

FISHERMAN'S WHARF ASSOCIATION OF SAN FRANCISCO

JUNE 30, 2012

TABLE OF CONTENTS

INDEPENDENT ACCOUNTANTS' REVIEW REPORT	PAGE NO.	1
STATEMENT OF FINANCIAL POSITION June 30, 2012		2
STATEMENT OF ACTIVITIES Year ended June 30, 2012		3
STATEMENT OF CASH FLOWS Year ended June 30, 2012		4
NOTES TO FINANCIAL STATEMENTS		5-9
ADDITIONAL INFORMATION		
STATEMENT OF FUNCTIONAL EXPENSES Year ended June 30, 2012		10

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CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT ACCOUNTANTS' REVIEW REPORT

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

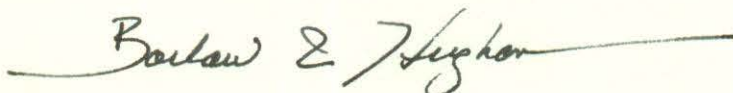
We have reviewed the accompanying statement of financial position of the FISHERMAN'S WHARF ASSOCIATION OF SAN FRANCISCO (a nonprofit corporation) as of June 30, 2012 and the related statements of activities and cash flows for the year then ended. A review includes primarily applying analytical procedures 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 1, 2012

FISHERMAN'S WHARF ASSOCIATION OF SAN FRANCISCO

STATEMENT OF FINANCIAL POSITION

JUNE 30, 2012

(See independent accountants' review report)

ASSETS

CURRENT ASSETS

Cash (Note 2)	\$334,567
Assessments receivable	73,334
Grant receivable (Note 5)	32,260
Prepaid costs	<u>11,115</u>
	451,276

OFFICE FURNITURE AND EQUIPMENT - Net of accumulated depreciation (Note 3)	939
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INTANGIBLE ASSETS - Net of amortization (Note 4)	<u>55,616</u>
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\$507,831

LIABILITIES

ACCOUNTS PAYABLE AND ACCRUED LIABILITIES	<u>\$ 30,330</u>
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NET ASSETS

UNRESTRICTED	445,241
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TEMPORARILY RESTRICTED (Notes 1 and 5)	<u>32,260</u>
	<u>477,501</u>

\$507,831

See notes to financial statements.

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FISHERMAN'S WHARF ASSOCIATION OF SAN FRANCISCO

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2012

(See independent accountants' review report)

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
PUBLIC SUPPORT AND REVENUES			
Contributions and sponsorships	\$ 7,500		\$ 7,500
Special benefit assessments	753,028		753,028
Interest and other income	2,193		2,193
Net assets released from restrictions	<u>47,740</u>	<u>(47,740)</u>	
	<u>810,461</u>	<u>(47,740)</u>	<u>762,721</u>
EXPENDITURES			
Program services			
Landside - District identity and street improvements	163,358		163,358
Landside - Street operations, beautification and order	279,691		279,691
Portside - District identity and street improvements	134,081		134,081
General and administrative expenses	<u>173,137</u>		<u>173,137</u>
	<u>750,267</u>		<u>750,267</u>
CHANGE IN NET ASSETS	60,194	(47,740)	12,454
FUND BALANCES - Beginning of year	<u>385,047</u>	<u>80,000</u>	<u>465,047</u>
FUND BALANCES - End of year	<u>\$445,241</u>	<u>\$32,260</u>	<u>\$477,501</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, 2012

(See independent accountants' review report)

INCREASE (DECREASE) IN CASH

CASH FLOWS FROM OPERATING ACTIVITIES

Assessments received	\$787,599
Cash paid to suppliers and employees	(774,744)
Grants received	47,740
Sponsorships and contributions received	22,785
Interest and other income received	<u>2,193</u>
Net cash provided by operating activities	85,573

CASH - Beginning of year 248,994CASH - End of year \$334,567

RECONCILIATION OF CHANGE IN NET ASSETS

TO NET CASH PROVIDED BY OPERATING ACTIVITIES

Change in net assets	\$ 12,454
Items not requiring cash:	
Depreciation and amortization	6,916
Changes in assets and liabilities:	
Decrease in assessments receivable	34,571
Decrease in grants receivable	47,740
Decrease in sponsorships receivable	15,285
Increase in prepaid costs	(3,956)
Decrease in accounts payable	<u>(27,437)</u>

NET CASH PROVIDED BY OPERATING ACTIVITIES \$ 85,573*See notes to financial statements.***Barlow & Hughan**

CERTIFIED PUBLIC ACCOUNTANTS

FISHERMAN'S WHARF ASSOCIATION OF SAN FRANCISCO

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2012

(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.

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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CERTIFIED PUBLIC ACCOUNTANTS

FISHERMAN'S WHARF ASSOCIATION OF SAN FRANCISCO

NOTES TO FINANCIAL STATEMENTS (Continued)

JUNE 30, 2012

(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, 2012 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 not collected and transmitted by the City at year end are recorded as receivable. Management believes that these receivables are fully 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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CERTIFIED PUBLIC ACCOUNTANTS

FISHERMAN'S WHARF ASSOCIATION OF SAN FRANCISCO

NOTES TO FINANCIAL STATEMENTS (Continued)

JUNE 30, 2012

(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, 2012 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, 2008 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 \$45,225.

2. CASH

Cash at June 30, 2012 consisted of the following:

Cash in checking account	\$ 52,383
Cash deposited in interest-bearing account	<u>282,184</u>
	<u>\$334,567</u>

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CERTIFIED PUBLIC ACCOUNTANTS

FISHERMAN'S WHARF ASSOCIATION OF SAN FRANCISCO

NOTES TO FINANCIAL STATEMENTS (Continued)

JUNE 30, 2012

(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, 2012 was \$717.

Office furniture and equipment at June 30, 2012 consisted of the following:

Furniture and equipment	\$5,150
Less accumulated depreciation	<u>4,211</u>
	<u>\$ 939</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, 2012 was \$6,199.

At June 30, 2012 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>72,367</u>
	<u>\$ 55,616</u>

FISHERMAN'S WHARF ASSOCIATION OF SAN FRANCISCO

NOTES TO FINANCIAL STATEMENTS - (Continued)

JUNE 30, 2012

(See independent accountants' review report)

5. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets at June 30, 2012 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, 2012 the Association had uninsured cash deposits with a bank totaling approximately \$32,000.

7. SUBSEQUENT EVENTS

In preparing these financial statements, the Association has evaluated events and transactions for potential recognition or disclosure through October 1, 2012, 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, 2012

(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	\$ 16,793	\$ 31,892	\$ 16,793	\$ 81,265	\$25,769		\$172,512
Payroll taxes				11,849	3,098		14,947
Employee benefits				<u>3,613</u>	<u>1,267</u>		<u>4,880</u>
	<u>16,793</u>	<u>31,892</u>	<u>16,793</u>	<u>96,727</u>	<u>30,134</u>		<u>192,339</u>
Advertising and media production	45,323		36,612				81,935
Street maintenance and operations		72,330					72,330
Zero waste program		25,412					25,412
Events marketing	47,374		31,699				79,073
Hanging flower baskets		64,184					64,184
Insurance				7,400	1,596		8,996
Security and parking operations		52,094					52,094
Website maintenance	9,927		9,513				19,440
Planning and zoning	22,016		17,539				39,555
Ambassador program	21,925	29,387	21,925				73,237
Office expenses				11,242	2,763		14,005
Accounting and legal				4,980	1,245		6,225
Emergency preparedness		4,392					4,392
Deprecation and amortization				6,916			6,916
Occupancy				5,546	2,287		7,833
Travel and meetings				1,277	231		1,508
Miscellaneous				<u>649</u>	<u>144</u>		<u>793</u>
	<u>\$163,358</u>	<u>\$279,691</u>	<u>\$134,081</u>	<u>\$134,737</u>	<u>\$38,400</u>		<u>\$750,267</u>

See notes to financial statements.

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