

375 Beale Condominium Corporation

**Financial Statements
As of and for the Year Ended June 30, 2024**

375 Beale Condominium Corporation

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For the Year Ended June 30, 2024

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
375 Beale Condominium Corporation
San Francisco, California

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the 375 Beale Condominium Corporation ("375 Beale Condo"), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the 375 Beale Condo's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the 375 Beale Condo, as of June 30, 2024, and the changes in financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the 375 Beale Condo, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the 375 Beale Condo's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 375 Beale Condo's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the 375 Beale Condo's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Report on Partial Prior-Year Comparative Information

The financial statements include partial prior-year comparative information. Such information does not include all of the information required to constitute a presentation in accordance with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with 375 Beale Condo's financial statements for the year ended June 30, 2023, from which such partial information was derived.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the 375 Beale Condo's basic financial statements. The assessment fees allocation schedule and operating expenses allocation schedule are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the assessment fees allocation schedule and operating expenses allocation schedule are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

A handwritten signature in black ink that reads "Crowe LLP". The signature is written in a cursive, flowing style.

Crowe LLP

San Francisco, California
October 28, 2024

375 Beale Condominium Corporation

Financial Statements for the Year Ended June 30, 2024

Management's Discussion and Analysis (unaudited)

Management's Discussion and Analysis

This financial report is designed to provide a general overview of the 375 Beale Condominium Corporation's (375 Beale Condo) financial statements. 375 Beale Condo is a non-profit organization formed to manage the three condominium unit owners' common interest development in 375 Beale Street, San Francisco, California (the Property). This Management's Discussion and Analysis presents an overview of the financial activities of 375 Beale Condo for the year ended June 30, 2024. The discussion has been prepared by management and should be read in conjunction with the financial statements and the notes which follow.

Bay Area Headquarters Authority (BAHA) acquired the Property in October 2011 for the purpose of establishing a Bay Area regional agency headquarters for Metropolitan Transportation Commission (MTC), Bay Area Air Quality Management District (BAAQMD), and Association of Bay Area Governments (ABAG). BAHA renovated the Property and named it Bay Area Metro Center (BAMC). In May 2016, MTC, BAAQMD and ABAG moved into BAMC and occupied level six to level eight and partial level five of the 8-level BAMC building. Rentable space on level one to level five has been rented out to commercial tenants.

In December 2016, BAHA signed the Declaration of Covenants, Conditions and Restrictions for 375 Beale Street, San Francisco (the CC&Rs) which defined the ownership of BAMC among the three owners: BAHA, BAAQMD and ABAG, the rights and responsibilities of the unit owners, and the management and operating guidance of the condominium. On June 22, 2017, 375 Beale Condominium Corporation was incorporated under the Non-profit Mutual Benefit Corporation Law (California Corporations Code section 7110 *et seq.*) to provide for the management of the association of the three agency owners in BAMC. Cushman & Wakefield of California, Inc. (C&W) was contracted to provide the day-to-day property management services on behalf of the three condominium unit owners. BAHA, in its individual capacity, is solely responsible for the management and operation of the commercial space in BAMC.

A. Financial Highlights

In fiscal year 2024, 375 Beale Condo collected a total of \$8.8 million gross assessment fees and incurred \$6.7 million of operating expenses. This resulted in a \$2.1 million surplus which will be refunded to condo owners.

B. Overview of the 375 Beale Condo's Financial Statements

375 Beale Condo's financial statements include: (1) *Statement of Net Position*, (2) *Statement of Revenues, Expenses, and Changes in Net Position*, and (3) *Statement of Cash Flows*. The financial statements are prepared in accordance with accounting principles generally accepted in the United States of America.

375 Beale Condominium Corporation
Financial Statements for the Year Ended June 30, 2024
Management’s Discussion and Analysis (unaudited)

The *Statement of Net Position* reports assets and liabilities and the difference as net position. The *Statement of Revenues, Expenses, and Changes in Net Position* consists of operating revenues and expenses and nonoperating revenues and expenses. The *Statement of Cash Flows* is presented using the direct method.

The *Statement of Net Position*, *Statement of Revenues, Expenses, and Changes in Net Position*, and *Statement of Cash Flows* are presented on pages 8 through 10 of this report.

C. Financial Analysis

The following table is a summary of 375 Beale Condo’s statement of net position as of June 30 for the last two fiscal years:

	2024	2023
Cash	\$ 866,314	\$ 1,069,208
Accounts receivable	504,478	15,946
Due from BAHA	665,619	413,652
Other assets	150,567	32,582
Total assets	<u>2,186,978</u>	<u>1,531,388</u>
Due to condominium owners	2,081,431	1,389,234
Other current liabilities	105,547	142,154
Total liabilities	<u>2,186,978</u>	<u>1,531,388</u>
Net position	<u>\$ —</u>	<u>\$ —</u>

Total assets increased by \$656 thousand in fiscal year 2024. Accounts receivable increased by \$489 thousand in fiscal year 2024. No assessment was outstanding at the end of fiscal year 2023, whereas \$466 thousand of shared services assessment was received in July 2024. Due from BAHA increased by \$252 thousand as a result of increased condominium common area operation expenses in fiscal year 2024. Other assets increased by \$118 thousand mainly due to the recognition of SBITA assets in fiscal year 2024. Cash decreased by \$203 thousand as a result of these fluctuations.

The total due to condominium owners increased by \$692 thousand in fiscal year 2024. Although the corporation incurred higher operation costs during fiscal year 2024, the assessment fee revenues covered the operating costs and resulted in a higher refund to condo owners.

375 Beale Condominium Corporation
Financial Statements for the Year Ended June 30, 2024
Management’s Discussion and Analysis (unaudited)

The following table is a summary of 375 Beale Condo’s statement of revenues, expenses, and changes in net position for the last two fiscal years ended June 30:

	<u>2024</u>	<u>2023</u>
Total operating revenues	\$ 6,673,473	\$ 5,882,244
Operating expenses		
Common area	3,996,020	3,723,453
Shared services	2,721,948	2,169,844
Total operating expenses	<u>6,717,968</u>	<u>5,893,297</u>
Operating loss	(44,495)	(11,053)
Total nonoperating revenues	<u>44,495</u>	<u>11,053</u>
Change in net position	—	—
Net position - beginning	<u>—</u>	<u>—</u>
Net position - ending	<u><u>\$ —</u></u>	<u><u>\$ —</u></u>

The \$791 thousand increase in operating revenue in fiscal year 2024 was due to higher assessment fees billed to condo owners to cover the increase in operating expenses. The overall operating expenses increased by \$825 thousand during fiscal year 2024. The corporation increased expenses on information technology staff and computer and information network and completed an upgrade of wireless high-speed internet access in fiscal year 2024. Other building operating costs, such as utilities and supplies, increased during the fiscal year as well.

D. Notes to the Financial Statements

The notes to the financial statements, beginning on page 11, provide additional information that is essential to a full understanding of the data provided in this management discussion and analysis as well as the financial statements.

375 Beale Condominium Corporation
Financial Statements for the Year Ended June 30, 2024
Management's Discussion and Analysis (unaudited)

E. Economic Factors

While the general economic picture nationally and regionally continues to perform well with meaningful growth in GDP and low unemployment, there are several headwinds that 375 Beale Condo must consider for FY 2024-25 and beyond.

These headwinds include:

- Inflation, which has continued to run higher than desired for the past 3 ½ years.
- The risk associated with regional banks and their exposure to commercial real estate as regional and national markets continue to experience high vacancy rates and decreasing commercial property values.
- Higher interest rates, partly driven by sustained short-term interest rates by the Federal Reserve, and partly by the market reaction to both inflation generally and the Federal Reserve's actions.
- Potentially weaker economic growth including potential slacking of consumer demand.

Request for Information

Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Metropolitan Transportation Commission (MTC) Finance Department, 375 Beale Condominium Corporation, 375 Beale Street, Suite 800, San Francisco, CA 94105.

375 Beale Condominium Corporation
Statement of Net Position
June 30, 2024
(With comparative information for the prior year)

	2024	2023
ASSETS		
Current assets		
Cash	\$ 866,314	\$ 1,069,208
Accounts receivable	504,478	15,946
Due from BAHA	665,619	413,652
Prepaid items	56,007	32,582
Total current assets	<u>2,092,418</u>	<u>1,531,388</u>
Non-current assets		
SBITA assets, net of accumulated amortization	94,560	—
Total non-current assets	<u>94,560</u>	<u>—</u>
TOTAL ASSETS	<u>2,186,978</u>	<u>1,531,388</u>
LIABILITIES		
Current liabilities		
Accounts payable	36,381	60,908
Accrued liabilities	69,166	81,246
Due to condominium owners	2,081,431	1,389,234
TOTAL LIABILITIES	<u>2,186,978</u>	<u>1,531,388</u>
NET POSITION	<u>\$ —</u>	<u>\$ —</u>

See accompanying notes to financial statements

375 Beale Condominium Corporation
Statement of Revenues, Expenses, and Changes in Net Position
For the Year Ended June 30, 2024
(With comparative information for the prior year)

	2024	2023
OPERATING REVENUES		
Assessment fees	\$ 8,754,762	\$ 7,271,478
Refund of excess assessment fees	(2,081,431)	(1,389,234)
Other operating revenues	142	—
TOTAL OPERATING REVENUES	<u>6,673,473</u>	<u>5,882,244</u>
OPERATING EXPENSES		
Common area	3,996,020	3,723,453
Shared services	2,721,948	2,169,844
TOTAL OPERATING EXPENSES	<u>6,717,968</u>	<u>5,893,297</u>
OPERATING LOSS	<u>(44,495)</u>	<u>(11,053)</u>
NONOPERATING REVENUES		
Interest income	44,495	11,053
TOTAL NONOPERATING REVENUES	<u>44,495</u>	<u>11,053</u>
CHANGE IN NET POSITION	<u>—</u>	<u>—</u>
NET POSITION - BEGINNING OF YEAR	<u>—</u>	<u>—</u>
NET POSITION - ENDING OF YEAR	<u>\$ —</u>	<u>\$ —</u>

See accompanying notes to financial statements

375 Beale Condominium Corporation
Statement of Cash Flows
For the Year Ended June 30, 2024
(With comparative information for the prior year)

	2024	2023
Cash flows from operating activities		
Cash receipts from condominium owners for assessment fees	\$ 8,007,994	\$ 7,472,646
Cash payments to condominium owners for assessment refund	(1,389,234)	(1,096,124)
Cash payments to suppliers for goods and services	(6,745,658)	(5,890,848)
Other cash receipts	142	—
Net cash provided by / (used in) operating activities	<u>(126,756)</u>	<u>485,674</u>
Cash flows from capital and related financing activities		
Acquisition of SBITA assets	(120,633)	—
Net cash used in capital and related financing activities	<u>(120,633)</u>	<u>—</u>
Cash flows from investing activities		
Interest received	44,495	11,053
Net cash provided by investing activities	<u>44,495</u>	<u>11,053</u>
Net increase / (decrease) in cash	(202,894)	496,727
Cash - beginning of year	1,069,208	572,481
Cash - end of year	<u>\$ 866,314</u>	<u>\$ 1,069,208</u>

**Reconciliation of operating loss to net cash
provided by / (used in) operating activities**

	2024	2023
Operating loss	\$ (44,495)	\$ (11,053)
Adjustments to reconcile operating net cash provided by operating activities:		
Amortization of SBITA	26,073	—
Net effect of changes in:		
Accounts receivable	(488,532)	442,322
Due from BAHA	(251,967)	(243,478)
Prepaid expenses	(23,425)	(19,608)
Accounts payable and accrued expenses	(36,607)	24,666
Due to condominium owners	692,197	293,110
Unearned revenue	—	(285)
Net cash provided by / (used in) operating activities	<u>\$ (126,756)</u>	<u>\$ 485,674</u>

See accompanying notes to financial statements

375 Beale Condominium Corporation

Notes to Financial Statements

For the Year Ended June 30, 2024

1. Organization

The 375 Beale Condominium Corporation (“375 Beale Condo”) was incorporated on June 22, 2017 in the state of California under the Non-profit Mutual Benefit Corporation Law (California Corporations Code section 7110 *et seq.*). 375 Beale Condo is an association of the three condominium unit owners: Bay Area Headquarters Authority (BAHA), Bay Area Air Quality Management District (BAAQMD), and Association of Bay Area Governments (ABAG), in the property known as 375 Beale Street, San Francisco, California (the Property). The Property has been subdivided into four condominium units: two units are owned by BAHA, one unit is owned by BAAQMD, and one unit is owned by ABAG. 375 Beale Condo is formed to manage the common interest development in the Property under the Commercial and Industrial Common Interest Development Act and within the meaning of Section 501 (c)(4) of the Internal Revenue Code. 375 Beale Condo’s governing board consists of four directors appointed by the owners of each unit.

BAHA was established in September 2011 pursuant to the California Joint Exercise of Powers Act, consisting of Sections 6500 through 6599.2 of the California Government Code to provide for the joint exercise of powers common to Metropolitan Transportation Commission (MTC) and the Bay Area Toll Authority (BATA). BAHA is authorized to plan, acquire and develop BAHA’s office space and facilities; to employ agents and employees; to acquire, construct, provide for maintenance and operation of, or maintain and operate, any buildings, works or improvements; to acquire, hold or dispose of property wherever located, including the lease or rental of property; and to receive gifts, contributions and donations of property, funds, services and other forms of assistance from persons, firms, corporations and any governmental entities.

MTC was established under Government Code Section 66500 *et seq.* of the laws of the State of California in 1970 to provide comprehensive regional transportation planning for the nine counties that comprise the San Francisco Bay Area. The nine counties are the City and County of San Francisco and the Counties of Alameda, Contra Costa, Marin, Napa, San Mateo, Santa Clara, Solano and Sonoma. MTC provided administrative support for 375 Beale Condo. 375 Beale Condo incurred total \$1,665,059 of staff salary and benefit and overhead costs for these services in the fiscal year ended June 30, 2024. On the *Statement of Revenues, Expenses, and Changes in Net Position*, this amount is included in shared services operating expenses.

BATA was established pursuant to Chapter 4.3 of Division 17 of the California Streets and Highways Code Section 30950 *et seq.* with the power under California Streets and Highways Code section 30951 to apply for, accept, receive, and disburse grants, loans, and other assistance from any agency of the United States or of the State and to plan projects within its jurisdiction under California Streets and Highways Code Section 30950.3.

BAAQMD was created by the California Legislature in 1955 as the first regional agency to deal with air pollution in California. BAAQMD is authorized to regulate stationary sources of air pollution and agricultural burning and enact certain transportation and mobile source measures. BAAQMD’s jurisdiction includes the City and County of San Francisco and the Counties of Alameda, Contra Costa, Marin, Napa, San Mateo, Santa Clara, south-western Solano County, and southern Sonoma County.

375 Beale Condominium Corporation

Notes to Financial Statements

For the Year Ended June 30, 2024

ABAG was established in 1961 by an agreement among its members – counties and cities of the San Francisco Bay Area pursuant to the Joint Exercise of Powers Act, California Government Code Section 6500 *et seq.* As the regional council of governments, ABAG serves as a permanent forum to discuss and study matters of interest and concerns, develop policies and action plans, as well as provide services that members need. On July 1, 2017 ABAG’s staff and functions were consolidated to MTC under a Contract for Services agreement signed on May 30, 2017.

2. Summary of Significant Accounting Policies

Basis of Accounting and Financial Statement Presentation

The financial statements for 375 Beale Condo have been prepared in accordance with accounting principles generally accepted in the United States of America using the economic resources measurement focus and the accrual basis of accounting. 375 Beale Condo follows standards of Governmental Accounting Standard Board (GASB) for financial statements presentation.

New Accounting Pronouncements

GASB Statement No. 99, *Omnibus 2022*, enhances comparability in accounting and financial reporting and improves consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB statements and (2) accounting and financial reporting for financial guarantees. The requirements of this statement are effective as follows: (a) The requirements in paragraph 26-32 related to extension of the use of London Interbank Offered Rate (LIBOR), accounting for Supplemental Nutrition Assistance Program (SNAP) distributions, disclosures of nonmonetary transactions, pledges of future revenues by the pledging governments, clarification of certain provisions in Statement 34, as amended, and terminology updates related to Statement 53 and Statement 63 are effective upon issuance. (b) The requirements in paragraphs 11-25 related to leases, public-private and public-public partnership arrangements (PPPs), and subscription-based information technology arrangements (SBITAs) are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. (c) The requirements in paragraphs 4-10 related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement 53 are effective for fiscal years beginning after June 15, 2023, and all reporting periods thereafter. 375 Beale Condo adopted paragraphs 26-32 in fiscal year 2022, paragraphs 11-25 in fiscal year 2023, and paragraphs 4-10 in fiscal year 2024. The adoption of the above requirements has no impact on 375 Beale Condo’s financial statements.

GASB Statement No. 100, *Accounting Changes and Error Corrections - an amendment of GASB Statement No. 62*, enhances accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. The requirements of this statement are effective for accounting changes and errors corrections made in fiscal years beginning after June 15, 2023, and all reporting periods thereafter. 375 Beale Condo adopted this standard for fiscal year ended June 30, 2024. The adoption of the standard has no impact on 375 Beale Condo’s financial statements.

375 Beale Condominium Corporation

Notes to Financial Statements

For the Year Ended June 30, 2024

Cash

375 Beale Condo considers all balances held on deposit at banks to be cash.

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, 375 Beale Condo may not be able to recover its deposits that are in the possession of an outside party. All checking accounts are insured by the Federal Depository Insurance Corporation (FDIC) up to the limit of \$250,000. Under California Government Code Sections 53651 and 53652, depending on specific types of eligible securities, a bank must deposit eligible securities to be posted as collateral with its agent with the securities having a fair value of 110% to 150% of 375 Beale Condo's cash on deposit.

Subscription-Based Information Technology Arrangements (SBITAs)

375 Beale Condo has entered into subscription-based contracts to use vendor-provided information technology. The SBITA asset is measured at the amount of the initial measurement of the SBITA liability, adjusted for the payments made at or before the agreement commencement date, plus certain initial direct costs. The SBITA asset is amortized on a straight-line basis over the shorter of the SBITA agreement term or the useful life of the SBITA asset.

Assessment Fees

Assessment fees represent charges levied and collected from the condominium unit owners for the purpose of meeting the operations and maintenance obligations incurred by 375 Beale Condo. 375 Beale Condo collects two types of assessment fees: common area assessment fee and shared services assessment fees. Assessment fees are predetermined annually by the budget approved by the board. Any year-end surplus from the condominium operations will be credited to the three condominium unit owners and paid the following fiscal year. Any expenses that are not included in the budget need to be approved by the board, and the board will provide each condominium unit owner with an updated notice of assessments based on the amended budget.

Allocation of Common Area Expenses

The Declaration of Covenants, Conditions and Restrictions (CC&Rs) summarizes the operating, maintenance, and management expenses incurred by 375 Beale Condo in the common area of the Property into two categories: facility common expenses and agency common expenses. Facility common expenses are the expenses that are incurred for the benefit of both the agency space and the commercial space; whereas agency common expenses are the expenses that are incurred solely for the benefit of the three agency owners, excluding BAHAs' commercial space. Common area expenses are allocated to the three agency owners based on the percentage ownership interest set forth in the CC&Rs.

Operating and Nonoperating Revenues and Expenses

Operating revenues are those necessary for principal operations of the entity. Operating expenses are those related to condominium service activities. Nonoperating revenues and expenses are all other revenues and expenses not related to condominium service activities.

375 Beale Condominium Corporation

Notes to Financial Statements

For the Year Ended June 30, 2024

Use of Estimates

The preparation of these financial statements 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.

Prior Year Comparative Information

Selected information regarding the prior year has been included in the accompanying financial statements. This information has been included for comparison purposes only and does not represent a complete presentation in accordance with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with 375 Beale Condo's prior year financial statements, from which this selected financial data was derived.

3. Accounts Receivable

As of June 30, 2024, 375 Beale Condo has \$504,478 in accounts receivables. \$466,443 of the balance was shared services assessment outstanding from a condominium owner.

4. Due from BAHA

BAHA is the facility operator responsible for daily operations of 375 Beale Condo. As of June 30, 2024, 375 Beale Condo has \$665,619 due from BAHA for the condo's portion of common area operations.

5. Subscription-Based Information Technology Arrangements (SBITA)

375 Beale Condo purchases subscription-based, vendor-provided information technology. The SBITAs have initial terms of 3 years. At the time of contract commencement or conversion, the term of the SBITA will include possible extension periods that are deemed to be reasonably certain given all available information, regarding the likelihood of renewal. There was no commitment under SBITAs before the commencement of the subscription term.

On June 30, 2024, 375 Beale had net SBITA assets of \$94,560. There is no SBITA liability as SBITA payments have been fully paid and there is no outstanding balance. SBITA assets were reported in non-current assets on the Statement of Net Position.

375 Beale Condo SBITA assets amortizations as of June 30, 2024 were as follows:

Year Ending June 30	SBITA Amortization
2025	\$ 40,211
2026	40,211
2027	14,138
Total	<u>\$ 94,560</u>

375 Beale Condominium Corporation

Notes to Financial Statements

For the Year Ended June 30, 2024

6. Due to Condominium Owners

Any surplus from 375 Beale Condo operations at the year-end will be refunded to the condominium unit owners. The excess assessment fees to be refunded to MTC / BATA and BAAQMD at June 30, 2024 are as follows:

MTC / BATA *	\$ 1,136,873
BAAQMD	944,558
	<hr/>
Total Due to Condominium Owners	<u>\$ 2,081,431</u>

*BAHA’s assessment fees are paid by MTC and BATA.

ABAG assessment fees are capped in budget and all excess assessment fees are paid by MTC / BATA (on behalf of BAHA).

7. Allocation of Assessment fees / Common Area Expenses

Assessment fees and Common area expenses are allocated based on the percentage of each agency owner’s rentable square footage (RSF) to the total RSF of the three agency owners excluding the BAHA commercial portion. For fiscal year 2024, the agency owners’ RSF and the percentage to the total are as the following:

	BAHA	BAAQMD	ABAG	Total
Total Agency Space RSF	89,154	88,741	17,687	195,582
% of Total	45.58%	45.38%	9.04%	100.00%

Other Supplementary Information

375 Beale Condominium Corporation
Assessment Fees Allocation Schedule
For the Year Ended June 30, 2024

For the fiscal year ended June 30, 2024, total assessment fees collected by 375 Beale Condo are as follows:

	BAHA*	BAAQMD	ABAG	375 Beale Condo Total
Assessment fees	\$ 4,373,474	\$ 3,972,910	\$ 408,378	\$ 8,754,762
Refund of excess assessment fees	(1,136,873)	(944,558)	—	(2,081,431)
Total assessment fees	\$ 3,236,601	\$ 3,028,352	\$ 408,378	\$ 6,673,331

* BAHA's assessment fees are paid by MTC and BATA

375 Beale Condominium Corporation
Operating Expenses Allocation Schedule
For the Year Ended June 30, 2024

For the fiscal year 2024, the total common area expenses for the condominium unit owners are as follows:

	BAHA	BAAQMD	ABAG	375 Beale Condo Total
Cleaning service	\$ 382,443	\$ 380,762	\$ 75,852	\$ 839,057
Repairs and maintenance	351,364	349,819	69,687	770,870
Utilities	350,494	348,954	69,514	768,962
Security	281,285	280,050	55,789	617,124
Property management service	106,790	106,321	21,179	234,290
Professional fees	45,477	45,277	9,020	99,774
Computer maintenance and services	92,251	91,846	18,296	202,393
Parking service	63,005	62,728	12,495	138,228
Taxes / licenses / permits	11,986	11,933	2,377	26,296
Insurance	64,900	64,615	12,872	142,387
Other expenses	71,396	71,082	14,161	156,639
Total common area expenses	\$ 1,821,391	\$ 1,813,387	\$ 361,242	\$ 3,996,020

For the fiscal year 2024, the total shared services expenses for the condominium unit owners are as follows:

	BAHA	BAAQMD	ABAG	375 Beale Condo Total
Salaries and benefits	\$ 492,897	\$ 490,734	\$ 97,757	\$ 1,081,388
Communication charges	10,063	10,019	1,996	22,078
Professional fees	25,556	25,444	5,068	56,068
Computer maintenance and services	315,290	313,907	62,532	691,729
Supplies and equipment rental	64,731	64,447	12,838	142,016
Amortization expense - SBITA	11,884	11,832	2,357	26,073
Overhead	268,243	267,065	53,201	588,509
Other expenses	52,000	51,773	10,314	114,087
Total shared services expenses	\$ 1,240,664	\$ 1,235,221	\$ 246,063	\$ 2,721,948