place MarketFront Investment Fund, LLC (PPMIF), a limited liability company 99.99% owned by MS NMSC, for \$1,000 to the PDA. If MS NMSC does not exercise the put option within six months of the end of the seven-year period, the PDA has an additional three months in which it can exercise a call option to purchase the interest of the PPMIF at an appraised fair market value. As a result, if the option is exercised, the outstanding loan balances of PPMQB3 are expected to be forgiven in consideration of PPMQB3 transferring all of its leasehold improvement property to the PDA. The option was formally exercised subsequent to year end. See Note 12.

The assets, liabilities, revenue, and expense related to this lease and sublease have been eliminated in the blending of the PDA and PPMQB3.

Certain administrative and operating expenses were initially paid by PDA on behalf of PPMQB3. As of December 31, 2022, \$590 is owed to PPMQB3 due to an overpayment made to the PDA.

The Market Foundation

The Market Foundation is a nonprofit corporation incorporated under the laws of the state of Washington. The Market Foundation raises money to help pay for the services for the needy within the Market's historical district and contributes to the PDA's food subsidy and capital programs. The PDA subsidizes a portion of operating expenses for Social Services in the Market through the Market Foundation. The PDA made a contribution to the Market Foundation in the amount of \$255,590 for the year ended December 31, 2022.

Although the Market Foundation is a related party, due to lack of control, it is not included in these financial statements.

Summary of Related-Party Receivables

Related-party receivables (excluding those eliminated when blending PPMQB3) are \$190,358 due from WASH.

6. Loan Receivable - Tax Credit Projects

In 2016, the PDA loaned \$7,310,125 to Pike Place MarketFront Investment Fund, LLC (PPMIF). PPMIF used the loan proceeds, through other intermediary entities, to make a NMTC loan to PPMQB3. The loan bears interest at 1%. Beginning June 15, 2023 (after the end of the tax credit earn-out period), annual principal and interest payments are due in the amount necessary to repay the outstanding principal and unpaid interest of the loan by June 15, 2042 (maturity). The loan is effectively secured by the capital investments of PPMQB3. During 2022, the PDA earned \$73,101 of interest on this loan receivable.

Subsequent to year end, PPMQB3's compliance period ended and the New Market Tax Credit unwind began. As the PDA assumed all remaining assets and obligations of PPMQB3, this loan was forgiven. See Note 12 for additional information.

Pike Place Market Preservation and Development Authority

Notes to Financial Statements

7. Capital Assets

The following is a summary of capital assets:

	Balance, December 31, 2021	Additions	Retirements	Transfers	Balance, December 31, 2022
Capital Assets not Being Depreciated					
Land	\$ 6,333,203	\$ -	\$ -	\$ -	\$ 6,333,203
Construction in progress	621,732	2,641,328	-	(1,684,440)	1,578,620
Total Capital Assets not Being Depreciated	6,954,935	2,641,328	-	(1,684,440)	7,911,823
Capital Assets Being Depreciated					
Buildings	96,874,270	-	-	-	96,874,270
Building improvements - PDA	104,070,467	-	-	1,521,101	105,591,568
Building improvements - PPMQB3	17,074,312	-	-	-	17,074,312
Site improvements - LaSalle	170,497	-	-	-	170,497
Equipment	2,089,665	-	-	158,248	2,247,913
Capital improvement plan	1,747,334	-	-	5,091	1,752,425
Total Capital Assets Being Depreciated	222,026,545	-	-	1,684,440	223,710,985
Accumulated Depreciation					
Buildings	29,836,779	2,333,895	-	-	32,170,674
Building improvements - PDA	39,753,472	3,810,857	-	-	43,564,329
Building improvements - PPMQB3	2,022,825	425,857	-	-	2,448,682
Site improvements - LaSalle	157,778	-	-	-	157,778
Equipment	1,666,679	105,348	-	-	1,772,027
Capital improvement plan	714,193	19,504	-	-	733,697
Total Accumulated Depreciation	74,151,726	6,695,461	-	-	80,847,187
Total Capital Assets Being Depreciated, net	147,874,819	(6,695,461)	-	1,684,440	142,863,798
Capital Assets, net	\$ 154,829,754	\$ (4,054,133)	\$ -	\$ -	\$ 150,775,621

8. Long-Term Liabilities

Compensated Absences

Compensated absences activity for the year ended December 31, 2022, are as follows:

	Balance, December 31, 2021	Additions	Reductions	Balance, December 31, 2022	Current Portion
Compensated Absences	\$ 331,577	\$ 489,226	\$ (505,889)	\$ 314,914	\$ 314,914

Pike Place Market Preservation and Development Authority

Notes to Financial Statements

Loans Payable

Creamery Loan

In December 2004, the PDA acquired land (referred to as the Creamery lot) from the City in exchange for a loan due to the City in the amount of \$455,000. The loan accrues interest at 5% per annum. According to the terms of the loan agreement, the principal and interest become due on the maturity date in December 2023, at which time the City has agreed to forgive the interest as long as the PDA used the land for the intended use outlined in the agreement. The PDA has complied with the terms of the agreement, and for that reason all the interest accrued each year, since the completion date (August 10, 2006), has been forgiven by the City.

Furthermore, the agreement states that if the PDA elects to extend the maturity date pursuant to Section 3 of the promissory note, then beginning with the 17th anniversary after the completion date and on each subsequent anniversary, and so long as the PDA continues to comply with the terms of the covenant then in effect, a portion of the principal equal to 5% of the original purchase price shall be deemed paid, until the entire loan balance is satisfied. The promissory note would be deemed fully satisfied in 2043. At this time, no reductions to principal have occurred and the full \$455,000 principal amount is still outstanding.

LaSalle City of Seattle Loan and State of Washington Loan

LaSalle Senior Housing, LLC borrowed \$839,212 from the City of Seattle in 2005. The loan bears interest at 1%, and principal and interest repayments are calculated at 50% of available net cash flows of the current year, due by June 30 of the following year. Payment was waived by the lender for available cash flows for the year ended December 31, 2022. All principal and interest is due in full in April 2055, with the option to extend through April 2080. The loan is secured by the Deed of Trust for Unit 2 (all apartment units), the LaSalle, a condominium.

LaSalle Senior Housing, LLC borrowed \$839,212 from the State of Washington Department of Community, Trade, and Economic Development in 2005. The loan bears interest at 1% and requires quarterly principal and interest repayments of \$6,503. The outstanding balance is \$244,171 as of December 31, 2022. All principal and interest is due in full in July 2046. The loan is secured by the Deed of Trust for Unit 2 (all apartment units), the LaSalle, a condominium.

As described in Note 1, notes payable were transferred to the PDA during 2022.

PPMQB3 Loans A and B

In February 2016, PPMQB3 borrowed a total of \$10,250,000 from Morgan Stanley (MS) New Markets X LLC (the Lender) (Loans A and B) for the purposes of constructing the retail buildings within the MarketFront. The Lender was created solely for the purpose of obtaining the benefits of New Market Tax Credits. The tax credit investor/lender is MS NMSC Equity Fund, LLC (the NMTC Investor) and the NMTC Investor owns the Lender. Both loans bear interest at an annual rate of 1.1135% and mature on February 11, 2051. Quarterly interest-only payments are due and payable through March 2023. Starting in June 2023 through the maturity date, payments of interest and principal, amortized over the remaining term, shall be payable in quarterly installments due and payable on the last day of March, June, September, and December. All remaining principal and accrued and unpaid interest shall be due and payable on the maturity date.

Pike Place Market Preservation and Development Authority

Notes to Financial Statements

All loans are secured by the assignment of rents and restricted cash of PPMQB3. Additionally, all loans are guaranteed by the PDA. The PDA and PPMQB3 have also guaranteed payment of any unearned New Market Tax Credits to the NMTC Investor in the event of an NMTC recapture event, as defined in the financing arrangement. No recapture events occurred in 2022.

The PDA and the NMTC Investor have entered into a put/call option agreement to be exercisable at the end of the seven-year NMTC period. Under the agreement, the NMTC Investor can exercise a put option to sell all of its interest for \$1,000 to the PDA. If the NMTC Investor does not exercise the put option within six months of the end of the seven-year period, the PDA has an additional three months in which it can exercise a call option to purchase the NMTC Investor's interest in the Lender at an appraised fair market value. As a result, if either the put option or the call option is exercised, the outstanding loan balances are expected to be forgiven in consideration of PPMQB3 transferring all of its leasehold improvement property to the PDA.

Certain disclosures in these financial statements may be significantly impacted in the event the put/call option is exercised. See Note 13 for the dissolution of PPMQB3 and the impact of the put/call option.

The following are the changes in loans payable for the year ended December 31, 2022:

Loans Payable from Direct Borrowings	Balance, December 31, 2021	Additions	Reductions	Balance, December 31, 2022	Current Portion
Creamery loan	\$ 455,000	\$ -	\$ -	\$ 455,000	\$ 455,000
City of Seattle Loan (LaSalle)	839,212	-	-	839,212	-
State of WA Loan (LaSalle)	564,626	-	(20,455)	544,171	20,597
PPMQB3 - Loan A	7,310,125	-	-	7,310,125	168,068
PPMQB3 - Loan B	2,939,875	-	-	2,939,875	67,591
Total Loans Payable	\$ 12,108,838	\$ -	\$ (20,455)	\$ 12,088,383	\$ 711,256

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Pike Place Market Preservation and Development Authority

Notes to Financial Statements

The principal and interest maturities of loans payable are as follows:

<i>Year Ending December 31,</i>	Principal	Interest	Total
2023	\$ 711,256	\$ 118,895	\$ 830,151
2024	338,088	115,397	453,485
2025	341,844	111,640	453,484
2026	345,642	107,842	453,484
2027	349,482	104,002	453,484
2028-2032	1,806,534	461,987	2,268,521
2033-2037	1,910,159	359,419	2,269,577
2038-2042	2,017,617	251,020	2,268,638
2043-2047	1,801,196	136,463	1,937,659
2048-2052	1,627,353	26,368	1,653,721
2053-2055	839,212	-	839,212
	\$ 12,088,383	\$ 1,793,033	\$ 13,881,416

Bonds Payable - Summary

Bonds payable are as follows:

Year Ended December 31, 2022

Special Obligation and Refunding Bonds 2015A - MarketFront Project

Series 2015A PDA Special Obligation and Refunding Bonds, with interest at 5%, interest payments made semi-annually, and remaining annual principal payments ranging from \$545,000 to \$1,380,000 through December 1, 2040.

\$ 16,935,000

Less: Current portion

(605,000)

Plus: Unamortized premiums on Series 2015A bonds payable

1,155,340

\$ 17,485,340

Bonds Payable - Details

Series 2015A and 2015B Special Obligation and Refunding Bonds - MarketFront Project

In June 2015, the PDA issued Special Obligation and Refunding Bonds (the Series A Bonds) and Special Obligation Bonds (the Series B Bonds), collectively referred to as "2015 Bonds," for the purpose of financing the design, acquisition, construction, and equipping of parking and other improvements related to the MarketFront Project, and to also refinance and pay in full certain bonds, a commercial mortgage, and another long-term obligation previously outstanding of the PDA. The Series B Bonds

Pike Place Market Preservation and Development Authority

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were paid in full in 2018. The Series A Bonds are secured by restricted cash and, effectively, the unrestricted net position of the PDA. The bonds include a covenant that the PDA maintain a minimum debt service coverage ratio. The PDA is in compliance with the bond covenant at December 31, 2022.

The following are the changes in bonds payable for the year ended December 31, 2022:

Bonds Payable	Balance, December 31, 2021	Additions	Reductions and Amortization	Balance, December 31, 2022	Current Portion
Series 2015A bonds	\$ 17,510,000	\$ -	\$ (575,000)	\$ 16,935,000	\$ 605,000
Unamortized bond premiums	1,266,925	-	(111,585)	1,155,340	-
Total Bonds Payable	\$ 18,776,925	\$ -	\$ (686,585)	\$ 18,090,340	\$ 605,000

The principal and interest maturities of bonds payable are as follows:

Year Ending December 31,	Principal	Interest	Total
2023	\$ 605,000	\$ 846,750	\$ 1,451,750
2024	635,000	816,500	1,451,500
2025	665,000	784,750	1,449,750
2026	695,000	751,500	1,446,500
2027	730,000	716,750	1,446,750
2028 - 2032	4,245,000	2,997,500	7,242,500
2033 - 2037	5,415,000	1,824,750	7,239,750
2038 - 2040	3,945,000	401,000	4,346,000
	\$ 16,935,000	\$ 9,139,500	\$ 26,074,500

9. Pension Trust Fund

The PDA's Pension Trust Fund is a nonqualified, single employer, tax advantaged deferred compensation plan (a defined contribution plan). All covered employees are general employees of the PDA who are at least 21 years of age and work 1,000 hours a year or more are eligible to participate in the Pension Trust Fund on the first day of the month following the month in which the member satisfies these eligibility requirements. Members generally become fully vested as to benefits upon completion of five years of service. At December 31, 2022, there were 134 members in the Pension Trust Fund.

During the year ended December 31, 2022, the PDA recognized pension expense of \$650,000, and a related pension liability (included within accrued expenses and deposits payable on the statement of net position) for the discretionary amount to be contributed to the Pension Trust Fund. The Pension Trust Fund recognized a corresponding employer contribution in 2022 and employer contribution receivable at December 31, 2022. Employees are not required to make contributions

Pike Place Market Preservation and Development Authority

Notes to Financial Statements

to the Pension Trust Fund. However, if they elect to contribute, employees must contribute a minimum of a minimum of 2% and maximum of 10% of their compensation to the Pension Trust Fund. The Pension Trust Fund was established by the PDA Council for the benefit of employees meeting eligibility requirements. The PDA Council has the right to amend or terminate the Pension Trust Fund at any time at its sole discretion. Any amendments will not cause the fund assets to be used for any purpose other than for the benefit of all eligible employees, retired employees, or their beneficiaries, or pay for reasonable administration costs. Forfeitures are immaterial.

10. Lease Revenue

The PDA leases nearly all of its land, buildings, and building improvements to residential and commercial tenants under noncancelable agreements.

As discussed in Note 1, leases to residential tenants have one-year terms and are cancelable with a 30-day notice by either party, and are therefore excluded from the implementation of GASB 87. For year ended December 31, 2022, lease revenue under residential agreements was \$4,530,785.

The terms of commercial leases are generally up to 10 years with options to extend up to two years (however, certain longer-term leases do exist). Most commercial leases include percentage rent (based on a percentage of the tenant's sales) and fixed or variable escalation clauses. For year ended December 31, 2022, total commercial lease related inflows, including those related to contracts not accounted for under to GASB 87, consisted of lease revenue of \$12,080,520, interest revenue of \$234,781, and other lease related revenue of \$1,090,179.

Future expected payments related to long-term commercial leases are as follows:

<i>Year Ending December 31,</i>	Principal	Interest	Total
2023	\$ 2,462,438	\$ 216,061	\$ 2,678,499
2024	1,905,780	143,120	2,048,900
2025	1,386,311	91,040	1,477,351
2026	1,167,310	48,619	1,215,929
2027	575,340	19,155	594,495
2028-2032	315,500	7,235	322,735
	\$ 7,812,679	\$ 525,230	\$ 8,337,909

11. Risk Managements

The PDA is subject to claims and litigation incidental to its business. Management believes the ultimate resolution of these routine matters will not have a material adverse effect on the PDA's statements of net position, operations, or cash flows. The PDA purchases commercial insurance coverage for itself and its component units to mitigate such risks.

The PDA provides coverage up to the maximum of \$2,000,000 and \$1,000,000 per occurrence for general liability and automobile claims, respectively. There were no changes in coverages in 2022. No settled claim exceeded these commercial coverages in 2022, 2021, or 2020.

Pike Place Market Preservation and Development Authority

Notes to Financial Statements

12. Subsequent Event - Unwind of NMTC Financing and Dissolution of PPMQB3

PPMQB3 was created to facilitate the New Markets Tax Credit (NMTC) financing during the development of the commercial space in the MarketFront Project. The Project benefited from the NMTC financing, and PPMQB3 borrowed a “qualified low-income community investment” loan, as defined in section 45D of the code, in the aggregate amount of \$10,250,000.00 (the QLICI Loan). The loan agreement, dated February 11, 2016, was evidenced by two promissory notes: promissory Note A in the original principal amount of \$7,310,125, and promissory Note B in the original principal amount of \$2,939,875.

The NMTC financing required a seven-year compliance period during which the QLICI loan remained outstanding. The compliance period ended on February 11, 2023, and the NMTC financing was unwound in accordance with the terms of the NMTC financing on March 31, 2023.

In connection with the unwind, the PDA purchased from MS NMSC Equity Fund, LLC (MS Fund), for \$1,000, the right, title and interest of MS Fund’s interest as 99.99% member of the investment fund. Through this purchase agreement, the PDA became the sole member and holds 100% of the membership interest of the investment fund and reaffirmed the guaranty in favor of the MS Fund pursuant to a confirmation and reaffirmation indemnification agreement (QALICB), by and between the MS Fund, QALICB, and the PDA dated March 31, 2023.

As a result of the unwind the PDA, as the sole member of the investment fund, will be the indirect holder of the QLICI loan notes. Pursuant to the assignment and assumption agreement (CDE to the investment fund) dated March 31, 2023, by and among the CDE lender and investment fund, the PDA desired to enter into a loan satisfaction agreement pursuant to which the outstanding amount of the QLICI loans shall be forgiven in full, the QLICI loan agreement shall be terminated, and the QLICI loan notes shall be cancelled. The QLICI loan was forgiven in full by the Loan Satisfaction Agreement dated April 3, 2023.

In connection with the unwind, the PDA desired to terminate the commercial space lease dated February 11, 2016, by and between PPMQB3, as lessee, and the PDA, as lessor, and the related memorandum of commercial space lease. Termination of the lease agreement was signed on May 11, 2023, effective April 4, 2023.

Also, in connection with the unwind, the PDA desired to terminate the commercial space master sublease dated February 11, 2016, by and between the PDA, as lessee, and QALICB, as lessor, and the related memorandum of commercial space master sublease. Termination of the lease agreement was signed on May 11, 2023, effective April 4, 2023.

PPMQB3 obtained the Revenue Clearance Certificate dated May 24, 2023. PPMQB3 filed the Articles of Dissolution with the Washington Secretary of State, effective May 30, 2023.

Pike Place Market Preservation and Development Authority

Notes to Financial Statements

The Pike Place Market PDA Council, in its meeting on April 24, 2023, approved Resolution Number 23-01 to allow the PDA to absorb the remaining assets and obligations of PPMQB3. As PPMQB3 is combined as a blended component unit, there is no significant impact to the financial statements or disclosures as the related assets and liabilities are already combined and/or eliminated where applicable.

13. Blended Component Unit

Summarized blended component unit statement of net position information is as follows:

<i>December 31, 2022</i>	PPMQB3	Total Blended Component Units
Assets		
Current Assets		
Cash and cash equivalents	\$ 5,060	\$ 5,060
Accounts receivable, PDA	590	590
Total Current Assets	5,650	5,650
Restricted cash	40,810	40,810
Right of use asset	8,615,688	8,615,688
Capital assets, net	14,625,630	14,625,630
Total Assets	\$ 23,287,778	\$ 23,287,778
Liabilities and Net Position		
Current Liabilities		
Current portion of loans payable	\$ 235,659	235,659
Long-Term Liabilities		
Loans payable, net	10,014,341	10,014,341
Total Liabilities	10,250,000	10,250,000
Net Position		
Net investment in capital assets	4,375,630	4,375,630
Restricted for required reserves	40,810	40,810
Unrestricted (deficit)	8,621,338	8,621,338
Total Net Position	13,037,778	13,037,778
Total Liabilities and Net Position	\$ 23,287,778	\$ 23,287,778

Pike Place Market Preservation and Development Authority

Notes to Financial Statements

Summarized blended component unit statement of revenues, expenses, and changes in fund net position is as follows:

<i>Year Ended December 31, 2022</i>	PPMQB3	Total Blended Component Units
Operating Revenues		
Rent	\$ 428,927	\$ 428,927
Operating Expenses		
Property management	542,098	542,098
Depreciation and amortization	425,857	425,857
Professional fees	5,104	5,104
Total Operating Expenses	973,059	973,059
Operating Loss	(544,132)	(544,132)
Non-Operating Revenues (Expenses)		
Interest income	3	3
Interest expense	(114,134)	(114,134)
Net Non-Operating Revenues (Expenses)	(114,131)	(114,131)
Change in Net Position	(658,263)	(658,263)
Net Position, beginning of year	13,696,041	13,696,041
Net Position, end of year	\$ 13,037,778	\$ 13,037,778

Summarized blended component unit statement of cash flows is as follows:

<i>Year Ended December 31, 2022</i>	PPMQB3	Total Blended Component Units
Net Cash Provided by (Used in)		
Operating activities	\$ 80,932	\$ 80,932
Non-capital financing activity	(4,000)	(4,000)
Capital and related financing activities	(114,134)	(114,134)
Investing activities	3	3
Net Change in Cash and Cash Equivalents	(37,199)	(37,199)
Cash and Cash Equivalents, beginning of year	83,069	83,069
Cash and Cash Equivalents, end of year	\$ 45,870	\$ 45,870

Supplementary Information

Pike Place Market Preservation and Development Authority

Consolidating Statement of Net Position - Proprietary Fund

December 31, 2022	Primary Government - Proprietary Fund			
	Blended Component			Total
	PDA	Units	Eliminations	
Assets				
Current Assets				
Cash and cash equivalents	\$ 5,690,497	\$ 5,060	\$ -	\$ 5,695,557
Accounts receivable, tenants, net	743,831	-	-	743,831
Accounts receivable, other	229,398	-	-	229,398
Accounts receivable, related parties	190,358	590	(590)	190,358
Lease receivables	2,462,438	-	-	2,462,438
Prepaid local improvement district tax, current portion	91,040	-	-	91,040
Prepaid expenses and other assets	406,276	-	-	406,276
Total Current Assets	9,813,838	5,650	(590)	9,818,898
Noncurrent Assets				
Designated cash and cash equivalents	21,139,920	-	-	21,139,920
Restricted cash and cash equivalents	4,719,777	40,810	-	4,760,587
Lease receivables, less current portion, net	5,350,241	-	-	5,350,241
Prepaid local improvement district tax, less current portion	1,638,755	-	-	1,638,755
Right of use asset	-	8,615,688	(8,615,688)	-
Loan receivable - tax credit project	7,310,125	-	-	7,310,125
Intangible assets, net of accumulated amortization	206,100	-	-	206,100
Capital assets, net	136,149,991	14,625,630	-	150,775,621
Total Noncurrent Assets	176,514,909	23,282,128	(8,615,688)	191,181,349
Total Assets	\$ 186,328,747	\$ 23,287,778	\$ (8,616,278)	\$ 201,000,247

Pike Place Market Preservation and Development Authority

Consolidating Statement of Net Position - Proprietary Fund

	Primary Government - Proprietary Fund			
		Blended Component		
December 31, 2022	PDA	Units	Eliminations	Total
Liabilities and Net Position				
Current Liabilities				
Accounts payable	\$ 1,826,810	\$ -	\$ -	\$ 1,826,810
Accounts payable, related party	590	-	(590)	-
Accrued expenses and deposits payable	1,619,314	-	-	1,619,314
Compensated absences	314,914	-	-	314,914
Interest payable	236,658	-	-	236,658
Unearned revenue	403,558	-	-	403,558
Current portion of master lease revenue advance	199,207	-	(199,207)	-
Current portion of non-capital grant advances	526,316	-	-	526,316
Current portion of loans payable	475,597	235,659	-	711,256
Current portion of bonds payable	605,000	-	-	605,000
Total Current Liabilities	6,207,964	235,659	(199,797)	6,243,826
Long-Term Liabilities				
Master lease revenue advance, net of current portion	8,416,481	-	(8,416,481)	-
Non-capital grant advances, net of current portion	1,052,630	-	-	1,052,630
Loans payable, net of current portion	1,362,786	10,014,341	-	11,377,127
Bonds payable, net of current portion	17,485,340	-	-	17,485,340
Total Long-Term Liabilities	28,317,237	10,014,341	(8,416,481)	29,915,097
Total Liabilities	34,525,201	10,250,000	(8,616,278)	36,158,923
Deferred Inflows of Resources				
Leases	7,613,422	-	-	7,613,422
Net Position				
Net investment in capital assets	116,221,268	4,375,630	-	120,596,898
Restricted for required reserves	4,719,777	40,810	-	4,760,587
Unrestricted	23,249,079	8,621,338	-	31,870,417
Total Net Position	144,190,124	13,037,778	-	157,227,902
Total Liabilities and Net Position	\$ 186,328,747	\$ 23,287,778	\$ (8,616,278)	\$ 201,000,247

Pike Place Market Preservation and Development Authority
Consolidating Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Fund

Year Ended December 31, 2022	Primary Government - Proprietary Fund			
	Blended Component			Total
	PDA	Units	Eliminations	
Operating Revenues				
Lease income	\$ 18,803,411	\$ 428,927	\$ (531,543)	\$ 18,700,795
Parking	4,876,867	-	-	4,876,867
Management fees	27,607	-	-	27,607
Security	109,647	-	-	109,647
Contributions and grants	415,707	-	-	415,707
Miscellaneous	231,030	-	-	231,030
Total Operating Revenues	24,464,269	428,927	(531,543)	24,361,653
Operating Expenses				
Property management	14,956,328	542,098	(531,543)	14,966,883
Depreciation and amortization	6,269,604	425,857	-	6,695,461
Parking	1,654,799	-	-	1,654,799
Security	1,782,690	-	-	1,782,690
Professional fees	170,176	5,104	-	175,280
Total Operating Expenses	24,833,597	973,059	(531,543)	25,275,113
Operating Loss	(369,328)	(544,132)	-	(913,460)
Non-Operating Revenues (Expenses)				
Gain (loss) on dissolution of LaSalle	649,214	-	(649,314)	(100)
Lease interest income	234,781	-	-	234,781
Interest income	545,733	3	-	545,736
Forgiveness of interest	22,750	-	-	22,750
Non-capital grant revenue	526,316	-	-	526,316
Interest expense	(800,613)	(114,134)	-	(914,747)
Amortization of intangible assets	(3,600)	-	-	(3,600)
Net Non-Operating Revenues (Expenses)	1,174,581	(114,131)	(649,314)	411,136
Change in Net Position	805,253	(658,263)	(649,314)	(502,324)
Net Position, beginning of year	141,568,808	15,512,104	649,314	157,730,226
LaSalle Senior Center absorption	1,816,063	(1,816,063)	-	-
Net Position, end of year	\$ 144,190,124	\$ 13,037,778	\$ -	\$ 157,227,902

**Supplementary Reports and Schedules
in Accordance with *Government Auditing
Standards* and Required by the Uniform Guidance**



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**Independent Auditor's Report on Internal Control Over
Financial Reporting and on Compliance and Other Matters
Based on an Audit of Financial Statements Performed in
Accordance with *Government Auditing Standards***

To the Council
Pike Place Market Preservation
and Development Authority
Seattle, Washington

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the proprietary fund, discretely presented component unit and the fiduciary fund component unit of the Pike Place Market Preservation and Development Authority (the PDA) as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the PDA's basic financial statements, and have issued our report thereon dated July 27, 2023. The financial statements of Pike Place Market QB3 (a blended component unit) and Western Avenue Senior Housing LLC (a discrete component unit) were not audited in accordance with *Government Auditing Standards*, and accordingly, this report does not include reporting on internal control over financial reporting or instances of reportable noncompliance associated with Pike Place Market QB3 and Western Avenue Senior Housing LLC.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the PDA's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the PDA's internal control. Accordingly, we do not express an opinion on the effectiveness of the PDA's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.



Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the PDA's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the PDA's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the PDA's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

BDO USA, P.A.

July 27, 2023



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Independent Auditor's Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance

To the Council
Pike Place Market Preservation
and Development Authority
Seattle, Washington

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Pike Place Market Preservation and Development Authority's (the PDA) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the PDA's major federal programs for the year ended December 31, 2022. The PDA's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the PDA complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the PDA and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the PDA's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the PDA's federal programs.



Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the PDA's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the PDA's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 PDA's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the PDA's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the PDA's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.



Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

BDO USA, P.A.

July 27, 2023

Pike Place Market Preservation and Development Authority

Schedule of Expenditures of Federal Awards Year Ended December 31, 2022

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Provided to Subrecipients	Total Federal Expenditures
U.S. Department of Housing and Urban Development				
<i>Section 8 Project-Based Cluster</i>				
Passed through the Bremerton Housing Authority - Contract Management Services:				
Section 8 Housing Assistance Payments Program	14.195	WA-19-8023-004	\$ -	\$ 565,551
Section 8 Housing Assistance Payments Program	14.195	WA-19-8023-005	-	689,444
Section 8 Housing Assistance Payments Program	14.195	WA-19-0003-012	-	597,550
<i>Total Section 8 Project-Based Cluster</i>			-	1,852,545
Passed through the Plymouth Housing Authority Shelter Plus Care	14.238	N/A	-	18,921
<i>Housing Voucher Cluster</i>				
Passed through the Seattle Housing Authority				
Section 8 Housing Choice Vouchers	14.871	WA001VO0142	-	124,146
Section 8 Housing Choice Vouchers	14.871	WA001VO0178	-	52,883
Passed through the Seattle Office of Housing				
Section 8 Housing Choice Vouchers	14.871	N/A	-	3,312
Section 8 Housing Choice Vouchers	14.871	N/A	-	29,014
<i>Total Housing Voucher Cluster</i>			-	209,355
Total U.S. Department of Housing and Urban Development			-	2,080,821
Department of the Treasury				
Passed through the Seattle Office of Housing				
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	CLFR-PPM	-	22,621
Total Department of the Treasury			-	22,621
Total Federal Expenditures			\$ -	\$ 2,103,442

The accompanying notes are an integral part of this schedule.

Pike Place Market Preservation and Development Authority

Notes to Schedule of Expenditures of Federal Awards Year Ended December 31, 2022

1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the Pike Place Market Preservation and Development Authority (the PDA) under programs of the federal government for the year ended December 31, 2022. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administration Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the PDA, it is not intended to and does not present the financial position, changes in net position, or cash flows of the PDA.

2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Pass-through entity identifying numbers are presented where available.

3. Indirect Cost Rate

The PDA has elected not to use the 10% de minimus indirect cost rate allowed under the Uniform Guidance.

Pike Place Market Preservation and Development Authority

Schedule of Findings and Questioned Costs Year Ended December 31, 2022

Section I - Summary of Auditor's Results

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP:

Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? ☐ yes ☒ no
- Significant deficiency(ies) identified? ☐ yes ☒ none reported
- Noncompliance material to financial statements noted: ☐ yes ☒ no

Federal Awards

Internal control over major federal programs:

- Material weakness(es) identified? ☐ yes ☒ no
- Significant deficiency(ies) identified? ☐ yes ☒ none reported

Type of auditor's report issued on compliance for major federal programs:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?

☐ yes ☒ no

Identification of major federal programs:

Name of Federal Program or Cluster
Section 8 Project-Based Cluster

Federal Assistance Listing Number
14.195

Dollar threshold used to distinguish between type A and type B programs:

\$750,000

Auditee qualified as low-risk auditee?

☒ yes ☐ no

Section II - Financial Statement Findings

There were no findings identified that were required to be reported.

Section III - Federal Award Findings and Questioned Costs

There were no findings identified that are required to be reported in accordance with Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards.