

Fisherman's Wharf Association
of San Francisco
Financial Statements
June 30, 2015
(Reviewed)

Barlow & Hughan LLP
CERTIFIED PUBLIC ACCOUNTANTS

FISHERMAN'S WHARF ASSOCIATION OF SAN FRANCISCO

JUNE 30, 2015

TABLE OF CONTENTS

INDEPENDENT ACCOUNTANTS' REVIEW REPORT	PAGE NO.	1-2
STATEMENT OF FINANCIAL POSITION June 30, 2015		3
STATEMENT OF ACTIVITIES AND NET ASSETS Year ended June 30, 2015		4
STATEMENT OF CASH FLOWS Year ended June 30, 2015		5
NOTES TO FINANCIAL STATEMENTS		6-10
ADDITIONAL INFORMATION		
STATEMENT OF FUNCTIONAL EXPENSES Year ended June 30, 2015		11

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 California mutual benefit corporation) as of June 30, 2015 and the related statements of activities and net assets 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 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.

Our review was made primarily for the purpose of expressing a conclusion that there are no material modifications that should be made to the 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 11 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the inquiry and analytical procedures applied in the review of the basic financial statements, and we did not become aware of any material modifications that should be made to such information.

Barlow & Hughan LLP

San Francisco, California
October 1, 2015

FISHERMAN'S WHARF ASSOCIATION OF SAN FRANCISCO

STATEMENT OF FINANCIAL POSITION

JUNE 30, 2015

(See independent accountants' review report)

ASSETS

CURRENT ASSETS	
Cash	\$479,052
Assessments receivable net of allowance for doubtful accounts of \$25,000	57,225
Prepaid costs	<u>7,414</u>
	543,691
OFFICE FURNITURE AND EQUIPMENT - Net of accumulated depreciation (Note 3)	2,080
INTANGIBLE ASSETS - Net of amortization (Note 4)	<u>37,019</u>
	<u>\$582,790</u>

LIABILITIES

ACCOUNTS PAYABLE AND ACCRUED LIABILITIES	\$ 29,964
--	-----------

NET ASSETS

UNRESTRICTED	<u>552,826</u>
	<u>\$582,790</u>

See notes to financial statements.

FISHERMAN'S WHARF ASSOCIATION OF SAN FRANCISCO

STATEMENT OF ACTIVITIES AND NET ASSETS

YEAR ENDED JUNE 30, 2015

(See independent accountants' review report)

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
REVENUES AND SUPPORT			
Special benefit assessments	\$866,700		\$866,700
Public support	42,800		42,800
Program services	<u>17,958</u>		<u>17,958</u>
	927,458		927,458
OTHER GAINS AND (LOSSES)			
Provision for doubtful accounts	(25,000)		(25,000)
Special Events - Net of expenses of \$31,971	(6,235)		(6,235)
Interest and other income	199		199
Net assets released from restrictions	<u>25,000</u>	<u>\$ (25,000)</u>	
	<u>921,422</u>	<u>(25,000)</u>	<u>896,422</u>
EXPENDITURES			
Program services			
Landside - District identity and street improvements	296,441		296,441
Landside - Street operations, beautification and order	166,212		166,212
Portside - District identity and street improvements	174,028		174,028
General and administrative expenses	<u>181,747</u>		<u>181,747</u>
	<u>818,428</u>		<u>818,428</u>
CHANGE IN NET ASSETS	102,994	(25,000)	77,994
FUND BALANCES - Beginning of year	<u>449,832</u>	<u>25,000</u>	<u>474,832</u>
FUND BALANCES - End of year	<u>\$552,826</u>	<u>\$ -0-</u>	<u>\$552,826</u>

See notes to financial statements.

Barlow & Hughan LLP

CERTIFIED PUBLIC ACCOUNTANTS

FISHERMAN'S WHARF ASSOCIATION OF SAN FRANCISCO

STATEMENT OF CASH FLOWS

YEAR ENDED JUNE 30, 2015

(See independent accountants' review report)

CASH FLOWS PROVIDED BY OPERATING ACTIVITIES	
Assessments received	\$850,354
Cash paid to suppliers and employees	(788,543)
Cash received from programs and events	43,694
Grants received	25,000
Interest received	<u>199</u>
Net cash provided by operating activities	130,704
CASH - Beginning of year	<u>348,348</u>
CASH - End of year	<u>\$479,052</u>
RECONCILIATION OF CHANGE IN NET ASSETS	
TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
Change in net assets	\$ 77,994
Items not requiring cash:	
Depreciation and amortization	7,394
Provision for doubtful accounts	25,000
Changes in assets and liabilities:	
Increase in assessments receivable	(16,346)
Decrease in grants receivable	25,000
Decrease in prepaid costs	11,114
Increase in accounts payable	<u>548</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$130,704</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, 2015

(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. Management believes that during the year ended June 30, 2015, the organization has met this requirement.

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.

Barlow & Hughan LLP

CERTIFIED PUBLIC ACCOUNTANTS

FISHERMAN'S WHARF ASSOCIATION OF SAN FRANCISCO

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015

(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.

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, 2015 the association had no temporarily or 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. Assessments receivable are recorded net of an allowance for doubtful accounts of \$25,000. The allowance for doubtful accounts is estimated by management based on the Association's historical experience.

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.

Barlow & Hughan LLP

CERTIFIED PUBLIC ACCOUNTANTS

FISHERMAN'S WHARF ASSOCIATION OF SAN FRANCISCO

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015

(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, 2015 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 Form 990, Return of Organization Exempt from Income Tax, for the previous three years (four years for state) are subject to examinations by federal and state taxing authorities.

Donated Services

A number of organizations have donated services and materials to the Association. Further, the Association also received discounted rental and meeting space to carry on its activities. Management estimates the value of these donations to be \$42,800. This amount was recognized as public support and corresponding expenses were also recorded by the Association.

2. CASH

Cash at June 30, 2015 consisted of the following:

Cash in checking account	\$178,914
Cash deposited in interest-bearing account	<u>300,138</u>
	<u>\$479,052</u>

Barlow & Hughan LLP

CERTIFIED PUBLIC ACCOUNTANTS

FISHERMAN'S WHARF ASSOCIATION OF SAN FRANCISCO

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015

(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, 2015 was \$1,195.

Office furniture and equipment at June 30, 2015 consisted of the following:

Furniture and equipment	\$8,353
Less accumulated depreciation	<u>6,273</u>
	<u>\$2,080</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, 2015 was \$6,199.

At June 30, 2015 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>90,964</u>
	<u>\$ 37,019</u>

FISHERMAN'S WHARF ASSOCIATION OF SAN FRANCISCO

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015

(See independent accountants' review report)

5. RISK AND UNCERTAINTIES

Special benefit assessments are received under a contract with the City and County of San Francisco and represent approximately 90% 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.

At June 30, 2015 the Association had uninsured cash deposits with a bank totaling approximately \$230,000.

6. 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.

ADDITIONAL INFORMATION

Barlow & Hughan LLP
CERTIFIED PUBLIC ACCOUNTANTS

FISHERMAN'S WHARF ASSOCIATION OF SAN FRANCISCO

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2015

(See independent accountants' review report)

	Program Services <u>Landside</u>		Program Services <u>Portside</u>		General and <u>Administrative</u>		<u>Total</u>
	District identity and street <u>improvements</u>	Street operations, beautification <u>and order</u>	District identity and street <u>improvements</u>	<u>Landside</u>	<u>Portside</u>		
Salaries	\$ 76,795	\$ 24,025	\$ 45,102	\$ 78,089	\$25,848		\$249,859
Payroll taxes	5,623	2,943	3,377	6,383	2,099		20,425
Employee benefits	<u>4,680</u>	<u>2,583</u>	<u>2,710</u>	<u>2,367</u>	<u>1,196</u>		<u>13,536</u>
	87,098	29,551	51,189	86,839	29,143		283,820
Ambassador program	65,100	86,489	33,153				184,742
Events marketing	39,758		23,374				63,132
Hanging flower baskets	6,892		4,048				10,940
Security and parking operations	13,958	19,267	10,074				43,299
Professional fees	4,348		2,304	4,875	1,625		13,152
Occupancy	5,155	5,155	5,155	11,063	7,081		33,609
Marketing and media production	69,816	7,144	40,900				117,860
Signage		10,566					10,566
Office expenses				11,279	3,771		15,050
District Color Curb Program		2,578					2,578
Insurance				5,677	1,893		7,570
Deprecation and amortization				7,394			7,394
Meeting and events	3,142	3,143	3,142	3,142	3,142		15,711
Emergency preparedness	440	2,319	258				3,017
Travel				1,560	512		2,072
Miscellaneous	<u>734</u>		<u>431</u>	<u>1,933</u>	<u>818</u>		<u>3,916</u>
	<u>\$296,441</u>	<u>\$166,212</u>	<u>\$174,028</u>	<u>\$133,762</u>	<u>\$47,985</u>		<u>\$818,428</u>

See notes to financial statements.