



The Pike Place Market Foundation

Financial Statements
Years Ended March 31, 2022 and 2021

The Pike Place Market Foundation

Financial Statements
Years Ended March 31, 2022 and 2021

The Pike Place Market Foundation

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Independent Auditor's Report

To the Board of Directors
The Pike Place Market Foundation
Seattle, Washington

Opinion

We have audited the financial statements of The Pike Place Market Foundation (the Foundation), which comprise the statements of financial position as of March 31, 2022 and 2021, 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 Foundation as of March 31, 2022 and 2021, 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 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 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 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 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

July 21, 2022

Financial Statements

The Pike Place Market Foundation

Statements of Financial Position

March 31,	2022	2021
Assets		
Current Assets		
Cash and cash equivalents	\$ 2,201,606	\$ 2,350,728
Investments, unrestricted	1,420,444	1,415,525
Pledge receivable - use of facilities	51,102	57,401
Pledges receivable - other	87,098	121,248
Prepaid expenses and other current assets	20,829	18,868
Total Current Assets	3,781,079	3,963,770
Long-Term Assets		
Pledge receivable - use of facilities, net of current portion	139,583	190,685
Pledges receivable - endowment	268,324	-
Endowment investments	5,773,187	4,932,499
Investments, held as collateral	496,000	496,000
Property and equipment, net	487,368	529,110
Total Long-Term Assets	7,164,462	6,148,294
Total Assets	\$ 10,945,541	\$ 10,112,064
Liabilities and Net Assets		
Current Liabilities		
Accrued expenses and accounts payable	\$ 73,498	\$ 66,845
Grants payable to agencies	1,151,889	1,066,889
Unearned special event revenue	178,775	93,056
Total Current Liabilities	1,404,162	1,226,790
Net Assets		
Without donor restrictions		
Undesignated	3,011,232	3,266,592
Board-designated	3,287,949	3,087,007
Total without donor restrictions	6,299,181	6,353,599
With donor restrictions	3,242,198	2,531,675
Total Net Assets	9,541,379	8,885,274
Total Liabilities and Net Assets	\$ 10,945,541	\$ 10,112,064

See accompanying notes to financial statements.

The Pike Place Market Foundation

Statements of Activities

Year Ended March 31,	2022			2021		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenue						
Contributions	\$ 1,933,598	\$ 986,052	\$ 2,919,650	\$ 3,237,807	\$ 935,670	\$ 4,173,477
Paycheck Protection Program Loan forgiveness	-	-	-	127,300	-	127,300
Special events - revenue (including in-kind of \$107,625 and \$47,530, respectively)	930,985	-	930,985	602,941	-	602,941
Special events - direct benefit to donors (including in-kind of \$56,171 and \$0, respectively)	(117,700)	-	(117,700)	-	-	-
In-kind services and contributions	31,999	-	31,999	128,457	-	128,457
	2,778,882	986,052	3,764,934	4,096,505	935,670	5,032,175
Net Assets Released from Restrictions	354,591	(354,591)	-	924,628	(924,628)	-
Total Support and Revenue	3,133,473	631,461	3,764,934	5,021,133	11,042	5,032,175
Expenses						
Programs supported	2,065,696	-	2,065,696	2,266,794	-	2,266,794
Special events	355,264	-	355,264	381,088	-	381,088
Fundraising	688,696	-	688,696	575,094	-	575,094
Administrative	281,500	-	281,500	308,185	-	308,185
Total Expenses	3,391,156	-	3,391,156	3,531,161	-	3,531,161
Change in Net Assets Before Net Investment Income	(257,683)	631,461	373,778	1,489,972	11,042	1,501,014
Net Investment Income	203,265	79,062	282,327	1,524,011	598,509	2,122,520
Change in Net Assets	(54,418)	710,523	656,105	3,013,983	609,551	3,623,534
Net Assets, beginning of year	6,353,599	2,531,675	8,885,274	3,339,616	1,922,124	5,261,740
Net Assets, end of year	\$ 6,299,181	\$ 3,242,198	\$ 9,541,379	\$ 6,353,599	\$ 2,531,675	\$ 8,885,274

The Pike Place Market Foundation

Statement of Functional Expenses

<i>Year Ended March 31, 2022</i>	Programs	Special Events	Fundraising	Administrative	Total
Grants to agencies and individuals	\$ 1,578,448	\$ -	\$ -	\$ -	\$ 1,578,448
Salaries, benefits, and payroll taxes	300,596	255,091	375,551	77,944	1,009,182
Printing and design	-	16,028	162,836	372	179,236
Purchased services	2,650	26,608	20,906	54,776	104,940
Food Access	99,075	24,007	12,570	224	135,876
Accounting	-	-	-	51,928	51,928
Depreciation	-	-	-	41,742	41,742
Technology	3,366	4,743	29,134	4,374	41,617
Public relations	-	-	39,596	1,605	41,201
Supplies	14,616	22,173	1,669	1,449	39,907
Other	9,732	5,558	352	13,545	29,187
Postage and shipping	-	4,495	23,597	-	28,092
Credit card processing fees	-	6,636	15,485	-	22,121
Uncollectible pledges	-	-	-	4,250	4,250
Continued education and staff appreciation	-	-	-	4,104	4,104
Total Expenses Before In-Kind Expenses	2,008,483	365,339	681,696	256,313	3,311,831
In-kind rent	32,214	-	-	25,187	57,401
In-kind goods and services	24,999	107,625	7,000	-	139,624
Total Expenses	2,065,696	472,964	688,696	281,500	3,508,856
Less: Direct benefit to donor	-	117,700	-	-	117,700
Total Expenses Included in Expense Section on the Statements of Activities	\$ 2,065,696	\$ 355,264	\$ 688,696	\$ 281,500	\$ 3,391,156

See accompanying notes to financial statements.

The Pike Place 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
Printing and design	2,880	8,568	79,006	1,318	91,772
Purchased services	-	49,433	38,883	10,081	98,397
Food Access	64,698	-	-	-	64,698
Accounting	-	-	-	42,803	42,803
Depreciation	-	-	-	42,952	42,952
Technology	1,263	886	6,559	3,828	12,536
Public relations	-	101	4,964	5,060	10,125
Supplies	28,873	3,567	1,253	2,571	36,264
Other	10,111	558	510	11,386	22,565
Postage and shipping	14	3,249	10,014	295	13,572
Credit card processing fees	-	9,305	17,488	-	26,793
Uncollectible pledges	-	-	-	18,534	18,534
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 rent	32,214	-	-	25,187	57,401
In-kind goods and services	12,227	47,530	116,230	-	175,987
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 Pike Place Market Foundation

Statements of Cash Flows

<i>Year Ended March 31,</i>	2022	2021
Cash Flows from (for) Operating Activities		
Change in net assets	\$ 656,105	\$ 3,623,534
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Realized and unrealized gains on investments	(169,897)	(2,040,658)
Contributions restricted for endowment	(828,140)	(117,500)
Forgiveness of Paycheck Protection Program loan	-	(127,300)
Depreciation	41,742	42,952
Changes in operating assets and liabilities		
Pledges receivable	94,662	111,025
Prepaid expenses and other current assets	(1,961)	(10,553)
Grants payable to agencies	85,000	(146,800)
Accrued expenses and accounts payable	6,653	17,517
Unearned special event revenue	85,719	(484)
Net Cash Flows from (for) Operating Activities	(30,117)	1,351,733
Cash Flows for Investing Activities		
Purchases of investments, net	(675,710)	(252,226)
Purchase of property and equipment	-	(2,325)
Net Cash Flows for Investing Activities	(675,710)	(254,551)
Cash Flows from Financing Activities		
Proceeds from contributions restricted for endowment	556,705	117,500
Proceeds from Paycheck Protection Program loan	-	127,300
Net Cash Flows from Financing Activities	556,705	244,800
Net Change in Cash and Cash Equivalents	(149,122)	1,341,982
Cash and Cash Equivalents, beginning of year	2,350,728	1,008,746
Cash and Cash Equivalents, end of year	\$ 2,201,606	\$ 2,350,728

See accompanying notes to financial statements.

The Pike Place Market Foundation

Notes to Financial Statements

1. Organization and Significant Accounting Policies

Organization

The Pike Place 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, Small Business grants, Rachel's Reserve grants and Billie's Bank grants.

The Food Access Program includes multiple food purchasing programs: Bulk Buy, Subsidized CSA shares, Bonus Cards, Fresh Bucks redemption, and pilot 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. Billie's Bank also includes the Foundation's tangible food drive which include in-kind donations as well as financial donations. During the COVID-19 pandemic in the year ended March 31, 2021, grants were made from Rachel's Reserve to support one-time funding shortfalls to Legacy Partner agencies, as well as awarding Small

The Pike Place Market Foundation

Notes to Financial Statements

Business grants with funds from Billie's Bank. The Small Business Grant program will be revised during the year ending March 31, 2023, to continue to support the smallest Market businesses.

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>	2022	2021
Quasi-endowment	\$ 3,204,298	\$ 2,985,877
Food Access Program	55,548	55,548
Safety Net	28,103	45,582
Total Board-Designated Net Assets	\$ 3,287,949	\$ 3,087,007

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 Pike Place Market Foundation

Notes to Financial Statements

Net assets with donor restrictions are as follows:

<i>March 31,</i>	2022	2021
Net Assets with Purpose or Time Restrictions		
Donated use of facilities (restricted for time)	\$ 190,685	\$ 248,086
Market Commons - Community Impact	96,633	96,633
Rachel's Reserve	92,311	92,311
Others	22,245	14,749
Safety Net	-	133,274
Total Net Assets with Purpose or Time Restrictions	401,874	585,053
Net Assets with Endowment Restrictions (see Note 7)		
Perpetual endowment restrictions	1,785,069	956,929
Unappropriated endowment earnings	1,055,255	989,693
Total Net Assets with Endowment Restrictions	2,840,324	1,946,622
Total Net Assets with Donor Restrictions	\$ 3,242,198	\$ 2,531,675

Of the net assets restricted in perpetuity, \$86,564 represent restricted contributions to the Preschool, which are held by the Foundation, as of March 31, 2022 and 2021.

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. Outstanding pledges of \$215,422 at March 31, 2022, are expected to be collected within one year, with the remaining pledge balance of \$140,000 to be collected before March 31, 2025. All pledges at March 31, 2021, 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.

The Pike Place Market Foundation

Notes to Financial Statements

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 is provided for over the estimated useful lives of the assets (generally 10 to 20 years) on a straight-line basis. Depreciation expense for the years ended March 31, 2022, and 2021, was \$41,742 and \$42,952, respectively. Property and equipment consist of the following:

<i>March 31,</i>	2022	2021
Market Commons	\$ 455,274	\$ 455,274
MarketFront charms/hoopprints	182,139	182,139
Furniture and fixtures	73,722	73,722
Equipment	34,664	34,664
Website	31,900	31,900
Leasehold improvements	7,816	7,816
	785,515	785,515
Less: Accumulated depreciation	(298,147)	(256,405)
	\$ 487,368	\$ 529,110

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, 2022 or 2021.

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).

The Pike Place Market Foundation

Notes to Financial Statements

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 \$18,888 and \$44,075 at March 31, 2022 and 2021, respectively, and is being amortized on the straight-line basis over the remaining period of the agreement. At March 31, 2022, the current and noncurrent amounts were \$18,888 and \$0, respectively. At March 31, 2021, the current and noncurrent amounts were \$25,187 and \$18,888, 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, 2022 and 2021, 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, 2022 or 2021. 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 \$171,797 and \$204,011 at March 31, 2022 and 2021, respectively, and is being amortized on the straight-line basis over the remaining period of the lease. At March 31, 2022, the current and noncurrent amounts were \$32,214 and \$139,583 respectively. At March 31, 2021, the current and noncurrent amounts were \$32,214 and \$171,797 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, 2022 and 2021.

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 \$139,624 and \$175,987 for the years ended March 31, 2022 and 2021, 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.

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 programs, 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.

The Pike Place Market Foundation

Notes to Financial Statements

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.

Reclassifications

Certain amounts in the prior-year financial statements have been reclassified to conform to the current-year presentation.

Subsequent Events

The Foundation has evaluated all subsequent events through the date these financial statements were available to be issued, which was July 21, 2022.

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 short-term investments as advised by the Foundation's third-party investment manager.

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 strives to operate with a balanced budget and plans to cover program and general operating expenses through ongoing fundraising efforts, collections of cash receipts on outstanding pledges, annual support from the PDA, and short-term savings and investment accounts.

In addition, the Executive Director 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 Pike Place Market Foundation

Notes to Financial Statements

The following table reflects the Foundation's financial assets as of March 31, 2022 and 2021, 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 in the quasi-endowment, 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>	2022	2021
Financial Assets at Year-end		
Cash and cash equivalents	\$ 2,201,606	\$ 2,350,728
Investments	7,689,631	6,844,024
Pledges receivable	355,422	121,248
Total Financial Assets	10,246,659	9,316,000
Board-designated net assets, not for day-to-day operations	(3,204,298)	(2,985,877)
Net assets with donor restrictions, not for day-to-day operations	(1,055,255)	(989,693)
Endowment investments, held in perpetuity	(1,785,069)	(956,929)
Investments held as collateral	(496,000)	(496,000)
Financial Assets Available to Meet Cash Needs for General Expenditures within One Year	\$ 3,706,037	\$ 3,887,501

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 Pike Place Market Foundation

Notes to Financial Statements

Investments consist of the following:

<i>Year Ended March 31,</i>	2022	2021
Money Market	\$ 204,564	\$ 68,211
Mutual Funds		
Bond	1,697,929	1,450,617
Large cap	1,579,895	1,428,737
Foreign	1,335,065	1,223,878
Mid cap	1,046,809	927,427
Small/micro cap	899,750	897,854
Emerging markets	532,408	510,846
Global real estate	393,211	336,454
Total Investments	\$ 7,689,631	\$ 6,844,024

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

<i>March 31,</i>	2022	2021
Investments, unrestricted	\$ 1,420,444	\$ 1,415,525
Endowment investments	5,773,187	4,932,499
Investments, held as collateral	496,000	496,000
Total Investments	\$ 7,689,631	\$ 6,844,024

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

Net investment income consists of the following:

<i>Year Ended March 31,</i>	2022	2021
Interest and dividends	\$ 167,176	\$ 123,703
Fees	(54,746)	(41,841)
Interest and Dividends, net	112,430	81,862
Net realized and unrealized gains	169,897	2,040,658
Net Investment Income	\$ 282,327	\$ 2,122,520

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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>	2022	2021
Pike Market Medical Clinic	\$ 355,000	\$ 351,000
Pike Market Child Care and Preschool	295,000	241,000
Pike Market Senior Center	240,000	231,000
Pike Market Food Bank	140,000	121,000
Pike Market Child Care and Preschool - Playground	66,889	66,889
Heritage House	55,000	56,000
Total Grants Payable to Agencies	\$ 1,151,889	\$ 1,066,889

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>	2022	2021
Safety Net	\$ 479,948	\$ 756,383
Pike Market Medical Clinic	355,000	351,000
Pike Market Child Care and Preschool	308,500	241,000
Pike Market Senior Center	240,000	231,000
Pike Market Food Bank	140,000	121,000
Heritage House	55,000	56,000
Pike Market Child Care and Preschool - Playground	-	67,000
Total Grants Paid to Agencies and Individuals	\$ 1,578,448	\$ 1,823,383

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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 \$180,000 and \$208,009 for the years ended March 31, 2022 and 2021, 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, 2022</i>	Without Donor Restrictions	With Donor Restrictions		Total
		Unappropriated Earnings	Perpetual	
Donor-restricted endowment	\$ -	\$ 1,055,255	\$ 1,513,634	\$ 2,568,889
Board-designated quasi-endowment	3,204,298	-	-	3,204,298
Total Funds	\$ 3,204,298	\$ 1,055,255	\$ 1,513,634	\$ 5,773,187

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<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

Changes to endowment net assets are as follows:

	Without Donor Restrictions	With Donor Restrictions		Total
		Unappropriated Earnings	Perpetual	
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
Contributions	77,050	-	556,705	633,755
Withdrawals	-	(13,500)	-	(13,500)
Interest and dividends, net of fees	50,763	2,167	-	52,930
Net realized and unrealized gains	90,608	76,895	-	167,503
Endowment Net Assets, March 31, 2022	\$ 3,204,298	\$ 1,055,255	\$ 1,513,634	\$ 5,773,187

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

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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 Related Government Funding

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.

On March 27, 2020, former 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 incurred interest at 1% and was unsecured. The principal and interest of the note was forgivable if the proceeds are spent on qualifying costs during the 24-week period following the date the note was 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.

Under the SBA PPP loan program, PPP loans are forgivable if the entity receiving the loan complies with the provisions of the SBA PPP and proceeds are spent on qualifying costs during the specified period following the date the loan is issued. The application for these funds required the Foundation to, in good faith, certify that the current economic uncertainty made the loan request necessary to support the ongoing operations of the Foundation. This certification further required the Foundation

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to take into account its current business activity and ability to access other sources of liquidity sufficient to support ongoing operations in a manner that was not significantly detrimental to the business. The receipt of these funds, and the forgiveness of the loan attendant to these funds, is dependent on the Foundation having initially qualified for the loan and qualifying for the forgiveness of such loan based on its future adherence to the forgiveness criteria.

The SBA has stated that all PPP loans in excess of \$2 million, and other PPP loans as appropriate, will be subject to review by the SBA for compliance with program requirements. While the Foundation believes the PPP loan was properly obtained and forgiven, there can be no assurance regarding the outcome of an SBA review. The Foundation has not accrued any liability associated with the risk of an adverse SBA review.