

File No. 200588

Committee Item No. 3

Board Item No. _____

COMMITTEE/BOARD OF SUPERVISORS

AGENDA PACKET CONTENTS LIST

Committee: Government Audit and Oversight

Date: Sept. 3, 2020

Board of Supervisors Meeting:

Date: _____

Cmte Board

- Motion
- Resolution
- Ordinance
- Legislative Digest
- Budget and Legislative Analyst Report
- Youth Commission Report
- Introduction Form
- Department/Agency Cover Letter and/or Report
- MOU
- Grant Information Form
- Grant Budget
- Subcontract Budget
- Contract/Agreement
- Form 126 – Ethics Commission
- Award Letter
- Application
- Public Correspondence

OTHER

- Annual Report – FY2018-2019
- CPD Report – FY2018-2019
- OEWD Letter – June 2, 2020
- Referral FYI – June 10, 2020
- _____

Prepared by: John Carroll

Date: August 28, 2020

Prepared by: John Carroll

Date: _____

1 [Greater Union Square Business Improvement District - Annual Report for FY2018-2019]

2

3 **Resolution receiving and approving annual report for the Greater Union Square**
4 **Business Improvement District for FY2018-2019, submitted as required by the Property**
5 **and Business Improvement District Law of 1994 (California Streets and Highways**
6 **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*
11 *seq.*, as augmented by Article 15 of the San Francisco Business and Tax Regulations Code,
12 the 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 (the "Management Contract") with the owners' association, Greater Union Square Business
23 Improvement District, Inc., 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

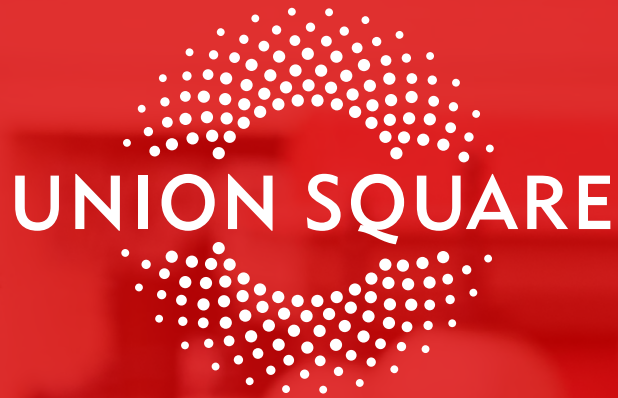
1 WHEREAS, On June 18, 2019, the Board of Supervisors approved the Greater Union
2 Square BID's annual reports for FY2017-2018 in Resolution No. 288-19; and

3 WHEREAS, The Greater Union Square BID has submitted for the Board's receipt and
4 approval the Greater Union Square BID's annual report for FY2018-2019 as required by
5 Section 36650 of the Act and Section 3.4 of the Management Contract; and

6 WHEREAS, The annual report for FY2018-2019 is on file with the Clerk of the Board of
7 Supervisors in File No. 200588, and are incorporated herein by reference as though fully set
8 forth; and

9 WHEREAS, Supporting documents, including, but not limited to, a transmittal letter and
10 memorandum report from the City's Office of Economic and Workforce Development, dated
11 June 2, 2020, and documentation from the Greater Union Square BID for the annual report for
12 FY2018-2019 is on file with the Clerk of the Board of Supervisors in File No. 200588; now,
13 therefore, be it

14 RESOLVED, That the Board of Supervisors hereby receives and approves the annual
15 report for the Greater Union Square Business Improvement District for FY2018-2019.

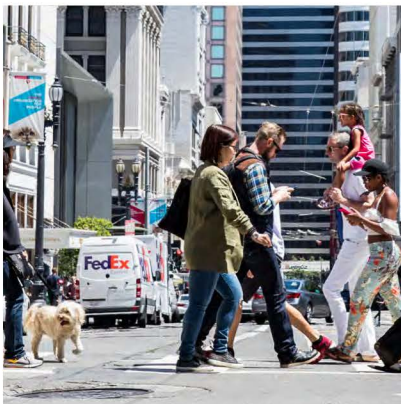
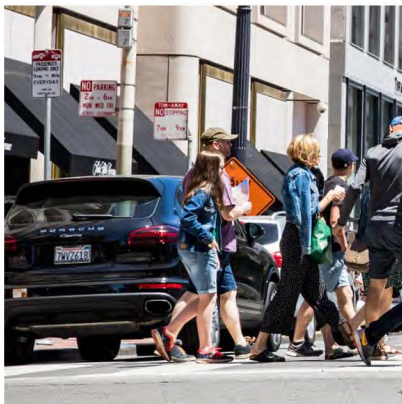
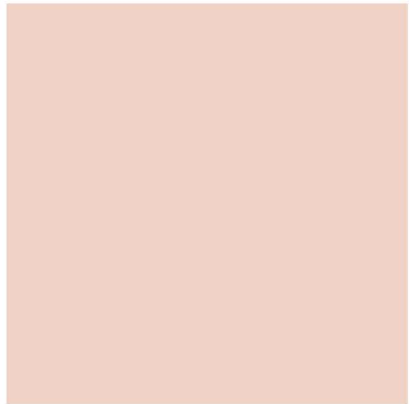
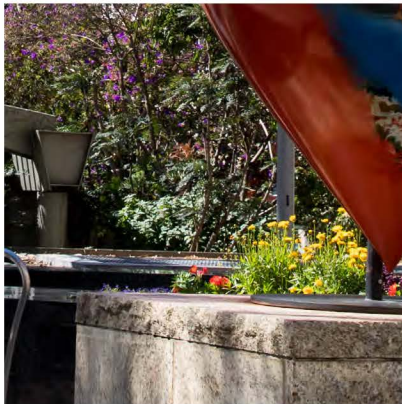
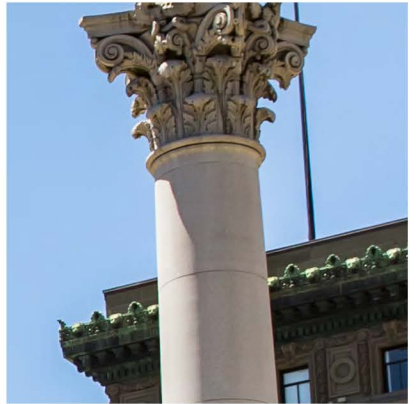
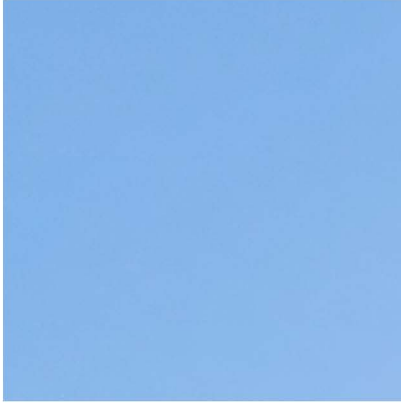
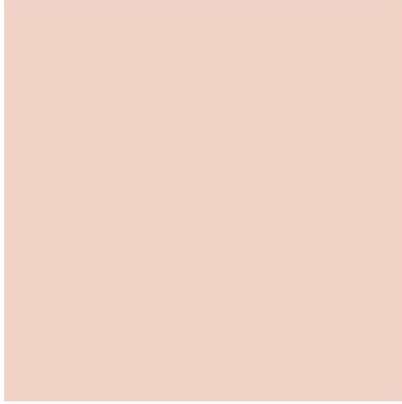


UNION SQUARE

UNION SQUARE
BUSINESS IMPROVEMENT
DISTRICT

2018–2019

ANNUAL REPORT



2018–2019

ANNUAL REPORT



1

**Reflection &
Prospect**

A renewed sense of...

On behalf of the Union Square Business Improvement District (USBID) and our Board of Directors and staff, we present this Annual Report to all Union Square property owners, businesses, community stakeholders, and the City & County of San Francisco. The following highlights major accomplishments, fiscal health of the organization, the celebratory outcome of our renewal, and a look ahead of what is to come.

From landmark architecture to flagship shopping, the **heart** of San Francisco's most imaginative district is covered with Instagram-able moments and hospitality. Union Square is all about discovering the **essence** of San Francisco.

The **legacy** of our district is reliant on property owners who continue to invest in the community. *Retail is alive in Union Square!* We have welcomed Re:store, Golden Goose Deluxe Brand, Zadig & Voltaire, Anne Fontaine, Mephisto, and many more to the area this past year.

Growth of our hospitality industry continues to increase with additional multi-million dollar renovations and distinct menu offerings. Union Square was also host to world renowned musicals and performances like Dear Evan Hansen, The Jungle, and Edward Albee's Seascape.

We continue to dedicate most of our resources toward cleaning and safety enhancements. The post-renewal budget will reflect a number of new services including 24/7 Member Services/Dispatch and overnight security and camera monitoring. Our organization stands with the City and County of San Francisco to combat the homeless crisis through **compassion** and outreach to those most vulnerable living on our streets. Our partnerships with other non-profits have made national news like CNN and CBS. We will continue to find innovative

solutions by partnering with our neighbors.

Creating mini destinations by activating our alleys and streets with positive programming remains a top priority of the USBID. Winter Walk welcomed 2.2 million visitors and had an approximate economic impact of \$47M during the 2018 holiday season. Winter Walk will continue in 2019 to keep Union Square as the primary holiday destination for the Bay Area.

Finally, we are thrilled to have received a vote of **confidence** from our property owners who made an unprecedented vote to renew the USBID for another decade. As a result, additional cleaning and safety services and funds for public realm enhancements will begin in November 2019.

All are welcome to the international front door to San Francisco.



Wes Tyler
Board President

A handwritten signature in black ink that reads "Wes Tyler".



Karin Flood
Executive Director

A handwritten signature in black ink that reads "Karin Flood".





2 Renewal Finish Line

The USBID is renewed for another 10 years! Thank you everyone for participating in this crucial process for our community. Here's a recap of how we reached the finish line:

50.37% of the assessed properties were supportive during the petition phase; and 85% of responses received during the ballot phase were supportive of renewal.*

**: Only 30% of the assessed properties (weighted) are needed to move the process to the ballot phase of the renewal.*

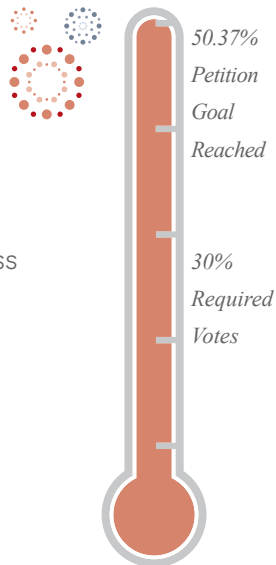


2019

Petition Phase

50.37% of the assessed properties (weighted) were supportive!

Only 30% of the assessed properties (weighted) were needed to move the process to the ballot phase of the renewal.



Ballot Phase

The City and County of San Francisco Board of Supervisors unanimously voted in support of the USBID's renewal on July 9, 2019. 85% of ballots returned were in favor of renewal. We are humbled by the immense support of our property owners. Thank you everyone for participating in this crucial process for our community.

Service Level Maintained • July

USBID Service level to be maintained from July October immediately after renewal:

- 30 FTE with budget/wages increase
- Security Camera Program to be funded by USBID assessments.



2020

First Expansion of Services ▪ **November**

First phase of the expansion of USBID services:

- Additional afternoon and evening ambassadors (5–6 FTE's)
- Additional evening cleaners (5–6 FTE's)
- Additional 10B's with new shift schedules:
1ST SFPD 10B from 7AM–5PM and
2ND SFPD 10B from 1PM–11PM
- 20% wage increase to cleaning and safety staff*
- Zone 1 pressure washing schedule increased from bi-weekly to weekly

Second Expansion of Services ▪ **January**

Second phase of the expansion of USBID services. These services will be funded by the new assessment budget received in 2020.

- 24/7 Member Services
- Overnight Security Patrol (10PM–6AM)
- Overnight Security Camera Monitoring (10 PM–6AM)



3

USBID Services



Cleaning
Public Realm &
Destination
Advo

P I L L A R S O F

& Safety
& Streetscapes
Marketing
Equity

T H E U S B I D



563,125
Pounds of Trash
Removed



23,016
Hazardous Wastes
Removed



22,317
Graffiti Tags
Removed



50,516

Quality of Life
Incidents Addressed



11,707

Incidents Addressed
by 10B Officers



969

Video Footage
Requests

Destination Marketing

We provide connectivity that creates a seamless experience for visitors and locals alike, activating public spaces with popular events that draw crowds and reinforce Union Square's brand as an international destination.



Union Square Art+Wine Walk

We hosted a Art+Wine Walk in the Union Square Area as a way to highlight some of the district's hidden gems, including boutiques, art galleries, and restaurants!

Maps and Guides

The USBID produced a series of maps and guides to showcase businesses & offerings of Union Square.

Street Banners

The USBID launched its street banner program to demarcate the district and create a sense of place.



Public Realm & Streetscapes

Winter Walk 2018

Winter Walk SF offers 5 weeks of holiday decor, mobile food and craft beverages curated by Off the Grid, family friendly activities, art, community performances and entertainment, sponsored activations, and 17,000 sqft of open green space. 2.2 million visitors were recorded at Winter Walk 2018; almost 99% of the surveyed attendees would like to see Winter Walk SF every holiday season.

Public Art

The USBID partnered with Australian artists Gillie and Marc to bring Paparazzi Dogs to San Francisco, the first time on the west coast of the United States. Our growing collection of art in the public realm contributes to the dynamic and vibrant experience of visiting the Union Square area.



Advocacy

Cannabis Retail Policy

Provides District guidelines to promote a healthy "good neighbor" policy and standards to store front designs and safety measures. The Cannabis Working Group established a 'luxury zone' to preserve the integrity of flagship businesses.

Retail Environment

The USBID informed San Francisco Planning on the retail environment of Union Square and realistic use of 2nd and 3rd floor spaces through a comprehensive study in partnership with stakeholders.

Holiday Safe Shopper Program

Received \$1M grant from the Silicon Valley Community Foundation to add over 10,000+ hours of police patrols throughout the district during the holiday season.

Economic Impact

The USBID completed an economic impact study in 18-19FY, and we've discovered that Union Square is made up of less than 1% of the City's built land area, yet ***generates over one-third (34%) of citywide sales*** in general consumer goods!



4

Assessment Methodology & Financial Statements



HOW PROPERTY ASSESSMENTS ARE CALCULATED

The levy and collection of annual assessments upon property within the Union Square area provides the primary funding source for the improvements, maintenance, and activities carried out by the USBID. Funding for the district is proportionally shared by property owners, who are self-assessed to supplement services provided by the City.

These annual assessments are based on the following variables:

- Linear (sidewalk) frontage
- Building square footage
- Lot square footage
- Type of land use

Each property owner's assessment is calculated according to the special benefit received from the services provided by the USBID. Accordingly, each property is assessed with their proportional special benefit based upon the various property characteristics and land use type compared to other properties within the district.

In addition to parcel characteristics and land use types, two zones will be implemented within the boundary of the USBID beginning November 2019. The following charts provide a summary of the assessment rate calculations for both **Zone 1** and **Zone 2**. For more information on assessment calculations, please refer to the USBID's Management Plan.

Zone 1 Assessment Rate Calculation Charts 19–20FY

Land Use Type	Rate Per Lot sq ft.	Rate Per Building sq ft.	Rate Per Frontage sq ft.
Non-Residential Property	\$ 0.43727	\$ 0.06430	\$ 126.15163
Apartment Property	\$ 0.32795	\$ 0.04822	\$ 94.61372
Condominium Property	\$ 0.21864	\$ 0.03215	\$ 63.07582
Public Property	\$ 0.21864	\$ 0.03215	\$ 63.07582

Zone 2 Assessment Rate Calculation Charts 19–20FY

Land Use Type	Rate Per Lot sq ft.	Rate Per Building sq ft.	Rate Per Frontage sq ft.
Non-Residential Property	\$ 0.34982	\$ 0.05144	\$ 100.92131
Apartment Property	\$ 0.26236	\$ 0.03858	\$ 75.69098
Condominium Property	\$ 0.17491	\$ 0.02572	\$ 50.46065
Public Property	\$ 0.17491	\$ 0.02572	\$ 50.46065

18–19FY FINANCIAL RESULTS—ASSESSMENT AND CORE OPERATIONS*

Revenue	Budget	Actual	Variance
Special Assessment Revenue	\$ 3,658,079	\$ 3,670,175	\$ 12,096
Other Revenue	\$ 246,524	\$ 768,029	\$ 521,505
Total Funds	\$ 3,904,603	\$ 4,438,204	\$ 533,601
Expenses	Budget	Actual	Variance
Clean & Safe	\$ 2,733,945	\$ 2,840,645	\$ (106,700)
Streetscape, Advocacy, Marketing & Events Management & Administration	\$ 600,267	\$ 817,452	\$ (217,185)
	\$ 722,948	\$ 620,676	\$ 102,272
Total Assessment Expenses	\$ 4,057,160	\$ 4,278,773	\$ (221,613)
Surplus (Deficit) for Assessment Operations	\$ (152,557)	\$ 159,431	\$ 311,988

18–19FY FINANCIAL RESULTS TOTAL OPERATIONS (INCLUDING GRANTS)

Revenue	Budget	Actual	Variance
Special Assessment Revenue	\$ 3,658,079	\$ 3,670,175	\$ 12,096
Other Revenue	\$ 709,304	\$ 2,097,482	\$ 1,388,178
Total Funds	\$ 4,367,383	\$ 5,765,657	\$ 1,400,274
Expenses	Budget	Actual	Variance
Clean & Safe	\$ 2,733,945	\$ 2,840,645	\$ (106,700)
Streetscape, Advocacy, Marketing & Events Management & Administration	\$ 600,267	\$ 817,452	\$ (217,185)
	\$ 722,948	\$ 620,676	\$ 102,272
Total Assessment Expenses	\$ 4,057,160	\$ 4,278,773	\$ (221,613)
Grant and Funds	Budget	Actual	Variance
SVCF Grants & Other ◀	\$ 469,214	\$ 1,438,101	\$ (968,887)
Other Grants & Non-Assessment Funds	\$ 426,936	\$ 297,674	\$ 129,262
Total Expenses	\$ 4,953,310	\$ 6,014,548	\$ 1,061,238
Change Net Assets—Surplus (Deficit)	\$ (585,927)	\$ (246,891)	\$ 339,036



JULY '18–JUNE '19 STATEMENT OF FINANCIAL POSITION*

Assets

Cash	\$ 1,805,601
Receivables (Net)	\$ 76,695
Other Current Assets	\$ 114,447
Furniture & Equipment (Net)	\$ 146,278
Total Assets	\$ 2,143,021

Liabilities

Accounts Payable & Accrued Expenses	\$ 328,656
Deferred Revenue	\$ 23,675
Total Liabilities	\$ 352,331

Net Assets

Without Donor Restrictions	\$ 1,731,437
With Donor Restrictions	\$ 59,253
Total Net Assets	\$ 1,790,690
Total Liabilities & Net Assets	\$ 2,143,021

*: Audited financial reports available upon request. Contact Deputy Director Ben Horne at Ben@UnionSquareBID.com for more information.

JULY '19–JUNE '20 BUDGET

Income	Amount	Income (%)
Assessment Revenue	\$ 6,015,354	89%
Fundraising & Other	\$ 710,427	11%
Total Income	\$ 6,725,781	100%

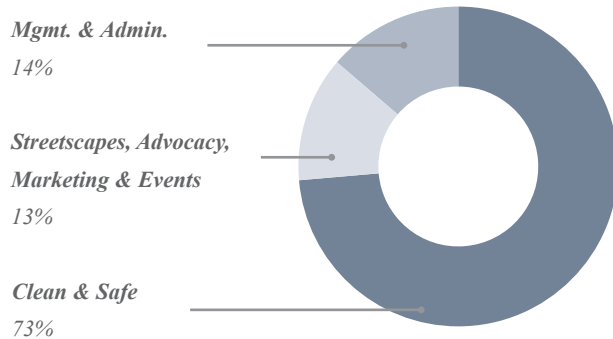
Expenses	Assessments	As. Exp. (%)	Tot. Exp. (%)
Clean & Safe	\$ 4,430,206	73%	69%
Streetscapes, Advocacy, Marketing & Events	\$ 762,638	13%	12%
Management & Administration	\$ 824,595	14%	13%
Total Assessment Expenses	\$ 6,017,439	100%	
Other Grants & Funds	\$ 379,622		6%
Total Expenses	\$ 6,397,061		100%

CARRY OVER FUNDS FROM 18–19FY

General Fund/Contingency (Jul–Oct '19 Operations)	\$ 1,731,437
Total Assessment & Service Area Funds	\$ 1,731,437
Other Restricted/Designated Funds	\$ 59,253
Total Carry Over Funds	\$ 1,790,690

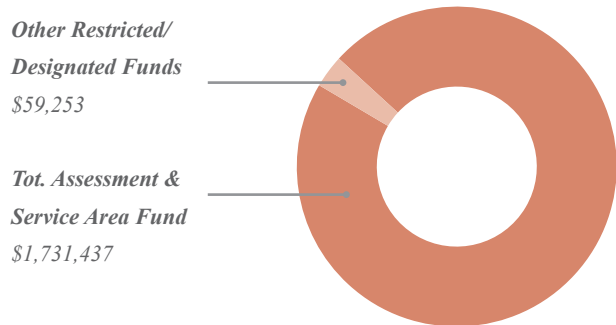
TOTAL ASSESSMENT EXPENSES

19–20FY



USBID RESERVES

June 30, 2019





5

USBID Board of Directors & Staff

BOARD OFFICERS

Wes Tyler ▪ Board President
GM, Chancellor Hotel on Union Square

Julie Taylor ▪ Treasurer
Executive VP, Colliers International

Mark Purdy ▪ Secretary
SVP & GM, Grosvenor Americas

ADVISORY COMMITTEE CHAIRS

Russell D. Keil, Jr. ▪ Audit
President, The Keil Companies

Matthew Coleman ▪ Marketing
Salon Manger, Harry Winston

Don Thomas ▪ Services
VP, Board of Directors, Club Donatello

James Sangiacomo ▪ Finance
Principal, 233 Post Street LP

Corinna Luebbe ▪ Public Affairs
GM, Taj Campton Place

Manuela King ▪ Streetscapes
President, RHAA Landscape Architects

BOARD OF DIRECTORS

Cammy Blackstone
Director, External Affairs, AT&T

Leah Fuhrman Heil
VP, Westfield San Francisco Centre

Kelly Powers
Director, Hotel Council SF

Stephen Brett
Principal, Brett & Company

Shirley Howard-Johnson
Arts Consultant

James Sangiacomo
Principal, 233 Post Street LP

Matthew Coleman
Salon Manager, Harry Winston

Jon Kimball
GM, Westin St. Francis Hotel

Spencer Sechler
*Director, Business Development
Imperial Parking, LLC.*

J. Timothy Falvey
SVP, Hanford-Freud & Company

Russell D. Keil, Jr.
President, The Keil Companies

Minna Tao
GM, Recology

James C. Flood
President, Flood Corporation

Richard Leider
Chief Financial Officer, Anvil Builders

Don Thomas
VP, Board of Directors, Club Donatello

Phil Ginsburg
GM, SF Recreation & Parks

Terry Lewis
GM, Hilton SF Union Square & Parc55

Rodrick Graham
VP, Store Manager, Macy's

Tad Moore
Principal, 250 Post Street LP

STAFF OF THE USBID



Karin Flood
Executive Director



Benjamin Horne
Deputy Director



Robbie Silver
Director of Marketing &
Public Realm



Chris Boss
Director of Services



Joshua C.W. Chan
Project Coordinator

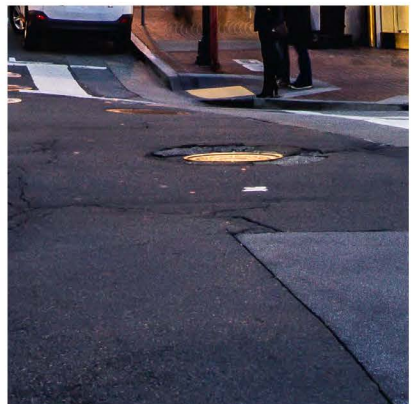
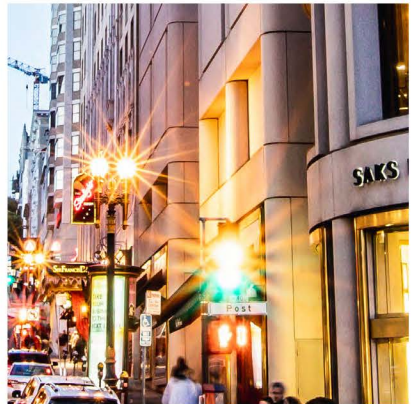
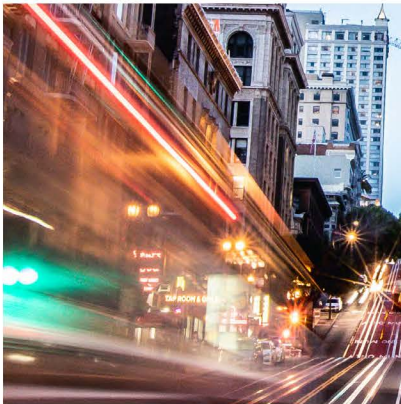
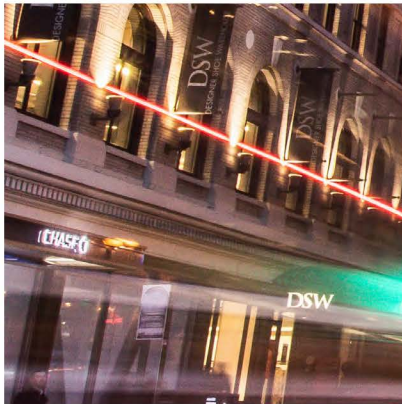
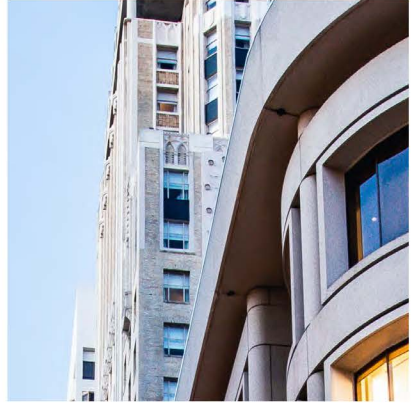
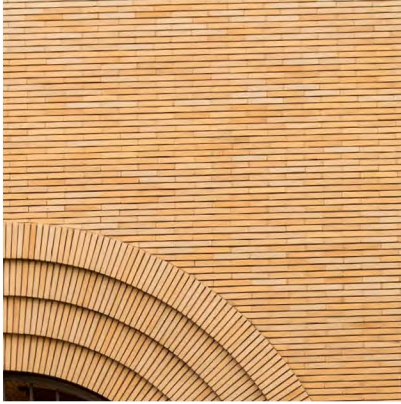


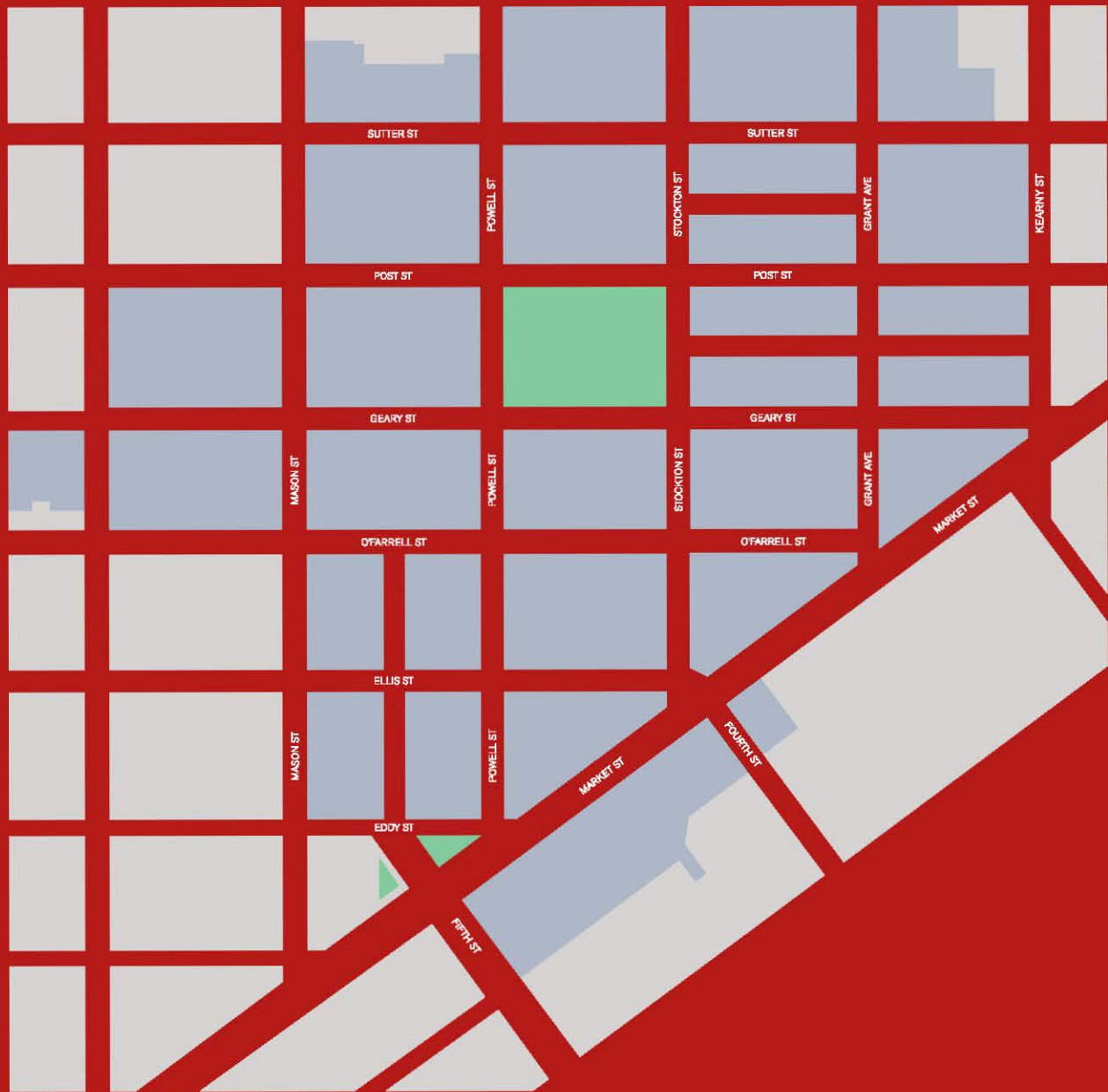
Brianna Caspersen
Project Coordinator

CLEAN AND SAFE SERVICES PROVIDED BY
BLOCK BY BLOCK

Karl Bijan
Operations Director

Freddy "Raven" Anderson
Operations Supervisor





UNION SQUARE

**UNION SQUARE
BUSINESS IMPROVEMENT
DISTRICT**

info@unionsquarebid.com • (415) 781-7880 • www.visitunionsquaresf.com

Financial Reporting

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

SA 57 - Union Square		FY 2018-2019								
Service Category/Budget Line	Management Plan Budget	General Benefit Dollars	Management Plan Assessment Budget	% of Budget	FY 2018-19 Budget	General Benefit Dollars	FY 2018-19 Assessment Budget	% of Budget	Variance	Source
Clean and Safe	\$ 1,995,400.00	\$ 19,954.00	\$ 1,975,446.00	64.98%	\$ 2,733,945.00	\$ -	\$ 2,733,945.00	67.39%	2.41%	
Marketing, Advocacy, Beautification, and Streetscape Improvements	\$ 291,675.00	\$ 2,916.75	\$ 288,758.25	9.50%	\$ 600,267.00	\$ -	\$ 600,267.00	14.80%	5.30%	
Management and Operations	\$ 460,488.00	\$ 4,604.88	\$ 455,883.12	15.00%	\$ 686,208.00	\$ -	\$ 686,208.00	16.91%	1.92%	
Contingency and Reserve	\$ 323,328.00	\$ 3,233.28	\$ 320,094.72	10.53%	\$ 36,740.00	\$ -	\$ 36,740.00	0.91%	-9.62%	
TOTAL	\$ 3,070,891.00	\$ 30,708.91	\$ 3,040,182.09	100.00%	\$ 4,057,160.00	\$ -	\$ 4,057,160.00	100.00%		

BENCHMARK 2: General Benefit Requirement

1.00%

Revenue Sources	FY 2017-2018 Actuals	% of actuals	Source
Assessment Revenue	\$ 3,670,175.00		PAGE 4; CBD Financial Statements
Total Assessment (Special Benefit) Revenue	\$ 3,670,175.00	63.63%	
Contributions	\$ 1,420,004.00	24.62%	PAGE 4; CBD Financial Statements
Sponsorships	\$ 331,759.00	5.75%	PAGE 4; CBD Financial Statements
Contract Revenue	\$ 327,263.00	5.67%	PAGE 4; CBD Financial Statements
Interest Earned	\$ 18,456.00	0.32%	PAGE 4; CBD Financial Statements
Total Non-Assessment (General Benefit) Revenue	\$ 2,097,482.00	36.37%	
Total	\$ 5,767,657.00	100.00%	

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

SA 57 - Union Square		FY 2018-2019											
Service Category/Budget Line	FY 2017-18 Budget	Amount from Assessment	Amount from General Benefit	% of Budget (Assessment)	% Budget (Total Budget)	Actuals	Amount from Assessment	Amount from General Benefit	% of Actuals (Assessment)	% of Actuals (Total Budget)	Variance (Assessment)	Variance (Total Budget)	Source
Clean and Safe	\$ 2,733,945.00	\$ 2,733,945.00	\$ -	67.39%	67.39%	\$ 2,840,645.00	\$ 2,840,645.00	\$ -	66.39%	66.39%	-1.00%	-1.00%	
Marketing, Advocacy, Beautification, and Streetscape Improvements	\$ 600,267.00	\$ 600,267.00	\$ -	14.80%	14.80%	\$ 817,452.00	\$ 817,452.00	\$ -	19.10%	19.10%	4.31%	4.31%	
Management and Operations	\$ 686,208.00	\$ 686,208.00	\$ -	16.91%	16.91%	\$ 596,482.00	\$ 596,482.00	\$ -	13.94%	13.94%	-2.97%	-2.97%	
Contingency and Reserve	\$ 36,740.00	\$ 36,740.00	\$ -	0.91%	0.91%	\$ 24,194.00	\$ 24,194.00	\$ -	0.57%	0.57%	-0.34%	-0.34%	
TOTAL	\$ 4,057,160.00	\$ 4,057,160.00	\$ -	100.00%	100.00%	\$ 4,278,773.00	\$ 4,278,773.00	\$ -	100.00%	100.00%			

BENCHMARK 4: Whether CBD 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

FY 2018-2019 Carryover Disbursement	1,790,690.00	Spenddown Timeline
Special Assessment Project		
Projects and Administration	\$ 1,731,437.00	
Designated Funds	\$ 59,253.00	
Total Designated Amount for FY 2018-19	\$ 1,790,690.00	



UNION SQUARE
BUSINESS IMPROVEMENT
DISTRICT

FINANCIAL STATEMENTS

**FOR THE YEAR ENDED JUNE 30, 2019
(WITH SUMMARIZED COMPARATIVE TOTALS FOR 2018)**

UNION SQUARE BUSINESS IMPROVEMENT DISTRICT

CONTENTS

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	7-20
--	------

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Union Square Business Improvement District

Report on the Financial Statements

We have audited the accompanying financial statements of Union Square Business Improvement District (a nonprofit organization), which comprise the statement of financial position as of June 30, 2019, 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, 2019, 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.

Report on Summarized Comparative Information

We have previously audited the Union Square Business Improvement District's 2018 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated September 20, 2018. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Marcum LLP

Washington, DC
September 30, 2019

UNION SQUARE BUSINESS IMPROVEMENT DISTRICT

STATEMENT OF FINANCIAL POSITION

JUNE 30, 2019

(WITH SUMMARIZED COMPARATIVE TOTALS FOR 2018)

	<u>2019</u>	<u>2018</u>
Assets		
Cash and cash equivalents	\$ 925,690	\$ 1,072,337
Assessments receivable, net	5,281	97,035
Other receivables	71,414	174,895
Prepaid expenses and deposits	114,447	135,480
Investments	879,911	749,708
Furniture and equipment, net	<u>146,278</u>	<u>233,036</u>
Total Assets	<u>\$ 2,143,021</u>	<u>\$ 2,462,491</u>
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	\$ 294,319	\$ 361,271
Accrued vacation	34,337	24,579
Deferred revenue	<u>23,675</u>	<u>39,060</u>
Total Liabilities	<u>352,331</u>	<u>424,910</u>
Net Assets		
Without donor restrictions	1,731,437	1,848,301
With donor restrictions	<u>59,253</u>	<u>189,280</u>
Total Net Assets	<u>1,790,690</u>	<u>2,037,581</u>
Total Liabilities and Net Assets	<u>\$ 2,143,021</u>	<u>\$ 2,462,491</u>

The accompanying notes are an integral part of these financial statements.

UNION SQUARE BUSINESS IMPROVEMENT DISTRICT

STATEMENT OF ACTIVITIES

**FOR THE YEAR ENDED JUNE 30, 2019
(WITH SUMMARIZED COMPARATIVE TOTALS FOR 2018)**

	Without Donor Restrictions	With Donor Restrictions	2019	2018
Revenue and Support				
Assessment revenue	\$ 3,670,175	\$ --	\$ 3,670,175	\$ 3,559,432
Contributions	1,418,284	1,720	1,420,004	1,259,869
Sponsorships	331,759	--	331,759	122,284
Contract revenue	327,263	--	327,263	88,043
Interest income	18,456	--	18,456	10,958
Net assets released from restrictions				
Satisfaction of purpose restrictions	131,747	(131,747)	--	--
Total Revenue and Support	<u>5,897,684</u>	<u>(130,027)</u>	<u>5,767,657</u>	<u>5,040,586</u>
Expenses				
Program Services:				
Clean and Safe	2,942,848	--	2,942,848	2,738,304
Holiday Safe Shopper	1,000,000	--	1,000,000	1,000,000
Marketing, Public Realm, and Advocacy	939,996	--	939,996	696,040
Security Camera	484,807	--	484,807	690,942
Total Program Services	5,367,651	--	5,367,651	5,125,286
Management and general	529,540	--	529,540	588,502
Fundraising	117,357	--	117,357	117,215
Total Expenses	<u>6,014,548</u>	<u>--</u>	<u>6,014,548</u>	<u>5,831,003</u>
Change in Net Assets	(116,864)	(130,027)	(246,891)	(790,417)
Net Assets - Beginning of Year	<u>1,848,301</u>	<u>189,280</u>	<u>2,037,581</u>	<u>2,827,998</u>
Net Assets - End of Year	<u>\$ 1,731,437</u>	<u>\$ 59,253</u>	<u>\$ 1,790,690</u>	<u>\$ 2,037,581</u>

The accompanying notes are an integral part of these financial statements.

UNION SQUARE BUSINESS IMPROVEMENT DISTRICT

STATEMENT OF FUNCTIONAL EXPENSES

**FOR THE YEAR ENDED JUNE 30, 2019
(WITH SUMMARIZED COMPARATIVE TOTALS FOR 2018)**

	Program Services				Total Program	Supporting Services			2019 Total	2018 Total
	Clean and Safe	Holiday Safe Shopper	Marketing, Public Realm, and Advocacy	Security Camera		Management and General	Fundraising	Total Supporting Services		
10B Police services and private security	\$ 327,358	\$ 949,999	\$ --	\$ --	\$ 1,277,357	\$ --	\$ --	\$ --	\$ 1,277,357	\$ 1,270,282
Maintenance and cleaning	1,035,279	--	--	--	1,035,279	--	--	--	1,035,279	961,122
Salaries and benefits	120,577	50,001	308,675	44,762	524,015	305,125	68,230	373,355	897,370	881,906
Ambassadors and dispatch	810,745	--	--	75,889	886,634	--	--	--	886,634	865,942
Professional services	255,637	--	178,708	65,306	499,651	44,375	25,275	69,650	569,301	296,493
Depreciation	--	--	14,973	215,419	230,392	3,150	516	3,666	234,058	400,441
Operations management and supervision	232,197	--	--	--	232,197	--	--	--	232,197	220,795
Rent and utilities	54,000	--	--	63,620	117,620	65,304	6,606	71,910	189,530	182,289
Improvement projects	--	--	164,024	--	164,024	--	--	--	164,024	156,936
Public relations, sponsorships, and donations	--	--	105,600	--	105,600	--	--	--	105,600	132,550
Special events and activation	--	--	104,293	--	104,293	--	555	555	104,848	81,489
Accounting, legal, and support	23,804	--	23,804	2,310	49,918	47,610	168	47,778	97,696	112,077
Trash related projects and supplies	71,301	--	--	1,183	72,484	--	--	--	72,484	91,642
Meetings, travel, conferences, and office expenses	11,713	--	12,459	52	24,224	23,425	10,024	33,449	57,673	45,784
Insurance, permits, and fees	237	--	1,336	15,899	17,472	38,813	--	38,813	56,285	65,451
Marketing and promotion	--	--	26,124	--	26,124	--	5,983	5,983	32,107	65,801
Loss on disposition of assets	--	--	--	367	367	1,738	--	1,738	2,105	--
Total	\$ 2,942,848	\$ 1,000,000	\$ 939,996	\$ 484,807	\$ 5,367,651	\$ 529,540	\$ 117,357	\$ 646,897	\$ 6,014,548	\$ 5,831,003

The accompanying notes are an integral part of these financial statements.

UNION SQUARE BUSINESS IMPROVEMENT DISTRICT

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2019
(WITH SUMMARIZED COMPARATIVE TOTALS FOR 2018)

	2019	2018
Cash Flows From Operating Activities		
Change in net assets	\$ (246,891)	\$ (790,417)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	234,058	400,441
Loss on disposition of assets	2,105	--
Unrealized gain on investments	(142)	--
Changes in assets and liabilities:		
Assessments receivable	91,754	(85,521)
Other receivables	103,481	(130,909)
Prepaid expenses and deposits	21,033	(30,125)
Accounts payable and accrued expenses	(66,952)	(68,778)
Accrued vacation	9,758	4,511
Deferred revenue	(15,385)	38,473
Net Cash Provided By (Used In) Operating Activities	<u>132,819</u>	<u>(662,325)</u>
Cash Flows From Investing Activities		
Proceeds on sales and maturities of investments	3,250,617	3,749,661
Purchases of investments	(3,380,678)	(3,250,000)
Purchase of furniture and equipment	(149,405)	(23,987)
Net Cash Provided By (Used In) Investing Activities	<u>(279,466)</u>	<u>475,674</u>
Net Decrease In Cash and Cash Equivalents	(146,647)	(186,651)
Cash and Cash Equivalents - Beginning	<u>1,072,337</u>	<u>1,258,988</u>
Cash and Cash Equivalents - Ending	<u>\$ 925,690</u>	<u>\$ 1,072,337</u>

The accompanying notes are an integral part of these financial statements.

UNION SQUARE BUSINESS IMPROVEMENT DISTRICT

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2019

NOTE 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 “District”). The USBID aims 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 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 600 parcel owners in the District. The USBID also expanded services and added marketing, advocacy, beautification and capital improvement programs.

The USBID’s mission statement is as follows:

The Union Square BID serves members and creates a high quality visitor experience by managing and activating public spaces, attracting new investment and advocating for the District’s future success.

Major programs and services provided by the USBID are:

Clean and Safe:

- Safety and Hospitality 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 5:30am to 11:00pm 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 5:30am to 8:30pm to clean litter from sidewalks and to remove graffiti. Each sidewalk in the District is steam cleaned every 2 weeks.

UNION SQUARE BUSINESS IMPROVEMENT DISTRICT

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2019

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

PURPOSE AND ORGANIZATION (CONTINUED)

Silicon Valley Community Foundation:

- As a result of contributions from donor advised funds of the Silicon Valley Community Foundation, the USBID has been able to provide additional San Francisco Police Department (SFPD) patrols through the 10B program and expand the security camera project.

Other:

- Public Realm Improvements, Marketing, and Events – Promoting the Union Square area and its interests through events, digital and traditional marketing programs and public relations, public realm improvements, décor and other programs to beautify the area.
- Public Affairs Advocacy – Advocating public policy and services to ensure the economic vitality of the District.
- Union Square Cares – A program to provide homeless services and outreach and member education to help alleviate homelessness in Union Square.

The USBID began a renewal process in October 2017. The process involved surveying members and stakeholders, the formation of a Renewal Committee, and public and individual stakeholder meetings. This renewal process led to a significant increase in the USBID's budget and successful renewal of a ten year term with the members (property owners) and the City.

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 regardless of the timing of cash flows.

UNION SQUARE BUSINESS IMPROVEMENT DISTRICT

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2019

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

CLASSIFICATION OF NET ASSETS

U.S. GAAP requires that the USBID report information regarding its financial position and activities according to two classes of net assets: without donor restrictions and with donor restrictions. Accordingly, the net assets of the USBID are classified and reported as described below:

Without Donor Restrictions: Net assets representing 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. From time to time, the Board designates a portion of these net assets for specific purposes, which makes them unavailable for use at management's discretion.

With Donor Restrictions: Net assets representing funds that are specifically restricted by donors for use in various programs and/or specific periods of time. These donor restrictions can be temporary in nature in that they will be met by actions of the USBID or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated that the funds be maintained in perpetuity.

As of June 30, 2019, the USBID did not have any net assets required to be maintained in perpetuity.

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

FOR THE YEAR ENDED JUNE 30, 2019

NOTE 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, 2019, the allowance for uncollectible assessments was approximately \$6,000.

INVESTMENTS

The USBID's investments in fixed income securities are carried at fair value.

FURNITURE AND EQUIPMENT

The USBID capitalizes acquisitions of furniture and equipment with a cost or value in excess of \$1,000 and with estimated useful lives beyond one year. Purchased assets are recorded at cost; donated assets are recorded at estimated fair 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 and changes in net assets.

ACCRUED VACATION

Full-time employees may accrue up to 23 hours per month depending on the number of years employed. Part-time employees accrue vacation on a prorated basis. Employees can accrue a maximum of 150% of their annual vacation accrual.

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 assessed by the City. The City remits the assessment 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

FOR THE YEAR ENDED JUNE 30, 2019

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

REVENUE RECOGNITION (CONTINUED)

Contributions

The USBID recognizes all contributions when they are received or unconditionally promised, regardless of compliance with restrictions. Donor-restricted contributions are reported as with donor restrictions, depending on the nature of the restrictions.

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 net assets without donor restrictions and decreasing net assets with donor restrictions 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 that are complied with within the year of receipt are reported as without donor restrictions.

Contributed Goods and Services

Donated material and equipment are recorded as contributions at their estimated fair value on the date of receipt. Such donations are reported as net assets without donor restrictions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use are reported as net assets with donor restrictions. The USBID reclassifies net assets with donor restrictions to net assets without donor restrictions at that time. For the year ended June 30, 2019, the USBID recognized contributed material and equipment in the amount of \$15,000 used in the Marketing, Public Realm and Advocacy program.

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, 2019, the USBID recognized contributed services in the amount of \$373,217 for the Marketing, Public Realm and Advocacy and Clean & Safe programs.

UNION SQUARE BUSINESS IMPROVEMENT DISTRICT

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2019

NOTE 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. The USBID's evaluation on June 30, 2019, revealed no tax positions that would have a material impact on the financial statements. As of June 30, 2019, there was no accrual for interest or penalties.

The USBID's tax returns are subject to examination by federal and state taxing authorities. However, management is unaware of any pending examinations nor are there any in progress.

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. As of June 30, 2019, the cash and cash equivalents balance exceeding the \$250,000 per depositor per institution Federal Deposit Insurance Corporation limit totaled approximately \$109,000. Management believes that the USBID is not exposed to any significant credit risk related to concentrations.

Assessments Receivable

As of June 30, 2019, 76% of assessments receivable were due from one entity.

UNION SQUARE BUSINESS IMPROVEMENT DISTRICT

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2019

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

FUNCTIONAL ALLOCATION OF EXPENSES

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Expenses directly attributed to specific functional areas of the USBID are reported as expenses of those functional areas. Shared costs that benefit multiple functional areas have been allocated among the various functional areas. The expenses that are allocated include salaries and benefits, which are allocated on the basis of estimates of time and effort. Accounting, legal, and support and meetings, travel, conferences, and office expenses are allocated approximately 25% Clean and Safe, 25% Marketing, Public Realm, and Advocacy, and 50% Management and General.

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, 2018, and for the year then ended, from which the summarized information was derived.

NEW ACCOUNTING STANDARDS

On August 18, 2016, the Financial Accounting Standards Board issued ASU 2016-14, *Not-for-Profit Entities (Topic 952): Presentation of Financial Statements of Not-for-Profit Entities*. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. The USBID has adjusted the presentation of these statements accordingly. The ASU has been applied retrospectively to all periods presented.

The major changes of the ASU affecting the USBID include (a) requiring the representation of only two classes of net assets now entitled "net assets without donor restrictions" and "net assets with donor restrictions" and expanding the disclosures; (b) requiring the disclosure of qualitative and quantitative information regarding the liquidity and availability of resources; and (c) requiring recognition of capital gifts for construction as net assets without donor restrictions when the associated long-lived asset is placed in service.

UNION SQUARE BUSINESS IMPROVEMENT DISTRICT

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2019

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

NEW ACCOUNTING STANDARDS

A recap of the net asset reclassifications driven by the adoption of ASU 2016-14 as of June 30, 2018 is as follows:

Net Assets Classifications	ASU 2016-14 Classifications		
	Without donor restrictions	With donor restrictions	Total Net Assets
As previously presented:			
Unrestricted	\$ 1,629,256	\$ --	\$ 1,629,256
Temporarily Restricted	--	408,325	408,325
Net assets as previously presented	1,629,256	408,325	2,037,581
Reclassifications to implement ASU 2016-14:			
Capital gifts placed in service	219,045	(219,045)	--
Net assets, as reclassified	<u>\$ 1,848,301</u>	<u>\$ 189,280</u>	<u>\$ 2,037,581</u>

RECLASSIFICATIONS

Certain amounts in the summarized comparative totals for 2018 have been reclassified to conform to the 2019 presentation. These reclassifications have no effect on previously reported net assets or change in net assets.

UNION SQUARE BUSINESS IMPROVEMENT DISTRICT

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2019

NOTE 2 - FAIR VALUE MEASUREMENTS

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The USBID's financial assets carried at fair value have been classified, for disclosure purposes, based on a hierarchy that gives the highest ranking to fair values determined using unadjusted quoted prices in active markets for identical assets and liabilities (Level 1) and the lowest ranking to fair values determined using methodologies and models with unobservable inputs (Level 3). An asset's or a liability's classification is based on the lowest level input that is significant to its measurement. The levels of the fair value hierarchy are as follows:

Level 1

Inputs are unadjusted quoted prices for identical assets and liabilities in active markets accessible at the measurement date.

Level 2

Inputs include quoted prices for similar assets or liabilities in active markets, quoted prices from those willing to trade in markets that are not active, or other inputs that are observable or can be corroborated by market data for the term of the instrument. Such inputs include market interest rates and volatilities, spreads, and yield curves.

Level 3

Certain inputs are unobservable (supported by little or no market activity) and significant to the fair value measurement. Unobservable inputs reflect the USBID's best estimate of what hypothetical market participants would use to determine a transaction price for the asset or liability at the reporting date.

The following is a description of the valuation methodology used for assets measured at fair value. There has been no change in the valuation methodology during the year ended June 30, 2019.

Investments

The fair value of fixed income securities is estimated using recently executed transactions or market price quotations (where observable).

UNION SQUARE BUSINESS IMPROVEMENT DISTRICT

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2019

NOTE 2 - FAIR VALUE MEASUREMENTS (CONTINUED)

The following table provides information about the USBID's financial assets measured at fair value on a recurring basis as of June 30, 2019:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Investments:				
Certificates of deposit	<u>\$ --</u>	<u>\$ 879,911</u>	<u>\$ --</u>	<u>\$ 879,911</u>

NOTE 3 - FURNITURE AND EQUIPMENT

Furniture and equipment at June 30, 2019, consist of the following:

Security camera equipment	\$ 1,428,643
Furniture and miscellaneous equipment	<u>144,922</u>
	1,573,565
Less: accumulated depreciation	<u>(1,427,287)</u>
Total	<u>\$ 146,278</u>

NOTE 4 - LINE OF CREDIT

The USBID renewed a revolving line of credit with Wells Fargo Bank on March 12, 2018, which expired on June 30, 2019, for a maximum borrowing amount of \$500,000. Interest was payable at the greater of the prime rate plus 1.25% (5.50% at June 30, 2019) or the floor rate of 5.00%. The line of credit was secured by the USBID's receivables and equipment. The USBID did not borrow from the line of credit during the year ended June 30, 2019. The line of credit was renewed on September 3, 2019 under the same terms, which expires on February 5, 2020.

UNION SQUARE BUSINESS IMPROVEMENT DISTRICT

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2019

NOTE 5 - NET ASSETS WITHOUT DONOR RESTRICTIONS

Net assets without donor restrictions at June 30, 2019, consist of the following:

Board designated for advocacy	\$	17,334
Net investment in furniture and miscellaneous equipment		124,439
Undesignated		<u>1,589,664</u>
Total	\$	<u>1,731,437</u>

The USBID does not receive the first assessment payment for its fiscal year until January, thus it is incumbent on the USBID to maintain approximately six 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.

NOTE 6 - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions at June 30, 2019, consist of the following:

Campton Place grant	\$	40,000
Security cameras		17,532
All others		<u>1,721</u>
Total	\$	<u>59,253</u>

NOTE 7 - NET ASSETS RELEASED FROM RESTRICTIONS

Net assets were released from restrictions by incurring expenses which satisfied the restricted purposes during the year ended June 30, 2019, as follows:

Police patrols and security cameras	\$	94,987
Other		<u>36,760</u>
Total	\$	<u>131,747</u>

UNION SQUARE BUSINESS IMPROVEMENT DISTRICT

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2019

NOTE 8 - COMMITMENTS

Effective September 1, 2019, the USBID renewed a non-cancelable lease agreement for equipment through August 31, 2022. Payment terms require full one-time payment in advance of \$94,440. In August 2019, the USBID entered into a non-cancelable lease agreement for additional equipment requiring monthly payments of \$461 through October 31, 2022.

The USBID also leases its office, operations office, conference room, and storage on a month-to-month basis.

The following is a schedule of minimum lease commitments:

<u>For the Years Ending June 30,</u>	<u>Amount</u>
2020	\$ 99,972
2021	5,532
2022	5,532
2023	<u>1,383</u>
Total	<u>\$ 112,419</u>

Rent expense for the year ended June 30, 2019, was \$127,765.

NOTE 9 - RELATED PARTY TRANSACTIONS

The USBID has a written conflict of interest policy that requires, among other things, that no member of the Board of Directors may 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. 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.

A member of the USBID's Board of Directors is also associated with a company that contributed services to the USBID in the amount of approximately \$192,000 during the year ended June 30, 2019.

UNION SQUARE BUSINESS IMPROVEMENT DISTRICT

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2019

NOTE 9 - RELATED PARTY TRANSACTIONS (CONTINUED)

Union Square Foundation

The Union Square Foundation (“USF”), a separate entity exempt from federal income taxes under §501(c)(3) of the Internal Revenue Code, is an affiliate organization of the USBID. The USF was formed to raise funds and devote resources to public realm improvement programs and homeless programs to benefit the area and greater community. The USBID’s and USF’s exempt purposes are closely aligned. Four members of the USBID’s Board of Directors are also Board members of the USF.

During the year ended June 30, 2018, the USBID and USF entered into a service agreement for a term of one year in which USF pays for administration and management of programmatic services conducted by the USBID, including the security camera program. During the year ended June 30, 2019, the USBID provided services of approximately \$277,000 to USF. At June 30, 2019, approximately \$15,000 is due from USF and is included in other receivables in the statement of financial position.

NOTE 10 – LIQUIDITY AND AVAILABILITY

The following represents USBID’s financial assets at June 30, 2019:

Financial assets at year end:	
Cash and cash equivalents	\$ 925,690
Assessments receivable, net	5,281
Other receivables	71,414
Investments	<u>879,911</u>
Total financial assets	\$ 1,882,296
Less amounts not available to be used within one year:	
Net assets with donor restrictions	<u>59,253</u>
Financial assets available to meet general expenditures over the next twelve months:	<u>\$ 1,823,043</u>

The USBID’s primary source of revenue is assessments. The USBID’s cash flows have variations during the year as the assessments collected and paid to the USBID by the City are primarily paid in two payments in January and May. It has been the policy of the USBID to maintain at least six months of operating reserves at the end of each fiscal year. To help manage liquidity and as a safeguard, the USBID maintains a \$500,000 line of credit that can be drawn upon if needed to manage cash flow. See Note 4 for further description of this line of credit.

UNION SQUARE BUSINESS IMPROVEMENT DISTRICT

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2019

NOTE 11 - SUBSEQUENT EVENTS

The USBID's contract with the City ended on June 30, 2019. A formal resolution to renew and expand the USBID was voted on and approved by the San Francisco Board of Supervisors in July 2019. The new contract with the City ends on June 30, 2029.

The USBID has evaluated all subsequent events through September 30, 2019, the date the financial statements were available to be issued. Except for the matter discussed above and in Note 4, no events requiring recognition or disclosure in the financial statements were identified.

MEMO

To: Supervisor Aaron Peskin, District 3

CC: San Francisco Board of Supervisors

From: Chris Corgas; OEWD, Senior Program Manager, Community Benefit Districts

RE: Union Square Business Improvement District; FY 2018-2019 Annual Report

Date: June 2, 2020

This is a memo summarizing the performance of the Union Square Business Improvement District (USBID) and an analysis of its financial statements (based on their audits) for the period between July 1, 2018 and June 30, 2019.

Each year the USBID is required to submit a mid-year report, an annual report, and a CPA Financial Review or Audit. The Union Square BID has complied with the submission of all these requirements. OEWD staff 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 USBID 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 Report
 - a. FY 2018-2019
2. CPA Financial Audit Report
 - a. FY 2018-2019
3. Draft resolution from the Office of Economic and Workforce Development



Background

The USBID includes both privately and publicly owned properties. The district covers 27 blocks and includes approximately 598 parcels.

- July 28, 2009: the Board of Supervisors approved the resolution to renew and expand the Union Square Business Improvement District to cover 27 blocks for 10 years. Resolution # 320-09).
- January 26, 2010: the Board approved the contract for the administration and management of the Union Square Business Improvement District (Resolution # 19-10).
- February 23, 2016: the Board of Supervisors approved the FY 2014 - 2015 annual report report (Resolution # 068-16).
- March 14, 2017: Board of Supervisors approved the FY 2015 – 2016 annual report (Resolution # 078-17)
- April 10, 2018: Board of Supervisors approved the FY 2016 – 2017 annual report (Resolution # 096-18)
- June 18, 2019: Board of Supervisors approved the FY 2017 – 2018 annual report (Resolution # 288-19)

USBID Summary and Highlights

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
FY 2018-2019 Assessment Roll	\$3,658,253
Fiscal Year	July 1 – June 30
Executive Director	Karin Flood
Name of Nonprofit Owners’ Entity	Union Square Business Improvement District

The current USBID website <https://www.visitunionsquaresf.com/about-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 USBID Program Areas

Cleaning and Safety

USBID Cleaning and Safety services include teams of Cleaning, Safety and Hospitality Ambassadors, including SFPD “10B” officers and Downtown Street Team members. The *Union Square BID Management Plan* calls for 65% of the operating budget dedicated to this service area.

Cleaning Ambassadors and Downtown Streets Team

- Approximately 16 full-time Cleaning Ambassadors provide regular specialized sidewalk cleaning and maintenance services **(5:30am – 9:30 pm/7 days a week)**, such as sidewalk and gutter sweeping, sidewalk pressure washing every two weeks, removing needles and biomedical waste, discarding illegally dumped cardboard, and removing graffiti and stickers.

- 4 Union Square Downtown Streets Team members supplement Cleaning Ambassadors by providing specialized alley sweeping services, in addition to regular sidewalk and gutter sweeping (**7am – 11am Mon-Fri**) for select routes in Union Square.

Safety Ambassadors and SFPD “10B” Officers

- Approximately eight (8) full-time Safety Ambassadors (**6am-11pm/7 days a week**) in red shirts emblazoned with the word “Safety” help to address and advise on quality of life issues in the district. They are the “eyes and ears” of Union Square to visitors and workers. Their primary responsibilities are to address street issues, such as aggressive panhandling and sit/lie violations, and to engage district visitors and workers with a friendly smile.
- SFPD “10B” officers hired by the USBID provide 10 hours a day (**8am – 6pm/7 days a week**) to supplement security to SFPD beat officers assigned to the district. The “10B” officers primarily come from the Tenderloin and Central SFPD stations.

Hospitality Ambassadors

- Approximately one (1) full-time Hospitality Ambassador services the district (**7:30am – 4pm, Wednesday through Sunday**). Their duties include providing Union Square visitors with a positive image of the district by offering the public information on local events and attractions, assisting with directions, handing out the USBID Map & Guide highlighting Union Square businesses, and providing visitor and member assistance as needed.

Member Services Dispatch & Video Control Center Operator

- Approximately three (3) full-time operators service the USBID’s Members Dispatch Center (**7:00am - 9pm/7 days a week**) to receive incident data and deploy cleaning, safety, and hospitality services to make the district a safer and more welcoming place for our visitors, workers, and residents.
- Approximately one (1) full-time video control center operator responds to requests for video copies 9am-5:30pm (M-F) from the San Francisco Police Department, District Attorney and Public Defenders offices and USBID members and stakeholders.

Marketing and Communications, Public Realm Improvements, and Advocacy

These USBID services work to develop and promote Union Square as a world-class district to visitors, workers, and residents through multiple programs and initiatives, such as the USBID website (visitunionsquaresf.com), social media platforms (i.e. Facebook, Instagram, and Twitter), monthly and weekly newsletters, a Visitor Map & Guide, media and public affairs services, public policy advocacy, public realm improvements, and annual events such as Winter Walk SF and holiday décor. The Union Square BID Management Plan calls for 10% of the budget to be spent on Marketing, Public Realm Improvements, and Advocacy.

- **Marketing & Communications** – The USBID manages a professional member and consumer marketing programs centered on digital marketing, public space programming, and member events. In addition, the USBID publishes and distributes Union Square Visitor Maps and Guides to reinforce the district’s brand through sponsorship and advertising. Member events are a large part of the USBID’s marketing programs, attracting between 20 – 400 attendees per event. The USBID’s Marketing Committee, comprised of Board members and marketing professionals, meets bi-monthly and provides feedback to the USBID on its marketing programs and best practices. The USBID also hosts “Coffee & Connections”, a bi-monthly networking event for Union Square area businesses.
- **Public Realm Improvements** – The USBID’s Public Realm and Streetscapes Committee meets monthly and includes design professionals, property managers, and public sector stakeholders to advise and assist with implementing projects detailed in the USBID’s Public Realm Action Plan. In addition, the committee address emerging transportation and land use issue impacting the district. This past year, the Committee worked with SFMTA to convene Union Square community meetings on permanent, pedestrian-oriented design improvements for lower Powell Street called the Powell Street Improvement Project.
- **Advocacy** – The USBID’s Public Affairs & Advocacy Committee addresses State and local policy issues that impact the district and its members. For example, in 2018-2019, the Committee advocated on behalf of USBID members to mitigate the impacts of the Central Subway construction project, additional SFPD presence, additional homeless outreach services, retail flexibility within the C-3-R legislation, and other relevant local legislation.

Management and Administration

The USBID Board consists of 23 members representing property owners and managers, retailers, hospitality representatives, hotel operators, and several at-large stakeholders. There are seven advisory committees, including an Executive Committee, who meet regularly and act on time-sensitive matters. The USBID launched its renewal process in the fall of 2017 with a series of public meetings, formation of a Renewal Committee and completed a member renewal survey in May 2018. The renewal petition process was completed by April 2019 and the ballot vote was completed by July 2019 with very successful outcomes (see below).

Union Square Foundation

In July 2017, the Union Square BID launched a 501C3 charitable organization to help raise funds for public realm initiatives as well as the Union Square Cares (homeless) programs. The Union Square Foundation (www.unionsquarefoundation.org) mission is to establish a renewed ‘sense of place’ for the Union Square Area by supporting diverse artistic, cultural, and culinary programs and projects – and by cultivating a welcoming, caring community for all humankind.

Summary of Delivery of Services and Accomplishments

FY 2018-2019

Clean and Safe

- Picked up and removed approximately 563,125 lbs. of trash
- Removed 23,016 instances of hazardous waste
- Removed 22,317 instances of graffiti
- 11,707 incidents addressed by USBID 10B officers
- 969 requests for video footage

Marketing

- Hosted the Art + Wine Walk in Union Square as a way to highlight some of the District’s boutiques, art galleries, and restaurants
- Produced a series of guides to showcase businesses and offering of the District
- Launched a street banner program to demarcate the District and create a sense of place

Public Realm and Streetscapes

- Hosted Winter Walk 2018 which offered 5 weeks of holiday decor, mobile food and craft beverages curated by Off the grid, family friendly activities, art, community performance and entertainments, sponsored activation, and 17,000 square feet of open green space.
 - 2.2 million visitors were recorded at Winter Walk 2018
- Partnered with Australian artists Gillie and Marc to bring Paparazzi Dogs to San Francisco, the first time it was exhibited on the west coast of the United States
- Continued activation of Maiden Lane through Lunch in the Lane program.
- Developed plans and began Places for People (P4P) application process to activate Campton Place.

Advocacy and Government Affairs

- Adopted a District Cannabis Retail Police which provides guidelines to promote a healthy “good neighbor” policy and standards to store front designs and safety measures
- USBID informed the San Francisco Planning Department on the retail environment of Union Square and realistic use of 2nd and 3rd floor spaces through a comprehensive study in partnership with stakeholders
- Received a \$1 million grant from the Silicon Valley Community Foundation to add over 10,000 hours of police patrols throughout the District during the holiday season
- Completed an economic impact study in FY 18-19 and discovered that Union Square is made up of less than 1% of the City’s built land area, but generates 34% of citywide sales in general consumer goods

Management and Operations

- Union Square BID, in collaboration with OEWD, focused on completing their renewal process in FY 2018-2019. This included receiving over 50% of assessed properties signing petition to move formation forward with a budget increase of over 60%.
- The Union Square Foundation raised an additional \$364,000 during FY 18-19.
- Generated sponsorship revenue for Bigbelly program and installed 2 additional Bigbelly units (total 27 Bigbelly units).

- Launched Miracle Messages partnership to connect homeless in district with long lost loved ones.

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 “Greater 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 2018-2019

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 2018-2019 Budget	% of Budget	Variance Percentage Points
Clean & Safe	\$1,995,400	65%	\$2,733,945	67.39%	+2.41%
Marketing, Advocacy, Beautification and Streetscape Improvements*	\$291,675	10%	\$600,267	14.80%	+5.30%
Management and Operations	\$460,488	15%	\$686,208	16.91%	+1.92%
Contingency & Reserves	\$323,328	10%	\$36,740	0.91%	-9.62%
TOTAL	\$3,070,891	100.0%	\$4,057,160	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 \$3,670,175 or 63.63% of actuals and non-assessment revenue was \$2,097,482 or 36.37% of actuals. See table below.

Revenue Sources	FY 2018-2019 Actuals	% of Actuals
Special Benefit Assessments	\$3,670,175	60.63%
Total assessment revenue	\$3,670,175	60.63%
Contributions	\$1,424,004	24.62%
Sponsorships	\$331,759	5.75%
Contract Revenue	\$327,263	5.67%
Interest Earned	\$18,456	0.32%
Total non-assessment revenue	\$2,097,482	36.37%
Total	\$5,767,657	100%

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

ANALYSIS: USBID met this requirement. See table below.

Service Category	FY 2018-2019 Budget	% of Budget	FY 2018-2019 Actuals	% of Actuals	Variance Percentage Points
Clean & Safe	\$2,733,945	67.39%	\$2,840,645.00	66.39%	-1.00%
Marketing, Advocacy, Beautification and Streetscape Improvements*	\$600,267	14.80%	\$817,452.00	19.10%	+4.31%
Management and Operations	\$686,208	16.91%	\$596,482	13.94%	-2.97%
Contingency Reserve	\$36,740	0.91%	\$24,194	0.57%	-0.34%
TOTAL	\$4,057,160	100.0%	\$4,278,773	100%	

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 USBID. As a result, BIDs/CBDs typically

have 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 2018-2019 Carryover Disbursement	\$1,790,690
Assessments & Core Operations	\$1,731,437.00
Other Restricted/Designated Funds	\$59,253
Total Carryover amount from FY 2018-2019	\$1,790,690

Findings and Recommendations

USBID has met all benchmarks as defined on page 6 of this memo. USBID has well exceeded its general benefit requirements of one percent (1%). The USBID was successful in acquiring grant dollars for cleaning, safety, and streetscape related projects. USBID worked to increase foot traffic through the activation of Maiden Lane and was able to attract hundreds of thousands of visitors to the district with Winter Walk SF and other events. USBID collaborated with the City and local non-profits to beautify and improve Hallidie Plaza, Maiden Lane, and other public spaces.

USBID is underwent its renewal process in FY 2018-2019 and was very successful with the renewal campaign, which passed with approximately 85% of assessed parcels (weighted), who cast ballots, voting in support of renewal (approximately 70% of district owners participated in the election). OEWD guided the USBID and provided support during the renewal process. The USBID completed all documentation and submitted new assessment role for the new term and is delivering full services under its new management plan.

Conclusion

The USBID has performed exceptionally well in implementing the services outlined in their management plan. USBID has continued to successfully sponsor and help promote events in Union Square, including Winter Walk SF. The USBID has been particularly successful raising funds, with approximately 36% of their operating budget in FY 18-19 coming from non-assessment sources. USBID has done an outstanding job in partnering with community stakeholders and numerous municipal agencies for the activation and improvement of public spaces. USBID is a well-run organization with an active Board, committee members and will continue to successfully carry out its mission as a business improvement district.

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
Joaquin Torres, Director, Office of Economic and Workforce Development

FROM: John Carroll, Assistant Clerk, Government Audit and Oversight
Committee, Board of Supervisors

DATE: June 10, 2020

SUBJECT: LEGISLATION INTRODUCED

The Board of Supervisors' Government Audit and Oversight Committee has received the following proposed legislation, introduced by Supervisor Peskin on June 2, 2019:

File No. 200588

Resolution receiving and approving annual report for the Greater Union Square Business Improvement District for FY2018-2019, 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 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
J'Wel Vaughan, Office of Economic and Workforce Development
Lisa Pagan, Office of Economic and Workforce Development
Chris Corgas, Office of Economic and Workforce Development

Introduction Form

By a Member of the Board of Supervisors or 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 inquiries"
- 5. City Attorney Request.
- 6. Call File No. from Committee.
- 7. Budget Analyst request (attached written motion).
- 8. Substitute Legislation File No.
- 9. Reactivate File No.
- 10. Topic 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 the Imperative Form.

Sponsor(s):

Subject:

The text is listed:

Signature of Sponsoring Supervisor: