

INTERNAL AUDIT REPORT

Limited Contract Compliance Audit
SSP America SEA, LLC (Mi Casa Cantina)

July 2024 – December 2024

Issue Date: June 25, 2025
Report No. 2025-13

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Executive Summary

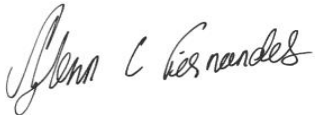
Internal Audit (IA) completed a limited scope audit of the Lease and Concession Agreement (Agreement) between SSP America SEA, LLC, and the Port of Seattle (Port). SSP America SEA, LLC operates four locations under this agreement: Ballard Brew Hall, Mi Casa Cantina, Le Grand Comptoir, and Camden Food Co. This audit report reflects the results of Mi Casa Cantina.

The period audited was July 1, 2024, through December 31, 2024.

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

We concluded that SSP America SEA, LLC (Mi Casa Cantina) materially complied with the terms of the Agreement. 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 during the audit.



Glenn Fernandes, CPA
Director, Internal Audit

Responsible Management Team

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

Background

On August 1, 2017, the Port entered into a lease agreement (AIR002237) with SSP America SEA, LLC. Under this agreement, SSP America SEA, LLC operates Ballard Brew Hall, Mi Casa Cantina, Le Grand Comptoir, and Camden Food Co. Below is a description of Mi Casa Cantina.

Mi Casa Cantina operates a full-service bar and restaurant where everything is made to order. The menu includes fresh daily baked tortas and burritos, as well as house-made guacamole, pico de gallo, salsas, chips, salads, fresh fruit, and sweet treats. Cocktails are hand-crafted and the drink menu features specialty agua frescas, as well as a diverse list of boutique tequilas and mezcals.

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 for SSP America SEA, LLC 2024 was \$1,271,408. 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:

8% of annual gross sales less than \$10,000,000
12% of annual gross sales between \$10,000,001 and \$15,000,000
16% of annual gross sales greater than \$15,000,000

The table below reflects Mi Casa Cantina 2024 Gross Sales:

Period	Gross Sales
2024 January - June	\$1,576,287
2024 July - December	2,390,482
	\$3,966,769

The table below reflects 2024's Gross Sales and Percentage Fees for all four locations operating under SSP America SEA, LLC:

Period	Gross Sales	Percentage Fee
2024 January - June	\$8,227,147	\$658,172
2024 July - December	10,266,899	1,300,876
	\$18,494,046	\$1,959,048

Audit Scope and Methodology

We conducted this performance audit in accordance with Generally Accepted Government Auditing Standards (GAGAS) and The Institute of Internal Auditors' Global Internal Audit Standards. Due to a 2024 cyber event at the Port of Seattle, the required GAGAS triennial peer review has been delayed; however, we believe this had no impact on the engagement or the assurance provided. These standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe the evidence obtained provides such a basis.

In some instances, we used judgmental sampling methods to determine the samples selected for our audit test work. In those cases, the results of the work cannot be projected to the entire population.

The period audited was July 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

Appendix A: Risk Ratings

Findings identified during the audit are assigned a risk rating, as outlined in the table below. Only one of the criteria needs to be met for a finding to be rated High, Medium, or Low. Findings rated Low will be evaluated and may or may not be reflected in the final report.

Rating	Financial Stewardship	Internal Controls	Compliance	Public	Commission/ Management
High	Significant	Missing or not followed	Non-compliance with Laws, Port Policies, Contracts	High probability for external audit issues and / or negative public perception	Requires immediate attention
Medium	Moderate	Partial controls Not functioning effectively	Partial compliance with Laws, Port Policies Contracts	Moderate probability for external audit issues and / or negative public perception	Requires attention
Low	Minimal	Functioning as intended but could be enhanced	Mostly complies with Laws, Port Policies, Contracts	Low probability for external audit issues and/or negative public perception	Does not require immediate attention