

Fisherman's Wharf Association  
of San Francisco

Financial Statements

June 30, 2016  
(Reviewed)

**Barlow & Hughan LLP**  
CERTIFIED PUBLIC ACCOUNTANTS

FISHERMAN'S WHARF ASSOCIATION OF SAN FRANCISCO

JUNE 30, 2016

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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, 2016, 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.

A handwritten signature in black ink that reads "Barlow & Hughan LLP". The signature is written in a cursive style with a long horizontal line extending to the left from the start of the name.

San Francisco, California

October 27, 2016

**Barlow & Hughan LLP**

**CERTIFIED PUBLIC ACCOUNTANTS**

## FISHERMAN'S WHARF ASSOCIATION OF SAN FRANCISCO

## STATEMENT OF FINANCIAL POSITION

JUNE 30, 2016

(See independent accountants' review report)

## ASSETS

## CURRENT ASSETS

Cash	\$663,924
Assessments receivable net of allowance for doubtful accounts of \$10,659 (Note 1)	0
Grant receivable	3,000
Accounts receivable	1,823
Prepaid expenses	<u>7,203</u>
	675,950

OFFICE FURNITURE AND EQUIPMENT - Net of accumulated depreciation (Note 3)	1,537
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INTANGIBLE ASSETS - Net of amortization (Note 4)	<u>30,820</u>
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\$708,307

## LIABILITIES

ACCOUNTS PAYABLE AND ACCRUED LIABILITIES	<u>\$ 16,243</u>
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## NET ASSETS

UNRESTRICTED	689,064
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TEMPORARILY RESTRICTED	<u>3,000</u>
	<u>692,064</u>

\$708,307*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, 2016

(See independent accountants' review report)

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
REVENUES AND SUPPORT			
Special benefit assessments	\$ 892,894		\$ 892,894
Public support	202,750	\$3,000	205,750
Program services	<u>22,215</u>	<u>          </u>	<u>22,215</u>
	1,117,859	3,000	1,120,859
OTHER INCOME (EXPENSE)			
Provision for doubtful accounts	14,341		14,341
Special Events - Net of expenses of \$32,238	(8,444)		(8,444)
Interest	233		233
Gain on disposition of equipment	<u>515</u>	<u>          </u>	<u>515</u>
	<u>1,124,504</u>	<u>3,000</u>	<u>1,127,504</u>
EXPENDITURES			
Program services			
Landside - District identity and street improvements	317,664		317,664
Landside - Street operations, beautification and order	192,110		192,110
Portside - District identity and street improvements	179,671		179,671
Lombard street visitor services	91,264		91,264
Support Services			
General and administrative expenses	202,622		202,622
Fundraising	<u>4,935</u>		<u>4,935</u>
	<u>988,266</u>		<u>988,266</u>
CHANGE IN NET ASSETS	136,328	3,000	139,238
FUND BALANCES - Beginning of year	<u>552,826</u>	<u>          </u>	<u>552,826</u>
FUND BALANCES - End of year	<u>\$ 689,064</u>	<u>\$3,000</u>	<u>\$ 692,064</u>

See notes to financial statements.

## FISHERMAN'S WHARF ASSOCIATION OF SAN FRANCISCO

## STATEMENT OF CASH FLOWS

YEAR ENDED JUNE 30, 2016

(See independent accountants' review report)

CASH FLOWS PROVIDED BY OPERATING ACTIVITIES	
Assessments received	\$964,460
Cash paid to suppliers and employees	(914,772)
Cash received from programs and events	44,186
Grants received	91,264
Interest received	<u>233</u>
Net cash provided by operating activities	<u>185,371</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Proceeds from disposition of equipment	1,946
Purchase of equipment	<u>(2,445)</u>
Net cash used for investment activities	<u>(499)</u>
NET INCREASE IN CASH	184,872
CASH - Beginning of year	<u>479,052</u>
CASH - End of year	<u>\$663,924</u>
SUPPLEMENTAL DISCLOSURE OF NON-CASH ACTIVITIES	
Value of in-kind contributions used for operations	<u>\$111,486</u>
RECONCILIATION OF CHANGE IN NET ASSETS	
TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
Change in net assets	139,238
Items not requiring cash:	
Depreciation and amortization	7,756
Provision for doubtful accounts	(14,341)
Gain on disposition of equipment	(515)
Changes in assets and liabilities:	
Decrease in assessments receivable	71,566
Increase in grants receivable	(3,000)
Increase in accounts receivable	(1,823)
Decrease in prepaid expenses	211
Decrease in accounts payable	<u>(13,721)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$185,371</u>

See notes to financial statements.

**Barlow & Hughan LLP**

CERTIFIED PUBLIC ACCOUNTANTS

FISHERMAN'S WHARF ASSOCIATION OF SAN FRANCISCO

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

(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, 2016, 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 new 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

JUNE 30, 2016

(See independent accountants' review report)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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, 2016 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, 2016 the Association had outstanding receivables of \$10,659 related to the Portside District which were fully subject to the reserve for doubtful accounts.

FISHERMAN'S WHARF ASSOCIATION OF SAN FRANCISCO

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

(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 \$111,486. This amount was recognized as public support 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

JUNE 30, 2016

(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, 2016 the liability for employees for compensated absences was \$8,443. The liability for compensated absences was included among the accrued liabilities of the Association.

2. CASH

Cash at June 30, 2016 consisted of the following:

Cash in checking account	\$ 93,834
Cash deposited in interest-bearing account	<u>570,090</u>
	<u>\$663,924</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, 2016 was \$1,557.

Office furniture and equipment at June 30, 2016 consisted of the following:

Furniture and equipment	\$6,063
Less accumulated depreciation	<u>4,526</u>
	<u>\$1,537</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, 2016 was \$6,199.

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CERTIFIED PUBLIC ACCOUNTANTS

FISHERMAN'S WHARF ASSOCIATION OF SAN FRANCISCO

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

(See independent accountants' review report)

4. INTANGIBLE ASSETS (Continued)

At June 30, 2016 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>97,163</u>
	<u>\$ 30,820</u>

5. RISK AND UNCERTAINTIES

Special benefit assessments are received under a contract with the City and County of San Francisco and represent approximately 80% 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, 2016 the Association had uninsured cash deposits with a bank totaling approximately \$453,000.

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.

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CERTIFIED PUBLIC ACCOUNTANTS

ADDITIONAL INFORMATION

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FISHERMAN'S WHARF ASSOCIATION OF SAN FRANCISCO

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2016

(See independent accountants' review report)

	Program Services Landside		Program Services Portside		Lombard Street Visitor services	General and Administrative		Fundraising	Total
	District identity and street improvements	Street operations, beautification and order	District identity and street improvements			Landside	Portside		
Salaries	\$ 78,136	\$ 25,694	\$ 39,965		\$ 8,025	\$ 81,164	\$28,515		\$261,499
Employee benefits	10,837	784	4,538		1,045	5,406	1,392		24,002
Payroll taxes	<u>3,976</u>	<u>3,487</u>	<u>2,048</u>		<u>409</u>	<u>8,327</u>	<u>2,932</u>		<u>21,179</u>
	92,949	29,965	46,551		9,479	94,897	32,839		306,680
Ambassador program	60,302	114,706	33,920		81,785				290,713
Marketing and media production	65,745		46,802					4,935	117,482
Events marketing	60,910		32,392						93,302
Jefferson Street traffic management		37,376							37,376
Occupancy						22,196	7,772		29,968
Security and parking operations	16,251		8,960						25,211
Office expenses						16,644	5,794		22,438
Professional fees	3,191	5,234	1,705						10,130
Springboard camera counter	6,405		3,449						9,854
Website maintenance	5,942		2,868						8,810
Insurance						6,174	1,816		7,990
Deprecation and amortization						7,756			7,756
Signage		4,829							4,829
Planning and zoning	2,640		1,360						4,000
Membership dues						2,655	1,065		3,720
Emergency preparedness	1,899		963						2,862
Meeting and events						1,587	587		2,174
Annual report	850		402						1,252
Miscellaneous	<u>580</u>		<u>299</u>			<u>622</u>	<u>218</u>		<u>1,719</u>
	<u>\$317,664</u>	<u>\$192,110</u>	<u>\$179,671</u>		<u>\$91,264</u>	<u>\$152,531</u>	<u>\$50,091</u>	<u>\$4,935</u>	<u>\$988,266</u>

See notes to financial statements.

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