

**San Francisco
Ethics Commission**



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**2018 Election Cycle
Gordon Mar for District 4 Supervisor 2018
FPPC ID #1406921
Report posted October 8, 2020**

San Francisco Charter section C3.699-11 authorizes the Ethics Commission to audit campaign statements that are filed with the Commission, along with other relevant documents, to determine whether a committee materially complied with applicable requirements of State and local laws. San Francisco Campaign & Governmental Conduct Code Section 1.150(a) requires audits of all candidates who received public financing in their campaigns and authorizes other audits to be initiated of other committees irrespective of whether the committee received any public funds. The Ethics Commission's audit program issues public reports that detail these committees' compliance with applicable campaign finance and reporting laws. The Commission posts its reports to its website and, in cases of apparent violations of law, forwards them to the appropriate enforcement agency.

As part of its audit program in connection with the June and November 2018 elections, the Ethics Commission engaged Macias Gini & O'Connell LLP (MGO) to assess compliance with applicable campaign laws for the 14 committees of candidates that received public funds during those elections. The report that follows is one of the reports issued by MGO pursuant to that engagement.

**CITY AND COUNTY OF SAN FRANCISCO
ETHICS COMMISSION**

**CANDIDATE COMMITTEE 2018 ELECTION
ASSESSMENT REPORT:**

Gordon Mar for District 4 Supervisor 2018

June 18, 2018 through December 31, 2018



Certified
Public
Accountants



Gordon Mar Committee 2018 Election Assessment Report

Executive Director, Ethics Commission
City and County of San Francisco

Macias Gini & O'Connell LLP (MGO) presents its report concerning the assessment of the Gordon Mar for District 4 Supervisor Committee (Candidate Committee, or Committee) for the period June 18, 2018 through December 31, 2018 as follows:

Background

The Committee was formed on June 18, 2018, to support the election of Gordon Mar to the City and County of San Francisco (City) Board of Supervisors, to represent District 4, in the general election of November 6, 2018. During the period covered by the assessment, the Committee's Treasurer was Esther Marks.

MGO was engaged to assess candidate committees per the City's Campaign Finance Reform Ordinance, Section 1.150(a), which requires the Ethics Commission to audit all candidate committees that have received public financing.

Objectives and Scope

The objectives of this assessment were to reasonably conclude whether the Committee:

- Accurately reported all campaign contributions and expenditures, as required by City campaign finance law;
- Supported all contributions and expenditures with sufficient documentation, as required by City campaign finance laws;
- Accepted only contributions that comply with state and City campaign finance laws;
- Made only expenditures that comply with state and City campaign finance laws; and
- Complied with applicable campaign disclosure and disclaimer requirements and timeframes required by applicable laws and regulations.

The scope of our assessment included contributions and expenditures the Committee reported from June 18, 2018 through December 31, 2018.¹ The assessment included determining whether funds remaining in the Campaign Contribution Trust Account on December 6, 2018, were subsequently remitted to the Ethics Commissions, as City campaign finance law requires.²

Methodology

To meet the objectives of this assessment, we tested and reconciled contributions listed on the Form 460s³ to deposits listed on the bank statements and vouched them to the Committee's verified records. We also reconciled expenditures listed on the Form 460s to the bank statements and vouched to the Committee's

¹ Although the assessment period ended December 31, 2018, we reviewed documentation that supported contributions and expenditures after this date to ensure compliance with campaign finance laws during the reporting period.

² December 6, 2018 is 30 days after the date of the election. Section 1.148(c) of the City's Campaign Finance Reform Ordinance states, "Any candidate who received public financing and whose committee has unexpended public funds shall pay to the City and County of San Francisco and deliver to the Ethics Commission those funds for deposit in the Election Campaign Fund no later than 30 days after the Ethics Commission completes its audit of the candidate's committee." The City's Campaign Finance Reform Ordinance defines unexpended public funds as, "... all funds remaining in the candidate committee's account on the 30th day after the candidate controlling committee is either elected or not elected to office regardless of the source of the funds, but shall not exceed the amount of public funds provided to the candidate."

³ California Form 460 – Recipient Committee Campaign Statement.

verified records. We performed other tests to determine whether the Committee complied with state and City campaign finance laws. We performed the following procedures: reviewed the Form 460s the Committee filed and the supporting documentation; conducted non-statistical testing of a random selection of contributions and expenditures to confirm that proper documentation was obtained; and reviewed mailings and other advertisements that were listed on the Form 161s⁴ for compliance with City campaign finance laws.

We conducted this assessment in accordance with the statements on standards for consulting services as issued by the American Institute of Certified Public Accountants (AICPA) and the terms of our contract agreement. Those standards require that we plan and perform the engagement to obtain sufficient, appropriate data to provide a reasonable basis for our conclusions based on our objectives. We believe that the data obtained provides a reasonable basis for our conclusions based on our assessment objectives.

Assessment Results

From June 18, 2018 through December 31, 2018, the Committee received \$145,862 in monetary contributions, and \$149,226 in public funds – or a total of \$295,088 – and expended \$299,251.⁵ The Committee owes no unexpended funds to the City. We found that the Committee, in general:

- Did not accurately and completely report all campaign contributions and expenditures.
- Supported reported contributions and expenditures with sufficient documentation.
- Accepted only contributions that comply with state and City campaign finance laws.
- Only made expenditures that comply with state and City campaign finance laws.
- Complied with applicable campaign disclosure and disclaimer requirements and timeframes.

The exceptions are noted below:

Observation 2019-01 – Out of over 200 unitemized contributions, the Committee underreported one unitemized contribution of \$50. The Committee subsequently corrected the Form 460 to include this contribution.

Our assessment procedures included vouching 100% of all unitemized contributions. Out of 208 unitemized contributions we reconciled to supporting documentation, we identified one contribution for the period of July 1 through September 22, 2018 in which the Committee underreported.⁶ The Treasurer explained that a \$50 contribution should have been included in the unitemized contribution total for the period, but it was inappropriately excluded during the period. After MGO brought this issue to the Treasurer's attention, the Treasurer submitted a revised Form 460 for this period and included the \$50 contribution in the unitemized contribution amount.

According to the California Government Code, Section 84211(a), "Each campaign statement required by this article shall contain all of the following: The total amount of contributions received during the period covered by the campaign statement and the total cumulative amount of contributions received."

Observation 2019-02 – The Committee overreported contributions by \$50 and received but did not remit \$50 in associated matching funds to the Ethics Commission. This observation was subsequently resolved

⁴ San Francisco Ethics Commission Form 161 – Itemized Disclosure Statement for Mass Mailings.

⁵ In addition to monetary contributions, the Committee reported that it received \$5,075 in miscellaneous increases to cash – including a refund of a previously reported expenditure and a refund of a security deposit – which are not identified as contributions on the Form 460.

⁶ A contribution may be recorded as an unitemized contribution if the contributor has contributed less than \$100 during the election period.

by the Committee after MGO notified the Committee of the discrepancy and the Committee remitted the \$50 overpayment to the Ethics Commission.

During the period from September 23 through October 20, 2018, the Committee reported receiving a \$100 contribution. However, based on our review, the contribution was only \$50, thus the Committee overreported contributions by \$50. The Treasurer explained that an error was made when recording the contribution. The Committee received public matching funds of \$100 for the incorrectly recorded \$100 contribution. However, the Committee should have only received \$50 in public matching funds for the \$50 contribution. After MGO brought this issue to the Treasurer's attention, the Treasurer submitted a revised Form 460 for this period to reduce the contribution amount recorded and issued a check, on July 2, 2019, to the Ethics Commission for \$50.

According to the California Government Code, Section 84211(a), "Each campaign statement required by this article shall contain all of the following: The total amount of contributions received during the period covered by the campaign statement and the total cumulative amount of contributions received."

Observation 2019-03 – Out of over 200 expenditures, the Committee underreported one expenditure that was relatively minor. The Committee subsequently corrected the Form 460 to include the underreported amount.

We vouched 100% of the Committee's expenditures during the reporting period and identified a minor exception for the period from July 1 through September 22, 2018. For that period, the Committee reported an expenditure of \$359.02 for transaction fees associated with the receipt of online contributions. However, based on our review, the Committee paid \$362.22 for transaction fees. The Treasurer could not provide an explanation for the underreported expenditure. After MGO brought this issue to the Treasurer's attention, the Treasurer submitted a revised Form 460 for this period to increase the reported expenditures by \$3.20.

According to the California Government Code, Section 84211(i), "Each campaign statement required by this article shall contain all of the following information: The total amount of expenditures made during the period covered by the campaign statement to persons who have received one hundred dollars (\$100) or more."

Conclusion

The observations identified in this report will be reviewed further by the Ethics Commission's Enforcement and Legal Affairs Department, who will determine whether or not the Committee substantially complied with state and City campaign finance laws as outlined in the objectives and scope section of this report.

The Committee was provided a copy of this report and an opportunity to respond. The Committee's response is attached to this report.

This report is intended solely for the information and use of the Ethics Commission and the Committee and is not intended to be and should not be used by any other party.

Macias Gini & O'Connell LLP

Walnut Creek, California
December 10, 2019

December 9, 2019

LeeAnn Pelham
Executive Director
San Francisco Ethics Commission
25 Van Ness Avenue Suite 220
San Francisco, CA 94102

Dear Ms. Pelham:

In response to the Gordon Mar Assessment Report of the Gordon Mar for District 4 Supervisor Committee submitted by Harrison Murk, manager MGO, for the period June 18, 2018 through December 31, 2018, I am in agreement with the findings:

- Supported reported contributions and expenditures with sufficient documentation.
- Accepted only contributions that comply with state and City campaign finance laws.
- Only made expenditures that comply with state and City campaign finance laws.
- Complied with applicable campaign disclosure and disclaimer requirements and timeframes.

The exceptions are noted below:

1. For period July 1 through September 22, 2018, in error, a \$50 contribution was not included in unitemized contributions. A revised form 460 was submitted including the \$50 contribution in unitemized contributions.
2. For period September 23 through October 20, 2018, in error reported contribution in amount of \$100 instead of actual \$50 and match funds received in the amount of \$100. A revised form 460 was made correcting the amount received to \$50 and a refund check issued on July 2, 2019 to the Ethics Commission for \$50 to correct this overpayment.
3. For period July 1 through September 22, 2018 expenditures for online contribution fees in the amount of \$3.20 was underreported. Revised form 460 was submitted to report the increased expenditure of \$3.20 for the online contribution fee.

Thank you for your consideration.

Sincerely,

Esther Marks
Treasurer
125 Upper Terrace
San Francisco, CA 94117