



## Finance & Audit Advisory Committee

September 21, 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, Stephen Brett, Bryant Dawson, Russ Kiel, Julie Taylor, Wes Tyler, Paul Sandburg and J. Timothy Falvey.

Staff: Ben Horne (CFO), Marisa Rodriguez (CEO), Zarrina Yousafzai (Finance & HR Associate), and Caitlin Keller (Intern).

Guests: Kathryn Harris and Brad Levine

#### 1) Call to Order and Introductions

Ben Horne called the meeting to order at 9:07 am.

#### 2) Public Comment

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

#### 3) Action to approve the July 20, 2023 meeting minutes of the Committee.

**Action:** After reviewing the minutes draft, the committee unanimously approved the July 20, 2023, minutes as motioned by Mark Purdy and seconded by Jim Sangiacomo.

#### 4) Since We Last Met & Updates

##### - Staffing and Hiring Update

Marisa informed the committees of the Executive committee and management decision to no longer manage the in-house member services department, placing it under the management of Block by Block. The Alliance has faced challenges not being in the same office as the member services department and some HR issues over the years. The current Director of Services, Lance Goree, will manage the Block by Block account as well. This should lead to a smooth transition.



The Alliance will hire a Services Manager to oversee contracts and committees relating to Clean & Safe services. The Alliance is also hiring an Events Coordinator to work under Eva as the scope of the Alliance's public realm projects has increased significantly with the additional grant funding.

- Foundation -- grant and fundraising updates.

a) Community Challenge Grant

The funding from the Community Challenge Grant is frozen due to the arrest of the City staff member who ran the program. Any projects that rely on this funding have been put on hold while we wait for City to disperse the grant funds.

b) Economic Recovery (Powell)

The Economic Recovery grant is in progress, as the Alliance is still working with the city to come to terms with the initial \$400k for the project. This has delayed the Alliance's plans to hire a consultant for the Powell Street project.

c) Larsen additional grant

Marisa informed the committee that she is in talks with Chris Larsen to support additional power washing at the Cable Car turnaround, Market Street and Powell corridor. The Alliance has been searching for sources of additional funding for these purposes at the newly formed Powell Street task force meetings.

d) Hudson Pacific potential grant

Hudson Pacific is also interested in providing funding to the Alliance for public realm and beautification efforts with a focus on improving Hallidie Plaza.

e) Other Grant Funding

The Alliance may receive two additional grants of note for Public Realm projects (by amending the Economic Recovery Grant) . The first of these would support the pop-up of the two Union Square Park kiosks by Tyler Florence for APEC, the holidays, and JP Morgan, the Foundation will be acting as the fiscal agent for this partnership. Marisa noted that OEWD will be presenting at the next Alliance Board meeting on the funding allocation process. The second grant would allocate additional funding for Winter Walk 2023, funding the purchase of turf, traffic management, barricades, bus rerouting, and other additional expenses to put on the event (and close Stockton Street).

- Services Contracts updates

The Alliance is currently working on a new contract with Legion. Block by Block is currently drafting their own contract and with the Alliance which will include the previous contract's Amendments. The Block by Block and Legion budgets are being negotiated.



- Holidays 2023 and Holiday Fundraiser Save the Date – December 7 at 6pm  
The Alliance will be putting on Winter Walk from December 14-24. This event will close two blocks of Stockton street to make for a pedestrian-only zone with food trucks, a bar garden, and activations. The Alliance's holiday fundraiser is scheduled for December 7<sup>th</sup> at 6pm.
- Assessment payment August 2023  
The Alliance had \$26k of the assessment receivables due in August. The last payment received was very small (less than \$1k) so the receivable report was not presented at this meeting.

**5) Audit Review – Led by Kat Harris, Perotti & Carrade.**

The Alliance's audit for the 22-23FY was conducted in August by Kathryn Harris and Brad Levine from Perotti & Carrade. Their opinion of the audit was that all financial statements were presented fairly and the changes in net assets and cash flows for the year ended in accordance with generally accepted accounting principles. They described the result of the audit as very similar to the previous audit apart from an additional operating lease liability and an operating right-of-use asset that was added to the statement of financial position (balance sheet). They noted risks of material misstatement in risk of fraud and cash disbursements and revenue is present but this is an audit requirement and they found nothing to indicate any fraud. There were no difficulties encountered performing the audit, no misstatements, and no disagreements with management. The audit revealed no deficiencies in internal control.

There were questions from the committee concerning whether there is confidentiality in the lease disclosure. Ben noted that this was a smooth audit process and that some expenses had moved to more natural categories. Ben and Kat noted that the Foundation may need to be audited in the near future if it receives over \$2mil in funding.

**Action:** The committee unanimously approved making a Recommendation to the Board of Directors to Approve 22-23FY Audit Report as motioned by Russ Keil and seconded by J. Timothy Falvey.

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



The Union Square Alliance has an overall operating deficit for the fiscal year of \$1.06mil as the organization spends down reserves from the prior year. The organization outperformed the budget by \$51K (approved budget had a deficit of \$1.12mil). It is projected that the organization will end FY 23-24 with a \$38K surplus (assuming the organization stays on budget). The assessments/core operations outperformed budget by \$54K due to expenses being under budget in clean and safe (\$46K) and additional revenues generated (\$26K). Marketing expenses were slightly over budget (\$10K) due to unexpected repairs and administrative expenses were slightly over budget (\$7k) largely due to timing differences with the budget which should even out in future months.

There is a large Other Revenues negative variance (\$186K) due to timing differences and delays with the Powell grant as well as the Community Challenge grant which is on hold. The Larsen lighting grant and security camera projects continue to face delays due in part to challenges with property owner permissions. The organization spent less on Other Funds (\$183K) leaving a small negative variance (\$3K).

The USBID assessment operation expenses were near management plan levels with 72% on clean & safe (includes sec cam), 13% on marketing and 15% on admin.

Net assets (reserves) are at \$920k and cash balance was \$1.097mil on 8/31/23.

**Action:** The committee unanimously approved to accept the unaudited Financial Reports of August 2023, for recommendation to the Board of Directors as motioned by J. Timothy Falvey and seconded by Paul Sandburg.

## **7) Next meetings & updates**

Ben went over the following upcoming meetings:

- a) SF Live Happy Hour Concert, September 21 at 5:30pm
- b) Board Meeting (Annual Meeting #2) September 28, 2023, at 9:00am at Parc55
- c) Executive Committee October 26, at 9:00 am
- d) Finance and Audit Committee next meeting November 9, 2023, at 9:00 am

## **8) Adjournment 10:04am**