

Fisherman's Wharf Association
of San Francisco

Financial Statements

June 30, 2018
(Reviewed)

Barlow & Hughan LLP
CERTIFIED PUBLIC ACCOUNTANTS

FISHERMAN'S WHARF ASSOCIATION OF SAN FRANCISCO

JUNE 30, 2018

TABLE OF CONTENTS

INDEPENDENT ACCOUNTANTS' REVIEW REPORT	PAGE NO. 1-2
STATEMENT OF FINANCIAL POSITION June 30, 2018	3
STATEMENT OF ACTIVITIES AND NET ASSETS Year ended June 30, 2018	4
STATEMENT OF CASH FLOWS Year ended June 30, 2018	5
NOTES TO FINANCIAL STATEMENTS	6-10
ADDITIONAL INFORMATION	
STATEMENT OF FUNCTIONAL EXPENSES Year ended June 30, 2018	11

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, 2018, the related statements of activities 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.

Supplementary Information

The statement of functional expenses on page 11 is presented for purposes of additional analysis and is not a required part of the basic financial statements. This information is the representation of management. We have reviewed the information, and based on our review, we are not aware of any material modifications that should be made to the information in order for it to be in accordance with accounting principles generally accepted in the United States of America. We have not audited the information and, accordingly, do not express an opinion on such information.

Barlow & Hughan LLP

San Francisco, California
October 18, 2018

Barlow & Hughan LLP

CERTIFIED PUBLIC ACCOUNTANTS

FISHERMAN'S WHARF ASSOCIATION OF SAN FRANCISCO

STATEMENT OF FINANCIAL POSITION

JUNE 30, 2018

(See independent accountants' review report)

ASSETS

CURRENT ASSETS

Cash	\$619,871
Assessments receivable	48,654
Grant receivable	108,797
Prepaid expenses	<u>33,641</u>
	810,963

OFFICE FURNITURE AND EQUIPMENT - Net of accumulated depreciation (Note 3)	1,686
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INTANGIBLE ASSETS - Net of amortization (Note 4)	<u>18,421</u>
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\$831,070

LIABILITIES

ACCOUNTS PAYABLE AND ACCRUED LIABILITIES	<u>\$ 83,668</u>
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NET ASSETS

UNRESTRICTED	638,605
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TEMPORARILY RESTRICTED	<u>108,797</u>
	<u>747,402</u>

\$831,070

See notes to financial statements.

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CERTIFIED PUBLIC ACCOUNTANTS

FISHERMAN'S WHARF ASSOCIATION OF SAN FRANCISCO

STATEMENT OF ACTIVITIES AND NET ASSETS

YEAR ENDED JUNE 30, 2018

(See independent accountants' review report)

	<u>Unrestricted</u>
REVENUES AND SUPPORT	
Special benefit assessments	\$ 939,268
Public support	234,593
Program services	<u>14,098</u>
	1,187,959
OTHER INCOME (EXPENSE)	
Special events - Net of expenses of \$24,930	(10,731)
Interest	345
Net assets released from restriction	<u>18,000</u>
	<u>1,195,573</u>
EXPENDITURES	
Program services	
Landside - District identity and street improvements	559,551
Landside - Street operations, beautification and order	165,542
Portside - District identity and street improvements	188,674
Lombard street visitor services	236,622
Support Services	
General and administrative expenses	<u>217,805</u>
	<u>1,368,194</u>
CHANGE IN NET ASSETS	(172,621)
FUND BALANCES - Beginning of year	<u>811,226</u>
FUND BALANCES - End of year	<u>\$ 638,605</u>

See notes to financial statements.

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CERTIFIED PUBLIC ACCOUNTANTS

Temporarily
Restricted

Total

\$108,797	\$ 939,268
	343,390
	<u>14,098</u>
<u>108,797</u>	1,296,756
	(10,731)
	345
<u>(18,000)</u>	
<u>90,797</u>	<u>1,286,370</u>

559,551

165,542

188,674

236,622

217,805

1,368,194

90,797

(81,824)

18,000

829,226

\$108,797

\$ 747,402

FISHERMAN'S WHARF ASSOCIATION OF SAN FRANCISCO

STATEMENT OF CASH FLOWS

YEAR ENDED JUNE 30, 2018

(See independent accountants' review report)

CASH FLOWS PROVIDED BY OPERATING ACTIVITIES

Assessments received	\$ 830,845
Cash paid to suppliers and employees	(1,247,859)
Cash received from programs and events	28,299
Grants received	145,825
Interest received	<u>345</u>
Net cash used for operating activities and net decrease in cash	(242,545)

CASH - Beginning of year	<u>862,416</u>
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CASH - End of year	<u>\$ 619,871</u>
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RECONCILIATION OF CHANGE IN NET ASSETS

TO NET CASH USED FOR OPERATING ACTIVITIES

Change in net assets	\$ (81,824)
Items not requiring cash:	
Depreciation and amortization	8,756
Changes in assets and liabilities:	
Assessments receivable	(28,023)
Grant receivable	(90,797)
Prepaid expenses	(4,522)
Accounts payable and accrued liabilities	34,265
Assessments received in advance	<u>(80,400)</u>

NET CASH USED FOR OPERATING ACTIVITIES	<u>\$ (242,545)</u>
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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, 2018

(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, 2018, 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.

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FISHERMAN'S WHARF ASSOCIATION OF SAN FRANCISCO

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2018

(See independent accountants' review report)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

History and Operations (Continued)

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 either would expire upon the disestablishment of the District to which it relates.

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.

Grants receivable at the end of the year are recognized as temporarily restricted. Income is also recognized as temporarily restricted if restrictions imposed by the donor will not be satisfied by the end of the current year. At June 30, 2018 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, net of an allowance for doubtful accounts based on the Association's historical experience. At June 30, 2018 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, 2018

(See independent accountants' review report)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

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."

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.

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CERTIFIED PUBLIC ACCOUNTANTS

FISHERMAN'S WHARF ASSOCIATION OF SAN FRANCISCO

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2018

(See independent accountants' review report)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Compensated Absences

Accumulated paid time off is accrued when earned. As of June 30, 2018 the liability for employees for compensated absences was \$8,071. The liability for compensated absences was included among the accrued liabilities of the Association.

2. CASH

Cash at June 30, 2018 consisted of the following:

Cash in checking account	\$ 60,727
Cash deposited in interest-bearing account	<u>559,144</u>
	<u>\$619,871</u>

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, 2018 was \$2,558.

Office furniture and equipment at June 30, 2018 consisted of the following:

Furniture and equipment	\$9,435
Less accumulated depreciation	<u>7,749</u>
	<u>\$1,686</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 and fifteen years. Amortization charged to general and administrative expenses for the year ended June 30, 2018 was \$6,200.

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ADDITIONAL INFORMATION

Barlow & Hughan LLP
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FISHERMAN'S WHARF ASSOCIATION OF SAN FRANCISCO

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2018

(See independent accountants' review report)

4. INTANGIBLE ASSETS - (Continued)

At June 30, 2018 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>109,562</u>
	<u>\$ 18,421</u>

5. RISK AND UNCERTAINTIES

Special benefit assessments are received under a contract with the City and County of San Francisco and represent approximately 73% 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.

6. CONCENTRATIONS OF CREDIT RISK

At June 30, 2018 the Association had uninsured cash deposits with a bank totaling approximately \$397,000.

7. 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.

Barlow & Hughan LLP

CERTIFIED PUBLIC ACCOUNTANTS

FISHERMAN'S WHARF ASSOCIATION OF SAN FRANCISCO

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2018

(See independent accountants' review report)

	Program Services		Program Service
	Landside		Portside
	District identity and street improvements	Street operations, beautification and order	District identity and street improvements
Salaries	\$ 94,652	\$ 37,361	\$ 31,551
Employee benefits	6,540	3,280	2,180
Payroll taxes	<u>5,980</u>	<u>329</u>	<u>2,152</u>
	107,172	40,970	35,883
Ambassador programs	134,666	120,157	46,227
Marketing and media production	101,594		34,037
Security and parking operations	96,383		32,127
Events marketing	74,686		25,124
Office expenses			
Planning and zoning	22,861		7,620
Occupancy			
Springboard camera counter	8,446		2,815
Travel and meetings			
Deprecation and amortization			
Insurance			
PIERsafe	4,562		1,521
Community engagement and preservation	4,305		1,695
Website maintenance	3,940		1,388
Professional fees		2,665	
Joseph Conrad Mini Park		1,750	
Membership dues			
Annual report	712		237
Miscellaneous	<u>224</u>		
	<u>\$559,551</u>	<u>\$165,542</u>	<u>\$188,674</u>

See notes to financial statements.

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CERTIFIED PUBLIC ACCOUNTANTS

<u>Lombard Street Visitor Services</u>	<u>General and Administrative</u>		<u>Total</u>
	<u>Landside</u>	<u>Portside</u>	
	\$ 71,782	\$23,448	\$ 258,794
	7,543	2,570	22,113
	<u>8,613</u>	<u>2,862</u>	<u>19,936</u>
	87,938	28,880	300,843
\$236,622			537,672
			135,631
			128,510
			99,810
	32,012	10,594	42,606
			30,481
	22,714	7,609	30,323
			11,261
	6,853	2,284	9,137
	6,567	2,189	8,756
	6,339	2,113	8,452
			6,083
			6,000
			5,328
			2,665
			1,750
	1,191	397	1,588
			949
	<u>94</u>	<u>31</u>	<u>349</u>
<u>\$236,622</u>	<u>\$163,708</u>	<u>\$54,097</u>	<u>\$1,368,194</u>