



**SAN FRANCISCO BAR PILOTS
AND
SAN FRANCISCO BAR PILOTS
BENEVOLENT AND PROTECTIVE ASSOCIATION**

CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended December 31, 2025 and 2024

**SAN FRANCISCO BAR PILOTS
AND
SAN FRANCISCO BAR PILOTS BENEVOLENT AND PROTECTIVE ASSOCIATION**

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Independent Auditors' Report

To the Members of
San Francisco Bar Pilots and San Francisco Bar Pilots Benevolent and Protective Association

Opinion

We have audited the consolidated financial statements of SAN FRANCISCO BAR PILOTS and SAN FRANCISCO BAR PILOTS BENEVOLENT AND PROTECTIVE ASSOCIATION, (collectively, the "Companies"), which comprise the consolidated balance sheets as of December 31, 2025 and 2024, and the related consolidated statements of income and comprehensive income, equity and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Companies as of December 31, 2025 and 2024, and the results of their operations and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits 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 Consolidated Financial Statements section of our report. We are required to be independent of the Companies and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. 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 Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Companies' ability to continue as a going concern for one year after the date that the consolidated financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated financial statements.

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 consolidated 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 consolidated 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 the Companies' 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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Companies' 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.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying supplementary information presented in Exhibits 1 through 8 is presented for the purpose of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, except for the effects described in the paragraph below, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

The accompanying consolidating information on Exhibit 1 does not include right-to-use lease assets and lease liabilities for material related-party leases that fully eliminate upon consolidation. Management has informed us that they have not determined the effects of not including related-party leases in the consolidating information.

CBIZ CPAs P.C.

San Francisco, CA

March 3, 2026

**SAN FRANCISCO BAR PILOTS
AND
SAN FRANCISCO BAR PILOTS BENEVOLENT AND PROTECTIVE ASSOCIATION
CONSOLIDATED BALANCE SHEETS**

December 31, 2025 and 2024

	2025	2024
Assets		
Current Assets		
Cash	\$ 1,288,340	\$ 2,006,368
Accounts receivable:		
Trade, net of \$10,000 allowance as of December 31, 2025 and 2024	5,724,099	5,784,328
Board of Pilot Commissioners	70,966	212,898
Other receivables	232,191	62,795
Total Current Assets	7,315,596	8,066,389
Property and Equipment		
Operating lease right-of-use assets, net	1,257,680	2,497,187
Other property and equipment, net	6,744,016	8,759,305
Total Property and Equipment, Net	8,001,696	11,256,492
Long-Term Assets		
Pension plan asset	2,788,381	2,016,713
Deferred income tax asset	180,300	95,800
Total Long-Term Assets	2,968,681	2,112,513
Restricted Cash	1,108,882	942,231
Total Assets	\$ 19,394,855	\$ 22,377,625

The accompanying notes are an integral part of these financial statements.

**SAN FRANCISCO BAR PILOTS
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CONSOLIDATED BALANCE SHEETS**

December 31, 2025 and 2024

	2025	2024
Liabilities and Equity		
Current Liabilities		
Lines of credit	\$ 2,862,659	\$ 2,912,659
Accounts payable:		
Trade	810,355	693,164
Board of Pilot Commissioners	1,597,155	1,688,065
Pension	1,242,431	1,245,504
Accrued expenses:		
Vacation pay	620,481	666,947
Other	98,451	982,674
Current portion of long-term debt	692,978	713,239
Operating lease liabilities, current	1,354,645	1,296,767
Total Current Liabilities	9,279,155	10,199,019
Long-Term Liabilities		
Long-term debt, net of current portion	5,220,272	5,851,936
Operating lease liabilities, net of current portion	--	1,354,645
Total Long-Term Liabilities	5,220,272	7,206,581
Total Liabilities	14,499,427	17,405,600
Equity		
Pilots' and members' equity	4,235,979	4,876,676
Accumulated other comprehensive gain	659,449	95,349
Total Equity	4,895,428	4,972,025
Total Liabilities and Equity	\$ 19,394,855	\$ 22,377,625

The accompanying notes are an integral part of these financial statements.

**SAN FRANCISCO BAR PILOTS
AND
SAN FRANCISCO BAR PILOTS BENEVOLENT AND PROTECTIVE ASSOCIATION
CONSOLIDATED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME**

For the Years Ended December 31, 2025 and 2024

	2025	2024
Revenues		
Pilotage fees earned	\$ 49,323,447	\$ 50,728,477
Pilot vessel construction surcharge	1,945,908	851,592
Total Revenues	<u>51,269,355</u>	<u>51,580,069</u>
Operating Expenses		
Pilot boat	8,461,331	8,053,699
Terminal	628,207	456,114
Pilot office and dispatch	3,372,490	3,505,245
General	7,265,626	6,578,648
Depreciation and amortization	1,053,502	1,026,013
Total Operating Expenses	<u>20,781,156</u>	<u>19,619,719</u>
Operating Income	<u>30,488,199</u>	<u>31,960,350</u>
Other Income (Expense)		
Other income (expense), net	404,577	31,003
Interest expense	(492,875)	(502,175)
Total Other Income (Expense)	<u>(88,298)</u>	<u>(471,172)</u>
Income Before Provision for Income Taxes	30,399,901	31,489,178
Benefit from (Provision for) Income Taxes	<u>83,700</u>	<u>(349,857)</u>
Net Income	<u>30,483,601</u>	<u>31,139,321</u>
Other Comprehensive Income		
Defined benefit pension plan, net	564,100	764,534
Comprehensive Income	<u>\$ 31,047,701</u>	<u>\$ 31,903,855</u>
Average Net Income per Pilot	<u>\$ 592,701</u>	<u>\$ 576,613</u>

The accompanying notes are an integral part of these financial statements.

**SAN FRANCISCO BAR PILOTS
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CONSOLIDATED STATEMENTS OF EQUITY

For the Years Ended December 31, 2025 and 2024

	Pilots' and Members' Equity	Accumulated Other Comprehensive Gain (Loss)	Total
Balance - January 1, 2024	\$ 5,647,766	\$ (669,185)	\$ 4,978,581
Net income	31,139,321	--	31,139,321
Actuarial gain on pension plan	--	764,534	764,534
Repayment on notes receivable from new members	45,525	--	45,525
Distributions of income to pilots	(31,018,816)	--	(31,018,816)
Redemption of members' interests	(937,120)	--	(937,120)
Balance - December 31, 2024	4,876,676	95,349	4,972,025
Net income	30,483,601	--	30,483,601
Actuarial gain on pension plan	--	564,100	564,100
Contributions from new members	480,848	--	480,848
Repayments on notes receivable from new members	55,142	--	55,142
Distributions of income to pilots	(31,179,440)	--	(31,179,440)
Redemption of members' interests	(480,848)	--	(480,848)
Balance - December 31, 2025	<u>\$ 4,235,979</u>	<u>\$ 659,449</u>	<u>\$ 4,895,428</u>

The accompanying notes are an integral part of these financial statements.

**SAN FRANCISCO BAR PILOTS
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CONSOLIDATED STATEMENTS OF CASH FLOWS

For the Years Ended December 31, 2025 and 2024

	2025	2024
Cash Flows From Operating Activities		
Net income	\$ 30,483,601	\$ 31,139,321
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	1,053,502	1,026,013
Amortization of loan financing costs	11,860	11,860
Non-cash lease expense	1,239,507	1,222,114
Pension plan costs, net of contributions	(207,568)	(126,892)
Deferred income taxes	(84,500)	(95,500)
Changes in operating assets and liabilities:		
Accounts receivable	189,936	415,647
Other receivables	(176,319)	--
Prepaid expenses	--	57,940
Accounts payable	1,004,143	(153,463)
Accrued expenses	(930,689)	723,616
Operating lease liabilities	(1,296,767)	(1,240,826)
Net Cash Provided by Operating Activities	31,286,706	32,979,830
Cash Flows From Investing Activities		
Purchase of property and equipment	--	(1,641,796)
Cash Flows From Financing Activities		
Proceeds from line of credit	480,848	937,120
Principal payments on line of credit	(530,848)	(447,896)
Payments on construction loan	(608,823)	(583,924)
Payments on term loan	(54,962)	(45,230)
Contributions from new members	480,848	--
Collection on notes receivable to new members	55,142	45,525
Distributions to pilots and retired members	(31,660,288)	(31,955,936)
Net Cash Used in Financing Activities	(31,838,083)	(32,050,341)
Net Decrease in Cash and Restricted Cash	(551,377)	(712,307)
Cash and Restricted Cash - Beginning	2,948,599	3,660,906
Cash and Restricted Cash - Ending	\$ 2,397,222	\$ 2,948,599

See accompanying Note 12 for Supplemental Disclosure of Cash Flow Information

The accompanying notes are an integral part of these financial statements.

**SAN FRANCISCO BAR PILOTS
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended December 31, 2025 and 2024

NOTE 1 – NATURE OF OPERATIONS

San Francisco Bar Pilots (“Bar Pilots”) is an affiliated group of individuals who are licensed by the State of California Board of Pilot Commissioners to have the exclusive authority to pilot vessels from the high seas to the California bays of San Francisco, San Pablo, Suisun, and Monterey and to the tributaries, ports and harbors of those bays, and from those bays and ports to the high seas. The boats and equipment are owned by the San Francisco Bar Pilots Benevolent and Protective Association (“Benevolent”), which is organized under California general nonprofit corporation’s law as a nonprofit mutual benefit corporation.

Individual pilots are “members” of Bar Pilots. Bar Pilots is organized under California law as an unincorporated association and as such each individual member has an individual equity account. Income is allocated to the individual pilot's equity account on a monthly basis based on cash received. At the end of the year, income per month is adjusted to reflected the portion of days worked by all pilots for that particular month then allocated based on days worked by individual pilot. Individual pilots receive equal monthly distributions of income as determined by the Policy Committee. These monthly distributions of income are shown on the accompanying consolidated statement of equity as Distributions of Income to Pilots.

Individual pilots are also members of Benevolent. Benevolent is a membership association incorporated under the laws of the State of California. The individual members are licensed pilots with each member having equal interest in the property of Benevolent. Membership in Benevolent consists of just one class of membership. The cost of membership is a sum equal to the ten-year running average of the net income the current members earn as pilots. The bylaws of Benevolent require the redemption of any member’s certificate within sixty days of the member’s resignation, death or expulsion. The membership is redeemed at the then-going rate according to the same formula, less any potentially outstanding loan on the membership guaranteed by Benevolent (see Note 9). New membership buy-ins are reported as Contributions from New Members and redemptions of memberships are reported as Redemption of Members’ Interests on the accompanying consolidated statement of equity. As of December 31, 2025 and 2024, the membership/redemption price was approximately \$481,000 and \$469,000, respectively.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF ACCOUNTING

Bar Pilots and Benevolent’s (collectively, the “Companies”) financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended December 31, 2025 and 2024

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

PRINCIPLES OF CONSOLIDATION

The *Consolidation* topic of the Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) requires Variable Interest Entities (“VIE”) to be consolidated by the primary beneficiary of the entity if the primary beneficiary has a controlling financial interest in the VIE. Benevolent has been determined to be a VIE of Bar Pilots, as the latter has a controlling financial interest and, accordingly, has been consolidated in the accompanying consolidated financial statements. Intercompany accounts and transactions have been eliminated in consolidation.

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. Actual results could differ from those estimates.

CONCENTRATION OF CREDIT RISK

The Companies have concentrated their credit risk for cash by maintaining deposits in one financial institution which may, at times, exceed the amounts insured by the Federal Deposit Insurance Corporation (“FDIC”) of up to \$250,000. The Companies have not experienced any losses in such accounts and believe they are not exposed to any significant credit risk to cash.

CASH AND RESTRICTED CASH

The cash of the Companies includes cash on hand and held in banks. Amounts included in restricted cash represent amounts collected for the pilot trainee surcharge, pilot continuing education surcharge, board operations surcharge, pilot vessel construction surcharge and pilot pension surcharge included in payables at year end collected on behalf of the Board of Pilot Commissioners and the pension plan.

ACCOUNTS RECEIVABLE

Accounts receivable are stated at the amount the Companies expect to collect. The Companies extend credit to their customers in the normal course of business and perform ongoing credit evaluations of their customers. Provisions for losses on accounts receivable are made to maintain an adequate allowance for potential credit losses, which historically have been within management’s expectations. The allowance estimate is derived from a review of the Companies’ historical losses based on the aging of receivable. This estimate is adjusted for management’s assessment of current conditions, reasonable and supportable forecasts regarding future events, and any other factors deemed relevant by the Companies.

**SAN FRANCISCO BAR PILOTS
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended December 31, 2025 and 2024

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

PROPERTY AND EQUIPMENT

Property and equipment are stated at cost, net of accumulated depreciation and amortization. Maintenance and repairs, including expenses incurred related to dry docking, are charged to expense as incurred; major renewals and betterments are capitalized. Depreciation is provided using accelerated methods over the estimated useful life of the related asset, ranging from three to forty years. Leasehold improvements are amortized over the shorter of the lease term, including expected renewal periods, or the estimated useful lives of the assets. Construction in progress is stated at cost, which includes the cost of construction and other direct costs attributable to the construction including capitalization of interest on funds used to construct the pilot boat.

The Companies regularly evaluate their long-lived assets for indicators of possible impairment. Should impairment exist, the impairment loss would be measured based on the excess carrying value of the asset over the asset's fair value. The Companies have not identified any such impairment losses as of December 31, 2025 and 2024.

LEASES

The Companies lease port facilities, including office space and equipment under various arrangements and determine if each arrangement is a lease at inception. Management evaluates each lease to determine whether it is an operating lease or a financing lease. Operating leases are included in operating lease right-of-use ("ROU") assets, and operating lease liabilities on the balance sheets. The Companies did not enter into any financing leases during the years ended December 31, 2025 and 2024.

ROU assets represent the right to use an underlying asset for the lease term and lease liabilities represent the obligation to make lease payments arising from the lease. Operating lease ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. As most of the leases do not provide an implicit rate, the Companies use a risk-free rate based on the information available at the commencement date in determining the present value of lease payments. The operating lease ROU asset also includes any lease payments made and excludes lease incentives.

The lease terms may include options to extend or terminate the lease when it is reasonably certain that the Companies will exercise that option. Lease expense for lease payments is recognized on a straight-line basis over the lease term.

The Companies' lease agreements do not contain any material residual value guarantees or material restrictive covenants.

The Companies have elected the short-term lease recognition exemption for all applicable classes of underlying assets. Leases with an initial term of 12 months or less, that do not include an option to purchase the underlying asset that the Companies are reasonably certain to exercise, are not recorded on the balance sheet. In addition, the Companies have adopted a threshold policy related to lease contracts and any contract with future payments under \$15,000 will not be capitalized under ASC 842.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended December 31, 2025 and 2024

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

INCOME TAXES

No provision has been made for taxes on income of Bar Pilots. Although not legally considered a partnership, Bar Pilots began filing partnership tax returns in 1979. The taxable income from these returns is included in the individual income tax returns of the respective pilots.

Benevolent is a California nonprofit mutual benefit corporation which is treated as a taxable corporation for federal and California state income tax purposes. Income taxes are provided for the tax effect of transactions reported in the financial statements and consist of taxes currently due plus deferred taxes. Deferred taxes are recognized for differences between the basis of assets and liabilities for financial and income tax reporting purposes. The deferred tax assets and liabilities represent future tax return consequences of those differences, which will either be taxable or deductible when the assets and liabilities are recovered or settled.

Accounting principles generally accepted in the United States of America provide accounting and disclosure guidance about positions taken by the Companies in their tax returns that might be uncertain. Management has considered its tax positions and believes that all of the positions taken by the Companies in the federal and state tax returns are more likely than not to be sustained upon examination.

REVENUES

Revenue is measured based on consideration specified in a contract with a customer, and excludes any sales incentives and amounts collected on behalf of third parties. The Companies recognize revenue when it satisfies a performance obligation by transferring control over a product or service to a customer.

For performance obligations related to Bar Pilots' revenue earned from piloting vessels, control transfers to the customer at a point in time. Bar Pilots recognize revenue upon completion of a pilotage. Benevolent recognizes surcharge revenue upon completion of a pilotage. In addition, the majority of the Companies' contracts do not contain variable consideration and contract modifications are generally minimal. The Companies generate and retain revenue from surcharges which are in accordance with the State of California Harbors and Navigation Code, Division 5.

In addition, Bar Pilots act as agent for the State of California. In accordance with the State of California Harbors and Navigation Code, Division 5, Bar Pilots bill and collect surcharges on behalf of the State of California for vessels piloted. Revenue is shown net of surcharges for which Bar Pilots acts as agent. These surcharges are for the operations of the State of California Board of Pilot Commissioners, as well as for pilot training, trainee stipends, statutory pension plan, pilot dispatch program, pilot vessel maintenance and for the construction and/or service life extension or modification of pilot vessels. When collected, these funds are paid directly to the State of California, disbursed to beneficiaries of the Pilot Pension Plan or to providers of administrative services to the Pilot Pension Plan, or paid to the Board of Pilot Commissioners for its operations, the trainee training program, the pilot continuing education program, and pilot vessel construction program in accordance with applicable law and regulations.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended December 31, 2025 and 2024

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

REVENUES (CONTINUED)

The Companies do not have any significant financing components as payment is received at or shortly after the point of sale.

AVERAGE NET INCOME PER PILOT

Net income per pilot is computed based upon the actual days eligible to participate in Bar Pilots' total earnings. Eligibility to participate in the earnings is determined in accordance with policies defined by Bar Pilots as a group.

Average net income per pilot is computed by dividing Bar Pilot's net income by the average number of active pilots during the year. This amount does not purport to represent the actual net income of any specific pilot. It has been computed only to show this information on a comparative basis. The average number of active pilots for both 2025 and 2024 was 52.

NOTE 3 – CASH AND RESTRICTED CASH

The following table provides a reconciliation of cash and restricted cash reported within the balance sheets that sums to the totals of the same such amounts presented in the consolidated statements of cash flows.

	2025	2024
Cash	\$ 1,288,340	\$ 2,006,368
Restricted cash	<u>1,108,882</u>	<u>942,231</u>
Total Cash and Restricted Cash Presented in the Accompanying Consolidated Statements of Cash Flow	<u>\$ 2,397,222</u>	<u>\$ 2,948,599</u>

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended December 31, 2025 and 2024

NOTE 4 – OTHER PROPERTY AND EQUIPMENT

Other property and equipment at December 31 consists of the following:

	2025	2024
Pilot Boats and Improvements:		
“Drake”	\$ 8,483,383	\$ 8,483,383
“Golden Gate”	6,871,601	6,871,601
“San Francisco”	5,335,880	5,335,880
“California”	4,902,025	4,902,025
“Pittsburg”	275,478	275,478
Leasehold and Dock Improvements	6,211,163	6,211,163
Office Furniture and Equipment	810,608	810,608
Pilot Boat Equipment	661,438	661,438
Automobile	92,478	92,478
Construction-in-Progress	--	961,786
	33,644,054	34,605,840
Less: Accumulated depreciation and amortization	(26,900,038)	(25,846,535)
Property and Equipment, Net	\$ 6,744,016	\$ 8,759,305

Depreciation and amortization expense for the years ended December 31, 2025 and 2024 was \$1,053,502 and \$1,026,013, respectively.

At December 31, 2025, the net book value of each pilot boat and improvements are as follows:

	Total Cost	Accumulated Depreciation	Net Book Value
Pilot Boats and Improvements:			
“Drake”	\$ 8,483,383	\$ 8,483,383	\$ --
“Golden Gate”	6,871,601	1,632,005	5,239,596
“San Francisco”	5,335,880	5,335,880	--
“California”	4,902,025	4,902,025	--
“Pittsburg”	275,478	275,478	--
	\$ 25,868,367	\$ 20,628,771	\$ 5,239,596

**SAN FRANCISCO BAR PILOTS
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended December 31, 2025 and 2024

NOTE 5 – LINES OF CREDIT

Bar Pilots have a revolving line of credit with a bank with a maximum borrowing limit of \$500,000, bearing interest at the prime rate (effective rate at December 31, 2025 and 2024 was 6.75% and 7.50%, respectively), expiring on October 6, 2026. The line is collateralized by all business assets of Bar Pilots. The line of credit is subject to certain financial covenants. As of December 31, 2025 and 2024, Bar Pilots is unaware of any covenant violations for the line of credit. At December 31, 2025 and 2024, Bar Pilots had no borrowings against the line of credit.

Benevolent has a revolving line of credit with a bank with a maximum borrowing limit of \$3,500,000, bearing interest at the prime rate (effective rate at December 31, 2025 and 2024 was 6.75% and 7.50%, respectively), and expiring on October 6, 2026. The line of credit is collateralized by certain assets of Benevolent and the Bar Pilots. At December 31, 2025 and 2024, Benevolent had borrowings against the line of credit for \$2,862,659 and \$2,912,659, respectively. Total interest incurred and expensed was \$220,866 and \$224,657 for the years ended December 31, 2025 and 2024, respectively.

Letters of credit totaling \$208,085 have also been made available for Benevolent as of December 31, 2025 and 2024. At December 31, 2025 and 2024, the Companies had no borrowings against the letters of credit.

NOTE 6 – LONG-TERM DEBT

In April 2021, Benevolent entered into a construction loan with a bank with a maximum borrowing limit of \$7,500,000 for the construction of a new pilot vessel. On August 29, 2023, the outstanding balance on the construction loan of \$6,990,201 was converted into a term note with a maturity date of September 1, 2033 and bears interest at a fixed rate of 4.00% per annum. Principal and interest payments of \$70,966 are payable monthly commencing September 1, 2023. The term note is collateralized by the new pilot vessel. At December 31, 2025 and 2024, the outstanding balance on the vessel term note was \$5,654,756 and \$6,263,579, respectively. Total interest incurred on the term note for the years ended December 31, 2025 and 2024 was \$260,149 and \$265,658, respectively.

**SAN FRANCISCO BAR PILOTS
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended December 31, 2025 and 2024

NOTE 6 – LONG-TERM DEBT (CONTINUED)

In connection with the construction term note, the Company incurred loan financing costs which have been deferred and are reported against the outstanding balance of the term loan. Deferred financing costs are being amortized on a straight-line basis over the term of the note and are recognized as interest expense. Unamortized loan financing costs were \$90,927 and \$102,787 at December 31, 2025 and 2024, respectively. Amortized financing costs amount to \$11,860 for each of the years ended December 31, 2025 and 2024.

On December 15, 2023, Benevolent entered into a term loan with a bank for \$449,614. The loan had a maturity date of December 15, 2030, and bore interest at a fixed rate 7.00% per annum. Principal and interest payments of \$6,809 were payable monthly commencing January 15, 2024. On August 6, 2024, the term loan was transferred to another bank. The loan was amortized with a new maturity date of February 6, 2031, and bears interest at a fixed rate of 6.90% per annum. Principal and interest payments of \$6,797 are payable monthly commencing October 6, 2024. At December 31, 2025 and 2024, the outstanding balance on this term note was \$349,421 and \$404,384 respectively. Total interest incurred on the term note for the years ended December 31, 2025 and 2024 was \$26,488 and \$30,111, respectively.

These term loans are subject to certain financial covenants. As of December 31, 2025 and 2024, Benevolent is unaware of any covenant violations.

Future principal maturities of long-term debt are as follows:

<u>For the Years Ending December 31,</u>	Vessel		
	Term Loan	Term Loan	Total
2026	\$ 633,978	\$ 59,000	\$ 692,978
2027	660,173	63,516	723,689
2028	686,963	67,789	754,752
2029	715,834	72,731	788,565
2030	745,411	77,985	823,396
Thereafter	<u>2,212,397</u>	<u>8,400</u>	<u>2,220,797</u>
	5,654,756	349,421	6,004,177
Less: Unamortized loan financing costs	<u>90,927</u>	<u>--</u>	<u>90,927</u>
	<u>\$ 5,563,829</u>	<u>\$ 349,421</u>	<u>\$ 5,913,250</u>

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended December 31, 2025 and 2024

NOTE 7 – INCOME TAXES

Benevolent’s (benefit from) provision for income taxes for the years ended December 31 consists of the following:

	2025	2024
Current:		
Federal	\$ --	\$ 298,221
State	800	147,136
Total Current	800	445,357
Deferred:		
Federal	(63,400)	(48,700)
State	(21,100)	(46,800)
Total Deferred	(84,500)	(95,500)
	\$ (83,700)	\$ 349,857

As of December 31, the deferred tax asset consists of the following:

	2025	2024
Deferred tax asset	\$ 194,700	\$ 138,700
Deferred tax liability	(14,400)	(42,900)
Less: Valuation allowance	--	--
Net Deferred Tax Asset	\$ 180,300	\$ 95,800

Deferred taxes represent temporary differences in depreciation and net operating losses.

NOTE 8 – LEASING ACTIVITIES

Benevolent entered into a sixteen-year lease agreement effective January 1, 2010 with the City and County of San Francisco, California, through the San Francisco Port Commission, for the facilities and office space at Pier 9, which expires in December 2026. The charter rentals for the pilot boats are established annually. Bar Pilots have one office equipment lease which expires in April 2027.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended December 31, 2025 and 2024

NOTE 8 – LEASING ACTIVITIES (CONTINUED)

The following are components of lease expense during the years ended December 31:

	2025	2024
Operating lease cost	\$ 1,266,199	\$ 1,266,199
Short-term lease cost	55,178	55,178
Total Lease Expense	\$ 1,321,377	\$ 1,321,377

The following summarizes the weighted average remaining lease term and discount rate as of December 31, 2025 and 2024:

	2025	2024
Weighted Average Remaining Lease Term – Operating Leases	1.00 years	2.00 years
Weighted Average Discount Rate – Operating Leases	1.37%	1.37%

Future maturities of operating lease liabilities as of December 31, 2025 are as follows:

Year Ending December 31, 2026	\$ 1,363,162
Less: Amount of lease payments representing interest	8,517
Present Value of Future Minimum Lease Payments	\$ 1,354,645

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended December 31, 2025 and 2024

NOTE 9 – COMMITMENTS AND CONTINGENCIES

GUARANTY

As of December 31, 2025 and 2024, Benevolent is contingently liability as a guarantor to approximately \$2,016,000 and \$2,655,000, respectively of the indebtedness of the new members, whom financed their contributions through an institutional lender. The term of the guarantee is through January 2028. The lender must first take all permitted actions to recover nonpayment from the individual borrower before demanding payment from Benevolent.

CONTINGENCIES

From time to time, the Companies may be engaged in lawsuits, generally in the ordinary course of business. In the opinion of management, based on advice of counsel, the ultimate outcome of these lawsuits will not have a material impact on the Companies' consolidated financial statements.

During 2024, the Companies settled a class action lawsuit for \$420,000, which is recognized in the accompanying 2024 consolidated balance sheet in accrued expenses and was paid in 2025.

NOTE 10 – RETIREMENT PLANS

SAN FRANCISCO BAR PILOTS MARINE EMPLOYEES PENSION PLAN (THE "MEPP")

On November 22, 1978, Bar Pilots and the Sailors Union of the Pacific (the "Union") entered into a pension agreement covering substantially all of its eligible employees. The benefits paid to retirees are based on years of qualifying time and the rate negotiated in the collective bargaining agreement. Contributions are intended to provide not only for benefits attributed to service to date, but also for those expected to be earned in the future. The agreement provides for contributions to the plan to be actuarially determined to provide for retirement benefits.

For the years ended December 31, 2025 and 2024, service costs of \$129,715 and \$198,494, respectively are included in operating expenses on the consolidated statements of income and comprehensive income.

**SAN FRANCISCO BAR PILOTS
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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NOTE 10 – RETIREMENT PLANS (CONTINUED)

SAN FRANCISCO BAR PILOTS MARINE EMPLOYEES PENSION PLAN (THE “MEPP”) (CONTINUED)

The following tables set forth the information about the pension plan as of and for the years ended December 31:

	2025	2024
Projected Benefit Obligation	\$ 5,248,385	\$ 4,945,811
Fair Value of Plan Assets	8,036,766	6,962,524
Funded Status	\$ 2,788,381	\$ 2,016,713

The funded status is recognized in the accompanying consolidated balance sheet as noncurrent Pension Plan Asset.

The projected benefit obligation experienced a net loss of approximately \$147,600 during the year. This loss was the result of assumption changes (change in the discount rate) resulting in a loss of approximately \$55,500 and a loss of approximately \$92,100 due to demographic experience.

The amount in accumulated other comprehensive (gain) loss that has not yet been recognized as components of net periodic benefit cost at December 31 are as follows:

	2025	2024
Unrecognized Transition Obligation	\$ --	\$ --
Prior Service Cost	439,316	513,765
Net (Gain) Loss	(1,098,765)	(609,114)
	\$ (659,449)	\$ (95,349)

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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NOTE 10 – RETIREMENT PLANS (CONTINUED)

SAN FRANCISCO BAR PILOTS MARINE EMPLOYEES PENSION PLAN (THE “MEPP”) (CONTINUED)

The changes in benefit obligations recognized in other comprehensive loss during the years ended December 31 are as follows:

	2025	2024
Net Gain Arising During the Year	\$ 489,651	\$ 675,911
Amortization of Prior Service Costs	74,449	88,623
Other Comprehensive Gain	\$ 564,100	\$ 764,534

Amounts recorded for the years ended December 31 are as follows:

	2025	2024
Net Periodic Benefit Cost	\$ 15,232	\$ 117,908
Employer Contributions	\$ 222,800	\$ 244,800
Benefits Paid	\$ 235,891	\$ 203,798

Weighted-average assumptions used to determine net periodic benefit cost and pension liability are as follows:

	2025	2024
Discount Rate – Net Periodic Benefit Cost	5.45%	4.77%
Discount Rate – Accumulated Benefit Obligation	5.35%	5.45%
Expected Return on Assets	6.50%	6.50%
Rate of Salary Increases	N/A	N/A

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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NOTE 10 – RETIREMENT PLANS (CONTINUED)

SAN FRANCISCO BAR PILOTS MARINE EMPLOYEES PENSION PLAN (THE “MEPP”) (CONTINUED)

The expected long-term return on plan assets was based on a review of anticipated future performance of mutual funds, which considers recent fund performance and historical returns to determine the prospective rate of return of 6.50%. The plan had 100% of its assets in a balanced mutual fund at December 31, 2025 and 2024. The mutual fund is valued on quoted market prices, which represent the net asset value of shares held by the pension plan at year-end, and is classified as Level 1 under the fair value hierarchy defined by the *Fair Value Measurements and Disclosure* topic of the FASB ASC.

The plan’s strategy to invest in mutual funds is based on the historical returns of these investments and the plan’s objective to provide a level of risk relatively lower than that obtainable from direct investments in equity securities while still achieving long-term returns.

The estimated future benefit payments for the next 10 years, which reflect future service, are expected to be paid as follows:

<u>Years Ending December 31,</u>	<u>Amount</u>
2026	\$ 322,646
2027	335,636
2028	338,688
2029	329,985
2030	340,894
2031 to 2035	1,822,454

Bar Pilots expect to make employer contributions to the pension plan totaling approximately \$192,000 during the year ended December 31, 2026.

MARINE EMPLOYEES RETIREMENT SAVINGS PLAN

Bar Pilots and Union agreed to establish a profit sharing plan with mandatory employer contributions and cash or deferred arrangement for the benefit of union employees. Under the terms of the agreement, Bar Pilots’ contributions for each year are as follows:

- a. For employees represented by the Union – 5.00% of the aggregate compensation of all participants, as defined, plus an additional amount based on days worked.
- b. For employees not represented by the Union – 12.00% of the aggregate compensation of all participants, as defined. Employees not represented by the Union are covered under the Memorandum of Agreement Contract between the Bar Pilots and District No.1-Marine Engineers’ Beneficial Association (AFL-CIO).

**SAN FRANCISCO BAR PILOTS
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended December 31, 2025 and 2024

NOTE 10 – RETIREMENT PLANS (CONTINUED)

SAN FRANCISCO BAR PILOTS RETIREMENT PLAN

Bar Pilots also sponsor a defined contribution and 401(k) plan covering each Bar Pilot, each non-union employee of Bar Pilots, and each eligible employee covered by a collective bargaining agreement. For each pilot, Bar Pilots contribute a percentage of Bar Pilot’s earned income for the year, as determined by Bar Pilots, plus a percentage of Bar Pilot’s earned income which is excess income. For each employee, Bar Pilots contribute a percentage of the employee’s compensation, as determined by Bar Pilots, plus a percentage of the employee’s compensation which is excess income.

Total employer contributions for the years ended December 31 to all retirement plans for eligible employees were as follows:

	2025	2024
MEPP	\$ 485,642	\$ 470,644
Marine Employees Retirement Savings Plan	500,070	491,649
San Francisco Bar Pilots Retirement Plan	222,800	244,800
	\$ 1,208,512	\$ 1,207,093

NOTE 11 – RELATED PARTY TRANSACTIONS

Bar Pilots lease pilot boats (classified as Charter Hire) and facilities (classified as Rent) from Benevolent, which eliminate upon consolidation. At December 31, 2025, Bar Pilots owed the Benevolent \$980,935 and the Benevolent owed Bar Pilots \$222,330. No amounts were owed between the Companies at December 31, 2024.

On December 15, 2023, Benevolent lent \$449,614 to a pilot in exchange for a promissory note receivable. Borrowings under this note bore interest at 7.00% per annum, with principal and interest payments of \$6,809 due monthly. Effective July 2024, the promissory note receivable was amended to change the interest rate to 6.90% per annum and re-amortized the note receivable over a seven-year period. The principal and interest payments of \$6,797 are due monthly. The promissory note receivable matures on February 6, 2031. The outstanding balance on the note receivable was \$344,847 and \$399,990 at December 31, 2025 and 2024, respectively and is recorded as a contra-equity account on the consolidated statement of equity. Interest income was \$26,488 and \$27,401 for the years ended December 31, 2025 and 2024, respectively.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended December 31, 2025 and 2024

NOTE 12 – SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

Cash paid during the years ended December 31, is as follows:

	2025	2024
Interest Paid During the Year	<u>\$ 507,503</u>	<u>\$ 588,075</u>
Income Taxes Paid During the Year	<u>\$ 488,907</u>	<u>\$ 20,757</u>

Non-cash operating and financing activities recorded during the years ended December 31, are as follows:

	2025	2024
Construction in Progress Transferred to Operating Expenses	<u>\$ 961,786</u>	<u>\$ --</u>
Term Loan Transferred to a New Bank	<u>\$ --</u>	<u>\$ 422,124</u>
Revolving Line of Credits Transferred to a New Bank	<u>\$ --</u>	<u>\$ 2,912,659</u>

NOTE 13 – SUBSEQUENT EVENTS

The Companies have evaluated the impact of subsequent events on these consolidated financial statements, including disclosures, through March 3, 2026, the date the consolidated financial statements were available to be issued.

SUPPLEMENTARY INFORMATION

**SAN FRANCISCO BAR PILOTS
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SAN FRANCISCO BAR PILOTS BENEVOLENT AND PROTECTIVE ASSOCIATION
CONSOLIDATING BALANCE SHEET**

December 31, 2025
(With Comparative Consolidated Amounts for 2024)

	2025			2024	
	Bar Pilots	Benevolent	Eliminating Entries	Consolidated	Consolidated
Assets					
Current Assets					
Cash	\$ 1,132,746	\$ 155,594	\$ --	\$ 1,288,340	\$ 2,006,368
Accounts receivable:					
Trade, net of \$10,000 allowance December 31, 2025 and 2024	5,724,099	--	--	5,724,099	5,784,328
Board of Pilot Commissioners	--	70,966	--	70,966	212,898
Other receivables	75,020	1,138,106	(980,935)	232,191	62,795
Total Current Assets	<u>6,931,865</u>	<u>1,364,666</u>	<u>(980,935)</u>	<u>7,315,596</u>	<u>8,066,389</u>
Property and Equipment					
Operating lease right-of-use assets, net	--	1,257,680	--	1,257,680	2,497,187
Other property and equipment, net	--	6,744,016	--	6,744,016	8,759,305
Total Property and Equipment, Net	<u>--</u>	<u>8,001,696</u>	<u>--</u>	<u>8,001,696</u>	<u>11,256,492</u>
Long-Term Assets					
Pension plan asset	2,788,381	--	--	2,788,381	2,016,713
Deferred income tax asset	--	180,300	--	180,300	95,800
Total Long-Term Assets	<u>2,788,381</u>	<u>180,300</u>	<u>--</u>	<u>2,968,681</u>	<u>2,112,513</u>
Restricted Cash	<u>900,797</u>	<u>208,085</u>	<u>--</u>	<u>1,108,882</u>	<u>942,231</u>
Total Assets	<u>\$ 10,621,043</u>	<u>\$ 9,754,747</u>	<u>\$ (980,935)</u>	<u>\$ 19,394,855</u>	<u>\$ 22,377,625</u>

See independent auditors' report.

**SAN FRANCISCO BAR PILOTS
AND
SAN FRANCISCO BAR PILOTS BENEVOLENT AND PROTECTIVE ASSOCIATION
CONSOLIDATING BALANCE SHEET**

December 31, 2025
(With Comparative Consolidated Amounts for 2024)

	2025			2024	
	Bar Pilots	Benevolent	Eliminating Entries	Consolidated	Consolidated
Liabilities and Equity (Deficit)					
Current Liabilities					
Lines of credit	\$ --	\$ 2,862,659	\$ --	\$ 2,862,659	\$ 2,912,659
Accounts payable:					
Trade	1,551,558	239,732	(980,935)	810,355	693,164
Board of Pilot Commissioners	1,597,155	--	--	1,597,155	1,688,065
Pension	1,242,431	--	--	1,242,431	1,245,504
Accrued expenses:					
Vacation pay	620,481	--	--	620,481	666,947
Other	78,174	20,277	--	98,451	982,674
Current portion of long-term debt	--	692,978	--	692,978	713,239
Operating lease liabilities, current	--	1,354,645	--	1,354,645	1,296,767
Total Current Liabilities	<u>5,089,799</u>	<u>5,170,291</u>	<u>(980,935)</u>	<u>9,279,155</u>	<u>10,199,019</u>
Long-Term Liabilities					
Long-term debt, net of current portion	--	5,220,272	--	5,220,272	5,851,936
Operating lease liabilities, net of current portion	--	--	--	--	1,354,645
Total Long-Term Liabilities	<u>--</u>	<u>5,220,272</u>	<u>--</u>	<u>5,220,272</u>	<u>7,206,581</u>
Total Liabilities	<u>5,089,799</u>	<u>10,390,563</u>	<u>(980,935)</u>	<u>14,499,427</u>	<u>17,405,600</u>
Equity (Deficit)					
Pilots' and members' equity (deficit)	4,871,795	(635,816)	--	4,235,979	4,876,676
Accumulated other comprehensive gain	659,449	--	--	659,449	95,349
Total Equity (Deficit)	<u>5,531,244</u>	<u>(635,816)</u>	<u>--</u>	<u>4,895,428</u>	<u>4,972,025</u>
Total Liabilities and Equity (Deficit)	<u>\$ 10,621,043</u>	<u>\$ 9,754,747</u>	<u>\$ (980,935)</u>	<u>\$ 19,394,855</u>	<u>\$ 22,377,625</u>

See independent auditors' report.

**SAN FRANCISCO BAR PILOTS
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SAN FRANCISCO BAR PILOTS BENEVOLENT AND PROTECTIVE ASSOCIATION
CONSOLIDATING STATEMENT OF INCOME AND COMPREHENSIVE INCOME**

For the Year Ended December 31, 2025
(With Comparative Consolidated Amounts for 2024)

	2025			2024	
	Bar Pilots	Benevolent	Eliminating Entries	Consolidated	Consolidated
Revenues					
Pilotage fees earned	\$ 49,323,447	\$ --	\$ --	\$ 49,323,447	\$ 50,728,477
Pilot vessel construction surcharge	--	1,945,908	--	1,945,908	851,592
Office and terminal rent	--	1,323,071	(1,323,071)	--	--
Charter hire	--	758,000	(758,000)	--	--
Total Revenues	<u>49,323,447</u>	<u>4,026,979</u>	<u>(2,081,071)</u>	<u>51,269,355</u>	<u>51,580,069</u>
Operating Expenses					
Pilot boat and charter hire	9,219,331	--	(758,000)	8,461,331	8,053,699
Terminal	958,975	--	(330,768)	628,207	456,114
Pilot office and dispatch	4,364,793	--	(992,303)	3,372,490	3,505,245
General	4,488,220	2,777,406	--	7,265,626	6,578,648
Depreciation and amortization	--	1,053,502	--	1,053,502	1,026,013
Total Operating Expenses	<u>19,031,319</u>	<u>3,830,908</u>	<u>(2,081,071)</u>	<u>20,781,156</u>	<u>19,619,719</u>
Operating Income	<u>30,292,128</u>	<u>196,071</u>	<u>--</u>	<u>30,488,199</u>	<u>31,960,350</u>
Other Income (Expense)					
Other income (expense), net	393,554	11,023	--	404,577	31,003
Interest expense	--	(492,875)	--	(492,875)	(502,175)
Total Other Income (Expense)	<u>393,554</u>	<u>(481,852)</u>	<u>--</u>	<u>(88,298)</u>	<u>(471,172)</u>
Income (Loss) Before Benefit From (Provision for) Income Taxes	<u>30,685,682</u>	<u>(285,781)</u>	<u>--</u>	<u>30,399,901</u>	<u>31,489,178</u>
Benefit from (Provision for) Income Taxes	<u>--</u>	<u>83,700</u>	<u>--</u>	<u>83,700</u>	<u>(349,857)</u>
Net Income (Loss)	<u>30,685,682</u>	<u>(202,081)</u>	<u>--</u>	<u>30,483,601</u>	<u>31,139,321</u>
Other Comprehensive Income					
Defined benefit pension plan, net	<u>564,100</u>	<u>--</u>	<u>--</u>	<u>564,100</u>	<u>764,534</u>
Comprehensive Income (Loss)	<u>\$ 31,249,782</u>	<u>\$ (202,081)</u>	<u>\$ --</u>	<u>\$ 31,047,701</u>	<u>\$ 31,903,855</u>
Average Net Income per Pilot	<u>\$ 592,701</u>				<u>\$ 576,613</u>

See independent auditors' report.

**SAN FRANCISCO BAR PILOTS
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SAN FRANCISCO BAR PILOTS BENEVOLENT AND PROTECTIVE ASSOCIATION**

CONSOLIDATING STATEMENT OF EQUITY (DEFICIT)

For the Year Ended December 31, 2025
(With Comparative Consolidated Amounts for 2024)

	Bar Pilots			Benevolent			Eliminating Entries	Consolidated
	Bar Pilots' Equity	Accumulated Other Comprehensive Gain (Loss)	Total	Members' Equity (Deficit)	Note Receivable	Total		
Balance - January 1, 2024	\$ 6,167,337	\$ (669,185)	\$ 5,498,152	\$ (74,056)	\$ (445,515)	\$ (519,571)	\$ --	\$ 4,978,581
Net income	30,217,032	--	30,217,032	922,289	--	922,289	--	31,139,321
Actuarial gain on pension plan	--	764,534	764,534	--	--	--	--	764,534
Repayments on notes receivable from new members	--	--	--	--	45,525	45,525	--	45,525
Distributions of income to pilots	(31,018,816)	--	(31,018,816)	--	--	--	--	(31,018,816)
Redemption of members' interests	--	--	--	(937,120)	--	(937,120)	--	(937,120)
Balance - December 31, 2024	5,365,553	95,349	5,460,902	(88,887)	(399,990)	(488,877)	--	4,972,025
Net income	30,685,682	--	30,685,682	(202,081)	--	(202,081)	--	30,483,601
Actuarial gain on pension plan	--	564,100	564,100	--	--	--	--	564,100
Contributions from New Members	--	--	--	480,848	--	480,848	--	480,848
Repayments on notes receivable from new members	--	--	--	--	55,142	55,142	--	55,142
Distributions of income to pilots	(31,179,440)	--	(31,179,440)	--	--	--	--	(31,179,440)
Redemption of members' interests	--	--	--	(480,848)	--	(480,848)	--	(480,848)
Balance - December 31, 2025	<u>\$ 4,871,795</u>	<u>\$ 659,449</u>	<u>\$ 5,531,244</u>	<u>\$ (290,968)</u>	<u>\$ (344,848)</u>	<u>\$ (635,816)</u>	<u>\$ --</u>	<u>\$ 4,895,428</u>

See independent auditors' report.

**SAN FRANCISCO BAR PILOTS
AND
SAN FRANCISCO BAR PILOTS BENEVOLENT AND PROTECTIVE ASSOCIATION**

CONSOLIDATING STATEMENT OF CASH FLOWS

For the Year Ended December 31, 2025
(With Comparative Consolidated Amounts for 2024)

	2025			2024	
	Bar Pilots	Benevolent	Eliminating Entries	Consolidated	Consolidated
Cash Flows From Operating Activities					
Net income (loss)	\$ 30,685,682	\$ (202,081)	\$ --	\$ 30,483,601	\$ 31,139,321
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:					
Depreciation and amortization	--	1,053,502	--	1,053,502	1,026,013
Amortization of loan financing costs	--	11,860	--	11,860	11,860
Non-cash lease expense	--	1,239,507	--	1,239,507	1,222,114
Pension plan costs, net of contributions	(207,568)	--	--	(207,568)	(126,892)
Deferred income taxes	--	(84,500)	--	(84,500)	(95,500)
Changes in operating assets and liabilities:					
Accounts receivable	48,004	141,932	--	189,936	415,647
Other receivables		(176,319)	--	(176,319)	--
Prepaid expenses	--	--	--	--	57,940
Accounts payable	780,099	224,044	--	1,004,143	(153,463)
Accrued expenses	(451,393)	(479,296)	--	(930,689)	723,616
Operating lease liabilities	--	(1,296,767)	--	(1,296,767)	(1,240,826)
Net Cash Provided by Operating Activities	<u>30,854,824</u>	<u>431,882</u>	<u>--</u>	<u>31,286,706</u>	<u>32,979,830</u>
Cash Flows From Investing Activities					
Purchase of property and equipment	--	--	--	--	(1,641,796)
Cash Flows From Financing Activities					
Proceeds from line of credit	--	480,848	--	480,848	937,120
Principal payments on line of credit	--	(530,848)	--	(530,848)	(447,896)
Payments on construction loan	--	(608,823)	--	(608,823)	(583,924)
Payments on term loan	--	(54,962)	--	(54,962)	(45,230)
Contributions from new members	--	480,848	--	480,848	--
Collection on notes receivable to new members	--	55,142	--	55,142	45,525
Distributions to pilots and retired members	(31,179,440)	(480,848)	--	(31,660,288)	(31,955,936)
Net Cash Used in Financing Activities	<u>(31,179,440)</u>	<u>(658,643)</u>	<u>--</u>	<u>(31,838,083)</u>	<u>(32,050,341)</u>
Net Decrease in Cash and Restricted Cash	(324,616)	(226,761)	--	(551,377)	(712,307)
Cash and Restricted Cash - Beginning	<u>2,358,159</u>	<u>590,440</u>	<u>--</u>	<u>2,948,599</u>	<u>3,660,906</u>
Cash and Restricted Cash - Ending	<u>\$ 2,033,543</u>	<u>\$ 363,679</u>	<u>\$ --</u>	<u>\$ 2,397,222</u>	<u>\$ 2,948,599</u>

See independent auditors' report.

**SAN FRANCISCO BAR PILOTS
AND
SAN FRANCISCO BAR PILOTS BENEVOLENT AND PROTECTIVE ASSOCIATION**

**UNCONSOLIDATED STATEMENT OF BAR PILOTS' PILOT BOAT AND
CHARTER HIRE EXPENSES**

For the Year Ended December 31, 2025

	Amount	%
Salaries and wages	\$ 3,471,144	37.7
Maintenance and repair	2,184,159	23.7
Fuel	1,172,079	12.7
Charter rental to San Francisco Bar Pilots		
Benevolent and Protective Association	758,000	8.2
Health and welfare	721,954	7.8
Retirement benefits	355,140	3.9
Payroll taxes	271,631	2.9
Food supplies	129,237	1.4
Insurance	109,983	1.2
Other	36,130	0.4
Equipment rental	9,874	0.1
	<u>\$ 9,219,331</u>	<u>100.0</u>

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**SAN FRANCISCO BAR PILOTS
AND
SAN FRANCISCO BAR PILOTS BENEVOLENT AND PROTECTIVE ASSOCIATION
UNCONSOLIDATED STATEMENT OF BAR PILOTS' TERMINAL EXPENSES**

For the Year Ended December 31, 2025

	Amount	%
Salaries and wages	\$ 370,211	38.7
Rent to San Francisco Bar Pilots		
Benevolent and Protective Association	330,768	34.4
Maintenance and repair	108,847	11.4
Retirement benefits	45,678	4.8
Health and welfare	35,839	3.7
Payroll taxes	27,280	2.8
Workers' compensation insurance	20,599	2.1
Maintenance supplies	18,088	1.9
Other	1,665	0.2
	<u>\$ 958,975</u>	<u>100.0</u>

See independent auditors' report.

**SAN FRANCISCO BAR PILOTS
AND
SAN FRANCISCO BAR PILOTS BENEVOLENT AND PROTECTIVE ASSOCIATION**

**UNCONSOLIDATED STATEMENT OF BAR PILOTS' PILOT OFFICE AND
DISPATCH EXPENSES**

For the Year Ended December 31, 2025

	Amount	%
Salaries and wages of office staff and dispatchers	\$ 2,112,924	48.4
Rent to San Francisco Bar Pilots		
Benevolent and Protective Association	992,303	22.7
Employees' retirement plan	492,638	11.3
Medical insurance	342,744	7.9
Payroll taxes	155,451	3.6
Utilities	153,528	3.5
Maintenance and repair	53,319	1.2
Food supplies	38,316	0.9
Workers' compensation insurance	13,087	0.3
Other	10,483	0.2
	<u>\$ 4,364,793</u>	<u>100.0</u>

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**SAN FRANCISCO BAR PILOTS
AND
SAN FRANCISCO BAR PILOTS BENEVOLENT AND PROTECTIVE ASSOCIATION**

UNCONSOLIDATED STATEMENT OF BAR PILOTS' GENERAL EXPENSES

For the Year Ended December 31, 2025

	Amount	%
Taxi and launch service	\$ 1,627,683	36.3
Professional services	708,965	15.8
Legal and accounting	586,829	13.1
Insurance	510,683	11.4
Dues and subscriptions	274,201	6.1
Political contributions and lobbying expenses	236,067	5.3
Public relations	234,269	5.2
Donations	103,617	2.3
Other	67,788	1.5
Travel	40,829	0.9
Communications	27,669	0.6
Bank services	19,033	0.4
Business taxes	36,968	0.8
Navigation	13,619	0.3
	<u>\$ 4,488,220</u>	<u>100.0</u>

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**SAN FRANCISCO BAR PILOTS
AND
SAN FRANCISCO BAR PILOTS BENEVOLENT AND PROTECTIVE ASSOCIATION**

UNCONSOLIDATED STATEMENTS OF SURCHARGES: BILLINGS AND DISBURSEMENTS

For the Years Ended December 31, 2025 and 2024

	Pilot Commission	Pilot Training	Pilot Trainee	Pilot Vessel Construction	Total Board of Pilot Commissioners	Statutory Pension Rate
Undisbursed Surcharges - January 1, 2024	\$ 452,271	\$ 59,613	\$ 39,281	\$ 1,057,760	\$ 1,608,925	\$ 1,526,739
Billings	2,665,937	314,675	394,875	6,825,891	10,201,378	15,183,153
Disbursements to Statutory Pension Plan	--	--	--	--	--	(15,464,388)
Disbursements to Board of Pilot Commissioners	<u>(2,702,489)</u>	<u>(330,788)</u>	<u>(367,082)</u>	<u>(6,721,879)</u>	<u>(10,122,238)</u>	<u>--</u>
Undisbursed Surcharges - December 31, 2024	415,719	43,500	67,074	1,161,772	1,688,065	1,245,504
Billings	2,628,937	319,500	643,600	6,624,372	10,216,409	14,673,563
Disbursements to Statutory Pension Plan	--	--	--	--	--	(14,676,636)
Disbursements to Board of Pilot Commissioners	<u>(2,611,344)</u>	<u>(312,860)</u>	<u>(621,780)</u>	<u>(6,761,335)</u>	<u>(10,307,319)</u>	<u>--</u>
Undisbursed Surcharges - December 31, 2025	<u>\$ 433,312</u>	<u>\$ 50,140</u>	<u>\$ 88,894</u>	<u>\$ 1,024,809</u>	<u>\$ 1,597,155</u>	<u>\$ 1,242,431</u>

See independent auditors' report.

**SAN FRANCISCO BAR PILOTS
AND
SAN FRANCISCO BAR PILOTS BENEVOLENT AND PROTECTIVE ASSOCIATION**

UNCONSOLIDATED STATEMENTS OF SURCHARGES: BILLINGS AND COLLECTIONS

For the Years Ended December 31, 2025 and 2024

	Uncollected Surcharges			Uncollected Surcharges			Uncollected Surcharges
	January 1, 2024	Billings	Collections	December 31, 2024	Billings	Collections	December 31, 2025
Pilotage Surcharges							
Gross Pilotage							
Pilotage	\$ 2,375,267	\$ 33,837,130	\$ (33,908,230)	\$ 2,304,167	\$ 33,580,468	\$ (33,315,167)	\$ 2,569,468
Bay Moves	371,966	3,947,500	(3,964,466)	355,000	3,690,000	(3,735,000)	310,000
River Moves	87,145	2,680,000	(2,637,145)	130,000	2,480,000	(2,545,000)	65,000
Miscellaneous Charges	<u>477,302</u>	<u>3,974,697</u>	<u>(3,960,726)</u>	<u>491,273</u>	<u>3,537,979</u>	<u>(3,663,759)</u>	<u>365,493</u>
Total Gross Pilotage	3,311,680	44,439,327	(44,470,567)	3,280,440	43,288,447	(43,258,926)	3,309,961
Temporary Tariff Fee	560,697	6,289,150	(6,337,297)	512,550	6,035,000	(6,062,200)	485,350
Pilot Board Maintenance	633	--	(633)	--	--	--	--
Pilot Dispatch System	<u>163</u>	<u>--</u>	<u>(163)</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
Total Pilotage Surcharges	<u>3,873,173</u>	<u>50,728,477</u>	<u>(50,808,660)</u>	<u>3,792,990</u>	<u>49,323,447</u>	<u>(49,321,126)</u>	<u>3,795,311</u>
Other Surcharges							
Board of Pilot Commissioners Surcharges							
Pilot Commission	237,426	2,665,937	(2,701,219)	202,144	2,628,937	(2,614,606)	216,475
Pilot Training	31,480	314,675	(325,050)	21,105	319,500	(314,910)	25,695
Pilot Trainee	20,460	394,875	(380,215)	35,120	643,600	(633,040)	45,680
Pilot Vessel Construction	<u>544,761</u>	<u>6,825,891</u>	<u>(6,786,729)</u>	<u>583,923</u>	<u>6,624,372</u>	<u>(6,697,801)</u>	<u>510,494</u>
Total Board of Pilot Commissioners Surcharges	834,127	10,201,378	(10,193,213)	842,292	10,216,409	(10,260,357)	798,344
Statutory Pension Rate	<u>1,461,818</u>	<u>15,183,153</u>	<u>(15,495,925)</u>	<u>1,149,046</u>	<u>14,673,563</u>	<u>(14,682,165)</u>	<u>1,140,444</u>
Total Other Surcharges	<u>2,295,945</u>	<u>25,384,531</u>	<u>(25,689,138)</u>	<u>1,991,338</u>	<u>24,889,972</u>	<u>(24,942,522)</u>	<u>1,938,788</u>
Total Surcharges	<u>\$ 6,169,118</u>	<u>\$ 76,113,008</u>	<u>\$ (76,497,798)</u>	<u>\$ 5,784,328</u>	<u>\$ 74,213,419</u>	<u>\$ (74,263,648)</u>	<u>\$ 5,734,099</u>

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