San Francisco Tourism Improvement District Management Corporation

Financial Statements

June 30, 2026

San Francisco Tourism Improvement District Management Corporation

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Independent Auditors' Report

To the Board of Directors of
San Francisco Tourism Improvement District Management Corporation

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of San Francisco Tourism Improvement District Management Corporation (SFTIDMC), which comprise the statement of financial position as of June 30, 2026, 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 accompanying financial statements present fairly, in all material respects, the financial position of SFTIDMC as of June 30, 2026, 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 (GAAP).

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of SFTIDMC 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 GAAP, 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 SFTIDMC's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' 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 auditors' 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 GAAS 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.

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In performing an audit in accordance with GAAS, 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 SFTIDMC'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 SFTIDMC'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.

Report on the Summarized Comparative Information

We have previously audited San Francisco Tourism Improvement District Management Corporation's financial statements as of and for the year ended June 30, 2025, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 24, 2025. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2025 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Baker Tilly US, LLP

San Francisco, California
October 23, 2026

San Francisco Tourism Improvement District Management Corporation

Statement of Financial Position
June 30, 2026 (with Summarized Financial Information as of June 30, 2025)

	TID Fund	MED Fund	Totals 2026	Totals 2025
Assets				
Current Assets				
Cash and cash equivalents	$ 16,059,787	$ 5,389,672	$ 21,449,459	$ 10,690,612
Grants receivable	-	-	-	1,600,000
Security deposit	-	-	-	6,188
Total assets	$ 16,059,787	$ 5,389,672	$ 21,449,459	$ 12,296,800
Liabilities and Net Assets				
Current Liabilities				
Accounts payable	$ 1,205,519	$ 439,759	$ 1,645,278	$ 2,684,715
Notes payable	-	10,551	10,551	510,209
Deferred revenue	-	-	-	1,188,757
Accrued liabilities	-	32,132	32,132	33,392
Total current liabilities	1,205,519	482,442	1,687,961	4,417,073
Notes Payable, Net of Current Portion	-	468,554	468,554	479,106
Total liabilities	1,205,519	950,996	2,156,515	4,896,179
Net Assets (Deficit)				
Without donor restrictions				
Designated	14,854,268	4,937,213	19,791,481	9,025,047
Undesignated	-	(498,537)	(498,537)	(1,624,426)
Total net assets	14,854,268	4,438,676	19,292,944	7,400,621
Total liabilities and net assets	$ 16,059,787	$ 5,389,672	$ 21,449,459	$ 12,296,800

See notes to financial statements

San Francisco Tourism Improvement District Management Corporation

Statement of Activities
Year Ended June 30, 2026 (with Summarized Financial Information for the Year Ended June 30, 2025)

	Without Donor Restrictions			Totals	
	TID Fund	MED Fund	AMB	2026	2025
Support and Revenues					
Assessments (Note 4)	$ 54,599,850	$ 27,219,150	$ -	$ 81,819,000	$ 48,550,060
Government grants	-	-	22,409	22,409	3,121,403
Interest and dividends	271,188	47,976	-	319,164	41,004
Total support and revenues	54,871,038	27,267,126	22,409	82,160,573	51,712,467
Expenses					
Program services:					
Marketing and promotion	38,850,932	190,829	-	39,041,761	22,527,703
Moscone Center	5,827,025	24,367,062	-	30,194,087	19,829,610
Downtown ambassador services	-	-	-	-	3,020,722
Total program services	44,677,957	24,557,891	-	69,235,848	45,378,035
Management and general	522,149	487,844	22,409	1,032,402	960,435
Total expenses	45,200,106	25,045,735	22,409	70,268,250	46,338,470
Change in net assets	9,670,932	2,221,391	-	11,892,323	5,373,997
Net Assets, Beginning	5,183,336	2,217,285	-	7,400,621	2,026,624
Net Assets, Ending	$ 14,854,268	$ 4,438,676	$ -	$ 19,292,944	$ 7,400,621

See notes to financial statements

San Francisco Tourism Improvement District Management Corporation

Statement of Functional Expenses

Year Ended June 30, 2026 (with Summarized Financial Information for the Year Ended June 30, 2025)

	TID FUND		MED Fund		AMB	Totals	
	Program Services	Management and General	Program Services	Management and General	Management and General	2026	2025
Marketing and promotion	$ 38,850,932	$ -	$ 190,829	$ -	$ -	$ 39,041,761	$ 22,527,703
Moscone Center:							
Debt service and stabilization fund	-	-	22,256,415	-	-	22,256,415	16,254,956
Sales incentive	5,827,025	-	2,077,658	-	-	7,904,683	3,431,222
Interest expense	-	-	32,989	-	-	32,989	143,432
Contractual services:							
Treasurer fees	-	283,216	-	241,676	-	524,892	427,926
San Francisco Travel Association fees	-	170,336	-	170,336	-	340,672	371,145
Professional fees	-	33,492	-	40,423	20,670	94,585	2,905,527
Insurance and taxes	-	32,823	-	31,957	-	64,780	62,679
Office expenses	-	2,282	-	3,452	1,739	7,473	13,640
Salaries and wages	-	-	-	-	-	-	200,240
Total	$ 44,677,957	$ 522,149	$ 24,557,891	$ 487,844	$ 22,409	$ 70,268,250	$ 46,338,470

See notes to financial statements

San Francisco Tourism Improvement District Management Corporation

Statement of Cash Flows
Year Ended June 30, 2026 (with Summarized Financial Information for the Year Ended June 30, 2025)

	TID Fund	MED Fund	AMB	Totals 2026	Totals 2025
Cash Flows From Operating Activities					
Change in net assets	$ 9,670,932	$ 2,221,391	$ -	$ 11,892,323	$ 5,373,997
Adjustments to reconcile change in net assets to net cash provided by operating activities:					
Grants receivable	-	-	1,600,000	1,600,000	(950,000)
Security deposit	-	-	6,188	6,188	2,638
Accounts payable	(115,853)	(450,516)	(473,068)	(1,039,437)	1,097,103
Accrued liabilities	-	(1,260)	-	(1,260)	(10,731)
Deferred revenue	-	-	(1,188,757)	(1,188,757)	28,597
Net cash provided by (used in) operating activities	9,555,079	1,769,615	(55,637)	11,269,057	5,541,604
Cash Flows From Financing Activities					
Payments of notes payable	-	(510,210)	-	(510,210)	(1,009,877)
Net cash used in financing activities	-	(510,210)	-	(510,210)	(1,009,877)
Net increase (decrease) in cash and cash equivalents	9,555,079	1,259,405	(55,637)	10,758,847	4,531,727
Cash and Cash Equivalents, Beginning	6,504,708	4,130,267	55,637	10,690,612	6,158,885
Cash and Cash Equivalents, Ending	$ 16,059,787	$ 5,389,672	$ -	$ 21,449,459	$ 10,690,612
Supplemental Disclosure of Cash Flow Information					
Cash paid during the year for interest	$ -	$ 32,989	$ -	$ 32,989	$ 143,432

See notes to financial statements

1. Nature of Organization

San Francisco Tourism Improvement District Management Corporation (SFTIDMC) is a not-for-profit organization formed for the purpose of managing and administering the Tourism Improvement District (TID) and Moscone Expansion District (MED) pursuant to a management contract with the City and County of San Francisco (the City). Refer to Note 4.

2. Summary of Significant Accounting Policies

Basis of Presentation

SFTIDMC prepares the financial statements in accordance with generally accepted accounting principles promulgated in the United States of America for not-for-profit organizations (U.S. GAAP). The significant accounting and reporting policies used by SFTIDMC are described subsequently to enhance the usefulness and understandability of the financial statements.

The accompanying financial statements present the accounts of Tourism Improvement District Fund (TID Fund), Moscone Expansion District Fund (MED Fund) and Ambassador Program (AMB).

The Ambassador Program concluded on June 30, 2025, upon the expiration of the related agreement. Accordingly, SFTIDMC ceased administering the program as of that date. During the year ended June 30, 2026, SFTIDMC completed the remaining closeout activities associated with the program, including the collection of outstanding grants receivable, recovery of security deposit, and settlement of outstanding liabilities, in accordance with the terms of the grant agreement. In connection with the program closeout, SFTIDMC recognized $22,409 in government grant revenue and corresponding management and general expenses during the year ended June 30, 2026. As of June 30, 2026, there were no remaining assets, liabilities, or commitments related to the program.

SFTIDMC reports information regarding its financial position and activities according to two classes of net assets:

Net Assets Without Donor Restrictions - Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The net assets are designated in accordance with the Management District Plan. Refer to Note 4.

Net Assets With Donor Restrictions - Net assets subject to donor (or certain grantor) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. All net assets of SFTIDMC were without donor restrictions at June 30, 2026.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. On an ongoing basis, management evaluates the estimates and assumptions based upon historical experience and various other factors and circumstances. Management believes that the estimates and assumptions are reasonable in the circumstances; however, the actual results could differ from those estimates.

Cash and Cash Equivalents

Cash consists of funds in checking and savings accounts. Cash equivalents consist of short-term and highly liquid investments with original maturities of three months or less from the dates of acquisition.

Grants Receivable and Allowance for Doubtful Accounts

Grants receivable are recognized when an unconditional promise to give is made by a donor. It also includes amounts due from the government on cost reimbursement or performance grants. Accordingly, an unconditional promise to give that extends beyond one year is discounted to reflect its net present value using risk-free interest rates applicable to the years in which the promises are received. The allowance for doubtful accounts reflects management's best estimate of the accounts that will not be collected based on historical experience and an evaluation of the outstanding receivable at the end of the year. At June 30, 2026, SFTIDMC has no outstanding grants receivable.

Revenue Recognition

Assessments

SFTIDMC receives assessments from gross hotel room revenues which are collected by the City under the terms of the agreement between SFTIDMC and the City (refer to Note 4). Revenues from assessments, which include fines and penalties, are accounted for as support and recognized when notification of the assessments is received from the City in accordance with Topic 958, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*.

Government Grants

SFTIDMC receives grants from the local government. Government grants are recognized when the qualifying costs are incurred or when a unit of service is provided. The arrangements are nonreciprocal, 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 terms of the grant or reductions of future grant funds. SFTIDMC's management believes that costs ultimately disallowed, if any, would not materially affect its financial position.

For the year ended June 30, 2026, SFTIDMC received conditional grants which amounted to $22,409. Funds received from conditional contributions are recognized as deferred revenue until the condition is substantially met (that is, when the allowable costs are incurred). As of June 30, 2026, the full amount of the grants had been recognized as revenue.

Other

Revenues from interest and dividends are recognized when earned.

Allocation of Functional Expenses

The costs of program and supporting service activities have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents the natural classification detail of expenses by function. Expenses are identified with a specific program or support service and are charged directly to that program or support service. Costs common to multiple functions have been allocated among the various functions benefited based on the staff time utilized and the ultimate purpose of the expenditure.

Management and general expenses include those costs that are not directly identifiable with any specific program, but which provide for the overall support and direction of SFTIDMC.

Tax Status

SFTIDMC is exempt from federal and state income taxation under Section 501(c)(6) of the Internal Revenue Code (IRC) and under Section 23701(e) of the California Revenue and Taxation Code, respectively. Accordingly, no provision for income tax has been made in the accompanying financial statements.

U.S. GAAP provides disclosure guidance about positions taken by an entity in its tax returns that might be uncertain. Management has considered its tax positions and does not believe that SFTIDMC has any uncertain tax positions that require adjustment or disclosure in the financial statements. SFTIDMC's returns are subject to examination by federal and state taxing authorities, generally for three to four years, respectively, after they are filed.

Summarized Comparative Financial Information

The financial statements include certain prior year summarized comparative financial information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with U.S. GAAP. Accordingly, such information should be read in conjunction with SFTIDMC's financial statements for the year ended June 30, 2025, from which the summarized information was derived.

Subsequent Events

SFTIDMC has evaluated subsequent events through October 23, 2026, the date which the financial statements were available to be issued.

3. Liquidity and Availability of Financial Assets

SFTIDMC's goal is to maintain financial assets per the Management District Plans of TID and MED (the Management District Plans). Annually, the SFTIDMC Board of Directors approves the annual budget based on the terms of the agreements with the City.

The following represents SFTIDMC's financial assets at June 30, 2026 available for general expenditures within the following 12 months:

	TID Fund	MED Fund	Totals
Financial assets at year-end:			
Cash and cash equivalents	$ 16,059,787	$ 5,389,672	$ 21,449,459
Total financial assets	16,059,787	5,389,672	21,449,459
Less amounts designated for the following purpose in accordance with the Management District Plans:			
Moscone Center Incentive Fund	10,050,704	2,737,508	12,788,212
SF Travel Association Marketing & Operations	4,033,630	-	4,033,630
Moscone Center Capital Fund	211,889	939,174	1,151,063
Admin/Contingency/Reserve	558,045	1,260,531	1,818,576
	14,854,268	4,937,213	19,791,481
Financial assets available for general expenditures as of June 30, 2026	$ 1,205,519	$ 452,459	$ 1,657,978

SFTIDMC considers all expenditures related to its ongoing program, management and administrative activities as general expenditures, excluding certain amounts designated for specific purposes in accordance with the Management District Plans.

4. Business Improvement District Assessments

The following describes the assessments related to the agreements entered into by SFTIDMC with the City and County of San Francisco.

Tourism Improvement District Assessments

On December 16, 2008, the San Francisco Board of Supervisors approved the establishment of a business-based business improvement district, known as the Tourism Improvement District, and assessments on gross room revenues (TID assessments) on hotels within the TID, which are categorized as Zone 1 or Zone 2 depending on their location. The TID assessments were designed to generate funds dedicated to promoting and marketing the City as a leisure and convention destination, and to fund repairs and improvements to the Moscone Center.

The TID assessments are collected by the City and remitted to SFTIDMC. SFTIDMC will ensure that the TID assessments collected are used to benefit the assessed businesses by (1) allocating them to the San Francisco Travel Association (the Association) to fund its marketing and promotional programs; and (2) keeping the Moscone Center competitive with those of other major cities.

The Association's marketing and promotional programs have been funded by SFTIDMC since July 1, 2009.

On September 13, 2022, the City's Board of Supervisors approved the renewal and expansion of TID for a period of 15 years, commencing January 1, 2024. Effective January 1, 2024, the TID was expanded to include short-term residential rentals that operate within the zones. In August 2024, the Board approved a 1% increase in TID assessment rates, effective November 1, 2024, for a one-year period. In August 2025, the Board approved the continuation of the 1% increase for an additional one-year period, effective November 1, 2025.

In July 2026, the Board approved the continuation of the 1% increase for an additional one-year period, effective November 1, 2026.

The schedule of annual TID assessments are as follows:

	Zone 1	Zone 2
November 1, 2024 - October 31, 2027	2.25 %	2.00 %

Moscone Expansion District Assessments

On June 21, 2012, the City announced the development of a 25-year master plan for the expansion of the Moscone Center. The expansion was funded by a public-private partnership with SFTIDMC and the City. On February 5, 2013, the San Francisco Board of Supervisors approved the creation of the Moscone Expansion District which will provide the majority of funding for the expansion of the Moscone Center.

The City began imposing assessment of fees on gross hotel room revenue on July 1, 2013 (MED assessments). The term of the MED is 32 years. The MED assessment rate is 1.25% of gross revenue in Zone 1 and 0.3125% in Zone 2.

The City will commit the following towards the repayment of bonds issued in connection with the expansion:

- Contribution of $8,200,000 in fiscal year 2019 with an increase of 3% per year through fiscal year 2028 up to a cap of $10,700,000, with a continuing contribution of no less than $10,700,000 per year for the remainder of the term of the MED.

- The City will fund shortfalls in any given year for purposes of debt service, which will be repaid from surpluses in MED assessments, as detailed in the Management District Plan.

The amount of debt service to retire the MED portion of the indebtedness shall not exceed the estimated amount of revenue to be raised from the assessment. No more than a total maximum of $5,766,814,000 in assessment funds will be collected during the 32-year term of the MED.

The MED assessments will be used for the following improvements and activities, including the categories of expenses:

- Planning, design, engineering, entitlement, construction, project management and related services for expansion of the Moscone Center, including related payments for any bond, financing lease (including certificates of participation) or similar obligations of the City.

- Funding of a Moscone Center Incentive Fund which will be used to attract significant meetings, tradeshows and conventions to San Francisco via offset of rental costs.

- Funding of a Moscone Center Sales & Marketing Fund to provide increased funding for sales and marketing of convention business, with a focus on generating increased revenues for hotels that pay the assessment.

- Funding of capital improvements and renovations, including a capital reserve fund to cover future upgrades and improvements to the Moscone Center.

- Allocation of funds to pay for District formation, operation and administration, and to establish and maintain a contingency reserve.

- In consultation with the City, funding of expenses for development and implementation of future phases of expansion, renovations or capital improvements if there are funds available in excess of those needed for the expansion.

For the year ended June 30, 2026, the City Treasurer and Tax Collector's Office (TTX) withheld 82.50% of MED assessments amounting to $22,256,415 from the TTX's cash collections from July 2025 through June 2026.

The funds apportioned by the City for the above purpose are included in the MED assessments in the statement of activities and program services in the statement of functional expenses for the year ended June 30, 2026.

5. Note Payable

The note payable consists of the following as of June 30, 2026:

Term loan of $500,000 with the U.S. Small Business Administration (SBA), bears interest of 2.75% per annum, payable 30 years from the date of the promissory note which was December 3, 2021, with monthly installment payments, including principal and interest, of $2,189, commencing 30 months from the date of promissory note.	$	479,105
Current portion of note payable		(10,551)
Long-term debt	$	468,554

The annual maturities of note payable were as follows:

Years ending June 30:		
2027	$	10,551
2028		10,907
2029		11,274
2030		11,653
2031		12,045
Thereafter		422,675
Total	$	479,105

During 2026, SFTIDMC fully repaid its $500,000 line of credit with Wells Fargo Bank. There was no outstanding balance under the line of credit as of June 30, 2026.

6. Related-Party Transactions

SFTIDMC entered into agreements for professional and administrative services with the San Francisco Travel Association (the Association), a related party with common Board of Directors. The agreements were effective for the period June 4, 2009 to June 30, 2010, and are automatically renewed annually thereafter.

Under the Professional Services Agreement, the Association will provide marketing and promotional services consistent with the requirements of the Management District Plan. The Association will be compensated based on its budget, as approved by SFTIDMC's Board of Directors, and consistent with the Management District Plan.

Under the Administrative Services Agreement, the Association will provide the following services: (1) staff support for the operation of SFTIDMC, (2) the Chief Financial Officer (CFO) of the Association will serve as CFO of SFTIDMC and the Association's staff will perform finance and accounting related functions, (3) the Association will be responsible for the tax related issues of SFTIDMC, (4) the Association will be responsible for all compliance issues of SFTIDMC, including compliance with the management plan approved by the San Francisco Board of Supervisors, and (5) the Association will be responsible for developing an appropriate investment policy and program for SFTIDMC funds. On July 1, 2013, the Administrative Services Agreement was revised primarily to include MED. Based on the agreement, the Association will be compensated a fee of $190,000 per annum, subject to an annual increase of 5%, for the performance of the above services on behalf of both TID and MED.

The expenditures related to the marketing and promotional services (professional services) and administrative services amounted to $39,041,761 and $340,672, respectively, during the year ended June 30, 2026. As of June 30, 2026, there were no outstanding payables to the Association for these services.

7. Commitments

Pursuant to the establishment of the TID as approved by the Board of Supervisors in December 2008, the Office of the Treasurer and Tax Collector for the City and County of San Francisco (the Treasurer) was mandated to collect the TID Assessments on behalf of SFTIDMC. In August 2009, an administration agreement was entered into between the Treasurer and SFTIDMC wherein the Treasurer agreed to provide the following services: (a) collect assessments in accordance with the management plan, (b) provide quarterly reports indicating the amount of penalties, fees, assessment and interest collected, and (c) provide a list of delinquent accounts on a quarterly basis. SFTIDMC shall pay the Treasurer a monthly collection fee plus commission on collection of delinquent accounts and fees for other services that the Treasurer may provide in connection with its services on behalf of TID and MED.

The amount of fees charged by the Treasurer for both TID and MED was $524,892 during the year ended June 30, 2026. These fees are recorded under Contractual Services-Treasurer fees in the statement of functional expenses.

8. Risks and Uncertainties

Credit Risk

Financial instruments that potentially subject SFTIDMC to concentrations of credit risk consist principally of cash and cash equivalents. Risks associated with cash and cash equivalents are mitigated by banking with creditworthy institutions. Such balances with any one institution may, at times, be in excess of federally insured amounts (currently $250,000 per depositor).

9. Contingencies

Pursuant to the MED Management District Plan, the City will fund any shortfall in any given year for purposes of debt service due from MED, which will be repaid from surpluses in MED assessments, as detailed in the Management District Plan.