



FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013

BOSTON PUBLIC MARKET ASSOCIATION

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December 31, 2014 and 2013

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Independent Auditor's Report

To the Board of Directors of
Boston Public Market Association:

Report on the Financial Statements

We have audited the accompanying financial statements of Boston Public Market Association (a Massachusetts corporation, not for profit) (the Association) which comprise the statements of financial position as of December 31, 2014 and 2013, and the related statements of activities and changes in net assets, cash flows and functional expenses for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Boston Public Market Association as of December 31, 2014 and 2013, 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.

Alexander, Brown, Finning & Co., P.C.

Boston, Massachusetts
March 27, 2015

BOSTON PUBLIC MARKET ASSOCIATION

Statements of Financial Position
December 31, 2014 and 2013

Assets	2014			2013		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
Current Assets:						
Cash	\$ 385,907	\$ 4,445,254	\$ 4,831,161	\$ 107,703	\$ 1,649,445	\$ 1,757,148
Current portion of pledges and grants receivable	771,165	1,431,783	2,202,948	-	539,233	539,233
Accounts receivable	1,667	-	1,667	3,898	-	3,898
Prepaid expenses	5,361	-	5,361	2,112	-	2,112
Total current assets	1,164,100	5,877,037	7,041,137	113,713	2,188,678	2,302,391
Pledges and Grants Receivable, net of current portion	-	500,000	500,000	-	59,733	59,733
Property and Equipment, net	9,648	-	9,648	5,861	-	5,861
Construction in Progress	2,095,995	-	2,095,995	283,389	-	283,389
Total assets	<u>\$ 3,269,743</u>	<u>\$ 6,377,037</u>	<u>\$ 9,646,780</u>	<u>\$ 402,963</u>	<u>\$ 2,248,411</u>	<u>\$ 2,651,374</u>
Liabilities and Net Assets						
Current Liabilities:						
Accounts payable and accrued expenses	\$ 537,918	\$ -	\$ 537,918	\$ 22,143	\$ -	\$ 22,143
Note Payable	500,000	-	500,000	-	-	-
Total liabilities	1,037,918	-	1,037,918	22,143	-	22,143
Net Assets:						
Unrestricted:						
Operating	110,607	-	110,607	91,570	-	91,570
Property and equipment and construction in progress	2,121,218	-	2,121,218	289,250	-	289,250
Total unrestricted	2,231,825	-	2,231,825	380,820	-	380,820
Temporarily restricted	-	6,377,037	6,377,037	-	2,248,411	2,248,411
Total net assets	2,231,825	6,377,037	8,608,862	380,820	2,248,411	2,629,231
Total liabilities and net assets	<u>\$ 3,269,743</u>	<u>\$ 6,377,037</u>	<u>\$ 9,646,780</u>	<u>\$ 402,963</u>	<u>\$ 2,248,411</u>	<u>\$ 2,651,374</u>

The accompanying notes are an integral part of these statements.

BOSTON PUBLIC MARKET ASSOCIATION
**Statements of Activities and Changes in Net Assets
For the Years Ended December 31, 2014 and 2013**

	2014			2013		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
Operating Revenue:						
Grants and contributions	\$ 105,682	\$ 687,000	\$ 792,682	\$ 109,243	\$ 30,000	\$ 139,243
Donated services	358,000	-	358,000	400,000	-	400,000
Market rental and sponsorship	58,171	-	58,171	53,862	-	53,862
Net assets released from purpose restrictions	369,183	(369,183)	-	253,000	(253,000)	-
Total operating revenue	891,036	317,817	1,208,853	816,105	(223,000)	593,105
Operating Expenses:						
Program services	643,021	-	643,021	539,135	-	539,135
Fundraising	129,174	-	129,174	131,990	-	131,990
General and administrative	102,113	-	102,113	47,645	-	47,645
Total operating expenses	874,308	-	874,308	718,770	-	718,770
Changes in net assets from operations	16,728	317,817	334,545	97,335	(223,000)	(125,665)
Non-Operating Revenue:						
Campaign grants	-	4,833,000	4,833,000	-	2,521,800	2,521,800
Government grants - capital	792,086	-	792,086	-	-	-
Donated services - capital	20,000	-	20,000	-	-	-
Net assets released from campaign restrictions	1,022,191	(1,022,191)	-	283,389	(283,389)	-
Changes in net assets	1,851,005	4,128,626	5,979,631	380,724	2,015,411	2,396,135
Net Assets:						
Beginning of year	380,820	2,248,411	2,629,231	96	233,000	233,096
End of year	<u>\$ 2,231,825</u>	<u>\$ 6,377,037</u>	<u>\$ 8,608,862</u>	<u>\$ 380,820</u>	<u>\$ 2,248,411</u>	<u>\$ 2,629,231</u>

The accompanying notes are an integral part of these statements.

BOSTON PUBLIC MARKET ASSOCIATION

Statements of Cash Flows

For the Years Ended December 31, 2014 and 2013

	<u>2014</u>	<u>2013</u>
Cash Flow from Operating Activities:		
Changes in net assets	\$ 5,979,631	\$ 2,396,135
Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities:		
Campaign grants	(4,833,000)	(2,521,800)
Government grants - capital	(792,086)	-
Donated services - capital	(20,000)	-
Depreciation	2,309	2,055
Changes in operating assets and liabilities:		
Pledges and grants receivable	(97,783)	(598,966)
Accounts receivable	2,231	443
Prepaid expenses	(3,249)	142
Accounts payable and accrued expenses	53,021	11,115
Net cash provided by (used in) operating activities	<u>291,074</u>	<u>(710,876)</u>
Cash Flows from Investing Activities:		
Acquisition of property and equipment	(6,096)	(744)
Construction in progress	<u>(1,329,852)</u>	<u>(283,389)</u>
Net cash used in investing activities	<u>(1,335,948)</u>	<u>(284,133)</u>
Cash Flows from Financing Activities:		
Campaign grants	3,597,216	2,521,800
Government grants - capital	21,671	-
Proceeds from note payable	<u>500,000</u>	<u>-</u>
Net cash provided by financing activities	<u>4,118,887</u>	<u>2,521,800</u>
Net Change in Cash	3,074,013	1,526,791
Cash:		
Beginning of year	<u>1,757,148</u>	<u>230,357</u>
End of year	<u><u>\$ 4,831,161</u></u>	<u><u>\$ 1,757,148</u></u>
Supplemental Disclosure of Cash Flow Information:		
Construction in progress funded through accounts payable	<u><u>\$ 462,754</u></u>	<u><u>\$ -</u></u>

The accompanying notes are an integral part of these statements.

BOSTON PUBLIC MARKET ASSOCIATION

 Statements of Functional Expenses
 For the Years Ended December 31, 2014 and 2013

	2014				2013			
	Program Services	Fundraising	General and Adminis- trative	Total Expenses	Program Services	Fundraising	General and Adminis- trative	Total Expenses
Payroll and Related:								
Salaries	\$ 177,490	\$ 97,899	\$ 40,197	\$ 315,586	\$ 131,866	\$ 32,337	\$ 28,121	\$ 192,324
Payroll taxes	19,008	8,851	3,634	31,493	12,682	3,110	2,704	18,496
Fringe benefits	11,036	6,087	2,500	19,623	7,680	1,883	1,638	11,201
Total payroll and related	207,534	112,837	46,331	366,702	152,228	37,330	32,463	222,021
Other:								
Donated professional services	358,000	-	-	358,000	320,000	80,000	-	400,000
Professional services	44,127	-	33,848	77,975	31,460	7,865	3,960	43,285
Occupancy	11,384	11,383	11,383	34,150	2,460	2,461	2,461	7,382
Office expenses	4,407	2,381	2,381	9,169	3,645	3,644	3,644	10,933
Conferences and travel	6,489	-	1,483	7,972	2,424	-	220	2,644
Advertising	6,892	-	-	6,892	21,893	-	-	21,893
Insurance	-	-	4,590	4,590	2,354	-	3,750	6,104
Supplies	1,028	2,325	-	3,353	266	533	267	1,066
Depreciation	1,813	248	248	2,309	1,741	157	157	2,055
Miscellaneous	40	-	1,849	1,889	-	-	723	723
Market expenses	1,307	-	-	1,307	664	-	-	664
Total operating expenses	<u>\$ 643,021</u>	<u>\$ 129,174</u>	<u>\$ 102,113</u>	<u>\$ 874,308</u>	<u>\$ 539,135</u>	<u>\$ 131,990</u>	<u>\$ 47,645</u>	<u>\$ 718,770</u>

The accompanying notes are an integral part of these statements.

BOSTON PUBLIC MARKET ASSOCIATION

Notes to Financial Statements
December 31, 2014 and 2013

1. OPERATIONS, NONPROFIT STATUS AND SIGNIFICANT ACCOUNTING POLICIES

OPERATIONS

Founded in 2001, the Boston Public Market Association (the Association) is a Massachusetts not-for-profit corporation that aims to bring healthy, affordable, locally sourced foods to the Boston area creating a healthier, stronger community. The Association's mission is to develop and operate a permanent year-round market in Boston that provides fresh, healthy food to consumers of all income levels and nourishes our community. The Association will educate the public about food sources, nutrition and preparation and create an addition to the City of Boston.

In 2012, the Association was designated by the Commonwealth of Massachusetts as the developer and operator of the Boston Public Market: a 28,000 square-foot indoor retail location in the Haymarket T station building along Boston's Greenway. Once open, the Boston Public Market (the Market) will be the only locally sourced market of its kind in the United States—most of what is sold will either originate or be produced in New England. The Market will integrate education about healthy eating, local production and sustainability into the market experience through experiential learning, the demonstration kitchen and classroom. The Market is expected to open to the public in 2015.

In addition to working to open the year-round Market, the Association operates two seasonal farmers markets in downtown Boston – offering fresh food, free educational events, and information on the Boston Public Market to a diverse customer base. Since 2010, the Association's markets have participated in the Boston Bounty Bucks Program – an incentive-based program that allows customers with SNAP (food stamps) to use their Electronic Benefit Transfer (EBT) cards at farmers markets and provides a dollar-for-dollar match on market products. Through the Bounty Bucks Program, the Association helps create healthy, sustainable food alternatives for those in underserved communities.

NONPROFIT STATUS

The Association is exempt from Federal income taxes as an organization (not a private foundation) formed for charitable purposes under Section 501(c)(3) of the Internal Revenue Code (IRC). The Association is also exempt from state income taxes. Donors may deduct contributions made to the Association within IRC requirements.

SIGNIFICANT ACCOUNTING POLICIES

The Association's financial statements have been prepared in accordance with accounting standards generally accepted in the United States of America (U.S. GAAP). References to U.S. GAAP in these notes are to the FASB Accounting Standards Codification (ASC).

Allowance for Doubtful Accounts and Pledges and Grants Receivable

Pledges and grants receivable are recorded at their net present value when unconditionally committed. An allowance for uncollectible pledges and grants receivable is recorded based on management's analysis of specific accounts and their estimate of amounts that may become uncollectible. No allowance was deemed necessary as of December 31, 2014 and 2013.

BOSTON PUBLIC MARKET ASSOCIATION

Notes to Financial Statements
December 31, 2014 and 2013

1. OPERATIONS, NONPROFIT STATUS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

SIGNIFICANT ACCOUNTING POLICIES (Continued)

Allowance for Doubtful Accounts and Pledges and Grants Receivable (Continued)

Pledges and grants receivable are expected to be collected as follows at December 31:

<u>Amounts due within:</u>	<u>2014</u>	<u>2013</u>
One year	\$ 2,202,948	\$ 539,233
Two years	250,000	59,733
Three years	250,000	-
	<u>2,702,948</u>	<u>598,966</u>
Less - current portion	<u>2,202,948</u>	<u>539,233</u>
Long-term pledges and grants receivable	<u>\$ 500,000</u>	<u>\$ 59,733</u>

No discount was recorded at December 31, 2014 and 2013, as it was immaterial to the accompanying financial statements.

Allowance for Doubtful Accounts and Accounts Receivable

Accounts receivable are stated at unpaid balances, less an allowance for doubtful accounts. The allowance is based on experience and other circumstances which may affect the ability of the Association to collect the receivables. No allowance was deemed necessary as of December 31, 2014 and 2013.

Property and Equipment, Construction in Progress and Depreciation

Purchased property and equipment are recorded at cost. Donated property and equipment are recorded at fair value at the time of donation. Renewals and betterments are capitalized, while repairs and maintenance are expensed as they are incurred. Property and equipment are depreciated using the straight-line method over the following estimated useful lives:

	<u>Estimated Useful Lives</u>	<u>2014</u>	<u>2013</u>
Market tents	10 years	\$ 18,005	\$ 17,406
Computers and office equipment	5 years	<u>7,441</u>	<u>1,944</u>
		25,446	19,350
Less - accumulated depreciation		<u>15,798</u>	<u>13,489</u>
		<u>\$ 9,648</u>	<u>\$ 5,861</u>

Depreciation expense was \$2,309 and \$2,055 for the years ended December 31, 2014 and 2013, respectively.

Construction in progress consists of predevelopment, architectural, engineering and construction costs associated with the new year-round market (see Notes 2 and 3). Construction is anticipated to be completed during 2015. Total construction in progress capitalized was \$2,095,995 and \$283,389 as of December 31, 2014 and 2013, respectively. These costs will begin being depreciated in 2015 when the year-round market is completed and placed into service.

BOSTON PUBLIC MARKET ASSOCIATION

Notes to Financial Statements
December 31, 2014 and 2013

1. OPERATIONS, NONPROFIT STATUS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net Assets

Unrestricted net assets are those net resources that bear no external restrictions and are generally available for use by the Association. The Association has grouped its unrestricted net assets into the following categories:

- **Operating net assets** represent funds available to carry on the operations of the Association.
- **Property and equipment and construction in progress net assets** reflect the net book value and account for the activities relating to the Association's property and equipment and construction in progress.

Temporarily restricted net assets represent grants and contributions whose use has been limited by donors to a specific time period or for a specific purpose. Temporarily restricted net assets are restricted as follows at December 31:

	<u>2014</u>	<u>2013</u>
Capital restrictions	\$ 5,544,420	\$ 1,733,611
Time restrictions	812,617	514,800
Program restrictions	<u>20,000</u>	<u>-</u>
	<u>\$ 6,377,037</u>	<u>\$ 2,248,411</u>

Revenue Recognition

Market rental, sponsorships and other income are recognized when earned.

Unrestricted grants and contributions are recorded as revenue when received or unconditionally pledged. Restricted grants and contributions are recorded as temporarily restricted revenues and net assets when received or unconditionally pledged. When a donor's stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities and changes in net assets as net assets released from restrictions.

Donated Services

During 2014 and 2013, the Association received donated legal and marketing services valued at \$378,000 and \$400,000, respectively. In 2014, \$20,000 of donated legal services was related to the construction of the year round market (see Note 3), and was capitalized as construction in progress. These remaining amounts are included in donated services in the accompanying statements of activities and changes in net assets and professional services in the accompanying statements of functional expenses. Donated services are recorded based upon the estimated value assigned to them by the donors or by management.

Expense Allocations

Expenses related directly to a function are distributed to that function, while other expenses are allocated based upon management's estimate of the percentage attributable to each function.

BOSTON PUBLIC MARKET ASSOCIATION

Notes to Financial Statements
December 31, 2014 and 2013

1. OPERATIONS, NONPROFIT STATUS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

SIGNIFICANT ACCOUNTING POLICIES (Continued)

Advertising Costs

The Association expenses advertising costs as they are incurred. Advertising expense was \$6,892 and \$21,893 for the years ended December 31, 2014 and 2013, respectively.

Fair Value Measurements

The Association follows the accounting and disclosure standards pertaining to ASC Topic, *Fair Value Measurements*, for qualifying assets and liabilities. Fair value is defined as the price that the Association would receive upon selling an asset or pay to settle a liability in an orderly transaction between market participants.

The Association uses a framework for measuring fair value that includes a hierarchy that categorizes and prioritizes the sources used to measure and disclose fair value. This hierarchy is broken down into three levels based on inputs that market participants would use in valuing the financial instruments based on market data obtained from sources independent of the Association. Inputs refer broadly to the assumptions that market participants would use in pricing the financial instrument, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the financial instrument developed based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset developed based on the best information available. The three-tier hierarchy of inputs is summarized in the three broad levels as follows:

- Level 1 - Inputs that reflect unadjusted quoted prices in active markets for identical assets at the measurement date.
- Level 2 - Inputs other than quoted prices that are observable for the asset either directly or indirectly, including inputs in markets that are not considered to be active.
- Level 3 - Inputs that are unobservable and which require significant judgment or estimation.

An asset or liability's level within the framework is based upon the lowest level of any input that is significant to the fair value measurement. All qualifying assets and liabilities are valued using level 1 inputs.

Income Taxes

The Association accounts for uncertainty in income taxes in accordance with ASC Topic, *Income Taxes*. This standard clarifies the accounting for uncertainty in tax positions and prescribes a recognition threshold and measurement attribute for the financial statements regarding a tax position taken or expected to be taken in a tax return. The Association has determined that there are no uncertain tax positions which qualify for either recognition or disclosure in the financial statements at December 31, 2014 and 2013. The Association's information returns are subject to examination by the Federal and state jurisdictions and generally remain open for the most recent three years.

BOSTON PUBLIC MARKET ASSOCIATION

Notes to Financial Statements
December 31, 2014 and 2013

1. OPERATIONS, NONPROFIT STATUS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

SIGNIFICANT ACCOUNTING POLICIES (Continued)

Subsequent Events

Subsequent events have been evaluated through March 27, 2015, which is the date the financial statements were available to be issued. There were no events that met the criteria for recognition or disclosure in the financial statements.

Estimates

The preparation of financial statements in accordance with U.S. GAAP requires management to make estimates and assumptions that may affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities as of the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from these estimates.

2. LEASES

During 2013, the Association entered into a lease agreement for its Boston office space which expired in October 2014. The Association continued leasing the space as a tenant-at-will under the same terms until December 31, 2014, at which time the Association signed a one-year lease agreement commencing on January 1, 2015. Rent expense was \$27,600 and \$6,000 for the years ended December 31, 2014 and 2013, respectively, and is included in occupancy in the accompanying statements of functional expenses. The rent commitment for fiscal year 2015 under this lease agreement is \$32,400. The lease also contains a provision for an additional monthly fee of \$400 for each employee over 7 that works out of this space.

In July 2014, the Association entered into a lease agreement with the Massachusetts Department of Transportation (MDOT) for the operation of the year-round public food market. The initial term of the lease is five years, with sixteen consecutive five-year renewals, provided the Association meets certain compliance and performance criteria as outlined in the agreement. No rent payments are due under this agreement until such time as the Association produces surplus revenue, as defined in the lease. Surplus revenue is calculated after a capital reserve and an operation reserve are funded on each anniversary date of the opening date of the year-round market, as defined in the lease. Once surplus revenue is achieved, a lump-sum of annual rent, as established by the lease, will be due upon submitting the annual financial statement audit to MDOT. The annual lump-sum rent is based upon percentage benchmarks of surplus revenue calculated from the audited financial statements. No rent is expected to be paid in 2015.

3. YEAR-ROUND MARKET

During 2013, the Association launched a campaign to raise \$17,000,000 to construct and launch a permanent year-round public market in downtown Boston, Massachusetts (see Note 2).

The Association received approximately \$4,733,000 and \$2,522,000 of grants and contributions in connection with the campaign during the years ended December 31, 2014 and 2013, respectively. The Association incurred costs of approximately \$1,022,000 and \$283,000 associated with this campaign during 2014 and 2013, respectively.

BOSTON PUBLIC MARKET ASSOCIATION

Notes to Financial Statements
December 31, 2014 and 2013

3. YEAR-ROUND MARKET (Continued)

During 2014, the Association and the Commonwealth of Massachusetts executed a cost reimbursable contract for \$6,500,000 toward the development and construction of the year-round public market. This contract funding is included in the goal for the \$17,000,000 campaign (see page 10). During 2014, \$770,415 was expended and recorded as government grants – capital in the accompanying statement of activities and changes in net assets as of December 31, 2014.

4. CONDITIONAL GRANT

During 2013, a foundation awarded the Association a three-year conditional grant of \$1,000,000 for the year-round market campaign. The grant was conditional upon achieving certain benchmarks as defined in the agreement. At December 31, 2014, all the conditions were met and the final \$667,000 was recorded, \$334,000 of which is included in pledges and grants receivable. The Association recorded \$333,000 in 2013.

5. CONCENTRATIONS AND CONTINGENCIES

Credit Risk

The Association maintains its cash balances in a Massachusetts bank. The bank is insured by the Federal Deposit Insurance Corporation (FDIC) for up to certain amounts. At certain times during the year, the balances exceeded the FDIC insured limits. The Association has not experienced any losses in such accounts. Management believes the Association is not exposed to any significant credit risk on its cash balances.

Pledges and Grants Receivable

Approximately 68% and 81% of the Association's pledges and grants receivable were due from three and two donors at December 31, 2014 and 2013, respectively (see Note 1). Approximately 29% of the Association's pledges and grants receivable were due from the Commonwealth of Massachusetts at December 31, 2014.

Revenue

The Association receives significant funding under a government cost reimbursable contract (see Note 3). These reimbursements are subject to audit by the appropriate governmental agency. In the opinion of management, the results of such audits, if any, will not have a material effect on the financial position of the Association as of December 31, 2014, or on the changes in its net assets for the year then ended.

Approximately 56% and 17% of the Association's revenue for the year ended December 31, 2014, was from one donor.

6. NOTE PAYABLE

In September 2014, the Association entered into a \$3,000,000 revolving line of credit agreement with a nonprofit corporation. Borrowings under the agreement are available for operations and temporary bridge financing in relation to the construction of the year-round market (see Note 3). This agreement is secured by an interest on the Association's lease with MDOT (see Note 2). Interest accrues annually at 3%. Interest is due annually in September. All outstanding borrowings and accrued interest under the agreement are due on September 3, 2017. There was an outstanding balance of \$500,000 as of December 31, 2014.

BOSTON PUBLIC MARKET ASSOCIATION

Notes to Financial Statements
December 31, 2014 and 2013

6. NOTE PAYABLE (Continued)

Interest accrued on the outstanding balance of \$370 has been capitalized and is included in construction in progress and accounts payable and accrued expenses in the accompanying 2014 statement of financial position.

7. RELATED PARTY TRANSACTION

A Board member of the Association is the Senior Vice President of an organization which the Association hired as a project management firm to work with for the duration of construction for the year-round market construction project. During 2014, the Association paid this firm \$97,500 for work performed.

A Board member of the Association provided donated legal services to the Association with values of \$240,000 and \$160,000 for 2014 and 2013, respectively.

8. RECLASSIFICATION

Certain amounts in the 2013 financial statements have been reclassified to conform to the 2014 presentation.