



## Regular Meeting of the Finance & Audit Advisory Committees

9:00am Thursday, November 14, 2024  
291 Geary Street, Suite 200, San Francisco, CA 94102 or Via Zoom

### Minutes

#### In Attendance:

**Committee Members:** James Sangiacomo, Julie Taylor, Stephen Brett, J. Timothy Falvey, Russell D. Keil, Jr., Wes Tyler, Mark Purdy, Bryant Dawson, Nina Lang

**Staff:** Ben Horne (CFO), Zarrina Yousafzai (Finance & HR Associate), and AnaKatrina Cortado (Intern).

#### 1. Call to order

Observing a quorum present, Ben called the meeting to order at 9:05 a.m.

#### 2. Public comment

Ben called for public comment. Hearing none, he proceeded to the next agenda item.

#### 3. Action to approve the September 19, 2024, meeting minutes of the Committees.

Ben directed the committee to review the meeting minutes from September 19, 2024.

**Action:** The committee unanimously approved the September 19, 2024, minutes as motioned James Sangiacomo and seconded by Tim Falvey.

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

- Staffing and hiring updates

Ben updated the committee that Jason Cherniss, Director of Services has extended his medical leave through January 2<sup>nd</sup>, 2025. Daniela Vasile will continue serving as Interim Director of Services during his absence. Ben and Marisa Rodriguez, CEO of Union Square Alliance, are consulting with the Alliance's coach facilitator to assess organizational staffing needs. Daniela has excelled in her interim role, and the Alliance is considering her for a potential managerial or executive position. The organization has budgeted for a Chief of Staff role starting January 1. The committee also discussed how the addition of a COO or COS could support the Alliance's goals. Furthermore, Ben informed the committee that Lance Goree has resigned as Block by Block's Operations Manager, prompting discussions about the impact of this change on the services provided to the Alliance.

- Services agreements and RFP230 award.



Ben informed the committee on operational issues with Block by Block, highlighting that several contracted services are not being properly executed. A key example discussed was Block by Block not locking up the chairs at Union Square Plaza, leading to 36 missing chairs and a \$16,000 replacement cost. The committee discussed how Block by Block plans to address these issues and whether compensation would be provided for the missed services. Additionally, concerns were raised about the potential impact of Lance's departure on the Alliance's operations.

Ben also updated the committee about RFP 230, which would enable the Alliance to hire additional Block by Block Ambassadors and, with the freed-up assessment funds, expand the Legion Security team. The Alliance is currently finalizing contracts with Block by Block, Legion Security, and Applied Video Solutions, which will be presented for approval at the upcoming Board of Directors meeting.

- Foundation – grants and fundraising updates
  - a. RFP224 (Economic Recovery Grant)

The contract for RFP 224 is expected to be finalized within the next 3-5 months. Ben raised concerns regarding the allocations of grant funds, particularly for public realm projects like the Powell Street Improvement Project. These funds are allocated but are often delayed, impacting project timelines. Specifically, the Alliance has paused the Powell Street project, opting to wait for the approval of the GO Bond before proceeding.
  - b. SF Live (Union Square stage Improvement)

The Union Square Stage Improvement project has also experienced delays, which has created challenges in managing the project's budget from an accounting standpoint. The delay in this project further complicates the financial management of the grants and funding allocations.
  - c. RFP 226 amendment.

The Alliance is receiving an amendment for RFP 226. This amendment will change the way billing is handled and will provide an additional \$800,000 in funding. The added funds will support various initiatives, including Winter Walk, Bloom, Tulip Day, and activations at Maiden Lane and the Cable Car Turnaround.
  - d. Community Challenge Grant.

This item was not discussed in this meeting.
- Holiday Fundraiser (December 5, 2024, at 6pm – at Town & Country Club).

Ben encouraged the committee to purchase tickets for the Union Square Foundation's Holiday Party at the Town & Country Club. Discussion occurred regarding the dress code.



- Time Study

Ben shared that Perotti & Carrade have recommended the Alliance conduct a time study to understand how staff divide their time between Alliance and Foundation projects. Zarrina and Ben have already begun their own time study, which is progressing well. The plan is for the team to eventually handle this process internally, with the initial study expected to be completed by early January. Afterward, Ben and Zarrina will adjust, and a follow-up time study will be conducted around June of next year to assess how staff time is allocated. Mark asked if there are software solutions available to assist with this process.

**5. 990 Review and Discussion and action to approve recommendation to Board to approve 990 report for the 23-24FY.**

Ben reviewed the Alliance's 990 report for the 23-24FY, prepared by Perotti & Carrade, who also conducted the audit. He noted that the 990 differs from the audit report as the IRS does not recognize in-kind contributions, as it focuses on tax compliance rather than generally accepted accounting principles. The report provides an overview of the Alliance's programs, mission, and key governance policies, including those for conflicts of interest, whistleblowing, document retention, and executive compensation, ensuring proper oversight and accountability. The report also lists the Board of Directors, officers, and employees with compensation exceeding \$100,000. Ben observed that some former Board members are still listed as current and will follow up with Perotti & Carrade to address this discrepancy. He reminded the committee to confirm that all names are accurately spelled. Ben will update Schedule C to reflect lobbying activities related to Proposition B G.O. Bond funding. Another section, Schedule L addresses related party transactions, which concern former Executive Director Karin Flood and current Secretary Stephen Brett. Ben raised a concern regarding Karin's inclusion, as she has not been with the organization for the past three years. He concluded by stating that the Alliance will implement the necessary revisions and has no further comments on the 990 forms.

**Action:** The committee unanimously approved to recommend to Board of Directors approve 990 reports for the 23-24 FY as motioned by Russell D. Keil, Jr., and seconded by Mark Purdy.

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

Ben presented the Unaudited Financial Reports for October 2024 to the committee. As of October's end, the Alliance is facing a \$2.3 million deficit, having spent down prior-year reserves. However, there is a small positive variance of \$38,000. The assessments/core operations show a positive budget rate of \$20,000 due to Marketing & Administrative expenses being under budget. The Clean & Safe program is slightly over budget due to the use of banked hours and other expenses; Ben and Daniela will investigate this to ensure Block by Block is not overstaffing, as any excess beyond 20% requires approval. Other Revenues reflect a negative variance of \$440,000 due to delayed grants and public realm projects.



Assessment expenses were allocated as follows: Clean & Safe (80%), Marketing (9%), and Admin (12%). With an additional \$2.8 million expected by June, the previous budget has been discarded. Net assets (reserves) were \$68,000 at the end of October.

**Action:** The committee unanimously approved to accept the Unaudited Financial Reports of October 2024, for recommendation to the Board of Director, as motioned by Stephen Brett and seconded by Mark Purdy.

**7. Action to approve recommendation to Board of Directors for \$500,000 draw on line of credit**

Ben informed the committee that the Alliance has a \$980,000 line of credit and that it will be a couple of weeks before the Alliance can draw \$500,000, due to the timing between the Finance Committee and Executive Committee meetings. He is requesting approval from the committee to recommend to the Board that the Alliance be authorized to draw up to \$500,000 from the existing line of credit. Ben indicated that the draw will be taken as a lump sum, with a reassessment of funding that will need to occur with the Executive Committee in December. Additionally, the Alliance has a receivable of approximately \$300,000, consisting of the Union Square Foundation's outstanding bill for September and October, as well as grant-related spending and management fees.

**Action:** The committee unanimously approved recommendation to Board of Directors for \$500,000 on the line of credit as motioned by Russell D. Keil, Jr., and seconded by Tim Falvey.

**8. Next meetings & events**

- Board Meeting November 21, 2024, at 9:00am (The Marker Hotel)
- Holiday Fundraiser, Dec 5, 2024, at 6pm (Town & Country Club 218 Stockton)
- Winter Walk Kickoff December 14, 2024, at 5pm
- Executive Committee December 19, 2024, at 9:00am
- Finance & Audit Committee next meeting January 16, 2025, at 9:00am.

**9. Adjourned: 9:58 a.m.**