

Fisherman's Wharf Association
of San Francisco

Financial Statements

June 30, 2019
(Reviewed)

Barlow & Hughan LLP
CERTIFIED PUBLIC ACCOUNTANTS

FISHERMAN'S WHARF ASSOCIATION OF SAN FRANCISCO

JUNE 30, 2019

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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, 2019, 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 25, 2019

Barlow & Hughan LLP

CERTIFIED PUBLIC ACCOUNTANTS

FISHERMAN'S WHARF ASSOCIATION OF SAN FRANCISCO

STATEMENT OF FINANCIAL POSITION

JUNE 30, 2019

(See independent accountants' review report)

ASSETS

CURRENT ASSETS

Cash	\$628,365
Assessments receivable	39,610
Grant receivable	12,956
Prepaid expenses	<u>10,760</u>
	691,691

OFFICE FURNITURE AND EQUIPMENT - Net of accumulated depreciation (Note 3)	1,743
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INTANGIBLE ASSETS - Net of amortization (Note 4)	<u>12,223</u>
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\$705,657

LIABILITIES

ACCOUNTS PAYABLE AND ACCRUED LIABILITIES	<u>\$ 24,438</u>
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NET ASSETS

WITHOUT DONOR RESTRICTIONS	668,263
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WITH DONOR RESTRICTIONS

Time restricted	<u>12,956</u>
	<u>681,219</u>

\$705,657

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, 2019

(See independent accountants' review report)

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
REVENUES AND SUPPORT			
Special benefit assessments	\$ 949,569		\$ 949,569
Public support	309,121	\$ 12,956	322,077
Program services	<u>13,350</u>	<u> </u>	<u>13,350</u>
	1,272,040	12,956	1,284,996
OTHER INCOME (EXPENSE)			
Special events - Net of expenses of \$22,290	(3,360)		(3,360)
Interest	279		279
Net assets released from restriction - expiration of time restrictions	<u>108,797</u>	<u>(108,797)</u>	<u> </u>
	<u>1,377,756</u>	<u>(95,841)</u>	<u>1,281,915</u>
EXPENDITURES			
Program services			
Landside - District identity and street improvements	432,115		432,115
Landside - Street operations, beautification and order	259,767		259,767
Portside - District identity and street improvements	196,044		196,044
Lombard street visitor services	199,828		199,828
Support Services			
General and administrative expenses	<u>260,344</u>		<u>260,344</u>
	<u>1,348,098</u>		<u>1,348,098</u>
CHANGE IN NET ASSETS	29,658	(95,841)	(66,183)
NET ASSETS - Beginning of year	<u>638,605</u>	<u>108,797</u>	<u>747,402</u>
NET ASSETS - End of year	<u>\$ 668,263</u>	<u>\$ 12,956</u>	<u>\$ 681,219</u>

See notes to financial statements.

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CERTIFIED PUBLIC ACCOUNTANTS

FISHERMAN'S WHARF ASSOCIATION OF SAN FRANCISCO

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2019

(See independent accountants' review report)

	Program Services Landside		Program Services Portside	Lombard Street Visitor Services	General and Administrative		Total
	District identity and street improvements	Street operations, beautification and order	District identity and street improvements		Landside	Portside	
Salaries	\$106,956	\$ 47,747	\$ 39,198	\$ 25,771	\$ 64,277	\$19,396	\$ 303,345
Employee benefits	658	844	186		17,484	5,080	24,252
Payroll taxes	<u>4,307</u>		<u>1,215</u>		<u>9,667</u>	<u>2,727</u>	<u>17,916</u>
	111,921	48,591	40,599	25,771	91,428	27,203	345,513
Ambassador programs	108,355	165,470	51,199	174,057			499,081
Marketing and media production	94,287		46,364				140,651
Security and parking operations	54,759		26,971				81,730
Community engagement and preservation	39,145		19,280				58,425
Professional fees		2,750			36,289	12,544	51,583
Directional/branding signs		42,956					42,956
Occupancy					23,317	6,576	29,893
Office expenses	413		187		17,171	4,911	22,682
Travel and meetings	108		53		16,978	4,843	21,982
Springboard camera counter	6,288		3,097				9,385
Insurance					7,074	1,995	9,069
PR & media relations	5,561		2,739				8,300
Deprecation and amortization					6,019	1,698	7,717
Nightlife promotion	4,942		2,434				7,376
PIERSafe	2,431		1,197				3,628
Planning and zoning	2,196		1,082				3,278
Research	1,709		842				2,551
Membership dues					1,789	509	2,298
	<u>\$432,115</u>	<u>\$259,767</u>	<u>\$196,044</u>	<u>\$199,828</u>	<u>\$200,065</u>	<u>\$60,279</u>	<u>\$1,348,098</u>

See notes to financial statements.

FISHERMAN'S WHARF ASSOCIATION OF SAN FRANCISCO

STATEMENT OF CASH FLOWS

YEAR ENDED JUNE 30, 2019

(See independent accountants' review report)

CASH FLOWS FROM OPERATING ACTIVITIES	
Assessments received	\$ 958,613
Cash paid to suppliers and employees	(1,279,271)
Cash received from programs and events	32,280
Grants received	298,169
Interest received	<u>279</u>
Net cash provided by operating activities	<u>10,070</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of equipment	<u>(1,576)</u>
NET INCREASE IN CASH	8,494
CASH - Beginning of year	<u>619,871</u>
CASH - End of year	<u>\$ 628,365</u>
RECONCILIATION OF CHANGE IN NET ASSETS	
TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
Change in net assets	\$ (66,183)
Items not requiring cash:	
Depreciation and amortization	7,717
Increases (decreases) in assets and liabilities:	
Assessments receivable	9,044
Grant receivable	95,841
Prepaid expenses	22,881
Accounts payable and accrued liabilities	<u>(59,230)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 10,070</u>

SUPPLEMENTAL DISCLOSURE OF NON-CASH ACTIVITIES

Value of in-kind contributions used for operations \$119,700

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, 2019

(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, 2019, 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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CERTIFIED PUBLIC ACCOUNTANTS

FISHERMAN'S WHARF ASSOCIATION OF SAN FRANCISCO

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2019

(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, but are subject to renewal 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

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.

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, 2019 Management determined that all of the receivables were collectible and therefore no allowance for doubtful accounts was necessary.

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FISHERMAN'S WHARF ASSOCIATION OF SAN FRANCISCO

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2019

(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, 2019

(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 \$119,700. 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, 2019 the liability for employees for compensated absences was \$7,181.

2. CASH

Cash at June 30, 2019 consisted of the following:

Cash in checking account	\$ 58,161
Cash deposited in interest-bearing account	<u>570,204</u>
	<u>\$628,365</u>

FISHERMAN'S WHARF ASSOCIATION OF SAN FRANCISCO

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2019

(See independent accountants' review report)

3. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The cash and financial assets at June 30, 2019 that will be available for general use consist of the following:

Cash	\$628,368
Assessments receivable	39,610
Grants receivable	<u>12,956</u>
	<u>\$680,934</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, 2019 was \$1,518.

Office furniture and equipment at June 30, 2019 consisted of the following:

Furniture and equipment	\$ 11,010
Less accumulated depreciation	<u>9,267</u>
	<u>\$ 1,743</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, 2019 was \$6,199.

FISHERMAN'S WHARF ASSOCIATION OF SAN FRANCISCO

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2019

(See independent accountants' review report)

5. INTANGIBLE ASSETS - (Continued)

At June 30, 2019 net intangible assets were comprised of the following:

Organization costs	\$ 118,551
Website development costs	35,000
Signage and logos	<u>9,432</u>
	127,983
Less accumulated amortization	<u>115,760</u>
	<u>\$ 12,223</u>

6. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions at June 30, 2019 were comprised of grants which had not been received by year end.

7. RISK AND UNCERTAINTIES

Special benefit assessments are received under a contract with the City and County of San Francisco and represent approximately 74% 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.

8. CONCENTRATIONS OF CREDIT RISK

At June 30, 2019 the Association had uninsured cash deposits with a bank totaling approximately \$418,000.

9. 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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