

**FISHERMAN'S WHARF ASSOCIATION OF
SAN FRANCISCO, INC.**
FINANCIAL STATEMENTS

June 30, 2025

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FINANCIAL STATEMENTS

June 30, 2025

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INDEPENDENT AUDITOR'S REPORT

**To the Board of Directors of
Fisherman's Wharf Association of San Francisco:**

Opinion

We have audited the accompanying financial statements of Fisherman's Wharf Association of San Francisco, which comprise the statement of financial position as of June 30, 2025, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Fisherman's Wharf Association of San Francisco as of June 30, 2025, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis of Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Fisherman's Wharf Association of San Francisco and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Fisherman's

Wharf Association of San Francisco's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Fisherman's Wharf Association of San Francisco's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Fisherman's Wharf Association of San Francisco's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Walt Hoover & Co. LLP

San Francisco, California
October 7, 2025

FISHERMAN'S WHARF ASSOCIATION OF SAN FRANCISCO, INC.
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2025

ASSETS

Cash	\$	1,464,618
Grants and other receivables, net of allowance for credit losses of \$60,475		93,453
Prepaid expenses		24,704
Operating lease right-of-use asset		104,288
Leasehold improvement, net of accumulated amortization of \$2,457		8,072
		<hr/>
Total Assets	\$	<u>1,695,135</u>

LIABILITIES AND NET ASSETS

LIABILITIES

Accounts payable	\$	152,670
Accrued liabilities		30,557
Refundable advances		103,250
Operating lease liability		106,168
		<hr/>
Total Liabilities		<u>392,645</u>

COMMITMENTS AND CONTINGENCIES

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NET ASSETS

Net assets without donor restrictions		1,284,750
Net assets with donor restrictions		17,740
		<hr/>
Total Net Assets		<u>1,302,490</u>
	\$	<u>1,695,135</u>

FISHERMAN'S WHARF ASSOCIATION OF SAN FRANCISCO, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2025

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES AND SUPPORT			
Grant and contributions	\$ -	\$ 1,613,765	\$ 1,613,765
Assessments	1,392,972	-	1,392,972
Contribution of nonfinancial assets	147,478	-	147,478
Program service revenue	26,255	39,822	66,077
Interest Income	4,696	-	4,696
	<u>1,571,401</u>	<u>1,653,587</u>	<u>3,224,988</u>
Net assets released from restrictions - Satisfaction of program restrictions	<u>1,635,847</u>	<u>(1,635,847)</u>	<u>-</u>
Total support and revenue	<u>3,207,248</u>	<u>17,740</u>	<u>3,224,988</u>
EXPENDITURES			
Program services	2,657,470	-	2,657,470
General and administrative expenses	301,943	-	301,943
	<u>2,959,413</u>	<u>-</u>	<u>2,959,413</u>
CHANGE IN NET ASSETS	247,835	17,740	265,575
NET ASSETS - Beginning of year	<u>1,036,915</u>	<u>-</u>	<u>1,036,915</u>
NET ASSETS - End of year	<u><u>\$ 1,284,750</u></u>	<u><u>\$ 17,740</u></u>	<u><u>\$ 1,302,490</u></u>

FISHERMAN'S WHARF ASSOCIATION OF SAN FRANCISCO, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2025

	Program Services				General and Administrative	Total
	Clean and Safe	Marketing and Event	Port of San Francisco Programs	Total Program Services		
Wages and benefits	\$ 67,883	\$ 90,541	\$ 291,540	\$ 449,964	\$ 86,417	\$ 536,381
Safety and security	28,290	-	-	28,290	-	28,290
Ambassador programs	402,390	-	-	402,390	-	402,390
Directional/branding signs	-	32,571	-	32,571	-	32,571
Steam cleaning services	4,563	-	-	4,563	-	4,563
Beautification	-	-	45,894	45,894	-	45,894
Stewardship assistance	-	-	1,099,029	1,099,029	-	1,099,029
Events and activations	-	-	161,977	161,977	-	161,977
Marketing	-	275,368	16,847	292,215	-	292,215
Office expenses	1,624	-	361	1,985	73,154	75,139
Payroll taxes	3,447	7,831	20,199	31,477	7,787	39,264
Community engagement events	-	7,475	-	7,475	-	7,475
Professional fees	18,750	18,750	-	37,500	71,283	108,783
Rent	21,718	-	-	21,718	63,302	85,020
Website maintenance and license	-	40,422	-	40,422	-	40,422
	<u>\$ 548,665</u>	<u>\$ 472,958</u>	<u>\$ 1,635,847</u>	<u>\$ 2,657,470</u>	<u>\$ 301,943</u>	<u>\$ 2,959,413</u>

FISHERMAN'S WHARF ASSOCIATION OF SAN FRANCISCO, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2025

CASH FLOWS FROM OPERATING ACTIVITIES

Change in net assets	\$ 265,575
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Amortization	2,105
Changes in assets and liabilities -	
Grant and other receivables	(53,928)
Prepaid expenses	10,340
Operating lease right-of-use asset	24,331
Accounts payable	45,432
Accrued liabilities	4,554
Refundable advances	36,234
Operating lease liability	(22,740)
Total Adjustments	46,328
Net cash provided by operating activities	311,903
NET INCREASE IN CASH	311,903
CASH - BEGINNING OF YEAR	1,152,715
CASH - END OF YEAR	\$ 1,464,618
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:	
Cash paid during the year for:	
Operating lease liabilities	\$ 22,740

1. ORGANIZATION AND NATURE OF BUSINESS

Organization. The Fisherman's Wharf Association of San Francisco, Inc. (dba Fisherman's Wharf Community Benefit District [FWCBD]) was formed by the City and County of San Francisco (the City) in 2005, and was incorporated in California on February 23, 2006, as a non-profit public benefit corporation. The organization was renewed in 2020, and the FWCBD holds a Management Contract with the City for a term of fifteen (15) years, expiring on June 30, 2035.

Purpose. FWCBD serves as a catalyst for the unification of Fisherman's Wharf constituents. The core purpose of the FWCBD is to promote, advance, and maintain Fisherman's Wharf as a world-class destination. It provides important services to the Landside District that enhances the quality of life for property owners, residents, businesses, and tourists by making the district cleaner, safer, livelier, and vibrant. The programs and services to the Landside District include:

- **Cleaning, Hospitality, Safety.** Daily, the FWCBD Ambassador team sweeps and pressure-washes sidewalks; removes trash and debris, graffiti, and bio-hazards; and responds to general district cleaning needs. They are a welcome presence assisting visitors with basic directions, event information, and business locations inquiries. The FWCBD Ambassador team monitors the public realm and reports safety issues to all appropriate staff and external agencies. In addition to this, FWCBD staff maintains a strong relationship with SFPD Central Station to improve public safety in the district. FWCBD's Executive Director sits on the SFPD Central Station Captain Policy Advisory Board, to ensure strong visibility of the Landside District's quality of life issues.
- **Marketing and Activations.** To support and elevate Fisherman's Wharf, the FWCBD promotes district business and events through marketing efforts such as strategic email campaigns, targeted TV and radio advertisements, social media campaigns, business-to-business fliers, and more. The FWCBD also produces events to increase visitor traffic to the district and its small businesses through business luncheons, holiday events, and more.
- **Streetscape Improvement.** Public space programs to enhance the physical environment of space, such as landscaping improvements, maintenance and replacement of the Fisherman's Wharf signs, and producing and installing new wayfinding signage. The new wayfinding signs will bring a special District identity component, while effectively communicating state of place. The FWCBD also works with the appropriate City agencies to report maintenance needs for City-owned public sidewalks, bus and train stops, trees, light-poles, etc.

FISHERMAN’S WHARF ASSOCIATION OF SAN FRANCISCO, INC.
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- **Advocacy and Economic Development.** The purpose of advocacy is to promote the District as a clean, safe, and vibrant area. The FWCBD advocates for other services and resources to elevate Fisherman’s Wharf as a friendly and exciting place for dining, shopping, entertainment, and investing in business opportunities and properties. The FWCBD plays a vital role in the Fisherman’s Wharf economy through small business marketing support, district and tourism advocacy, activations and events to attract domestic and international visitors as well as supporting real estate leasing efforts by connecting small business owners and entrepreneurs with real estate brokers and property owners.
- **Port of San Francisco Grant (Portside).** This program allows the FWCBD to bring its cleaning, hospitality, safety, beautification, marketing and activation and event services onto Port Property. It is 100% funded through the Port of San Francisco. Its aim is to support and enhance the Port’s efforts to improve the quality of life and visitor experience, which include (1) the public spaces north of Jefferson Street and between Hyde Street and Powell Street; and (2) Little Embarcadero Activation Project. The program activities include: planning, design, and development; stewardship assistance; small beautification elements; outdoor events and storefront activations; and, engagement, marketing, and business attraction.

District. The Fisherman’s Wharf Landside Community Benefit District (the Landside District) is generally bounded by Jefferson Street to the North, Bay Street to the South (reaching Francisco Street in some areas), the Embarcadero to the East, and Van Ness Avenue to the West.

Property Ownership. The property owners 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. The FWCBD also provided services to the former Portside Community Benefit District until its disestablishment on December 31, 2020.

Property Assessment. Upon formation of the Landside District, its property owners were subject to multi-year special assessments imposed by the City under the Property and Business Improvement District Law of 1994. Under its Management Contract with the City, the FWCBD receives these special assessments and, in exchange, provides specific services to the property owners of the Landside District as outlined above.

Non-Assessment Income. The Management Contract with the City also requires the Association to raise a specified level of general benefit contributions and other non-assessment income. Management has exhibited compliance with this requirement during the year ended June 30, 2025, through its Grant efforts with the Port of San Francisco, as well as in-kind

service donations such as advertising services, discounted rent, legal services, and professional trainings.

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) for not-for-profit organizations.

Recently Issued Accounting Standards The Financial Accounting Standards Board (FASB) has issued the following Accounting Standards Updates (ASUs):

- ASU 2023-08, Intangibles - Goodwill and Other Crypto Assets (Topic 350-60) - In December 2023, the FASB issued ASU 2023-08, which requires certain crypto assets to be measured at fair value with changes recognized in net income and presented separately from other intangible assets. This ASU is effective for fiscal years beginning after December 15, 2024, including interim periods within those fiscal years. The Association does not currently hold any crypto assets; therefore, adoption of this standard is not expected to have a material impact on the Association's financial statements.
- ASU 2023-09, Income Taxes (Topic 740) Improvements to Income Tax Disclosures - In December 2023, the FASB issued ASU 2023-09, which enhances the transparency and consistency of income tax disclosures. Key provisions include expanded tabular reconciliations and additional information on income taxes paid. For not-for-profit entities, this standard is effective for annual periods beginning after December 15, 2025. The adoption of this standard is not expected to have a material impact on the Association's financial statements.

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 consists of funds in checking and saving accounts.

Grants and Other Receivable and Allowances for Credit Losses – Grants receivable are recognized when an unconditional promise to give is made by a donor. It also includes amounts due from the City for cost reimbursement or performance grants. Assessments billed but not transmitted by the City at year end are recorded as receivables. When indicated, grants and other receivables are presented net of allowance for credit losses resulting from the donors or customers inability to make the required payments. The allowance for credit losses is based on historical loss experience in combination with current economic conditions and a forecast of future economic conditions. Any change in the assumptions used in analyzing a specific

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receivable might result in an additional allowance for credit losses being recognized in the period in which the change occurs. Receivables are written off against the allowance when the receivables will not be collected.

Leasehold Improvement – Leasehold improvement is stated at cost less accumulated amortization. Leasehold is amortized on a straight-line over the life of the improvement or the term of the lease, whichever is shorter. When assets are retired or otherwise disposed of, the cost and related accumulated 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 expenses as incurred; significant renewals or improvements are capitalized.

The Association reviews the carrying values of the leasehold improvements for impairment whenever events or circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use. When considered impaired, an impairment loss is recognized to the extent carrying value exceeds the fair value of the asset. There were no indicators of asset impairment during the year ended June 30, 2025.

Amortization expense amounted to \$2,105 for the year ended June 30, 2025.

Right-of-Use Asset and Lease Liability – Right-of-use asset and the related lease liability are recognized at the lease commencement date and represent the right to use an underlying asset and lease obligations for the lease term. Right-of-use assets are measured at the initial value of the lease liability plus any payments made to the lessor before the commencement of the lease term, less any lease incentives received from the lessor at or before the commencement of the lease term, plus any initial direct costs necessary to place the lease asset into service. Right-of-use asset is amortized over the shorter of the lease term or the useful life of the underlying asset using the straight-line method.

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 or grantor 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

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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. As of June 30, 2025, net assets with donor restriction of \$17,740 is restricted for expenditures for Port of San Francisco programs.

Classification of Transactions – All revenues, contributions, interest, and other income 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. 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. These reclassifications are reported in the accompanying statements of activities as net assets released from restrictions. All expenses and net losses are reported as a decrease in the net assets without donor restrictions.

Assessments – Revenue from the special assessment 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. Program service revenue is recognized over the period that service is provided.

Contributions – Contributions, including unconditional promises to give, are recognized as support upon notification of awards or contribution. 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, including government grants, 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. Government grants are considered non-reciprocal arrangements, meaning the granting agency has not received a direct benefit in exchange for the resources provided. Government grants are subject to review by grantor agencies. The review could result in disallowance of expenditures under the term of the grant or reduction of future grant funds. The Association's management believes that costs ultimately disallowed, if any, would not be material to the financial statements. Funds received from conditional contributions are recognized as refundable advances until the condition is substantially met

FISHERMAN’S WHARF ASSOCIATION OF SAN FRANCISCO, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

(cost is incurred or when services are provided).

Contribution of Nonfinancial Assets – A few organizations have donated services and materials to the Association. The Association also received discounted rent and meeting spaces to carry on its activities. Donated material and services are recorded as support and expenses or assets in the accompanying financial statements at their fair value at the date of donation. Donated services are recognized as a contribution if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Association.

Other Income – Revenues from programs, interest and other income are recognized when earned.

Advertising Costs – Advertising costs are expensed as incurred.

Compensated Absences – Accumulated paid time off is accrued when earned. As of June 30, 2025, the liability for employees for compensated absences was \$21,570.

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 Association incurs expenses that are directly related to and can be assigned to specific programs. Costs which are not specifically attributable to a specific program or general administration are allocated by management on a consistent basis among programs and general administration based on the following basis:

Employment Costs	Time and effort
Other expenses	Based on square footage

Operating Leases – The Association entered into a noncancellable operating lease agreement for office spaces. The lease liability and ROU asset represent its lease obligations and rights to use the leased asset over the period of the lease and are recognized when the Association enters into the lease. The lease payments are discounted using a rate determined when the lease is recognized. Since the Association’s lease do not provide a stated rate, the Association elected the option to use the risk-free rate based on the information available at the commencement date in determining the present value of lease payments. The related operating lease ROU asset may differ from the operating lease liability due to deferred or prepaid lease payments. There are no lease incentives. The Association has elected to apply the short-term lease exemption for all leases with a term of 12 months or less to not recognize the asset and liability for these leases. The Association records rental expenses on a straight-line basis over the base, noncancelable lease term.

Income Tax Status – The Association qualifies as a tax-exempt organization under the provisions of Section 501(c)(3) of the internal Revenue Code and under Section 23701(e) of

FISHERMAN'S WHARF ASSOCIATION OF SAN FRANCISCO, INC.
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the California Revenue and Taxation Code and is therefore generally exempt from federal and state income taxes. Income taxes are payable, however, on revenue from sources unrelated to its tax-exempt purpose. There were no penalties 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.

Fair Value Measurement – The Association is required to disclose the estimated fair values of its financial instruments. The fair value estimates presented herein are based on relevant information available to management as of June 30, 2025. Because the reporting requirements exclude certain financial instruments and all non-financial instruments, the aggregate fair value amounts presented herein do not represent management's estimate of the underlying value of the Association.

The Association's financial instruments consist principally of cash, receivables, investments, and accounts payable and accrued liabilities.

As defined in Accounting Standards Codification (ASC) Topic 820, *Fair Value Measurements*, fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (an exit price methodology). ASC Topic 820 establishes a framework for measuring fair value that includes a hierarchy used to classify inputs used in measuring fair value. The hierarchy prioritizes inputs to valuation techniques used to measure fair value into three levels, which are either observable or unobservable. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect an entity's view of market assumptions in the absence of observable market information.

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.

FISHERMAN'S WHARF ASSOCIATION OF SAN FRANCISCO, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

3. GRANTS AND OTHER RECEIVABLE

Grants and other receivable as of June 30, 2025, consist of:

Receivables from:

Portside District assessment	\$	60,475
Landside District assessments		62,141
Retail Strategy grant		17,040
Other receivables		<u>14,272</u>
		153,928
Allowance for credit losses		<u>(60,475)</u>
	\$	<u><u>93,453</u></u>

All receivables are due within one year.

As discussed in Note 1, Portside District was disestablished on December 31, 2020, and the related receivables are provided for with an allowance for credit losses.

The analysis of the allowance for credit losses follows:

Allowance for credit losses at beginning of year	\$	60,475
Provision for credit losses		-
Write-off		<u>-</u>
Allowance for credit losses at end of year	\$	<u><u>60,475</u></u>

FISHERMAN’S WHARF ASSOCIATION OF SAN FRANCISCO, INC.
NOTES TO FINANCIAL STATEMENTS
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4. LIQUIDITY AND AVAILABILITY

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

Cash and cash equivalents	\$ 1,464,618
Receivables, net of allowance for credit losses	<u>93,453</u>
Total financial assets	1,558,071
Less: Refundable advances	103,250
Net asset with donor restriction	<u>17,740</u>
Amount available for general expenditures within one year	<u><u>\$ 1,437,081</u></u>

5. NOTE PAYABLE AND LINE OF CREDIT ARRANGEMENT

The Association had a revolving line of credit arrangements with a bank which will expire on April 23, 2026. The arrangement allows borrowing of up to \$235,000. Borrowing under the revolving line of credit bears a variable interest rate of the prime rate plus 0.75%. As of June 30, 2025 and during the year then ended, the Association did not draw on the line of credit.

6. RISK AND UNCERTAINTIES

Special benefits assessments received under a contract with the City and County of San Francisco represent approximately 43% 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.

FISHERMAN’S WHARF ASSOCIATION OF SAN FRANCISCO, INC.
NOTES TO FINANCIAL STATEMENTS
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7. CONTRIBUTION OF NONFINANCIAL ASSETS

For the year ended June 30, 2025, financial assets recognized in the statement of activities included the following:

	<u>Revenue Recognized</u>	<u>Usage in Programs/Activities</u>	<u>Donor Restrictions</u>
Contribution of nonfinancial assets:			
Use of facilities (Rent)	\$ 24,150	General Administrative	None
Legal services	2,552	General Administrative	None
Advertising services	<u>120,776</u>	Marketing and Events	None
	<u>\$ 147,478</u>		

The fair value of the use of facilities is based on the area multiplied by the average rent rate per square foot and the fair value of the advertising services is based on the current price charged by the donor to its customers. Contributed legal services are used for management and general activities and are recognized at fair value based on current rates for similar legal services.

8. EMPLOYEE RETIREMENT BENEFITS

The Association has a defined contribution pension plan which qualifies under Section 401(k) of the Internal Revenue Code (the Code) and permits salaried employees over the age of 18 and have been employed for at least 12 months to voluntarily contribute up to the maximum allowed under the Code. The employer contribution is discretionary and was \$11,834 during the year ended June 30, 2025.

9. LEASE COMMITMENTS

In March 2024, the Association signed a five-year office lease. At the lease commencement date, the Association recognized \$132,574 in operating right-of-use asset and associated operating lease liabilities, based on the present value of the expected operating lease payments.

The Association’s lease agreement contains variable lease payments such as common area charges. Variable lease costs are expensed as incurred on the statement of activities. The Association does not remeasure lease liabilities as a result of changes to variable lease payments. The Association’s lease agreement does not contain any residual value guarantees or restrictive covenants.

FISHERMAN'S WHARF ASSOCIATION OF SAN FRANCISCO, INC.
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The following table presents the components of rent expense for operating and finance leases for the year ended June 30, 2025:

Operating lease cost	\$	23,251
Short-term lease cost		8,017
Variable lease cost		<u>29,602</u>
Total lease cost		60,870
Contributed use of facilities		<u>24,150</u>
	\$	<u>85,020</u>

The remaining lease term of the operating lease is 3.83 years, and the discount rate used is 4.64%.

The following table presents a maturity analysis of the Association's operating lease liabilities as of June 30, 2025:

June 30, 2026	\$	28,980
June 30, 2027		29,849
June 30, 2028		30,745
June 30, 2029		<u>26,258</u>
Total future lease payments		115,832
Less imputed interest		<u>9,664</u>
	\$	<u>106,168</u>

10. SUBSEQUENT EVENTS

The Association has evaluated subsequent events and transactions for potential recognition or disclosure through October 7, 2025, the date the financial statements were available to be issued.