



The Pike Place Market Foundation

Financial Statements
Years Ended March 31, 2023 and 2022

The Pike Place Market Foundation

Financial Statements
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The Pike Place Market Foundation

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Independent Auditor's Report

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, 2023 and 2022, 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, 2023 and 2022, 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.



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, P.A.

August 7, 2023

Financial Statements

The Pike Place Market Foundation

Statements of Financial Position

March 31,	2023	2022
Assets		
Current Assets		
Cash and cash equivalents	\$ 1,737,594	\$ 2,201,606
Investments, unrestricted	1,297,127	1,420,444
Pledge receivable - use of facilities	32,214	51,102
Pledges receivable - other	52,206	87,098
Prepaid expenses and other current assets	52,352	20,829
Total Current Assets	3,171,493	3,781,079
Long-Term Assets		
Pledge receivable - use of facilities, net of current portion	107,369	139,583
Pledges receivable - endowment	83,297	268,324
Endowment investments	5,679,707	5,773,187
Investments, held as collateral	496,000	496,000
Property and equipment, net	461,461	487,368
Total Long-Term Assets	6,827,834	7,164,462
Total Assets	\$ 9,999,327	\$ 10,945,541
Liabilities and Net Assets		
Current Liabilities		
Accrued expenses and accounts payable	\$ 96,645	\$ 73,498
Grants payable to agencies	1,174,937	1,151,889
Unearned special event revenue	161,139	178,775
Total Current Liabilities	1,432,721	1,404,162
Net Assets		
Without donor restrictions:		
Undesignated	2,448,453	3,011,232
Board-designated	3,064,233	3,287,949
Total Without Donor Restrictions	5,512,686	6,299,181
Total With Donor Restrictions	3,053,920	3,242,198
Total Net Assets	8,566,606	9,541,379
Total Liabilities and Net Assets	\$ 9,999,327	\$ 10,945,541

See accompanying notes to financial statements.

The Pike Place Market Foundation

Statements of Activities

Year ended March 31,

	2023			2022		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenue						
Contributions	\$ 1,809,720	\$ 381,752	\$ 2,191,472	\$ 1,933,598	\$ 986,052	\$ 2,919,650
Special events - revenue (including in-kind of \$133,821 and \$107,625, respectively)	1,127,255	-	1,127,255	930,985	-	930,985
Special events - direct benefit to donors (including in-kind of \$78,674 and \$56,171, respectively)	(143,700)	-	(143,700)	(117,700)	-	(117,700)
In-kind services and contributions	45,928	-	45,928	31,999	-	31,999
	2,839,203	381,752	3,220,955	2,778,882	986,052	3,764,934
Net Assets Released from Restrictions	397,863	(397,863)	-	354,591	(354,591)	-
Total Support and Revenue	3,237,066	(16,111)	3,220,955	3,133,473	631,461	3,764,934
Expenses						
Programs supported	2,282,075	-	2,282,075	2,065,696	-	2,065,696
Special events	458,538	-	458,538	355,264	-	355,264
Fundraising	595,327	-	595,327	688,696	-	688,696
Administrative	339,711	-	339,711	281,500	-	281,500
Total Expenses	3,675,651	-	3,675,651	3,391,156	-	3,391,156
Change in Net Assets, before other income and net investment income (loss)	(438,585)	(16,111)	(454,696)	(257,683)	631,461	373,778
Other Income	1,562	-	1,562	-	-	-
Net Investment Income (Loss)	(349,472)	(172,167)	(521,639)	203,265	79,062	282,327
Change in Net Assets	(786,495)	(188,278)	(974,773)	(54,418)	710,523	656,105
Net Assets, beginning of year	6,299,181	3,242,198	9,541,379	6,353,599	2,531,675	8,885,274
Net Assets, end of year	\$ 5,512,686	\$ 3,053,920	\$ 8,566,606	\$ 6,299,181	\$ 3,242,198	\$ 9,541,379

See accompanying notes to financial statements.

The Pike Place Market Foundation

Statement of Functional Expenses

Year ended March 31, 2023

	Fundraising				Total
	Programs	Special Events	Other	Administrative	
Grants to agencies and individuals	\$ 1,624,037	\$ -	\$ -	\$ -	\$ 1,624,037
Salaries, benefits, and payroll taxes	431,983	271,468	399,662	82,949	1,186,062
Purchased services	9,970	71,198	22,483	98,603	202,254
Food Access Program	117,399	57,309	8,757	489	183,954
In-kind food for special events	-	133,821	-	-	133,821
Printing and design	-	26,602	90,183	1,074	117,859
In-kind rent	32,214	-	-	25,187	57,401
Depreciation	-	-	-	46,780	46,780
Technology	1,326	9,286	22,735	9,339	42,686
Supplies	21,959	16,492	2,249	795	41,495
In-kind other goods and services	30,829	-	8,800	-	39,629
Accounting	-	-	-	24,250	24,250
Credit card processing fees	-	5,189	17,372	-	22,561
Postage and shipping	-	2,961	15,545	19	18,525
Public relations	-	834	5,124	4,674	10,632
Uncollectible pledges	-	-	-	8,645	8,645
Continued education and staff appreciation	-	-	-	6,149	6,149
Other	12,358	7,078	2,417	30,758	52,611
Total Expenses	2,282,075	602,238	595,327	339,711	3,819,351
Less: direct benefit to donor	-	143,700	-	-	143,700
Total Expenses Included in Expense Section on the Statement of Activities	\$ 2,282,075	\$ 458,538	\$ 595,327	\$ 339,711	\$ 3,675,651

See accompanying notes to financial statements.

The Pike Place Market Foundation

Statement of Functional Expenses

Year ended March 31, 2022

	Fundraising				Total
	Programs	Special Events	Other	Administrative	
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
Purchased services	2,650	26,608	20,906	54,776	104,940
Food Access Program	99,075	24,007	12,570	224	135,876
In-kind food for special events	-	107,625	-	-	107,625
Printing and design	-	16,028	162,836	372	179,236
In-kind rent	32,214	-	-	25,187	57,401
Depreciation	-	-	-	41,742	41,742
Technology	3,366	4,743	29,134	4,374	41,617
Supplies	14,616	22,173	1,669	1,449	39,907
In-kind other goods and services	24,999	-	7,000	-	31,999
Accounting	-	-	-	51,928	51,928
Credit card processing fees	-	6,636	15,485	-	22,121
Postage and shipping	-	4,495	23,597	-	28,092
Public relations	-	-	39,596	1,605	41,201
Uncollectible pledges	-	-	-	4,250	4,250
Continued education and staff appreciation	-	-	-	4,104	4,104
Other	9,732	5,558	352	13,545	29,187
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 Statement of Activities	\$ 2,065,696	\$ 355,264	\$ 688,696	\$ 281,500	\$ 3,391,156

See accompanying notes to financial statements.

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Statements of Cash Flows

<i>Year ended March 31,</i>	2023	2022
Cash Flows for Operating Activities		
Change in net assets	\$ (974,773)	\$ 656,105
Adjustments to reconcile change in net assets to net cash flows for operating activities:		
Realized and unrealized losses (gains) on investments	741,982	(169,897)
Contributions restricted for endowment	(105,162)	(828,140)
Depreciation	46,780	41,742
Changes in operating assets and liabilities:		
Pledges receivable	82,883	94,662
Prepaid expenses and other current assets	(31,523)	(1,961)
Grants payable to agencies	23,048	85,000
Accrued expenses and accounts payable	23,147	6,653
Unearned special event revenue	(17,636)	85,719
Net Cash Flows for Operating Activities	(211,254)	(30,117)
Cash Flows for Investing Activities		
Purchases of investments	(596,811)	(807,950)
Sales of Investments	71,626	132,240
Purchase of property and equipment	(20,873)	-
Net Cash Flows for Investing Activities	(546,058)	(675,710)
Cash Flows from Financing Activities		
Proceeds from contributions restricted for endowment	293,300	556,705
Net Change in Cash and Cash Equivalents	(464,012)	(149,122)
Cash and Cash Equivalents, beginning of year	2,201,606	2,350,728
Cash and Cash Equivalents, end of year	\$ 1,737,594	\$ 2,201,606

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 enable the Foundation to reduce barriers to meet emerging service needs in its community. Programs include: Food Access Program, Market Community Safety Net Fund, 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 Pike Place Market Preservation and Development Authority (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 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

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Notes to Financial Statements

Foundation's tangible food drive, which include in-kind donations as well as financial donations. The Small Business Grant Program works to support the smallest Market businesses, through individual grants ranging from \$225 to \$10,000.

The Foundation also supports historic preservation projects in the Market area and improvements for the Market's historic buildings, including the PDA and its capital campaign for the 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>	2023	2022
Quasi-endowment	\$ 3,008,685	\$ 3,204,298
Food Access Program	55,548	55,548
Safety Net	-	28,103
Total Board-Designated Net Assets	\$ 3,064,233	\$ 3,287,949

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.

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Net assets with donor restrictions are as follows:

<i>March 31,</i>	2023	2022
Net Assets with Purpose or Time Restrictions		
Donated use of facilities (restriction for time)	\$ 139,583	\$ 190,685
Market Commons - Community Impact	96,633	96,633
Rachel's Reserve	25,311	92,311
Other	38,074	22,245
Total Net Assets with Purpose or Time Restrictions	299,601	401,874
Net Assets with Endowment Restrictions (Note 7)		
Perpetual endowment restrictions	1,890,231	1,785,069
Unappropriated endowment earnings	864,088	1,055,255
Total Net Assets with Endowment Restrictions	2,754,319	2,840,324
Total Net Assets with Donor Restrictions	\$ 3,053,920	\$ 3,242,198

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, 2023 and 2022.

Fair Value Measurements

Fair value is a market-based measurement determined based on assumptions that market participants would use in pricing an asset or liability. There are three levels that prioritize the inputs used in measuring fair value as follows:

Level 1 - This level consists of observable market inputs such as quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 - This level consists of observable market inputs, other than quoted prices in active markets, that are observable either directly or indirectly.

Level 3 - This level consists of unobservable market inputs where there is little or no market data, which require the reporting entity to develop its own assumptions.

An asset's or liability's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

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.

Investments

Investments consist primarily of money market funds and mutual funds that are held in the investment portfolio. These investments are reported at fair value using Level 1 inputs, such as quoted prices on national exchanges. Unrealized gains and losses are included as unrestricted

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changes in net assets in the accompanying statements of activities unless the income or loss is restricted by donor or law.

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 \$44,076 at March 31, 2023, are expected to be collected within one year, with the remaining pledge balance of \$91,427 to be collected before March 31, 2025. Outstanding pledges at March 31, 2022 were made up of \$215,422 expected to be collected by March 31, 2023, and \$140,000 expected to be collected before March 31, 2025.

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 is provided for over the estimated useful lives of the assets (generally ten to 20 years) on a straight-line basis. Depreciation expense for the years ended March 31, 2023 and 2022, was \$46,780 and \$41,742, respectively. Property and equipment consist of the following:

<i>March 31,</i>	2023	2022
Market Commons	\$ 455,274	\$ 455,274
MarketFront charms/hoofprints	182,139	182,139
Furniture and fixtures	87,953	73,722
Equipment	41,306	34,664
Website	31,900	31,900
Leasehold improvements	7,816	7,816
	806,388	785,515
Less: accumulated depreciation	(344,927)	(298,147)
Total Property and Equipment	\$ 461,461	\$ 487,368

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 in 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

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financial statements. There were no such conditional promises to give outstanding at March 31, 2023 or 2022.

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.

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 Foundation continued to record in-kind contributions through March 31, 2023, based on the monthly in-kind amount determined in 2018 and expects to use the facilities for the foreseeable future. The receivable balance was \$18,888 at March 31, 2022, and was amortized on a straight-line basis through December 31, 2022. 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, 2023 and 2022, 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, 2023 or 2022. 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 \$139,583 and \$171,797 at March 31, 2023 and 2022, respectively, and is being amortized on the straight-line basis over the remaining period of the lease. At March 31, 2023, the current and noncurrent amounts were \$32,214 and \$107,369, respectively. At March 31, 2022, the current and noncurrent amounts were \$32,214 and \$139,583, 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, 2023 and 2022.

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. Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Foundation. The Foundation recognizes in-kind contribution revenue, including any donor-imposed restrictions, and a corresponding expense in an amount approximating the estimated fair value at the time of the donation. Donated services are recognized at estimated fair values and

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represent professional services. Donated goods represent food and raffle items for various special events, and programmatic activities, and are recognized at estimated fair values provided by the donors. The value of in-kind contributions (received from the PDA and other organizations) included in the financial statements were \$179,749 and \$139,624 for the years ended March 31, 2023 and 2022, respectively. No in-kind contributions were monetized by the Foundation, as all were used for operational purposes during the years ended March 31, 2023 and 2022.

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.

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.

Recent Accounting Pronouncements Adopted

During the year ended March 31, 2023, the Foundation retrospectively adopted the provisions of Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, issued by the FASB. The pronouncement was issued to increase the transparency of contributed nonfinancial assets for not-for-profit entities through enhancements to presentation and disclosure. ASU 2020-07 does not change the existing recognition and measurement requirements for contributed nonfinancial assets. The new standard requires that contributed nonfinancial assets are presented separately in the statement of activities. New disclosures are also required to disaggregate contributed nonfinancial assets by category type and other qualitative information about utilization, policies, and valuation techniques.

In February 2016, the FASB issued ASU 2016-02, *Leases (Accounting Standards Codification (ASC) Topic 842)* and subsequent amendments to the initial guidance (collectively, ASC 842). ASC 842 requires lessees to generally recognize on the statement of financial position, operating and finance lease liabilities and corresponding right-of-use assets for leases. Lessor accounting is largely unchanged under ASC 842. Entities are required to use a modified retrospective approach on adoption, with the option of applying the requirements of the standard either (1) retrospectively to each prior comparative reporting period presented or (2) retrospectively at the beginning of the

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period of adoption, through a cumulative-effect adjustment to net assets, if any. There was no impact to the Foundation's financial statements as a result of the adoption of this standard based on the nature of the lease arrangements.

Subsequent Events

The Foundation has evaluated all subsequent events through the date these financial statements were available to be issued, which was August 7, 2023.

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.

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The Pike Place Market Foundation

Notes to Financial Statements

The following table reflects the Foundation's financial assets as of March 31, 2023 and 2022, 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>	2023	2022
Financial Assets at Year-End		
Cash and cash equivalents	\$ 1,737,594	\$ 2,201,606
Investments	7,472,834	7,689,631
Pledges receivables	135,503	355,422
Total Financial Assets at Year-End	9,345,931	10,246,659
Board-designated net assets, not for day-to-day operations	(3,008,685)	(3,204,298)
Net assets with donor restrictions, not for day-to-day operations	(864,088)	(1,055,255)
Endowment investments, held in perpetuity	(1,890,231)	(1,785,069)
Investments held as collateral	(496,000)	(496,000)
Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	\$ 3,086,927	\$ 3,706,037

3. Investments

Investments consist of the following:

<i>March 31,</i>	2023	2022
Money Market	\$ 199,268	\$ 204,564
Mutual Funds		
Bond	1,870,858	1,697,929
Large cap	1,280,604	1,579,895
Foreign	1,160,090	1,335,065
Midcap	1,109,363	1,046,809
Small/micro cap	902,118	899,750
Emerging markets	526,131	532,408
Global real estate	424,402	393,211
Total Investments	\$ 7,472,834	\$ 7,689,631

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

<i>March 31,</i>	2023	2022
Investments, unrestricted	\$ 1,297,127	\$ 1,420,444
Endowment investments	5,679,707	5,773,187
Investments, held as collateral	496,000	496,000
Total Investments	\$ 7,472,834	\$ 7,689,631

The Pike Place Market Foundation

Notes to Financial Statements

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>March 31,</i>		2023		2022
Interest and dividends	\$	271,707	\$	167,176
Fees		(51,364)		(54,746)
Interest and Dividends, Net		220,343		112,430
Net realized and unrealized gains (losses)		(741,982)		169,897
Net Investment Income (Loss)	\$	(521,639)	\$	282,327

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>		2023		2022
Pike Market Medical Clinic	\$	375,000	\$	355,000
Pike Market Child Care and Preschool		300,000		295,000
Pike Market Senior Center		255,000		240,000
Pike Market Food Bank		160,000		140,000
Heritage House		65,000		55,000
Pike Market Child Care and Preschool - Playground		19,937		66,889
Total Grants Payable to Agencies	\$	1,174,937	\$	1,151,889

The Pike Place Market Foundation

Notes to Financial Statements

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>March 31,</i>	2023	2022
Safety Net	\$ 450,037	\$ 479,948
Pike Market Medical Clinic	375,000	355,000
Pike Market Child Care and Preschool	319,000	308,500
Pike Market Senior Center	255,000	240,000
Pike Market Food Bank	160,000	140,000
Heritage House	65,000	55,000
Total Grants Paid to Agencies and Individuals	\$ 1,624,037	\$ 1,578,448

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 \$250,000 and \$180,000 for the years ended March 31, 2023 and 2022, respectively. The Foundation incurs expenditures with the PDA for various program and administrative expenses. Total expenses incurred during the years ended March 31, 2023 and 2022 were \$131,711 and \$103,205, 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), both established for the purpose of investing in a sustainable fund that will provide consistent funding for emergent and future needs that strengthen the Market's culture and community now and in the future. 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 Pike Place Market Foundation

Notes to Financial Statements

- 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 consist of the following:

Year ended March 31, 2023

	Without Donor Restrictions	With Donor Restrictions			Total
		Unappropriated Earnings	Perpetual		
Donor-restricted endowment	\$ -	\$ 864,088	\$ 1,806,934	\$ 2,671,022	
Board-designated quasi-endowment	3,008,685	-	-	3,008,685	
Total Funds	\$ 3,008,685	\$ 864,088	\$ 1,806,934	\$ 5,679,707	

Year ended March 31, 2022

	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	

Changes to endowment net assets are as follows:

	Without Donor Restrictions	With Donor Restrictions			Total
		Unappropriated Earnings	Perpetual		
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	
Contributions	25,080	-	293,300	318,380	
Withdrawals	-	(19,000)	-	(19,000)	
Interest and dividends, net of fees	97,623	65,903	-	163,526	
Net realized and unrealized losses	(318,316)	(238,070)	-	(556,386)	
Endowment Net Assets, March 31, 2023	\$ 3,008,685	\$ 864,088	\$ 1,806,934	\$ 5,679,707	

The Pike Place Market Foundation

Notes to Financial Statements

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 intended rate of return for the board-designated funds is approximately 6.7% annually. 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.

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.