



Finance & Audit Advisory Committee

May 18, 2023 – 9:00 -10:30 am

Hybrid meeting

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

MINUTES

In attendance

Committee Members: Tad Moore, Jim Sangiacomo, Mark Purdy, Julie Taylor, Russ Keil Jr., Wes Tyler, Paul Sandberg, and Bryant Dawson.

Staff: Ben Horne (CFO), Marisa Rodriguez (CEO), Ken Rich (COO), Zarrina Yousafzai (Finance & HR Associate), and Melanie Medina (Executive Assistant).

Guests: Kat Harris (Perotti & Carrade, CPA)

1) Call to Order and Introductions

Ben Horne called the meeting to order at 9:01 am.

2) Public Comment

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

3) Action to approve the March 16, 2023, meeting minutes of the Committee.

Action: After reviewing the minutes draft, the committee unanimously approved the March 16, 2023, minutes as motioned by Mark Purdy and seconded by Julie Taylor.

4) Since We Last Met & Updates

- Staffing and Hiring Update

The Alliance has hired a new intern, Caitlin Keller, who will begin in early July. The position for Services Manager is still under review.

- Services RFP

The Alliance will be conducting a Services RFP for cleaning, hospitality, power washing, and security services. Four proposals have been submitted thus far. A committee was formed with members of the Services Committee and stakeholders to conduct the interviews and will make a recommendation to the Services & Public Safety committee who they see as the best fit to move forward



as our services provider. The Board of Directors will then vote on said recommendation.

- Foundation Grants and Annual Luncheon

The Economic Recovery Grant (RFP 224) and SF Live have been officially signed. The programming for SF Live has been put on hold due to a delay in the signing process.

The Union Square Foundation raised about \$133K at the Annual Luncheon that will go towards public realm activations.

The Mayor recently announced a proposed \$6 million commitment to Powell Street improvements which include \$2 million for tenant attraction. Discussion took place regarding how the \$6 million will be distributed and security needs on lower Powell.

- Assessment payment and receivables

\$2.8 million of the assessment payment came in late April. The Alliance has not received the official report from the city so there are no current updates on the receivables. The receivables are estimated within the mid \$50K range.

5) Audit planning presentation, discussion, and review of engagement letter from Perotti & Carrade and action to recommend engaging Perotti & Carrade to Board of Directors for audit and tax services 22-23 FY. (Kat Harris, CPA)

Kat Harris, from Perotti & Carrade, spoke to the committee and went over the draft engagement letter between Perotti & Carrade and the Alliance for the audit. There are no major standards that will change how she will perform the audit. The most significant change will be regarding operating and financing leases. They will also disclose risks and procedures to mitigate the risks. Discussion took place regarding the lease entry and how it will be recognized moving forward, how grant revenue will also be recognized (to be discussed offline).

Action: The committee unanimously recommends engaging Perotti & Carrade for the audit and tax services for 22-23 FY to the Board as motioned by Mark Purdy and seconded by Russ Keil Jr.

6) Action: to Accept the Unaudited Financial Reports of April 2023, for recommendation to the Board of Directors.

The Union Square Alliance has an overall operating surplus of \$750K as the second assessment was received until April 2023. The organization has a slight negative budget variance of \$6K overall (\$67K positive variance from Core less \$73K other).



The assessments/core operations are outperforming budget by \$67K due to expenses being under budget in the clean and safe category and additional misc. revenues generated. Marketing expenses were slightly over budget (\$24K) due in part to delays with the additional grants and related projects. Due to delays from a couple of the grants, there was a negative variance (\$924K). The Larsen lighting grant and security camera grant projects are also facing delays due to property permissions. The USBID assessment operation expenses were near management plan levels with 73% on clean & safe (including sec. cameras), 135 on marketing and 14% on admin. The forecast for the fiscal year is a total deficit of \$287K. The approved budget was \$381K deficit. Our goal is to break even for the fiscal year which will be challenging due to the delays on grants and increasing costs of services. Net assets (reserves) are at \$3mil and cash balance was \$3.15mil at 4/30/23. Discussion took place regarding the contract with Rec & Park and the delays within the grants.

Action: The committee unanimously approved to accept the unaudited Financial Reports of April 2023, for recommendation to the Board of Directors as motioned by Russ Keil and Mark Purdy.

7) Review of draft budget and action to make recommendation to Board for assessment rate for the 23-24 FY.

Ben reviewed the draft budget with the committee. The current staff is budgeted for along with additional projects such as economic development, security cameras maintenance which have gone up. The budget is expected to break even. Discussion took place regarding the assessment rate for the next fiscal year. The committee took into consideration the Change Bay Area CPI to determine the best rate for the next fiscal year.

Action: The committee unanimously approved recommending to the Board a 3% assessment rate for the 23-24 FY as motioned by Julie Taylor and seconded by Jim Sangiacomo.

8) Next meetings & updates

Ben went over the following upcoming meetings:

- a) Annual Board Meeting May 25, 2023, at 9:00 am (Axiom Hotel)
- b) Executive Committee June 22, at 9:00 am
- c) Finance and Audit Committee next meeting July 20, 2023, at 9:00 am

9) Adjournment 10:20 am