



Finance & Audit Advisory Committee

January 19, 2023 – 9:00 -10:30 am

Hybrid meeting

In-person (291 Geary St, #200) and Virtual Communication System Zoom

MINUTES

In attendance

Committee Members: Jim Sangiacomo, Mark Purdy, Julie Taylor, Russ Keil Jr, J. Timothy Falvey, Bryant Dawson, Stephen Brett

Staff: Ben Horne (CFO), Marisa Rodriguez (CEO), Ken Rich (COO), Zarrina Yousafzai (Senior Administrator Coordinator), and Carlos Montano (Intern)

Guests: Tammy Brock, Tom Brock

1) Call to Order and Introductions

Ben Horne called the meeting to order at 9:03 am.

2) Public Comment

Ben called for public comment, hearing none, the committee moved along with the agenda.

3) Action to approve the November 10, 2022, meeting minutes of the Committees.

Action: The committee unanimously approved the November 2022, minutes as motioned by Russ Keil Jr. and seconded by Jim Sangiacomo.

4) Since We Last Met & Updates

- Staffing and Hiring Update

The Alliance has hired Ken Rich as the new Chief Operating Officer. Ken Rich began as new role as of January 1, 2023.

- Strategic Planning

The Alliance's Strategic Plan (Executive Summary) has been approved as of the November meeting. There are additional strategic objectives (appendices to the plan) for future years that are being examined, reorganized, and made measurable by the CFO and COO of the Alliance. These updates will be finalized with MIG in the coming weeks and presented to Board at the March meeting. The



Alliance team embarked on a team retreat to reflect the accomplishments of 2022 and as a team building exercise. The Alliance team participated in DiSC assessments to understand the personalities in the workplace and better ways to communicate and engage with one another.

- Grant updates

The Alliance is still in negotiation for the SF Live Grant's \$850K 2-year project to execute 35 performances/year in the Union Square Park. The Alliance has partners lined up to run the day-to-day logistical planning of the performances. They will work with the Alliance's Marketing, Public Realm, and Services team to execute this. However, in the meantime the Alliance is still waiting for the City to deliver us the final contract for signature. Additionally, the Alliance obtained the \$500K grant for Hallidie Plaza's Holiday Village from OEWD, and in the coming months the Alliance should be granted an additional \$650K in which approximately half has to be utilized for Hallidie Plaza but will also help support additional improvements in Union Square, the Bloom initiative and holidays 2023.

- Banking updates

The Alliance received the City National Bank Credit Card, and we are in the process of transferring the regular recurring subscription charges to the new card. We will be closing Wells Fargo Credit checking and credit card account as soon as the transitions are complete.

- Meeting Schedule for 2023

The schedule for the 2023 Finance and Audit Committees is: January 19, March 16, May 18, July 20, September 21, and November 9 respectively.

5) Assessment payment update and review assessment receivables.

The Alliance received its first assessment payment on December 30, and we were able to pay off the line of credit that day. Our first assessment payment for the fiscal year was \$3.8 million. This year the Alliance received more second payments than normal, amounting for more than we budgeted for. The receivables amounted to \$47,000 for the current fiscal year and \$53,000 total. This is very low as a percentage of the annual assessments (less than 1%). Members reviewed the assessment receivable report and asked questions and discussed.

6) Review of 990 draft and related state filings and Action: to make recommendation to the Board of Directors to Approve 990 draft and state returns for filing.



The Alliance have worked closely with Perotti & Carrade our CPA firm to draft the 990 (annual tax return). The audit results indicated \$5,948.00 surplus for last year with an ending net asset balance of \$2,230,238.00. The 990 reconciles to the audit results. Part III of the 990 states the Union Square Alliance's mission statement and our programmatic description of our major programs as of 06/30/22. Further into the 990, we have reported data for our directors, officers, and board members. Moreover, the 990 breaks down our financials into program, admin, fundraising as well as listing donors and political activities. Finally the state return and RRF-1 form for Attorney General of California were reviewed. Ben also discussed an issue with the Attorney General filing from the previous fiscal year due to a inconsiderate rollout of a new form and fee schedule in early 2022. But, the issue was being handled, a new form filed and should be clear in the coming weeks.

Action: The committee unanimously approved to make recommendation to the Board of Directors to approve 990 draft and state returns for filing as motioned by Russ Keil Jr and seconded by J. Timothy Falvey.

7) Action: to Accept the Unaudited Financial Reports of December 2022, for recommendation to the Board of Directors.

By the end of December 2022, the Alliance ended with a surplus of \$115K and have outperformed budget by \$325K of which \$358K from assessments/core operations less \$34K from other grant/contract funds. In terms of expenses, the Alliance was under budget and experienced positive spending variances for clean & safe due mainly to the 10B Program. This is what is causing our budget surplus and is adjusted downward for the upcoming budget. The Alliance contracted 24/7 private security this year for quality-of-life issues when 10B officers are unavailable. The Alliance is slightly over budget for admin expenses due to professional and legal services; on the other hand, expenses are under budget in both clean and safe and marketing categories. The Alliance spent less of other funds by \$427K due to SF Live grant starting later in 2023, and additional revenues from SF Live and Economic Recovery Grants have not been recognized as of December 31,2022. The Alliances' assessment operations expenses were near management plan levels (71% for Clean & Safe, 15% Marketing, 14% Admin). The forecast for the fiscal year is a total deficit of \$217K as the approved budget was \$381k deficit. The goal is to break even for the fiscal year.

Action: The committee unanimously approved to accept the unaudited Financial Reports of December 2022, for recommendation to the Board of Directors as motioned by Jim Sangiacomo and seconded by Julie Taylor.

8) Review draft of budget modification for Jan – Jun 2023 and Action to recommend approval of budget modification to Board of Directors.



The Alliance's budget modification draft indicates our assessments and core operations, while on the other end our grants and other funds. Our projected reserves are expected to be just over \$2 million at the end of the fiscal year. For 22-23FY our actual budget is forecasted to be \$9.32 million of revenue and approximately \$9.54 million in expenses. The goal for the Alliance is end the year break-even or with slight surplus. Ben reviewed a budget memorandum (summary) as well as the draft of the entire budget.

Action: The committee unanimously approved to recommend approval of budget modification to Board of Directors as motioned by Jim Sangiacomo and seconded by Julie Taylor.

9) Next meetings & updates

- Board Meeting January 26, 2023, at 9:00 am (Marriott)
- Chinese New Year Parade February 4, 2023, at 5:00 pm
- Executive Committee February 23, at 9:00 am
- Finance and Audit Committee next meeting March 16, 2023, at 9:00 am

10)Adjournment 10:15 am