



The Market Foundation

Financial Statements
Years Ended March 31, 2021 and 2020

The Market Foundation

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The Market Foundation

Contents

Independent Auditor's Report	3-4
Financial Statements	
Statements of Financial Position as of March 31, 2021 and 2020	6
Statements of Activities for the Years Ended March 31, 2021 and 2020	7
Statement of Functional Expenses for the Year Ended March 31, 2021	8
Statement of Functional Expenses for the Year Ended March 31, 2020	9
Statements of Cash Flows for the Years Ended March 31, 2021 and 2020	10
Notes to Financial Statements	11-23



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Independent Auditor's Report

To the Board of Directors
The Market Foundation
Seattle, Washington

Opinion

We have audited the financial statements of The Market Foundation, which comprise the statements of financial position as of March 31, 2021 and 2020, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of The Market Foundation as of March 31, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). 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 Market Foundation and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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 Market Foundation's ability to continue as a going concern within one year after the date that the financial statements are issued or available to be issued.



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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 opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS 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, 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 Market Foundation'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 Market Foundation'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.

BDO USA, LLP

June 15, 2021

Financial Statements

The Market Foundation
Statements of Financial Position

<i>March 31,</i>	2021	2020
Assets		
Current Assets		
Cash and cash equivalents	\$ 2,350,728	\$ 1,008,746
Investments, unrestricted	1,415,525	881,224
Pledges receivable - MarketFront	1,000	6,000
Pledge receivable - use of facilities	57,401	57,401
Pledges receivable - other	120,248	168,872
Prepaid expenses and other current assets	18,868	8,315
Total Current Assets	3,963,770	2,130,558
Long-Term Assets		
Pledge receivable - use of facilities, net of current portion	190,685	248,086
Endowment investments	4,932,499	3,173,916
Investments, held as collateral	496,000	496,000
Property and equipment, net	529,110	569,737
Total Long-Term Assets	6,148,294	4,487,739
Total Assets	\$ 10,112,064	\$ 6,618,297
Liabilities and Net Assets		
Current Liabilities		
Accrued expenses and accounts payable	\$ 66,845	\$ 49,328
Grants payable to agencies	1,066,889	1,213,689
Unearned special event revenue	93,056	93,540
Total Current Liabilities	1,226,790	1,356,557
Net Assets		
Without donor restrictions		
Undesignated	3,266,592	1,276,351
Board-designated	3,087,007	2,063,265
Total without donor restrictions	6,353,599	3,339,616
With donor restrictions	2,531,675	1,922,124
Total Net Assets	8,885,274	5,261,740
Total Liabilities and Net Assets	\$ 10,112,064	\$ 6,618,297

See accompanying notes to financial statements.

The Market Foundation

Statements of Activities

Year Ended March 31,	2021			2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenue						
Contributions	\$ 3,237,807	\$ 935,670	\$ 4,173,477	\$ 1,431,189	\$ 392,344	\$ 1,823,533
Payroll Protection Program Loan forgiveness	127,300	-	127,300	-	-	-
Special events - revenue (including in-kind of \$47,530 and \$143,626, respectively)	602,941	-	602,941	1,045,900	9,019	1,054,919
Special events - direct benefit to donors (including in-kind of \$0 and \$67,113, respectively)	-	-	-	(140,680)	-	(140,680)
In-kind services and contributions	128,457	-	128,457	201,079	-	201,079
	4,096,505	935,670	5,032,175	2,537,488	401,363	2,938,851
Net Assets Released from Restrictions	924,628	(924,628)	-	532,618	(532,618)	-
Total Support and Revenue	5,021,133	11,042	5,032,175	3,070,106	(131,255)	2,938,851
Expenses						
Programs supported	2,266,794	-	2,266,794	1,663,015	-	1,663,015
Special events	381,088	-	381,088	362,142	-	362,142
Fundraising	575,094	-	575,094	663,503	-	663,503
Administrative	308,185	-	308,185	343,723	-	343,723
Total Expenses	3,531,161	-	3,531,161	3,032,383	-	3,032,383
Change in Net Assets Before Net Investment						
Income (Loss)	1,489,972	11,042	1,501,014	37,723	(131,255)	(93,532)
Net Investment Income (Loss)	1,524,011	598,509	2,122,520	(458,250)	(192,151)	(650,401)
Change in Net Assets	3,013,983	609,551	3,623,534	(420,527)	(323,406)	(743,933)
Net Assets, beginning of year	3,339,616	1,922,124	5,261,740	3,760,143	2,245,530	6,005,673
Net Assets, end of year	\$ 6,353,599	\$ 2,531,675	\$ 8,885,274	\$ 3,339,616	\$ 1,922,124	\$ 5,261,740

See accompanying notes to financial statements.

The Market Foundation
Statement of Functional Expenses

<i>Year Ended March 31, 2021</i>	Programs	Special Events	Fundraising	Administrative	Total
Grants to agencies and individuals	\$ 1,823,383	\$ -	\$ -	\$ -	\$ 1,823,383
Salaries, benefits, and payroll taxes	291,131	256,333	300,122	139,562	987,148
Purchased services	-	49,433	38,883	10,081	98,397
Printing and design	2,880	8,568	79,006	1,318	91,772
Food Access	64,698	-	-	-	64,698
Depreciation	-	-	-	42,952	42,952
Accounting	-	-	-	42,803	42,803
Supplies	28,873	3,567	1,253	2,571	36,264
Credit card processing fees	-	9,305	17,488	-	26,793
Other	10,111	558	510	11,386	22,565
Uncollectible pledges	-	-	-	18,534	18,534
Postage and shipping	14	3,249	10,014	295	13,572
Technology	1,263	886	6,559	3,828	12,536
Public relations	-	101	4,964	5,060	10,125
Continued education and staff appreciation	-	-	-	4,274	4,274
Event rental and food	-	1,558	65	334	1,957
Total Expenses Before In-Kind Expenses	2,222,353	333,558	458,864	282,998	3,297,773
In-kind expenses	44,441	47,530	116,230	25,187	233,388
Total Expenses Included in Expense					
Section on the Statements of Activities	\$ 2,266,794	\$ 381,088	\$ 575,094	\$ 308,185	\$ 3,531,161

See accompanying notes to financial statements.

The Market Foundation
Statement of Functional Expenses

<i>Year Ended March 31, 2020</i>	Programs	Special Events	Fundraising	Administrative	Total
Grants to agencies and individuals	\$ 1,301,520	\$ -	\$ -	\$ -	\$ 1,301,520
Salaries, benefits, and payroll taxes	177,295	221,421	310,500	120,683	829,899
Purchased services	9,312	59,713	13,993	27,829	110,847
Printing and design	339	10,366	75,432	1,287	87,424
Food Access	110,949	-	-	-	110,949
Depreciation	-	-	-	46,692	46,692
Accounting	-	-	-	40,026	40,026
Supplies	11,482	17,076	3,699	1,245	33,502
Credit card processing fees	-	8,448	13,597	62	22,107
Other	10,049	10,301	6,310	14,311	40,971
Uncollectible pledges	-	-	-	46,483	46,483
Postage and shipping	-	1,276	15,741	-	17,017
Technology	827	-	19,899	7,474	28,200
Public relations	-	175	11,423	-	11,598
Continued education and staff appreciation	-	-	-	11,805	11,805
Event rental and food	-	30,420	858	639	31,917
Total Expenses Before In-Kind Expenses	1,621,773	359,196	471,452	318,536	2,770,957
In-kind expenses	41,242	143,626	192,051	25,187	402,106
Total Expenses	1,663,015	502,822	663,503	343,723	3,173,063
Less: Direct benefit to donor	-	140,680	-	-	140,680
Total Expenses Included in Expense					
Section on the Statements of Activities	\$ 1,663,015	\$ 362,142	\$ 663,503	\$ 343,723	\$ 3,032,383

See accompanying notes to financial statements.

The Market Foundation
Statements of Cash Flows

<i>Year Ended March 31,</i>	2021	2020
Cash Flows from Operating Activities		
Change in net assets	\$ 3,623,534	\$ (743,933)
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Realized and unrealized (gains) losses on investments	(2,040,658)	774,855
Contributions restricted for endowment	(117,500)	-
Forgiveness of Paycheck Protection Program loan	(127,300)	-
Depreciation	42,952	46,692
Changes in operating assets and liabilities		
Pledges receivable	111,025	211,873
Prepaid expenses and other current assets	(10,553)	(1,808)
Grants payable to agencies	(146,800)	298,689
Accrued expenses and accounts payable	17,517	6,780
Unearned special event revenue	(484)	(31,185)
Net Cash Flows from Operating Activities	1,351,733	561,963
Cash Flows for Investing Activities		
Purchases of investments, net	(252,226)	(346,254)
Purchase of property and equipment	(2,325)	-
Net Cash Flows for Investing Activities	(254,551)	(346,254)
Cash Flows from Financing Activities		
Proceeds from contributions restricted for endowment	117,500	-
Proceeds from Paycheck Protection Program loan	127,300	-
Net Cash Flows from Financing Activities	244,800	-
Net Change in Cash and Cash Equivalents	1,341,982	215,709
Cash and Cash Equivalents, beginning of year	1,008,746	793,037
Cash and Cash Equivalents, end of year	\$ 2,350,728	\$ 1,008,746

See accompanying notes to financial statements.

The Market Foundation

Notes to Financial Statements

1. Organization and Significant Accounting Policies

Organization

The Market Foundation (the Foundation) is a nonprofit organization that raises funds from private sources through solicitation and other means for the sustained support of human service agencies and providers based in the Pike Place Market (the Market) in Seattle, Washington. While the Foundation supports a variety of organizations, the primary “Legacy Partner” agencies currently served by the Foundation are as follows:

- Pike Market Medical Clinic (the Clinic)
- Pike Market Senior Center (the Senior Center)
- Pike Market Food Bank (the Food Bank)
- Pike Market Child Care and Preschool (the Preschool)
- Heritage House at the Market (Heritage House)

Support for the various organizations discussed above is generally, but not always, in the form of grants to these entities.

The Foundation also operates a Community Impact Fund that allows it to remain community-centered to improve access to essential services and resources that build upon its model for a healthy community. The Market Commons is home to an array of new and existing programs that enables the Foundation to reduce barriers to meet emerging service needs in its community. Programs include: Food Access Program, Community Safety Net, the Market Commons, and two funding opportunities: Rachel’s Reserve and Billie’s Bank.

The Food Access Program includes three food-related programs (Market Fresh Coupons, Pike Bucks, and Food Access programming). Program expenses are included in these financial statements.

The Market Community Safety Net Fund (Safety Net) is intended to assist clients of the Market’s human service agencies, residents of buildings owned by the PDA, and members of the merchant, day-stall, and farmer community who have experienced extraordinary hardship and are in need of assistance to regain their stability. Costs related to the Safety Net program are included with program expenses in these financial statements.

In late 2017, the Foundation opened the Market Commons (the Commons), located in the new MarketFront. The Commons is a welcoming and inclusive neighborhood center that provides community resources as well as programs and activities in the Market. The Commons expands delivery of social services - both in the scope of services currently offered and in the number of people served by partner agencies. Costs related to the Commons are included with program expenses in these financial statements.

Rachel’s Reserve is a funding stream available for special projects that make a positive impact on the neighborhood or environment of the Market. Billie’s Bank is a funding stream intended to fund and collaborate on small, community-driven projects that improve the health of the community and its members and inspire new relationships and connections. During the year ended March 31, 2021, during the COVID pandemic, grants were made from Rachel’s Reserve to support one-time funding shortfalls and a Small Business Recovery fund was created within the Billie’s Bank structure.

The Market Foundation

Notes to Financial Statements

The Foundation also supports historic preservation projects in the Market area and improvements for the Market's historic buildings, including the Pike Place Market Preservation and Development Authority (the PDA) and its capital campaign, the MarketFront Project (MarketFront).

Use of Estimates

Preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from the estimated amounts.

Financial Statement Presentation

The Foundation reports information regarding its financial position and activities according to two classes of net assets: without donor restrictions and with donor restrictions. Contributions are recorded depending on the existence and/or nature of any donor restrictions.

Board-Designated Net Assets

Board-designated net assets consist of funds that are designated either for a specific program or purpose or to be included as part of the endowment by the Board of Directors. Funds included in the endowment are held separately from the Foundation's operating funds and are invested in accordance with the endowment as discussed in Note 7. Board-designated net assets consist of the following:

<i>March 31,</i>	2021	2020
Quasi-endowment	\$ 2,985,877	\$ 1,943,303
Food Access Program	55,548	74,380
Safety Net	45,582	45,582
Total Board-Designated Net Assets	\$ 3,087,007	\$ 2,063,265

Net Assets with Donor Restrictions

Some net assets with donor restrictions are temporary in nature and consist of unexpended contributions restricted for particular programs or time periods. Other net assets have perpetual donor restrictions, where the principal of the contributions is restricted in perpetuity and the income from which is utilized for the purposes specified by the donors. Net assets with temporary donor restrictions are transferred to net assets without donor restrictions as expenditures are incurred for the restricted programs or as time restrictions are met.

The Market Foundation
Notes to Financial Statements

Net assets with donor restrictions are as follows:

<i>March 31,</i>	2021	2020
Net Assets with Purpose or Time Restrictions		
Donated use of facilities (restricted for time)	\$ 248,086	\$ 305,487
Safety Net	133,274	101,398
Rachel's Reserve	92,311	94,311
Market Commons - Community Impact	96,633	95,548
Others	14,749	12,267
Market Commons - Construction	-	82,500
Total Net Assets with Purpose or Time Restrictions	585,053	691,511
Net Assets with Endowment Restrictions (see Note 7)		
Perpetual endowment restrictions	956,929	839,429
Unappropriated endowment earnings	989,693	391,184
Total Net Assets with Endowment Restrictions	1,946,622	1,230,613
Total Net Assets with Donor Restrictions	\$ 2,531,675	\$ 1,922,124

Of the net assets restricted in perpetuity, \$86,564 represents restricted contributions to the Preschool, which are held by the Foundation, as of March 31, 2021 and 2020.

Cash and Cash Equivalents

Cash and cash equivalents include cash in banks and money market funds with original maturities of three months or less. On occasion, the Foundation has amounts deposited with financial institutions in excess of federally insured limits.

Pledges Receivable

Pledges receivable consist of unconditional promises to give and are recognized when the pledge is made at the amount expected to be collected. Long-term pledges are recognized at fair value (at the time of donation) and are measured at the present value of the estimated cash flows. In arriving at fair value, the promises to give are discounted using an estimated market rate, which includes a present value discount rate and an estimated rate for an allowance for doubtful accounts. All pledges at March 31, 2021 and 2020, are expected to be collected within one year.

Pledges Receivable - MarketFront

Pledges receivable - MarketFront represent pledges raised by the Foundation for the MarketFront project that have not been collected. Like other pledges receivable, these pledges represent unconditional promises to give and are recognized when the pledge is made at the amount expected to be collected. Long-term pledges are recognized at fair value (at the time of the donation) and are measured at the present value of the estimated cash flows. In arriving at fair value, the promises

The Market Foundation

Notes to Financial Statements

to give are discounted using an estimated market rate, which includes a present value discount rate and an estimated rate for an allowance for doubtful accounts. All pledges at March 31, 2021 and 2020, are expected to be collected within one year.

Pledge Receivable - Use of Facilities

As discussed in the in-kind contributions section below, this pledge for the use of facilities in future years is from the PDA.

Property and Equipment

Equipment purchases greater than \$5,000 are capitalized and are recorded at cost or, in the case of donated equipment, at estimated fair value at the time of donation. Depreciation of equipment is provided for over the estimated useful lives of the assets (generally three to five years) on a straight-line basis. Depreciation expense for the years ended March 31, 2021 and 2020, was \$42,952 and \$46,692, respectively. Property and equipment consist of the following:

<i>March 31,</i>	2021	2020
Market Commons	\$ 455,274	\$ 455,274
MarketFront charms/hoopprints	182,139	182,139
Furniture and fixtures	73,722	73,722
Equipment	34,664	32,339
Website	31,900	31,900
Leasehold improvements	7,816	7,816
	785,515	783,190
Less: Accumulated depreciation	(256,405)	(213,453)
	\$ 529,110	\$ 569,737

Contribution Revenue

The Foundation receives contributions from a variety of sources, including some grants from private and family foundations. Revenue is recognized when the pledge is made. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Related-party contributions from the PDA are disclosed at Note 6.

On occasion, the Foundation may receive a conditional promise to give contingent on certain criteria being met. Upon completion of such criteria, the Foundation will recognize the pledge in the financial statements. There were no such pledges outstanding at March 31, 2021 or 2020.

The Market Foundation

Notes to Financial Statements

Special Event Revenue

Throughout the year, the Foundation hosts many fundraising events. Funds collected in advance of events taking place are deferred until the event occurs.

In-Kind Contributions

The Foundation has a service agreement with the PDA. Under the terms of the service agreement, the PDA, which manages the Market activities, lets the Foundation occupy, without charge, certain premises located in the Market. The PDA has agreed to donate facilities for future years, and the donated use of facilities for future years is recognized as a receivable and as a net asset with donor restrictions. The receivable is amortized over lease terms (see next paragraph).

A 2018 agreement with the PDA provides for the use of certain facilities by the Foundation within the Market free of charge through December 31, 2022. In 2018, this in-kind contribution was recognized at its fair value of \$125,933. The receivable balance was \$44,075 and \$69,262 at March 31, 2021 and 2020, respectively, and is being amortized on the straight-line basis over the remaining period of the agreement. At March 31, 2021, the current and noncurrent amounts were \$25,187 and \$18,888, respectively. At March 31, 2020, the current and noncurrent amounts were \$25,187 and \$44,075, respectively. Fair value was determined based on comparable prices per square foot of commercial space leased by the PDA. In-kind rent expense for each of the years ended March 31, 2021 and 2020, was \$25,187.

In April 2017, the Foundation signed a lease for the Commons space with the PDA through April 30, 2027. Monthly minimum rent is \$1,250 per month (which is below the determined fair market value); however, the Foundation is able to receive rent credits up to the amount of minimum rent based on the volume of community or neighborhood meetings and activities held. As the Foundation met the minimum amount of community and neighborhood activities required to fulfill its minimum rent commitment, no rent was paid during the years ended March 31, 2021 or 2020. Management anticipates no payments for rent will be made throughout the duration of the lease based on the levels of activities at the Commons that are expected to take place throughout the lease term. As such, an in-kind contribution was recognized at the full amount of the space's fair value of \$330,194 during the year ended March 31, 2018. The receivable balance is \$204,011 and \$236,225 at March 31, 2021 and 2020, respectively, and is being amortized on the straight-line basis over the remaining period of the lease. At March 31, 2021, the current and noncurrent amounts were \$32,214 and \$171,797 respectively. At March 31, 2020, the current and noncurrent amounts were \$32,214 and \$204,011, respectively. Fair value was determined based on comparable prices per square foot of commercial space leased by the PDA. In-kind rent expense was \$32,214 for each year ended March 31, 2021 and 2020.

The Foundation receives other in-kind contributions, such as items used in fundraising activities, printing services, and advertising. The estimated fair value of these items is allocated among fundraising and administrative expenses in the period in which they are used. The value of in-kind contributions (received from the PDA and other organizations) included in the financial statements were \$175,987 and \$344,705 for the years ended March 31, 2021 and 2020, respectively.

A substantial number of unpaid volunteers have made significant contributions of their time to develop the Foundation's programs and fundraising events. The value of this contributed time is not reflected in these statements, as it does not meet the reporting requirements for accounting purposes.

The Market Foundation

Notes to Financial Statements

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of activities and functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services they benefit. Expenses such as Legacy Partner grants to agencies, grants from Rachel's Reserve or Billie's Bank and individuals within the Safety Net structure, and costs associated with the functionality and staffing of the Commons and Food Access programs are allocated based on the benefitting program. Expenses like salaries, benefits and payroll taxes, supplies, purchased services, printing and design, and other expenses are allocated to administration and fundraising based on actual or estimated amounts of time and effort. Additionally, special event expenses are allocated based on actual or estimated amounts of time and effort of producing these events.

Income Taxes

The Foundation is exempt from income taxes to the extent provided under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes is included in the accompanying financial statements.

Subsequent Events

The Foundation has evaluated all subsequent events through the date these financial statements were available to be issued, which was June 15, 2021.

2. Liquidity and Availability of Financial Assets

The Foundation regularly monitors liquidity required to meet its operating needs sufficient to cover 90 days of general expenditures, which include administrative and fundraising expenses, grant commitments, and other contractual obligations. Financial assets in excess of daily cash requirements are invested in a money market account and other short-term investments.

The Foundation manages its financial assets available to meet general expenditures by following three guiding principles:

- Operating within a prudent range of financial soundness and stability,
- Maintaining adequate liquid assets, and
- Maintaining sufficient reserves to provide reasonable assurance that long-term grant commitments and obligations under endowments with donor restrictions and quasi-endowments that support mission fulfillment will continue to be met, ensuring the sustainability of the Foundation.

The Foundation operates with a balanced budget and plans to cover program and general operating expenses through monthly cost reimbursements, collections of cash receipts on pledged contributions, support from the PDA, and ongoing fundraising efforts that include three planned fundraising events, as well as other smaller events throughout the year. All smaller unplanned events are evaluated by using a set of criteria to ensure that the event will meet the Foundation's values before committing to participation.

The Market Foundation

Notes to Financial Statements

In addition, the Executive Director, Accountant, and Finance Manager meet on a regular basis to discuss the outstanding balance of assets held with donor restrictions, to ensure that these funds are being used timely and in accordance with associated donor restrictions.

The following table reflects the Foundation's financial assets as of March 31, 2021 and 2020, reduced by amounts that are not available to meet general expenditures within one year of the statement of financial position date because of contractual restrictions or internal board designations. Amounts not available include board-designated net assets, as described in Note 1. In the event that the need arises to utilize board-designated funds for liquidity purposes, the reserves could be drawn upon through board resolution.

<i>March 31,</i>	2021	2020
Financial Assets at Year-end		
Cash and cash equivalents	\$ 2,350,728	\$ 1,008,746
Investments	6,844,024	4,551,140
Pledges receivable	121,248	174,872
Total Financial Assets	9,316,000	5,734,758
Board-designated net assets	(2,985,877)	(2,063,265)
Net assets with donor restrictions, not for day-to-day operations	(989,693)	(562,994)
Endowment investments, held in perpetuity	(956,929)	(839,429)
Investments held as collateral	(496,000)	(496,000)
Financial Assets Available to Meet Cash Needs for General Expenditures within One Year	\$ 3,887,501	\$ 1,773,070

Amounts not available to meet general expenditures within one year also include net assets with donor restrictions for purposes that are not directly associated with day-to-day operations and/or programs operated by the Foundation.

3. Investments

Investments are reported at their fair value using Level 1 inputs (quoted prices in active markets for identical assets) in the statements of financial position. Unrealized gains and losses are included in the change in net assets.

The Market Foundation
Notes to Financial Statements

Investments consist of the following:

<i>Year Ended March 31,</i>	2021	2020
Money Market	\$ 68,211	\$ 61,641
Mutual Funds		
Bond	1,450,617	1,269,821
Large cap	1,428,737	947,023
Foreign	1,223,878	777,421
Mid cap	927,427	588,573
Small/micro cap	897,854	406,757
Emerging markets	510,846	293,918
Global real estate	336,454	205,986
Total Investments	\$ 6,844,024	\$ 4,551,140

Investments are reported in the statements of financial position as follows:

<i>March 31,</i>	2021	2020
Investments, unrestricted	\$ 1,415,525	\$ 881,224
Endowment investments	4,932,499	3,173,916
Investments, held as collateral	496,000	496,000
Total Investments	\$ 6,844,024	\$ 4,551,140

Investments held as collateral and endowment investments are described in further detail in Notes 4 and 7, respectively.

Net investment income (loss) consists of the following:

<i>Year Ended March 31,</i>	2021	2020
Interest and dividends	\$ 123,703	\$ 163,552
Fees	(41,841)	(39,098)
Interest and Dividends, net	81,862	124,454
Net realized and unrealized gains (losses)	2,040,658	(774,855)
Net Investment Income (Loss)	\$ 2,122,520	\$ (650,401)

The Market Foundation

Notes to Financial Statements

4. Investments Held as Collateral

During 2012, the Preschool (a nonprofit organization) received a loan from the City of Seattle (the City) in the amount of \$451,000 with the understanding that the Preschool will continue to serve low-income families and provide education services to children from such families. As part of the loan agreement, if the Preschool ceases to provide such services, the funds are to be returned to the City. The terms of this loan continue until the loan is due in 2027, at which point it is expected that the City will forgive the loan. In addition to the terms of the agreement, collateral is required to be provided, and \$496,000 has been set aside by the Foundation to meet the collateral requirement. At the expiration of the agreement, such funds will be released and will be unrestricted investments.

The Foundation considers the likelihood that the Preschool will default on the loan to the City to be remote and, therefore, has not recognized an obligation under this collateral agreement.

5. Grants Payable to Agencies

The Foundation makes periodic disbursements to agencies within the Market, as well as individuals (through the Food Access and Safety Net programs). At times, the disbursements to agencies are determined to be payable in the current fiscal year but are paid subsequent to year-end. The amounts to be disbursed to agencies consist of the following:

<i>March 31,</i>	2021	2020
Pike Market Medical Clinic	\$ 351,000	\$ 330,000
Pike Market Child Care and Preschool	241,000	230,000
Pike Market Senior Center	231,000	220,000
Pike Market Food Bank	121,000	110,000
Pike Market Child Care and Preschool - Playground	66,889	278,689
Heritage House	56,000	45,000
Total Grants Payable to Agencies	\$ 1,066,889	\$ 1,213,689

The amounts granted to agencies in the Market and individuals supported by Foundation programs are included in the statements of functional expenses (as program expenses) as follows:

<i>Year Ended March 31,</i>	2021	2020
Safety Net	\$ 756,383	\$ 74,039
Pike Market Medical Clinic	351,000	330,000
Pike Market Child Care and Preschool	241,000	230,000
Pike Market Senior Center	231,000	220,000
Pike Market Food Bank	121,000	110,000
Pike Market Child Care and Preschool - Playground	67,000	292,481
Heritage House	56,000	45,000
Total Grants Paid to Agencies and Individuals	\$ 1,823,383	\$ 1,301,520

The Market Foundation

Notes to Financial Statements

6. Related Parties

The Foundation occasionally receives funds and in-kind contributions from the PDA unrelated to the use of facilities as discussed in Note 1. The total amount of cash contributions that the Foundation received from the PDA amounted to \$208,009 and \$246,893 for the years ended March 31, 2021 and 2020, respectively.

7. Endowment

The Foundation's endowment consists of two individual funds: a fund established for a donor-restricted endowment fund and a fund designated by the Board of Directors (quasi-endowment). As required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds, including quasi-endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law

The Finance Committee of the Foundation has interpreted the State of Washington Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift, as of the date of the gift of the donor-restricted endowment funds, absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation classifies as net assets with perpetual endowment restrictions (a) the original value of gifts donated to the perpetual endowment and (b) the original value of subsequent gifts to the perpetual endowment. The remaining portion of the donor-restricted endowment fund that is not classified as perpetually restricted is classified as unappropriated endowment earnings until those amounts are appropriated for expenditure in a manner consistent with the standard of prudence prescribed by UPMIFA.

In accordance with UPMIFA, the Foundation's Finance Committee considers the following factors in making a determination to appropriate or accumulate donor-restricted funds:

- The duration and preservation of the endowment fund
- The purposes of the Foundation and the donor-restricted endowment fund
- General economic conditions
- The possible effect of inflation or deflation
- The expected total return from income and the appreciation of investments
- Other resources of the Foundation
- The investment policies of the Foundation

Endowment net assets consisted of the following:

<i>March 31, 2021</i>	Without Donor Restrictions	With Donor Restrictions		Total
		Unappropriated Earnings	Perpetual	
Donor-restricted endowment	\$ -	\$ 989,693	\$ 956,929	\$ 1,946,622
Board-designated quasi-endowment	2,985,877	-	-	2,985,877
Total Funds	\$ 2,985,877	\$ 989,693	\$ 956,929	\$ 4,932,499

The Market Foundation
Notes to Financial Statements

<i>March 31, 2020</i>	Without Donor Restrictions	With Donor Restrictions		Total
		Unappropriated Earnings	Perpetual	
Donor-restricted endowment	\$ -	\$ 391,184	\$ 839,429	\$ 1,230,613
Board-designated quasi-endowment	1,943,303	-	-	1,943,303
Total Funds	\$ 1,943,303	\$ 391,184	\$ 839,429	\$ 3,173,916

Changes to endowment net assets are as follows:

	Without Donor Restrictions	With Donor Restrictions		Total
		Unappropriated Earnings	Perpetual	
Endowment Net Assets, March 31, 2019	\$ 2,010,232	\$ 583,335	\$ 839,429	\$ 3,432,996
Contributions	249,296	-	-	249,296
Interest and dividends, net of fees	49,790	36,915	-	86,705
Net realized and unrealized losses	(366,015)	(229,066)	-	(595,081)
Endowment Net Assets, March 31, 2020	1,943,303	391,184	839,429	3,173,916
Contributions	85,947	-	117,500	203,447
Withdrawals	(34,003)	-	-	(34,003)
Interest and dividends, net of fees	41,840	8,189	-	50,029
Net realized and unrealized gains	948,790	590,320	-	1,539,110
Endowment Net Assets, March 31, 2021	\$ 2,985,877	\$ 989,693	\$ 956,929	\$ 4,932,499

Return Objectives and Risk Parameters

The Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Foundation must hold in perpetuity or for donor-specified periods, as well as board-designated funds. Under this policy, as approved by the Finance Committee, the endowment assets are invested in a manner that is intended to produce over time an average rate of return of approximately 7.2% annually. The average rate of return for the board-designated funds is 6.7%. Actual returns in any given year may vary from this amount.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the Foundation relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Foundation targets a diversified asset

The Market Foundation

Notes to Financial Statements

allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

Spending Policy and How the Investment Objectives Relate to the Spending Policy

The Foundation has a discretionary policy of appropriating funds for distribution. In establishing this policy, the Foundation has considered the long-term expected return on its endowment. Accordingly, over the long-term, the Foundation expects the current discretionary spending policy to allow its endowment to grow annually, as the Foundation has historically determined not to spend any of the endowment funds and there has been no additional need for such funding. This is consistent with the Foundation's objective to maintain the purchasing power of the endowment assets held in perpetuity, as well as to provide additional real growth through new gifts and investment return.

Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Foundation to retain in perpetuity. No deficiencies of this nature were incurred, and none are reported in these financial statements.

8. COVID-19 and The CARES Act

On January 30, 2020, the World Health Organization (WHO) announced a global health emergency because of a new strain of coronavirus originating in Wuhan, China (the COVID-19 outbreak) and the risks to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally.

The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. While many businesses and nonprofits have been shut down, the Foundation continues to operate during the COVID-19 outbreak and, as of this report date, has not experienced significant negative impacts to its financial condition or liquidity. Management is actively monitoring the global situation on its financial condition, liquidity, operations, suppliers, industry, and workforce. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the Foundation is not able to estimate the effects of the COVID-19 outbreak on its results of operations, financial condition, or liquidity for fiscal year 2022.

On March 27, 2020, President Trump signed into law the "Coronavirus Aid, Relief, and Economic Security (CARES) Act." The CARES Act, among other things, includes provisions relating to refundable payroll tax credits, deferment of employer side social security payments, net operating loss carryback periods, alternative minimum tax credit refunds, modifications to the net interest deduction limitations, increased limitations on qualified charitable contributions, and technical corrections to tax depreciation methods for qualified improvement property.

The CARES Act also appropriated funds for the Small Business Administration (SBA) Paycheck Protection Program (PPP) loans that are forgivable in certain situations to promote continued employment, as well as Economic Injury Disaster Loans to provide liquidity to small businesses harmed by the COVID-19 outbreak. The Foundation applied for and received a PPP loan on April 14, 2020, totaling \$127,300. The note payable incurs interest at 1% and is unsecured. The principal and interest of the note is forgivable if the proceeds are spent on qualifying costs during

The Market Foundation

Notes to Financial Statements

the 24-week period following the date the note is issued. Qualified costs are considered as 60% of the loan amount on payroll costs, and 40% on non-payroll costs including rent and utilities. Principal and interest payments are deferred for the first 10 months of the note period, following the 24-week period. The Foundation received forgiveness of both the outstanding principal and interest on January 25, 2021, and has recorded the PPP loan in the statements of activities during the year ended March 31, 2021.

On December 27, 2020, President Trump signed into law the “Consolidated Appropriations Act, 2021”, which included additional economic stimulus and COVID-19 related relief including additional PPP funds and expansion of the Employee Retention Credit. The Foundation continues to examine the impact that the Consolidated Appropriations Act, 2021, will have on its financial condition, results of operations, and liquidity.

On March 11, 2021, President Biden signed into law the “American Rescue Plan Act of 2021” (the American Rescue Plan), which included additional economic stimulus and tax credits, including the expansion of the Employee Retention Credit. The Foundation continues to examine the impact that the American Rescue Plan will have on its financial condition, results of operations, and liquidity.