



UNION SQUARE
BUSINESS IMPROVEMENT
DISTRICT

Finance & Audit Advisory Committee

May 21, 2020 – 9:00 -10:30 am
Virtual Communication System Zoom

MINUTES

In attendance

Committee Members: James Sangiacomo, Wes Tyler, Jeff Evans, J. Timothy Falvey, Russell D. Keil Jr., and Julie Taylor

Staff and contract service providers: Karin Flood (Executive Director), Ben Horne (Deputy Director), Zarrina Yousufzai (Administrative Coordinator), Eva Schouten (Intern), Shane Mowery (Marcum) and Kimberly D. Robertson (Marcum)

1. Call to Order and Introductions

Observing a quorum present, Karin Flood called the meeting to order at 9:05am. Introductions were made.

2. Public Comment

Karin called for public comment. Seeing none, she moved to the next agenda item.

3. Action to approve the March 19, 2020 minutes.

The committee unanimously approved the March 19, 2020 minutes as motioned by Julie Taylor and seconded by Jeff Evans. No public comment received prior to action.

4. Since we last met & updates

Coronavirus related matters

- PPP and EIDL received!

Karin informed the committee that the \$133K PPP loan has been received which covers at least two months of payroll. They are currently reviewing the process to get the loan forgiven and will apply when available. They also received a \$9000 EIDL advance (grant).

- Insurance update

Ben informed the board that he is filing for a business interruption claim with Great American for the COVID Shelter in Place Order. The claim was not accepted but it is on file should any laws change.

- USBID Gives Back, Gift Card Contest, GoFundMe Campaigns

Karin updated the committee about the initiatives the BID has started to support the businesses in the district. To support the local restaurants the BID has been purchasing lunches and distributing them to the first responders and essential service employees. Additionally, the USBID purchased gift cards to support a variety of businesses in the district which are being distributed through a social media campaign. Finally, the BID has donated \$250 dollars to the GoFundMe pages (approximately a dozen of them) set up by businesses in the district for their employees.

- Marcum hosted webinar for relief programs for USBID members

Ben informed the committee that Marcum has provided some great by hosting a webinar about pandemic relief programs for USBID members. There was a good turn out of 30 members during the webinar.

- Ops office update

Ben directed the committee to a chart of the possible new locations for the operations office made by Colliers that included rates and other information. 312 Sutter Street was a possibility and was economical and willing to negotiate on a fair rate as was 90 Grant (for both admin and operations). Hallidie Plaza (old ViC space) was also available but members had serious reservations about potential costs and the low quality of the location and functionality. Julie continued to summarize the different options and a discussion followed.

5. Assessments payment received April 23, 2020 and receivables review and discuss allowance adjustment

Ben informed the committee that the assessments payment has been received with a total of \$1.7mil. however usually it would be \$2.7mil. This was likely due to the fact that the deadline for property taxes has been pushed (by the City) out until May. Another payment will be received in June and in late July or early August. Ben directed the board to a list of properties who have not paid, how much will be received at the later dates is uncertain. A discussion about the allowance adjustment followed. Members agreed that we needed to wait until the June payment was received to advise on adjusting allowance (at one time set at 10% of the assessment receivable and then lowered over time as collections have been mostly timely received).

6. Presentation: Audit planning presentation, discussion, changes to audit report and review of engagement letter from Marcum LLP and Action to recommend engaging Marcum to Board of Directors for audit and tax service 19-20FY.

Kimberly B. Robertson and Shane Mowery of Marcum lead the discussion and went over a presentation of the audit planning for the 1920FY. Kimberly gave a plan overview for the audit, who will be working on this project and informed the committee about a few FASB updates which she has previously discussed with Ben in terms of accounting changes that

would impact the USBID's financial statements and presentation. She also explained that there are three phases of the audit; phase 1 is the risk assessment phase, phase 2 is the substantiation of account balances and phase 3 is the financial statement and analytical review. Shane continued to explain the phases in more detail and the timeline of the Audit. The fieldwork will start remotely on August 3rd. Finally, there was a discussion about the consideration of fraud in the financial statement audit. There was no mention of fraud by the committee. A small discussion about the cost of the audit took place.

Action: The committee unanimously approved to recommend engaging Marcum to the Board of Directors for audit and tax service 1920FY as motioned by Jeff Evans and seconded by Russell D. Keil Jr. No public comment was received prior to action.

7. Action to Accept the Unaudited Financial Reports at April 30, 2020 for recommendation to the Board of Directors

Ben directed the committee to the April 2020 financial report. The USBID received the second assessment for the 19-20FY in mid-April (\$1.75) which was ~\$900K below estimate. The assessments/core operations have a \$1.4mil surplus through April. The USBID assessments/core operations had a small negative budget variance (\$2.5K). The USBID brought in less other funds/grants due to less security camera donations and less USF billings than budgeted. Net assets (reserves) are at 3.3mil at the end of April, including \$3.1mil of reserves for assessment/core operations. Cash balance was \$2.37mil at 04/30/20. \$9K EIDL advanced received in April and PPP loan received early May. Members reviewed the reports and asked questions and discussed.

Action: The committee unanimously accepted the unaudited financial report at April 30, 2020 as motioned by Jim Sangiacomo and seconded by Julie Taylor. No public comment received prior to action.

8. Review of draft budget summaries for 20-21FY and action to make recommendation to Board for assessment rates for 20-21FY.

Ben summarized the projects of 2020-2021 FY Budget which is based on the current levels of assessments and services. There are a lot of unknown variables due to the current circumstances but the budget drafted essentially included carrying costs forward. A discussion about whether to increase the assessments took place. It was decided that during this challenging time for everyone, that the USBID did not want to be in the position of increasing costs on property owners so the assessments would remain flat.

Action: The committee unanimously agreed not to change the assessments payments as motioned by Russell D. Keil Jr. and seconded by Julie Taylor. No public comment was received prior to the action.

9. Next Meeting & Events

- Board Meeting - May 28, 2020 at 9:00am via Zoom.
- Executive Committee meeting - June 25, 2020 location TBC
- Finance & Audit Committee Meeting - July 16, 2020 at 9:00am.

10. Adjournment

Karin adjourned the meeting at 10:44am.