

Fisherman's Wharf Association  
of San Francisco

Financial Statements

June 30, 2020  
(Reviewed)

**Barlow & Hughan LLP**

**CERTIFIED PUBLIC ACCOUNTANTS**

FISHERMAN'S WHARF ASSOCIATION OF SAN FRANCISCO

JUNE 30, 2020

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**Barlow & Hughan LLP**

CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT ACCOUNTANTS' REVIEW REPORT

BOARD OF DIRECTORS  
FISHERMAN'S WHARF ASSOCIATION OF SAN FRANCISCO  
SAN FRANCISCO, CALIFORNIA

We have reviewed the accompanying financial statements of the FISHERMAN'S WHARF ASSOCIATION OF SAN FRANCISCO (a California mutual benefit corporation), which comprise the statement of financial position as of June 30, 2020, the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

**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.

**Accountants' Responsibility**

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

**Accountants' Conclusion**

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

*Barlow & Hughan LLP*

October 15, 2020

**Barlow & Hughan LLP**

**CERTIFIED PUBLIC ACCOUNTANTS**

FISHERMAN'S WHARF ASSOCIATION OF SAN FRANCISCO

STATEMENT OF FINANCIAL POSITION

JUNE 30, 2020

(See independent accountants' review report)

ASSETS

CURRENT ASSETS

Cash	\$463,425
Assessments receivable	116,689
Grants receivable	11,002
Prepaid expenses	<u>7,352</u>
	598,468

OFFICE FURNITURE AND EQUIPMENT - Net of accumulated depreciation (Note 4)	394
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INTANGIBLE ASSETS - Net of amortization (Note 4)	<u>6,023</u>
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\$604,885

LIABILITIES

CURRENT LIABILITIES

Accounts payable and accrued liabilities	\$72,613
Current portion of note payable (Note 6)	<u>23,324</u>
	95,937

NOTE PAYABLE (Note 6)	<u>58,650</u>
	154,587

NET ASSETS

WITHOUT DONOR RESTRICTIONS	339,296
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WITH DONOR RESTRICTIONS (Note 7)	<u>111,002</u>
	<u>450,298</u>

\$604,885

See notes to financial statements.

**Barlow & Hughan LLP**

CERTIFIED PUBLIC ACCOUNTANTS

## FISHERMAN'S WHARF ASSOCIATION OF SAN FRANCISCO

## STATEMENT OF ACTIVITIES AND NET ASSETS

YEAR ENDED JUNE 30, 2020

(See independent accountants' review report)

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>REVENUES AND SUPPORT</b>			
Special benefit assessments	\$ 939,250		\$ 939,250
Public support	443,205	\$110,806	554,011
Program services	<u>15,000</u>	<u>          </u>	<u>15,000</u>
	1,397,455	110,806	1,508,261
<b>OTHER INCOME (EXPENSE)</b>			
Special events - Net of expenses of \$90,660	(73,833)		(73,833)
Interest	182		182
Net assets released from restriction - expiration of time restrictions	<u>12,956</u>	<u>(12,956)</u>	<u>          </u>
	<u>1,336,760</u>	<u>97,850</u>	<u>1,434,610</u>
<b>EXPENDITURES</b>			
Program services			
Landside - District identity and streetscape improvements	670,414		670,414
Landside - Street operations and beautification	302,471		302,471
Portside - District identity and streetscape improvements	278,596		278,596
Lombard Street Visitor Services	162,745		162,745
Support Services			
General and administrative expenses	<u>251,305</u>		<u>251,305</u>
	<u>1,665,531</u>		<u>1,665,531</u>
CHANGE IN NET ASSETS	(328,771)	97,850	(230,921)
NET ASSETS - Beginning of year	<u>668,263</u>	<u>12,956</u>	<u>681,219</u>
NET ASSETS - End of year	<u>\$ 339,492</u>	<u>\$110,806</u>	<u>\$ 450,298</u>

See notes to financial statements.

Barlow &amp; Hughan LLP

CERTIFIED PUBLIC ACCOUNTANTS

FISHERMAN'S WHARF ASSOCIATION OF SAN FRANCISCO

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2020

(See independent accountants' review report)

	Program Services Landside		Program Services Portside	Lombard Street Visitor Services	General and Administrative		Total
	District identity and streetscape improvements	Sidewalk operation and beautification	District identity and streetscape improvements		Landside	Portside	
Salaries	\$ 86,058	\$108,507	\$ 43,282	\$ 14,795	\$ 69,577	\$26,398	\$ 348,617
Employee benefits	1,349		695		17,259	5,115	24,418
Payroll taxes	<u>6,910</u>	<u>8,112</u>	<u>3,560</u>		<u>6,380</u>	<u>1,906</u>	<u>26,868</u>
	94,317	116,619	47,537	14,795	93,216	33,419	399,903
Ambassador programs	96,244	145,826	49,579	147,950			439,599
Marketing and media production	124,412		64,091				188,503
Camera program	162,172		18,024				180,196
Security and parking operations	110,455		56,787				167,242
Steam cleaning services	22,617	32,841	11,593				67,051
Community engagement and preservation	40,148		20,675				60,823
FWCBD renewal					24,606	11,755	36,361
Occupancy					23,709	7,082	30,791
Office expenses	321		147		15,619	4,823	20,910
Professional fees					10,112	3,020	13,132
Springboard camera counter	7,432		3,829				11,261
Nightlife promotion	7,208		3,713				10,921
Deprecation and amortization					5,812	1,736	7,548
Insurance					5,044	1,507	6,551
Employee relations & development					4,526	1,352	5,878
Conrad Park revitalization		5,559					5,559
PIERSafe/branding signs/PR	2,217	1,626	1,142				4,985
Holiday lights on crab wheel	2,871		1,479				4,350
Travel and meetings					2,054	613	2,667
Membership dues					<u>1,001</u>	<u>299</u>	<u>1,300</u>
	<u>\$598,344</u>	<u>\$302,471</u>	<u>\$350,666</u>	<u>\$162,745</u>	<u>\$185,699</u>	<u>\$65,606</u>	<u>\$1,665,531</u>

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CERTIFIED PUBLIC ACCOUNTANTS

See notes to financial statements.

## FISHERMAN'S WHARF ASSOCIATION OF SAN FRANCISCO

## STATEMENT OF CASH FLOWS

YEAR ENDED JUNE 30, 2020

(See independent accountants' review report)

CASH FLOWS FROM OPERATING ACTIVITIES	
Assessments received	\$ 862,171
Cash paid to suppliers and employees	(1,606,620)
Grants received	448,699
Cash received from programs and events	48,654
Interest received	<u>182</u>
Net cash used for operating activities	(246,914)
CASH FLOWS FROM FINANCING ACTIVITIES	
Proceeds from borrowing under note payable	<u>81,974</u>
NET DECREASE IN CASH	(164,940)
CASH - Beginning of year	<u>628,365</u>
CASH - End of year	<u>\$ 463,425</u>
RECONCILIATION OF CHANGE IN NET ASSETS	
TO NET CASH USED FOR OPERATING ACTIVITIES	
Change in net assets	\$(230,921)
Items not requiring cash:	
Depreciation and amortization	7,548
Decreases (increases) in assets:	
Assessments receivable	(77,078)
Grant receivable	1,954
Prepaid expenses	3,408
Increases (decreases) in liabilities:	
Accounts payable and accrued liabilities	<u>48,175</u>
NET CASH USED FOR OPERATING ACTIVITIES	<u>\$ (246,914)</u>
SUPPLEMENTAL DISCLOSURE OF NON-CASH ACTIVITIES	
Value of in-kind contributions used for operations	\$107,266

See notes to financial statements

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CERTIFIED PUBLIC ACCOUNTANTS

FISHERMAN'S WHARF ASSOCIATION OF SAN FRANCISCO

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2020

(See independent accountants' review report)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

History and Operations

The Fisherman's Wharf Association of San Francisco (the Association) was incorporated in California on February 23, 2006 as a non-profit public benefit corporation. Its purpose is to provide services to the Fisherman's Wharf Landside and Portside Community Benefit Districts (the Districts). The members of the Landside District include the owners of all parcels of land subject to property tax assessments within the geographic area of Fisherman's Wharf as established on July 26, 2005 by the Board of Supervisors of the City and County of San Francisco. Members of the Portside District include the tenants who have leased property from the Port of San Francisco within the Portside District as established by the Board of Supervisors on December 3, 2006.

Upon formation of each District, its members were subject to multi-year special assessments imposed by the City under the Property and Business Improvement District Law of 1994. Under contracts with the City, the Association receives these special assessments and, in exchange, provides certain services to the members of the Districts. These services include supplemental security services to maintain order, the cleaning and maintenance of sidewalks, the removal of graffiti, the coordination of services provided to the homeless, neighborhood beautification and tree-planting programs, and the organization and funding of special events. The contracts with the City also require that the Association raise a specified level of private donations. Management believes that during the year ended June 30, 2020, the Association has complied with this requirement.

In addition to the special assessment funds, the Association relies on public support, grants, and service revenues to supplement the special assessments and provide services to the Districts and the neighboring areas. During the year the Association received a grant from the City to provide community services under the Lombard Street Visitor Services Program which serves an area adjacent to the Districts.

**Barlow & Hughan LLP**

CERTIFIED PUBLIC ACCOUNTANTS

FISHERMAN'S WHARF ASSOCIATION OF SAN FRANCISCO

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2020

(See independent accountants' review report)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

History and Operations (Continued)

The annual special assessments imposed by the City on the Landside District was to expire on December 31, 2020 but were renewed by a majority vote of its members on July 24, 2020 for 15 more years. The Portside annual assessments expire on December 31, 2021 and are subject to renewal. The Association's contracts with the City will expire on December 31, 2021, but either would expire upon the disestablishment of the District to which it relates.

Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board (FASB) in its Accounting Standards Codification (ASC) Topic 958 Not-For-Profit Entities dated August 2016. Under FASB ASC Topic 958, the Association reports information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions, and net assets with donor restrictions, based upon the existence or absence of donor-imposed restrictions. If restrictions imposed by the donor are not satisfied by the end of the current year or if the funds have not been received by year end, then the income will be recognized to be with donor restrictions. Net assets without restrictions include funds separately designated by the Board of Directors.

The Association adopted the FASB Codification 606 - Revenues from Contracts with Customers (ASC 606) effective June 30, 2019. Revenue from the contracts with the City is recognized when the special assessments imposed by the City become due and enforceable for collection by the City Assessor for the period during which the Association provides services to the members of the districts.

Assessments Receivable

Assessments billed but not transmitted by the City at year end are recorded as receivables, net of an allowance for doubtful accounts based on the Association's historical experience. At June 30, 2020 Management determined that all of the receivables were collectible and therefore no allowance for doubtful accounts was necessary.

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CERTIFIED PUBLIC ACCOUNTANTS

FISHERMAN'S WHARF ASSOCIATION OF SAN FRANCISCO

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2020

(See independent accountants' review report)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Expense allocation by Function

The financial statements report certain natural categories of operating expenses that are attributable to more than one program or supporting function.

The expenses were allocated on the following basis:

Employment Costs	Time and effort
Program and other expenses	Based on square footage

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Income Tax Status

The Association qualifies as a tax-exempt organization and is therefore generally exempt from income taxes. Income taxes are payable, however, on revenue from sources unrelated to its tax exempt purpose. There were no such revenues during the year. There were no penalty or interest assessments by any government agency recorded in the financial statements during the year. In addition, the Association has not taken an unsubstantiated tax position that would require provision of a liability under Accounting Standards Codification Topic 740, "Income Taxes."

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CERTIFIED PUBLIC ACCOUNTANTS

FISHERMAN'S WHARF ASSOCIATION OF SAN FRANCISCO

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2020

(See independent accountants' review report)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Donated Services

A number of volunteers have donated significant amounts of their time to the Association. These donated services are not reflected in the financial statements since they do not meet generally accepted criteria for recognition as contributed services.

A number of organizations have donated services and materials to the Association. The Association also received discounted rental and meeting space to carry on its activities. Management estimates the value of these donations during the year to be approximately \$107,000. This amount was recognized as public support revenue and corresponding expenses were also recognized by the Association.

Compensated Absences

Accumulated paid time off is accrued when earned. As of June 30, 2020 the liability for employees for compensated absences was \$4,956.

2. CASH

Cash at June 30, 2020 consisted of the following:

Cash in checking account	\$128,053
Cash deposited in interest-bearing account	<u>335,372</u>
	<u>\$463,425</u>

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CERTIFIED PUBLIC ACCOUNTANTS

FISHERMAN'S WHARF ASSOCIATION OF SAN FRANCISCO

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2020

(See independent accountants' review report)

3. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The cash and financial assets at June 30, 2020 that will be available for general use consist of the following:

Cash	\$463,425
Assessments receivable	116,689
Grants receivable	<u>11,002</u>
	<u>\$591,116</u>

The Organization has a goal to maintain financial assets on hand to meet its normal monthly operating expenses. The Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due.

4. OFFICE FURNITURE AND EQUIPMENT

Office furniture and equipment are stated at cost. Depreciation is provided using the straight-line method over five years. Depreciation charged to general and administrative expenses for the year ended June 30, 2020 was \$1,350.

Office furniture and equipment at June 30, 2020 consisted of the following:

Furniture and equipment	\$9,929
Less accumulated depreciation	<u>9,535</u>
	<u>\$ 394</u>

5. INTANGIBLE ASSETS

Intangible assets are stated at cost. Amortization is provided using the straight-line method over their estimated useful lives of between three and fifteen years. Amortization charged to general and administrative expenses for the year ended June 30, 2020 was \$6,198.

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CERTIFIED PUBLIC ACCOUNTANTS

FISHERMAN'S WHARF ASSOCIATION OF SAN FRANCISCO

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2020

(See independent accountants' review report)

5. INTANGIBLE ASSETS - (Continued)

At June 30, 2020 net intangible assets were comprised of the following:

Organization costs	\$ 83,551
Website development costs	35,000
Signage and logos	<u>9,432</u>
	127,983
Less accumulated amortization	<u>121,960</u>
	<u>\$ 6,023</u>

6. NOTE PAYABLE

On May 3 ,2020, the Association obtained a Payroll Protection Loan under a note payable to the Small Business Administration of \$81,974. The note is eligible for forgiveness upon meeting certain requirements. The note is unsecured and bears interest at a rate of 1% per annum. The note is repayable in monthly payments of \$5,892 including interest commencing in March 2021. The remaining principal is due in May 2022.

Future minimum principal payments on the note are as follows:

Year ending June 30,

2021	\$ 23,324
2022	<u>58,650</u>
	<u>\$ 81,974</u>

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CERTIFIED PUBLIC ACCOUNTANTS

FISHERMAN'S WHARF ASSOCIATION OF SAN FRANCISCO

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2020

(See independent accountants' review report)

7. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions at June 30, 2020 were comprised of grants which had not been received by year end and grants which had been received but had one or more restrictions which were unsatisfied at year end. These amounts are summarized as follows:

Grants received but which included restrictions not satisfied at year end	\$ 99,804
Grants not received	<u>11,002</u>
	<u>\$110,806</u>

8. RISK AND UNCERTAINTIES

Special benefit assessments received under a contract with the City and County of San Francisco represent approximately 65% of the Association's total revenues. Under the terms of the contracts, the City can suspend distributions and ultimately terminate the contracts if the Association fails to provide adequate services to the Districts. The contracts expire on December 31, 2021 but either could be terminated at an earlier date if the Fisherman's Wharf Community Landside or the Portside Benefit Districts were disestablished by a vote of more than 50% of the assessed members.

In the early months of 2020 an outbreak of the novel strain of coronavirus (COVID-19) emerged globally. As a result there have been mandates from federal, state, and local authorities resulting in an overall decline in economic activity. Management is currently evaluating the impact on its activities and operations and has concluded that the effect of the general economic decline on the Company is unknown. While it is reasonably possible that the effect of the general decline could have a negative effect on the operations of the Association, the specific impact is not readily determinable. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

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CERTIFIED PUBLIC ACCOUNTANTS

FISHERMAN'S WHARF ASSOCIATION OF SAN FRANCISCO

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2020

(See independent accountants' review report)

9. CONCENTRATIONS OF CREDIT RISK

At June 30, 2020 the Association had uninsured cash deposits with a bank totaling approximately \$218,000.

10. SUBSEQUENT EVENTS

In preparing these financial statements, the Association has evaluated events and transactions for potential recognition or disclosure through the date the financial statements were available to be issued.

As described in Note 1, on July 14, 2020 the members of the Landside District voted to renew the district for 15 more years. On July 24, 2020 the Board of Supervisors of the City and County of San Francisco passed a resolution to renew the Landside District.

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