

INDEPENDENT ACCOUNTANTS' REVIEW REPORT

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

We have reviewed the accompanying statement of financial position of the FISHERMAN'S WHARF ASSOCIATION OF SAN FRANCISCO (a nonprofit corporation) as of June 30, 2013 and the related statements of activities and net assets and cash flows for the year then ended. A review includes primarily applying analytical procedures to management's financial data and making inquiries of the association 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 is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for the designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

Our responsibility is to conduct the review in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance that there are no material modifications that should be made to the financial statements. We believe that the results of our procedures provide a reasonable basis for our report.

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 conformity with accounting principles generally accepted in the United States of America.

The additional information on page ten is presented for supplementary analysis purposes only and has not been subjected to the inquiry and analytical procedures applied in the review of the financial statements. This supplementary schedule was compiled from information that is the representation of the management, without audit or review, and we, therefore, do not express an opinion or any other form of assurance on such data.



San Francisco, California
October 21, 2013

FISHERMAN'S WHARF ASSOCIATION OF SAN FRANCISCO

JUNE 30, 2013

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FISHERMAN'S WHARF ASSOCIATION OF SAN FRANCISCO

STATEMENT OF FINANCIAL POSITION

JUNE 30, 2013

(See independent accountants' review report)

ASSETS

CURRENT ASSETS

Cash	\$359,925
Assessments receivable	16,849
Grant receivable	8,460
Prepaid costs	<u>11,770</u>
	397,004

OFFICE FURNITURE AND EQUIPMENT - Net of
accumulated depreciation (Note 3)

2,875

INTANGIBLE ASSETS - Net of amortization
(Note 4)

49,417

\$449,296

LIABILITIES

ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

\$ 43,216

NET ASSETS

UNRESTRICTED

397,620

TEMPORARILY RESTRICTED (Notes 1 and 5)

8,460
406,080

\$449,296

See notes to financial statements.

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FISHERMAN'S WHARF ASSOCIATION OF SAN FRANCISCO

STATEMENT OF ACTIVITIES AND NET ASSETS

YEAR ENDED JUNE 30, 2013

(See independent accountants' review report)

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
PUBLIC SUPPORT AND REVENUES			
Special benefit assessments	\$761,776		\$761,776
Interest and other income	5,885		5,885
Net assets released from restrictions	<u>23,800</u>	<u>\$ (23,800)</u>	<u>5,885</u>
	<u>791,461</u>	<u>(23,800)</u>	<u>767,661</u>
EXPENDITURES			
Program services			
Landside - District identity and street improvements	181,334		181,334
Landside - Street operations, beautification and order	341,156		341,156
Portside - District identity and street improvements	152,614		152,614
General and administrative expenses	<u>163,978</u>		<u>163,978</u>
	<u>839,082</u>		<u>839,082</u>
CHANGE IN NET ASSETS	(47,621)	(23,800)	(71,421)
FUND BALANCES - Beginning of year	<u>445,241</u>	<u>32,260</u>	<u>477,501</u>
FUND BALANCES - End of year	<u>\$397,620</u>	<u>\$ 8,460</u>	<u>\$406,080</u>

See notes to financial statements.

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FISHERMAN'S WHARF ASSOCIATION OF SAN FRANCISCO

STATEMENT OF CASH FLOWS

YEAR ENDED JUNE 30, 2013

(See independent accountants' review report)

CASH FLOWS FROM OPERATING ACTIVITIES	
Assessments received	\$818,261
Cash paid to suppliers and employees	(819,607)
Grants received	23,800
Interest and other income received	<u>5,885</u>
Net cash provided by operating activities	<u>28,339</u>
CASH FLOWS USED FOR INVESTING ACTIVITIES	
Purchase of office furniture and equipment	<u>(2,981)</u>
NET INCREASE IN CASH	25,358
CASH - Beginning of year	<u>334,567</u>
CASH - End of year	<u>\$359,925</u>
RECONCILIATION OF CHANGE IN NET ASSETS	
TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
Change in net assets	\$(71,421)
Items not requiring cash:	
Depreciation and amortization	7,244
Changes in assets and liabilities:	
Decrease in assessments receivable	56,485
Decrease in grants receivable	23,800
Increase in prepaid costs	(655)
Increase in accounts payable	<u>12,886</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 28,339</u>

See notes to financial statements.

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FISHERMAN'S WHARF ASSOCIATION OF SAN FRANCISCO

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2013

(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. In addition to the special assessment funds, the contracts with the City require that the Association raise a specified level of private donations to supplement the special assessments. Management believes that during the year ended June 30, 2013, the organization has met this requirement.

The annual special assessments imposed by the City will expire on December 31, 2020, unless the Districts are disestablished earlier by a majority vote of its members. The Association's contracts with the City will expire on December 31, 2021, but both would also expire upon the disestablishment of either of the Districts.

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FISHERMAN'S WHARF ASSOCIATION OF SAN FRANCISCO

NOTES TO FINANCIAL STATEMENTS (Continued)

JUNE 30, 2013

(See independent accountants' review report)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation

The Association reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets, based upon the existence or absence of donor-imposed restrictions.

Income is recognized as temporarily restricted if restrictions imposed by the donor will not be satisfied by the end of the current year. At June 30, 2013 the Association had no permanently restricted net assets.

Income is recognized when the special assessment imposed by the City becomes due and enforceable for collection by the City assessor. The City and County of San Francisco serves as an agent in collecting and transmitting the assessments.

Assessments Receivable

Assessments billed but not transmitted by the City at year end are recorded as receivables. Management believes that the receivables at June 30, 2013 are collectable by the City and no allowance is needed to provide for doubtful receivables.

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.

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FISHERMAN'S WHARF ASSOCIATION OF SAN FRANCISCO

NOTES TO FINANCIAL STATEMENTS (Continued)

JUNE 30, 2013

(See independent accountants' review report)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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. For the year ended June 30, 2013 there were no penalty or interest assessments by any government agency recorded in the financial statements. 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". The Association's Forms 990, Return of Organization Exempt from Income Tax, for the years ended June 30, 2009 and later are subject to examinations by Federal and State taxing authorities.

Donated Services

A number of organizations have donated services and provided discounted rental and meeting space to the Association's activities. These donated services, however, are not reflected in the financial statements since they do not meet the criteria for recognition as contributed services under generally accepted accounting principles. Management estimates the value of these services to be \$47,086.

2. CASH

Cash at June 30, 2013 consisted of the following:

Cash in checking account	\$ 47,464
Cash deposited in interest-bearing account	<u>312,461</u>
	<u>\$359,925</u>

FISHERMAN'S WHARF ASSOCIATION OF SAN FRANCISCO

NOTES TO FINANCIAL STATEMENTS (Continued)

JUNE 30, 2013

(See independent accountants' review report)

3. 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, 2013 was \$1,045.

Office furniture and equipment at June 30, 2013 consisted of the following:

Furniture and equipment	\$6,991
Less accumulated depreciation	<u>4,116</u>
	<u>\$2,875</u>

4. INTANGIBLE ASSETS

Intangible assets are stated at cost. Amortization is provided using the straight-line method over their estimated useful lives of between three to fifteen years. Amortization charged to general and administrative expenses for the year ended June 30, 2013 was \$6,199.

At June 30, 2013 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>78,566</u>
	<u>\$ 49,417</u>

FISHERMAN'S WHARF ASSOCIATION OF SAN FRANCISCO

NOTES TO FINANCIAL STATEMENTS - (Continued)

JUNE 30, 2013

(See independent accountants' review report)

5. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets at June 30, 2013 was comprised of a grant which had not been received by year end. The grant was awarded by the City and County of San Francisco and is restricted to use in zero waste programs.

6. RISK AND UNCERTAINTIES

Special benefit assessments are received under a contract with the City and County of San Francisco and represent approximately 99% 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 and could be terminated at an earlier date if either the Fisherman's Wharf Community Landside or Portside Benefit Districts are disestablished by a vote of more than 50% of the assessed members.

At June 30, 2013 the Association had uninsured cash deposits with a bank totaling approximately \$154,000.

7. SUBSEQUENT EVENTS

In preparing these financial statements, the Association has evaluated events and transactions for potential recognition or disclosure through October 21, 2013, the date the financial statements were available to be issued.

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ADDITIONAL INFORMATION

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FISHERMAN'S WHARF ASSOCIATION OF SAN FRANCISCO

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2013

(See independent accountants' review report)

	Program Services Landside		Program Services Portside		General and Administrative		Total
	District identity and street improvements	Street operations, beautification and order	District identity and street improvements	Landside	Portside		
Salaries	\$ 28,306	\$ 33,800	\$ 28,306	\$ 81,241	\$20,310		\$191,963
Payroll taxes	2,439	2,927	2,439	6,829	1,626		16,260
Employee benefits	<u>1,759</u>	<u>2,111</u>	<u>1,759</u>	<u>4,925</u>	<u>1,173</u>		<u>11,727</u>
	32,504	38,838	32,504	92,995	23,109		219,950
Marketing and media production	56,409		46,523				102,932
Street maintenance and operations		69,396					69,396
Zero waste program		28,485					28,485
Events marketing	48,277		32,083				80,360
Hanging flower baskets		63,386					63,386
Signage		50,563					50,563
Insurance				5,088	1,272		6,360
Security and parking operations		64,788					64,788
Website maintenance	8,478		6,721				15,199
Planning and zoning	3,713		3,016				6,729
Ambassador program	28,156	19,160	28,156				75,472
Office expenses				13,493	3,344		16,837
Professional fees	3,166		3,134	6,525	1,564		14,389
Emergency preparedness		6,540					6,540
Deprecation and amortization				7,244			7,244
Occupancy				6,266	1,567		7,833
Travel and meetings				1,149	287		1,436
Miscellaneous	<u>631</u>		<u>477</u>	<u>60</u>	<u>15</u>		<u>1,183</u>
	<u>\$181,334</u>	<u>\$341,156</u>	<u>\$152,614</u>	<u>\$132,820</u>	<u>\$31,158</u>		<u>\$839,082</u>

See notes to financial statements.

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