

Limited Contract Compliance
The Yarrow Group, LLC

January 2024 – December 2024

Issue Date: December 4, 2025
Report No. 2025-20

Executive Summary

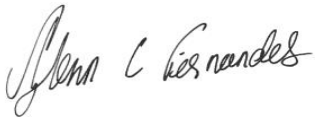
Internal Audit (IA) completed limited scope procedures to the Lease and Concession Agreement (Agreement) between The Yarrow Group, LLC and the Port of Seattle (Port).

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

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

No exceptions were identified.

We extend our appreciation to 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

In September of 2017, the Port entered into a lease agreement (AIR002233) with The Yarrow Group LLC. Under this agreement, The Yarrow Group, LLC operates Evergreens.

The Minimum Annual Guarantee (MAG) is 85% of the total paid by the concessionaire to the Port, for the previous calendar year. The annual MAG was \$554,885. 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:

14% of annual gross sales

The table below reflects The Yarrow Group, LLC's Gross Sales:

Period	Gross Sales
2024 January - June	\$2,080,883
2024 July - December	2,928,351
	\$5,009,234

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