

Limited Contract Compliance
LaTrelle's Flight Kitchen, LP (Wendy's)

January 2024 – December 2024

Issue Date: September 16, 2025
Report No. 2025-18

Executive Summary

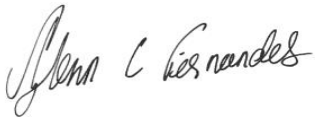
Internal Audit (IA) completed limited procedures related to the Lease and Concession Agreement (Agreement) between LaTrelle's Flight Kitchen, LP, and the Port of Seattle (Port).

The period reviewed was January 1, 2024, through December 31, 2024.

The review was performed to determine whether concession fees remitted to the Port were complete, and properly calculated.

No exceptions were identified.

We extend our appreciation to the management and staff of Aviation Commercial Management and the Accounting & Financial Reporting Departments for their assistance and cooperation.



Glenn Fernandes, CPA
Director, Internal Audit

Responsible Management Team

Lisa Lam, Director, Accounting and Financial Reporting
Khalia Moore, Assistant Director, Aviation Commercial Management
Jeff Wolf, Director, Aviation Commercial Management

Background

On February 19, 2020, the Port entered into a lease agreement (AIR002531) with LaTrelle's Flight Kitchen, LP. Under this agreement, LaTrelle's Flight Kitchen, LP operates Wendy's.

The Minimum Annual Guarantee (MAG) is 85% of the total paid by the concessionaire to the Port, for the previous calendar year. The 2024 annual MAG for LaTrelle's Flight Kitchen, LP was \$781,096. At the end of the lease year, a reconciliation is performed comparing the Percentage Fees due to the Port, to the Agreement Year's MAG. Any amount of the Percentage Fees that fall below the MAG is due to the Port.

Percentage Fees:

- 12% of annual gross sales less than \$3,000,000
- 13% of annual gross sales between \$3,000,000.01 and \$5,000,000
- 14% of annual gross sales greater than \$5,000,000.01

The table below reflects Gross Sales:

Period	Gross Sales
2024 January - June	\$4,023,373
2024 July - December	4,367,292
	\$8,390,665

Approach

The period assessed was January 2024, through December 2024 and included the following procedures:

- Validated that the percentage fees were calculated correctly and in accordance with the lease revenue thresholds
- Agreed Concessionaire's monthly general ledger sales data to what was provided to the Accounting & Financial Reporting Department
- Agreed point-of-sale summary reports to the general ledger
- Obtained the Annual Gross Sales Report and compared the report to year-end gross sales data, reported to AFR
- Reviewed the Profit & Loss statements for variances
- Reviewed a random sample of invoices to determine if they were paid on time, and for the full amount charged