UNION SQUARE ALLIANCE

Regular Meeting of the Finance & Audit Advisory Committees

9:00am Thursday, May 21, 2026
291 Geary Street, Suite 200, San Francisco, CA 94102 or Via Zoom

Minutes

In Attendance

Committee Members: Bryant Dawson (Wells Fargo), Mark Purdy (Grosvenor Americas), Nina Lang (City National Bank), J. Timothy Falvey (EBMC) Julie Taylor (Colliers International), and Russell D. Keil Jr (The Keil Companies)

Staff: Marisa Rodriguez (CEO), Benjamin Horne (CFO), Daniela Vasile (COO), Zarrina Yousufzai (Finance & HR Supervisor), and Melanie Medina (Executive Assistant to the CEO)

Guest: Kat Harris (Perotti & Carrade), Brad Levine (Perotti and Carrade), Tammy Brock (Property Owner), and Tom Brock (Property Owner)

1. **Call to order and roll call.**
   Ben called the meeting to order at 9:02am and took roll call.

2. **Public comment**
   Ben called for public comment. Hearing none, the meeting proceeded.

3. **Since We Last Met & Updates**
   - Strategic planning
     Ben provided an update on the Union Square Alliance Strategic Planning process, noting that it is progressing well. He emphasized that a great deal has been accomplished since the Board Retreat. Workgroups will be established to focus on key strategic objectives, including Clean and Safe, Marketing & Events, Public Realm, Economic Development, staffing resources, and Board development. The committee will review draft objectives to ensure they align with and support the Alliance's overarching goals. The Strategic Planning Committee is expected to begin its work in June, and a draft strategic plan will be presented to the Board in July.

   - Legal matter
     Ben informed the committee of a legal matter involving website accessibility and cookie consent requirements. A lawsuit was filed alleging that the Alliance's website was tracking users for monetary purposes. The Alliance team promptly updated the website, implemented the necessary compliance measures, and enhanced ADA accessibility. The matter has resulted in legal fees and related insurance issues.

- Staffing updates
  Marisa announced that Eva Schouten has returned from maternity leave. She also shared that Ken Rich will be leaving the organization. To help manage his responsibilities and ensure continuity on his projects, the Alliance has engaged Brooke Ray Demko and Kat Daniel as consultants. The Alliance will also be hiring a new intern.

- Grants, Foundation, program and fundraising updates
  a. Powell Project funding.
     Marisa reported that the Powell Street Improvement project is on schedule with plans to break ground in October 2026. The Downtown Development Corporation (DDC) is committed to fully funding the project.

  b. SF Live (Union Square stage improvement)
     Ben reported that the final walkthrough for the Stage Improvement Project is scheduled for next week and is expected to be the last remaining task before project completion. He noted that there is some financial risk related to the final grant reimbursement, specifically regarding administrative and contingency costs. The team is continuing discussions with OEWD to resolve the issue. Final approval is anticipated by the end of June.

  c. DDC HEART Safety Grant
     Ben informed the committee that the DDC Heart Safety Grant program began in mid-April. With RFP 230 now complete, the Alliance will finalize billing and closeout activities for the grant.

4. **Action to approve minutes from January 15, 2026 meeting**.
   Ben directed the committee to review meeting minutes from the January 15, 2026, committee meeting.

   Action: The Committee unanimously approved the January 15, 2026, meeting minutes, as motioned by Mark Purdy and seconded by J. Timothy Falvey.

5. **Assessment payment and review of assessment receivables report at 4/30/26.**
   Zarrina reported that the Alliance received the second assessment payment on April 27, totaling approximately $3.3 million. She also noted that outstanding receivables totaled approximately $133,000. The committee discussed the assessment collections and the timing and size of the assessment payments.

6. **Audit planning presentation, discussion, and review of engagement letter and <u>Action</u> to recommend engaging Perotti and Carrade to Board of Directors for audit and tax services for the 25-26FY. (Kat Harris, CPA)**
Kathryn Harris presented the draft of the engagement letter as well as the draft Board planning letter. She explained that there are no significant changes to the accounting standards the organization must follow, the required tax reporting, or the audit process. She noted that the audit is expected to be consistent with the previous year's audit. The only notable change is the audit fee, which reflects an approximately 5% increase over last year due to annual cost increases.

<u>Action:</u> The committee unanimously approved a recommendation to engage Perotti & Carrade CPAs to the Board of Directors for audit and tax services for the 25-26FY as motioned by J. Timothy Falvey and seconded by Russell D. Keil Jr.

7. **<u>Action</u> to Accept the Unaudited Financial Reports of April 2026, for recommendation to the Board of Directors**
Zarrina presented the unaudited financial reports as of April 2026. The Union Square Alliance reported an operating surplus of $1.654 million for the fiscal year. The second assessment payment for FY 2025–26, totaling $3.3 million, was received at the end of April. Overall, the organization is outperforming its budget, with a positive variance of $796,000. Assessments and core operations generated a positive budget variance of $354,000, driven by Clean and Safe expenses coming in $11,000 under budget and Marketing expenses $91,000 under budget, partially offset by Administrative expenses, which exceeded budget by $18,000. Revenues also exceeded projections by $269,000, primarily due to sponsorship income. Other revenues reflected a negative variance of $706,000 as a result of lower grant billings; however, expenses were also lower than budgeted due to the extension of the RFP230 Grant and the DDC Security Camera project, resulting in a positive variance of $5,000. Several items remain open and are expected to be reconciled and closed out by fiscal year-end, including the SF Live Grant, RFP226, RFP230, and the Block by Block final agreement. USBID assessment operating expenses remained generally consistent with management plan levels, with allocations of 68% to Clean and Safe, 20% to Marketing, and 13% to Administration. Net assets (reserves) totaled $4.2 million, and the cash balance was $4.85 million as of April 30, 2026. Accounts receivable remain relatively high at $1.4 million, primarily due to outstanding amounts from USF for March and April, as well as RFP230 billings from November through March 2026.

<u>Action:</u> The committee unanimously approved the Unaudited Financial Reports of April 2026, for recommendation to the Board of Directors, motioned by Russell D. Keil Jr. and seconded by J. Timothy Falvey.

8. **Review of draft 26-27FY budget, discussion, and <u>action</u> to make recommendation to Board for assessment rate for the 26-27FY.**
Ben presented a draft budget for FY 2026–27 and explained that it is based on assessments remaining flat. He noted that turnover within the Clean and Safe program has been high and that the upcoming RFP process could result in additional changes and uncertainties. Ben emphasized that the draft budget is being presented for review and that the Board will need to make a recommendation regarding assessments, either maintaining the current rate or implementing an increase up to 5%. Ben also noted that, following the district's renewal in FY 2019/2020, assessment rates have increased by only 3% overall despite significant changes in operating costs and service needs. After discussion, the committee recommended a 3% assessment increase for consideration at the next Board meeting.

<u>Action:</u> A recommendation to the Board for a 3% increase in the assessment rate for the 2026-2027 fiscal year was unanimously approved, as motioned by J. Timothy Falvey and seconded by Russell D. Keil Jr.

9. **Next meetings & events**
   - Board Meeting (Annual Meeting) May 28, 2026, at 9am (Taj Campton Place)
   - Executive Committee June 25, 2026, at 9:00am – Ben reported that the next Executive Committee meeting may be rescheduled and that a special Board meeting will be held at the end of June.
   - Finance & Audit Committee next meeting July 16, 2026, at 9:00am.

10. **Adjournment at 10:13am.**