FISHERMAN'S WHARF ASSOCIATION OF SAN FRANCISCO, INC.

FINANCIAL STATEMENTS

June 30, 2022

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CONTENTS

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INDEPENDENT ACCOUNTANT'S REVIEW REPORT

To the Board of Directors of Fisherman's Wharf Association of San Francisco, Inc.
San Francisco, California

We have reviewed the accompany financial statements of Fisherman's Wharf Association of San Francisco, Inc., which comprise the statement of financial position as of June 30, 2022, and the related statement of activities and net assets, 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 company 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.

Accountant's 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.

We are required to be independent of Fisherman's Wharf Association of San Francisco, Inc. and to meet our other ethical responsibilities, in accordance with relevant ethical requirements related to our review.

Accountant's 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.

WuHoover & Co. LLP

San Francisco, California
September 27, 2022

FISHERMAN'S WHARF ASSOCIATION OF SAN FRANCISCO, INC.
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2022

ASSETS

CURRENT ASSETS		
Cash	$	706,365
Accounts receivable, net of allowance for doubtful accounts of $86,275		103,103
Prepaid expenses		44,700
Total Current Assets		854,168
PROPERTY AND EQUIPMENT		
Furniture, fixtures and equipment		12,776
Less accumulated depreciation		11,353
		1,423
	$	855,591

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES		
Accounts payable	$	51,722
Accrued liabilities		4,148
Total Current Liabilities		55,870
COMMITMENTS AND CONTINGENCIES		-
NET ASSETS		
Net assets without donor restrictions		799,721
	$	855,591

FISHERMAN'S WHARF ASSOCIATION OF SAN FRANCISCO, INC.
STATEMENT OF ACTIVITIES AND NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES AND SUPPORT			
Special benefit assessments	$ 1,223,784	$ -	$ 1,223,784
Contribution	132,017	-	132,017
Grant	8,000	-	8,000
Other program income	67,224	-	67,224
	1,431,025	-	1,431,025
OTHER INCOME			
Paycheck Protection Program loan forgiveness	61,545	-	61,545
Interest income	1,578	-	1,578
Other income	44,966	-	44,966
	108,089	-	108,089
	1,539,114	-	1,539,114
EXPENDITURES			
Program services	1,221,149	-	1,221,149
General and administrative expenses	228,957	-	228,957
	1,450,106	-	1,450,106
CHANGE IN NET ASSETS	89,008	-	89,008
NET ASSETS - Beginning of year	710,713	-	710,713
NET ASSETS - End of year	$ 799,721	$ -	$ 799,721

FISHERMAN'S WHARF ASSOCIATION OF SAN FRANCISCO, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2022

	Program Services				
	Clean and Safe	Marketing and Events	Total Program Services	General and Administrative	Total
Wages and benefits	$ 65,238	$ 192,168	$ 257,406	$ 137,009	$ 394,415
Safety and security	365,406	3,219	368,625	-	368,625
Ambassador programs	279,119	49,756	328,875	-	328,875
Marketing and media	-	215,630	215,630	-	215,630
Office expenses	-	-	-	37,525	37,525
Payroll taxes	5,132	13,872	19,004	9,555	28,559
Community engagement events	9,080	16,196	25,276	-	25,276
Professional fees	-	-	-	24,307	24,307
Rent	-	-	-	19,821	19,821
Website maintenance and licenses	-	6,333	6,333	-	6,333
Provision for doubtful accounts	-	-	-	740	740
	$ 723,975	$ 497,174	$ 1,221,149	$ 228,957	$ 1,450,106

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FISHERMAN'S WHARF ASSOCIATION OF SAN FRANCISCO, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2022

CASH FLOWS FROM OPERATING ACTIVITIES	
Changes in net assets	$ 89,008
Adjustments to reconcile net assets to net cash provided by operating activities:	
Depreciation	1,424
Provision for doubtful accounts	740
Paycheck Protection Program loan forgiven	(61,545)
Changes in current assets and liabilities -	
Accounts receivable	54,465
Prepaid expenses	(20,779)
Accounts payable	(4,902)
Accrued liabilities	(6,224)
Total Adjustments	(36,821)
Net cash provided by operating activities	52,187
CASH FLOWS FROM INVESTING ACTIVITY	
Purchase of furniture, fixture and equipment	(2,847)
Net cash used in investing activity	(2,847)
NET INCREASE IN CASH	49,340
CASH - BEGINNING OF YEAR	657,025
CASH - END OF YEAR	$ 706,365
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:	
Cash paid during the year for:	
Income Taxes	$ -
Interest	$ -
Non-cash financing activity	
Paycheck Protection Program loan forgiven	$ 61,545

1. ORGANIZATION AND NATURE OF BUSINESS

The Fisherman's Wharf Association of San Francisco, Inc. (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 Community District (the Landside District). The members of the Landside District include 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 (the City). The Association also provided services to the former Portside Community Benefit District until its disestablishment on December 31, 2020.

Upon formation of the Landside 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 Landside District. The services to the Landside District 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 program, and the organization and funding of special events. The contract with the City also requires the Association to raise a specified level of general benefit contributions and other non-assessment income. Management believes that during the year ended June 30, 2022, 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 provides services to the Landside District and the neighboring area.

The annual special assessments imposed by the City on the Landside District were renewed by a majority vote of its members on July 24, 2020 for 15 more years. The Association's contract related to the Landside District with the City will expire on December 31, 2035 but would expire earlier upon the disestablishment of the remaining Landside District.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting – The Association prepares its financial statements using the accrual basis of accounting and in accordance with accounting principles generally accepted in the United States of America (GAAP). 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 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-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 separated designated by the Board of Directors.

Use of Estimates – The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash – Cash consist of funds in checking and saving accounts.

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. Allowance for doubtful accounts is determined based on the collectability of receivables. The Association performs credit evaluation and establishes an allowance for doubtful accounts based on the aging of receivables, payment performance, and other information. Accounts receivables are written off against the allowance when it is probable that the receivables will not be collected.

On June 30, 2022, the Association has receivables related to the Portside district assessments amounting to $61,877, net of allowance for doubtful account of $86,275. The Association also has receivables from the Landside district assessments amounting to $23,335, a grant amounting to $8,000 and other programs amounting to $9,891.

Property and Equipment – Office furniture and equipment are stated at cost less accumulated depreciation. Depreciation is provided using the straight-line method over two to five years. When assets are retired or otherwise disposed of, the cost and related accumulated depreciation and amortization are removed from the accounts, and any resulting gain or loss is recognized in income for the period. The cost of maintenance and repairs is charged to expense as incurred; significant renewals or improvements are capitalized. The depreciation expense was $1,424 and it was charged to general and administrative expenses for the year ended June 30, 2022.

Paycheck Protection Program (PPP) Loan – The Association accounted for the Small Business Association loan under the Paycheck Protection Program (PPP) as debt instrument in accordance with ASC Topic 470, Debt. The loan was initially recorded as a liability in the statement of financial position. The loan is considered to be extinguished if either of the following conditions is met: (1) the Association pays the creditor and is relieved of its obligation or (2) the Association is legally released from the primary obligation under the liability. The forgiveness of the loan is accounted for as debt extinguishment.

Net Assets – Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets without donor restrictions are resources available for use to support operations. The only limits on the use of these net assets are the broad limits resulting to the nature of the Association, the environment in which it operates, the purposes specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with other parties that are entered into in the course of its operations.

Net Assets With Donor Restrictions – Net assets with donor restrictions are resources that are restricted by a donor for use for a particular purpose or in a particular period. Some donor-imposed restrictions are temporary, and the restriction will expire when the resources are used in accordance with the donor's instruction or when the stipulated time has lapsed. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates those resources be maintained in perpetuity. The Association must continue to use the resources in accordance with the donor's instruction.

The Association's unspent contributions are included in this class if the donor limited their use.

When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the financial statements by reclassifying the net assets from net assets with donor restriction to net assets without donor restrictions. Net assets restricted for the acquisition of buildings or equipment are reported as net assets with donor restriction until the specified asset is placed in service by the Foundation unless the donor provides more specific directions about the period of its use. As of June 30, 2022, the Association had no net assets with donor restrictions.

Classification of Transactions – All revenues and net gains are reported as increases in net assets without donor restrictions in the statements of activities unless the donor specified the use of the related resources for a particular purpose or in a future period. All expenses and net losses are reported as a decrease in the net assets without donor restrictions.

Revenue – The Association follows the ASC Topic 606 – Revenue form Contracts with Customers (ASC Topic 606). Revenue from the contract with the City is recognized when the special assessments imposed by the City become due and enforceable for collection by the City Assessor for the period during which the Association provides services to the members of the Landside District.

Contributions – Contributions, including unconditional promises to give, are recognized as support when received. All contributions are reported as increases in net assets without donor restrictions unless the use of the contributed assets is specifically restricted by the donor. Amounts received that are restricted by the donor to use in future periods or for specific purposes are reported as increases in net assets with donor restrictions. Unconditional promises with payments due in future years have an implied restriction to be used in the year the payment is due, and therefore are reported as restricted until the payment is due, unless the contribution is clearly intended to support activities of the current fiscal year. Conditional promises, such as matching grants, are not recognized until they become unconditional, that is, until all conditions on which they depend are substantially met.

Grant Revenue – Grant revenue is recognized when the qualifying costs are incurred for cost reimbursement grants or contracts or when the unit of service is provided for performance grants.

Donated Material and Services – A number of organizations have donated services and materials to the Association. The Association also received discounted rental and meeting spaces to carry on its activities. Donated material and services are recorded as support and expenses or assets in the accompany financial statements at their fair value upon receipt. Donated material and services during the year amounted to $132,017.

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 was 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 liability under ASC Topic 740, Income Taxes**.**

Concentration of Credit Risk - Financial instruments that potentially subject the Association to concentration of credit risk, consist principally of deposits in financial institutions and trade receivables. The Association maintains cash balances at several financial institutions, and each is insured by the Federal Deposit Insurance Corporation up to $250,000. The Association's deposit accounts may exceed $250,000. The Association periodically reviews its cash policies.

Compensated Absences – Accumulated paid time off is accrued when earned. As of June 30, 2022, the liability for employees for compensated absences was $4,148.

Expenses 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

Operating Leases - The Company records minimum rental expense on a straight-line basis over the base, noncancelable lease term.

New and Amended standards and interpretations - Pronouncements issued but not yet effective are listed below. Unless otherwise indicated, the Company does not expect that the future adoption of the said pronouncements will have a significant impact on its financial statements. The Company intends to adopt the following pronouncements when they become effective.

- ***ASU 2018-11, Leases (Topic 842) -*** In February 2016, FASB issued an ASU 2016-02 and created ASC Topic 842, Leases. ASC Topic 842 affects any entity that enters into a lease arrangement with another person. The guidance in this update supersedes ASC Topic 840. The main difference between previous GAAP and ASC Topic 842 is the recognition of accounting policies for leases classified as operating leases under previous GAAP. The amendments in this update for private entities are effective for fiscal years beginning after December 15, 2020. In June 2020, the FASB issued ASU 2020-05, Revenue from Contract with Customers (Topic 606) and Leases (Topic 842): Effective Dates for Certain Entities, which officially delays the effective dates of the revenue recognition and lease accounting rules for certain entities. The ASU defers the effective date of ASC Topic 842 for one year to fiscal years beginning after December 15, 2021. Early application is permitted. The Company does not expect the adoption of this guidance to have a material impact on the financial statements.

- ***ASU 2020-07, Presentation and Disclosures of Not-for-Profit Entities for Contributed Nonfinancial Assets*** requires nonprofits to change their financial statement presentation and disclosures of contributions nonfinancial assets or gifts-in-kind. The update was issued to improve transparency in reporting nonprofit gifts-in-kind. The ASU is effective for annual reporting periods beginning after June 15, 2021. Early adoption is permitted.

3. LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, comprise the following:

Cash and cash equivalents	$	706,365
Receivables		103,103
Amount available for general expenditures within one year	$	809,468

4. NOTE PAYABLE AND LINE OF CREDIT ARRANGEMENT

On February 18, 2021, the Association obtained a Paycheck Protection Program loan under a note payable to the Small Business Administration in the amount of $61,545. The note is eligible for forgiveness upon meeting certain requirements. The note is unsecured and bears interest at a rate of 1% per annum. The note is repayable in monthly payments of $4,424 including interest commencing in December 2021. In December 2021, the Association received forgiveness of the loan that was obtained under a note payable to the Small Business Administration on February 18, 2021. The Association recognized $61,545 in other income.

The Association obtained a line of credit arrangement with a bank which expires in December 2022. The arrangement allows borrowing of up to $235,000. Interest is payable monthly at the prime rate plus 0.75%. There was no borrowing under this arrangement during the year. The arrangement is secured by all assets of the Association.

5. RISK AND UNCERTAINTIES

Special benefits assessments received under a contract with the City and County of San Francisco represent approximately 80% of the Association's revenue. Under the terms of the contract, the City can suspend distributions and ultimately terminate the contract if the Association fails to provide adequate services to the Landside District. The contract expires on December 31, 2035, but could be terminated at an earlier date if the Fisherman's Wharf Community Landside Benefit District was disestablished by a vote of more than 50% of the assessed members.

In the early months of 2020, an outbreak of the novel strain of coronavirus (COVID-19) emerged globally. As a result, there have been mandates from federal, state and local authorities resulting in an overall decline in economic activity. Management is currently evaluating the impact on its activities and operations and has concluded that the effect of the general economic decline on the Association is unknown. While it is reasonably possible that the effect of the general decline could have a negative effect on the operations of the Association, the specific impact is not readily determinable. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

6. EMPLOYEE RETENTION CREDIT (ERC)

Under the provisions of the CARES Act signed into law on March 27, 2020, and the subsequent extension of the CARES Act, the Association was eligible for a refundable employee retention credit subject to certain criteria. The Association recognized $43,758 employee retention credit for the year ended June 30, 2022.

7. SUBSEQUENT EVENTS

The Association has evaluated subsequent events and transactions for potential recognition or disclosure through September 27, 2022, the date the financial statements were available to be issued.