



**AUDIT REPORT:
Committee for an Affordable San Francisco, No on Propositions C & D,
sponsored by Building Owners and Managers Association of San Francisco
FPPC ID #1404060**

I. Introduction

This Audit Report summarizes the audit results for the committee, Committee for an Affordable San Francisco, No on Propositions C & D, sponsored by Building Owners and Managers Association of San Francisco, FPPC Identification Number 1404060 (hereinafter “the Committee”), for the period of January 1, 2018 through December 31, 2018. The Committee was selected for audit using an objective criteria method pursuant to San Francisco Campaign and Governmental Conduct Code (“Code”) section 1.150(a) and the Commission’s authority under San Francisco Charter section C3-699-11(4), from a pool of eligible committees active in elections during the 2018 calendar year. The audit was conducted by Ethics Commission Staff following the June 2018 City election to determine whether the Committee materially complied with requirements of the Political Reform Act (“the Act”)(California Government Code section 81000, *et seq.*) and supporting regulations, and San Francisco’s Campaign Finance Reform Ordinance (San Francisco Campaign & Government Conduct Code Section 1.100, *et seq.*) and supporting regulations.

II. Audit Authority

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 complied with applicable requirements of State and local laws. Code section 1.150(a) requires the Commission to audit all candidates who receive public financing and authorizes audits of other committees to be initiated irrespective of whether the committee received any public funds.

III. Audit Scope and Procedures

This audit was performed in accordance with generally accepted auditing standards. The audit is based on documentation provided by the Committee and involved a review of the Committee’s filings and records for the period covered by the audit. This review was conducted to determine, among other things:

- A. Compliance with all disclosure requirements pertaining to contributions, expenditures, accrued expenditures, and loans, including itemization when required;
- B. Compliance with applicable filing deadlines;
- C. Compliance with any applicable restrictions on contributions, loans, and expenditures;
- D. Accuracy of total reported receipts, disbursements, and cash balances as compared to bank records; and
- E. Compliance with all record-keeping requirements.

The Commission posts to its web-site all Audit Reports. The Audit Division forwards Audit Reports to the Commission's Enforcement Division, or other appropriate agency, for review to determine whether any further action regarding findings of non-compliance are warranted. The scope of an audit is not exhaustive of all conduct by a committee during the audit period and conduct by a committee not identified as a finding in an Audit Report may nevertheless be subject to investigation and possible enforcement action by the Ethics Commission or another agency with jurisdiction to enforce applicable laws, and a committee may be found to be in violation of such laws.

IV. Committee Information

The Committee was initially formed on March 15, 2018 for the purpose of opposing two measures scheduled to appear on the San Francisco June 5, 2018 ballot. These were designated as Measures C and D. Measure C was a proposed new tax on commercial rental properties to fund childcare and education services. Measure D was a proposed new tax on commercial rental properties to fund homeless services and low-income housing programs.

On June 5, 2018, the Committee filed an amended Statement of Organization to report a sponsor. The Committee's name was changed to Committee for an Affordable San Francisco, No on Propositions C and D, sponsored by Building Owners and Managers Association of San Francisco.

For the period covered by audit, Stacy Owens served as the Treasurer, Peter Sullivan served as the Assistant Treasurer, and Debbie Shea served as the Principal Officer for the Committee. The Committee filed a Termination Statement of Organization on December 21, 2018.

For the period covered by the audit, the Committee received \$1,327,903 in monetary contributions, including \$7,421 in non-monetary contributions. The Committee incurred \$1,327,903 in campaign expenditures.

V. Audit Findings

Auditors concluded that there was one finding with respect to the audit of the Committee.

Finding 1: The Committee used campaign funds to make payments for impermissible expenditures (CA Gov't Code § 89512.5 and 89513).

California Government Code Section 89512.5 requires expenditures made by a committee to be reasonably related to a political, legislative, or governmental purpose of that committee. The Committee was primarily formed to oppose Measures C and D on the San Francisco ballot of the June 2018 election. California Government Code Section 89513 states that campaign funds shall not be used to pay or reimburse fines, penalties, judgments, or settlements except those directly related to activities of a committee that are consistent with its primary objectives or arises directly out of a committee's actions.

Committee expenditure records contained copies of three Late Fee Notices from the San Francisco Ethics Commission accompanied by the Committee's check copies paying for said late fees, addressed to three entities separate from the Committee. These three reported expenditures totaling \$1,500 were for the purpose of paying late filing fees incurred by contributors to the Committee.

Table 1.1

| Date of Expenditure | Entity on Whose Behalf the Committee Made a Payment | Expenditure Amount |
|----------------------------|--|---------------------------|
| 6/24/2018 | SFII 1390 Market St, LLC | \$325 |
| 6/27/2018 | Sierra Maestra Properties, Ltd | \$375 |
| 7/03/2018 | Paramount Group Operating Partnership LP | \$800 |
| | Total | \$1500 |

Committee Response to Finding 1

These reports were filed for major donors who gave exclusively to this committee. The filings benefited the committee and were not impermissible.

Auditor Comment

The Political Reform Act requires that that committee expenditures “reasonably related to a political, legislative, or governmental purpose of the committee” but explicitly prohibits the use of campaign funds to pay legal fees or fines/penalties for persons other than the candidate, treasurer, and/or principal officers, and only when they are directly associated with the activities of the committee.