PORT COMMISSION:

Concession Audit of
Sun Coma's Restaurant, Inc.

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FINANCIAL AUDITS

September 27, 2004
03054
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FINANCIAL AUDITS

September 27, 2004
03054
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San Francisco Port Commission  
Pier 1 Building  
Port of San Francisco  
San Francisco, CA 94111  

President and Members:  

The Office of the Controller presents its report concerning the concession audit of Scoma’s Restaurant, Inc. (Scoma’s). Scoma’s has a 54-year lease with the Port Commission of the City and County of San Francisco to operate a restaurant at Fisherman’s Wharf.

**Reporting Period:** January 1, 2001, through December 31, 2003  

**Rent Paid:** $2,478,831  

**Results:**  
Scoma’s correctly reported gross revenues of $38,117,529 and correctly paid its rent to the Port of San Francisco.

Respectfully submitted,  

[Signature]  

Noriaki Hirasuna  
Director
INTRODUCTION

BACKGROUND

Scoma’s Restaurant, Inc. (Scoma’s) has a 54-year lease with the San Francisco Port Commission (Port), expiring in 2036, to operate a restaurant at Fisherman’s Wharf. The lease requires Scoma’s to pay the Port the greater of a monthly minimum rent or a specified percentage of Scoma’s monthly gross receipts. For the period reviewed, the Port specified a percentage rent of 6.5 percent of gross receipts from food and all items sold through the bar. The percentage rent for all other uses is 8.5 percent. During the audit period, Scoma’s paid monthly minimum rent of $15,774.

SCOPE AND METHODOLOGY

The purpose of our audit was to determine if Scoma’s complied with the reporting and payment provisions of its lease with the Port. Our review covered the period from January 1, 2001, through December 31, 2003. To conduct the audit, we reviewed the applicable terms of the lease and amendments and the adequacy of Scoma’s procedures for recording, summarizing, and reporting its gross revenues to the Port. To determine whether Scoma’s accurately reported its gross revenues to the Port, we compared Scoma’s reported gross receipts to the gross receipts Scoma’s reported in its monthly summary records for all months of the audit period. On a sample basis, we examined Scoma’s monthly sales summaries, daily sales reports, and bank deposit records. We also compared for selected quarters the gross receipts Scoma’s reported to the Port with the gross receipts Scoma’s reported to the California Board of Equalization. Finally, we determined whether Scoma’s has any outstanding payments due to the Port for the audit period.
AUDIT RESULTS

SCOMA'S CORRECTLY REPORTED ITS REVENUES AND PAID ITS RENT

From January 1, 2001, through December 31, 2003, Scoma’s correctly reported $38,117,529 of gross revenues and correctly paid rent of $2,478,831 to the Port. The table below shows the reported gross revenues and rent Scoma’s paid to the Port.

<table>
<thead>
<tr>
<th>Gross Revenues and Rent Paid</th>
<th>Gross Revenues</th>
<th>Rent Paid</th>
</tr>
</thead>
<tbody>
<tr>
<td>January 1, 2001, through December 31, 2001</td>
<td>$12,710,243</td>
<td>$826,406</td>
</tr>
<tr>
<td>January 1, 2002, through December 31, 2002</td>
<td>12,677,795</td>
<td>824,813</td>
</tr>
<tr>
<td>January 1, 2003, through December 31, 2003</td>
<td>12,729,491</td>
<td>827,612</td>
</tr>
<tr>
<td>Total</td>
<td>$38,117,529</td>
<td>$2,478,831</td>
</tr>
</tbody>
</table>

We conducted this review according to the standards established by the Institute of Internal Auditors. We limited our review to those areas specified in the audit scope section of this report.

Staff:  Elisa Sullivan, Audit Manager
        Lorita Chung

cc:  Mayor
     Board of Supervisors
     Civil Grand Jury
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