

FISHERMAN'S WHARF ASSOCIATION OF SAN FRANCISCO

JUNE 30, 2010

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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, 2010 and the related statements of activities and cash flows for the year then ended, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. All information included in these financial statements is the representation of the management of the FISHERMAN'S WHARF ASSOCIATION OF SAN FRANCISCO.

A review consists principally of inquiries of organization personnel and analytical procedures applied to financial data. It is substantially less in scope than an audit in accordance with generally accepted auditing standards, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

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 generally accepted accounting principles.

The additional information on page nine 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 22, 2010

FISHERMAN'S WHARF ASSOCIATION OF SAN FRANCISCO

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2010

(See accountants' review report)

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
PUBLIC SUPPORT AND REVENUES			
Contributions and sponsorships	\$ 36,800	\$ 5,825	\$ 42,625
Grants		25,250	25,250
Special benefit assessments	779,983		779,983
Interest and other income	<u>1,473</u>		<u>1,473</u>
	<u>818,256</u>	<u>31,075</u>	<u>849,331</u>
EXPENDITURES			
Program services			
Landside - District identity and street improvements	193,874		193,874
Landside - Street operations, beautification and order	196,997		196,997
Portside - District identity and street improvements	123,508		123,508
General and administrative expenses	203,550		203,550
Fund-raising expenses	<u>4,700</u>		<u>4,700</u>
	<u>722,629</u>		<u>722,629</u>
CHANGE IN NET ASSETS	95,627	31,075	126,702
FUND BALANCES - Beginning of year	<u>312,819</u>	<u> </u>	<u>312,819</u>
FUND BALANCES - End of year	<u>\$408,446</u>	<u>\$31,075</u>	<u>\$439,521</u>

See notes to financial statements.

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CERTIFIED PUBLIC ACCOUNTANTS

FISHERMAN'S WHARF ASSOCIATION OF SAN FRANCISCO

STATEMENT OF CASH FLOWS

YEAR ENDED JUNE 30, 2010

(See accountants' review report)

INCREASE (DECREASE) IN CASH

CASH FLOWS FROM OPERATING ACTIVITIES

Assessments received	\$720,458
Cash paid to suppliers and employees	(702,684)
Grants and contributions received	42,625
Interest and other income received	<u>1,473</u>
Net cash provided by operating activities and net increase in cash	61,872

CASH - Beginning of year 225,809CASH - End of year \$287,681

RECONCILIATION OF CHANGE IN NET ASSETS

TO NET CASH PROVIDED BY OPERATING ACTIVITIES

Change in net assets	\$126,702
Items not requiring cash:	
Depreciation and amortization	18,902
Uncollected assessments	19,567
Changes in assets and liabilities:	
Increase in assessments receivable	(59,525)
Increase in grants receivable	(25,250)
Decrease in prepaid costs	8,117
Decrease in accounts payable	<u>(26,641)</u>

NET CASH PROVIDED BY OPERATING ACTIVITIES \$ 61,872*See notes to financial statements.*

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FISHERMAN'S WHARF ASSOCIATION OF SAN FRANCISCO

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2010

(See 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.

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, 2010

(See 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, 2010 the Association had no permanently restricted net assets.

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 Internal Revenue Service has determined that the Association qualifies as a tax exempt organization under Section 501(c)(3) of the Internal Revenue Code. The Association 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 ended June 30, 2010.

Donated Services

A number of volunteers have donated significant amounts of time 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 \$50,125.

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FISHERMAN'S WHARF ASSOCIATION OF SAN FRANCISCO

NOTES TO FINANCIAL STATEMENTS (Continued)

JUNE 30, 2010

(See accountants' review report)

2. CASH

Cash at June 30, 2010 consisted of the following:

Cash in checking account	\$ 53,039
Cash deposited in interest-bearing account	<u>234,642</u>
	<u>\$287,681</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, 2010 was \$1,036.

Office furniture and equipment at June 30, 2010 consisted of the following:

Furniture and equipment	\$5,182
Less accumulated depreciation	<u>2,636</u>
	<u>\$2,546</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, 2010 was \$17,866.

At June 30, 2010 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>59,969</u>
	<u>\$ 68,014</u>

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FISHERMAN'S WHARF ASSOCIATION OF SAN FRANCISCO

NOTES TO FINANCIAL STATEMENTS - (Continued)

JUNE 30, 2010

(See accountants' review report)

5. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets at June 30, 2010 were comprised of a grant which had not been received by year end and contributions which had been received but which had one or more restrictions unsatisfied at year end. These amounts are summarized as follows:

City and County of San Francisco	\$25,250
Steve Wiezbowski memorial garden	<u>5,825</u>
	<u>\$31,075</u>

6. RISK AND UNCERTAINTIES

Special benefit assessments are received under a contract with the City of San Francisco and represent approximately 86% 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.

The Association maintains its cash balances at a financial institution where the deposits are insured by the Federal Deposit Insurance Corporation. At June 30, 2010 the Association's uninsured cash balances totaled approximately \$58,000.

In preparing these financial statements, the Association has evaluated events and transactions for potential recognition or disclosure through October 22, 2010 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, 2010

(See accountants' review report)

	Program Services <u>Landside</u>		Program Services <u>Portside</u>		General and <u>Administrative</u>		<u>Fund-raising</u>	<u>Total</u>
	District identity and street <u>improvements</u>	Street operations, beautification and order	District identity and street <u>improvements</u>		<u>Landside</u>	<u>Portside</u>		
Salaries	\$ 10,061	\$ 17,071	\$ 10,060		\$ 89,148	\$18,424		\$144,764
Payroll taxes					11,944	2,101		14,045
Employee benefits					8,356	1,250		9,606
	<u>10,061</u>	<u>17,071</u>	<u>10,060</u>		<u>109,448</u>	<u>21,775</u>		<u>168,415</u>
Media and production	37,774		20,340					58,114
Website maintenance	15,023		12,663					27,686
Street maintenance and operations		64,109						64,109
Security and parking operations		60,762						60,762
Events marketing	63,703		33,225					96,928
Advertising	25,750		25,374					51,124
Hanging flower baskets		45,911						45,911
Brochure distribution	13,446		11,001					24,447
Accounting and legal					5,551	915		6,466
Depreciation and amort- ization					18,902			18,902
Office expenses	4,512		1,128		14,578	2,595		22,813
Research	19,500		6,500					26,000
Emergency preparedness		8,170						8,170
Uncollected assessments					19,567			19,567
Grant management	180		120				\$4,700	5,000
Occupancy					6,660	1,173		7,833
Planning and zoning	3,040		2,237					5,277
Travel and meetings					831	138		969
Miscellaneous	<u>885</u>	<u>974</u>	<u>860</u>		<u>1,190</u>	<u>227</u>		<u>4,136</u>
	<u>\$193,874</u>	<u>\$196,997</u>	<u>\$123,508</u>		<u>\$176,727</u>	<u>\$26,823</u>	<u>\$4,700</u>	<u>\$722,629</u>

See notes to financial statements.

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