



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)

	<u>2014</u>	<u>2013</u>
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	<u>103,416</u>	<u>77,196</u>
Total assets	<u><u>\$ 2,226,152</u></u>	<u><u>\$ 2,210,148</u></u>
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable and accrued expenses	\$ 285,441	\$ 294,745
Accrued salaries and benefits	6,882	5,651
Deferred revenue	<u>-</u>	<u>23,242</u>
Total liabilities	<u>292,323</u>	<u>323,638</u>
Commitments		
Net assets:		
Unrestricted	1,880,602	1,793,610
Temporarily restricted	<u>53,227</u>	<u>92,900</u>
Total net assets	<u>1,933,829</u>	<u>1,886,510</u>
Total liabilities and net assets	<u><u>\$ 2,226,152</u></u>	<u><u>\$ 2,210,148</u></u>

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)

	<u>2014</u>	<u>2013</u>
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	<u>51,649</u>	<u>113,972</u>
Cash flows from investing activities:		
Purchase of furniture and equipment	<u>(64,089)</u>	<u>(79,848)</u>
Net cash used by investing activities	<u>(64,089)</u>	<u>(79,848)</u>
Net increase (decrease) in cash and cash equivalents	(12,440)	34,124
Cash and cash equivalents:		
Beginning of year	<u>1,979,167</u>	<u>1,945,043</u>
End of year	<u>\$ 1,966,727</u>	<u>\$ 1,979,167</u>

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><u>\$ 29,601</u></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><u>\$ 103,416</u></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	<u>26,154</u>
	<u><u>\$ 1,880,602</u></u>

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	<u>1,891</u>
	<u><u>\$ 53,227</u></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, 2014, as follows:

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

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:

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

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.