



## Regular Meeting of the Finance & Audit Advisory Committees

9:00am Thursday, September 19, 2024  
291 Geary Street, Suite 200, San Francisco, CA 94102 or Via Zoom

### Minutes

#### In Attendance

**Committee Members:** J. Timothy Falvey, Julie Taylor, Nina Lang, Wes Tyler, Stephen Brett, Russ Keil Jr., Tammy Brock, Blake Eikenberg,

**Staff, Contract Service Providers & Guests:** Marisa Rodriguez (CEO), Ben Horne (CFO), Zarrina Yousafzai (Finance & HR Associate), Melanie Medina (Executive Assistant), Kat Harris (CPA), and Brad Levine (CPA).

**1. Call to order and Introductions.**

Observing a quorum present, Ben called the meeting to order at 9:05 am. The committee then made introductions.

**2. Public comment**

Ben called for public comment. Julie Taylor noted that foot traffic has increased in the district. Discussion took place regarding a recent safety incident in the district, and the impact it will have on the public's perception of safety.

**3. Action to approve the July 18, 2024, meeting minutes of the Committees.**

**Action:** After reviewing the minutes draft, the committee unanimously approved the July 18, 2024, minutes as motioned Julie Taylor and seconded by Tim Falvey.

**4. Audit Review- Led by Kat Harris, Perotti & Carrade**

- a. Audit Report
- b. Reclassifying entries
- c. Letter on Internal controls
- d. Letter to Board of Directors

Kat Harris presented a summary of the Union Square Alliance's Audit Report and supporting documents, sharing a draft of the financial statements. She highlighted that there were no major changes and this year's audit was very similar to last year's. She confirmed that the Alliance's financial statements accurately reflect the organization's financial results over the past year (a clean/unmodified opinion). In the Statement of Financial Position, Kat noted the Alliance has enough assets to cover its liabilities. She addressed questions, explaining the increase in lease liability due to expanded office space and that asset classifications could be further separated if requested, though this is not a requirement.



The Statement of Activities outlined revenue sources and expenditures, noting a surplus of approximately \$360,000, with an increase in Foundation contributions. Discussion took place regarding the format of function expenses of two pages versus one page and the Union Square Plaza expenses being highlighted separately. Kat reviewed the Statement of Cash Flow, which showed an increase in cash. She also noted the operating lease liabilities and the two related party transactions. Ben informed the committee of the two related party transactions: one with Recology, providing in-kind garbage services, and the second with Stephen Brett (who has an ownership interest in the office building where the USBID has its administrative office) for office leasing. Kat wrapped up the audit report with the two required letters: one on internal controls and another for engagement. Discussion followed regarding insurance policies, technology, and cybersecurity. Ben noted that there were no formal adjustments to the books. However, there were reclassification entries (moving revenue from one type to another or expenses from one type to another) and thanked Zarrina for all her work on the audit.

**Action: To make recommendation to the Board of Directors to Approve 23-24FY Audit Report**

**Action:** The committee approved to make the recommendation to the Board of Directors to approve the 23-24FY Audit Report as motioned by Stephen Brett and seconded by Russ Keil Jr.

**5. Since We Last Met & Updates**

- **Staffing and hiring updates. 401K matching proposal**  
Ben informed the committee that Jason Cherniss has taken a medical leave, and Daniela Vasile has been hired as an interim Director of Services. Daniela comes to the Alliance previously working with Block by Block at the regional level and is familiar with the Alliance's account and district as well as public realm management. Ben announced that the Alliance would like to begin 401K matching in 2025 (Board will be asked to approve up to 4% match at the September Board meeting).
- **Foundation - grants and fundraising updates**  
Ben informed the committee that the Alliance has applied for RFP 230, aimed at enhancing security in the area through a shared initiative with Yerba Buena. This compromise would provide additional ambassador coverage from Moscone Center up to Union Square and including areas like Mint Plaza and Market up to 6<sup>th</sup> Street. There was a discussion about police substations within the district, and Ben clarified that the grant funds would cover ambassador costs rather than direct security or police expenses. He commented that because the grant would pay for ambassadors formerly paid by assessment, that the freed-up assessment would be used for additional security or 10b police officers. This proposal is pending confirmation from the City.
- **Bank and LOC Renewal**



The line of credit has been signed off. Nina Lang, the Alliance's Relationship Manager with City National Bank, has moved on to a new position as the VP of Business Community Manager but will remain on the Finance Committee.

- Fiscal Manual, budgeting software, and other finance projects  
Ben and Zarrina will work on updating the fiscal manual for the Alliance which was last updated in 2015. Ben informed the committee that he is exploring budgeting software that would be a useful tool for the team to better understand budgets and how to manage them and have more real-time access to the actual results.
- Holidays 2024 and Holiday Fundraiser save the date- December 5 (Thursday) at 6pm  
The Union Square Foundation will host its Annual Holiday Fundraiser at the Town and Country Club on Thursday, December 5<sup>th</sup> from 6pm-9pm. Members were encouraged to support, sponsor or attend the event.

#### **6. Action to Accept the Unaudited Financial Reports of August 2024, for recommendation to the Board of Directors**

Ben presented the unaudited financial reports of August 2024 to the committee. The Alliance has an operating deficit for the fiscal year of \$1.1 mil as the organization spends down reserves from the prior fiscal year as the organization awaits the assessment payment of the fiscal year in December. The organization had a small negative budget variance of about \$12k. The assessment/core operations had a negative budget variance of \$16k due to expenses being over budget in clean and safe (\$58k). Additional revenues generated were over budget by \$16k. Marketing and administrative expenses were slightly under budget by \$12k and \$13k respectively.

There is also a negative variance in other revenues due to timing revisions with some of the grants and activities. The main project delayed is the Union Square Park improvements project under SF Live and the Powell Street Improvement Project. The organization spent less in other funds (\$267k) resulting in an overall positive variance of \$44k.

The USBID assessment operation expenses were near management plan levels with 80% on clean and safe (including security cameras), 9% on marketing and 11% on admin. Based on the remaining budget and forecast is for a small overall deficit of \$271 but additional revenues are expected which will change this. Net assets (reserves) are at \$1.164 mil and cash balance was \$1.68 mil on 8/31/24. The organization earned \$20k of interest income during July and August.

**Action:** The committee unanimously approved the unaudited financial reports as of August 2024 for recommendation to the Board of Directors as motioned by Stephen Brett and seconded by Julie Taylor.

#### **7. Next meetings & events**

- Board Meeting September 26, 2024, at 9:00am (location Morton's Steakhouse)



- Executive Committee October 24, 2024, at 9:00am
- Finance & Audit Committee next meeting November 14, 2024, at 9:00am.

**Adjourned 10:15 am**