



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

October 17, 2024

Council  
Pike Place Market Preservation and Development Authority  
Seattle, Washington

**Contracted CPA Firm's Audit Report on Financial Statements and  
Federal Single Audit**

We have reviewed the audit reports 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, 2023. 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***

*In accordance with the Americans with Disabilities Act, we will make this document available in alternative formats. For more information, please contact our Office at (564) 999-0950, TDD Relay at (800) 833-6388, or email our webmaster at [webmaster@sao.wa.gov](mailto:webmaster@sao.wa.gov).*

# **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, 2023

The report accompanying these financial statements was issued  
by BDO USA, P.C., a Virginia professional 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, 2023

# Pike Place Market Preservation and Development Authority

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# **Pike Place Market Preservation and Development Authority**

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## **Independent Auditor's Report**

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 component unit of the Pike Place Market Preservation and Development Authority (the PDA), as of and for the year ended December 31, 2023, 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 component unit of the PDA, as of December 31, 2023, 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 Western Avenue Senior Housing, LLC (a discrete component unit) were not audited in accordance with *Government Auditing Standards*.

#### ***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 the 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 June 30, 2024 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.C.***

June 30, 2024



# **Pike Place Market Preservation and Development Authority**

## **Management's Discussion and Analysis**

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We are pleased to present the Pike Place Market Preservation and Development Authority (the PDA) financial report for the year ended December 31, 2023. This report was prepared by the PDA's finance staff. The 2023 financial statements were audited by the public accounting firm, BDO USA, P.C. 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 438 leasable 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's 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

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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. PPMQB3 was formerly presented as a blended component unit; however, in 2023, the entity was dissolved, and all remaining assets and obligations were absorbed by the PDA. The discrete component unit includes Western Avenue Senior Housing, LLC (WASH). WASH is independent from the PDA but is managed by the PDA. As the managing member of WASH, the PDA is financially accountable for and oversees the day-to-day operations of this separate legal entity.

The PDA 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 participated in the renovation and development of the property located at 1501 Western Avenue, Seattle, Washington for utilization as parking for the market and waterfront, space for expanded social services, and added market retail space (Marketfront Project) by using New Markets Tax Credits financing (NMTC Financing) under Section 45D of the Internal Revenue Code of 1986, as amended.

PPMQB3's NMTC earn-out period ended on February 11, 2023, and the process began March 31, 2023, upon which MS NMS Equity Fund, LLC (the NMTC Investor) exercised its put option to sell all interest in the Pike Place MarketFront Investment Fund, LLC (PPMIF), a limited liability company wholly owned by MS NMS Equity Fund, LLC, for \$1,000 to the PDA. Up until the earn-out period end date, PPMIF owned all debt due from PPMQB3, and also had a loan payable to the PDA. As a result of the unwind of PPMQB3, the PDA, as the sole member of PPMIF, became the indirect holder of the QLICI Loan Notes; pursuant to that certain Assignment and Assumption Agreement dated March 31, 2023, by and among MS New Markets X LLC and PPMIF, and entered into a Loan Satisfaction Agreement, dated April 3, 2023, pursuant to which the outstanding amount of the QLICI Loans were forgiven in full, the QLICI Loan Agreement was terminated, and the QLICI Loan Notes were cancelled and/or returned (as applicable).

During the unwind of the NMTC Financing, there were three important transactions: (1) by being the sole owner of PPMIF, the PDA forgave the loan receivable from PPMIF, so the impact was a loss of \$7.3 million; (2) by being the sole owner of PPMIF, the PDA forgave the loans receivable from PPMQB3 so the impact was a gain of \$10.3 million; and (3) through dissolution of the PPMQB3, the PDA received the net book value of fixed assets, and wrote off the outstanding balance of the master lease, which resulted in a transfer of \$23.1 million of net assets.

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.

# Pike Place Market Preservation and Development Authority

## Management's Discussion and Analysis

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### Financial Highlights

- Assets of the PDA exceeded liabilities and deferred inflows of resources at December 31, 2023 by \$160.1 million (net position). Of this, \$26.2 million is unrestricted and may be used to meet the PDA's ongoing operating obligations.
- Net position increased overall by \$2.9 million in 2023 primarily due to income from operations (\$2.9 million).
- Capital assets decreased by \$2.0 million primarily due to depreciation (\$6.8 million) exceeding capital additions (\$4.8 million).
- Long-term liabilities decreased \$10.9 million due to forgiveness of PPMQB3's QLICI Loan Notes, principal maturities on bonds payable, and amortization of bond premium.
- At December 31, 2023, the lease receivable was \$8.5 million and deferred inflows of resources related to leases were \$8.1 million.

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# Pike Place Market Preservation and Development Authority

## Management's Discussion and Analysis

### The PDA's Net Position

<i>December 31,</i>	<b>2023</b>	<b>2022</b>
<b>Assets</b>		
<b>Current Assets</b>	<b>\$ 7,224,534</b>	<b>\$ 9,818,898</b>
<b>Non-Current Assets</b> , less capital assets, net		
Designated cash and cash equivalents	24,938,385	21,139,920
Restricted cash and cash equivalents	4,394,398	4,760,587
Leases receivables, net	5,633,592	5,350,241
Prepaid local improvement district tax, less current portion	1,547,755	1,638,755
Loan receivable - tax credit project	-	7,310,125
Intangible assets, net of accumulated amortization	202,500	206,100
<b>Capital Assets, Net</b>	<b>148,731,190</b>	<b>150,775,621</b>
<b>Total Assets</b>	<b>\$ 192,672,354</b>	<b>\$ 201,000,247</b>
<b>Liabilities and Stockholders' Equity</b>		
<b>Current Liabilities</b>		
Accounts payable and accrued expenses	\$ 3,110,787	\$ 3,446,124
Compensated absences	352,985	314,914
Accrued interest	245,050	236,658
Unearned revenue	445,981	403,558
Current portion of non-capital grant advances	526,316	526,316
Current portion of bonds payable	635,000	605,000
Current portion of loans payable	20,804	711,256
<b>Total Current Liabilities</b>	<b>5,336,923</b>	<b>6,243,826</b>
<b>Long-Term Liabilities</b>		
Non-capital grant advances, net of current portion	526,314	1,052,630
Loans payable, net of current portion	1,774,193	11,377,127
Bonds payable, net of current portion	16,742,418	17,485,340
<b>Total Long-Term Liabilities</b>	<b>19,042,925</b>	<b>29,915,097</b>
<b>Total Liabilities</b>	<b>24,379,848</b>	<b>36,158,923</b>
<b>Deferred Inflow of Resources</b>		
Leases	8,148,460	7,613,422
<b>Net Position</b>		
Net investment in capital assets	129,558,775	120,596,898
Restricted for required reserves	4,394,398	4,760,587
Unrestricted	26,190,873	31,870,417
<b>Total Net Position</b>	<b>160,144,046</b>	<b>157,227,902</b>
<b>Total Liabilities and Net Position</b>	<b>\$ 192,672,354</b>	<b>\$ 201,000,247</b>

# Pike Place Market Preservation and Development Authority

## Management's Discussion and Analysis

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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 \$192.7 million and \$201.0 million at December 31, 2023 and 2022, respectively. Investments in Pike Place 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 entities controlled by the PDA in 2023 and 2022, 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 \$148.7 million of the total \$192.6 million (or 77%) of total assets as of December 31, 2023. 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 \$24.4 million and \$36.2 million at December 31, 2023 and 2022, respectively. The PDA's major liabilities consist of outstanding loans, bonds, and non-capital grant advances.

Deferred inflows of resources to the PDA were \$8.1 million and \$7.6 million at December 31, 2023 and 2022, respectively. 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.

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# Pike Place Market Preservation and Development Authority

## Management's Discussion and Analysis

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

<i>Year ended December 31,</i>	<b>2023</b>	<b>2022</b>
<b>Operating Revenues</b>		
Lease income	\$ 19,710,902	\$ 18,700,795
Parking	5,180,937	4,876,867
Management fees	29,829	27,607
Security	109,497	109,647
Contributions and grants	1,239,042	415,707
Miscellaneous	321,260	231,030
<b>Total Operating Revenues</b>	<b>26,591,467</b>	<b>24,361,653</b>
<b>Operating Expenses</b>		
Property management	(16,656,795)	(14,966,883)
Depreciation and amortization	(6,792,272)	(6,695,461)
Parking	(1,850,640)	(1,654,799)
Security	(2,139,748)	(1,782,690)
Professional fees	(826,622)	(175,280)
<b>Total Operating Expenses</b>	<b>(28,266,077)</b>	<b>(25,275,113)</b>
<b>Operating Loss</b>	<b>(1,674,610)</b>	<b>(913,460)</b>
Non-operating revenues	5,375,422	1,329,483
Non-operating expenses	(784,668)	(918,347)
<b>Net Non-Operating Revenues</b>	<b>4,590,754</b>	<b>411,136</b>
<b>Change in Net Position</b>	<b>2,916,144</b>	<b>(502,324)</b>
<b>Net Position, beginning of year</b>	<b>157,227,902</b>	<b>157,730,226</b>
<b>Net Position, end of year</b>	<b>\$ 160,144,046</b>	<b>\$ 157,227,902</b>

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 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 2022 primarily due to forgiveness of the QLICI Loans payable, offset by the forgiveness of the loan receivable. 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.

# Pike Place Market Preservation and Development Authority

## Management's Discussion and Analysis

### Capital Asset and Debt Obligation Administration

The PDA has invested \$148.8 million and \$150.8 million in net capital assets as shown in the table below at December 31, 2023 and 2022, respectively.

<i>December 31,</i>	<b>2023</b>	<b>2022</b>
Buildings and improvements	\$ 224,989,943	\$ 219,710,647
Equipment	2,399,400	2,247,913
Capital improvement plan	1,752,425	1,752,425
	<b>229,141,768</b>	<b>223,710,985</b>
Less: accumulated depreciation	<b>(87,639,459)</b>	<b>(80,847,187)</b>
	<b>141,502,309</b>	<b>142,863,798</b>
Land	6,333,203	6,333,203
Construction-in-progress	895,678	1,578,620
<b>Total</b>	<b>\$ 148,731,190</b>	<b>\$ 150,775,621</b>

The decrease in 2023 is attributed depreciation (\$6.8 million) exceeding capital asset additions (\$4.8 million). Additions were primarily related to improvements to the Market Historic District.

The PDA has debt obligations of \$19.2 million and \$30.2 million as shown in the table below at December 31, 2023 and 2022, respectively.

<i>December 31,</i>	<b>2023</b>	<b>2022</b>
<b>Loans Payable</b>		
Creamery loan	\$ 432,250	\$ 455,000
LaSalle - City of Seattle loan	839,212	839,212
LaSalle - State of WA loan	523,535	544,171
PPMQB3 - Loan A	-	7,310,125
PPMQB3 - Loan B	-	2,939,875
<b>Bonds Payable</b>		
Series 2015A bonds	16,330,000	16,935,000
<b>Unamortized Bond Premiums</b>	<b>1,047,418</b>	<b>1,155,340</b>
<b>Total</b>	<b>\$ 19,172,415</b>	<b>\$ 30,178,723</b>

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

# Pike Place Market Preservation and Development Authority

## Management's Discussion and Analysis

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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, 2023 equaled 354% of scheduled debt service on parity Bonds.

### Economic and Other Factors Affecting the PDA's Future

During 2023, the PDA had a strong financial performance. The vision for 2024 is on optimistic but cautious, as the economy reflects signs of stability and growth. The U.S. economy has so far avoided a recession; however, the risk still remains elevated. Consumer confidence appears more stabilized, the job market is strong though with some signs of cooling down, unemployment rate remains low, national inflation rate is going down, but still high, especially in Washington State. The tourist trends are expected to be high, including international tourism, and consumer spending has been steady. However, there are still uncertainties: rise of COVID-19 infections, which might cause imposing social and travel restrictions; inflation remains high; and increase of uncertainty on the financial and banking system. Specific challenges to the Pike Place Market and downtown Seattle were increased behavioral issues with streetscapes, and the delayed return of office workers to downtown. However, during 2024, there is the return to office expectation, which hopefully will have a positive impact in the downtown Seattle area, as well as in the Pike Place Market.

During 2023, Pike Place Market began bouncing back with stronger sales reporting, tourism returning to normal levels, and with the Market showing signs of confidence moving beyond COVID-19. The PDA's management actively monitors 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 has been 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.

The 2024 year should provide growth from 2023, with a bounce back in the economy, where the Pike Place Market and related businesses move into stable revenue expectation, although with higher operations spending, which are necessary to keep up with the activity and growth of Pike Place Market. In addition, the PDA will work to develop a recovery plan and will devote the resources the PDA has saved to support the viability of small independent businesses and neighborhood social programs that are key to the neighborhood identity. Also, the PDA Council just completed the Master Plan, which will serve as a map for many years to come.

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 the PDA's business.

Overall, the forecast of Pike Place Market and the PDA for 2024 reflects the following:

- 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.



# Pike Place Market Preservation and Development Authority

## Management's Discussion and Analysis

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- Exploring means and methods for increasing the 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.
- Recapturing utility expenses while cost sharing with Pike Place Market businesses and local tenants.

The PDA's core priorities will continue to be as follows:

- Commercial - As some businesses have retired or closed, new spaces have provided opportunity for the PDA to incubate new businesses with a "Meet the Producer" focus, increase diversity of business owners and product selection, and provide local services.
- Operations - Continued support of quality security, parking, and facilities efforts.
- Farm and Daystall - Active recruitment of new farmers, artists, and crafters.
- Marketing - Continued outreach to the local audience and tourists through advertising and public relations efforts.
- Preservation - Appropriate capital budget and maintenance program allocations to ensure preservation of existing assets.
- Residential - Improve the PDA's rate of rentals with a return to traditional high-occupancy levels, continued focus on delivering a high level of service.

### 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](mailto: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

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# Pike Place Market Preservation and Development Authority

## Statement of Net Position - Proprietary Fund

December 31, 2023

	Primary Government Proprietary Fund	Discrete Component Unit
<b>Assets</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 2,438,649	\$ 65,181
Accounts receivable, tenants, net	561,986	29,705
Grants receivable	499,550	-
Accounts receivable, other	152,231	14,534
Accounts receivable, related party	123,583	-
Lease receivables, current portion	2,850,178	-
Prepaid local improvement district tax, current portion	91,040	-
Prepaid expenses and other assets	507,317	1,727
<b>Total Current Assets</b>	<b>7,224,534</b>	<b>111,147</b>
<b>Noncurrent Assets</b>		
Designated cash and cash equivalents	24,938,385	-
Restricted cash and cash equivalents	4,394,398	327,242
Lease receivables, net	5,633,592	-
Prepaid local improvement district tax, less current portion	1,547,755	-
Intangible assets, net of accumulated amortization	202,500	-
Capital assets, net	148,731,190	7,496,489
<b>Total Noncurrent Assets</b>	<b>185,447,820</b>	<b>7,823,731</b>
<b>Total Assets</b>	<b>\$ 192,672,354</b>	<b>\$ 7,934,878</b>
<b>Liabilities and Net Position</b>		
<b>Current Liabilities</b>		
Accounts payable	\$ 1,503,384	\$ 80,277
Accounts payable, related party	-	73,079
Accrued expenses and deposits payable	1,607,403	27,590
Compensated absences	352,985	-
Interest payable	245,050	92,332
Unearned revenue	445,981	-
Current portion of non-capital grant advances	526,316	-
Current portion of loans payable	20,804	-
Current portion of bonds payable	635,000	-
<b>Total Current Liabilities</b>	<b>5,336,923</b>	<b>273,278</b>
<b>Long-Term Liabilities</b>		
Non-capital grant advances, net of current portion	526,314	-
Loans payable, net of current portion	1,774,193	1,332,834
Bonds payable, net of current portion	16,742,418	-
<b>Total Long-Term Liabilities</b>	<b>19,042,925</b>	<b>1,332,834</b>
<b>Total Liabilities</b>	<b>24,379,848</b>	<b>1,606,112</b>
<b>Deferred Inflow of Resources</b>		
Leases	8,148,460	-
<b>Net Position</b>		
Net investment in capital assets	129,558,775	6,163,655
Restricted for required reserves	4,394,398	327,242
Unrestricted	26,190,873	(162,131)
<b>Total Net Position</b>	<b>160,144,046</b>	<b>6,328,766</b>
<b>Total Liabilities and Net Position</b>	<b>\$ 192,672,354</b>	<b>\$ 7,934,878</b>

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

*Year ended December 31, 2023*

	Primary Government Proprietary Fund	Discrete Component Unit
<b>Operating Revenues</b>		
Lease income	\$ 19,710,902	\$ 372,865
Parking	5,180,937	-
Management fees	29,829	-
Security	109,497	-
Contributions and grants	1,239,042	-
Miscellaneous	321,260	-
<b>Total Operating Revenues</b>	<b>26,591,467</b>	<b>372,865</b>
<b>Operating Expenses</b>		
Property management	16,656,795	370,177
Depreciation and amortization	6,792,272	232,138
Parking	1,850,640	-
Security	2,139,748	-
Professional fees	826,622	35,329
<b>Total Operating Expenses</b>	<b>28,266,077</b>	<b>637,644</b>
<b>Operating Loss</b>	<b>(1,674,610)</b>	<b>(264,779)</b>
<b>Non-Operating Revenues (Expenses)</b>		
Loss on dissolution of PPMQB3	(1,000)	-
Gain on forgiveness of loans	2,935,552	-
Lease interest income	378,592	-
Interest income	1,513,212	-
Forgiveness of interest	22,750	-
Non-capital grant revenue	526,316	-
Interest expense	(781,068)	(13,328)
Amortization of intangible assets	(3,600)	-
<b>Net Non-Operating Revenues (Expenses)</b>	<b>4,590,754</b>	<b>(13,328)</b>
<b>Change in Net Position</b>	<b>2,916,144</b>	<b>(278,107)</b>
<b>Net Position, beginning of year</b>	<b>157,227,902</b>	<b>6,606,873</b>
<b>Net Position, end of year</b>	<b>\$ 160,144,046</b>	<b>\$ 6,328,766</b>

*See accompanying notes to financial statements.*

# Pike Place Market Preservation and Development Authority

## Statement of Cash Flows - Proprietary Fund

Year ended December 31, 2023

	Primary Government Proprietary Fund	Discrete Component Unit
<b>Cash Flows from Operating Activities</b>		
Cash received from tenants for rent	\$ 19,838,422	\$ 350,266
Cash received from parking	5,180,937	-
Cash received from management fees and other customers	1,277,395	139,087
Cash paid to employees	(11,041,483)	-
Cash paid to suppliers and others	(10,784,397)	(347,252)
<b>Net Cash Provided by Operating Activities</b>	<b>4,470,874</b>	<b>142,101</b>
<b>Cash Flows from Non-Capital Financing Activities</b>		
Advances from (to) related parties	66,775	(117,279)
<b>Net Cash Provided by (Used in) Non-Capital Financing Activities</b>	<b>66,775</b>	<b>(117,279)</b>
<b>Cash Flows from Capital and Related Financing Activities</b>		
Purchases of capital assets	(4,747,841)	(61,846)
Interest paid	(857,848)	-
Repayment of bonds and loans payable	(648,386)	-
<b>Net Cash Provided by Used in Capital and Related Financing Activities</b>	<b>(6,254,075)</b>	<b>(61,846)</b>
<b>Cash Flows from Investing Activities</b>		
Interest received	1,891,794	-
<b>Net Cash Provided by Investing Activities</b>	<b>1,891,794</b>	<b>-</b>
<b>Net Change in Cash and Cash Equivalents</b>	<b>175,368</b>	<b>(37,024)</b>
<b>Cash and Cash Equivalents, beginning of year</b>	<b>31,596,064</b>	<b>429,447</b>
<b>Cash and Cash Equivalents, end of year</b>	<b>\$ 31,771,432</b>	<b>\$ 392,423</b>
<b>Included in the Statement of Net Position - Proprietary Fund</b>		
Cash and cash equivalents	\$ 2,438,649	\$ 65,181
Restricted cash and cash equivalents	4,394,398	327,242
Designated cash and cash equivalents	24,938,385	-
	<b>\$ 31,771,432</b>	<b>\$ 392,423</b>
<b>Reconciliation of Operating Loss to Net Cash Flows from Operating Activities</b>		
Operating loss	\$ (1,674,610)	\$ (264,779)
Adjustments to reconcile operating loss to net cash flows from operating activities:		
Depreciation and amortization	6,792,272	232,138
Proceeds from long-term leasing activities	(141,366)	-
Changes in operating assets and liabilities:		
Accounts receivable, tenants and other	298,317	116,488
Grants receivable	(499,550)	-
Allowance for doubtful accounts	(39,305)	-
Prepaid expenses and other assets	(10,041)	(1,727)
Accounts payable and accrued expenses	(335,337)	59,981
Compensated absences	38,071	-
Unearned revenue	42,423	-
<b>Net Cash Provided by Operating Activities</b>	<b>\$ 4,470,874</b>	<b>\$ 142,101</b>

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

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*December 31, 2023*

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### **Assets**

Cash and cash equivalents	\$	169,229
Investments		6,037,809
Employer contributions receivable		671,885
Participant loans receivable		86,673

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<b>Total Assets</b>	<b>\$</b>	<b>6,965,596</b>
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### **Net Position**

Restricted for pension benefits	\$	6,965,596
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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, 2023*

<b>Additions</b>	
Contributions:	
Employer	\$ 650,000
Plan members	22,170
<b>Total Contributions</b>	<b>672,170</b>
Investment earnings:	
Interest and dividends	201,900
Net increase in the fair value of investments	686,996
<b>Total Investment Earnings</b>	<b>888,896</b>
<b>Total Additions</b>	<b>1,561,066</b>
<b>Deductions</b>	
Benefits	401,135
Loan distributions	39,500
Administrative expenses	4,343
<b>Total Deductions</b>	<b>444,978</b>
<b>Change in Net Position</b>	<b>1,116,088</b>
<b>Net Position, beginning of year</b>	<b>5,849,508</b>
<b>Net Position, end of year</b>	<b>\$ 6,965,596</b>

*See accompanying notes to financial statements.*

# Pike Place Market Preservation and Development Authority

## Notes to Financial Statements

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### 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 the 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's 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 a 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 reports on a fiscal year-end consistent with the PDA's primary government. As noted below, PPMQB3 was dissolved in 2023.

Western Avenue Manager LLC is a wholly owned subsidiary of the PDA and holds a 0.01% interest in Western Avenue Senior Housing, LLC (Note 5). Financial activity related to Western Avenue Manager LLC is included within the PDA's financials and not separately presented.

The PDA became the sole member of Pike Place Market Investment Fund (PPMIF) during year ended December 31, 2023 as part of PPMQB3's unwind and dissolution, as described below. Financial activity related to PPMIF is included within the PDA's financials and not separately presented.

#### *PPMQB3 Dissolution*

PPMQB3's new market tax credit (NMTC) earn-out period ended on February 11, 2023, and the process began March 31, 2023, upon which MS NMS Equity Fund, LLC (the NMTC Investor) exercised its put option to sell all interest in the Pike Place MarketFront Investment Fund, LLC (PPMIF), a limited liability company wholly owned by MS NMS Equity Fund, LLC, for \$1,000 to the PDA. Up until the earn-out period end date, PPMIF owned all debt due from PPMQB3 (collectively, QLICI Loan Notes), and also had a loan payable to the PDA.

As a result, the PDA, as the new sole member of PPMIF, became the indirect holder of the QLICI Loan Notes; pursuant to that certain Assignment and Assumption Agreement dated March 31, 2023, and entered into a Loan Satisfaction Agreement, dated April 3, 2023. Per the Loan Satisfaction Agreement, the outstanding amounts of the QLICI Loans were forgiven in full, the QLICI Loan Agreement was terminated, and the QLICI Loan Notes were cancelled (see Note 7).



# Pike Place Market Preservation and Development Authority

## Notes to Financial Statements

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Additionally, effective April 4, 2023, the PDA terminated the commercial lease agreement and the commercial sublease agreement between the PDA and PPMQB3.

The Pike Place Market PDA Council, in its meeting on April 24, 2023, approved Resolution 2023-01, *Unwind of New Markets Tax Credit Financing of 1501 Western Ave - MarketFront*, and in its meeting on April 27, 2023, approved Resolution 23-22, *Unwind of New Markets Tax Credit Financing of 1501 Western Avenue - MarketFront April 2023*, to allow the PDA to absorb the remaining assets and obligations of PPMQB3. PPMQB3 was issued certificate of dissolution on May 13, 2023.

As PPMQB3 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.

### ***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's 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 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.

### ***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

# **Pike Place Market Preservation and Development Authority**

## **Notes to Financial Statements**

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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, 2023, the PDA had \$2,358,855 held in banks in excess of federally insured limits.

### ***Investments in Local Governmental Investment Pool***

The PDA is a participant in the Local Governmental Investment Pool (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, and 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.

# Pike Place Market Preservation and Development Authority

## Notes to Financial Statements

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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, 2023.

### ***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 ten years, and bear interest at fixed rates of 4.50% to 9.50%. Loans are secured by the vested portion of the participants' loan balance. Management has determined no allowance was necessary at December 31, 2023.

### ***Leases - Lessor***

The PDA has leased to third parties multiple nonfinancial assets, relating to commercial and residential tenants. For leases greater than 12 months, 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 the federal prime rate as the discount rate for leases, which is its estimated incremental borrowing rate. The federal prime rate during the year ended December 31, 2023 ranged between 7.5% and 8.5%. 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.

### ***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 ten 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.

# Pike Place Market Preservation and Development Authority

## Notes to Financial Statements

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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 6.

### ***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, 2023, the total invested in capital assets, net of accumulated depreciation, was \$148,731,190, and related debt was \$19,172,415.
- *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 \$4,394,398 as of December 31, 2023 (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.

### ***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.

# **Pike Place Market Preservation and Development Authority**

## **Notes to Financial Statements**

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*Non-Operating* - Almost all revenue and expenses not meeting the definition above are reported as non-operating revenue and expenses.

### ***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 ten years and are noncancelable (see Note 9).

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.

### ***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).

# Pike Place Market Preservation and Development Authority

## Notes to Financial Statements

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### *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 following new accounting standards were implemented by the PDA for 2023 reporting:

- *GASB 94 - Public-Private and Public-Public Partnerships and Availability Payment Arrangements (PPPs)*- The provisions of this standard are required to be implemented in the 2023 financial reporting period.
- *GASB 96 - Subscription-Based Information Technology Arrangements (SBITAs)* - The provisions of this standard are required to be implemented for the 2023 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.

The adoption of these standards did not have a material impact on the PDA's financial statements.

The following standards will be implemented in future reporting periods:

- *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 2024 reporting period.
- *GASB 102 - Certain Risk Disclosures* - The provisions of this standard are required to be implemented for the 2025 financial reporting period.
- *GASB 103 - Financial Reporting Model Improvements* - The provisions of this standard are required to be implemented for the 2026 financial reporting period.

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

# Pike Place Market Preservation and Development Authority

## Notes to Financial Statements

### 2. Cash and Cash Equivalents

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

*December 31, 2023*

Investment in State of Washington LGIP	\$ 29,209,242
Cash and cash equivalents on hand	133,717
Cash and cash equivalents held in banks	2,428,473
	<u>\$ 31,771,432</u>

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

*December 31, 2023*

Cash and cash equivalents	\$ 2,438,649
Designated cash and cash equivalents	24,938,385
Restricted cash and cash equivalents	4,394,398
	<u>\$ 31,771,432</u>

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

*December 31, 2023*

Capital equipment and capital budget carryovers	\$ 20,530,305
MarketFront project reserve	742,328
Low-income housing reserve	1,003,977
Minimum operating reserve - PDA	2,357,064
Reserve for contingencies	304,711
	<u>\$ 24,938,385</u>

### 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* - This consists of retainage in the amount of \$59,913 related the elevator project.

*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 as defined in the agreement 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 \$185,758 at December 31, 2023.

# Pike Place Market Preservation and Development Authority

## Notes to Financial Statements

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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, 2023.

*Security Deposits* - These include funds held as tenant security deposits.

*Senior Center Reserves* - These include funds reserved for Pike Market Senior Center capital maintenance and replacement.

*Unclaimed Funds* - These include funds reserved for relatives of a deceased tenant.

*Minimum Operating Reserves - PPMQB3* - These include funds restricted under loan reserve and security agreements of PPMQB3.

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

### December 31, 2023

2015 bond reserves	\$	2,106,017
Replacement reserves - LaSalle		919,048
MarketFront project retainage reserve		59,913
Other reserves - LaSalle		290,417
Security deposits		502,038
Senior Center reserves		275,206
Unclaimed funds		241,759
	\$	4,394,398

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## 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.

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

### December 31, 2023

Cash and cash equivalents	\$	169,229
Mutual funds - mid and large-cap equities		2,329,969
Mutual funds - international equities		1,046,773
Mutual funds - small and mid-cap equities		635,763
Mutual funds - fixed income		2,025,304
	\$	6,207,038

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# Pike Place Market Preservation and Development Authority

## Notes to Financial Statements

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### ***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, 2023, 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, 2023, the PDA's investments are in open-end mutual funds and are not exposed to custodial credit risk. As of December 31, 2023, 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, 2023.

### ***Foreign Currency Risk***

As of December 31, 2023, 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* - This level consists of quoted prices for identical assets or liabilities in active markets.

*Level 2* - This level consists of quoted prices for similar instruments in active markets, for identical instruments in markets that are not active, and any model-driven valuations whose inputs are observable either indirectly or directly.

*Level 3* - This level consists of unobservable inputs that are significant to the fair value of the assets or liabilities.

# Pike Place Market Preservation and Development Authority

## Notes to Financial Statements

Although the PDA's 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:

*December 31, 2023*

	Total	Level 1	Level 2	Level 3
Mutual funds - mid and large cap equities	\$ 2,329,969	\$ 2,329,969	\$ -	\$ -
Mutual funds - international equities	1,046,773	1,046,773	-	-
Mutual funds - small and mid-cap equities	635,763	635,763	-	-
Mutual funds - fixed income	2,025,304	2,025,304	-	-
	\$ 6,037,809	\$ 6,037,809	\$ -	\$ -

### 5. Related Party Transactions

#### *Western Avenue Senior Housing, LLC*

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.

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 2023, the following transactions occurred between the PDA and WASH:

As of December 31, 2023, \$123,079 of unreimbursed expenses is classified as a receivable from WASH, including a property management fee of \$29,829 earned by the PDA from WASH in 2023.

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

# Pike Place Market Preservation and Development Authority

## Notes to Financial Statements

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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.

### ***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 \$296,210 for the year ended December 31, 2023.

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

### ***Condominium Associations***

The following entities are condominium associations that the PDA does not have the ability to exercise control over: LaSalle Condominium Association, MarketFront Condominium Association, and PC1 South Condominium Association (collectively, the Condominium Associations). The PDA did not have any financial transactions with the Condominium Associations for the year ended December 31, 2023.

Although the Condominium Associations are related parties, due to lack of control, they are not included in these financial statements.

### ***Summary of Related-Party Receivables***

Related-party receivables are \$123,079 due from WASH and \$504 due from The Market Foundation.

# Pike Place Market Preservation and Development Authority

## Notes to Financial Statements

### 6. Capital Assets

The following is a summary of capital assets:

	Balance, December 31, 2022	Additions	Retirements	Transfers	Balance, December 31, 2023
<b>Capital Assets Not Being Depreciated</b>					
Land	\$ 6,333,203	\$ -	\$ -	\$ -	\$ 6,333,203
Construction-in-progress	1,578,620	4,689,630	-	(5,372,572)	895,678
<b>Total Capital Assets Not Being Depreciated</b>	<b>7,911,823</b>	<b>4,689,630</b>	<b>-</b>	<b>(5,372,572)</b>	<b>7,228,881</b>
<b>Capital Assets Being Depreciated</b>					
Buildings	113,948,582	-	-	3,097,449	117,046,031
Building improvements - PDA	105,591,568	9,913	-	2,171,934	107,773,415
Site improvements - LaSalle	170,497	-	-	-	170,497
Equipment	2,247,913	48,298	-	103,189	2,399,400
Capital improvement plan	1,752,425	-	-	-	1,752,425
<b>Total Capital Assets Being Depreciated</b>	<b>223,710,985</b>	<b>58,211</b>	<b>-</b>	<b>5,372,572</b>	<b>229,141,768</b>
<b>Accumulated Depreciation</b>					
Buildings	32,170,674	2,618,467	-	-	34,789,141
Building improvements - PDA	43,564,329	3,889,717	-	-	47,454,046
Building improvements - PPMQB3	2,448,682	141,953	-	-	2,590,635
Site improvements - LaSalle	157,778	-	-	-	157,778
Equipment	1,772,027	129,944	-	-	1,901,971
Capital improvement plan	733,697	12,191	-	-	745,888
<b>Total Accumulated Depreciation</b>	<b>80,847,187</b>	<b>6,792,272</b>	<b>-</b>	<b>-</b>	<b>87,639,459</b>
<b>Total Capital Assets Being Depreciated, Net</b>	<b>142,863,798</b>	<b>(6,734,061)</b>	<b>-</b>	<b>5,372,572</b>	<b>141,502,309</b>
<b>Capital Assets, Net</b>	<b>\$ 150,775,621</b>	<b>\$ (2,044,431)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 148,731,190</b>

### 7. Long-Term Liabilities

#### Compensated Absences

Compensated absences activity is as follows:

	Balance, December 31, 2022	Additions	Retirements	Balance, December 31, 2023	Current Portion
<b>Compensated Absences</b>	<b>\$ 314,914</b>	<b>\$ 334,605</b>	<b>\$ (296,534)</b>	<b>\$ 352,985</b>	<b>\$ 352,985</b>

#### 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 accrued interest at 5% per annum.

# Pike Place Market Preservation and Development Authority

## Notes to Financial Statements

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According to the terms of the loan agreement, the principal and interest became due on the maturity date in December 2023, at which time the City agreed to forgive the accrued interest as long as the PDA used the land for the intended use outlined in the agreement. The PDA 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 stated that if the PDA elects to extend the maturity date pursuant to Section 3 of the promissory note, then beginning with the 17<sup>th</sup> 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 PDA elected to extend the maturity date. The promissory note would be deemed fully satisfied in 2043. As of December 31, 2023, the outstanding loan balance is \$432,250.

Through December 31, 2023, \$22,750 in principal reductions have occurred and \$432,250 of the 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, 2023. All principal and interest are 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 \$523,535 as of December 31, 2023. All principal and interest are 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.

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 (QLICI Loan Notes) 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 financing (NMTC Credits Financing). 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 were due and payable through March 2023.

The NMTC Financing required a seven-year compliance period during which the QLICI Loan Notes must remain outstanding, which ended on or about February 11, 2023. As part of the end of the compliance period, the PDA, as the sole member of PPMIF, entered into a loan satisfaction agreement and the QLICI Loans were forgiven effective April 3, 2023.

# Pike Place Market Preservation and Development Authority

## Notes to Financial Statements

The following are the changes in loans payable:

Loans Payable from Direct Borrowings	Balance, December 31, 2022	Additions	Retirements	Forgiven	Balance, December 31, 2023	Current Portion
Creamery loan	\$ 455,000	\$ -	\$ (22,750)	\$ -	\$ 432,250	\$ -
City of Seattle Loan (LaSalle)	839,212	-	-	-	839,212	-
State of WA Loan (LaSalle)	544,171	-	(20,636)	-	523,535	20,804
PPMQB3 - Loan A	7,310,125	-	-	(7,310,125)	-	-
PPMQB3 - Loan B	2,939,875	-	-	(2,939,875)	-	-
<b>Total Loans Payable</b>	<b>\$ 12,088,383</b>	<b>\$ -</b>	<b>\$ (43,386)</b>	<b>\$ (10,250,000)</b>	<b>\$ 1,794,997</b>	<b>\$ 20,804</b>

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

*Year ending December 31,*

	Principal	Interest	Total
2024	\$ 20,804	\$ 5,209	\$ 26,013
2025	21,012	5,000	26,012
2026	21,223	4,790	26,013
2027	21,436	4,577	26,013
2028	21,652	5,416	27,068
2029-2033	111,562	18,503	130,065
2034-2038	117,274	12,791	130,065
2039-2043	123,279	6,786	130,065
2043-2048	497,543	1,062	498,605
2049-2053	-	16,996	16,996
2053-2055	839,212	-	839,212
	<b>\$ 1,794,997</b>	<b>\$ 81,130</b>	<b>\$ 1,876,127</b>

### ***Bonds Payable - Summary***

Bonds payable are as follows:

*Year ended December 31, 2023*

### **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.	\$ 16,330,000
Less: current portion	(635,000)
Plus: unamortized premiums on Series 2015A bonds payable	1,047,418
	<b>\$ 16,742,418</b>

# Pike Place Market Preservation and Development Authority

## Notes to Financial Statements

### 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 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, 2023.

The following are the changes in bonds payable:

Bonds Payable	Balance, December 31, 2022	Additions	Reductions and Amortization	Balance, December 31, 2023	Current Portion
Series 2015A Bonds	\$ 16,935,000	\$ -	\$ (605,000)	\$ 16,330,000	\$ 635,000
Unamortized bond premiums	1,155,340	-	(107,922)	1,047,418	-
<b>Total Bonds Payable</b>	<b>\$ 18,090,340</b>	<b>\$ -</b>	<b>\$ (712,922)</b>	<b>\$ 17,377,418</b>	<b>\$ 635,000</b>

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

#### Year ending December 31,

	Principal	Interest	Total
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	770,000	680,250	1,450,250
2029-2033	4,455,000	2,785,250	7,240,250
2034-2038	5,685,000	1,554,000	7,239,000
2039-2040	2,695,000	203,750	2,898,750
	<b>\$ 16,330,000</b>	<b>\$ 8,292,750</b>	<b>\$ 24,622,750</b>

### 8. 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. These employees 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, 2023, there were 125 members in the Pension Trust Fund.

During the year ended December 31, 2023, the PDA recognized pension expense of \$650,000, and a related pension liability (included within accrued expenses and deposits payable on the statement

# Pike Place Market Preservation and Development Authority

## Notes to Financial Statements

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 2023 and employer contribution receivable at December 31, 2023. Employees are not required to make contributions to the Pension Trust Fund. However, if they elect to contribute, employees must contribute a minimum of 2% and a 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.

### 9. 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 GASB 87. For the year ended December 31, 2023, lease revenue under residential agreements was \$4,834,313.

The terms of commercial leases are generally up to ten 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 the year ended December 31, 2023, total commercial lease-related inflows, including those related to contracts not accounted for under GASB 87, consisted of lease revenue of \$12,833,535, interest revenue of \$378,592, and other lease-related revenue of \$1,041,599.

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

*Year ending December 31,*

	Principal		Interest		Total
2024	\$	2,850,178	\$	359,129	\$ 3,209,307
2025		2,258,100		231,910	2,490,010
2026		1,783,301		129,436	1,912,737
2027		1,101,307		55,912	1,157,219
2028		490,884		15,961	506,845
	\$	8,483,770	\$	792,348	\$ 9,276,118

### 10. 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; revenues, expenses, and changes in fund position; or cash flows. The PDA purchases commercial insurance coverage for itself and its component units to mitigate such risks.



# Pike Place Market Preservation and Development Authority

## Notes to Financial Statements

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 2023. No settled claim exceeded these commercial coverages in 2023, 2022, or 2021.

### 11. Blended Component Unit

Due to the dissolution of PPMQB3 during the year ended December 31, 2023, there are no balances from the blended component unit included in the statement of net position.

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

*Year ended December 31, 2023*

	PPMQB3	Total Blended Component Units
<b>Operating Revenues</b>		
Rent	\$ 107,233	\$ 107,233
<b>Operating Expenses</b>		
Property management	121,862	121,862
Depreciation and amortization	141,953	141,953
Professional fees	3,297	3,297
<b>Total Operating Expenses</b>	267,112	267,112
<b>Operating Loss</b>	(159,879)	(159,879)
<b>Non-Operating Revenues (Expenses)</b>		
Gain on forgiveness of loans	10,250,000	10,250,000
Interest expense	(28,534)	(28,534)
<b>Net Non-Operating Revenues</b>	10,221,466	10,221,466
<b>Change in Net Position</b>	10,061,587	10,061,587
<b>Net Position, beginning of year</b>	13,037,778	13,037,778
<b>PPMQB3 Absorption</b>	(23,099,365)	(23,099,365)
<b>Net Position, end of year</b>	\$ -	\$ -

# Pike Place Market Preservation and Development Authority

## Notes to Financial Statements

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

*Year ended December 31, 2023*

	PPMQB3	Total Blended Component Units
<b>Net Cash Provided by (Used in)</b>		
Operating activities	\$ (17,926)	\$ (17,926)
Non-capital financing activity	590	590
Capital and related financing activities	(28,534)	(28,534)
<b>Net Change in Cash and Cash Equivalents</b>	<b>(45,870)</b>	<b>(45,870)</b>
<b>Cash and Cash Equivalents, beginning of year</b>	<b>45,870</b>	<b>45,870</b>
<b>Cash and Cash Equivalents, end of year</b>	<b>\$ -</b>	<b>\$ -</b>

## Supplementary Information

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# Pike Place Market Preservation and Development Authority

## Consolidating Statement of Net Position - Proprietary Fund

December 31, 2023

Primary Government - Proprietary Fund				
	PDA	Blended Component Units	Eliminations	Total
<b>Assets</b>				
<b>Current Assets</b>				
Cash and cash equivalents	\$ 2,438,649	\$ -	\$ -	\$ 2,438,649
Accounts receivable, tenants, net	561,986	-	-	561,986
Grants receivable	499,550	-	-	499,550
Accounts receivable, other	152,231	-	-	152,231
Accounts receivable, related parties	123,583	-	-	123,583
Lease receivables	2,850,178	-	-	2,850,178
Prepaid local improvement district tax, current portion	91,040	-	-	91,040
Prepaid expenses and other assets	507,317	-	-	507,317
<b>Total Current Assets</b>	<b>7,224,534</b>	<b>-</b>	<b>-</b>	<b>7,224,534</b>
<b>Noncurrent Assets</b>				
Designated cash and cash equivalents	24,938,385	-	-	24,938,385
Restricted cash and cash equivalents	4,394,398	-	-	4,394,398
Lease receivables, less current portion, net	5,633,592	-	-	5,633,592
Prepaid local improvement district tax, less current portion	1,547,755	-	-	1,547,755
Intangible assets, net of accumulated amortization	202,500	-	-	202,500
Capital assets, net	148,731,190	-	-	148,731,190
<b>Total Noncurrent Assets</b>	<b>185,447,820</b>	<b>-</b>	<b>-</b>	<b>185,447,820</b>
<b>Total Assets</b>	<b>\$ 192,672,354</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 192,672,354</b>

# Pike Place Market Preservation and Development Authority

## Consolidating Statement of Net Position - Proprietary Fund

December 31, 2023

Primary Government - Proprietary Fund				
	PDA	Blended Component Units	Eliminations	Total
<b>Liabilities and Net Position</b>				
<b>Current Liabilities</b>				
Accounts payable	\$ 1,503,384	\$ -	\$ -	\$ 1,503,384
Accounts payable, related party	-	-	-	-
Accrued expenses and deposits payable	1,607,403	-	-	1,607,403
Compensated absences	352,985	-	-	352,985
Interest payable	245,050	-	-	245,050
Unearned revenue	445,981	-	-	445,981
Current portion of non-capital grant advances	526,316	-	-	526,316
Current portion of loans payable	20,804	-	-	20,804
Current portion of bonds payable	635,000	-	-	635,000
<b>Total Current Liabilities</b>	<b>5,336,923</b>	<b>-</b>	<b>-</b>	<b>5,336,923</b>
<b>Long-Term Liabilities</b>				
Non-capital grant advances, net of current portion	526,314	-	-	526,314
Loans payable, net of current portion	1,774,193	-	-	1,774,193
Bonds payable, net of current portion	16,742,418	-	-	16,742,418
<b>Total Long-Term Liabilities</b>	<b>19,042,925</b>	<b>-</b>	<b>-</b>	<b>19,042,925</b>
<b>Total Liabilities</b>	<b>24,379,848</b>	<b>-</b>	<b>-</b>	<b>24,379,848</b>
<b>Deferred Inflows of Resources</b>				
Leases	8,148,460	-	-	8,148,460
<b>Net Position</b>				
Net investment in capital assets	129,558,775	-	-	129,558,775
Restricted for required reserves	4,394,398	-	-	4,394,398
Unrestricted	26,190,873	-	-	26,190,873
<b>Total Net Position</b>	<b>160,144,046</b>	<b>-</b>	<b>-</b>	<b>160,144,046</b>
<b>Total Liabilities and Net Position</b>	<b>\$ 192,672,354</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 192,672,354</b>

# Pike Place Market Preservation and Development Authority

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

*Year ended December 31, 2023*

Primary Government - Proprietary Fund				
	PDA	Blended Component Units	Eliminations	Total
<b>Operating Revenues</b>				
Lease income	\$ 19,791,718	\$ 107,233	\$ (188,049)	\$ 19,710,902
Parking	5,180,937	-	-	5,180,937
Management fees	29,829	-	-	29,829
Security	109,497	-	-	109,497
Contributions and grants	1,239,042	-	-	1,239,042
Miscellaneous	321,260	-	-	321,260
<b>Total Operating Revenues</b>	<b>26,672,283</b>	<b>107,233</b>	<b>(188,049)</b>	<b>26,591,467</b>
<b>Operating Expenses</b>				
Property management	16,722,982	121,862	(188,049)	16,656,795
Depreciation and amortization	6,650,319	141,953	-	6,792,272
Parking	1,850,640	-	-	1,850,640
Security	2,139,748	-	-	2,139,748
Professional fees	823,325	3,297	-	826,622
<b>Total Operating Expenses</b>	<b>28,187,014</b>	<b>267,112</b>	<b>(188,049)</b>	<b>28,266,077</b>
<b>Operating Loss</b>	<b>(1,514,731)</b>	<b>(159,879)</b>	<b>-</b>	<b>(1,674,610)</b>
<b>Non-Operating Revenues (Expenses)</b>				
Loss on dissolution of PPMQB3	(1,000)	-	-	(1,000)
Gain (loss) on forgiveness of loans	(7,314,448)	10,250,000	-	2,935,552
Lease interest income	378,592	-	-	378,592
Interest income	1,513,212	-	-	1,513,212
Forgiveness of interest	22,750	-	-	22,750
Non-capital grant revenue	526,316	-	-	526,316
Interest expense	(752,534)	(28,534)	-	(781,068)
Amortization of intangible assets	(3,600)	-	-	(3,600)
<b>Net Non-Operating Revenues (Expenses)</b>	<b>(5,630,712)</b>	<b>10,221,466</b>	<b>-</b>	<b>4,590,754</b>
<b>Change in Net Position</b>	<b>(7,145,443)</b>	<b>10,061,587</b>	<b>-</b>	<b>2,916,144</b>
<b>Net Position, beginning of year</b>	<b>144,190,124</b>	<b>13,037,778</b>	<b>-</b>	<b>157,227,902</b>
<b>PPMQB3 Absorption</b>	<b>23,099,365</b>	<b>(23,099,365)</b>	<b>-</b>	<b>-</b>
<b>Net Position, end of year</b>	<b>\$ 160,144,046</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 160,144,046</b>

**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***

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, 2023, and the related notes to the financial statements, which collectively comprise the PDA's basic financial statements, and have issued our report thereon dated June 30, 2024. The financial statements of 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 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.C.*

June 30, 2024



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

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, 2023. 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, 2023.

#### ***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.

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### ***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.C.*

June 30, 2024

# Pike Place Market Preservation and Development Authority

## Schedule of Expenditures of Federal Awards

Year ended December 31, 2023

Federal Grantor/Pass-through Grantor/Cluster or Program Title	Federal Assistance Listing Number	Pass-through Entity Identifying Number	Provided to Subrecipients	Total Federal Expenditures
<b>U.S. Department of Housing and Urban Development</b>				
Section 8 Project-Based Cluster:				
Passed through the Bremerton Housing Authority - Contract Management Services:				
Section 8 Housing Assistance Payments Program	14.195	WA-19-8023-004	\$ -	\$ 635,461
Section 8 Housing Assistance Payments Program	14.195	WA-19-8023-005	-	724,092
Section 8 Housing Assistance Payments Program	14.195	WA-19-0003-012	-	634,406
<b>Total Section 8 Project-Based Cluster</b>			-	<b>1,993,959</b>
Passed through the Plymouth Housing Authority Shelter Plus Care	14.238	N/A	-	10,325
Housing Voucher Cluster:				
Passed through the Seattle Housing Authority:				
Section 8 Housing Choice Vouchers	14.871	WA001VO0142	-	146,887
Section 8 Housing Choice Vouchers	14.871	WA001VO0178	-	52,844
Passed through the Seattle Office of Housing:				
Section 8 Housing Choice Vouchers	14.871	N/A	-	4,658
Section 8 Housing Choice Vouchers	14.871	N/A	-	41,036
<b>Total Housing Voucher Cluster</b>			-	<b>245,425</b>
<b>Total U.S. Department of Housing and Urban Development</b>			-	<b>2,249,709</b>
<b>Department of the Treasury</b>				
Passed through the Seattle Office of Housing:				
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	CLFR-PPM	-	77,379
<b>Total Department of the Treasury</b>			-	<b>77,379</b>
<b>Total Federal Expenditures</b>			\$ -	<b>\$ 2,327,088</b>

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, 2023**

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### **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, 2023. 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.

### **4. Subrecipients**

There were no program funds passed through the PDA to subrecipients during the year ended December 31, 2023.

# Pike Place Market Preservation and Development Authority

## Schedule of Findings and Questioned Costs Year Ended December 31, 2023

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### 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        X   no
- Significant deficiency(ies) identified? \_\_\_\_\_ yes        X   none reported

Noncompliance material to financial statements noted?

\_\_\_\_\_ yes        X   no

#### *Federal Awards*

Internal control over major federal programs:

- Material weakness(es) identified? \_\_\_\_\_ yes        X   no
- Significant deficiency(ies) identified? \_\_\_\_\_ yes        X   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        X   no

Identification of major federal programs:

Name of Federal Program or Cluster

Federal Assistance Listing Number

Section 8 Project-Based Cluster

14.195

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

\$750,000

Auditee qualified as low-risk auditee?

  X   yes      \_\_\_\_\_ no

### Section II. Financial Statement Findings

There were no findings related to the financial statements that are required to be reported, in accordance with generally accepted government auditing standards.

### Section III. Federal Award Findings and Questioned Costs

There were no findings and questioned costs for federal awards (as defined in 2 CFR 200.516(a)) that are required to be reported.