

Fisherman's Wharf Association
of San Francisco

Financial Statements

June 30, 2021
(Reviewed)

Barlow & Hughan LLP

CERTIFIED PUBLIC ACCOUNTANTS

FISHERMAN'S WHARF ASSOCIATION OF SAN FRANCISCO

JUNE 30, 2021

TABLE OF CONTENTS

INDEPENDENT ACCOUNTANTS' REVIEW REPORT	PAGE NO.	1-2
STATEMENT OF FINANCIAL POSITION June 30, 2021		3
STATEMENT OF ACTIVITIES AND NET ASSETS Year ended June 30, 2021		4
STATEMENT OF FUNCTIONAL EXPENSES Year ended June 30, 2021		5
STATEMENT OF CASH FLOWS Year ended June 30, 2021		6
NOTES TO FINANCIAL STATEMENTS		7-13

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, 2021, 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
September 28, 2021

FISHERMAN'S WHARF ASSOCIATION OF SAN FRANCISCO

STATEMENT OF FINANCIAL POSITION

JUNE 30, 2021

(See independent accountants' review report)

ASSETS

CURRENT ASSETS

Cash		<u>\$657,025</u>
Assessments receivable	\$263,393	
Less allowance for doubtful accounts	<u>(105,085)</u>	158,308
Prepaid expenses		<u>23,920</u>
		839,253

OFFICE FURNITURE AND EQUIPMENT

	9,929	
Less accumulated depreciation (Note 4)	<u>(9,929)</u>	

\$839,253

LIABILITIES

CURRENT LIABILITIES

Accounts payable and accrued liabilities	\$ 66,996
Current portion of note payable (Note 5)	<u>30,683</u>
	97,679

NOTE PAYABLE (Note 5)

	<u>30,862</u>
	128,541

NET ASSETS

NET ASSETS WITHOUT DONOR RESTRICTIONS	<u>710,712</u>
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\$839,253*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, 2021

(See independent accountants' review report)

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
REVENUES AND SUPPORT			
Special benefit assessments	\$1,318,592		\$1,318,592
Public support	<u>139,920</u>		<u>139,920</u>
	1,458,512		1,458,512
OTHER INCOME (EXPENSE)			
Payroll Protection Program loan forgiveness	81,974		81,974
Interest and other income	60		60
Net assets released from restriction -			
Purpose restriction satisfied	99,804	\$(99,804)	
Expiration of time restrictions	<u>11,002</u>	<u>(11,002)</u>	
	<u>1,651,352</u>	<u>(110,806)</u>	<u>1,540,546</u>
EXPENDITURES			
Program services			
Landside - District identity and street improvement	212,803		212,803
Landside - Street operations, beautification and order	138,094		138,094
Landside - Clean and safe program	308,720		308,720
Landside - Marketing and event program	217,944		217,944
Portside - District identity and street improvement	117,686		117,686
Support Services			
General and administrative expenses	283,160		283,160
Fund-raising	<u>1,725</u>		<u>1,725</u>
	<u>1,280,132</u>		<u>1,280,132</u>

HERMAN'S WHARF ASSOCIATION OF SAN FRANCISCO

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2021

(as audited by independent accountants' review report)

Program Services Landside				Program Services Portside		Fund-raising	General and Administrative		Total
District identity and street improvement	Street operations beautification and order	Clean and Safe Program	Marketing and Event Program	District identity and street improvement			Landside	Portside	
\$ 13,414	\$ 67,714	\$ 41,267	\$ 40,192	\$ 9,947			\$133,529	\$27,476	\$ 333,539
1,379	3,144		1,085	743			16,128	3,373	25,852
<u>2,447</u>	<u>3,754</u>	<u>3,060</u>	<u>3,934</u>	<u>1,307</u>			<u>10,420</u>	<u>1,255</u>	<u>26,177</u>
17,240	74,612	44,327	45,211	11,997			160,077	32,104	385,568
31,919	63,482	159,617		31,824					286,842
51,563			166,541	34,371					252,475
14,410		96,753		23,512					134,675
90,000		8,023		10,000					108,023
							26,886	8,544	35,430
							26,086	4,735	30,821
1,880				1,012			8,553	1,151	12,596
counter partition	2,816		4,692	2,815					10,323
							6,418		6,418
							3,344	1,108	4,452
							2,508	329	2,837
and									
	710		1,500	370					2,580
	1,275			1,275					2,550
	990			510		\$1,725			1,725
							<u>1,135</u>	<u>182</u>	<u>1,317</u>

FISHERMAN'S WHARF ASSOCIATION OF SAN FRANCISCO

STATEMENT OF CASH FLOWS

YEAR ENDED JUNE 30, 2021

(See independent accountants' review report)

CASH FLOWS FROM OPERATING ACTIVITIES	
Assessments received	\$1,276,973
Cash paid to suppliers and employees	(1,155,980)
Grants received	11,002
Interest received and other	<u>60</u>
Net cash provided by operating activities	132,055
CASH FLOWS FROM FINANCING ACTIVITIES	
Proceeds from borrowing under note payable	<u>61,545</u>
NET INCREASE IN CASH	193,600
CASH - Beginning of year	<u>463,425</u>
CASH - End of year	<u>\$ 657,025</u>
RECONCILIATION OF CHANGE IN NET ASSETS	
TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
Change in net assets	\$ 260,414
Items not requiring cash:	
Depreciation and amortization	6,418
Payroll protection loan forgiven	(81,974)
Allowance for doubtful accounts	105,085
Decreases (increases) in assets:	
Assessments receivable	(146,704)
Grant receivable	11,002
Prepaid expenses	(16,568)
Increases (decreases) in liabilities:	
Accounts payable and accrued liabilities	<u>(5,618)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 132,055</u>

SUPPLEMENTAL DISCLOSURE OF NON-CASH ACTIVITIES

Value of in-kind contributions used for operations	\$134,624
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See notes to financial statements **Barlow & Hughan LLP**

CERTIFIED PUBLIC ACCOUNTANTS

FISHERMAN'S WHARF ASSOCIATION OF SAN FRANCISCO

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2021

(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 Community Benefit District (the District). 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 (the City). The Association also provided services to the former Portside Community Benefit District until its disestablishment on December 31, 2020. Members of the Portside District included 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. The services to the Landside District 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 program, and the organization and funding of special events. The services to the former Portside District included marketing, branding, and advocacy. 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, 2021, 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 provides services to the Districts and the neighboring areas.

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CERTIFIED PUBLIC ACCOUNTANTS

FISHERMAN'S WHARF ASSOCIATION OF SAN FRANCISCO

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2021

(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 were set 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 expired on December 31, 2020 with the disestablishment of the Portside District. The Association's contract related to the Landside District with the City will expire on December 31, 2035 but would expire earlier upon the disestablishment of the remaining Landside District.

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 follows the FASB Codification 606 - Revenues from Contracts with Customers (ASC 606). Revenue from the contract 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, 2021 Management determined that allowance for doubtful accounts was \$105,085.

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CERTIFIED PUBLIC ACCOUNTANTS

FISHERMAN'S WHARF ASSOCIATION OF SAN FRANCISCO

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2021

(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."

FISHERMAN'S WHARF ASSOCIATION OF SAN FRANCISCO

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2021

(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 \$135,000. 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, 2021 the liability for employees for compensated absences was \$10,372.

2. CASH

Cash at June 30, 2021 consisted of the following:

Cash in checking account	\$ 58,273
Cash deposited in interest-bearing account	<u>598,752</u>
	<u>\$657,025</u>

FISHERMAN'S WHARF ASSOCIATION OF SAN FRANCISCO

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2021

(See independent accountants' review report)

3. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The cash and financial assets at June 30, 2021 available for general use consisted of the following:

Cash	\$657,025
Assessments receivable	<u>158,308</u>
	<u>\$815,333</u>

The Association has a goal to maintain financial assets on hand to meet its normal monthly operating expenses. The Association 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, 2021 was \$394.

Office furniture and equipment at June 30, 2021 consisted of the following:

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

FISHERMAN'S WHARF ASSOCIATION OF SAN FRANCISCO

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2021

(See independent accountants' review report)

5. NOTE PAYABLE AND LINE OF CREDIT ARRANGEMENT

On April 20, 2021 the Association received forgiveness of a Payroll Protection Program loan that was obtained in the previous year under a note payable to the Small Business Administration on May 3, 2020. The Association recognized \$81,974 in other income.

On February 18, 2021, the Association obtained another Payroll Protection Program loan under a note payable to the Small Business Administration of \$61,545. 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 \$4,424 including interest commencing in December 2021. The remaining principal is due in Jan 2023.

Future minimum principal payments on the note are as follows:

Year ending June 30,

2022	\$30,683
2023	<u>30,862</u>
	<u>\$61,545</u>

The Association obtained a line of credit arrangement with a bank which expires in December 2021. The arrangement allows borrowings of up to \$235,000; interest is payable monthly at the prime rate plus 0.75%, currently 4.00%. There were no borrowings under this arrangement during the year. The arrangement is secured by all assets of the Association.

6. RISK AND UNCERTAINTIES

Special benefit assessments received under a contract with the City and County of San Francisco represent approximately 85% of the Association's total revenues. Under the terms of the contract, the City can suspend distributions and ultimately terminate the contract if the Association fails to provide adequate services to the Landside District. The contract expires on December 31, 2035 but could be terminated at an earlier date if the Fisherman's Wharf Community Landside Benefit District was disestablished by a vote of more than 50% of the assessed members.

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CERTIFIED PUBLIC ACCOUNTANTS

FISHERMAN'S WHARF ASSOCIATION OF SAN FRANCISCO

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2021

(See independent accountants' review report)

6. RISK AND UNCERTAINTIES - (Continued)

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 Association 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.

7. CONCENTRATIONS OF CREDIT RISK

At June 30, 2021 the Association had uninsured cash deposits with a bank totaling approximately \$422,000.

8. 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.

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