

File No. 150225

Committee Item No. 5

Board Item No. 14

COMMITTEE/BOARD OF SUPERVISORS

AGENDA PACKET CONTENTS LIST

Committee: Government Audit and Oversight Date March 19, 2015

Board of Supervisors Meeting Date MARCH 31, 2015

Cmte Board

- | | | |
|-------------------------------------|-------------------------------------|--|
| <input type="checkbox"/> | <input type="checkbox"/> | Motion |
| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | Resolution |
| <input type="checkbox"/> | <input type="checkbox"/> | Ordinance |
| <input type="checkbox"/> | <input type="checkbox"/> | Legislative Digest |
| <input type="checkbox"/> | <input type="checkbox"/> | Budget and Legislative Analyst Report |
| <input type="checkbox"/> | <input type="checkbox"/> | Youth Commission Report |
| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | Introduction Form |
| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | Department/Agency Cover Letter and/or Report |
| <input type="checkbox"/> | <input type="checkbox"/> | MOU |
| <input type="checkbox"/> | <input type="checkbox"/> | Grant Information Form |
| <input type="checkbox"/> | <input type="checkbox"/> | Grant Budget |
| <input type="checkbox"/> | <input type="checkbox"/> | Subcontract Budget |
| <input type="checkbox"/> | <input type="checkbox"/> | Contract/Agreement |
| <input type="checkbox"/> | <input type="checkbox"/> | Form 126 – Ethics Commission |
| <input type="checkbox"/> | <input type="checkbox"/> | Award Letter |
| <input type="checkbox"/> | <input type="checkbox"/> | Application |
| <input type="checkbox"/> | <input type="checkbox"/> | Public Correspondence |

OTHER (Use back side if additional space is needed)

- | | | |
|-------------------------------------|-------------------------------------|---|
| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <u>Greater Union Square - Annual Reports FYs2010-2014</u> |
| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <u>Greater Union Square - CPA Financial Reports FYs 2010-2014</u> |
| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <u>OEWD Memo - 02/26/2015</u> |
| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <u>Legislation Referral FYI - 03/09/2015</u> |
| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <u>Legislation Referral SBC - 03/09/2015</u> |
| <input type="checkbox"/> | <input checked="" type="checkbox"/> | <u>DEMO MEMO UPDATE - 03/26/2015</u> |
| <input type="checkbox"/> | <input checked="" type="checkbox"/> | <u>GREATER UNION PPT - 03/19/2015</u> |
| <input type="checkbox"/> | <input type="checkbox"/> | |
| <input type="checkbox"/> | <input type="checkbox"/> | |
| <input type="checkbox"/> | <input type="checkbox"/> | |
| <input type="checkbox"/> | <input type="checkbox"/> | |
| <input type="checkbox"/> | <input type="checkbox"/> | |

Completed by: Erica Major Date March 13, 2015

Completed by: DELICIA MADRIZ Date MARCH 26, 2015

1 [Greater Union Square Business Improvement District - Annual Reports for FYs 2010-2014]

2
3 **Resolution receiving and approving the annual reports for the Greater Union Square**
4 **Business Improvement District for FYs 2010-2014, submitted as required by the**
5 **Property and Business Improvement District Law of 1994 (California Streets and**
6 **Highways Code, Sections 36600, *et seq.*), Section 36650, and the District's Management**
7 **Agreement with the City, Section 3.4.**

8
9 WHEREAS, On June 2, 2009, pursuant to the Property and Business Improvement
10 District Law of 1994 (the Act), California Streets and Highways Code Sections 36600, *et seq.*,
11 as augmented by Article 15 of the San Francisco Business and Tax Regulations Code, the
12 Board of Supervisors adopted Resolution No. 208-09, expressing the City's intention to re-
13 establish and expand the then existing Union Square Business Improvement District, to be
14 known as the Greater Union Square Business Improvement District (Greater Union Square
15 BID); and

16 WHEREAS, On July 28, 2009, the Board of Supervisors adopted Resolution
17 No. 320-09 establishing the Greater Union Square BID (Resolution to Establish) for a period
18 of 10 years, commencing FY2009-2010; and

19 WHEREAS, On January 26, 2010, the Board of Supervisors adopted Resolution
20 No. 19-10, authorizing an agreement with the owners' association for the
21 administration/management of the Greater Union Square BID, and a management agreement
22 (Management Contract) with the owners' association, Greater Union Square Business
23 Improvement District, was executed accordingly; and

24 WHEREAS, A copy of the Management Contract is on file with the Clerk of the Board
25 of Supervisors in File No. 091437; and

1 WHEREAS, The Greater Union Square BID has submitted for the Board's receipt and
2 approval the Greater Union Square BID's annual reports for FYs 2010-2011, 2011-2012,
3 2012-2013, and 2013-2014 (collectively, Annual Reports) as required by Section 36650 of the
4 Act and Section 3.4 of the Management Contract; and

5 WHEREAS, The Annual Reports are on file with the Clerk of the Board of Supervisors
6 in File No. 150225, and are incorporated herein by reference as though fully set forth; and

7 WHEREAS, Supporting documents, including, but not limited to, a transmittal letter and
8 memorandum report from the City's Office of Economic and Workforce Development, dated
9 February 26, 2015, and documentation from the Greater Union Square BID for the Annual
10 Reports are on file with the Clerk of the Board of Supervisors in File No. 150225; now,
11 therefore, be it

12 RESOLVED, That the Board of Supervisors hereby receives and approves the annual
13 reports for the Greater Union Square Business Improvement District for FYs 2010-2011,
14 2011-2012, 2012-2013, and 2013-2014.

Major, Erica

FILE 150225 - UPDATE

From: Brown, Brytanee (ECN)
Sent: Tuesday, March 24, 2015 9:26 AM
To: Major, Erica
Cc: Tano, Crezia (MYR) (ECN)
Subject: RE: Updated Memo - CBD
Attachments: USBID_BOS Annual Review_'10-'14_revised carryforward.docx

Hi Erica,

Sorry for not sending this to you yesterday. I have attached the updated memo.

Kind Regards,
Brytanee

Brytanee Brown
Office of Economic and Workforce Development
City Hall, 1 Dr. Carlton B. Goodlett Place, Room 448
San Francisco, CA 94102
415-554-6661



www.oewd.org | [Facebook](#) | [@InvestSF](#)

From: Major, Erica
Sent: Monday, March 23, 2015 11:21 AM
To: Brown, Brytanee (ECN)
Subject: Updated Memo - CBD

Hi Brytanee,

Did you want me to file the updated memo that you mentioned for one of the CBD's that passed in committee last week? I'm making packets for them so if you could send me the updated memo as soon as you can.

Thanks,

Erica Major
Assistant Committee Clerk
Board of Supervisors
1 Dr. Carlton B. Goodlett Place, City Hall, Room 244 San Francisco, CA 94102
Phone: (415) 554-4441 | Fax: (415) 554-5163

MEMO

To: Supervisor Julie Christensen, District 3
CC: San Francisco Board of Supervisors
From: Crezia Tano, OEWD Senior Project Manager
RE: Greater Union Square Business Improvement District
Date: February 26, 2015

This is a memo summarizing the performance of the Greater Union Square Business Improvement District and an analysis of its financial statements (based on their audits) for the period between July 1, 2010, and June 30, 2014.

Each year the BID is required to submit a mid-year report, an annual report, and a CPA Financial Review or Audit. Greater Union Square BID has complied with the submission of all these requirements. OEWD staff, with assistance from the Controller's Office, reviewed these financial documents to monitor and report on whether they have complied with the rules per the Property and Business Improvement District Law of 1994, California Streets and Highways Code Sections 36600 Et Seq.; San Francisco's Business and Tax Regulations Code Article 15; the GUSBID management contract with the City; and their Management Plan approved by the Board of Supervisors in 2009.

Also attached to this memo are the following documents:

1. Annual Reports
 - a. FY 2010-2011
 - b. FY 2011-2012
 - c. FY 2012-2013
 - d. FY 2013-2014
2. CPA Financial Review Reports
 - a. FY 2010-2011
 - b. FY 2011-2012
 - c. FY 2012-2013
 - d. FY 2013-2014
3. Draft resolution from the Office of Economic and Workforce Development

Background

The Greater USBID includes both privately and publicly owned properties. The district covers 27 blocks and includes approximately 588 parcels.

- July 28, 2009: the Board of Supervisors approved the resolution to renew and expand the Greater Union Square Business Improvement District to cover 27 blocks and nearly 3,000 parcels for 10 years. Resolution # 320-09).
- January 26, 2010: the Board approved the contract for the administration and management of the Greater Union Square Business Improvement District (Resolution # 19-10).
- November 18, 2010: the Board of Supervisors approved the FY 2009-2010 annual report and FY 2010-2011 budget (Resolution #550-10).

Basic Info about Greater Union Square BID:

Year Renewed	July 2009
Assessment Collection Period	FY 2009-10 to FY 2018-19 (July 1, 2009 to June 30, 2019)
Services Start and End Date	January 1, 2010 – December 31, 2019
Initial Estimated Annual Budget	\$3,040,061
Fiscal Year	July 1 – June 30
Executive Director	Karin Flood
Name of Nonprofit Owners' Entity	Greater Union Square Business Improvement District

The current BID website http://www.visitunionsquaresf.com/the_bid, includes all the pertinent information about the organization and their programs, a calendar of events, their Management Plan, Mid-Year Report, Annual Report and meeting schedules.

Summary of Program Areas

Clean and Safe

Clean and Safe service includes sidewalk cleaning and maintenance, the Community Service Ambassadors and SFPD 10B officers. The Greater Union Square BID Management Plan calls for 65% of the budget to be spent in this service area. USBID contracted with MJM Management Group to provide sidewalk cleaning and maintenance as well as the Community Service Ambassador program. In addition to the daily sidewalk cleaning from 6am to 9pm a cleaning and maintenance team provides steam cleaning every two weeks, garbage removal of illegal dumped items, topping off of overflowing garbage cans and graffiti removal as needed. The cleaning and maintenance team employs 12 people.

There are 8 Community Service Ambassadors and they are easily recognizable with their red uniform jackets with the BID's logo. They walk throughout the district providing the public with information, directing them to their destinations and giving out the Map & Guide to Union Square brochure. The Ambassadors work 7 days a week from 8:30am to 11pm. The BID also runs a dispatch center from 8:30am to 10pm 7 days/week and employs 2 dispatchers. The BID hires SFPD 10B officers who provide 10 hrs/day (70 hrs/week) of extra security in the district. The officers come from the Tenderloin and Central SFPD stations.

Marketing, Advocacy, Beautification and Streetscape Improvements (MABSI)

This service area promotes the district through brochures, a website, social media outlets (i.e. Facebook and Twitter) and sponsors special events; advocates on behalf of Union Square property owners for important city services; beautifies the area with landscaping projects, seasonal décor and holiday lighting; and implements capital improvements such as additional street furniture and fixtures, way finding signage and other public right of way enhancements. The Greater Union Square BID Management Plan calls for 14% of the budget to be spent on Marketing, Advocacy, Beautification and Streetscape Improvements.

- **Marketing & Communications** – The BID has an active Marketing Committee that includes about 50 people (including a few board members and other volunteers). This committee works on projects, promotes the district and partners with other civic and community organizations to increase the visibility of Union Square as a world-class destination. In 2013, the Marketing Committee initiated a process that resulted in a new logo and new website, www.visitunionsquaresf.com. The website includes information about both the district and the BID including all the pertinent information about the organization and their programs, a calendar of events, their Management Plan and Annual Reports and meeting schedules.
- **Streetscape Improvement and Beautification** – The BID's Streetscapes Committee includes about 18-20 people, most of whom are dedicated professionals from the design community and a few board members volunteering their time on several projects. This past year the Committee's biggest project was finally inaugurated on July 13, 2011. The Powell Street Promenade is an innovative public/private/nonprofit partnership with major funding from Audi of America.
- **Advocacy** - The BID also has a Public Affairs & Advocacy Committee that stays abreast of issues that impact the district. In 2013, the Committee informed BID members of the many issues including the Central Subway construction project, congestion pricing, mobile food facility permits, bicycle leasing at Union Square Park and other relevant local legislation.

Management and Operations

In the fall of 2010, the organization expanded from 11 to 23 board members. The expanded board represents property owners and business owners from retail, hospitality (i.e. hotel and restaurant) and entertainment industries, service providers and other commercial and residential property stakeholders. There are seven advisory committees including an Executive Committee who meets and takes action on time-sensitive matters. The organization recently updated its mission statement and developed a rolling, five-year strategic plan.

Summary of Accomplishments, Challenges, and Delivery of Services

FY 2010-2011

Clean & Safe

- BID Taggers cleaning team swept 5,000 miles of sidewalks and steam cleaned more than 183 miles.
- BID Community Ambassador's had interactions with 110,850 tourists and merchants.

Marketing, Advocacy, Beautification and Streetscape Improvements (MABSI)

- Public Affairs & Advisory Committee represented the interests of the community in various matters including the Central Subway construction and design of the Union Square/Market Street Station, bicycle leasing at Union Square Park, congestion pricing, mobile food facility permits and other relevant local legislation.

Management and Operations

- Developed a five-year strategic plan to identify long-term priorities.

FY 2011-2012

Clean and Safe

- BID Taggers cleaning team had 16,846 maintenance requests.
BID Community Ambassador's had 93,500 interactions with tourists and merchants and 17,179 calls for public assistance.
- Implemented a Security Camera Pilot Project to improve safety in certain areas of the district.

Marketing, Advocacy, Beautification, and Streetscape Improvements (MABSI)

- Opened the Powell Street Promenade. The project received \$1 million in funding from Audi of America, financial and in-kind support from the BID and the support of city agencies. Produced a promotional video for Virgin Air's in-flight REDHOT travel program, Union Square attractions to be shown on 7,800 Virgin Air flights, with over 55% of passengers flying to and from SFO.

Management and Operations

- Awarded a \$95,000 grant from OEWD for the activation and improvement of Hallidie Plaza to be used for better lighting, landscaping, signage and programming.
- Exceeded non-assessment funding requirement.

FY 2012-2013

Clean and Safe

- BID Taggers cleaning team had 14,394 maintenance requests.
- BID Community Ambassador's had 53,303 interactions with the tourists and merchants and 11,394 calls for public assistance.

Marketing, Advocacy, Beautification, and Streetscape Improvements (MABSI)

- Sponsored and helped promote events in Union Square, including SF Chefs, SF Jazz Summerfest, Union Square Live Performances, Film Night in the Park and the Safeway Holiday Ice Rink; in total the events drove tens of thousands of visitors to the district.

Management and Operations

- Awarded a \$25K grant from the City for activation, landscaping and a retail vendor plan for Hallidie Plaza.
- Increased assessments for 13-14 FY, generating additional \$450K of revenues over rest of BID term.
- Collected \$110k in delinquent assessment payments from City of San Francisco.

FY 2013-2014

Clean and Safe

- BID Taggers completed 14,399 beautification projects.
- BID Community Ambassador's had 32,396 interactions with the tourists and merchants and 14,306 calls for public assistance.

Marketing, Advocacy, Beautification, and Streetscape Improvements (MABSI)

- Worked with SFMTA to install a custom-designed construction barrier with decorative, back-light panels and security lighting for a cleaner and safer work area.
- Worked with Powell Street Promenade vendor to complete extensive repairs and completed significant improvements resulting in a more attractive Promenade.
- Collaborated with the SF Planning Department "Market Street Prototype Festival" to discuss public space installations along Market Street.

Management and Operations

- Organized and executed a strategic retreat for the San Francisco CBD Consortium to explore advocating as one voice.
- Drafted an MOU with the Department of Public Health for Union Square Cares dedicated outreach worker scheduled to begin in August, 2014.
- Further developed strategic Union Square Cares partnerships with SF Travel, Hotel Council, HOPE, Project Homeless Connect, and other social service agencies.

USBID Annual Budget Analysis

OEWD's staff reviewed the following budget related benchmarks for USBID:

- **BENCHMARK 1:** Whether the variance between the budget amounts for each service category was within 10 percentage points from the budget identified in the Management Plan (*Agreement for the Administration of the "Union Square Business Improvement District", Section 3.9 – Budget*)
- **BENCHMARK 2:** Whether one percent (1%) of actuals came from sources other than assessment revenue (*CA Streets & Highways Code, Section 36650(B)(6); Agreement for the Administration of the "Greater Union Square Business Improvement District", Section 3.4 - Annual Reports*)
- **BENCHMARK 3:** Whether the variance between the budget amount and actual expenses within a fiscal year was within 10 percentage points (*Agreement for the Administration of the "Greater Union Square Business Improvement District", Section 3.9 – Budget*)
- **BENCHMARK 4:** Whether USBID is indicating the amount of funds to be carried forward into the next fiscal year and designating projects to be spent in current fiscal year (*CA Streets & Highways Code, Section 36650(B)(5)*).

FY 2010-2011

BENCHMARK 1: Whether the variance between the budget amounts for each service category was within 10 percentage points from the budget identified in the Management Plan

ANALYSIS: USBID met this requirement. See table below.

Service Category	Management Plan Budget	% of Budget	FY 2010-2011 Budget	% of Budget	Variance Percentage Points
Clean & Safe	\$1,995,400	65.0%	\$2,278,404	63.1%	-1.9
Marketing, Advocacy, Beautification and Streetscape Improvements	\$291,675	9.5%	\$499,042	13.8%	+4.3
Management and Operations	\$460,488	15.0%	\$521,048	14.4%	-0.6
Contingency & Reserves	\$323,328	10.5%	\$309,733	8.6%	-1.9
TOTAL	\$3,070,891	100.0%	\$3,608,227	100.0%	

BENCHMARK 2: Whether one percent (1%) of USBID’s actuals came from sources other than assessment revenue

ANALYSIS: USBID met this requirement. Assessment revenue was \$3,035,872 or 72.7% of actuals and non-assessment revenue was \$1,141,884 or 27.3% of actuals. See table below.

Revenue Sources	FY 2010-2011 Actuals	% of Actuals
Special Benefit Assessments	\$3,035,872	
Total assessment revenue	\$3,035,872	72.7%
Contributions and Sponsorships	\$155,496	
City Contracts	-	
Grants	\$985,000	
Interest Earned	\$1,388	
Total non-assessment revenue	\$1,141,884	27.3%
Total	\$4,177,756	100%

BENCHMARK 3: Whether the variance between the budget amount and actual expenses within a fiscal year was within 10 percentage points

ANALYSIS: USBID met this requirement. See table below.

Service Category	FY 2010-2011 Budget	% of Budget	FY 2010-2011 Actuals	% of Actuals	Variance Percentage Points
Clean & Safe	\$2,278,404	63.1%	\$2,049,971	65.5%	+2.4
Marketing, Advocacy, Beautification and Streetscape Improvements	\$499,042	13.8%	\$509,007	16.3%	+2.5
Management and Operations	\$521,048	14.4%	\$570,662	18.2%	+3.8
Contingency Reserve	\$309,733	8.6%	\$0		
TOTAL	\$3,608,227	100.0%	\$3,129,640	100.0%	

BENCHMARK 4: Whether USBID is indicating the amount of funds to be carried forward into the next fiscal year and designating projects to be spent in current fiscal year

ANALYSIS: USBID met this requirement. Please note: There is a period between when the City collects assessment payment and when the City disburses the funds to the CBD. As a result, a CBD typically has a fund balance at the end of the fiscal year that is equal to about 6 months of their annual budget. See table below.

FY 2010-2011 Carryover Disbursement	\$2,568,841
Designated Projects for FY 2011-12	
Clean and Safe	\$337,370
Marketing, Advocacy, Beautification, Streetscape Improvements	\$333,135
Hallidie Plaza Programming	\$70,000
Management and Operations	\$101,601
Grant – Powell Street Promenade	\$890,000
Contingency	\$836,735
Total Designated amount for FY 2011-12	\$2,568,841

FY 2011-2012

BENCHMARK 1: Whether the variance between the budget amounts for each service category was within 10 percentage points from the budget identified in the Management Plan.

ANALYSIS: USBID did not meet this requirement. *The 14.0% variance in MABSI is explained by the grant USBID received from Audi for the Powell Street Promenade and a grant received for Halladie Plaza. See table below.*

Service Category	Management Plan Budget	% of Budget	FY 2011-2012 Budget	% of Budget	Variance Percentage Points
Clean & Safe	\$1,995,400	65.0%	\$2,290,974	55.4%	-9.6
Marketing, Advocacy, Beautification and Streetscape Improvements	\$291,675	9.5%	\$972,043	23.5%	+14.0
Management & Operations	\$460,488	15.0%	\$562,543	13.6%	-1.4
Contingency Reserves	\$323,328	10.5%	\$307,214	7.4%	-3.1
TOTAL	\$3,070,891	100.0%	\$4,132,774	100.0%	

BENCHMARK 2: Whether one percent (1%) of USBID's actuals came from sources other than assessment revenue

ANALYSIS: USBID met this requirement. *Assessment revenue was \$3,034,250 or 96.1% of actuals and non-assessment revenue was \$123,140 or 3.9% of actuals. See table below.*

Revenue Sources	FY 2011-2012 Actuals	% of Actuals
Special Benefit Assessments	\$3,034,250	
Total assessment revenue	\$3,034,250	96.1%
Contributions and Sponsorships	\$37,174	
City Contracts	-	
Special Events	\$57,411	
Grants	\$33,000	
Interest Earned	\$1,015	
Total non-assessment revenue	\$123,140	3.9%
Total	\$3,157,390	100%

BENCHMARK 3: Whether the variance between the budget amount and actual expenses within a fiscal year was within 10 percentage points.

ANALYSIS: USBID did not meet this requirement. *The 11.9% variance in MABSI is explained by the Powell Street Promenade project expense and Halladie Plaza project expense. These projects are being funded by non-assessment monies. See table below.*

Service Category	FY 2011-2012 Budget	% of Budget	FY 2011-2012 Actuals	% of Actuals	Variance Percentage Points
Clean & Safe	\$2,290,974	55.4%	\$2,068,513	51.7%	-3.7
Marketing, Advocacy, Beautification and Streetscape Improvements	\$972,043	23.5%	\$1,417,361	35.4%	+11.9
Management & Administration	\$562,543	13.6%	\$514,149	12.9%	-0.7
Contingency Reserve	\$307,214	7.4%	\$0		
TOTAL	\$4,132,774	100.0%	\$4,000,023	100.0%	

BENCHMARK 4: Whether USBID is indicating the amount of funds to be carried forward into the next fiscal year and designating projects to be spent in current fiscal year.

ANALYSIS: USBID met this requirement. *Please note: There is a period between when the City collects assessment payment and when the City disburses the funds to the CBD. As a result, a CBD typically has a fund balance at the end of the fiscal year that is equal to about 6 months of their annual budget. See table below.*

FY 2011-2012 Carryover Disbursement	\$1,723,939
Designated Projects for FY 2012-13	
Clean & Safe	\$259,911
Marketing, Advocacy, Streetscape & Events	\$309,094
Hallidie Plaza Grant	\$50,000
Management & Administration	\$60,250
Contingency	\$1,080,920
Total Designated amount for FY 2012-13	\$1,723,939

FY 2012-2013

BENCHMARK 1: Whether the variance between the budget amounts for each service category was within 10 percentage points from the budget identified in the Management Plan

ANALYSIS: USBID did not meet this requirement. *The 16.2% variance in MABSI is explained by the Halladie Plaza Grant and Master Lease Expenses and the Powell Street Promenade Project Expenses. These projects are being funded by non-assessment monies. See table below.*

Service Category	Management Plan Budget	% of Budget	FY 2012-2013 Budget	% of Budget	Variance Percentage Points
Clean & Safe	\$1,995,400	65.0%	\$2,287,847	55.4%	-9.6
Marketing, Advocacy, Beautification and Streetscape Improvements	\$291,675	9.5%	\$1,059,834	25.7%	+16.2
Management and Administration	\$460,488	15.0%	\$467,716	11.3%	-3.7
Contingency & Reserves	\$323,328	10.5%	\$313,997	7.6%	-2.9
TOTAL	\$3,070,891	100.0%	\$4,129,394	100.0%	

BENCHMARK 2: Whether one percent (1%) of USBID’s actuals came from sources other than assessment revenue

ANALYSIS: USBID met this requirement. *Assessment revenue was \$3,116,158 or 94.4% of actuals and non-assessment revenue was \$185,622 or 5.6% of actuals. See table below.*

Revenue Sources	FY 2012-2013 Actuals	% of Actuals
Special Benefit Assessments	\$3,116,158	
Total assessment revenue	\$3,116,158	94.4%
Contributions and Sponsorships	\$62,198	
City Contracts	-	
Special Events	\$64,850	
Grants	\$58,001	
Interest Earned	\$573	
Total non-assessment revenue	\$185,622	5.6%
Total	\$3,301,780	100%

BENCHMARK 3: Whether the variance between the budget amount and actual expenses within a fiscal year was within 10 percentage points.

ANALYSIS: USBID did not meet this requirement. *This variance of 13.0% in Clean and Safe is explained by an overall decrease in the budget, i.e. the contingency and reserve fund (\$313,997) was not deployed and the Halladie Plaza Grant and Master Lease Program budget was not fully expended. See table below.*

Service Category	FY 2012-2013 Budget	% of Budget	FY 2012-2013 Actuals	% of Actuals	Variance Percentage Points
Clean & Safe	\$2,287,847	55.4%	\$2,147,933	68.4%	+13.0
Marketing, Advocacy, Beautification and Streetscape Improvements	\$1,059,834	25.7%	\$609,390	19.4%	-6.3
Management and Administration	\$467,716	11.3%	\$384,155	12.2%	+0.9
Contingency & Reserves	\$313,997	7.6%	\$0		
TOTAL	\$4,129,394	100.0%	\$3,141,478	100.0%	

BENCHMARK 4: Whether USBID is indicating the amount of funds to be carried forward into the next fiscal year and designating projects to be spent in current fiscal year

ANALYSIS: USBID met this requirement. *Please note: There is a period between when the City collects assessment payment and when the City disburses the funds to the CBD. As a result, a CBD typically has a fund balance at the end of the fiscal year that is equal to about 6 months of their annual budget. See table below.*

FY 2012-2013 Carryover Disbursement	\$1,886,508
Designated Projects for FY 2013-14	
Clean & Safe	\$161,431
Marketing, Advocacy, Streetscape & Events	\$18,095
Hallidie Plaza Grant	\$25,000
Management & Administration	\$168,989
Other Restricted/Designated Funds	\$136,886
Contingency	\$1,376,106
Total Designated amount for FY 2013-14	\$1,886,508

FY 2013-2014

BENCHMARK 1: Whether the variance between the budget amounts for each service category was within 10 percentage points from the budget identified in the Management Plan

ANALYSIS: USBID met this requirement. See table below.

Service Category	Management Plan Budget	% of Budget	FY 2013-2014 Budget	% of Budget	Variance Percentage Points
Clean & Safe	\$1,995,400	65.0%	\$2,423,183	61.2%	-3.8
Marketing, Advocacy, Beautification and Streetscape Improvements	\$291,675	9.5%	\$704,211	17.8%	+8.3
Management and Administration	\$460,488	15.0%	\$511,179	12.9%	-2.1
Contingency & Reserves	\$323,328	10.5%	\$318,825	8.1%	-2.4
TOTAL	\$3,070,891	100.0%	\$3,957,398	100.0%	

BENCHMARK 2: Whether one percent (1%) of USBID's actuals came from sources other than assessment revenue

ANALYSIS: USBID met this requirement. Assessment revenue was \$3,202,318 or 95.0% of actuals and non-assessment revenue was \$168,508 or 5.0% of actuals. See table below.

Revenue Sources	FY 2013-2014 Actuals	% of Actuals
Special Benefit Assessments	\$3,202,318	
Total assessment revenue	\$3,202,318	95.0%
Contributions and Sponsorships	\$49,340	
City Contracts	-	
Special Events	\$85,875	
Grants	\$33,000	
Interest Earned	\$293	
Total non-assessment revenue	\$168,508	5.0%
Total	\$3,370,826	100%

BENCHMARK 3: Whether the variance between the budget amount and actual expenses within a fiscal year was within 10 percentage points.

ANALYSIS: USBID met this requirement. See table below.

Service Category	FY 2013-2014 Budget	% of Budget	FY 2013-2014 Actuals	% of Actuals	Variance Percentage Points
Clean & Safe	\$2,423,183	61.2%	\$2,238,347	67.3%	+6.1
Marketing, Advocacy, Beautification and Streetscape Improvements	\$704,211	17.8%	\$655,732	19.7%	+1.9
Management and Administration	\$511,179	12.9%	\$429,427	12.9%	0.0
Contingency & Reserves	\$318,825	8.1%	\$0		
TOTAL	\$3,957,398	100.0%	\$3,323,506	100.0%	

BENCHMARK 4: Whether USBID is indicating the amount of funds to be carried forward into the next fiscal year and designating projects to be spent in current fiscal year

ANALYSIS: USBID met this requirement. Please note: There is a period between when the City collects assessment payment and when the City disburses the funds to the CBD. As a result, a CBD typically has a fund balance at the end of the fiscal year that is equal to about 6 months of their annual budget. See table below.

FY 2013-2014 Carryover Disbursement	\$1,933,826
Designated Projects for FY 2014-15	
Clean & Safe	\$26,154
Marketing, Advocacy, Streetscape & Events	
Hallidie Plaza Grant	
Management & Administration	\$239,565
Other Restricted/Designated Funds	\$155,246
Contingency	\$1,512,861
Total Designated amount for FY 2014-15	\$1,933,826

Findings and Recommendations

USBID has generally met all of the benchmarks as defined on page 5 of this memo. Of the four fiscal years in review, the USBID did not meet the all the benchmarks in the 2011-12 and 2012-13 fiscal years; specifically with benchmarks one and three.

With respect to benchmark one (whether the variance between the budget amounts for each service category was within 10 percentage points from the budget identified in the Management Plan) and benchmark three (whether the variance between the budget amount and actual expenses within a fiscal year was within 10 percentage points), the USBID did not meet these requirements.

While these percentage points exceed the allowable variance, further research shows that the variance in program area allocations is explained by their high performance in raising non-assessment revenue. For all of the years in review, Union Square BID has well exceeded its general benefit requirement of one percent (1%). The USBID was successful in acquiring grant dollars for streetscape and physical improvement projects. As a result of these high non-assessment revenues, the percentages do not provide an accurate assessment of fund allocation. Separating the non-assessment dollars from the review of those benchmarks, the amount allocated to each program year is in fact appropriate, and meet the benchmarks.

Moving forward OEWD will work with Union Square BID to develop a framework that identifies assessment fund allocation and non-assessment expenditures.

Conclusion

USBID has performed well in implementing the services outlined in their management plan. USBID has continued to successfully sponsor and help promote events in Union Square, including SF Chefs, SF Jazz Summerfest, Union Square Live Performances, Film Night in the Park and the Safeway Holiday Ice Rink, driving tens of thousands of visitors to the district. USBID has done an outstanding job in partnering with the community stakeholders and numerous municipal agencies for the activation and improvement of Hallidie Plaza. USBID is a well-run organization with active board and committee members and will continue to successfully carryout its mission as a business improvement district.

SUBMITTED PRESENTED IN COMMITTEE
03/19/2015



Union Square Business Improvement District



Legislative Overview

**Community Benefit Districts (CBDs) /
Business Improvement Districts (BIDs) are
governed by:**

- State law
 - “1994 Act”
- Local law
 - “Article 15”

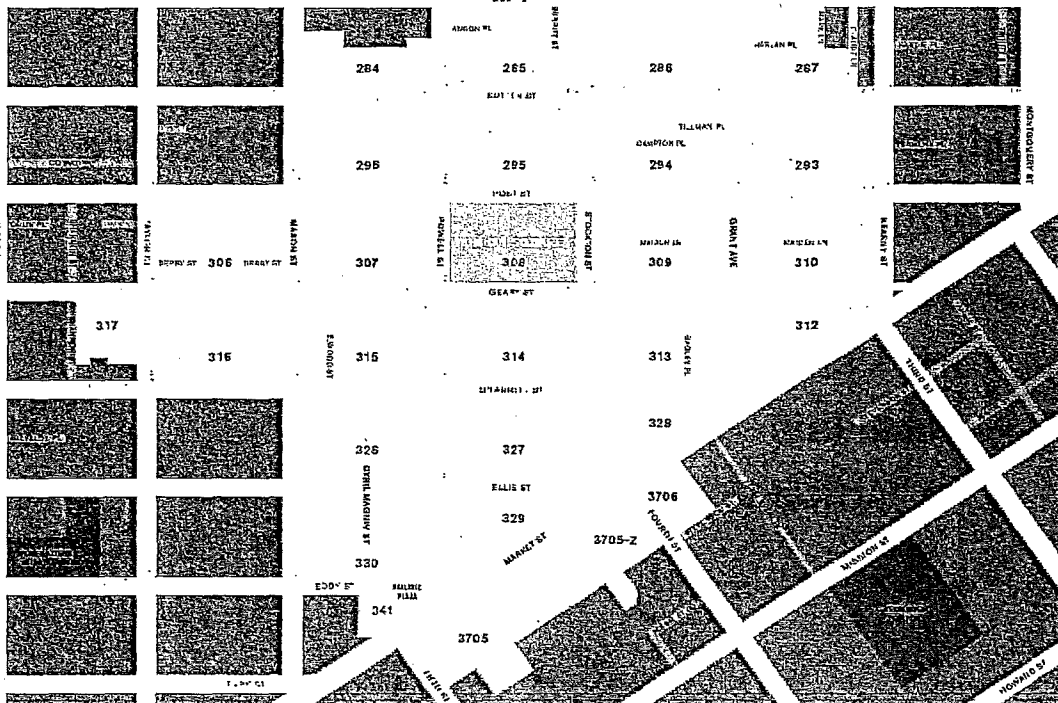
Review Process

This resolution covers Annual Reports for FY 2010-11, 2011-12, 2012-13, and 2013-14

- OEWD ensures that all CBDs/BIDs are meeting their management plans.
- OEWD staff conducts an annual review of Annual Reports and CPA Financial Reviews.
- OEWD provides the Board Supervisors with a summary memo.



Parcel Map



USBID Formation

USBID	Type	Assessment Budget*	Year Renewed	Expires
	Property-Based	\$ 3,070,891	2009	June 30, 2019

**budget identified in management plan*



USBID Operations

Staff

- Executive Director - Karin Flood; Marketing and Communications Manager – Jeani Hunt-Gibbon; Streetscapes & Services Project Manager - Claude Imbault; Executive Assistant & Project Coordinator – Iris Rollins; Contract Finance Manager – Benjamin Horne

Service Areas

- **Clean and Safe**
 - This program includes sidewalk cleaning and maintenance, the Community Service Ambassadors and SFPD 10B officers.
- **Marketing, Advocacy, Beautification and Streetscape Improvements (MABSI)**
 - This service area promotes the district through brochures, a website, social media outlets and sponsors special events; advocates on behalf of Union Square property owners; beautifies the area through special projects.
- **Management and Operations**
 - Admin and operations includes oversight of service contract, implementation of major projects, staffing the Board of Directors and Committees, and general day to day operations.



BENCHMARKS

OEWD's staff reviewed the following budget related benchmarks for USBID:

Benchmark 1 – Whether the variance between the budget amounts for each service category was within 10 percentage points from the management plan.

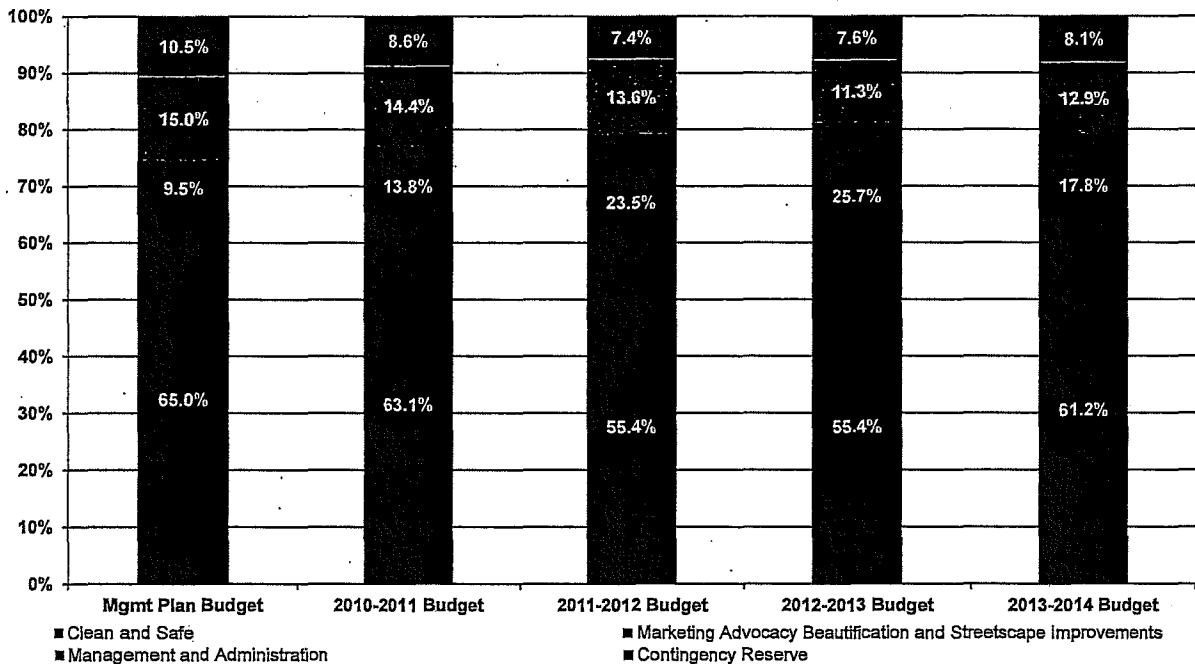
Benchmark 2 – Whether one percent (1%) of USBID's actuals came from sources other than assessment revenue.

Benchmark 3 - Whether the variance between the budget amounts for each service category was within 10 percentage points from the actuals.

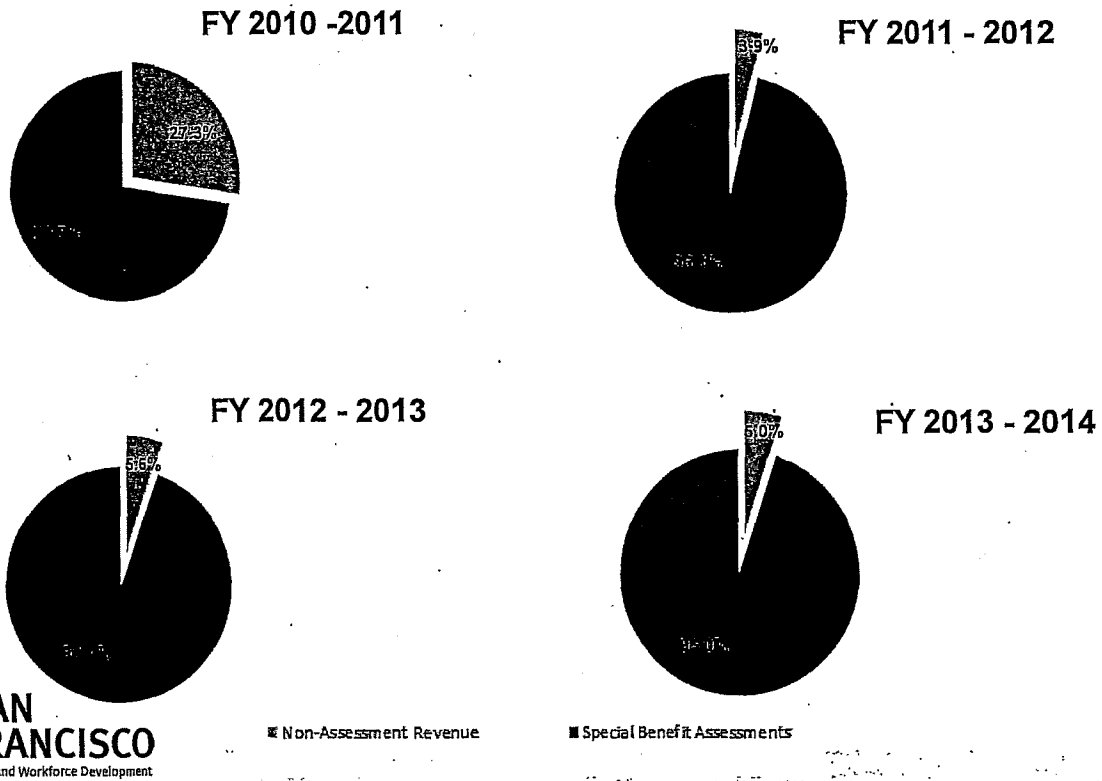
Benchmark 4 - Whether CBD is indicating the amount of funds carried over from the current fiscal year and designating projects to be spent in the upcoming fiscal year.



Management Plan vs. Annual Budgets



Assessment Revenue & Other Income



Budget vs Actuals

Service Category	FY 2010-2011 Variance Percentage Points	FY 2011-2012 Variance Percentage Points	FY 2012-2013 Variance Percentage Points	FY 2013-2014 Variance Percentage Points
Clean & Safe	+2.4%	-3.7%	+13.0%	+6.1%
Marketing, Advocacy, Beautification and Streetscape Improvements	-2.5%	+11.9%	-6.3%	+1.9%
Management and Administration	+3.8%	-0.7%	+0.9%	0.0%

Carryover

Designated Projects	FY 2010- 11	FY 2011-12	FY 2012-13	FY 2013-14
Clean & Safe	\$337,370	\$259,911	\$161,431	\$26,154
Marketing, Advocacy, Streetscape & Events	\$333,135	\$309,094	\$18,095	
Hallidie Plaza Grant	\$70,000	\$50,000	\$25,000	
Management & Administration	\$101,601	\$60,250	\$168,989	\$239,565
Grant – Powell Street Promenade	\$890,000			
Other Restricted/Designated Funds			\$136,886	\$155,246
Contingency	\$836,735	\$1,080,920	\$1,376,106	\$1,512,861
Total Designated Amount	\$2,568,841	\$1,723,939	\$1,886,508	\$1,933,826



Findings & Recommendations for USBID

In completing the review of the USBID's annual reports and financials, OEWD sets forth the following recommendations:

- The USBID was successful in acquiring grant dollars for streetscape and physical improvement projects. As a result of these high non-assessment revenues, the percentages do not provide an accurate assessment of fund allocation.
- Separating the non-assessment dollars from the review of those benchmarks, the amount allocated to each program year is in fact appropriate, and meet the benchmarks.
- Moving forward OEWD will work with Union Square BID to develop a framework that identifies assessment fund allocation and non-assessment expenditures.

Conclusion

Union Square BID has performed well in implementing the service plan in the district:

- Marketed and produced events – SF Chefs, SF Jazz Summerfest, Union Square Live Performances, Film Night in the Park and the Safeway Holiday Ice Rink.
- Increased their partnerships with community stakeholders, municipal agencies for the activation and improvement of Hallidie Plaza
- Maintained an active board of directors and robust subcommittees



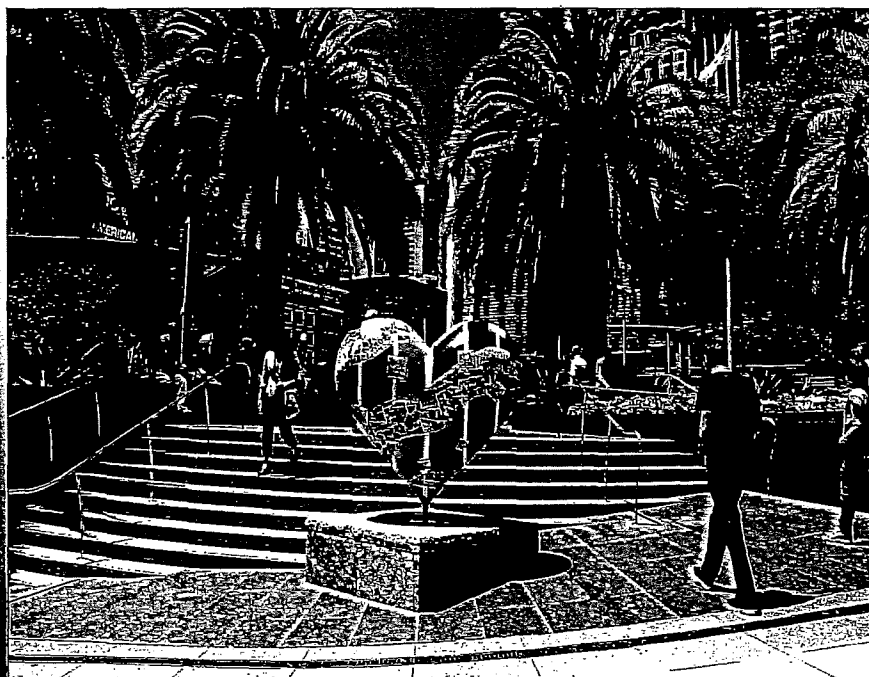
Union Square Business Improvement District (USBID)

Presentation to SF Government Audit & Oversight Committee
FY's 2010 - 2014

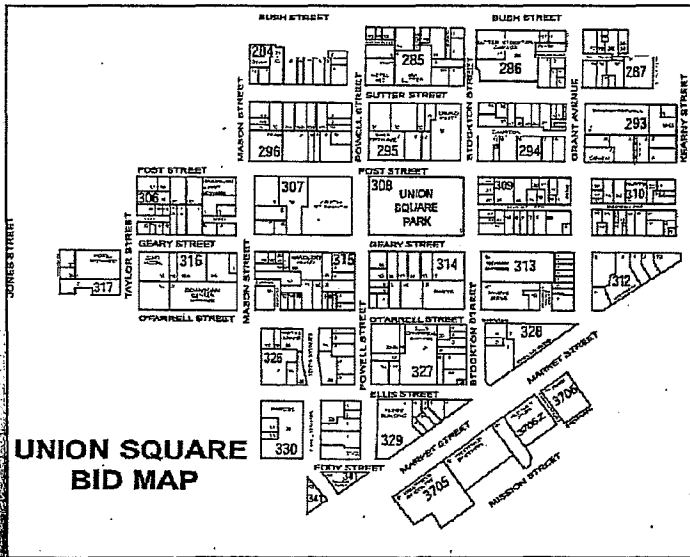


Karin Flood
Executive Director

March 19, 2015



US BID Parcel Map



USBID Fast Facts (FY 13-14)

- 27 blocks of downtown SF
- 3,000+ parcels serviced
- 1,000+ businesses
- \$3.3M operating budget
- \$2.2M cleaning & public safety

March 19, 2015

Union Square BID

2

Core Clean & Save Services



- "Red Coat" Ambassadors
- "TAGGer" Cleaners
- SFPD 10B Program

March 19, 2015

Union Square BID

3

Committees that support our work



- Executive Committee
- Finance & Audit Advisory Committee
- Marketing Advisory Committee
- Public Affairs & Advocacy Advisory Committee
- Services & Public Safety Advisory Committee
- Streetscapes & Beautification Advisory Committee

March 19, 2015

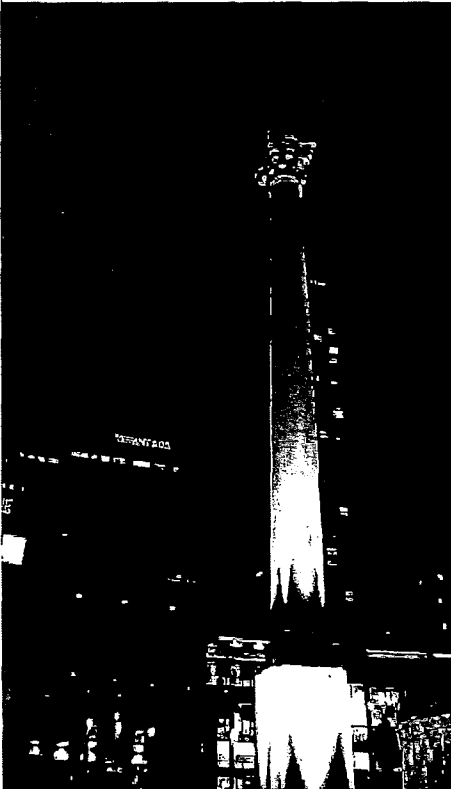
Union Square BID

4

Partner Organizations



- OEWD
- SFMTA
- Planning
- DPW
- Parks and Recreation
- DPH
- City Attorney
- DA
- SF Travel
- SPUR
- SF Chamber
- SF Hotel Council
- SF Small Business Network



March 19, 2015

Union Square BID

5

Grants and other funds (FY's 2010-2014)



Audi of America

➤ Powell Street Promenade	\$890,000
➤ Promenade maintenance fund (\$33K x 3 years)	\$99,000
<u>Total</u>	<u>\$989,000</u>

Hallidie Plaza

➤ OEWD Grant #1: activation, maintenance, and landscaping	\$95,000
➤ OEWD Grant #2: retail plan, activation, and landscaping	\$25,000
<u>Total</u>	<u>\$120,000</u>

Sponsorship, Contributions, & Fundraising

➤ Sponsorships & Contributions	\$96,000
➤ Fundraising	\$235,000
<u>Total</u>	<u>\$331,000</u>

March 19, 2015

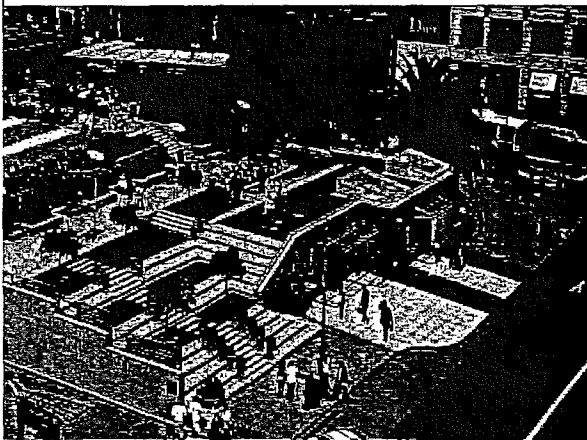
Union Square BID

6

FY 2010-11:



Events + Highlights



- TAGGers clean team swept 5,000 miles of sidewalks and steam cleaned more than 183 miles
- BID Community Ambassadors interacted with 110,850 tourists and merchants
- Developed a five-year strategic plan identifying near-term and long-term priorities
- Represented community interests for the Central Subway construction, design of the Union Square/Market Street station, and mobile food facility permits

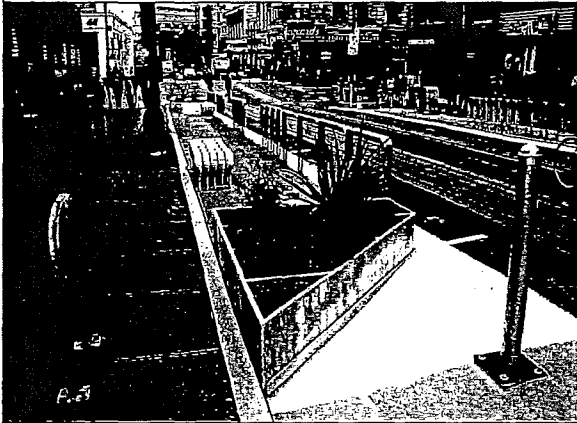
March 19, 2015

Union Square BID

7

FY 2011-12:

Events + Highlights



- Implemented a Security Camera Pilot Project to improve safety in the district
- Opened the Powell Street Promenade with \$1M funding from Audi of America
- Developed a world-class digital marketing program across multiple social media platforms
- Awarded a \$95K OEWD grant for improved lighting, landscaping, signage, and programming

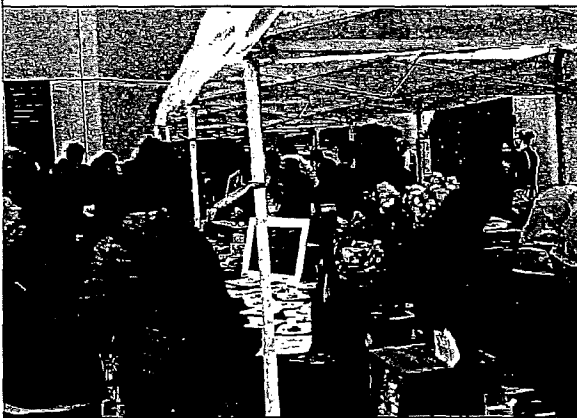
March 19, 2015

Union Square BID

8

FY 2012-13:

Events + Highlights



- BID TAGGers responded to 14,394 maintenance requests
- Branded and promoted Union Square with 60K maps and guides and sponsorship of Union Square Live, Film Night in the Park, SF Chefs, and Summer Jazz Fest
- Awarded \$25K OEWD grant for Hallidie Plaza activation, landscaping, and a retail plan

March 19, 2015

Union Square BID

9

FY 2013-14:

Events + Highlights



- Increased assessments generating an additional \$450K of revenues over rest of BID term
- Developed strategic Union Square partnerships with SF Travel, Hotel Council, Hospitality House, HOPE, CATS and other social service agencies
- Envisioned and executed two successful original consumer events (Food + Art, Fall Fashion Fest) to promote member businesses with media hits in 7x7 Magazine, SF Magazine, NBC Bay Area, and SF Chronicle

March 19, 2015

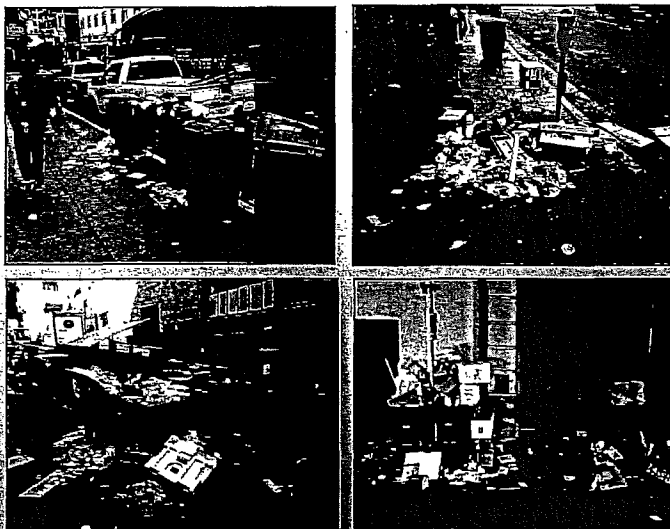
Union Square BID

10

Challenges



Illegal Scavenging and Dumping



- Increase in scavenging day and night in storefront trash and recycle totes across the entire district.
- Increase in illegal dumping of cardboard, store displays, office equipment, and construction materials

March 19, 2015

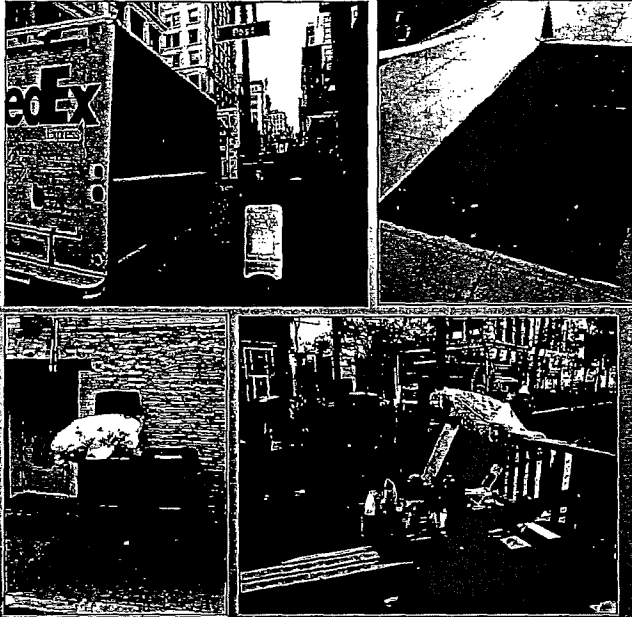
Union Square BID

11

Challenges



Enforcement of City Codes and Ordinances



- Need for parking and traffic enforcement to support safe streets and pedestrian right-of-way
- Increase in illegal dumping of cardboard, store displays, office equipment, and construction materials

March 19, 2015

Union Square BID

12

Challenges



Public Safety and Quality of Life Issues



- Need for additional SFPD officers to mitigate opportunistic crimes and promote visitor safety
- Need for additional social service outreach and attention to streetscape elements and low-level quality of life negatively impacting resident and visitor perceptions

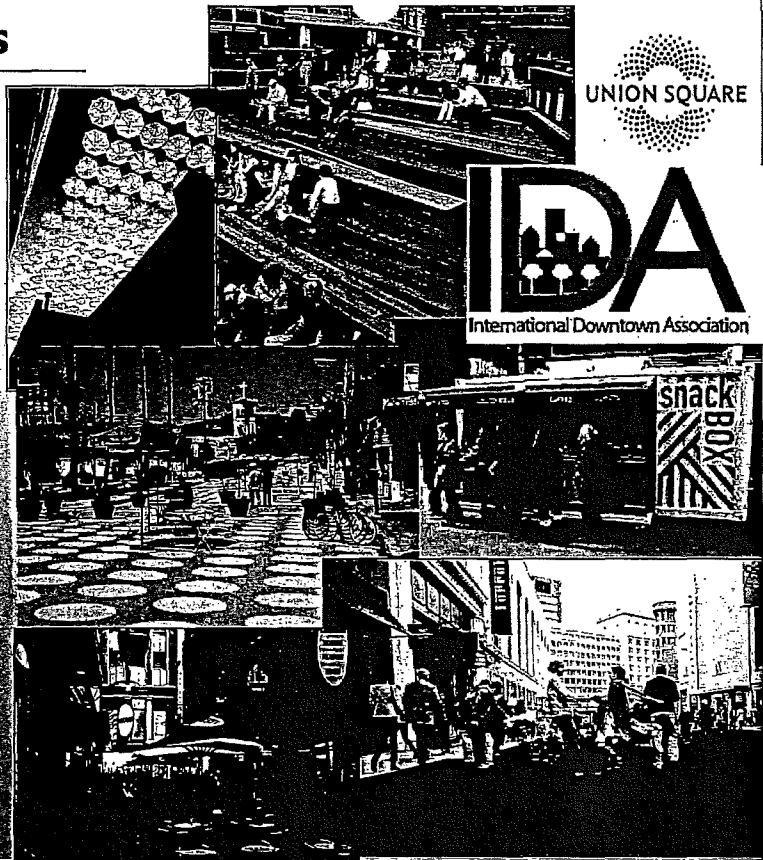
March 19, 2015

Union Square BID

13

Opportunities/Projects

- Union Square Cares
- Winter Walk SF 2015
- Hallidie Plaza/Plaza Program
- Backstreets Activation
- Street Vendor Kiosks
- Camera Expansion Project
- International Downtown Association Conference (Fall)



March 19, 2015

Union Square BID

14

Vision



The USBID remains consistent with its management plan and 5-year strategic plan:

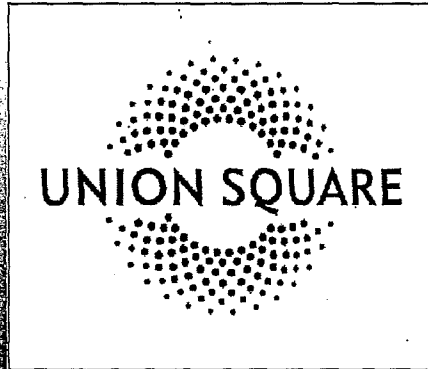
- Ensure maximum possible cleanliness of sidewalks, curb, and street fixtures
- Create a safe, welcoming environment for residents, merchants, and workers
- Increase and enhance the local and international tourist markets
- Promote/brand the district, ultimately increasing foot traffic and visitor spending
- Influence public policy on important issues to visitors and members
- Increase foot traffic and create an attractive, vibrant physical environment
- Operate a fiscally sound and well-managed non-profit organization

March 19, 2015

Union Square BID

15

Thank You



March 19, 2015

Union Square BID

16

BOARD of SUPERVISORS



City Hall
1 Dr. Carlton B. Goodlett Place, Room 244
San Francisco 94102-4689
Tel. No. 554-5184
Fax No. 554-5163
TDD/TTY No. 554-5227

MEMORANDUM

TO: Regina Dick-Endrizzi, Director
Small Business Commission, City Hall, Room 448

FROM: Erica Major, Assistant Committee Clerk, Government Audit and Oversight
Committee, Board of Supervisors

DATE: March 9, 2015

SUBJECT: REFERRAL FROM BOARD OF SUPERVISORS
Government Audit and Oversight Committee

The Board of Supervisors' Government Audit and Oversight Committee has received the following legislation, which is being referred to the Small Business Commission for comment and recommendation. The Commission may provide any response it deems appropriate within 12 days from the date of this referral.

File No. 150225

Resolution receiving and approving the annual reports for the Greater Union Square Business Improvement District for FYs 2010-2014, submitted as required by the Property and Business Improvement District Law of 1994 (California Streets and Highways Code, Sections 36600, et seq.), Section 36650, and the District's Management Agreement with the City, Section 3.4.

Please return this cover sheet with the Commission's response to me at the Board of Supervisors, City Hall, Room 244, 1 Dr. Carlton B. Goodlett Place, San Francisco, CA 94102.

RESPONSE FROM SMALL BUSINESS COMMISSION - Date: _____

No Comment
 Recommendation Attached

Chairperson, Small Business Commission

Major, Erica

From: Major, Erica
Sent: Monday, March 09, 2015 2:07 PM
To: Dick-Endrizzi, Regina (MYR) (ECN)
Cc: Somera, Alisa (BOS)
Subject: REFERRAL SBC - (150225) Greater Union Square Business Improvement District - Annual Reports for FYs 2010-2014
Attachments: 150225 SBC.pdf

Greetings:

This matter is being referred to the Small Business Commission for comment and recommendation. Please forward the Commission's response as soon as it is available.

Thank you.

Erica Major

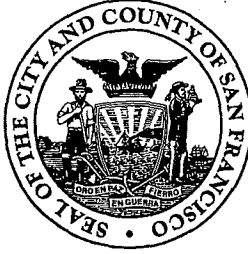
Assistant Committee Clerk

Board of Supervisors

1 Dr. Carlton B. Goodlett Place, City Hall, Room 244 San Francisco, CA 94102

Phone: (415) 554-4441 | Fax: (415) 554-5163

BOARD of SUPERVISORS



City Hall
1 Dr. Carlton B. Goodlett Place, Room 244
San Francisco 94102-4689
Tel. No. 554-5184
Fax No. 554-5163
TDD/TTY No. 554-5227

MEMORANDUM

TO: Ben Rosenfield, City Controller, Office of the Controller
Todd Rufo, Director, Office of Economic and Workforce Development

FROM: Erica Major, Assistant Committee Clerk, Government Audit and Oversight
Committee, Board of Supervisors

DATE: March 9, 2015

SUBJECT: LEGISLATION INTRODUCED

The Board of Supervisors' Government Audit and Oversight Committee has received the following proposed legislation, introduced by Supervisor Christensen on March 3, 2015:

File No. 150225

Resolution receiving and approving the annual reports for the Greater Union Square Business Improvement District for FYs 2010-2014, submitted as required by the Property and Business Improvement District Law of 1994 (California Streets and Highways Code, Sections 36600, et seq.), Section 36650, and the District's Management Agreement with the City, Section 3.4.

If you have any additional comments or reports to be included with the file, please forward them to me at the Board of Supervisors, City Hall, Room 244, 1 Dr. Carlton B. Goodlett Place, San Francisco, CA 94102.

C:
Todd Rydstrom, Office of the Controller
Crezia Tano, Office of Economic and Workforce Development

Major, Erica

From: Major, Erica
Sent: Monday, March 09, 2015 2:05 PM
To: Rosenfield, Ben (CON); Rufo, Todd (MYR) (ECN)
Cc: Tano, Crezia (MYR) (ECN); Rydstrom, Todd (CON); Somera, Alisa (BOS)
Subject: REFERRAL FYI - (150225) Greater Union Square Business Improvement District - Annual Reports for FYs 2010-2014
Attachments: 150225 FYI.pdf

Greetings:

This matter is being forwarded to your department for informational purposes. If you have any comments or reports to be included with the file, please forward them to me at the Board of Supervisors, City Hall, Room 244, 1 Dr. Carlton B. Goodlett Place, San Francisco, CA 94102.

Thank you.

Erica Major

Assistant Committee Clerk

Board of Supervisors

1 Dr. Carlton B. Goodlett Place, City Hall, Room 244 San Francisco, CA 94102

Phone: (415) 554-4441 | Fax: (415) 554-5163

MEMO

To: Supervisor Julie Christensen, District 3

CC: San Francisco Board of Supervisors

From: Crezia Tano, OEWD Senior Project Manager

RE: Greater Union Square Business Improvement District

Date: February 26, 2015

This is a memo summarizing the performance of the Greater Union Square Business Improvement District and an analysis of its financial statements (based on their audits) for the period between July 1, 2010, and June 30, 2014.

Each year the BID is required to submit a mid-year report, an annual report, and a CPA Financial Review or Audit. Greater Union Square BID has complied with the submission of all these requirements. OEWD staff, with assistance from the Controller's Office, reviewed these financial documents to monitor and report on whether they have complied with the rules per the Property and Business Improvement District Law of 1994, California Streets and Highways Code Sections 36600 Et Seq.; San Francisco's Business and Tax Regulations Code Article 15; the GUSBID management contract with the City; and their Management Plan approved by the Board of Supervisors in 2009.

Also attached to this memo are the following documents:

1. Annual Reports
 - a. FY 2010-2011
 - b. FY 2011-2012
 - c. FY 2012-2013
 - d. FY 2013-2014
2. CPA Financial Review Reports
 - a. FY 2010-2011
 - b. FY 2011-2012
 - c. FY 2012-2013
 - d. FY 2013-2014
3. Draft resolution from the Office of Economic and Workforce Development



Background

The Greater USBID includes both privately and publicly owned properties. The district covers 27 blocks and includes approximately 588 parcels.

- July 28, 2009: the Board of Supervisors approved the resolution to renew and expand the Greater Union Square Business Improvement District to cover 27 blocks and nearly 3,000 parcels for 10 years. Resolution # 320-09).
- January 26, 2010: the Board approved the contract for the administration and management of the Greater Union Square Business Improvement District (Resolution # 19-10).
- November 18, 2010: the Board of Supervisors approved the FY 2009-2010 annual report and FY 2010-2011 budget (Resolution #550-10).

Basic Info about Greater Union Square BID:

Year Renewed	July 2009
Assessment Collection Period	FY 2009-10 to FY 2018-19 (July 1, 2009 to June 30, 2019)
Services Start and End Date	January 1, 2010 – December 31, 2019
Initial Estimated Annual Budget	\$3,040,061
Fiscal Year	July 1 – June 30
Executive Director	Karin Flood
Name of Nonprofit Owners' Entity	Greater Union Square Business Improvement District

The current BID website http://www.visitunionsquaresf.com/the_bid, includes all the pertinent information about the organization and their programs, a calendar of events, their Management Plan, Mid-Year Report, Annual Report and meeting schedules.

Summary of Program Areas

Clean and Safe

Clean and Safe service includes sidewalk cleaning and maintenance, the Community Service Ambassadors and SFPD 10B officers. The Greater Union Square BID Management Plan calls for 65% of the budget to be spent in this service area. USBID contracted with MJM Management Group to provide sidewalk cleaning and maintenance as well as the Community Service Ambassador program. In addition to the daily sidewalk cleaning from 6am to 9pm a cleaning and maintenance team provides steam cleaning every two weeks, garbage removal of illegal dumped items, topping off of overflowing garbage cans and graffiti removal as needed. The cleaning and maintenance team employs 12 people.

There are 8 Community Service Ambassadors and they are easily recognizable with their red uniform jackets with the BID's logo. They walk throughout the district providing the public with information, directing them to their destinations and giving out the Map & Guide to Union Square brochure. The Ambassadors work 7 days a week from 8:30am to 11pm. The BID also runs a dispatch center from 8:30am to 10pm 7 days/week and employs 2 dispatchers. The BID hires SFPD 10B officers who provide 10 hrs/day (70 hrs/week) of extra security in the district. The officers come from the Tenderloin and Central SFPD stations.

Marketing, Advocacy, Beautification and Streetscape Improvements (MABSI)

This service area promotes the district through brochures, a website, social media outlets (i.e. Facebook and Twitter) and sponsors special events; advocates on behalf of Union Square property owners for important city services; beautifies the area with landscaping projects, seasonal décor and holiday lighting; and implements capital improvements such as additional street furniture and fixtures, way finding signage and other public right of way enhancements. The Greater Union Square BID Management Plan calls for 14% of the budget to be spent on Marketing, Advocacy, Beautification and Streetscape Improvements.

- **Marketing & Communications** – The BID has an active Marketing Committee that includes about 50 people (including a few board members and other volunteers). This committee works on projects, promotes the district and partners with other civic and community organizations to increase the visibility of Union Square as a world-class destination. In 2013, the Marketing Committee initiated a process that resulted in a new logo and new website, www.visitunionsquaresf.com. The website includes information about both the district and the BID including all the pertinent information about the organization and their programs, a calendar of events, their Management Plan and Annual Reports and meeting schedules.
- **Streetscape Improvement and Beautification** – The BID's Streetscapes Committee includes about 18-20 people, most of whom are dedicated professionals from the design community and a few board members volunteering their time on several projects. This past year the Committee's biggest project was finally inaugurated on July 13, 2011. The Powell Street Promenade is an innovative public/private/nonprofit partnership with major funding from Audi of America.
- **Advocacy** - The BID also has a Public Affairs & Advocacy Committee that stays abreast of issues that impact the district. In 2013, the Committee informed BID members of the many issues including the Central Subway construction project, congestion pricing, mobile food facility permits, bicycle leasing at Union Square Park and other relevant local legislation.

Management and Operations

In the fall of 2010, the organization expanded from 11 to 23 board members. The expanded board represents property owners and business owners from retail, hospitality (i.e. hotel and restaurant) and entertainment industries, service providers and other commercial and residential property stakeholders. There are seven advisory committees including an Executive Committee who meets and takes action on time-sensitive matters. The organization recently updated its mission statement and developed a rolling, five-year strategic plan.

Summary of Accomplishments, Challenges, and Delivery of Services

FY 2010-2011

Clean & Safe

- BID Taggers cleaning team swept 5,000 miles of sidewalks and steam cleaned more than 183 miles.
- BID Community Ambassador's had interactions with 110,850 tourists and merchants.

Marketing, Advocacy, Beautification and Streetscape Improvements (MABSI)

- Public Affairs & Advisory Committee represented the interests of the community in various matters including the Central Subway construction and design of the Union Square/Market Street Station, bicycle leasing at Union Square Park, congestion pricing, mobile food facility permits and other relevant local legislation.

Management and Operations

- Developed a five-year strategic plan to identify long-term priorities.

FY 2011-2012

Clean and Safe

- BID Taggers cleaning team had 16,846 maintenance requests. BID Community Ambassador's had 93,500 interactions with tourists and merchants and 17,179 calls for public assistance.
- Implemented a Security Camera Pilot Project to improve safety in certain areas of the district.

Marketing, Advocacy, Beautification, and Streetscape Improvements (MABSI)

- Opened the Powell Street Promenade. The project received \$1 million in funding from Audi of America, financial and in-kind support from the BID and the support of city agencies. Produced a promotional video for Virgin Air's in-flight REDHOT travel program, Union Square attractions to be shown on 7,800 Virgin Air flights, with over 55% of passengers flying to and from SFO.

Management and Operations

- Awarded a \$95,000 grant from OEWD for the activation and improvement of Hallidie Plaza to be used for better lighting, landscaping, signage and programming.
- Exceeded non-assessment funding requirement.

FY 2012-2013

Clean and Safe

- BID Taggers cleaning team had 14,394 maintenance requests.
- BID Community Ambassador's had 53,303 interactions with the tourists and merchants and 11,394 calls for public assistance.

Marketing, Advocacy, Beautification, and Streetscape Improvements (MABSI)

- Sponsored and helped promote events in Union Square, including SF Chefs, SF Jazz Summerfest, Union Square Live Performances, Film Night in the Park and the Safeway Holiday Ice Rink; in total the events drove tens of thousands of visitors to the district.

Management and Operations

- Awarded a \$25K grant from the City for activation, landscaping and a retail vendor plan for Hallidie Plaza.
- Increased assessments for 13-14 FY, generating additional \$450K of revenues over rest of BID term.
- Collected \$110k in delinquent assessment payments from City of San Francisco.

FY 2013-2014

Clean and Safe

- BID Taggers completed 14,399 beautification projects.
- BID Community Ambassador's had 32,396 interactions with the tourists and merchants and 14,306 calls for public assistance.

Marketing, Advocacy, Beautification, and Streetscape Improvements (MABSI)

- Worked with SFMTA to install a custom-designed construction barrier with decorative, back-light panels and security lighting for a cleaner and safer work area.
- Worked with Powell Street Promenade vendor to complete extensive repairs and completed significant improvements resulting in a more attractive Promenade.
- Collaborated with the SF Planning Department "Market Street Prototype Festival" to discuss public space installations along Market Street.

Management and Operations

- Organized and executed a strategic retreat for the San Francisco CBD Consortium to explore advocating as one voice.
- Drafted an MOU with the Department of Public Health for Union Square Cares dedicated outreach worker scheduled to begin in August, 2014.
- Further developed strategic Union Square Cares partnerships with SF Travel, Hotel Council, HOPE, Project Homeless Connect, and other social service agencies.

USBID Annual Budget Analysis

OEWD's staff reviewed the following budget related benchmarks for USBID:

- **BENCHMARK 1:** Whether the variance between the budget amounts for each service category was within 10 percentage points from the budget identified in the Management Plan (*Agreement for the Administration of the "Union Square Business Improvement District", Section 3.9 – Budget*)
- **BENCHMARK 2:** Whether one percent (1%) of actuals came from sources other than assessment revenue (*CA Streets & Highways Code, Section 36650(B)(6); Agreement for the Administration of the "Greater Union Square Business Improvement District", Section 3.4 - Annual Reports*)
- **BENCHMARK 3:** Whether the variance between the budget amount and actual expenses within a fiscal year was within 10 percentage points (*Agreement for the Administration of the "Greater Union Square Business Improvement District", Section 3.9 – Budget*)
- **BENCHMARK 4:** Whether USBID is indicating the amount of funds to be carried forward into the next fiscal year and designating projects to be spent in current fiscal year (*CA Streets & Highways Code, Section 36650(B)(5)*).

FY 2010-2011

BENCHMARK 1: Whether the variance between the budget amounts for each service category was within 10 percentage points from the budget identified in the Management Plan

ANALYSIS: USBID met this requirement. See table below.

Service Category	Management Plan Budget	% of Budget	FY 2010-2011 Budget	% of Budget	Variance Percentage Points
Clean & Safe	\$1,995,400	65.0%	\$2,278,404	63.1%	-1.9
Marketing, Advocacy, Beautification and Streetscape Improvements	\$291,675	9.5%	\$499,042	13.8%	+4.3
Management and Operations	\$460,488	15.0%	\$521,048	14.4%	-0.6
Contingency & Reserves	\$323,328	10.5%	\$309,733	8.6%	-1.9
TOTAL	\$3,070,891	100.0%	\$3,608,227	100.0%	

BENCHMARK 2: Whether one percent (1%) of USBID's actuals came from sources other than assessment revenue

ANALYSIS: USBID met this requirement. Assessment revenue was \$3,035,872 or 72.7% of actuals and non-assessment revenue was \$1,141,884 or 27.3% of actuals. See table below.

Revenue Sources	FY 2010-2011 Actuals	% of Actuals
Special Benefit Assessments	\$3,035,872	
Total assessment revenue	\$3,035,872	72.7%
Contributions and Sponsorships	\$155,496	
City Contracts	-	
Grants	\$985,000	
Interest Earned	\$1,388	
Total non-assessment revenue	\$1,141,884	27.3%
Total	\$4,177,756	100%

BENCHMARK 3: Whether the variance between the budget amount and actual expenses within a fiscal year was within 10 percentage points

ANALYSIS: USBID met this requirement. See table below.

Service Category	FY 2010-2011 Budget	% of Budget	FY 2010-2011 Actuals	% of Actuals	Variance Percentage Points
Clean & Safe	\$2,278,404	63.1%	\$2,049,971	65.5%	+2.4
Marketing, Advocacy, Beautification and Streetscape Improvements	\$499,042	13.8%	\$509,007	16.3%	+2.5
Management and Operations	\$521,048	14.4%	\$570,662	18.2%	+3.8
Contingency Reserve	\$309,733	8.6%	\$0		
TOTAL	\$3,608,227	100.0%	\$3,129,640	100.0%	

BENCHMARK 4: Whether USBID is indicating the amount of funds to be carried forward into the next fiscal year and designating projects to be spent in current fiscal year

ANALYSIS: USBID met this requirement. Please note: There is a period between when the City collects assessment payment and when the City disburses the funds to the CBD. As a result, a CBD typically has a fund balance at the end of the fiscal year that is equal to about 6 months of their annual budget. See table below.

FY 2010-2011 Carryover Disbursement	\$2,568,841
Designated Projects for FY 2011-12	
Clean and Safe	\$337,370
Marketing, Advocacy, Beautification, Streetscape Improvements	\$333,135
Hallidie Plaza Programming	\$70,000
Management and Operations	\$101,601
Grant – Powell Street Promenade	\$890,000
Contingency	\$836,735
Total Designated amount for FY 2011-12	\$2,568,841

FY 2011-2012

BENCHMARK 1: Whether the variance between the budget amounts for each service category was within 10 percentage points from the budget identified in the Management Plan.

ANALYSIS: USBID did not meet this requirement. The 14.0% variance in MABSI is explained by the grant USBID received from Audi for the Powell Street Promenade and a grant received for Halladie Plaza. See table below.

Service Category	Management Plan Budget	% of Budget	FY 2011-2012 Budget	% of Budget	Variance Percentage Points
Clean & Safe	\$1,995,400	65.0%	\$2,290,974	55.4%	-9.6
Marketing, Advocacy, Beautification and Streetscape Improvements	\$291,675	9.5%	\$972,043	23.5%	+14.0
Management & Operations	\$460,488	15.0%	\$562,543	13.6%	-1.4
Contingency Reserves	\$323,328	10.5%	\$307,214	7.4%	-3.1
TOTAL	\$3,070,891	100.0%	\$4,132,774	100.0%	

BENCHMARK 2: Whether one percent (1%) of USBID's actuals came from sources other than assessment revenue

ANALYSIS: USBID met this requirement. Assessment revenue was \$3,034,250 or 96.1% of actuals and non-assessment revenue was \$123,140 or 3.9% of actuals. See table below.

Revenue Sources	FY 2011-2012 Actuals	% of Actuals
Special Benefit Assessments	\$3,034,250	
Total assessment revenue	\$3,034,250	96.1%
Contributions and Sponsorships	\$37,174	
City Contracts	-	
Special Events	\$57,411	
Grants	\$33,000	
Interest Earned	\$1,015	
Total non-assessment revenue	\$123,140	3.9%
Total	\$3,157,390	100%

BENCHMARK 3: Whether the variance between the budget amount and actual expenses within a fiscal year was within 10 percentage points.

ANALYSIS: USBID did not meet this requirement. *The 11.9% variance in MABSI is explained by the Powell Street Promenade project expense and Halladie Plaza project expense. These projects are being funded by non-assessment monies. See table below.*

Service Category	FY 2011-2012 Budget	% of Budget	FY 2011-2012 Actuals	% of Actuals	Variance Percentage Points
Clean & Safe	\$2,290,974	55.4%	\$2,068,513	51.7%	-3.7
Marketing, Advocacy, Beautification and Streetscape Improvements	\$972,043	23.5%	\$1,417,361	35.4%	+11.9
Management & Administration	\$562,543	13.6%	\$514,149	12.9%	-0.7
Contingency Reserve	\$307,214	7.4%	\$0		
TOTAL	\$4,132,774	100.0%	\$4,000,023	100.0%	

BENCHMARK 4: Whether USBID is indicating the amount of funds to be carried forward into the next fiscal year and designating projects to be spent in current fiscal year.

ANALYSIS: USBID met this requirement. *Please note: There is a period between when the City collects assessment payment and when the City disburses the funds to the CBD. As a result, a CBD typically has a fund balance at the end of the fiscal year that is equal to about 6 months of their annual budget. See table below.*

FY 2011-2012 Carryover Disbursement	\$1,723,939
Designated Projects for FY 2012-13	
Clean & Safe	\$259,911
Marketing, Advocacy, Streetscape & Events	\$309,094
Hallidie Plaza Grant	\$50,000
Management & Administration	\$60,250
Contingency	\$1,080,920
Total Designated amount for FY 2012-13	\$1,723,939

FY 2012-2013

BENCHMARK 1: Whether the variance between the budget amounts for each service category was within 10 percentage points from the budget identified in the Management Plan

ANALYSIS: USBID did not meet this requirement. *The 16.2% variance in MABSI is explained by the Halladie Plaza Grant and Master Lease Expenses and the Powell Street Promenade Project Expenses. These projects are being funded by non-assessment monies. See table below.*

Service Category	Management Plan Budget	% of Budget	FY 2012-2013 Budget	% of Budget	Variance Percentage Points
Clean & Safe	\$1,995,400	65.0%	\$2,287,847	55.4%	-9.6
Marketing, Advocacy, Beautification and Streetscape Improvements	\$291,675	9.5%	\$1,059,834	25.7%	+16.2
Management and Administration	\$460,488	15.0%	\$467,716	11.3%	-3.7
Contingency & Reserves	\$323,328	10.5%	\$313,997	7.6%	-2.9
TOTAL	\$3,070,891	100.0%	\$4,129,394	100.0%	

BENCHMARK 2: Whether one percent (1%) of USBID's actuals came from sources other than assessment revenue

ANALYSIS: USBID met this requirement. *Assessment revenue was \$3,116,158 or 94.4% of actuals and non-assessment revenue was \$185,622 or 5.6% of actuals. See table below.*

Revenue Sources	FY 2012-2013 Actuals	% of Actuals
Special Benefit Assessments	\$3,116,158	
Total assessment revenue	\$3,116,158	94.4%
Contributions and Sponsorships	\$62,198	
City Contracts	-	
Special Events	\$64,850	
Grants	\$58,001	
Interest Earned	\$573	
Total non-assessment revenue	\$185,622	5.6%
Total	\$3,301,780	100%

BENCHMARK 3: Whether the variance between the budget amount and actual expenses within a fiscal year was within 10 percentage points.

ANALYSIS: USBID did not meet this requirement. This variance of 13.0% in Clean and Safe is explained by an overall decrease in the budget, i.e. the contingency and reserve fund (\$313,997) was not deployed and the Halladie Plaza Grant and Master Lease Program budget was not fully expended. See table below.

Service Category	FY 2012-2013 Budget	% of Budget	FY 2012-2013 Actuals	% of Actuals	Variance Percentage Points
Clean & Safe	\$2,287,847	55.4%	\$2,147,933	68.4%	+13.0
Marketing, Advocacy, Beautification and Streetscape Improvements	\$1,059,834	25.7%	\$609,390	19.4%	-6.3
Management and Administration	\$467,716	11.3%	\$384,155	12.2%	+0.9
Contingency & Reserves	\$313,997	7.6%	\$0		
TOTAL	\$4,129,394	100.0%	\$3,141,478	100.0%	

BENCHMARK 4: Whether USBID is indicating the amount of funds to be carried forward into the next fiscal year and designating projects to be spent in current fiscal year

ANALYSIS: USBID met this requirement. Please note: There is a period between when the City collects assessment payment and when the City disburses the funds to the CBD. As a result, a CBD typically has a fund balance at the end of the fiscal year that is equal to about 6 months of their annual budget. See table below.

FY 2012-2013 Carryover Disbursement	\$1,886,508
Designated Projects for FY 2013-14	
Clean & Safe	\$161,431
Marketing, Advocacy, Streetscape & Events	\$18,095
Hallidie Plaza Grant	\$25,000
Management & Administration	\$168,989
Other Restricted/Designated Funds	\$136,886
Contingency	\$1,376,106
Total Designated amount for FY 2013-14	\$1,886,508

FY 2013-2014

BENCHMARK 1: Whether the variance between the budget amounts for each service category was within 10 percentage points from the budget identified in the Management Plan

ANALYSIS: USBID met this requirement. See table below.

Service Category	Management Plan Budget	% of Budget	FY 2013-2014 Budget	% of Budget	Variance Percentage Points
Clean & Safe	\$1,995,400	65.0%	\$2,423,183	61.2%	-3.8
Marketing, Advocacy, Beautification and Streetscape Improvements	\$291,675	9.5%	\$704,211	17.8%	+8.3
Management and Administration	\$460,488	15.0%	\$511,179	12.9%	-2.1
Contingency & Reserves	\$323,328	10.5%	\$318,825	8.1%	-2.4
TOTAL	\$3,070,891	100.0%	\$3,957,398	100.0%	

BENCHMARK 2: Whether one percent (1%) of USBID's actuals came from sources other than assessment revenue

ANALYSIS: USBID met this requirement. Assessment revenue was \$3,202,318 or 95.0% of actuals and non-assessment revenue was \$168,508 or 5.0% of actuals. See table below.

Revenue Sources	FY 2013-2014 Actuals	% of Actuals
Special Benefit Assessments	\$3,202,318	
Total assessment revenue	\$3,202,318	95.0%
Contributions and Sponsorships	\$49,340	
City Contracts	-	
Special Events	\$85,875	
Grants	\$33,000	
Interest Earned	\$293	
Total non-assessment revenue	\$168,508	5.0%
Total	\$3,370,826	100%

BENCHMARK 3: Whether the variance between the budget amount and actual expenses within a fiscal year was within 10 percentage points.

ANALYSIS: USBID met this requirement. See table below.

Service Category	FY 2013-2014 Budget	% of Budget	FY 2013-2014 Actuals	% of Actuals	Variance Percentage Points
Clean & Safe	\$2,423,183	61.2%	\$2,238,347	67.3%	+6.1
Marketing, Advocacy, Beautification and Streetscape Improvements	\$704,211	17.8%	\$655,732	19.7%	+1.9
Management and Administration	\$511,179	12.9%	\$429,427	12.9%	0.0
Contingency & Reserves	\$318,825	8.1%	\$0		
TOTAL	\$3,957,398	100.0%	\$3,323,506	100.0%	

BENCHMARK 4: Whether USBID is indicating the amount of funds to be carried forward into the next fiscal year and designating projects to be spent in current fiscal year

ANALYSIS: USBID met this requirement. Please note: There is a period between when the City collects assessment payment and when the City disburses the funds to the CBD. As a result, a CBD typically has a fund balance at the end of the fiscal year that is equal to about 6 months of their annual budget. See table below.

FY 2013-2014 Carryover Disbursement	\$1,886,508
Designated Projects for FY 2014-15	
Clean & Safe	\$161,431
Marketing, Advocacy, Streetscape & Events	\$18,095
Hallidie Plaza Grant	\$25,000
Management & Administration	\$168,989
Other Restricted/Designated Funds	\$136,886
Contingency	\$1,376,106
Total Designated amount for FY 2014-15	\$1,886,508

Findings and Recommendations

USBID has generally met all of the benchmarks as defined on page 5 of this memo. Of the four fiscal years in review, the USBID did not meet the all the benchmarks in the 2011-12 and 2012-13 fiscal years; specifically with benchmarks one and three.

With respect to benchmark one (whether the variance between the budget amounts for each service category was within 10 percentage points from the budget identified in the Management Plan) and benchmark three (whether the variance between the budget amount and actual expenses within a fiscal year was within 10 percentage points), the USBID did not meet these requirements.

While these percentage points exceed the allowable variance, further research shows that the variance in program area allocations is explained by their high performance in raising non-assessment revenue. For all of the years in review, Union Square BID has well exceeded its general benefit requirement of one percent (1%). The USBID was successful in acquiring grant dollars for streetscape and physical improvement projects. As a result of these high non-assessment revenues, the percentages do not provide an accurate assessment of fund allocation. Separating the non-assessment dollars from the review of those benchmarks, the amount allocated to each program year is in fact appropriate, and meet the benchmarks.

Moving forward OEWD will work with Union Square BID to develop a framework that identifies assessment fund allocation and non-assessment expenditures.

Conclusion

USBID has performed well in implementing the services outlined in their management plan. USBID has continued to successfully sponsor and help promote events in Union Square, including SF Chefs, SF Jazz Summerfest, Union Square Live Performances, Film Night in the Park and the Safeway Holiday Ice Rink, driving tens of thousands of visitors to the district. USBID has done an outstanding job in partnering with the community stakeholders and numerous municipal agencies for the activation and improvement of Hallidie Plaza. USBID is a well-run organization with active board and committee members and will continue to successfully carryout its mission as a business improvement district.

2010-2011 ANNUAL REPORT



UNION SQUARE

UNION SQUARE BUSINESS IMPROVEMENT DISTRICT

BOARD OF DIRECTORS

OFFICERS

— PRESIDENT —

DAVID NADELMAN, GRAND HYATT SAN FRANCISCO

— SECRETARY —

J. TIMOTHY FALVEY, HANFORD-FREUND & COMPANY

— TREASURER —

JAMES C. FLOOD, FLOOD CORPORATION

DIRECTORS

HEATHER ALMOND, WESTFIELD SAN FRANCISCO CENTRE

STEPHEN BRETT, BRETT & COMPANY

JOHN CAPIZZI, NEIMAN MARCUS

JIM CHAPPELL, PLANNING CONSULTANT

JIM GERNEY, LARKSPUR HOTELS & RESTAURANTS

DIANA HOLLAND-CRAMER, GUMP'S

CONNIE HARTGRAVES, SAKS FIFTH AVENUE

RUSSELL D. KEIL JR., THE KEIL COMPANIES

MAN J. KIM, LORI'S DINER INTERNATIONAL

JON KIMBALL, THE WESTIN ST. FRANCIS

ANSON LEE, UPTOWN PARKING CORPORATION

LOUIS MEUNIER, MACY'S

ELLEN MAGNIN NEWMAN, ELLEN NEWMAN ASSOCIATES

MAURICE QUILLEN, RECDLOGY

ELLEN RICHARD, A.C.T.

JIM SANGIAGOMO, TRINITY PROPERTIES

SPENCER SECHLER, CITY PARK

DON THOMAS, CLUB DONATELLO HOMEOWNERS

WES TYLER, CHANCELLOR HOTEL ON UNION SQUARE

ADVISORY COMMITTEE CHAIRS

— MARKETING & COMMUNICATIONS —

DAWN DZEDZY, SAKS FIFTH AVENUE

— PUBLIC AFFAIRS & ADVOCACY —

J. TIMOTHY FALVEY, HANFORD-FREUND & COMPANY

— FINANCE COMMITTEE —

JAMES C. FLOOD, FLOOD BUILDING

RUSSELL D. KEIL JR., THE KEIL COMPANIES

— STREETSCAPES & BEAUTIFICATION —

MANUELA ANNE KING, ROYSTON, HANAMOTO, ALLEY & ABEY

— AUDIT COMMITTEE —

LOUIS MEUNIER, MACY'S

DAVID NADELMAN, GRAND HYATT SAN FRANCISCO

— SERVICES & PUBLIC SAFETY —

WES TYLER, THE CHANCELLOR HOTEL ON UNION SQUARE

LETTER FROM THE BOARD PRESIDENT



I am pleased to present the Union Square Business Improvement District's 2010-2011 Annual Report. A lot has happened during the past fiscal year including the election of new officers. I am honored to serve as your new Board President and grateful to be joined by Treasurer, James C. Flood and Secretary, J. Timothy Falvey.

Under Jim Flood's leadership, during the first half of the year, the BID implemented the policies and procedures needed to serve our expanded 27 block district. The Board of Directors was increased from 11 to 23 directors and seven advisory committees were formed to give BID members a greater voice in the BID's operations. This past January an Executive Committee was formed to allow us to take action on time-sensitive issues in an expedient manner.

The BID's expansion triggered a need to rebrand the district and to reinvigorate communication to BID members and the public. The Marketing Committee initiated an internal process to that end, resulting in a new logo and a dynamic new website www.visitunionsquares.com. In addition, we created and implemented a social media strategy giving us a presence on Facebook, Twitter, Flickr and our new blog to help us promote Union Square and its many exciting businesses. *Around the Square* premiered as the BID's informative weekly e-newsletter with greater capability and reach to BID members and stakeholders.

After years of planning, the *Powell Street Promenade* was inaugurated on July 13, 2011. This innovative project was developed by the BID's Streetscapes Committee and made possible through a unique public/private/nonprofit partnership with generous funding by Audi of America. Already, there is new interest in creating other pedestrian improvement projects within the district, encouraging us to do what our name says: Improve business in the district.

In partnership with City agencies, the Services and Public Safety Committee works to ensure that Union Square maintains the level of service appropriate to the City's #1 visitor destination. Through the BID's contract with MJM Management Group, the BID Taggers steam cleaned more than 183 miles and swept 5,000 miles of sidewalks. And, the BID's Ambassadors had interactions with 110,850 tourists and merchants. During the year the Committee kept its fingers on the pulse of membership satisfaction through an annual survey and member outreach. The BID's latest survey indicates that 87% are very or somewhat satisfied with the BID's cleaning and maintenance service.

Over the past year, the Public Affairs & Advocacy Committee represented the interests of the community in myriad matters including the Central Subway construction and design of the Union Square/Market Street station, bicycle leasing at Union Square Park, congestion pricing, mobile food facility permits and other relevant local legislation. Through issue-based community outreach, the Committee made it a priority to keep members and others in the district well informed on issues like the Central Subway construction project, disability access compliance requirements and holiday profitability and safety measures.

Looking to the future, I intend to take the organization to the next level. We have just updated our mission statement and developed a rolling, five-year strategic plan. Our goal is to identify long-term priorities, allowing us to take actions that will benefit us in the future...in terms of advocacy...in terms of marketing...in terms of beautification...in terms of keeping the area clean and safe... and in creating new programs that will make Union Square an even more attractive destination for people from all over the world.

I also intend to increase the engagement with our members. It's through increased engagement and partnership that we're able to do things like the *Powell Street Promenade*. Toward that end, we are undertaking development of a new database for which soon we will reach out to each of you for current contact information.

The bottom line for me in all of this is simple: With your help, I want to ensure that we can live up to our new updated mission statement: *"We enhance the visitor experience and business environment, making Union Square the #1 destination in the world."*

Sincerely,

David Nadelman
Board President



The Union Square Business Improvement District (USBID) is a 501 (C) 4 non-profit organization and currently the largest of San Francisco's 11 existing property-based business improvement districts. Well known for its unique mix of world-class shopping, hotels, theatre and restaurants, the Union Square district covers 27 blocks and includes nearly 3,000 parcels, both publicly and privately owned.

Funding for the district is proportionally shared by property owners, who are self-assessed to provide services to supplement those provided by the City. These annual assessments are based on the following variables:

- Linear (sidewalk) frontage
- Building square footage of non-residential properties
- Property usage

Each property owner's assessment is calculated according to the special benefit received from the services provided by the USBID. Accordingly, each property owner is assessed for their proportional special benefit for the following services:

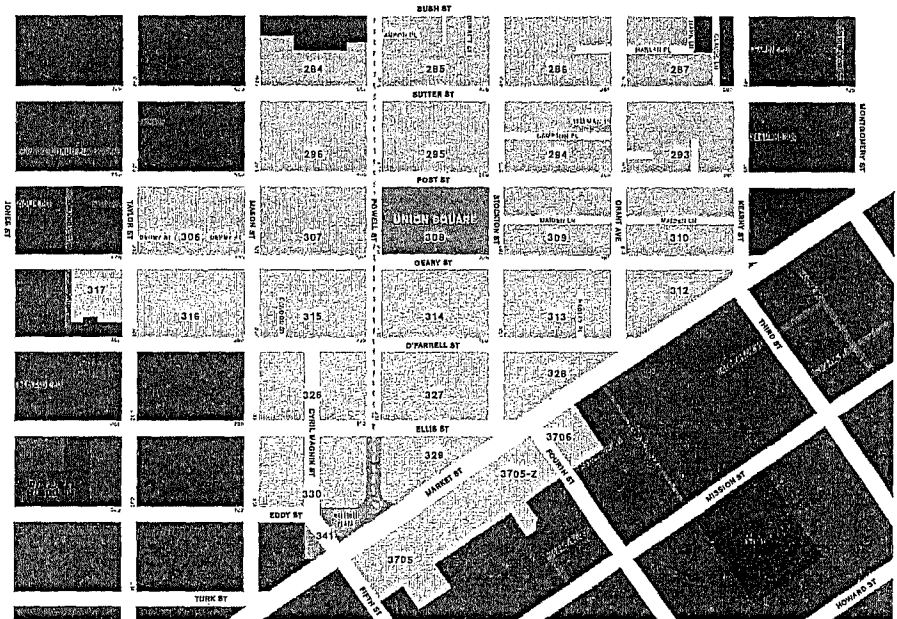
- Cleaning, maintenance and safety services
- Marketing, beautification and streetscape improvements and advocacy (non-residential only)

The following are the property type categories and related assessment calculations:

PROPERTY TYPE	CLEAN & SAFE *	MARKETING / ADVOCACY **
Category 1 less than 2,000 bldg sq ft	\$70.58	\$75.00
Category 2 2,000 - 4,999 bldg sq ft	\$70.58	\$160.00
Category 3 5,000 - 9,999 bldg sq ft	\$70.58	\$500.00
Category 4 10,000 - 29,999 bldg sq ft	\$70.58	\$1000.00
Category 5 30,000 - 99,999 bldg sq ft	\$70.58	\$1250.00
Category 6 100,000 or more bldg sq ft	\$70.58	\$5000.00
Residential Property and Public Property	\$70.58	0
Hallidie Plaza Parcels (1)	\$3.55	0

* per linear street foot ** per assessor's parcel

For the second year in a row, the BID Board of Directors voted against an increase in assessment fees



BUDGET 2010-2011 FISCAL YEAR

FUNDS	BUDGET	ACTUAL	VARIANCE	DETAILS
Special Assessment Funds	\$3,028,330	\$3,035,872	\$9,542	Interest and penalties collected
Other Funds	\$71,001	\$1,141,884	\$1,070,883	Grant for Powell Street Promenade, Hallidie Plaza funds and in-kind
Total Funds	\$3,097,331	\$4,177,756	\$1,080,425	

EXPENSES	BUDGET	ACTUAL	VARIANCE	DETAILS
Clean & Safe	\$2,278,404	\$2,049,971	\$228,433	Security camera pilot rescheduled to 2011-2012 FY
Marketing / Streetscapes	\$433,150	\$351,614	\$81,536	Streetscapes projects moved to 2011-2012 FY
Hallidie Plaza Grant	\$65,892	\$117,212	\$ (51,320)	Additional grant and donation received for Hallidie Plaza
Management & Administration	\$521,048	\$570,563	\$ (49,515)	Additional in-kind services received and increased management needs
Contingency & Reserve	\$309,733	\$40,180	\$269,553	Most expenses budgeted except Powell Street Promenade
Total Expenses	\$3,608,227	\$3,129,641	\$478,586	
Change in Net Assets		\$1,048,115		

2010 - 2011 STATEMENT OF FINANCIAL POSITION

ASSETS

Cash	\$1,535,111
Accounts Receivable (Net)	\$798,766
Other Current Assets	\$34,281
Powell Street Promenade	\$658,315
Furniture & Equipment (Net)	\$14,830
Total Assets	\$3,041,103

LIABILITIES & NET ASSETS

Accounts Payable & Accrued Expenses	\$472,262
Unrestricted Net Assets	\$1,526,912
Temporarily Restricted Net Assets	\$1,041,929
Total Liabilities & Net Assets	\$3,041,103

JULY 2011 - JUNE 2012 BUDGET

INCOME

Assessment Revenue	\$3,025,830	98%
Fundraising & Other	\$133,310	4%
Total Income	\$3,159,140	100%

EXPENSES

Clean & Safe	\$2,290,974	56%
Marketing, Advocacy, Streetscapes & Events	\$590,043	14%
Hallidie Plaza Grant Expenses	\$70,000	2%
Powell Street Promenade Project Expenses	\$312,000	8%
Management & Administration	\$562,543	14%
Contingency & Reserves	\$307,214	7%
Total Expenses	\$4,132,774	100%

CARRY OVER FROM FISCAL YEAR 2010 - 2011

CARRY OVER FUNDS

Clean & Safe	\$397,370
Marketing, Advocacy, Streetscape & Events	\$333,135
Hallidie Plaza Grant	\$70,000
Management & Administration	\$101,601
Audi Grant - Powell Street Promenade	\$890,000
General Fund / Contingency	\$896,735
Total Carry Over Funds	\$2,568,841

MANAGEMENT

— EXECUTIVE DIRECTOR —
LINDA MJELLEM

— DEPUTY DIRECTOR —
DONNA N. FICARROTTA

— FINANCE MANAGER —
BENJAMIN W. HORNE

— MARKETING & ADMINISTRATIVE COORDINATOR —
JEANI HUNT-GIBBON

— CONTRACT SERVICE PROVIDER —
MJM MANAGEMENT GROUP

SERVICES OVERVIEW

COMMUNITY SERVICE AMBASSADORS
Seven days a week, 8:30 a.m. - 11:00 p.m.

DISPATCH SERVICES
Seven days a week, 8:30 a.m. - 10:00 p.m.

10-B POLICE OFFICERS
Ten hours daily

STEAMCLEANING
All properties - every two weeks

SIDEWALK SWEEPING AND GENERAL MAINTENANCE
Seven days a week, 8:00 a.m. - 8:00 p.m.

GRAFFITI REMOVAL
As needed, with property owner's authorization

MARKETING & COMMUNICATIONS
To ensure Union Square's standing as a dynamic, world-class destination

ADVOCACY
For business district improvements

STREETSCAPES & BEAUTIFICATION
To revitalize the Urban environment throughout the district

Front cover photograph of the Dewey Monument was taken by Flickr member Ron Gonzalez.
Back cover photograph of the Powell Street Promenade was taken by George Nikitin.
Aerial photograph by Steve Peck (pena live) was supplied by the
Landscape Architecture Office of Michael Folmeringham.

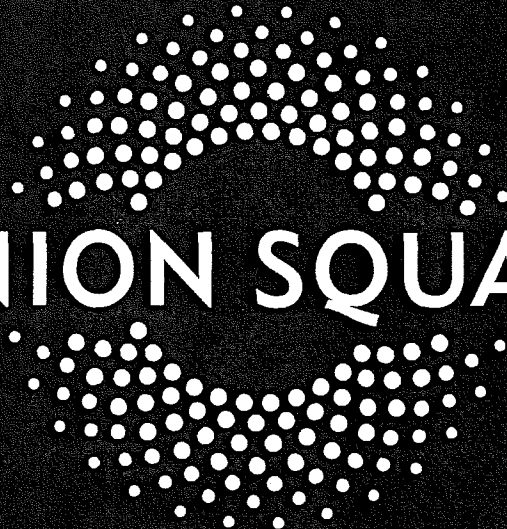
Design and production of this publication was by Brad Thomas Graphic Design Services.



UNION SQUARE BUSINESS IMPROVEMENT DISTRICT

323 GEARY STREET, SUITE 401 SAN FRANCISCO, CA 94102
TEL (415) 781-7880 FAX (415) 781-0258 FOR DISPATCH SERVICES CALL (415) 781-4556
WWW.VISITUNIONSQUARESF.COM

2011-2012 ANNUAL REPORT



UNION SQUARE

UNION SQUARE BUSINESS IMPROVEMENT DISTRICT

BOARD OF DIRECTORS

OFFICERS

— PRESIDENT —
DAVID NADELMAN, GRAND HYATT SAN FRANCISCO

— SECRETARY —
J. TIMOTHY FALVEY, HANFORD-FREUND & COMPANY

— TREASURER —
JAMES C. FLOOD, FLOOD CORPORATION

DIRECTORS

HEATHER ALMOND, WESTFIELD SAN FRANCISCO CENTRE
STEPHEN BRETT, BRETT & COMPANY
JOHN CAPIZZI, NEIMAN MARCUS
KEVIN CARROLL, THE HOTEL COUNCIL
JIM CHAPPELL, PLANNING CONSULTANT
CONNIE HARTGRAVES, SAKS FIFTH AVENUE
DIANA HOLLAND-CRAMER, GUMP'S
SHIRLEY HOWARD JOHNSON, LORRAINE HANSBERRY THEATRE
RUSSELL D. KEIL JR., THE KEIL COMPANIES
MAN J. KIM, LORI'S DINER INTERNATIONAL
JON KIMBALL, THE WESTIN ST. FRANCIS
ANSON LEE, UPTOWN PARKING CORPORATION
LOUIS MEUNIER, MACY'S
ELLEN MAGNIN NEWMAN, ELLEN NEWMAN ASSOCIATES
MAURICE QUILLEN, RECOLOGY
ELLEN RICHARD, A.C.T.
JIM SANGIACOMO, TRINITY PROPERTIES
SPENCER SECHLER, CITY PARK
DON THOMAS, CLUB DONATELLO HOMEOWNERS
WES TYLER, CHANCELLOR HOTEL ON UNION SQUARE

ADVISORY COMMITTEE CHAIRS

— MARKETING & COMMUNICATIONS —
TOBB SOTKIEWICZ, MCEVOY MEDIA / 7 X 7, CALIFORNIA HOME + DESIGN

— PUBLIC AFFAIRS & ADVOCACY —
J. TIMOTHY FALVEY, HANFORD-FREUND & COMPANY

— FINANCE COMMITTEE —
JAMES C. FLOOD, FLOOD BUILDING
RUSSELL D. KEIL JR., THE KEIL COMPANIES

— STREETSAPES & BEAUTIFICATION —
MANUELA ANNE KING, ROYSTON, HANAMOTO, ALLEY & ABEY

— AUDIT COMMITTEE —
LOUIS MEUNIER, MACY'S

— SERVICES & PUBLIC SAFETY —
WES TYLER, THE CHANCELLOR HOTEL ON UNION SQUARE

LETTER FROM THE BOARD PRESIDENT



I am pleased to present the Union Square Business Improvement District's 2011-2012 Annual Report. It has been a year of great accomplishment and our future looks promising with many exciting projects in the works—projects to further enhance the safety, cleanliness and beautification of the district. As your Board President for another year, I'm grateful to be joined by Treasurer, James C. Flood, Secretary J. Timothy Falvey and the dozens of volunteers serving on our board and committees dedicated to making the Union Square area the world's most popular destination.

On July 15, the BID announced the official retirement of one of Union Square's greatest supporters—our Executive Director Linda Mjellø. For nearly two decades Linda dedicated herself to improving Union Square. For 14 years, she led the Union Square Association applying her skills in marketing and advocacy to affect positive change in the area. She was a driving force that successfully merged the Association and the BID. As the BID's executive director, she oversaw its renewal and expansion to a new 27-block district. She leaves the position with a strong foundation and legacy of commitment, action and style.

Karin Flood brings those same qualities to the BID as our new Executive Director after serving as Interim Executive Director since January, 2012. I am thrilled to be working with Karin and our extended BID family as we continue to implement the objectives outlined in our ambitious Five Year Strategic Plan.


Our Strategic Plan provides a long-term vision and roadmap for the organization to continually improve the district in support of our property owners, residents and visitors. In the last fiscal year, many elements of the plan have been implemented or are underway. Last year we launched a dynamic new website www.VisitUnionSquareSF.com, produced a video for VirginAir's in-flight programming which will air again in September and October and redesigned and distributed our popular Map & Directory of Union Square businesses.

Significant progress has been made to launch several programs, including our Union Square Cares education campaign to support people in need, a Security Camera Pilot Project to improve safety in certain areas of the district, and a district wide Streetscapes Plan to further beautify the area. Continued improvements and activation of Hallidie Plaza—the gateway to our district—have started and will continue in the upcoming year. Finally, we continue to invest in digital marketing by increasing website traffic through SEO, adding descriptions to our listings and a compliance page for property owners and soon to come a mobile website to capture traffic from mobile devices.

We bring you these special projects in addition to the core Clean and Safe services that we provide daily. Uniformed BID Ambassadors and Taggers easily recognizable on the street are a reassuring presence to both residents and visitors. In the past year, the BID's Clean & Safe Services Team successfully completed nearly 93,500 interactions with people in the district including 17,179 calls for public assistance and 16,846 maintenance requests.

I look forward to working with all of you in the upcoming year to achieve our mission to: "enhance the visitor experience and business environment, making Union Square the #1 destination in the world."

Sincerely,



David S. Nadelman
Board President



The Union Square Business Improvement District (USBID) is a 501 (C) 4 non-profit organization and currently the largest of San Francisco's 11 existing property-based business improvement districts. Well known for its unique mix of world-class shopping, hotels, theatre and restaurants, the Union Square district covers 27 blocks and includes nearly 3,000 parcels, both publicly and privately owned.

Funding for the district is proportionally shared by property owners, who are self-assessed to provide services to supplement those provided by the City. These annual assessments are based on the following variables:

- Linear (sidewalk) frontage
- Building square footage of non-residential properties
- Property usage

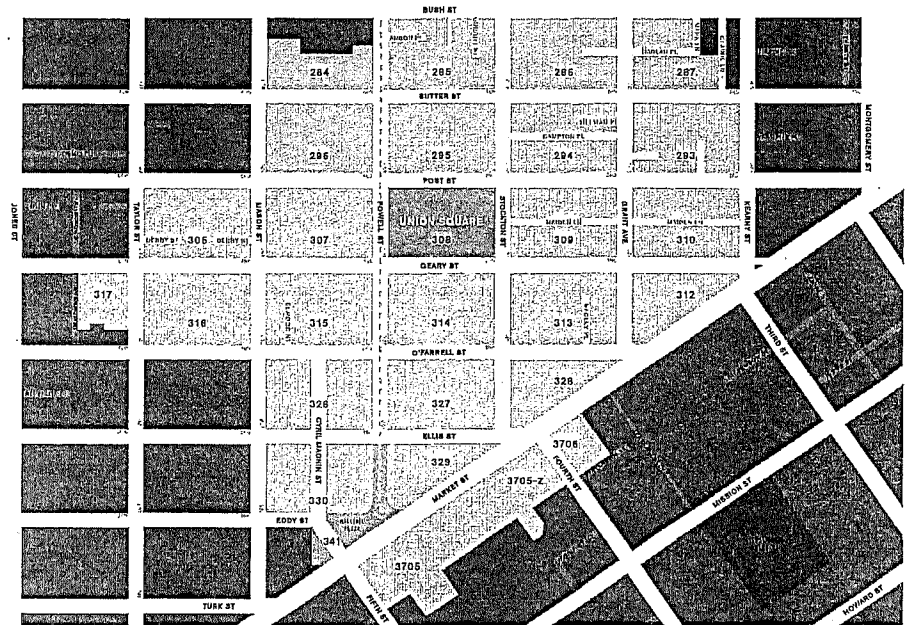
Each property owner's assessment is calculated according to the special benefit received from the services provided by the USBID. Accordingly, each property owner is assessed for their proportional special benefit for the following services:

- Cleaning, maintenance and safety services
- Marketing, beautification and streetscape improvements and advocacy (non-residential only)

The following are the property type categories and related assessment calculations:

PROPERTY TYPE	CLEAN & SAFE *	MARKETING / ADVOCACY **
Category 1 less than 2,000 bldg sq ft	\$72.62	\$77.17
Category 2 2,000 - 4,999 bldg sq ft	\$72.62	\$154.35
Category 3 5,000 - 9,999 bldg sq ft	\$72.62	\$514.50
Category 4 10,000 - 29,999 bldg sq ft	\$72.62	\$1,029.00
Category 5 30,000 - 99,999 bldg sq ft	\$72.62	\$1,286.25
Category 6 100,000 or more bldg sq ft	\$72.62	\$5,145.00
Residential Property and Public Property	\$72.62	0
Hallidie Plaza Parcels (1)	\$3.65***	0

* per linear street foot ** per assessor's parcel *** per linear square footage



2011-2012 FISCAL YEAR RESULTS

FUNDS	BUDGET	ACTUAL	VARIANCE	DETAILS
Special Assessment Funds	\$3,025,930	\$3,031,982	\$6,152	Interest and penalties collected
Other Funds	\$147,206	\$123,141	\$ (24,065)	Hallidie master lease revenue delayed
Total Funds	\$3,173,036	\$3,155,123	\$ (17,913)	
EXPENSES	BUDGET	ACTUAL	VARIANCE	DETAILS
Clean & Safe	\$2,295,974	\$2,068,513	\$227,461	Security camera pilot delayed until 12-13 FY; 10B under billed
Marketing / Streetscapes	\$715,077	\$375,995	\$339,082	Streetscapes projects and Union Square Cares rescheduled to 2012-2013 FY
Hallidie Plaza Grant	\$75,000	\$56,236	\$18,764	Grant extended into 2012-2013 FY
Management & Administration	\$563,164	\$514,150	\$39,014	Professional and legal fees below budget
Powell Street Project	\$209,550	\$141,637	\$67,913	Depreciation less than expected due to gift to C&CSF
Contingency & Reserve	\$307,207	\$843,502	\$ (536,295)	Gift of Powell Street Promenade to City of San Francisco
Total Expenses	\$4,155,972	\$4,000,033	\$155,939	
Net Deficit for 2011-2012FY		\$ (844,910)		

JULY 2011-JUNE 2012 STATEMENT OF FINANCIAL POSITION

ASSETS	LIABILITIES & NET ASSETS
Cash	\$1,793,548
Accounts Receivable (Net)	\$67,895
Other Current Assets	\$200,452
Furniture & Equipment (Net)	\$17,043
Capital Assets	\$2,078,938
	Liabilities:
	Accounts Payable & Accrued Expenses
	\$354,999
	Total Liabilities
	\$354,999
	Net Assets:
	Unrestricted
	\$1,635,863
	Restricted Temporarily
	\$69,076
	Total Net Assets
	\$1,723,939
	Total Liabilities & Equities
	\$2,078,938

JULY 2012 - JUNE 2013 BUDGET

INCOME	EXPENSES
Assessment Revenue	Clean & Safe
\$3,116,605	\$2,287,847
91%	55%
Fundraising & Other	Marketing, Advocacy, Streetscapes & Events
\$291,152	\$800,516
9%	19%
Total Income	Hallidie Plaza Grant & Master Lease Expenses
\$3,407,757	\$202,918
100%	5%
	Powell Street Promenade Project Expenses
	\$56,400
	1%
	Management & Administration
	\$467,716
	11%
	Contingency & Reserves
	\$313,997
	8%
	Total Expenses
	\$4,129,394
	100%

CARRY OVER FROM FISCAL YEAR 2011-2012

CARRY OVER FUNDS
Clean & Safe
\$259,911
Marketing, Advocacy, Streetscape & Events
\$309,094
Hallidie Plaza Grant
\$13,754
Management & Administration
\$60,250
General Fund / Contingency
\$1,080,920
Total Carry Over Funds
\$1,723,939



MANAGEMENT

— EXECUTIVE DIRECTOR —
KARIN FLOOD

— DEPUTY DIRECTOR —
DONNA N. FICARROTTA

— FINANCE MANAGER —
BENJAMIN W. HORNE

— ONLINE MARKETING & PUBLIC RELATIONS SPECIALIST —
JEANI HUNT-GIBBON

— EXECUTIVE ASSISTANT & PROJECT COORDINATOR —
GALLY HARDY

— CONTRACT SERVICE PROVIDER —
MJM MANAGEMENT GROUP

SERVICES OVERVIEW

COMMUNITY SERVICE AMBASSADORS
Seven days a week, 9:30 a.m. – 11:00 p.m.

DISPATCH SERVICES
Seven days a week, 8:30 a.m. – 10:00 p.m.

10-3 POLICE OFFICERS
Ten hours daily

STEAMCLEANING
All properties – every two weeks

SIDEWALK SWEEPING AND GENERAL MAINTENANCE
Seven days a week, 6:00 a.m. – 9:00 p.m.

GRAFFITI REMOVAL
As needed, with property owner's authorization

MARKETING & COMMUNICATIONS
To ensure Union Square's standing as a dynamic, world-class destination

ADVOCACY
For business district improvements

STREETSCAPES & BEAUTIFICATION
To revitalize the urban environment throughout the district

Front cover photograph of the Dawley Monument was taken by Flickr member 'GreatWholly'.
Back cover photograph of the Chinese New Year Parade was taken by Flickr member S.D. Lawson.
Aerial photograph of Stone Fringe Plaza (NS) was uploaded by the
Lithabeta Architecture Office of Michael Farberghain.

Design and production of this publication was by Heidi Thomas Granta, Design Services.



UNION SQUARE BUSINESS IMPROVEMENT DISTRICT

323 GEARY STREET, SUITE 401 SAN FRANCISCO, CA 94102
TEL (415) 781-7880 FAX (415) 781-0258 FOR DISPATCH SERVICES CALL (415) 781-4456
WWW.VISITUNIONSQUARESF.COM

UNION SQUARE BUSINESS IMPROVEMENT DISTRICT



UNION SQUARE

ANNUAL REPORT
2012 - 2013



LETTER FROM THE INCOMING BOARD PRESIDENT



I am pleased to present the Union Square Business Improvement District's 2012-2013 Annual Report. Because of outstanding leaders like outgoing Board President David Nadelman, we have a strong foundation of existing and new programs to further enhance the safety, cleanliness, beauty and promotion of Union Square. With leaders like Treasurer J. Timothy Falvey and Secretary James Sangiacomo, and the commitment of volunteers on our board and advisory committees, Union Square will continue to be an exceptional place to visit, work and live.

This past year was one of remarkable accomplishments. As part of our Union Square Cares initiative, we completed comprehensive research to better understand panhandling in our district. Working with the Hotel Council of San Francisco, San Francisco Travel, Mayor's Office of HOPE and the Human Services Agency, this research will help us develop effective plans to assist people in need.

To bring visitors to Union Square and improve their experience, we released our mobile-enhanced website (*go to VisitUnionSquareSF.com on your mobile device*). With special features such as geo-navigation and large, easy-to-use icons, the new mobile site delivers compelling information about shops, restaurants, special events and more to visitors. BID sponsorships of events in Union Square such as SF Chefs 2012, Film Night in the Park, Union Square Live and the Holiday Ice Rink continue to draw large crowds to the neighborhood. Our engagement of consumers reached an all-time high this year with newsletter readership doubling and the number of Facebook and Twitter fans increasing four-fold.

Safety continues to be a priority. In April, we launched a security camera pilot program at Hallidie Plaza and the cable car turnaround as a tool to help ensure a safe and enjoyable experience for visitors entering the district. In the first two months of use, the cameras were instrumental in several San Francisco Police Department investigations. The BID also completed a project to map camera surveillance systems in the district to identify areas of coverage.

These efforts are delivered in addition to the core clean and safe services that we provide daily. Through our contract with MJMMG, the BID's uniformed Community Service Ambassadors and cleaning teams continue to create a welcoming environment for visitors. In just the last year, our Ambassadors engaged with more than 50,000 people and personnel responded to more than 14,000 special requests for cleaning.

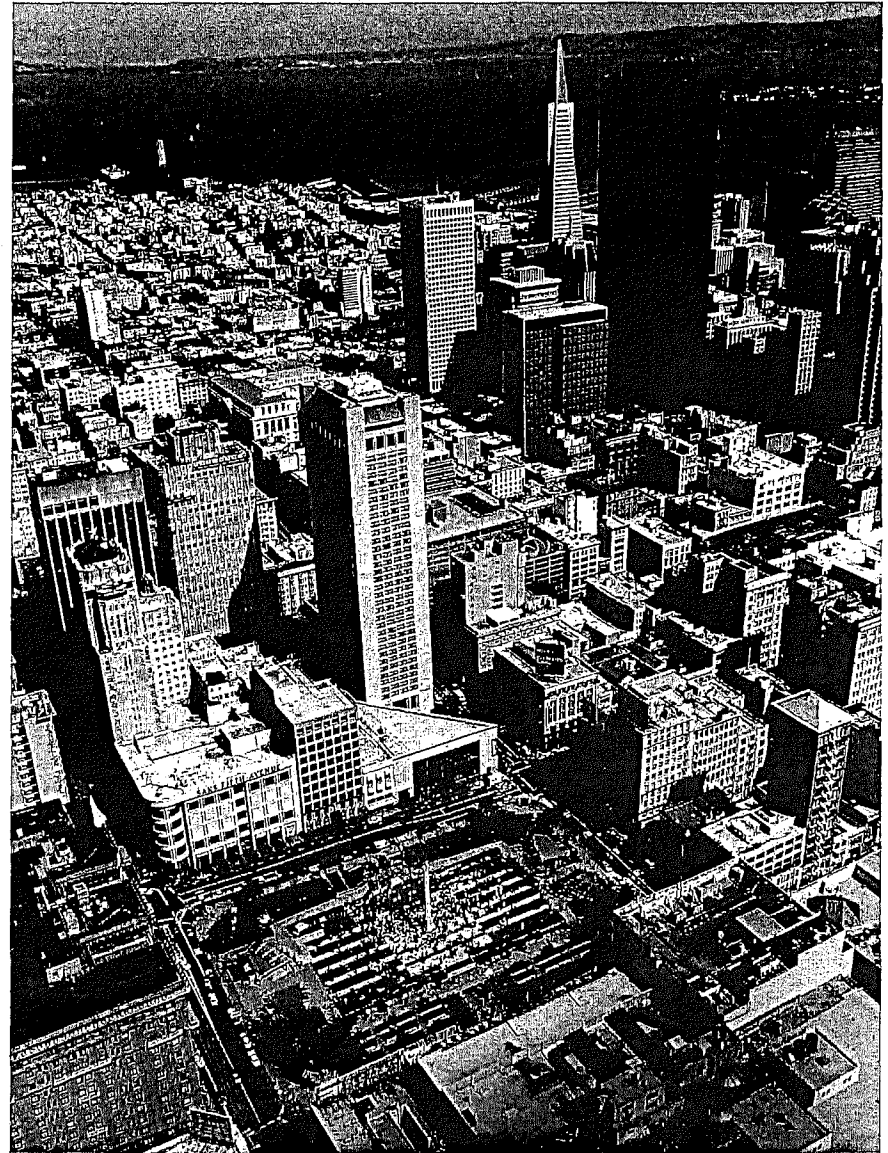
In the year ahead, we will also focus on improvements in Hallidie Plaza, mitigating the impact Central Subway construction and working even closer with our membership to improve the visitor and business environment in Union Square. New staff Project Manager Claude Imbault will be dedicated to Streetscapes and Services Projects, adding to our capabilities to enhance the district.

As your incoming Board President, I am grateful for the opportunity to serve and to be part of efforts to improve a place that is so special to me. By getting involved in the BID and our district – through an advisory committee, a special project, attending events or simply by letting us know how we're doing – we will be even more successful in our work to achieve our mission to "enhance the visitor experience and business environment, making Union Square the #1 destination in the world!"

Sincerely,

A handwritten signature in black ink, appearing to read "R. Keil". The signature is stylized and cursive.

Russell D. Keil, Jr.
2013 Incoming Board President



2012 - 2013 ACCOMPLISHMENTS

Services & Public Safety

- Launched Security Camera Pilot Project
 - Pilot launched with installation of 6 security cameras around the Cable Car Turnaround and Hallidie Plaza
 - Selected vendor through RFP process with committee
 - Coordinated with SFMTA, Dept. of Real Estate, SF Travel, SFPD and other stakeholders on project
 - Worked with vendor and property owners to get all necessary approvals for installation
 - Approved surveillance system usage policy with community and legal input
 - Developed ROI system for measuring success of pilot
 - Completed district-wide mapping of private security camera locations
- Service Provider
 - Developed new invoicing methodology to reduce risk and increase efficiency; Negotiated amended contract (12-13); and kept rate the same for 13-14FY
 - Drafted new reporting protocol and procedures for 10B Officer Evaluations
 - Led 4 evaluation sub-committee meetings and sidewalk evaluations, developed scoring methodology and scored and presented results
 - Pushed for numerous improvements that lead to several operational changes and streetscape improvements
 - Involved numerous board members and community members in the evaluations process
- Installed noise signage around Hallidie Plaza to help manage street performers
- Conducted member survey in fall of 2012 and achieved high marks from property owners and members
- Organized Holiday Safe Shopper Program, bringing together numerous Union Square stakeholders, members of SFPD and other safety organizations for review of Holiday season security measures
- Worked with DPW to analyze sidewalk issues in district in order to draft recommendations for property owners on proper sidewalk treatments

- Led Harlan Alley community meeting bringing together all stakeholders to mitigate garbage issues due to overflowing and unlocked dumpsters; Reduced dumpster numbers and increased number of locks; Re-evaluated area and registered much improved scores
- Powell Street Promenade – Continued cleaning and improved landscaping; Repaired damaged sections after hit and run; Accommodated UNIQLO and Walgreens construction projects by removing sections for easier access for work crews and equipment and cleaned up post work; Drafted punch list of improvements moving forward

Public Affairs & Advocacy

- Selected research firm through RFP process and completed research phase of *Union Square Cares* project
- Developed strategic *Union Square Cares* partnerships with SF Travel, Hotel Council, Hospitality House, HOPE and other social service agencies as well as participating in the City's bi-Annual Homeless Count
- Conducted media training for management and some Board members
- Successfully advocated for revised legislation to better regulate Mobile Food Facilities, including the property owner notification process for new permits
- Launched *Square Affairs* newsletter to inform members of advocacy issues and legislative updates
- Facilitated meetings with SFPD, merchants and tenants on noise issues; Posted signage and advocated for SFPD training and purchase of noise meters to enforce existing noise regulations
- Successfully advocated for revised noise legislation to better regulate the use of non-permitted amplified sound in the public right-of-way through the addition of a penalty clause
- Continued to cultivate relationships with other organizations advocating for property owners and businesses in San Francisco including the SF Chamber, BOMA, SBN and other CBDs
- Stayed up-to-date on legislative issues with potential impact on members
- Ensured for and got positive media coverage of the BID's efforts to mitigate Central Subway construction, Holiday season and the BID's safety measures in response to the Rainbow Girls robberies

Finance, Audit & Administration

- Revised and updated 5-Year Strategic Plan
- Completed 11-12FY Audit and received unqualified clean opinion
- Drafted initial business plan and financial model for Hallidie Plaza master lease project
- Completed 990 Filing with IRS, 199 with California and RRF-1 with California Attorney General
- Increased assessments for 13-14 FY, generating additional \$450K of revenues over rest of BID term
- Conducted semi-annual audits and review of service provider to ensure contract compliance
- Worked with City on assessments payment reporting process, reconciled all payments and collected delinquent City assessments (\$110K)
- Managed and closed out Audi and Hallidie Plaza Grants – provided all billing, financial reports, budgets and approved new grant for 13-14FY
- Conducted search and hired new Project Manager to oversee Streetscapes and Services projects
- Reviewed space options and approved lease for superior office space at same rate
- Elected new Officers, recruited new Board Members and approved slate to be distributed to members to vote
- Held Annual Lunch and raised \$63K - 15% increase over prior year and most successful lunch to date since USBID's renewal in 2009

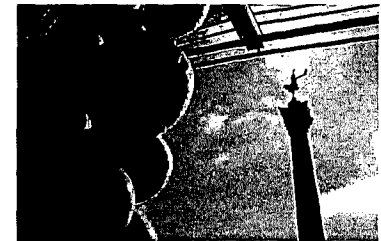
Streetscapes & Beautification

- Managed Central Subway meetings and advocated for numerous improvements including a more attractive construction barricade, a cleaner and neater work area and secured funding for 2013 holiday activation plans
- Successfully coordinated between property owner, merchant, Supervisor Chiu's office and Department of Public Works to re-open a flower stand at 250 Post Street that had long been inactive
- Solicited funding from property owners and obtained permits from the City to install festival lighting on the 2 blocks of Maiden Lane
- Awarded a \$25K grant from the City for activation, landscaping and a retail vendor plan for Hallidie Plaza
- Funded special décor in Union Square for the holidays and other civic celebrations including the Giants World Series championship

- Coordinated approvals with Department of Public Works and JC Decaux to repurpose the kiosk at Powell and Market as a visitor information kiosk, staffed by BID Ambassadors and Dispatch personnel. The committee continues to seek additional activation uses for other kiosks in the district, including an activation in partnership with Community Arts
- In collaboration with the Street Artists Program and the Arts Commission, amended legislation and developed a pilot program featuring a standardized artist display table to improve both the visibility of the artists and the aesthetic presentation at Hallidie Plaza
- Installed flower baskets in Hallidie Plaza

Marketing & Communications

- Coordinated successful launch of Mobile Website
- Grew Web traffic 135% (106,180 vs 45,256 unique visits & 128,000 vs 54,110 visits)
- Grew Facebook presence to 33,398 fans with engaging posts, promotions and social marketing techniques.
- Grew Twitter presence to 1,213 fans
- Launched Instagram, Pinterest and Mosey accounts
- Managed successful Black Friday and Fashion's Night Out Promotions
- Grew attendance and engagement for the Marketing Committee with 50-60 attendees each meeting.
- Organized well-attended Holiday, Spring Fling and SF Chefs events with media attending both
- Completed full audit of marketing program and received marketing audit with strategic suggestions
- Gained exposure and engagement through sponsorship programs including the Holiday Ice Rink, Union Square Live, SFJazz Summerfest and more



The Union Square Business Improvement District (USBID) is a 501 (C) 4 non-profit organization and currently the largest of San Francisco's 11 existing property-based business improvement districts. Well known for its unique mix of world-class shopping, hotels, theatre and restaurants, the Union Square district covers 27 blocks and includes nearly 3,000 parcels, both publicly and privately owned.

Funding for the district is proportionally shared by property owners, who are self-assessed to provide services to supplement those provided by the City. These annual assessments are based on the following variables:

- Linear (sidewalk) frontage
- Building square footage of non-residential properties
- Property usage

Each property owner's assessment is calculated according to the special benefit received from the services provided by the USBID. Accordingly, each property owner is assessed for their proportional special benefit for the following services:

- Cleaning, maintenance and safety services
- Marketing, beautification and streetscape improvements and advocacy (non-residential only)

The following are the property type categories and related assessment calculations for 2013-2014 FY:

PROPERTY TYPE	CLEAN & SAFE *	MARKETING / ADVOCACY **
Category 1 less than 2,000 bldg sq ft	\$74.37	\$79.02
Category 2 2,000 - 4,999 bldg sq ft	\$74.37	\$158.05
Category 3 5,000 - 9,999 bldg sq ft	\$74.37	\$526.84
Category 4 10,000 - 29,999 bldg sq ft	\$74.37	\$1,053.69
Category 5 30,000 - 99,999 bldg sq ft	\$74.37	\$1,317.12
Category 6 100,000 or more bldg sq ft	\$74.37	\$5,268.48
Residential Property & Public Property	\$74.37	0
Hallidie Plaza Parcel (1)	\$3.74***	0

*per linear street foot **per assessor's parcel ***per lot square footage

2012-2013 FISCAL YEAR RESULTS

FUNDS	BUDGET	ACTUAL	VARIANCE	DETAILS
Special Assessment Funds	\$3,116,805	\$3,116,167	(449)	
Other Funds	\$291,152	\$185,821	(105,531)	Hallidie Plaza Grant (\$25K) lower than budgeted, no master lease activities
Total Funds	\$3,407,757	\$3,301,779	(105,978)	
EXPENSES	BUDGET	ACTUAL	VARIANCE	DETAILS
Clean & Safe	\$2,287,847	\$2,147,983	\$139,914	10B under budget, security cameras capitalized, no evaluations
Marketing, Advocacy & Streetscapes Improvements	\$800,516	\$544,192	\$256,324	Delays or rescheduling of streetscapes & marketing projects
Hallidie Plaza Grant & Master Lease	\$202,918	\$13,764	\$189,154	\$25K Grant received in June 2013 lower than budgeted, no master lease activities
Management & Administration	\$467,716	\$384,164	\$83,562	Less professional support needed, decrease in staffing
Powell Street Project	\$56,400	\$51,434	\$4,966	
Contingency & Reserve	\$313,997	—	\$313,997	No unexpected uses of funds
Total Expenses	\$4,129,394	\$3,141,478	\$987,916	
Net Surplus for 2012-2013 FY		\$160,301		

JULY 2012 - JUNE 2013 STATEMENT OF FINANCIAL POSITION

ASSETS

Cash	\$1,979,167
Receivable (Net)	\$140,188
Other Current Assets	\$13,597
Furniture & Equipment (Net)	\$77,199
Total Assets	\$2,210,148

LIABILITIES & NET ASSETS

Accounts Payable & Accrued Expenses	\$323,640
Unrestricted Net Assets	\$1,793,609
Temporarily Restricted Net Assets	\$92,900
Total Liabilities & Net Assets	\$2,210,148

JULY 2013 - JUNE 2014 BUDGET

INCOME

Assessment Revenue	\$3,188,251	96%
Fundraising & Other	\$136,080	4%
Total Income	\$3,324,331	100%

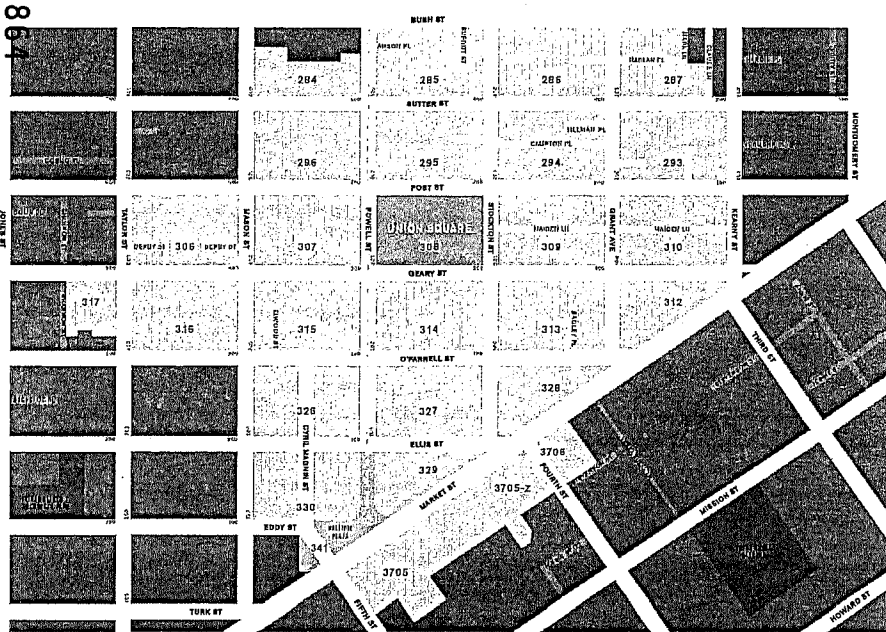
EXPENSES

Clean & Safe	\$2,423,189	61%
Marketing, Advocacy, Streetscapes & Events	\$622,160	16%
Hallidie Plaza Grant Expenses	\$25,651	1%
Powell Street Promenade Project Expenses	\$56,400	1%
Management & Administration	\$511,179	13%
Contingency & Reserves	\$318,825	8%
Total Expenses	\$3,957,398	100%

CARRY OVER FROM FISCAL YEAR 2012 - 2013

CARRY OVER FUNDS

Clean & Safe	\$161,431
Marketing, Advocacy, Streetscapes & Events	\$18,095
Hallidie Plaza Grant	\$25,000
Management & Administration	\$169,989
Other Restricted/Designated Funds	\$136,986
General Fund/Contingency	\$1,376,106
Total Carry Over Funds	\$1,886,508



INTERACTIONS REPORTED BY MJM MANAGEMENT GROUP

JULY 2012 — JUNE 2013 TOTALS

	JULY 2012	AUG 2012	SEPT 2012	OCT 2012	NOV 2012	DEC 2012	JAN 2013	FEB 2013	MAR 2013	APR 2013	MAY 2013	JUN 2013	Totals
TOURIST & MERCHANT INTERACTIONS													
Directions	502	579	467	454	345	431	529	241	332	651	1175	969	6665
Maps Distributed	219	43	411	223	138	123	297	336	344	668	460	432	3694
Referrals to Shops & Restaurants	82	114	88	79	97	65	68	21	57	90	110	120	1001
Assisted Merchants Directly	231	24	196	311	183	277	306	179	195	232	275	232	2640
Meet & Greets	258	582	519	492	551	525	1074	618	804	1022	954	1038	8435
Totals	1292	1342	1681	1559	1314	1421	2273	1393	1732	2663	2974	2791	22435

PUBLIC ASSISTANCE

Aggressive Panhandlers	353	488	278	259	242	191	202	85	159	208	203	236	2904
Campers, Trespassers & Loiterers	90	234	598	632	642	549	742	365	573	648	677	780	6670
Drunk & Disorderly	35	38	45	47	52	41	85	9	24	62	70	83	591
Illegal Vendors	12	88	11	11	16	45	32	6	0	16	8	13	208
Noise Complaints & Street Musicians	61	82	106	70	37	42	59	22	43	30	46	58	656
Mentally Disturbed	17	30	23	28	24	30	42	28	16	42	51	71	402
Indecent Exposure	0	4	1	1	1	2	0	2	1	2	1	5	20
Demonstrations	11	5	4	3	7	0	4	1	3	1	3	1	43
Totals	579	939	1066	1051	1021	900	1166	538	819	1009	1059	1274	11394

CITY BEAUTIFICATION

Graffiti Removal	318	257	171	181	258	272	279	147	168	159	162	138	2510
Stickers & Flyers Removed	63	20	20	11	29	20	29	36	42	32	30	25	357
Overflowing Trashcans Leveled	303	310	272	208	158	94	64	51	64	95	87	83	1789
Repainted Public Property	23	21	6	15	11	55	12	5	0	15	6	8	181
Cardboard Pickup (Tagger)	59	60	77	28	77	78	65	34	34	33	27	36	608
Sweep Requests	577	539	432	356	430	564	399	267	251	549	690	421	5475
Scrub Requests	401	415	366	244	235	256	290	251	243	230	266	277	3474
Totals	1744	1622	1344	1043	1188	1339	1138	798	807	1098	1277	986	14394

JULY 2012 — JUNE 2013 TOTALS

	JULY 2012	AUG 2012	SEPT 2012	OCT 2012	NOV 2012	DEC 2012	JAN 2013	FEB 2013	MAR 2013	APR 2013	MAY 2013	JUN 2013	Totals
CONSTRUCTION & DPW ISSUES													
311 Called	31	158	50	32	48	41	59	31	29	31	35	21	586
Shopping Carts	10	4	12	7	10	22	9	4	4	7	11	3	103
Illegal Dumping	29	59	70	40	52	53	102	19	34	59	56	30	603
Safety Hazards & Extreme Vandalism	63	11	20	89	102	97	347	79	82	85	87	95	1157
Construction	5	2	1	3	3	0	4	0	5	7	3	1	34
Cardboard & Pallets (City)	69	60	77	12	0	0	0	0	0	33	28	0	279
Totals	207	294	230	183	215	213	621	133	164	222	220	150	2742

NON-EMERGENCY & EMERGENCY SITUATIONS

Arrests	5	8	5	7	2	1	5	0	3	4	5	5	50
Non-Emergency & 10B Officer	186	38	200	112	115	130	134	77	107	112	155	229	1605
Mobile Assistance Patrol (MAP)	3	4	3	7	8	1	3	1	5	15	6	11	67
911 Calls	7	2	3	9	14	2	2	15	6	19	16	10	105
Fights & Assaults	8	2	5	1	3	1	8	1	6	3	7	6	51
Theft & Shoplifting	6	9	6	4	3	6	6	3	8	5	12	9	77
Vehicular Accidents	4	1	2	1	1	5	11	4	4	0	1	4	39
Fires & Fire Alarms	0	0	5	2	4	7	13	2	4	0	5	2	44
Totals	229	64	229	143	150	154	182	103	143	158	207	276	2038

GRAND TOTALS

GRAND TOTALS	4051	4261	4550	3979	3888	4027	5280	2965	3655	5150	5737	5450	53,303
---------------------	-------------	-------------	-------------	-------------	-------------	-------------	-------------	-------------	-------------	-------------	-------------	-------------	---------------



2013 BOARD OF DIRECTORS

OFFICERS

— PRESIDENT —
RUSSELL D. KEIL, JR. - THE KEIL COMPANIES

— TREASURER —
J. TIMOTHY FALVEY - HANFORD • FREUND & COMPANY

— SECRETARY —
JAMES SANGIACOMO - TRINITY PROPERTIES

DIRECTORS

STEPHEN BRETT - BRETT & COMPANY
KEVIN CARROLL - HOTEL COUNCIL OF SAN FRANCISCO
THOMAS CARROLL - TIFFANY & CO
JAMES CHAPPELL - PLANNING CONSULTANT
JAMES C. FLOOD - FLOOD CORPORATION
SHIRLEY HOWARD-JOHNSON - ENTERTAINMENT & ARTS CONSULTANT
MICHAEL JOKOVICH - GRAND HYATT SAN FRANCISCO
MAN J. KIM - LORI'S DINER INTERNATIONAL
JON KIMBALL - THE WESTIN ST. FRANCIS
ELLEN MAGNIN NEWMAN - ELLEN NEWMAN ASSOCIATES
LOUIS MEUNIER - RETAIL CONSULTANT
TAD MOORE - 250 POST STREET LP
ALAN MORRELL - NEIMAN MARCUS
BETSY NELSON - MACY'S
MAURICE OUILLEN - RECOLOGY
ELLEN RICHARD - A.C.T.
SHELLY SCHEMBRE - WESTFIELD SAN FRANCISCO CENTRE
SPENCER SECHLER - CITY PARK
DON THOMAS - CLUB DONATELLO HOMEOWNERS
WES TYLER - CHANCELLOR HOTEL ON UNION SQUARE

ADVISORY COMMITTEE CHAIRS

— AUDIT —
LOUIS MEUNIER - RETAIL CONSULTANT

— FINANCE —
J. TIMOTHY FALVEY - HANFORD • FREUND & COMPANY

— MARKETING & COMMUNICATIONS —
TODD SOTKIEWICZ - MCEVOY MEDIA / 7 X 7, CALIFORNIA HOME + DESIGN

— PUBLIC AFFAIRS & ADVOCACY —
STEPHEN BRETT - BRETT & COMPANY

— SERVICES & PUBLIC SAFETY —
WES TYLER - CHANCELLOR HOTEL ON UNION SQUARE

— STREETSAPES & BEAUTIFICATION —
MANUELA ANNE KING - ROYSTON, HANAMOTO, ALLEY & ABEY

2013 MANAGEMENT

— EXECUTIVE DIRECTOR —
KARIN FLOOD

— MARKETING & COMMUNICATIONS MANAGER —
JEANI HUNT-GIBBON

— STREETSAPES & SERVICES PROJECT MANAGER —
CLAUDE IMBAULT

— EXECUTIVE ASSISTANT & PROJECT COORDINATOR —
CALLY HARDY

— CONTRACT FINANCE MANAGER —
BENJAMIN W. HORNE

— CONTRACT SERVICE PROVIDER —
MJM MANAGEMENT GROUP

SERVICES OVERVIEW

COMMUNITY SERVICE AMBASSADORS
Seven days a week, 8:30 a.m. - 11:00 p.m.

DISPATCH SERVICES
Seven days a week, 8:30 a.m. - 10:00 p.m.

10-B POLICE OFFICERS
Ten hours daily

STEAM CLEANING
All properties - twice monthly

SIDEWALK SWEEPING & GENERAL MAINTENANCE
Seven days a week, 6:00 a.m. - 9:00 p.m.

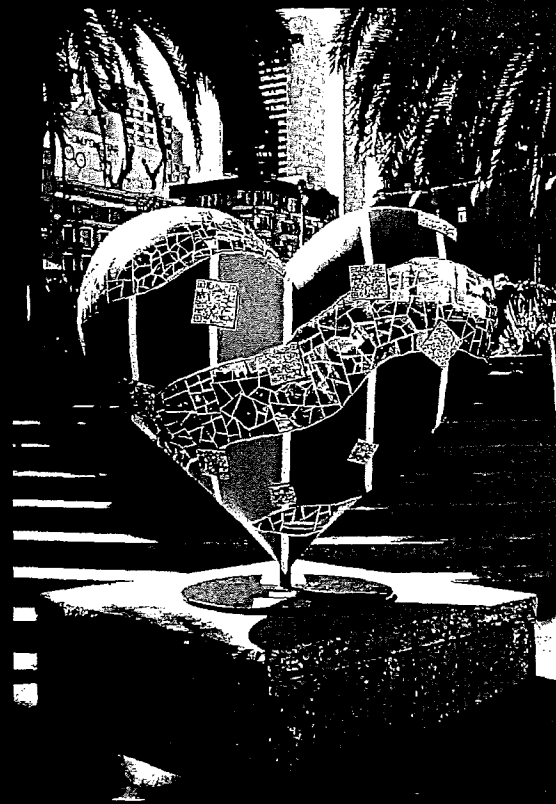
GRAFFITI REMOVAL
As needed, with property owner's authorization

MARKETING & COMMUNICATIONS
To ensure Union Square's standing as a dynamic, world-class destination

ADVOCACY
To represent district on clean, safe, quality of life and business issues

STREETSAPES & BEAUTIFICATION
To revitalize the urban environment throughout the district

Aerial photograph by Steve Proehl (page 2) was supplied by the Landscape Architecture Office of Michael Fotheringham.
All other photographs by the Union Square BID



UNION SQUARE BUSINESS IMPROVEMENT DISTRICT

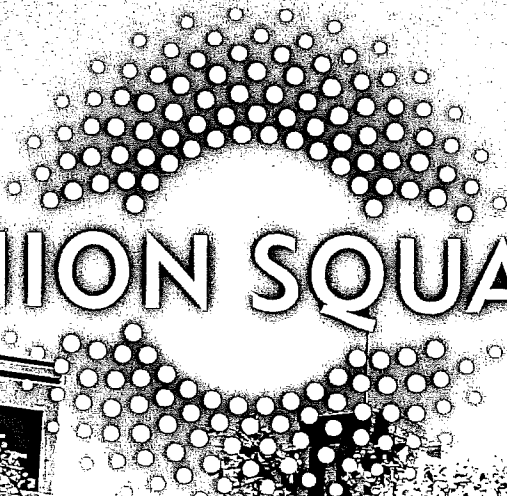
(Please note new suite number as of October 1, 2013)

323 GEARY STREET, SUITE 203 SAN FRANCISCO, CA 94102

TEL (415) 781-7880 FAX (415) 781-0258 FOR DISPATCH SERVICES CALL (415) 781-4456

VISITUNIONSQUARESF.COM

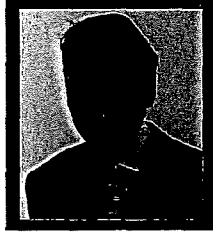
UNION SQUARE BUSINESS IMPROVEMENT DISTRICT



UNION SQUARE

ANNUAL REPORT
2013 - 2014

LETTER FROM THE BOARD PRESIDENT



I am pleased to present the Union Square Business Improvement District's 2013-2014 Annual Report—a year of great accomplishment. Our future looks bright as we focus on delivering value to our stakeholders to further enhance the safety, cleanliness, beautification and promotion of Union Square. As your Board President, I am grateful to be joined by the leadership of Treasurer J. Timothy Falvey and Secretary James Sangiacomo, as well as the dozens of volunteers serving on our board and advisory committees who are dedicated to making Union Square a top visitor destination.

Thanks in large part to a committed and engaged Board of Directors and staff members, this past year saw several remarkable accomplishments. Notably, there were some big wins on the legislative front including the successful passage of Supervisor Mark Farrell's Laura's Law which we strongly supported to address those in need on our streets. The San Francisco Plaza legislation which will enable community stewards to improve underutilized public spaces also passed. If selected as a steward for Hallidie Plaza we will have the opportunity to improve this important public space. In addition, we are excited that the architectural plans for the new Apple store on Post Street were approved which will bring more retail energy north toward the heart of our district.

This year we were proud to have organized some amazing events which both brought our stakeholders together and also attracted new visitors and awareness to Union Square. Our annual lunch drew over 250 guests including many City Officials and constituents and raised over 70K. We also launched Fall Fashion Fest this past October, a consumer-facing event that drew over 1,000 people to 28 participating stores in one night. To celebrate the opening of our new office suite overlooking Union Square Park we held a holiday open house in addition to our holiday party atop the Grand Hyatt. We further enhanced the consumer experience through exciting digital engagement including a 73.75% increase in website traffic, a 30% increase in Facebook followership and a 100% increase in Twitter fans.

As we continue to draw a large volume of visitors, we understand the need for enhanced public safety. Over the past 6 months after conducting an ROI evaluation of our initial security camera pilot we launched phase two with 10 additional cameras along Market Street, Hallidie Plaza and the Parc 55. After just over a year of active use, the cameras and mapping project have already been instrumental in several SFPD investigations and we hope to expand coverage.

These special projects are delivered in addition to the core clean and safe services that we provide daily. Through the BID's contract with MJM Management Group, our uniformed Ambassadors and Taggers continue to create a welcoming environment for visitors while maintaining the district's cleanliness and safety. Over the course of the year, the BID's clean and safe team successfully engaged in over 67,767 interactions with visitors. Finally, the BID staff conducted numerous evaluations of the clean and safe services provider, which led to several beneficial operational changes.

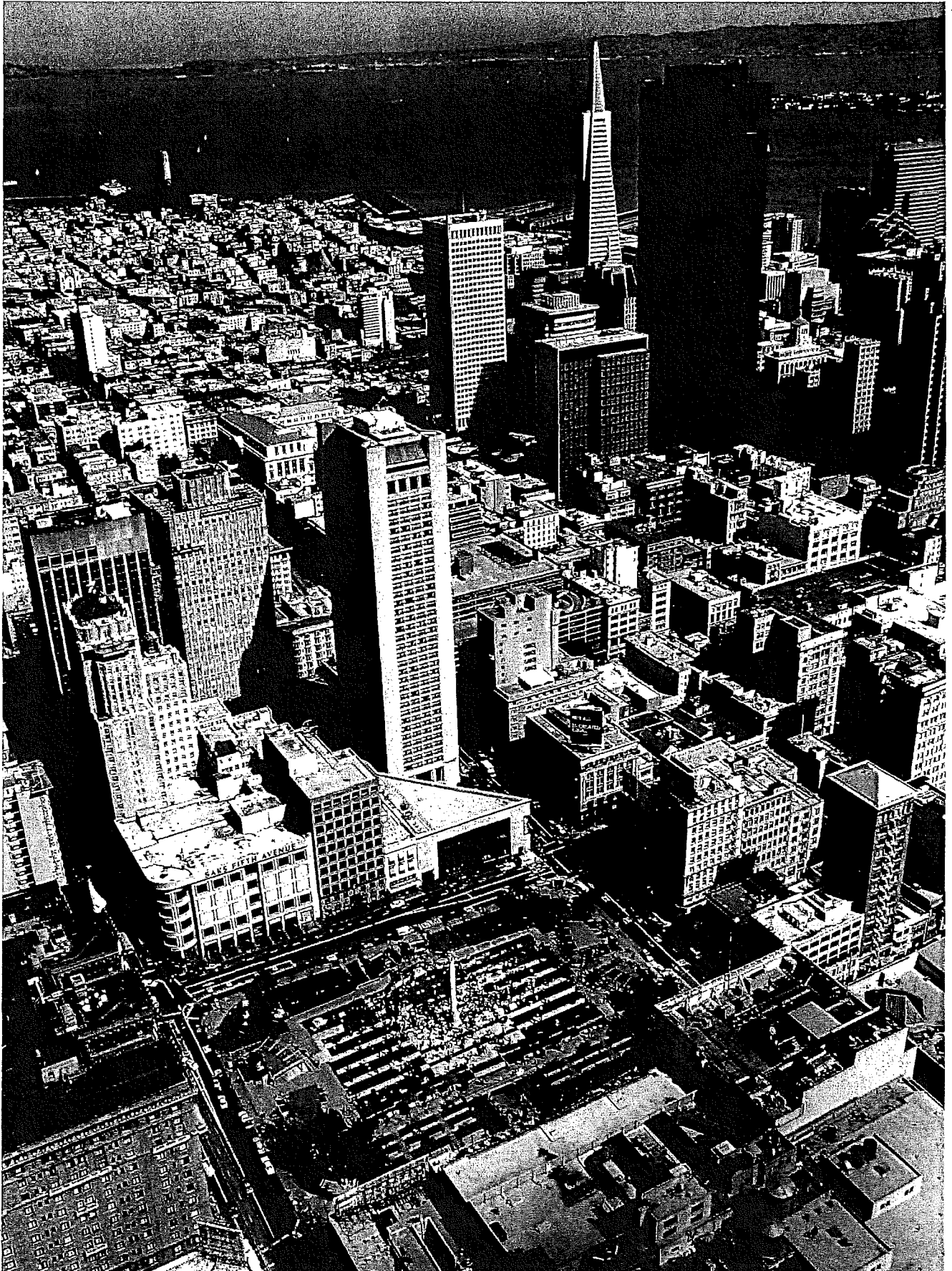
Looking ahead, the BID plans to continue working on these important projects, in addition to positively activating Hallidie Plaza, mitigating the impact of the ongoing Central Subway construction and working to ensure that our membership is satisfied with our efforts to improve our visitor and business environment. Our new Project Coordinator & Executive Assistant Iris Rollins will be instrumental in supporting the team in executing on these projects. We encourage you to become involved—whether through an advisory committee, a special project, or simply by letting us know how we're doing.

I look forward to working with all of you in the coming year to continue to make strides towards achieving our mission to *"enhance the visitor experience and business environment, making Union Square the #1 destination in the world."*

Sincerely,



Russell D. Keil, Jr.
2014 Board President



2013 - 2014 ACCOMPLISHMENTS

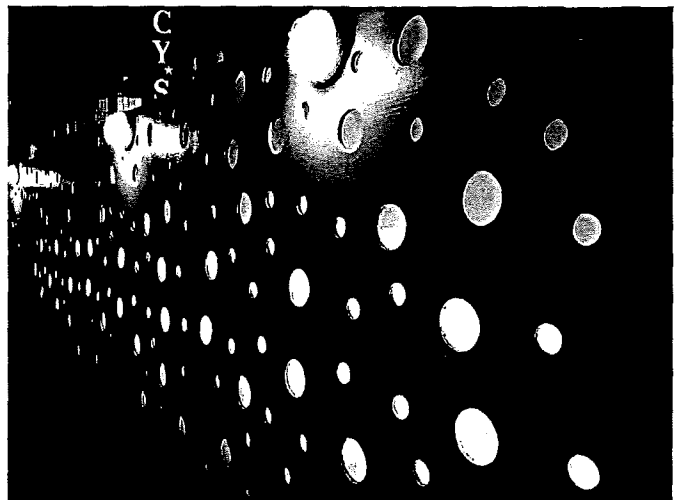
Services & Public Safety

- Organized and led a special safety meeting for luxury retailers bringing together numerous Union Square stakeholders, the SFPD and DA's office to address the recent "smash and grab" crimes occurring in that area and discuss preventive measures these retailers can take to protect themselves.
- Organized Holiday Safe Shopper Program in partnership with the Hotel Council, bringing together numerous stakeholders, the SFPD and the DA's office, as well as other safety organizations for review of Holiday security measures.
- Sponsored a valet program with Neiman Marcus, Louis Vuitton, and Bottega Veneta during the Holiday season.
- Worked alongside our neighborhood DA to address repeated acts of vandalism and quality of life issues and understand the process for building strong cases against repeat offenders and potential suspects.
- Conducted a six-month ROI evaluation of initial pilot camera surveillance system at Hallidie Plaza and completed district-wide mapping of private security camera locations, including approval to implement "Phase II" of the pilot with the installation of 10 additional cameras along Market Street, Hallidie Plaza and nearby properties.
- Managed two service audits and reviews; drafted new 10B Officer reporting protocol and procedures; audited sidewalk cleanliness and steam cleaning services; instituted new audit practices and processes and modified performance evaluations to quantify results.
- Partnered with SFPD and the BID service provider on addressing illegal night-time activities in hot spots around the BID and a supplemental training with the District's hotel front-line staff and security personnel.
- BID Executive Committee initiated a request for BID staff to revise existing services agreement and to conduct an RFP process for cleaning and maintenance proposals.

Public Affairs & Advocacy

- Took a leadership role in working with Supervisor Mark Farrell's office to support and advocate for the successful passage of Laura's Law at the Board of Supervisors
- Joined ad-hoc consortium of California BIDs to support, advocate and fundraise to pass AB 2618 which would clarify the definition of BID benefits making BIDs less likely to be challenged legally.
- Introduced Square Affairs as a monthly e-newsletter to update members on all of our program areas.
- Drafted an MOU with the Department of Public Health for *Union Square Cares* dedicated outreach worker scheduled to begin in August, 2014.
- Further developed strategic *Union Square Cares* partnerships with SF Travel, Hotel Council, HOPE, Project Homeless Connect, and other social service agencies.

- Organized and executed a strategic retreat for the San Francisco CBD Consortium to explore advocating as one voice.
- Met regularly with Mayor Lee and Chief Suhr to advocate for additional police presence in district.
- Continued to cultivate relationships with other organizations advocating for property owners and businesses in San Francisco, including the SF Chamber, BOMA, SBN and other CBDs.
- Actively weighed in and supported Apple's architectural design for their new store on Post Street
- Stayed current on legislative issues that may impact members, such as the Geary BRT, Minimum Wage, Formula Retail, Mobile Retail and more.
- Attended IDA World Congress in NYC and participated in sessions including, *Advocating for Your Downtown and Legal Challenges: Street Order and Civil Liberties*.



Finance, Audit and Administration

- Completed 12-13FY Audit and received unqualified clean opinion with no adjustments.
- Completed 990 Filing with IRS, 199 with California and RRF-1 with California Attorney General.
- Drafted and approved 13-14FY annual budget, mid-year budget modification and 14-15 Budget.
- Revised and updated Strategic Plan through committees (Fall 2013).
- Renewed line of credit and negotiated for zero bank fees to USBID.
- Reconciled and continue to work with City on assessment payments and collections. Brought receivables to lowest point in history (under \$60K).
- Managed all insurance matters including all policy applications, renewals, billings, audits, claims and continually reviewed and audited BID operations and assessed for insurance coverage.

- Generated financial statements and reports for 6 Finance Committee and 6 Board of Directors meetings.
- Held 6 meetings of Executive Committee and Board orientation for new members.
- Managed claims for Powell Street Promenade (collected \$17,000) and Audi grant billing.
- Negotiated benefit package for staff (health, dental and vision) and implemented.
- Implemented commuter check plan for staff.
- Increased assessments by 2.4% generating additional \$375K of revenues over rest of BID term.
- Hired new Executive Assistant/Project Coordinator.

Streetscapes and Beautification

- Provided public testimony supporting the SF "Plaza Program," new legislation providing activation, management, and/or maintenance of "city plazas" by non-profit organizations.
- Worked with SFMTA to install a custom-designed construction barrier with decorative, back-light panels and security lighting for a cleaner and safer work area. *(See photo on opposite page)*
- Worked with Powell Street Promenade vendor to complete extensive repairs and completed significant improvements resulting in a more attractive Promenade.
- Collaborated with the SF Planning Department "Market Street Prototype Festival" to discuss public space installations along Market Street.
- Completed a detailed Hallidie Plaza Retail Plan with Gensler in participation with RHAA and other experts.
- Funded and implemented an expanded holiday decor program for Hallidie Plaza, in partnership with DPW, giving this critical District gateway a festive atmosphere.

Marketing & Communications

Digital Accomplishments

- Increased website traffic by 73.75% & average pages per visit to 3.45 vs 2.92 through SEO retainer, Adwords campaign and content development.
- Grew Facebook followership by 30% to over 43K fans.
- Grew Twitter followers by 100% to about 2,400 (including a successful Twitter ad campaign).
- Continued to grow Newsletter list to over 2K.
- Completed website improvement project with added Deals Page, Sponsorship opportunities and usability augmentation on the Parking & Directions page and Events page.

Promotions, Branding & Collateral

- Launched Affiliate Program for adjacent businesses to benefit from USBID Marketing programs.

- Executed a successful "Emerging Markets Panel" to educate members on working with new consumer sectors with special emphasis on the Brazilian and Chinese visitors.
- Completed design and printing of mobile website flyer to increase awareness.
- Completed consumer study on branding, website and collateral to better understand the ways we can improve our marketing programs for visitors and locals. Full report available upon request.
- Managed PR program with 20+ positive media hits including the following publications: Four Seasons Magazine, Daily Candy, The Avant Gardist, San Francisco Business Times, Funcheap SF, the San Francisco Chronicle, Refinery 29 and more.
- Updated Map & Guide listings and copy and raised \$25,000 in sponsorships. Distributed 55K copies.

Consumer Events, Meetings & Member Engagement

- Conceptualized, promoted and executed the first ever F3: Fall Fashion Fest - 28 participating stores, 1,628 RSVPs, 50% increase in web traffic and media hits in the SF Chronicle, 7X7, KGO Radio and more. *(See photo below)*
- Launched successful Valentine's campaign with special satellite Union Square Live event, Love & Heartbreak social media contest and Valentine's tweet up.
- Continued to increase member engagement with well-attended Marketing Committee meetings, Spring Fling event at Ghurka, Holiday Open House and Holiday Party.
- Launched Communications Working Group to increase member participation and feedback.
- Evaluated and maximized value of sponsorships, including Film Night in the Park, Union Square Live and the Holiday Ice Rink in Union Square
- Held Annual Lunch and raised ~\$70K - 10% increase over prior year and most successful lunch to date since USBID's renewal in 2009.
- Conceptualized and launched Food + Art event to showcase the hospitality and art gallery offerings in Union Square (August 2014).



The Union Square Business Improvement District (USBID) is a 501 (C) 4 non-profit organization and currently the largest of San Francisco's 11 existing property-based business improvement districts. Well known for its unique mix of world-class shopping, hotels, theatre and restaurants, the Union Square district covers 27 blocks and includes nearly 3,000 parcels, both publicly and privately owned.

Funding for the district is proportionally shared by property owners, who are self-assessed to provide services to supplement those provided by the City. These annual assessments are based on the following variables:

- Linear (sidewalk) frontage
- Building square footage of non-residential properties
- Property usage

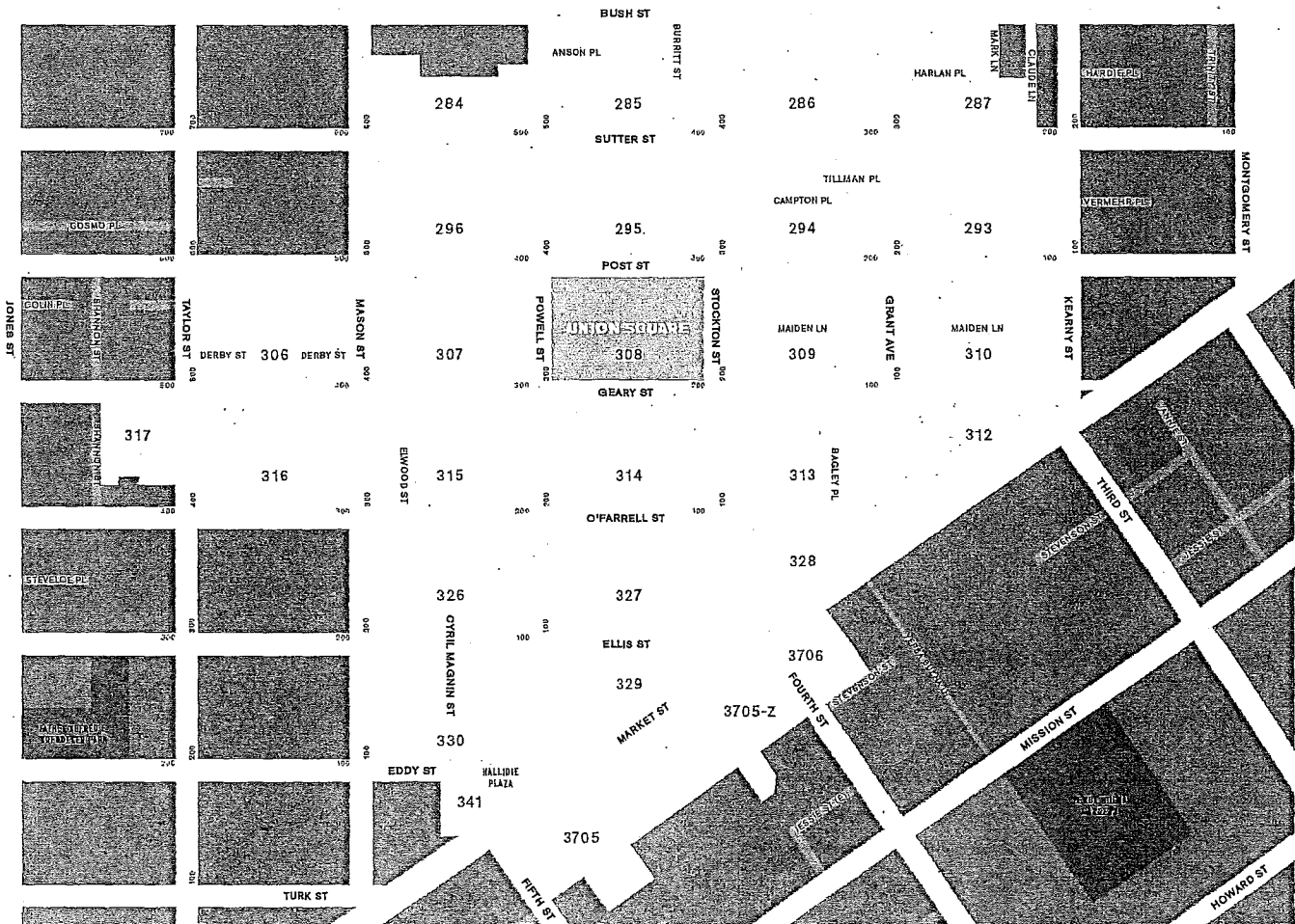
Each property owner's assessment is calculated according to the special benefit received from the services provided by the USBID. Accordingly, each property owner is assessed for thier proportional special benefit for the following services:

- Cleaning, maintenance and safety services
- Marketing, beautification and streetscape improvements and advocacy (non-residential only)

The following are the property type categories and related assessment calculations for 2014-2015 FY:

PROPERTY TYPE	CLEAN & SAFE *	MARKETING / ADVOCACY **
Category 1 less than 2,000 bldg sq ft	\$76.15	\$80.90
Category 2 2,000 - 4,999 bldg sq ft	\$76.15	\$161.84
Category 3 5,000 - 9,999 bldg sq ft	\$76.15	\$539.49
Category 4 10,000 - 29,999 bldg sq ft	\$76.15	\$1,078.98
Category 5 30,000 - 99,999 bldg sq ft	\$76.15	\$1,348.73
Category 6 100,000 or more bldg sq ft	\$76.15	\$5,394.92
Residential Property & Public Property	\$76.15	0
Hallidie Plaza Parcels (1)	\$3.83***	0

*per linear street foot **per assessor's parcel ***per lot square footage



2013-2014 FISCAL YEAR RESULTS

FUNDS	BUDGET	ACTUAL	VARIANCE	DETAILS
Special Assessment Funds	\$3,188,251	\$3,202,318	\$14,067	Collected \$14K of interest and penalties
Other Funds	\$139,630	\$168,508	\$28,878	Annual Lunch revenues and in-kind
Total Funds	\$3,327,881	\$3,370,826	\$42,945	

EXPENSES	BUDGET	ACTUAL	VARIANCE	DETAILS
Clean & Safe	\$2,457,988	\$2,238,347	\$219,641	Social services contractor rescheduled 14-15, security camera equip capitalized
Marketing, Advocacy & Streetscapes Improvements	\$716,708	\$590,551	\$126,157	Streetscapes projects, Union Square Cares program and events rescheduled
Hallidie Plaza Grant & Master Lease	\$25,491	\$25,840	(349)	
Management & Administration	\$532,183	\$429,428	\$102,755	Legal, professional fees, other admin expenses lower than budgeted
Powell Street Project	\$71,470	\$39,342	\$32,128	Insurance reimbursements and repair reimbursements decreased expenses
Contingency & Reserve	\$318,825	—	\$318,825	
Total Expenses	\$4,122,665	\$3,323,508	\$799,157	
Net Surplus for 2013-2014 FY		\$47,318		

JULY 2013 - JUNE 2014 STATEMENT OF FINANCIAL POSITION

ASSETS		LIABILITIES	
Cash	\$1,966,726	Accounts Payable & Accrued Expenses	\$292,326
Receivable (Net)	\$139,662	Total Liabilities	\$292,326
Other Current Assets	\$16,349	NET ASSETS	
Furniture & Equipment (Net)	\$103,416	Unrestricted	\$1,880,600
Total Assets	\$2,226,153	Restricted Temporarily	\$53,226
		Total Net Assets	\$1,933,826
		Total Liabilities & Net Assets	\$2,226,153

JULY 2014 - JUNE 2015 BUDGET

INCOME			EXPENSES		
					% of Expenses
Assessment Revenue	\$3,264,634	96%	Clean & Safe	\$2,547,186	63%
Fundraising & Other	\$150,740	4%	Marketing, Advocacy, Streetscapes & Events	\$608,216	15%
Total Income	\$3,415,374	100%	Powell Street Promenade Project Expenses	\$60,800	1%
			Management & Administration	\$527,403	13%
			Contingency & Reserves	\$326,463	8%
			Total Expenses	\$4,070,068	100%

CARRY OVER FROM FISCAL YEAR 2013 - 2014

CARRY OVER FUNDS	
Clean & Safe	\$26,154
Management & Administration	\$239,565
Other Restricted/Designated Funds	\$155,246
General Fund/Contingency	\$1,512,861
Total Carry Over Funds (from 2013-2014)	\$1,933,826

INTERACTIONS REPORTED BY MJM MANAGEMENT GROUP

JULY 2013 — JUNE 2014 TOTALS

	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	Totals
	2013						2014						
TOURIST & MERCHANT INTERACTIONS													
Directions	846	1168	1389	3462	2609	1830	1244	1550	1631	1512	1677	2081	20999
Maps Distributed	530	199	253	184	108	73	376	34	129	140	51	45	2122
Referrals to Shops & Restaurants	100	28	84	26	25	30	105	8	72	80	101	70	729
Assisted Merchants Directly	229	306	328	293	1	221	151	11	394	23	96	114	2167
Meet & Greets	768	491	900	870	588	781	675	285	295	199	207	320	6379
TOTALS	2473	2192	2954	4835	3331	2935	2551	1888	2521	1954	2132	2630	32,396
PUBLIC ASSISTANCE													
Aggressive Panhandling	217	140	161	195	130	144	216	153	148	100	75	167	1846
Sleepers/Campers/25 MPC Issues	240	877	1026	972	735	803	698	595	835	907	921	998	9607
Trespassing & Loitering	439	73	71	73	55	123	99	101	511	77	121	30	1773
Drunk & Disorderly	45	24	21	21	12	22	38	20	28	24	19	19	293
Illegal Vendors	10	6	10	7	5	24	28	11	24	7	5	7	144
Noise Complaints & Street Musicians	34	31	22	32	14	41	75	40	26	22	10	17	364
Mentally Disturbed	31	21	20	29	17	12	34	25	39	22	16	13	279
TOTALS	1016	1172	1331	1329	968	1169	1188	945	1611	1159	1167	1251	14,306
CITY BEAUTIFICATION													
Graffiti Removal	126	282	208	344	210	176	212	231	247	176	159	107	2478
Stickers & Flyers Removed	16	90	24	54	31	44	142	86	71	48	96	12	714
Overflowing Trashcans Leveled	51	60	80	122	78	63	57	30	45	24	26	36	672
Repainted Public Property	12	20	12	17	45	29	26	27	2	10	6	9	215
Sweep Requests	400	379	482	805	619	600	694	785	715	500	170	143	6292
Scrub Requests	208	343	275	481	234	677	429	44	288	276	254	519	4028
TOTALS	813	1174	1081	1823	1217	1589	1560	1203	1368	1034	711	826	14,399

JULY 2013 — JUNE 2014 TOTALS

	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	Totals
	2013						2014						
CONSTRUCTION & DPW ISSUES													
311 Called	20	37	35	30	36	31	64	93	45	22	20	21	454
Illegal Dumping	22	36	42	47	57	40	106	52	64	58	56	20	600
Safety Hazards & Extreme Vandalism	58	51	54	68	11	29	22	12	54	29	41	12	441
Construction	6	3	1	1	2	0	1	4	15	4	11	0	48
Cardboard & Pallets (City)	0	0	0	2	6	0	103	114	66	32	70	38	431
TOTALS	106	127	132	148	112	100	296	275	244	145	198	91	1974
NON-EMERGENCY & EMERGENCY SITUATIONS													
Arrests	6	3	9	5	0	4	15	21	9	9	5	0	86
Non-Emergency & 10B Officer	159	190	179	223	106	155	411	515	527	807	983	0	4255
911 Calls	23	24	22	16	0	0	3	10	28	2	1	3	132
Fights & Assaults	4	4	3	2	2	2	10	8	33	4	2	5	79
Theft & Shoplifting	14	1	4	5	3	3	12	3	16	7	2	4	74
Vehicular Accidents	3	1	0	2	0	0	4	2	5	2	14	11	44
Fires & Fire Alarms	6	2	0	2	0	0	2	6	0	4	0	0	22
TOTALS	215	225	217	255	111	164	457	565	618	835	1007	23	4692
GRAND TOTALS	4623	4890	5715	8390	5739	5957	6052	4876	6362	5127	5215	4821	67,767



Union Square BID Ambassadors Robert Owens & Wayne Alexis

2014 BOARD OF DIRECTORS

OFFICERS

— PRESIDENT —

RUSSELL D. KEIL, JR. - THE KEIL COMPANIES

— TREASURER —

J. TIMOTHY FALVEY - HANFORD - FREUND & COMPANY

— SECRETARY —

JAMES SANGIACOMO - TRINITY PROPERTIES

DIRECTORS

STEPHEN BRETT - BRETT & COMPANY

KEVIN CARROLL - HOTEL COUNCIL OF SAN FRANCISCO

THOMAS CARROLL - TIFFANY & CO

JAMES CHAPPELL - PLANNING CONSULTANT

JAMES C. FLOOD - FLOOD CORPORATION

SHIRLEY HOWARD-JOHNSON - ENTERTAINMENT & ARTS CONSULTANT

MICHAEL JOKOVICH - GRAND HYATT SAN FRANCISCO

MAN J. KIM - LORI'S DINER INTERNATIONAL

JON KIMBALL - THE WESTIN ST. FRANCIS

ELLEN MAGNIN NEWMAN - ELLEN NEWMAN ASSOCIATES

LOUIS MEUNIER - RETAIL CONSULTANT

TAD MOORE - 250 POST STREET LP

ALAN MORRELL - NEIMAN MARCUS

BETSY NELSON - MACY'S

MAURICE QUILLEN - RECOLOGY

ELLEN RICHARD - A.C.T.

SHELLY SCHEMBRE - WESTFIELD SAN FRANCISCO CENTRE

SPENCER SECHLER - CITY PARK

DON THOMAS - CLUB DONATELLO HOMEOWNERS

WES TYLER - CHANCELLOR HOTEL ON UNION SQUARE

ADVISORY COMMITTEE CHAIRS

— AUDIT —

LOUIS MEUNIER - RETAIL CONSULTANT

— FINANCE —

J. TIMOTHY FALVEY - HANFORD - FREUND & COMPANY

— MARKETING & COMMUNICATIONS —

AMY BENSON, WESTFIELD SAN FRANCISCO CENTRE

— PUBLIC AFFAIRS & ADVOCACY —

STEPHEN BRETT - BRETT & COMPANY

— SERVICES & PUBLIC SAFETY —

WES TYLER - CHANCELLOR HOTEL ON UNION SQUARE

—STREETSCAPES & BEAUTIFICATION —

MANUELA ANNE KING - ROYSTON, HANAMOTO, ALLEY & ABEY

2014 MANAGEMENT

— EXECUTIVE DIRECTOR —
KARIN FLOOD

— MARKETING & COMMUNICATIONS MANAGER —
JEANI HUNT-GIBBON

— STREETSAPES & SERVICES PROJECT MANAGER —
CLAUDE IMBAULT

— EXECUTIVE ASSISTANT & PROJECT COORDINATOR —
IRIS ROLLINS

— CONTRACT FINANCE MANAGER —
BENJAMIN W. HORNE

— CONTRACT SERVICE PROVIDER —
MJM MANAGEMENT GROUP

SERVICES OVERVIEW

COMMUNITY SERVICE AMBASSADORS

Seven days a week, 8:30 a.m. - 11:00 p.m.

DISPATCH SERVICES

Seven days a week, 8:30 a.m. - 10:00 p.m.

10-B POLICE OFFICERS

Ten hours daily

STEAM CLEANING

All properties - twice monthly

SIDEWALK SWEEPING & GENERAL MAINTENANCE

Seven days a week, 6:00 a.m. - 9:00 p.m.

GRAFFITI REMOVAL

As needed, with property owner's authorization

MARKETING & COMMUNICATIONS

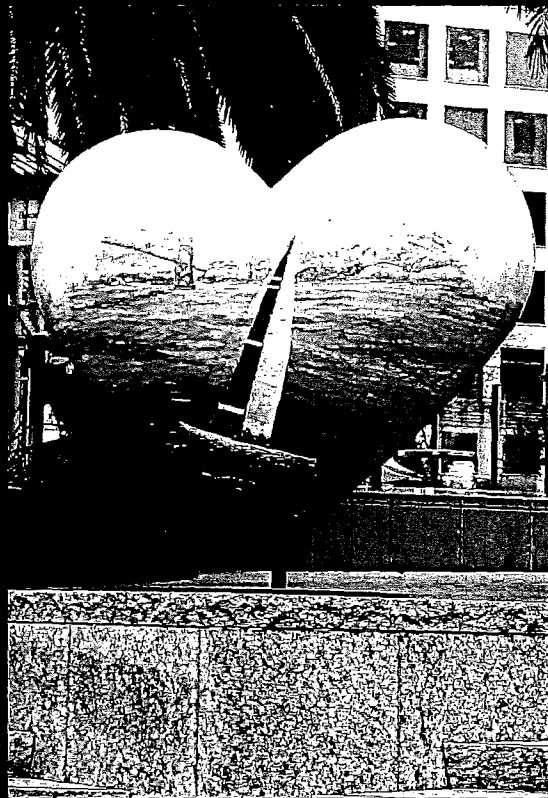
To ensure Union Square's standing as a dynamic, world-class destination

ADVOCACY

To represent district on clean, safe, quality of life and business issues

STREETSAPES & BEAUTIFICATION

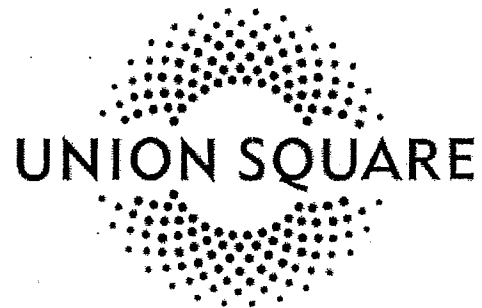
To revitalize the urban environment throughout the district



UNION SQUARE BUSINESS IMPROVEMENT DISTRICT

323 GEARY STREET, SUITE 203 SAN FRANCISCO, CA 94102
TEL (415) 781-7880 FAX (415) 781-0258 FOR DISPATCH SERVICES CALL (415) 781-4456

VISITUNIONSQUARESF.COM



UNION SQUARE
BUSINESS IMPROVEMENT
DISTRICT

FINANCIAL STATEMENTS WITH INDEPENDENT AUDITORS' REPORT

Year Ended June 30, 2011
(With Summarized Comparative Totals for 2010)

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditors' Report.....	1
Financial Statements:	
Statement of Financial Position	2
Statement of Activities.....	3
Statement of Functional Expenses.....	4
Statement of Cash Flows	5
Notes to Financial Statements.....	6 - 13



LAUTZE & LAUTZE
CPAs & FINANCIAL ADVISORS

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
UNION SQUARE BUSINESS IMPROVEMENT DISTRICT
San Francisco, California

We have audited the accompanying statement of financial position of the UNION SQUARE BUSINESS IMPROVEMENT DISTRICT (the USBID) as of June 30, 2011, and the related statements of activities, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of the USBID's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information has been derived from the USBID's 2010 financial statements and, in our report dated September 8, 2010, we expressed an unqualified opinion on those financial statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the UNION SQUARE BUSINESS IMPROVEMENT DISTRICT as of June 30, 2011, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Lautze & Lautze

San Francisco, California
August 19, 2011

UNION SQUARE BUSINESS IMPROVEMENT DISTRICT
STATEMENT OF FINANCIAL POSITION

June 30, 2011

(With Summarized Comparative Totals for 2010)

	2011	2010
ASSETS		
Cash and cash equivalents	\$ 1,535,111	\$ 1,305,047
Assessments receivable, net of allowance for uncollectible assessments of \$28,698	208,150	287,708
Grants receivable	590,616	74,472
Prepaid expenses and other assets	34,281	28,775
Furniture and equipment, net	14,631	15,440
Construction in progress	658,314	-
Total assets	\$ 3,041,103	\$ 1,711,442
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable and accrued expenses	\$ 462,905	\$ 188,029
Accrued salaries and benefits	9,358	2,689
Total liabilities	472,263	190,718
Commitments		
Net assets:		
Unrestricted	1,526,912	1,386,656
Temporarily restricted	1,041,928	134,068
Total net assets	2,568,840	1,520,724
Total liabilities and net assets	\$ 3,041,103	\$ 1,711,442

UNION SQUARE BUSINESS IMPROVEMENT DISTRICT
STATEMENT OF ACTIVITIES

Year Ended June 30, 2011

(With Summarized Comparative Totals for 2010)

	2011			2010
	Unrestricted	Temporarily Restricted	Total	Total
Revenue, gains (losses), and other support:				
Assessment revenue	\$ 3,035,872	\$ -	\$ 3,035,872	\$ 3,000,485
Contributions	140,424	15,072	155,496	148,951
Grants	92,212	892,788	985,000	74,472
Property maintenance services	-	-	-	6,774
Interest income	1,388	-	1,388	1,436
Loss on disposal of equipment	-	-	-	(10,564)
Total revenue, gains (losses), and other support	3,269,896	907,860	4,177,756	3,221,554
Expenses:				
Program	2,499,447	-	2,499,447	1,666,450
Management and administrative	570,662	-	570,662	286,027
Fundraising	59,531	-	59,531	45,199
Total expenses	3,129,640	-	3,129,640	1,997,676
Change in net assets	140,256	907,860	1,048,116	1,223,878
Net assets:				
Beginning of year	1,386,656	134,068	1,520,724	296,846
End of year	<u>\$ 1,526,912</u>	<u>\$ 1,041,928</u>	<u>\$ 2,568,840</u>	<u>\$ 1,520,724</u>

UNION SQUARE BUSINESS IMPROVEMENT DISTRICT
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended June 30, 2011
(With Summarized Comparative Totals for 2010)

	2011			2010	
	Program	Management and Administrative	Fundraising	Total	Total
Contract clean and safe services	\$ 1,944,698	\$ -	\$ -	\$ 1,944,698	\$ 1,465,776
Salaries and wages	10,967	267,367	-	278,334	115,000
Accounting, legal and support	31,146	174,223	-	205,369	104,355
Special events	156,047	-	29,088	185,135	29,869
Marketing and promotion	173,823	-	-	173,823	18,651
Clean and safe operating expenses	104,023	-	-	104,023	111,810
In-kind services	4,500	30,897	30,443	65,840	33,499
StreetScape improvements	52,190	-	-	52,190	-
Rent and utilities	6	31,008	-	31,014	11,873
Payroll taxes and benefits	851	29,282	-	30,133	13,912
Insurance, permits and fees	6,129	11,846	-	17,975	4,392
Public affairs and advocacy	13,788	-	-	13,788	3,608
Office supplies and expenses	241	8,102	-	8,343	5,705
Depreciation	-	4,436	-	4,436	1,827
Printing expenses	39	4,048	-	4,087	2,810
Office equipment lease	-	3,953	-	3,953	2,182
Meeting expenses and travel	699	2,631	-	3,330	171
Bank fees and interest expense	300	2,869	-	3,169	7,360
Interim management and renewal	-	-	-	-	54,973
Improvements	-	-	-	-	3,905
Miscellaneous	-	-	-	-	5,998
	<u>\$ 2,499,447</u>	<u>\$ 570,662</u>	<u>\$ 59,531</u>	<u>\$ 3,129,640</u>	<u>\$ 1,997,676</u>

UNION SQUARE BUSINESS IMPROVEMENT DISTRICT
STATEMENT OF CASH FLOWS

Year Ended June 30, 2011

(With Summarized Comparative Totals for 2010)

	2011	2010
Cash flows from operating activities:		
Change in net assets	\$ 1,048,116	\$ 1,223,878
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Bad debt expense	-	28,698
Depreciation	4,436	1,827
Loss on disposal of equipment	-	10,564
(Increase) decrease in assets:		
Assessments receivable	79,558	(292,191)
Grants receivable	(516,144)	(74,472)
Prepaid expenses and other assets	(5,506)	(28,775)
Increase in liabilities:		
Accounts payable and accrued expenses	95,096	62,471
Accrued salaries and benefits	6,669	2,688
	712,225	934,688
Net cash provided by operating activities		
Cash flows from investing activities:		
Cash paid for construction in progress	(478,534)	-
Purchase of furniture and equipment	(3,627)	(15,326)
	(482,161)	(15,326)
Net cash used by investing activities		
Cash flows from financing activities:		
Borrowings on line of credit	-	810,000
Repayments on line of credit	-	(810,000)
	-	-
Net cash provided by financing activities		
Net increase in cash and cash equivalents	230,064	919,362
Cash and cash equivalents:		
Beginning of year	1,305,047	385,685
End of year	\$ 1,535,111	\$ 1,305,047

UNION SQUARE BUSINESS IMPROVEMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS

June 30, 2011

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Purpose and Organization

The Union Square Business Improvement District (the USBID) was formed in 1999 by property owners and merchants to improve the image and economic vitality of the Greater Union Square area by providing cleaning and maintenance and public safety programs to a 10 block area.

The USBID renewed its contract with the City and County of San Francisco (City) for a ten year term on July 1, 2009. Effective with the renewal, the USBID expanded the district from the original ten blocks to twenty-seven whole or partial blocks, representing nearly 3,000 parcel owners in the district. The USBID also expanded services and added marketing, advocacy, beautification and capital improvement programs.

The USBID exists to provide services that assure a positive experience of Union Square so that Union Square will maintain its ranking as one of the top destinations in the City, that the district will be equally enjoyed by residents and workers, and that this experience will enhance the district's economic base and be reflected in positive property values for the USBID's members.

The USBID's mission statement is as follows:

We enhance the visitor experience and business environment, making Union Square the #1 destination in the world.

Programs and services provided by the USBID are:

Clean and Safe:

- Community Service Ambassadors – Ambassadors are located throughout the USBID to greet and assist the public with information and directions, and guide those in need of social services to appropriate resources.
- 10B Police Officers – 10B Police officers are on patrol in the district from 11am to 9pm Sunday through Wednesday and 1pm to 11pm Thursday through Saturday.
- Cleaning and Graffiti Removal – People are on duty to clean litter from the sidewalks and to remove graffiti.

Other:

- Marketing, Streetscapes & Beautification – Promoting the Union Square area and its interests through special events, marketing activities and public relations, décor and other improvements to beautify the area.
- Public Affairs Advocacy – Advocating public policy and services to ensure the economic vitality of the district.

UNION SQUARE BUSINESS IMPROVEMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2011

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Accounting

The USBID prepares its financial statements in accordance with accounting principles generally accepted in the United States of America, which involves the application of accrual accounting; consequently, revenues and gains are recognized when earned, and expenses and losses are recognized when incurred.

Basis of Presentation

Classification of Net Assets

Accounting principles generally accepted in the United States of America require that the USBID report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. Accordingly, the net assets of the USBID are classified and reported as described below:

Unrestricted: Those net assets and activities which represent the portion of expendable funds that are available to support the USBID's operations. A portion of these net assets may be designated by the Board of Directors for specific purposes.

Temporarily Restricted: Those net assets and activities which are donor-restricted for (a) support of specific operating activities; (b) investment for a specified term; (c) use in a specified future period; or (d) acquisition of long-lived assets.

Permanently Restricted: Those net assets and activities which are permanently donor-restricted for holdings of (a) assets donated with stipulations that they be used for a specified purpose, be preserved, and not be sold; or (b) assets donated with stipulations that they be invested to provide a permanent source of income.

As of June 30, 2011, the USBID did not have any net assets meeting the definition of permanently restricted.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

UNION SQUARE BUSINESS IMPROVEMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2011

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair Value of Financial Instruments

The carrying amounts of cash and cash equivalents, receivables, and accounts payable approximate fair value because of the short maturity of these instruments. The carrying amounts of long-term receivables approximate fair value as these receivables and payables earn or are charged interest based on the prevailing rates.

Cash and Cash Equivalents

The USBID considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

Assessments Receivable

Assessments receivable, net represents obligations of local property assessments due to the USBID. Unpaid receivables do not accrue interest.

The USBID uses the allowance method to account for uncollectible assessments. The allowance for uncollectible assessments receivable reflects management's best estimate of the amounts that will not be collected based on historical experience and an evaluation of the outstanding receivables at the end of the year.

Furniture and Equipment

The USBID capitalizes acquisitions of furniture and equipment with a cost or value in excess of \$1,000 and with an estimated useful life beyond one year. Purchased assets are recorded at cost; donated assets are recorded at estimated fair value or appraised value at the date of acquisition. Depreciation is calculated using the straight-line method based upon estimated useful lives ranging from 3 to 7 years. Maintenance and repairs are charged to expense as incurred; major renewals and betterments are capitalized. The cost and accumulated depreciation of assets sold or retired are removed from the respective accounts and any gain or loss is reflected in the statement of activities.

Revenue Recognition

Assessment Revenue

The USBID receives its support primarily from a special tax assessment levied by the City on properties located within the USBID in accordance with City Ordinance. The assessment is recorded by the USBID when earned. The City remits the assessment monies to the USBID as the assessments are collected from the property owners.

UNION SQUARE BUSINESS IMPROVEMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2011

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition (Continued)

Contributions

The USBID recognizes all contributions in the year of receipt, regardless of compliance with restrictions. Contributions without donor-imposed restrictions are reported as unrestricted support. Contributions with donor-imposed restrictions are reported as either temporarily restricted or permanently restricted support, depending upon the type of restriction.

The satisfaction of a donor-imposed restriction on a contribution is recognized when the corresponding expenditures are incurred or when the time restriction expires. This occurs by increasing one class of net assets and decreasing another in the statement of activities. Such transactions are recorded as *net assets released from restrictions* and are reported separately from other transactions. The USBID records donor-restricted contributions and net investment income as increases in unrestricted net assets if the restrictions are met within the same year.

Contributed Goods and Services

Donated material and equipment are recorded as contributions at their estimated value on the date of receipt. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, the USBID reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The USBID reclassifies temporarily restricted net assets to unrestricted net assets at that time.

The USBID records contribution revenue for certain services received at the fair value of those services, if the services (a) create or enhance nonfinancial assets, or (b) require specialized skills, are provided by individuals possessing those skills, and would be purchased if not donated.

For the year ended June 30, 2011, the USBID received contributed goods and services in the amount of \$65,841.

Advertising

The costs of advertising are charged to expense as incurred. Advertising expense for the year ended June 30, 2011 was \$7,200.

UNION SQUARE BUSINESS IMPROVEMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2011

1. **ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Income Taxes

The USBID is a qualified organization exempt from federal income taxes under §501(c)(4) of the Internal Revenue Code and §23701f of the California Revenue and Taxation Code.

The USBID has adopted the accounting standard on accounting for uncertainty in income taxes, which prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken, or expected to be taken, in a tax return and requires the affirmative evaluation that is more-likely-than-not, based on the technical merits of a tax position, that an enterprise is entitled to economic benefits resulting from tax positions taken in income tax returns.

If a tax position does not meet the more-likely-than-not recognition threshold, the benefit of that position is not recognized in the financial statements. This standard also requires organizations to disclose additional quantitative and qualitative information in their financial statements about uncertain tax positions.

The USBID's evaluation on June 30, 2011 revealed no tax positions that would have a material impact on the financial statements. The 2007 through 2010 tax years remain subject to examination by the Internal Revenue Service. In addition, the 2006 through 2010 tax years remain subject to examination by the California Franchise Tax Board. The USBID does not believe that any reasonably possible changes will occur within the next twelve months that will have a material impact on the financial statements.

Concentrations of Risk

Financial Instruments

Financial instruments which potentially subject the USBID to concentrations of credit risk consist principally of cash and cash equivalents. The USBID maintains its cash in various bank deposit accounts which, at times, may exceed federally insured limits. The USBID has not experienced any losses in such accounts. In May, 2010, the USBID adopted a policy requiring all funds be fully insured and as of June, 2011, all funds were fully insured. Management believes that the USBID is not exposed to any significant credit risk related to concentrations.

Assessments Receivable

At June 30, 2011, 47% of the assessments receivable are due from properties owned by the City and County of San Francisco.

Functional Allocation of Expenses

The costs of providing various program and supporting services have been summarized on a functional basis in the accompanying statement of functional expenses. Accordingly, certain costs have been allocated among program and supporting services benefited.

UNION SQUARE BUSINESS IMPROVEMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS
 June 30, 2011

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Reclassifications

Certain amounts in the summarized comparative totals for 2010 have been reclassified to conform to the 2011 presentation. These reclassifications have no effect on previously reported net assets or change in net assets.

Comparative Financial Information

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the USBID's financial statements for the year ended June 30, 2010, from which the summarized information was derived.

2. GRANTS RECEIVABLE

Grants receivable at June 30, 2011 consist of the following:

Powell Street Pedestrian Improvement Project	\$ 495,616
Hallidie Plaza Improvements	<u>95,000</u>
	<u><u>\$ 590,616</u></u>

The Powell Street Pedestrian Improvement Project is funded by a grant in the original amount of \$890,000 from Audi of America. The Hallidie Plaza Improvement Project is funded by a grant in the original amount of \$95,000 from the City and County of San Francisco. The grants are payable to the USBID as eligible costs are incurred. To date, \$394,384 has been received from Audi of America. As of June 30, 2011, the Hallidie Plaza improvements were just beginning and the USBID had yet to submit expenses incurred to date for payment.

Subject to approval by the USBID's Board of Directors and approval by the City and County of San Francisco's Board of Supervisors, the USBID may donate the Powell Street Pedestrian Project to the City and County of San Francisco.

3. FURNITURE AND EQUIPMENT, NET

Furniture and equipment, net at June 30, 2011 consist of the following:

Furniture and equipment	\$ 21,482
Less accumulated depreciation	<u>(6,851)</u>
	<u><u>\$ 14,631</u></u>

For the year ended June 30, 2011, depreciation expense was \$4,436.

UNION SQUARE BUSINESS IMPROVEMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS
 June 30, 2011

4. CONSTRUCTION IN PROGRESS

The USBID has begun the design and implementation of the Powell Street Pedestrian Improvement Project. The project extends the sidewalk encompassing the parking lane of two blocks of Powell Street between Ellis Street and Geary Street to provide additional space for urban use. The grant from Audi of America will fund up to \$890,000 of the costs incurred for materials, construction, and installation of the project. A ribbon cutting and grand opening ceremony was held on July 13, 2011 but construction continued through August 2011 and the total cost of the project was approximately \$950,000.

5. LINE OF CREDIT

The USBID obtained a revolving line of credit from Bank of America on October 7, 2009, which expired on October 1, 2010, for a maximum borrowing amount of \$500,000. This line of credit was renewed under the same terms on September 17, 2010 and expires on December 1, 2011. Interest is payable at the prime rate plus 1.75% (5.00% at June 30, 2011). The line of credit is secured by the USBID's equipment and receivables. The USBID did not borrow from the line of credit during the year ended June 30, 2011.

6. UNRESTRICTED NET ASSETS

Unrestricted net assets at June 30, 2011 are as follows:

Clean and safe	\$ 337,369
Marketing	243,091
Management	101,601
Net investment in furniture and equipment	14,631
Advocacy	8,115
Undesignated	822,105
	\$ 1,526,912

7. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets at June 30, 2011 are available for the following purposes:

Powell Street Pedestrian Improvement Project	\$ 890,000
Hallidie Plaza Improvements	70,000
Marketing	47,180
Maiden Lane Improvements	27,558
Advocacy	7,190
	\$ 1,041,928

UNION SQUARE BUSINESS IMPROVEMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS

June 30, 2011

8. COMMITMENTS

The USBID is obligated under a noncancelable operating lease agreement for its office and storage. The lease term is February 1, 2010 through August 31, 2013. The USBID also leases equipment with monthly lease payments expiring November, 2012.

The following is a schedule of minimum lease commitments for the years ending June 30:

2012	\$ 27,049
2013	26,600
2014	<u>4,462</u>
	<u>\$ 58,111</u>

Rent expense for the year ended June 30, 2011 was \$26,885.

9. RELATED PARTY TRANSACTIONS

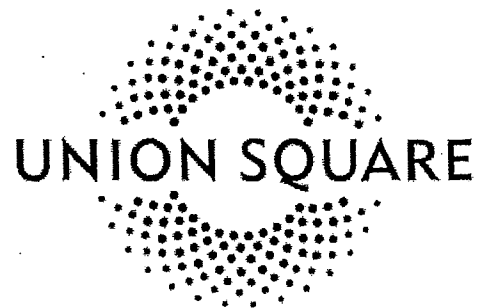
MJM Management Group (MJM), the primary service provider for the clean and safe services of the USBID, rents office space at 870 Market Street. James Flood, Treasurer of the Board of Directors, has an ownership interest in the building. Accordingly, \$35,731 of the amounts paid to MJM represents rent at 870 Market Street. MJM also employs the daughter of the USBID Board Treasurer. One of the USBID's Board of Directors is a consultant for MJM. Accordingly, both Directors abstain from voting for all matters regarding MJM. During the year ended June 30, 2011, the amount paid to MJM for clean and safe services was approximately \$1,940,000. At June 30, 2011, \$202,950 is payable to MJM for services performed during the year ended June 30, 2011.

10. SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

Accounts payable includes \$179,780 for construction in progress at June 30, 2011.

11. SUBSEQUENT EVENTS

The USBID has evaluated all subsequent events through August 19, 2011, the date the financial statements were available to be issued.



UNION SQUARE
BUSINESS IMPROVEMENT
DISTRICT

FINANCIAL STATEMENTS WITH INDEPENDENT AUDITORS' REPORT

Year Ended June 30, 2012
(With Summarized Comparative Totals for 2011)

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditors' Report.....	1
Financial Statements:	
Statement of Financial Position	2
Statement of Activities.....	3
Statement of Functional Expenses	4
Statement of Cash Flows	5
Notes to Financial Statements.....	6 - 13



LAUTZE & LAUTZE
CPAs & FINANCIAL ADVISORS

INDEPENDENT AUDITORS' REPORT

Board of Directors
UNION SQUARE BUSINESS IMPROVEMENT DISTRICT
San Francisco, California

We have audited the accompanying statement of financial position of the UNION SQUARE BUSINESS IMPROVEMENT DISTRICT (the USBID) as of June 30, 2012, and the related statements of activities, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of the USBID's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information has been derived from the USBID's 2011 financial statements and, in our report dated August 19, 2011, we expressed an unqualified opinion on those financial statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the UNION SQUARE BUSINESS IMPROVEMENT DISTRICT as of June 30, 2012, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Lautze & Lautze

San Francisco, California
September 20, 2012

UNION SQUARE BUSINESS IMPROVEMENT DISTRICT
STATEMENT OF FINANCIAL POSITION

June 30, 2012

(With Summarized Comparative Totals for 2011)

	2012	2011
ASSETS		
Cash and cash equivalents	\$ 1,945,043	\$ 1,535,111
Grants receivable	35,741	590,616
Assessments receivable, net	34,422	208,150
Prepaid expenses and other assets	48,958	34,281
Furniture and equipment, net	17,042	14,631
Construction in progress	-	658,314
Total assets	\$ 2,081,206	\$ 3,041,103
 LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable and accrued expenses	\$ 336,476	\$ 462,905
Accrued salaries and benefits	18,523	9,358
Total liabilities	354,999	472,263
 Commitments		
Net assets:		
Unrestricted	1,638,131	1,526,912
Temporarily restricted	88,076	1,041,928
Total net assets	1,726,207	2,568,840
Total liabilities and net assets	\$ 2,081,206	\$ 3,041,103

UNION SQUARE BUSINESS IMPROVEMENT DISTRICT
STATEMENT OF ACTIVITIES

Year Ended June 30, 2012

(With Summarized Comparative Totals for 2011)

	2012			2011
	Unrestricted	Temporarily Restricted	Total	Total
Revenue and other support:				
Assessment revenue	\$ 3,034,250	\$ -	\$ 3,034,250	\$ 3,035,872
Special events	57,411	-	57,411	37,085
Grants	33,000	-	33,000	985,000
Contributions	31,714	-	31,714	118,411
Interest income	1,015	-	1,015	1,388
Net assets released from restrictions	953,852	(953,852)	-	-
Total revenue and other support	<u>4,111,242</u>	<u>(953,852)</u>	<u>3,157,390</u>	<u>4,177,756</u>
Expenses:				
Program	3,445,701	-	3,445,701	2,499,447
Management and administrative	514,149	-	514,149	570,662
Fundraising	40,173	-	40,173	59,531
Total expenses	<u>4,000,023</u>	<u>-</u>	<u>4,000,023</u>	<u>3,129,640</u>
Change in net assets	111,219	(953,852)	(842,633)	1,048,116
Net assets:				
Beginning of year	<u>1,526,912</u>	<u>1,041,928</u>	<u>2,568,840</u>	<u>1,520,724</u>
End of year	<u>\$ 1,638,131</u>	<u>\$ 88,076</u>	<u>\$ 1,726,207</u>	<u>\$ 2,568,840</u>

UNION SQUARE BUSINESS IMPROVEMENT DISTRICT
STATEMENT OF FUNCTIONAL EXPENSES

Year Ended June 30, 2012

(With Summarized Comparative Totals for 2011)

	2012			2011
	Program	Management and Administrative	Fundraising	Total
Contract clean and safe services	\$ 1,957,800	\$ -	\$ -	\$ 1,957,800
Powell Street Promenade donation	843,503	-	-	843,503
Salaries and wages	123,378	229,541	-	352,919
Accounting, legal and support	9,541	167,385	-	176,926
Streetscape improvements	132,949	-	-	132,949
Special events	97,913	-	26,692	124,605
Clean and safe operating expenses	110,654	-	-	110,654
Marketing and promotion	89,673	-	-	89,673
Depreciation	33,644	5,680	-	39,324
Payroll taxes and benefits	10,336	25,665	-	36,001
Rent and utilities	-	35,889	-	35,889
In-kind services	5,480	13,226	13,000	31,706
Insurance, permits and fees	10,871	17,671	-	28,542
Public affairs and advocacy	12,559	-	-	12,559
Office supplies and expenses	291	7,512	-	7,803
Meeting expenses and travel	2,537	4,192	-	6,729
Loss on disposal of equipment	4,572	-	-	4,572
Office equipment lease	-	3,886	-	3,886
Printing expenses	-	3,368	-	3,368
Bank fees and interest expense	-	134	481	615
	<u>\$ 3,445,701</u>	<u>\$ 514,149</u>	<u>\$ 40,173</u>	<u>\$ 4,000,023</u>
				<u>\$ 3,129,640</u>

UNION SQUARE BUSINESS IMPROVEMENT DISTRICT
STATEMENT OF CASH FLOWS
Year Ended June 30, 2012
(With Summarized Comparative Totals for 2011)

	2012	2011
Cash flows from operating activities:		
Change in net assets	\$ (842,633)	\$ 1,048,116
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	39,324	4,436
Loss on disposal of equipment	4,572	-
Powell Street Promenade donation	843,503	-
(Increase) decrease in assets:		
Assessments receivable	173,728	79,558
Grants receivable	554,875	(516,144)
Prepaid expenses and other assets	(14,677)	(5,506)
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	(126,429)	95,096
Accrued salaries and benefits	9,165	6,669
	641,428	712,225
Net cash provided by operating activities		
Cash flows from investing activities:		
Cash paid for construction in progress	(216,820)	(478,534)
Purchase of furniture and equipment	(14,676)	(3,627)
	(231,496)	(482,161)
Net cash used by investing activities		
Net increase in cash and cash equivalents	409,932	230,064
Cash and cash equivalents:		
Beginning of year	1,535,111	1,305,047
End of year	\$ 1,945,043	\$ 1,535,111

UNION SQUARE BUSINESS IMPROVEMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS

June 30, 2012

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Purpose and Organization

The Union Square Business Improvement District (the USBID) was formed in 1999 by property owners and merchants to improve the image and economic vitality of the Greater Union Square area by providing cleaning and maintenance and public safety programs to a 10 block area.

The USBID renewed its contract with the City and County of San Francisco (the City) for a ten year term on July 1, 2009. Effective with the renewal, the USBID expanded the district from the original ten blocks to twenty-seven whole or partial blocks, representing nearly 3,000 parcel owners in the district. The USBID also expanded services and added marketing, advocacy, beautification and capital improvement programs.

The USBID exists to provide services that assure a positive experience of Union Square so that Union Square will maintain its ranking as one of the top destinations in the City, that the district will be equally enjoyed by residents and workers, and that this experience will enhance the district's economic base and be reflected in positive property values for the USBID's members.

The USBID's mission statement is as follows:

We enhance the visitor experience and business environment, making Union Square the #1 destination in the world.

Programs and services provided by the USBID are:

Clean and Safe:

- Community Service Ambassadors – Ambassadors patrol throughout the USBID to greet and assist the public with information and directions, and guide those in need of social services to appropriate resources. Ambassadors are on duty 8:30am to 11pm daily.
- 10B Police Officers – 10B Police officers are on patrol in the district from 1pm to 11pm daily to respond to members' needs and manage other quality of life issues in the district.
- Cleaning and Graffiti Removal – Maintenance staff is on duty daily from 6am to 9pm to clean litter from sidewalks and to remove graffiti. Each sidewalk in the district is steam cleaned every 2 weeks.

Other:

- Marketing, Streetscapes & Beautification – Promoting the Union Square area and its interests through special events, marketing activities and public relations, décor and other improvements to beautify the area.
- Public Affairs Advocacy – Advocating public policy and services to ensure the economic vitality of the district.

UNION SQUARE BUSINESS IMPROVEMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2012

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Accounting

The USBID prepares its financial statements in accordance with accounting principles generally accepted in the United States of America, which involves the application of accrual accounting; consequently, revenues and gains are recognized when earned, and expenses and losses are recognized when incurred.

Basis of Presentation

Classification of Net Assets

Accounting principles generally accepted in the United States of America require that the USBID report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. Accordingly, the net assets of the USBID are classified and reported as described below:

Unrestricted: Those net assets and activities which represent the portion of expendable funds that are available to support the USBID's operations. A portion of these net assets may be designated by the Board of Directors for specific purposes.

Temporarily Restricted: Those net assets and activities which are donor-restricted for (a) support of specific operating activities; (b) investment for a specified term; (c) use in a specified future period; or (d) acquisition of long-lived assets.

Permanently Restricted: Those net assets and activities which are permanently donor-restricted for holdings of (a) assets donated with stipulations that they be used for a specified purpose, be preserved, and not be sold; or (b) assets donated with stipulations that they be invested to provide a permanent source of income.

As of June 30, 2012, the USBID did not have any net assets meeting the definition of permanently restricted.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

UNION SQUARE BUSINESS IMPROVEMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2012

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Cash Equivalents

The USBID considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

Assessments Receivable

Assessments receivable represents obligations of local property owners due to the USBID. Unpaid receivables do not accrue interest.

The USBID uses the allowance method to account for uncollectible assessments. The allowance for uncollectible assessments receivable reflects management's best estimate of the amounts that will not be collected based on historical experience and an evaluation of the outstanding receivables at the end of the year. As of June 30, 2012, the allowance for uncollectible assessments was \$28,698.

Furniture and Equipment

The USBID capitalizes acquisitions of furniture and equipment with a cost or value in excess of \$1,000 and with an estimated useful life beyond one year. Purchased assets are recorded at cost; donated assets are recorded at estimated fair value or appraised value at the date of acquisition. Depreciation is calculated using the straight-line method based upon estimated useful lives ranging from 3 to 7 years. Maintenance and repairs are charged to expense as incurred; major renewals and betterments are capitalized. The cost and accumulated depreciation of assets sold or retired are removed from the respective accounts and any gain or loss is reflected in the statement of activities.

Revenue Recognition

Assessment Revenue

The USBID receives its support primarily from a special tax assessment levied by the City on properties located within the USBID in accordance with City Ordinance. The assessment is recorded by the USBID when earned. The City remits the assessment monies to the USBID as the assessments are collected from the property owners. Interest is not charged on late assessments, however late penalties are charged in accordance with the City's policy.

UNION SQUARE BUSINESS IMPROVEMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2012

1. **ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Revenue Recognition (Continued)

Contributions

The USBID recognizes all contributions in the year of receipt, regardless of compliance with restrictions. Contributions without donor-imposed restrictions are reported as unrestricted support. Contributions with donor-imposed restrictions are reported as either temporarily restricted or permanently restricted support, depending upon the type of restriction.

The satisfaction of a donor-imposed restriction on a contribution is recognized when the corresponding expenditures are incurred or when the time restriction expires. This occurs by increasing one class of net assets and decreasing another in the statement of activities. Such transactions are recorded as *net assets released from restrictions* and are reported separately from other transactions. Contributions with donor-imposed restrictions and investment income generated from such investments that are complied with in the year of receipt are reported as unrestricted support.

Contributed Goods and Services

Donated material and equipment are recorded as contributions at their estimated value on the date of receipt. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, the USBID reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The USBID reclassifies temporarily restricted net assets to unrestricted net assets at that time.

The USBID records contribution revenue for certain services received at the fair value of those services, if the services (a) create or enhance nonfinancial assets, or (b) require specialized skills, are provided by individuals possessing those skills, and would be purchased if not donated.

For the year ended June 30, 2012, the USBID received contributed goods and services in the amount of \$31,706.

Advertising

The costs of advertising are charged to expense as incurred. Advertising expense for the year ended June 30, 2012 was \$19,581 and has been included in marketing and promotion on the statement of functional expenses.

UNION SQUARE BUSINESS IMPROVEMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2012

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes

The USBID is a qualified organization exempt from federal income taxes and California Franchise taxes under §501(c)(4) of the Internal Revenue Code and §23701d of the California Revenue and Taxation Code, respectively.

The USBID follows the standard on accounting for uncertainty in income taxes, which prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken, or expected to be taken, in a tax return and requires the affirmative evaluation that is more-likely-than-not, based on the technical merits of a tax position, that an enterprise is entitled to economic benefits resulting from tax positions taken in income tax returns. For tax exempt entities, favorable tax status itself is deemed to be an uncertainty, as events could potentially occur to jeopardize their tax-exempt status.

If a tax position does not meet the more-likely-than-not recognition threshold, the benefit of that position is not recognized in the financial statements. This standard also requires organizations to disclose additional quantitative and qualitative information in their financial statements about uncertain tax positions.

The USBID's evaluation on June 30, 2012 revealed no tax positions that would have a material impact on the financial statements. The 2008 through 2011 tax years remain subject to examination by the Internal Revenue Service. In addition, the 2007 through 2011 tax years remain subject to examination by the California Franchise Tax Board. The USBID does not believe that any reasonably possible changes will occur within the next twelve months that will have a material impact on the financial statements.

Concentrations of Risk

Financial Instruments

Financial instruments which potentially subject the USBID to concentrations of credit risk consist principally of cash and cash equivalents. The USBID maintains its cash in various bank deposit accounts. The USBID has a policy requiring all funds be fully insured. Management believes that the USBID is not exposed to any significant credit risk related to concentrations.

Assessments Receivable

As of June 30, 2012, 58% of the assessments receivable were due from two property owners.

Functional Allocation of Expenses

The costs of providing various program and supporting services have been summarized on a functional basis in the accompanying statement of functional expenses. Accordingly, certain costs have been allocated among program and supporting services benefited.

UNION SQUARE BUSINESS IMPROVEMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2012

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Comparative Financial Information

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the USBID's financial statements for the year ended June 30, 2011, from which the summarized information was derived.

2. FURNITURE AND EQUIPMENT

Furniture and equipment, net at June 30, 2012 consist of the following:

Furniture and equipment	\$ 29,574
Less accumulated depreciation	<u>(12,532)</u>
	<u>\$ 17,042</u>

For the year ended June 30, 2012, depreciation expense was \$7,692.

3. CONSTRUCTION IN PROGRESS

In August, 2011, the USBID completed the design and implementation of the Powell Street Pedestrian Improvement Project (the Project) which began during the year ended June 30, 2011. The project extends the sidewalk encompassing the parking lane of two blocks of Powell Street between Ellis Street and Geary Street to provide additional space for urban use. A grant from Audi of America funded \$890,000 of the costs incurred for materials, construction, installation of the project, and maintenance. Materials, construction, and installation of the project totaled \$875,135, which was capitalized. Maintenance of \$58,912 was incurred during the year ended June 30, 2012.

In October, 2011, the Project was donated to and accepted by the City. Accordingly, donation expense of \$843,503, net of depreciation of \$31,632, was recorded during the year ended June 30, 2012.

4. LINE OF CREDIT

The USBID renewed a revolving line of credit from Bank of America on November 2, 2011, which expires on December 1, 2012, for a maximum borrowing amount of \$500,000. Interest is payable at the prime rate plus 1.75% (5.00% at June 30, 2012). The line of credit is secured by the USBID's equipment and receivables. The line of credit contains certain nonfinancial covenants. The USBID did not borrow from the line of credit during the year ended June 30, 2012.

UNION SQUARE BUSINESS IMPROVEMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2012

5. UNRESTRICTED NET ASSETS

Unrestricted net assets at June 30, 2012 are as follows:

Undesignated	\$ 1,064,105
Clean and safe	261,385
Marketing	199,740
Management and administration	60,590
Advocacy	35,269
Net investment in furniture and equipment	17,042
	<u>17,042</u>
	<u>\$ 1,638,131</u>

6. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets at June 30, 2012 are available for the following purposes:

Marketing	\$ 47,180
Maiden Lane Improvements	19,942
Hallidie Plaza Improvements	13,764
Advocacy	7,190
	<u>7,190</u>
	<u>\$ 88,076</u>

7. NET ASSETS RELEASED FROM RESTRICTIONS

Net assets were released from restrictions by incurring expenses satisfying the restricted purposes during the year ended June 30, 2012, as follows:

Powell Street Pedestrian Improvement Project	\$ 875,135
Hallidie Plaza Improvements	56,236
Powell Street Pedestrian Improvement Project - maintenance	14,865
Maiden Lane Improvements	7,616
	<u>7,616</u>
	<u>\$ 953,852</u>

UNION SQUARE BUSINESS IMPROVEMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2012

8. COMMITMENTS

The USBID is obligated under a noncancelable operating lease agreement for its office and storage. The lease term is February 1, 2010 through August 31, 2013. The USBID entered into a noncancelable operating lease agreement for its conference room. The lease term is December 1, 2011 through August 31, 2013. The USBID also leased equipment which was cancelled in August, 2012. In August 2012, a new lease for equipment was entered into which expires in November, 2015.

The following is a schedule of minimum lease commitments for the years ending June 30:

2013	\$ 38,293
2014	9,043
2015	3,153
2016	<u>1,051</u>
	<u>\$ 51,540</u>

Rent expense for the year ended June 30, 2012 was \$31,661.

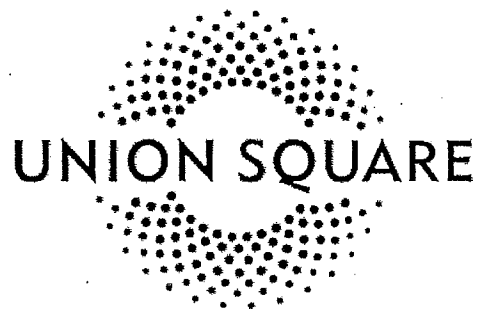
9. RELATED PARTY TRANSACTIONS

MJM Management Group (MJM), the primary service provider for the clean and safe services of the USBID, rents office space at 870 Market Street. James Flood, Treasurer of the Board of Directors, has an ownership interest in the building. Accordingly, \$36,771 of the amounts paid to MJM represents rent at 870 Market Street. One of the USBID's Board of Directors is a consultant for MJM. During the year ended June 30, 2012, the amount paid to MJM for clean and safe services was approximately \$1,960,000. At June 30, 2012, approximately \$270,000 is payable to MJM for services performed during the year ended June 30, 2012. The USBID employs the daughter of the USBID Board Treasurer.

The USBID has a written conflict of interest policy that requires, among other things, that no member of the Board can participate in any decision in which he or she (or an immediate family member) has a material financial interest. Each Board member is required to certify compliance with the conflict of interest policy on an annual basis and indicate whether the USBID does business with an entity in which a Board member has a material financial interest. When such relationships exist, measures are taken to appropriately manage the actual or perceived conflict in the best interests of the USBID, including requiring that such transactions be conducted at arm's length, for good and sufficient consideration, based on terms that are fair and reasonable to and for the benefit of the USBID, in accordance with applicable conflict of interest laws. When a conflict of interest does exist, all affected parties (Board members or staff) must refrain from the decision-making process and abstain from the voting process.

10. SUBSEQUENT EVENTS

The USBID has evaluated all subsequent events through September 20, 2012, the date the financial statements were available to be issued.



UNION SQUARE
BUSINESS IMPROVEMENT
DISTRICT

FINANCIAL STATEMENTS WITH INDEPENDENT AUDITORS' REPORT

Year Ended June 30, 2013
(With Summarized Comparative Totals for 2012)

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditors' Report.....	1 - 2
Financial Statements:	
Statement of Financial Position	3
Statement of Activities.....	4
Statement of Functional Expenses	5
Statement of Cash Flows	6
Notes to Financial Statements.....	7 - 15



LAUTZE & LAUTZE
CPAs & FINANCIAL ADVISORS

INDEPENDENT AUDITORS' REPORT

Board of Directors
UNION SQUARE BUSINESS IMPROVEMENT DISTRICT
San Francisco, California

We have audited the accompanying financial statements of UNION SQUARE BUSINESS IMPROVEMENT DISTRICT (the USBID) which comprise the statements of financial position as of June 30, 2013, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of UNION SQUARE BUSINESS IMPROVEMENT DISTRICT as of June 30, 2013, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

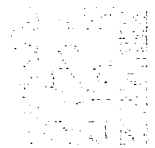
Board of Directors
Union Square Business Improvement District

Report on Summarized Comparative Information

We have previously audited the UNION SQUARE BUSINESS IMPROVEMENT DISTRICT's 2012 financial statements, and our reported dated September 20, 2012, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2012, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Lautze & Lautze

San Francisco, California
September 26, 2013



UNION SQUARE BUSINESS IMPROVEMENT DISTRICT
STATEMENT OF FINANCIAL POSITION

June 30, 2013

(With Summarized Comparative Totals for 2012)

	2013	2012
ASSETS		
Cash and cash equivalents	\$ 1,979,167	\$ 1,945,043
Grants receivable	34,901	35,741
Assessments and accounts receivable, net	105,287	34,422
Prepaid expenses and other assets	13,597	48,958
Furniture and equipment, net	77,196	17,042
Total assets	\$ 2,210,148	\$ 2,081,206
 LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable and accrued expenses	\$ 294,745	\$ 336,476
Accrued salaries and benefits	5,651	18,523
Deferred revenue	23,242	-
Total liabilities	323,638	354,999
 Commitments		
Net assets:		
Unrestricted	1,793,610	1,638,131
Temporarily restricted	92,900	88,076
Total net assets	1,886,510	1,726,207
Total liabilities and net assets	\$ 2,210,148	\$ 2,081,206

UNION SQUARE BUSINESS IMPROVEMENT DISTRICT
STATEMENT OF ACTIVITIES

Year Ended June 30, 2013

(With Summarized Comparative Totals for 2012)

	2013			2012
	Unrestricted	Temporarily Restricted	Total	Total
Revenue and other support:				
Assessment revenue	\$ 3,116,158	\$ -	\$ 3,116,158	\$ 3,034,250
Special events	64,850	-	64,850	57,411
Grants	31,551	26,450	58,001	33,000
Contributions	54,865	7,333	62,198	31,714
Interest income	573	-	573	1,015
Net assets released from restrictions	28,959	(28,959)	-	-
Total revenue and other support	3,296,956	4,824	3,301,780	3,157,390
Expenses:				
Program	2,729,901	-	2,729,901	3,445,701
Management and administrative	384,155	-	384,155	514,149
Fundraising	27,421	-	27,421	40,173
Total expenses	3,141,477	-	3,141,477	4,000,023
Change in net assets	155,479	4,824	160,303	(842,633)
Net assets:				
Beginning of year	1,638,131	88,076	1,726,207	2,568,840
End of year	\$ 1,793,610	\$ 92,900	\$ 1,886,510	\$ 1,726,207

UNION SQUARE BUSINESS IMPROVEMENT DISTRICT
STATEMENT OF FUNCTIONAL EXPENSES

Year Ended June 30, 2013

(With Summarized Comparative Totals for 2012)

	2013			2012	
	Program	Management and Administrative	Fundraising	Total	Total
Contract clean and safe services	\$ 2,060,070	\$ -	\$ -	\$ 2,060,070	\$ 1,957,800
Salaries and wages	188,145	126,319	-	314,464	362,085
Accounting, legal and support	31,574	151,880	-	183,454	176,926
Streetscape improvements	120,304	-	-	120,304	132,949
Special events	83,528	-	26,816	110,344	124,605
Marketing and promotion	106,363	-	-	106,363	89,673
Public affairs, advocacy, and Union Square cares	59,862	-	-	59,862	12,559
Rent and utilities	-	40,865	-	40,865	35,889
In-kind services	10,894	20,289	-	31,183	31,706
Clean and safe operating expenses and projects	29,778	-	-	29,778	110,654
Payroll taxes and benefits	14,158	10,783	-	24,941	26,835
Insurance, permits and fees	10,888	10,831	-	21,719	28,542
Depreciation	13,641	6,053	-	19,694	39,324
Meeting expenses and travel	460	4,892	-	5,352	6,729
Printing expenses	-	5,115	-	5,115	3,368
Office supplies and expenses	225	4,138	-	4,363	7,803
Office equipment lease	-	2,854	-	2,854	3,886
Bank fees and interest expense	11	136	605	752	615
Powell Street Promenade donation	-	-	-	-	843,503
Loss on disposal of equipment	-	-	-	-	4,572
	<u>\$ 2,729,901</u>	<u>\$ 384,155</u>	<u>\$ 27,421</u>	<u>\$ 3,141,477</u>	<u>\$ 4,000,023</u>

UNION SQUARE BUSINESS IMPROVEMENT DISTRICT
STATEMENT OF CASH FLOWS

Year Ended June 30, 2013

(With Summarized Comparative Totals for 2012)

	2013	2012
Cash flows from operating activities:		
Change in net assets	\$ 160,303	\$ (842,633)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	19,694	39,324
Loss on disposal of equipment	-	4,572
Powell Street Promenade donation	-	843,503
(Increase) decrease in assets:		
Assessments receivable	(70,865)	173,728
Grants receivable	840	554,875
Prepaid expenses and other assets	35,361	(14,677)
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	(41,731)	(126,429)
Accrued salaries and benefits	(12,872)	9,165
Deferred revenue	23,242	-
	113,972	641,428
Net cash provided by operating activities		
Cash flows from investing activities:		
Cash paid for construction in progress	-	(216,820)
Purchase of furniture and equipment	(79,848)	(14,676)
	(79,848)	(231,496)
Net cash used by investing activities		
Net increase in cash and cash equivalents	34,124	409,932
Cash and cash equivalents:		
Beginning of year	1,945,043	1,535,111
End of year	\$ 1,979,167	\$ 1,945,043

UNION SQUARE BUSINESS IMPROVEMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2013

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Purpose and Organization

The Union Square Business Improvement District (the USBID) was formed in 1999 by property owners and merchants to improve the image and economic vitality of the Union Square area by providing cleaning and maintenance and public safety programs to a 10 block area.

The USBID renewed its contract with the City and County of San Francisco (the City) for a ten year term on July 1, 2009. Effective with the renewal, the USBID expanded the district from the original ten blocks to twenty-seven whole or partial blocks, representing nearly 3,000 parcel owners in the district. The USBID also expanded services and added marketing, advocacy, beautification and capital improvement programs.

The USBID exists to provide services that assure a positive experience of Union Square so that Union Square will maintain its ranking as one of the top destinations in the world, that the district will be equally enjoyed by residents and workers, and that this experience will enhance the district's economic base and be reflected in positive property values for the USBID's members.

The USBID's mission statement is as follows:

We enhance the visitor experience and business environment, making Union Square the #1 destination in the world.

Programs and services provided by the USBID are:

Clean and Safe:

- Community Service Ambassadors – Ambassadors patrol throughout the USBID to greet and assist the public with information and directions, and guide those in need of social services to appropriate resources. Ambassadors are on duty 8:30am to 11pm daily.
- 10B Police Officers – 10B Police officers are on patrol in the district from 1pm to 11pm daily to respond to members' needs and manage other quality of life issues in the district.
- Cleaning and Graffiti Removal – Maintenance staff is on duty daily from 6am to 9pm to clean litter from sidewalks and to remove graffiti. Each sidewalk in the district is steam cleaned every 2 weeks.

Other:

- Marketing, Streetscapes & Beautification – Promoting the Union Square area and its interests through events, digital and traditional marketing programs and public relations, décor and other improvements to beautify the area.
- Public Affairs Advocacy – Advocating public policy and services to ensure the economic vitality of the district.

UNION SQUARE BUSINESS IMPROVEMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2013

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Accounting

The USBID prepares its financial statements in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP), which involves the application of accrual accounting; consequently, revenues and gains are recognized when earned, and expenses and losses are recognized when incurred.

Classification of Net Assets

U.S. GAAP requires that the USBID report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. Accordingly, the net assets of the USBID are classified and reported as described below:

Unrestricted: Those net assets and activities which represent the portion of expendable funds that are available to support the USBID's operations. A portion of these net assets may be designated by the Board of Directors for specific purposes.

Temporarily Restricted: Those net assets and activities which are donor-restricted for (a) support of specific operating activities; (b) investment for a specified term; (c) use in a specified future period; or (d) acquisition of long-lived assets.

Permanently Restricted: Those net assets and activities which are permanently donor-restricted for holdings of (a) assets donated with stipulations that they be used for a specified purpose, be preserved, and not be sold; or (b) assets donated with stipulations that they be invested to provide a permanent source of income.

As of June 30, 2013, the USBID did not have any net assets meeting the definition of permanently restricted.

Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

UNION SQUARE BUSINESS IMPROVEMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS

June 30, 2013

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Cash Equivalents

The USBID considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

Assessments Receivable

Assessments receivable represents obligations of local property owners due to the USBID. Unpaid receivables do not accrue interest.

The USBID uses the allowance method to account for uncollectible assessments. The allowance for uncollectible assessments receivable reflects management's best estimate of the amounts that will not be collected based on historical experience and an evaluation of the outstanding receivables at the end of the year. As of June 30, 2013, the allowance for uncollectible assessments was approximately \$29,000.

Furniture and Equipment

The USBID capitalizes acquisitions of furniture and equipment with a cost or value in excess of \$1,000 and with an estimated useful life beyond one year. Purchased assets are recorded at cost; donated assets are recorded at estimated fair value or appraised value at the date of acquisition. Depreciation is calculated using the straight-line method based upon estimated useful lives ranging from 3 to 7 years. Maintenance and repairs are charged to expense as incurred; major renewals and betterments are capitalized. The cost and accumulated depreciation of assets sold or retired are removed from the respective accounts and any gain or loss is reflected in the statement of activities.

Revenue Recognition

Assessment Revenue

The USBID receives its support primarily from a special assessment levied by the City on properties located within the USBID in accordance with City Ordinance. The assessment is recorded by the USBID when earned. The City remits the assessment monies to the USBID as the assessments are collected from the property owners. Interest is not charged on late assessments, however late penalties are charged in accordance with the City's policy.

UNION SQUARE BUSINESS IMPROVEMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS

June 30, 2013

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition (Continued)

Contributions

The USBID recognizes all contributions in the year of receipt, regardless of compliance with restrictions. Contributions without donor-imposed restrictions are reported as unrestricted support. Contributions with donor-imposed restrictions are reported as either temporarily restricted or permanently restricted support, depending upon the type of restriction. Contributions with donor-imposed restrictions and investment income generated from such investments that are complied with in the year of receipt are reported as unrestricted support.

The satisfaction of a donor-imposed restriction on a contribution is recognized when the corresponding expenditures are incurred or when the time restriction expires. This occurs by increasing one class of net assets and decreasing another in the statement of activities. Such transactions are recorded as *net assets released from restrictions* and are reported separately from other transactions.

Contributed Goods and Services

Donated material and equipment are recorded as contributions at their estimated value on the date of receipt. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, the USBID reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The USBID reclassifies temporarily restricted net assets to unrestricted net assets at that time.

The USBID records contribution revenue for certain services received at the fair value of those services, if the services (a) create or enhance nonfinancial assets, or (b) require specialized skills, are provided by individuals possessing those skills, and would be purchased if not donated.

For the year ended June 30, 2013, the USBID received contributed goods and services in the amount of \$31,183.

Advertising

The costs of advertising are charged to expense as incurred. Advertising expense for the year ended June 30, 2013 was \$16,315 and has been included in marketing and promotion on the statement of functional expenses.

UNION SQUARE BUSINESS IMPROVEMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS

June 30, 2013

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes

The USBID is a qualified organization exempt from federal and state income taxes under §501(c)(4) of the Internal Revenue Code and §23701d of the California Revenue and Taxation Code, respectively.

The USBID recognizes a threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken, or expected to be taken, in a tax return and requires the affirmative evaluation that is more-likely-than-not, based on the technical merits of a tax position, that an organization is entitled to economic benefits resulting from tax positions taken in income tax returns. For tax exempt entities, favorable tax status itself is deemed to be an uncertainty, as events could potentially occur to jeopardize their tax-exempt status.

If a tax position does not meet the more-likely-than-not recognition threshold, the benefit of that position is not recognized in the financial statements. This standard also requires organizations to disclose additional quantitative and qualitative information in their financial statements about uncertain tax positions.

The USBID's evaluation on June 30, 2013 revealed no tax positions that would have a material impact on the financial statements. The 2009 through 2012 tax years remain subject to examination by the Internal Revenue Service. In addition, the 2008 through 2012 tax years remain subject to examination by the California Franchise Tax Board. The USBID does not believe that any reasonably possible changes will occur within the next twelve months that will have a material impact on the financial statements.

Concentrations of Risk

Financial Instruments

Financial instruments which potentially subject the USBID to concentrations of credit risk consist principally of cash and cash equivalents. The USBID maintains its cash in various bank deposit accounts. The USBID has a policy requiring all funds be fully insured. Management believes that the USBID is not exposed to any significant credit risk related to concentrations.

Assessments Receivable

As of June 30, 2013, 30% of the assessments receivable were due from two property owners.

Functional Allocation of Expenses

The costs of providing various programs and supporting services have been summarized on a functional basis for the years ended June 30, 2013 and 2012 in the accompanying statements of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

UNION SQUARE BUSINESS IMPROVEMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2013

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Reclassifications

Certain amounts in the 2012 financial statements have been reclassified to conform to the 2013 presentation. These reclassifications have no effect on previously reported net assets or change in net assets.

Comparative Financial Information

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the USBID's financial statements for the year ended June 30, 2012, from which the summarized information was derived.

2. GRANTS RECEIVABLE

Grants receivable at June 30, 2013 consist of the following:

Hallidie Plaza Improvements	\$ 25,000
Powell Street Promenade Maintenance	<u>9,901</u>
	<u>\$ 34,901</u>

The Hallidie Plaza Improvements project is funded by a grant in the original amount of \$25,000 from the City and County of San Francisco. The Powell Street Promenade Maintenance project is funded by an annual grant of \$33,000 from Audi of America. The grants are payable to the USBID as eligible costs are incurred.

3. FURNITURE AND EQUIPMENT

Furniture and equipment at June 30, 2013 consist of the following:

Furniture and equipment	\$ 109,421
Less accumulated depreciation	<u>(32,225)</u>
	<u>\$ 77,196</u>

For the year ended June 30, 2013, depreciation expense was \$19,694.

UNION SQUARE BUSINESS IMPROVEMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS
 June 30, 2013

4. LINE OF CREDIT

The USBID renewed a revolving line of credit from Bank of America on November 9, 2012, which expires on December 1, 2013, for a maximum borrowing amount of \$500,000. Interest is payable at the prime rate plus 1.75% (5.00% at June 30, 2013). The line of credit is secured by the USBID's inventory and equipment. The line of credit contains certain nonfinancial covenants. The USBID did not borrow from the line of credit during the year ended June 30, 2013.

5. UNRESTRICTED NET ASSETS

Unrestricted net assets at June 30, 2013 are as follows:

Undesignated	\$ 1,298,913
Management and administration	168,989
Clean and safe	161,430
Net investment in furniture and equipment	77,196
Advocacy	68,987
Marketing	<u>18,095</u>
	<u>\$ 1,793,610</u>

The USBID does not receive the first assessment payment for its fiscal year until January, thus it is incumbent on the organization to have a minimum of seven months of operating reserves at the end of each fiscal year to support operations until the first payment is received in the next fiscal year.

6. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets at June 30, 2013 are available for the following purposes:

Marketing	\$ 47,180
Hallidie Plaza Improvements	25,000
Maiden Lane Improvements	10,191
Advocacy	7,190
Others	<u>3,339</u>
	<u>\$ 92,900</u>

UNION SQUARE BUSINESS IMPROVEMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS
 June 30, 2013

7. NET ASSETS RELEASED FROM RESTRICTIONS

Net assets were released from restrictions by incurring expenses satisfying the restricted purposes during the year ended June 30, 2013, as follows:

Maiden Lane Improvements	\$	15,195
Hallidie Plaza Improvements		<u>13,764</u>
	\$	<u><u>28,959</u></u>

8. COMMITMENTS

The USBID is obligated under noncancelable operating lease agreements for its office, conference room, and storage. The lease agreements expire on August 31, 2013. In August 2013, the USBID entered into a noncancelable operating lease agreement for its office. The lease term is October 1, 2013 through September 30, 2016.

The USBID also leases equipment. The lease term is August 15, 2012 through November 15, 2015.

The following is a schedule of minimum lease commitments for the years ending June 30:

2014	\$	47,050
2015		55,557
2016		56,481
2017		<u>13,974</u>
	\$	<u><u>173,062</u></u>

Rent expense for the year ended June 30, 2013 was \$36,295.

9. RELATED PARTY TRANSACTIONS

MJM Management Group (MJM), the primary service provider for the clean and safe services of the USBID, rents office space at 870 Market Street. James Flood, one of the USBID's Board of Directors, has an ownership interest in the building. Accordingly, approximately \$37,500 of the amounts paid to MJM represents rent at 870 Market Street. One of the USBID's Board of Directors is a consultant for MJM. During the year ended June 30, 2013, the amount paid to MJM for clean and safe services was approximately \$2,060,000. At June 30, 2013, approximately \$223,000 is payable to MJM for services performed during the year ended June 30, 2013. The USBID employs the daughter of one of the USBID's Board of Directors. She also has an ownership interest in the building at 870 Market Street.

UNION SQUARE BUSINESS IMPROVEMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS

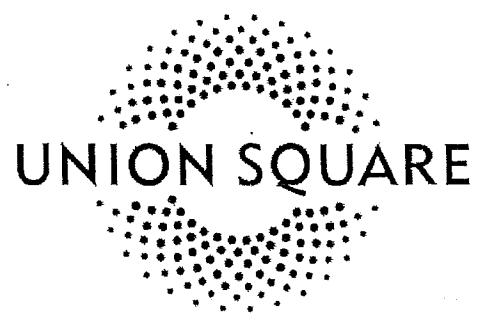
June 30, 2013

9. RELATED PARTY TRANSACTIONS (CONTINUED)

The USBID has a written conflict of interest policy that requires, among other things, that no member of the Board can participate in any decision in which he or she (or an immediate family member) has a material financial interest. Each Board member is required to certify compliance with the conflict of interest policy on an annual basis and indicate whether the USBID does business with an entity in which a Board member has a material financial interest. When such relationships exist, measures are taken to appropriately manage the actual or perceived conflict in the best interests of the USBID, including requiring that such transactions be conducted at arm's length, for good and sufficient consideration, based on terms that are fair and reasonable to and for the benefit of the USBID, in accordance with applicable conflict of interest laws. When a conflict of interest does exist, all affected parties (Board members or staff) must refrain from the decision-making process and abstain from the voting process.

10. SUBSEQUENT EVENTS

The USBID has evaluated all subsequent events through September 26, 2013, the date the financial statements were available to be issued.



UNION SQUARE
BUSINESS IMPROVEMENT
DISTRICT

FINANCIAL STATEMENTS WITH INDEPENDENT AUDITOR'S REPORT

Year Ended June 30, 2014
(With Summarized Comparative Totals for 2013)

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditor's Report.....	1 - 2
Financial Statements:	
Statement of Financial Position	3
Statement of Activities.....	4
Statement of Functional Expenses	5
Statement of Cash Flows	6
Notes to Financial Statements.....	7 - 15



LAUTZE & LAUTZE
CPAs & FINANCIAL ADVISORS

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
UNION SQUARE BUSINESS IMPROVEMENT DISTRICT
San Francisco, California

We have audited the accompanying financial statements of UNION SQUARE BUSINESS IMPROVEMENT DISTRICT (the USBID) which comprise the statement of financial position as of June 30, 2014, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of UNION SQUARE BUSINESS IMPROVEMENT DISTRICT as of June 30, 2014, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

To the Board of Directors
Union Square Business Improvement District

Report on Summarized Comparative Information

We have previously audited the UNION SQUARE BUSINESS IMPROVEMENT DISTRICT's 2013 financial statements, and our report dated September 26, 2013, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2013, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Lautze & Lautze

San Francisco, California
September 18, 2014

UNION SQUARE BUSINESS IMPROVEMENT DISTRICT
STATEMENT OF FINANCIAL POSITION

June 30, 2014

(With Summarized Comparative Totals for 2013)

	2014	2013
ASSETS		
Cash and cash equivalents	\$ 1,966,727	\$ 1,979,167
Grants receivable	29,601	34,901
Assessments and accounts receivable, net	110,059	105,287
Prepaid expenses and other assets	16,349	13,597
Furniture and equipment, net	103,416	77,196
Total assets	\$ 2,226,152	\$ 2,210,148
 LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable and accrued expenses	\$ 285,441	\$ 294,745
Accrued salaries and benefits	6,882	5,651
Deferred revenue	-	23,242
Total liabilities	292,323	323,638
 Commitments		
Net assets:		
Unrestricted	1,880,602	1,793,610
Temporarily restricted	53,227	92,900
Total net assets	1,933,829	1,886,510
Total liabilities and net assets	\$ 2,226,152	\$ 2,210,148

UNION SQUARE BUSINESS IMPROVEMENT DISTRICT
STATEMENT OF ACTIVITIES

Year Ended June 30, 2014

(With Summarized Comparative Totals for 2013)

	2014			2013
	Unrestricted	Temporarily Restricted	Total	Total
Revenue and other support:				
Assessment revenue	\$ 3,202,318	\$ -	\$ 3,202,318	\$ 3,116,158
Special events	85,875	-	85,875	64,850
Grants	33,000	-	33,000	58,001
Contributions	49,340	-	49,340	62,198
Interest income	293	-	293	573
Net assets released from restrictions	39,673	(39,673)	-	-
Total revenue and other support	<u>3,410,499</u>	<u>(39,673)</u>	<u>3,370,826</u>	<u>3,301,780</u>
Expenses:				
Program	2,863,605	-	2,863,605	2,729,901
Management and administrative	429,427	-	429,427	384,155
Fundraising	30,475	-	30,475	27,421
Total expenses	<u>3,323,507</u>	<u>-</u>	<u>3,323,507</u>	<u>3,141,477</u>
Change in net assets	86,992	(39,673)	47,319	160,303
Net assets:				
Beginning of year	<u>1,793,610</u>	<u>92,900</u>	<u>1,886,510</u>	<u>1,726,207</u>
End of year	<u>\$ 1,880,602</u>	<u>\$ 53,227</u>	<u>\$ 1,933,829</u>	<u>\$ 1,886,510</u>

UNION SQUARE BUSINESS IMPROVEMENT DISTRICT
STATEMENT OF FUNCTIONAL EXPENSES

Year Ended June 30, 2014

(With Summarized Comparative Totals for 2013)

	2014			2013	
	Program	Management and Administrative	Fundraising	Total	Total
Contract clean and safe services	\$ 2,119,991	\$ -	\$ -	\$ 2,119,991	\$ 2,060,070
Salaries and wages	225,345	141,962	-	367,307	314,464
Accounting, legal, and support	29,868	156,766	-	186,634	183,454
Marketing and promotion	167,230	-	-	167,230	106,363
Special events and activation	79,845	-	29,972	109,817	110,344
Streetscape improvements	77,560	-	-	77,560	120,304
Rent and utilities	-	50,835	-	50,835	40,865
Payroll taxes and benefits	29,584	19,724	-	49,308	24,941
Public affairs, advocacy, and Union Square Cares	48,374	-	-	48,374	59,862
In-kind services	32,633	14,680	-	47,313	31,183
Depreciation	32,151	5,718	-	37,869	19,694
Insurance, permits and fees	8,050	11,097	-	19,147	21,719
Clean and safe operating expenses and projects	12,363	-	-	12,363	29,778
Meeting expenses and travel	337	10,914	-	11,251	5,352
Office supplies and expenses	220	9,642	-	9,862	4,363
Printing expenses	-	4,418	-	4,418	5,115
Office equipment lease	-	3,484	-	3,484	2,854
Bank fees and interest expense	54	187	503	744	752
	<u>\$ 2,863,605</u>	<u>\$ 429,427</u>	<u>\$ 30,475</u>	<u>\$ 3,323,507</u>	<u>\$ 3,141,477</u>

UNION SQUARE BUSINESS IMPROVEMENT DISTRICT
STATEMENT OF CASH FLOWS

Year Ended June 30, 2014

(With Summarized Comparative Totals for 2013)

	2014	2013
Cash flows from operating activities:		
Change in net assets	\$ 47,319	\$ 160,303
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	37,869	19,694
(Increase) decrease in assets:		
Assessments receivable	(4,772)	(70,865)
Grants receivable	5,300	840
Prepaid expenses and other assets	(2,752)	35,361
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	(9,304)	(41,731)
Accrued salaries and benefits	1,231	(12,872)
Deferred revenue	(23,242)	23,242
Net cash provided by operating activities	51,649	113,972
Cash flows from investing activities:		
Purchase of furniture and equipment	(64,089)	(79,848)
Net cash used by investing activities	(64,089)	(79,848)
Net increase (decrease) in cash and cash equivalents	(12,440)	34,124
Cash and cash equivalents:		
Beginning of year	1,979,167	1,945,043
End of year	\$ 1,966,727	\$ 1,979,167

UNION SQUARE BUSINESS IMPROVEMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Purpose and Organization

The Union Square Business Improvement District (the USBID) was formed in 1999 by property owners and merchants to improve the image and economic vitality of the Union Square area by providing cleaning and maintenance and public safety programs to a 10 block area.

The USBID renewed its contract with the City and County of San Francisco (the City) for a ten year term on July 1, 2009.

Effective with the renewal, the USBID expanded the district from the original ten blocks to twenty-seven whole or partial blocks, representing nearly 3,000 parcel owners in the district. The USBID also expanded services and added marketing, advocacy, beautification and capital improvement programs.

The USBID exists to provide services that assure a positive experience of Union Square so that Union Square will maintain its ranking as one of the top destinations in the world, that the district will be equally enjoyed by residents and workers, and that this experience will enhance the district's economic base and be reflected in positive property values for the USBID's members.

The USBID's mission statement is as follows:

We enhance the visitor experience and business environment, making Union Square the #1 destination in the world.

Programs and services provided by the USBID are:

Clean and Safe:

- Community Service Ambassadors – Ambassadors walk throughout the USBID to greet and assist the public with information and directions, and guide those in need of social services to appropriate resources. Ambassadors are on duty 6:30am to 11pm daily.
- 10B Police Officers – 10B Police officers are on patrol in the district 10 hours daily to respond to members' needs and manage other quality of life issues in the district.
- Cleaning and Graffiti Removal – Maintenance staff are on duty daily from 6am to 11pm to clean litter from sidewalks and to remove graffiti. Each sidewalk in the district is steam cleaned every 2 weeks.

Other:

- Marketing, Streetscapes and Beautification – Promoting the Union Square area and its interests through events, digital and traditional marketing programs and public relations, décor and other improvements to beautify the area.
- Public Affairs Advocacy – Advocating public policy and services to ensure the economic vitality of the district.

UNION SQUARE BUSINESS IMPROVEMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

1. **ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Basis of Accounting

The USBID prepares its financial statements in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP), which involves the application of accrual accounting; consequently, revenues and gains are recognized when earned, and expenses and losses are recognized when incurred.

Classification of Net Assets

U.S. GAAP requires that the USBID report information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted. Accordingly, the net assets of the USBID are classified and reported as described below:

Unrestricted: Those net assets and activities which represent the portion of expendable funds that are available to support the USBID's operations. A portion of these net assets may be designated by the Board of Directors for specific purposes.

Temporarily Restricted: Those net assets and activities which are donor-restricted for (a) support of specific operating activities; (b) investment for a specified term; (c) use in a specified future period; or (d) acquisition of long-lived assets.

Permanently Restricted: Those net assets and activities which are permanently donor-restricted for holdings of (a) assets donated with stipulations that they be used for a specified purpose, be preserved, and not be sold; or (b) assets donated with stipulations that they be invested to provide a permanent source of income.

As of June 30, 2014, the USBID did not have any net assets meeting the definition of permanently restricted.

Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

The USBID considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

UNION SQUARE BUSINESS IMPROVEMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assessments Receivable

Assessments receivable represent obligations of local property owners due to the USBID. Unpaid receivables do not accrue interest.

The USBID uses the allowance method to account for uncollectible assessments. The allowance for uncollectible assessments receivable reflects management's best estimate of the amounts that will not be collected based on historical experience and an evaluation of the outstanding receivables at the end of the year. As of June 30, 2014, the allowance for uncollectible assessments was approximately \$29,000.

Furniture and Equipment

The USBID capitalizes acquisitions of furniture and equipment with a cost or value in excess of \$1,000 and with an estimated useful life beyond one year. Purchased assets are recorded at cost; donated assets are recorded at estimated fair value or appraised value at the date of acquisition. Depreciation is calculated using the straight-line method based upon estimated useful lives ranging from 3 to 7 years. Maintenance and repairs are charged to expense as incurred; major renewals and betterments are capitalized. The cost and accumulated depreciation of assets sold or retired are removed from the respective accounts and any gain or loss is reflected in the statement of activities.

Revenue Recognition

Assessment Revenue

The USBID receives its support primarily from a special assessment levied by the City on properties located within the USBID in accordance with City Ordinance. The assessment is recorded by the USBID when earned. The City remits the assessment monies to the USBID as the assessments are collected from the property owners. Interest is not charged on late assessments, however late penalties are charged in accordance with the City's policy.

Contributions

The USBID recognizes all contributions in the year of receipt, regardless of compliance with restrictions. Contributions without donor-imposed restrictions are reported as unrestricted support. Contributions with donor-imposed restrictions are reported as either temporarily restricted or permanently restricted support, depending upon the type of restriction. Contributions with donor-imposed restrictions and investment income generated from such investments that are complied within the year of receipt are reported as unrestricted support.

The satisfaction of a donor-imposed restriction on a contribution is recognized when the corresponding expenditures are incurred or when the time restriction expires. This occurs by increasing one class of net assets and decreasing another in the statement of activities. Such transactions are recorded as *net assets released from restrictions* and are reported separately from other transactions.

UNION SQUARE BUSINESS IMPROVEMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

1. **ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Revenue Recognition (Continued)

Contributed Goods and Services

Donated material and equipment are recorded as contributions at their estimated value on the date of receipt. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, the USBID reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The USBID reclassifies temporarily restricted net assets to unrestricted net assets at that time.

The USBID records contribution revenue for certain services received at the fair value of those services, if the services (a) create or enhance nonfinancial assets, or (b) require specialized skills, are provided by individuals possessing those skills, and would be purchased if not donated.

For the year ended June 30, 2014, the USBID received contributed goods and services in the amount of \$47,313.

Advertising

The costs of advertising are charged to expense as incurred. Advertising expense for the year ended June 30, 2014 was \$23,109 and has been included in *marketing and promotion* on the statement of functional expenses.

Income Taxes

The USBID is a qualified organization exempt from federal and state income taxes under §501(c)(4) of the Internal Revenue Code and §23701d of the California Revenue and Taxation Code, respectively.

The USBID recognizes a threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken, or expected to be taken, in a tax return and requires the affirmative evaluation that is more-likely-than-not, based on the technical merits of a tax position, that an organization is entitled to economic benefits resulting from tax positions taken in income tax returns. For tax exempt entities, favorable tax status itself is deemed to be an uncertainty, as events could potentially occur to jeopardize their tax-exempt status. If a tax position does not meet the more-likely-than-not recognition threshold, the benefit of that position is not recognized in the financial statements.

The USBID's evaluation on June 30, 2014 revealed no tax positions that would have a material impact on the financial statements. The 2010 through 2013 tax years remain subject to examination by the Internal Revenue Service. In addition, the 2009 through 2013 tax years remain subject to examination by the California Franchise Tax Board. The USBID does not believe that any reasonably possible changes will occur within the next twelve months that will have a material impact on the financial statements.

UNION SQUARE BUSINESS IMPROVEMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Concentrations of Risk

Financial Instruments

Financial instruments which potentially subject the USBID to concentrations of credit risk consist principally of cash and cash equivalents. The USBID maintains its cash in various bank deposit accounts. The USBID has a policy requiring all funds be fully insured. Management believes that the USBID is not exposed to any significant credit risk related to concentrations.

Assessments Receivable

As of June 30, 2014, 29% of the assessments receivable were due from two property owners.

Functional Allocation of Expenses

The costs of providing various programs and supporting services have been summarized on a functional basis for the year ended June 30, 2014 in the accompanying statements of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Comparative Financial Information

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with U.S. GAAP. Accordingly, such information should be read in conjunction with the USBID's financial statements as of June 30, 2013 and for the year then ended, from which the summarized information was derived.

Recent Accounting Pronouncements

The Financial Accounting Standards Board (FASB) has issued the following Accounting Standards Updates (ASU) that were in transition for implementation during the year ended June 30, 2014 or are applicable to future periods.

New Accounting Standard Adopted

ASU No. 2012-05, *Statement of Cash Flows (Topic 230)-Not-for-Profit Entities: Classification of the Sale Proceeds of Donated Financial Assets in the Statement of Cash Flows (a consensus of the FASB Emerging Issues Task Force)*. In accordance with ASU No. 2012-05, not-for-profit entities are required to classify as operating cash flows receipts from the sale of donated financial assets, unless the donor has restricted the use of the contributed securities to long-term purposes, in which case, the cash receipts should be classified as financing cash flows. Cash receipts from the sale of all other donated securities must be classified as investing cash flows. The effective date of the guidance, to be applied prospectively, was for cash received from the sale of donated assets in fiscal years, and interim periods within such years, beginning after June 15, 2013. Since this new guidance only amends the disclosure requirements, it will not have a material impact on the USBID's financial statements.

UNION SQUARE BUSINESS IMPROVEMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Recent Accounting Pronouncements (Continued)

New Accounting Standard to be Adopted

ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)*, provides new, globally applicable converged guidance concerning recognition and measurement of revenue. In addition, significant additional disclosures are required about the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers, and will replace virtually all existing revenue guidance, including most industry-specific guidance. ASU No 2014-09 is applicable for annual reporting periods beginning after December 15, 2017. Management has not evaluated the impact of this new guidance.

2. GRANTS RECEIVABLE

Grants receivable at June 30, 2014 consist of the following:

Powell Street Promenade Maintenance	\$ 18,761
Hallidie Plaza Improvements	<u>10,840</u>
	<u>\$ 29,601</u>

The Hallidie Plaza Improvements project is funded by a grant in the original amount of \$25,000 from the City and County of San Francisco. The Powell Street Promenade Maintenance project is funded by an annual grant of \$33,000 from Audi of America. The grants are payable to the USBID as eligible costs are incurred.

3. FURNITURE AND EQUIPMENT

Furniture and equipment at June 30, 2014 consist of the following:

Furniture and equipment	\$ 173,510
Less accumulated depreciation	<u>(70,094)</u>
	<u>\$ 103,416</u>

For the year ended June 30, 2014, depreciation expense was \$37,869.

4. LINE OF CREDIT

The USBID renewed a revolving line of credit from Bank of America on January 13, 2014, which expires on December 1, 2014, for a maximum borrowing amount of \$500,000. Interest is payable at the prime rate plus 1.75% (5.00% at June 30, 2014). The line of credit is secured by the USBID's inventory and equipment. The line of credit contains certain nonfinancial covenants. The USBID did not borrow from the line of credit during the year ended June 30, 2014.

UNION SQUARE BUSINESS IMPROVEMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS

June 30, 2014

5. UNRESTRICTED NET ASSETS

Unrestricted net assets at June 30, 2014 are as follows:

Undesignated	\$ 1,409,448
Management and administration	239,566
Net investment in furniture and equipment	103,416
Advocacy	102,018
Clean and safe	26,154
	<hr/>
	\$ 1,880,602

The USBID does not receive the first assessment payment for its fiscal year until January, thus it is incumbent on the organization to maintain approximately eight months of operating capital at the end of each fiscal year to support operations until the first payment is received in the next fiscal year. This policy will also provide for the USBID to dissolve the entity in a timely manner should its contract with the City to provide services not be renewed in June 2019.

6. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets at June 30, 2014 are available for the following purposes:

Marketing	\$ 47,180
Maiden Lane Improvements	4,156
Other	1,891
	<hr/>
	\$ 53,227

7. NET ASSETS RELEASED FROM RESTRICTIONS

Net assets were released from restrictions by incurring expenses satisfying the restricted purposes during the year ended June 30, 2014, as follows:

Hallidie Plaza Improvements	\$ 25,000
Advocacy	7,190
Maiden Lane Improvements	6,035
Other	1,448
	<hr/>
	\$ 39,673

UNION SQUARE BUSINESS IMPROVEMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

8. COMMITMENTS

The USBID was obligated under noncancelable operating lease agreements for its office, conference room, and storage. The lease agreements expired on August 31, 2013. In August 2013, the USBID entered into a noncancelable operating lease agreement for its office. The lease term is October 1, 2013 through September 30, 2016.

The USBID also leases equipment. The lease term is August 15, 2012 through November 15, 2015.

The following is a schedule of minimum lease commitments for the years ending June 30:

	<u>Facility</u>	<u>Equipment</u>	<u>Total</u>
2015	\$ 57,733	\$ 3,153	\$ 60,886
2016	60,759	1,314	62,073
2017	16,354	-	16,354
	<u>\$ 134,846</u>	<u>\$ 4,467</u>	<u>\$ 139,313</u>

Rent expense for the year ended June 30, 2014 was \$41,745.

9. RELATED PARTY TRANSACTIONS

MJM Management Group (MJM), the primary service provider for the clean and safe services of the USBID, rents office space at 870 Market Street. James Flood, one of the USBID's Board of Directors, has an ownership interest in the building. Accordingly, approximately \$37,500 of the amounts paid to MJM represents rent at 870 Market Street. One of the USBID's Board of Directors is a consultant for MJM. During the year ended June 30, 2014, the amount paid to MJM for clean and safe services was approximately \$2,060,000. At June 30, 2014, approximately \$223,000 is payable to MJM for services performed during the year ended June 30, 2014. The USBID employs the daughter of one of the USBID's Board of Directors. She also has an ownership interest in the building at 870 Market Street.

The USBID has a written conflict of interest policy that requires, among other things, that no member of the Board can participate in any decision in which he or she (or an immediate family member) has a material financial interest. Each Board member is required to certify compliance with the conflict of interest policy on an annual basis and indicate whether the USBID does business with an entity in which a Board member has a material financial interest. When such relationships exist, measures are taken to appropriately manage the actual or perceived conflict in the best interests of the USBID, including requiring that such transactions be conducted at arm's length, for good and sufficient consideration, based on terms that are fair and reasonable to and for the benefit of the USBID, in accordance with applicable conflict of interest laws. When a conflict of interest does exist, all affected parties (Board members or staff) must refrain from the decision-making process and abstain from the voting process.

UNION SQUARE BUSINESS IMPROVEMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS

June 30, 2014

10. SUBSEQUENT EVENTS

The USBID issued a Request for Proposal for clean and safe services in September, 2014. A decision is expected to be made in November, 2014.

In August 2015, the USBID made a pledge to the International Downtown Association (IDA). The USBID pledged that it would help raise funds and in kind sponsorships in support of IDA's annual conference to be held in San Francisco in October 2015.

The USBID has evaluated all subsequent events through September 18, 2014, the date the financial statements were available to be issued.

Print Form

Introduction Form

By a Member of the Board of Supervisors or the Mayor

Time stamp
or meeting date

I hereby submit the following item for introduction (select only one):

- 1. For reference to Committee. (An Ordinance, Resolution, Motion, or Charter Amendment)
- 2. Request for next printed agenda Without Reference to Committee.
- 3. Request for hearing on a subject matter at Committee.
- 4. Request for letter beginning "Supervisor [] inquires"
- 5. City Attorney request.
- 6. Call File No. [] from Committee.
- 7. Budget Analyst request (attach written motion).
- 8. Substitute Legislation File No. []
- 9. Reactivate File No. []
- 10. Question(s) submitted for Mayoral Appearance before the BOS on []

Please check the appropriate boxes. The proposed legislation should be forwarded to the following:

- Small Business Commission Youth Commission Ethics Commission
- Planning Commission Building Inspection Commission

Note: For the Imperative Agenda (a resolution not on the printed agenda), use a Imperative Form.

Sponsor(s):

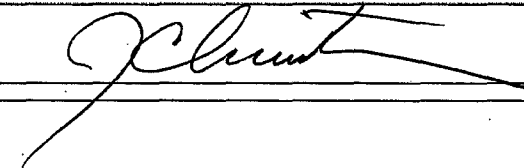
Supervisor Julie Christensen

Subject:

Greater Union Square Business Improvement District – Annual Reports for FYs 2010-2014

The text is listed below or attached:

Resolution receiving and approving annual reports for the Greater Union Square Business Improvement District for FYs 2010-2014, submitted as required by the Property and Business Improvement District Law of 1994 (California Streets and Highways Code, Sections 36600, et seq.), Section 36650, and the District's Management Agreement with the City, Section 3.4.

Signature of Sponsoring Supervisor: 

For Clerk's Use Only: