

# **375 Beale Condominium Corporation**

**Financial Statements**

**As of and for the Year Ended June 30, 2023**

# **375 Beale Condominium Corporation**

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**For the Year Ended June 30, 2023**

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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, 2023, 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, 2023, 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 20, 2023

# **375 Beale Condominium Corporation**

## **Financial Statements for the Year Ended June 30, 2023**

### **Management's Discussion and Analysis (unaudited)**

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#### **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, 2023. 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**

375 Beale Condo collected a total of \$7.3 million gross assessment fees, offset by the refund of \$1.4 million, and resulted in \$5.9 million in operating revenues in fiscal year 2023.

#### **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, 2023

### Management's Discussion and Analysis (unaudited)

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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:

	2023	2022
Cash	\$ 1,069,208	\$ 572,481
Accounts receivable	15,946	458,268
Due from BAHA	413,652	170,174
Other assets	32,582	12,974
Total assets	1,531,388	1,213,897
Due to condominium owners	1,389,234	1,096,124
Other current liabilities	142,154	117,773
Total liabilities	1,531,388	1,213,897
Net position	\$ -	\$ -

Total assets increased by \$317 thousand in fiscal year 2023. Cash increased by \$497 thousand as a result of higher assessment billed in fiscal year 2023. No assessment was outstanding at the end of current fiscal year, thus accounts receivable decreased by \$442 thousand. Due from BAHA increased by \$243 thousand for condominium operations in fiscal year 2023.

The total due to condominium owners increased by \$293 thousand in fiscal year 2023. Although the corporation incurred higher operation costs during fiscal year 2023, 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, 2023**  
**Management's Discussion and Analysis (unaudited)**

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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:

	2023	2022
Total operating revenues	\$ 5,882,244	\$ 5,215,278
Operating expenses		
Common area	3,723,453	3,446,842
Shared services	2,169,844	1,768,580
Total operating expenses	5,893,297	5,215,422
Operating loss	(11,053)	(144)
Total nonoperating revenues	11,053	144
Change in net position	-	-
Net position - beginning	-	-
Net position - ending	\$ -	\$ -

The \$667 thousand increase in operating revenue in fiscal year 2023 was due to higher assessment fees billed to condo owners to cover the increase in operating expenses. The overall operating expenses increased by \$678 thousand during fiscal year 2023. To bring updated information technology to the condo owners, the corporation increased expenses on information technology staff and computer and information network. 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.

**E. Economic Factors**

While the general economic picture nationally and regionally has largely stabilized and recovered from the challenges posed by the COVID-19 pandemic, there are a number of headwinds that 375 Beale Condo must face as we consider FY 2023-24 and beyond.

These headwinds include:

- Inflation, which has been running very high for the past 2 ½ years.



**375 Beale Condominium Corporation**  
**Financial Statements for the Year Ended June 30, 2023**  
**Management's Discussion and Analysis (unaudited)**

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- Higher interest rates, partly driven by increases in short-term interest rates by the Federal Reserve, and partly by the market reaction to both inflation generally and the Federal Reserve's actions.
- The crisis in confidence associated with regional banks and their potential failure. This issue has already caused the failure of two banks in the Bay Area (Silicon Valley Bank and First Republic Bank).

**Requests for information**

Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Chief Financial Officer, 375 Beale Condominium Corporation, 375 Beale Street, Suite 800, San Francisco, CA 94105.

**375 Beale Condominium Corporation**  
**Statement of Net Position**  
**June 30, 2023**  
**(With comparative information for the prior year)**

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	<b>2023</b>	<b>2022</b>
<b>Assets</b>		
Current assets		
Cash	\$ 1,069,208	\$ 572,481
Accounts receivable	15,946	458,268
Due from BAHA	413,652	170,174
Prepaid expenses	32,582	12,974
<b>Total assets</b>	<u>1,531,388</u>	<u>1,213,897</u>
<b>Liabilities</b>		
Current liabilities		
Accounts payable	60,908	55,529
Accrued liabilities	81,246	61,959
Due to condominium owners	1,389,234	1,096,124
Unearned revenue	-	285
<b>Total liabilities</b>	<u>1,531,388</u>	<u>1,213,897</u>
<b>Net Position</b>	<u>\$ -</u>	<u>\$ -</u>

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

**375 Beale Condominium Corporation**  
**Statement of Revenues, Expenses, and Changes in Net Position**  
**For the Year Ended June 30, 2023**  
**(With comparative information for the prior year)**

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	<b>2023</b>	<b>2022</b>
<b>Operating Revenues</b>		
Assessment fees	\$ 7,271,478	\$ 6,311,371
Refund of excess assessment fees	(1,389,234)	(1,096,124)
Other operating revenue	<u>-</u>	<u>31</u>
<b>Total operating revenues</b>	<u>5,882,244</u>	<u>5,215,278</u>
<b>Operating Expenses</b>		
Common area	3,723,453	3,446,842
Shared services	<u>2,169,844</u>	<u>1,768,580</u>
<b>Total operating expenses</b>	<u>5,893,297</u>	<u>5,215,422</u>
<b>Operating loss</b>	<u>(11,053)</u>	<u>(144)</u>
<b>Nonoperating Revenues</b>		
Interest income	<u>11,053</u>	<u>144</u>
<b>Total nonoperating revenues</b>	<u>11,053</u>	<u>144</u>
<b>Change in Net Position</b>	<u>-</u>	<u>-</u>
<b>Net Position - Beginning of Year</b>	<u>-</u>	<u>-</u>
<b>Net Position - End of Year</b>	<u>\$ -</u>	<u>\$ -</u>

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

**375 Beale Condominium Corporation**  
**Statement of Cash Flows**  
**For the Year Ended June 30, 2023**  
**(With comparative information for the prior year)**

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	<b>2023</b>	<b>2022</b>
<b>Cash flows from operating activities</b>		
Cash receipts from condominium owners for assessment fees	\$ 6,376,522	\$ 5,362,503
Cash payments to suppliers for goods and services	<u>(5,890,848)</u>	<u>(5,300,604)</u>
<b>Net cash provided by operating activities</b>	<u>485,674</u>	<u>61,899</u>
<b>Cash flows from investing activities</b>		
Interest received	<u>11,053</u>	<u>144</u>
<b>Net cash provided by investing activities</b>	<u>11,053</u>	<u>144</u>
<b>Net increase in cash</b>	496,727	62,043
<b>Cash - Beginning of year</b>	<u>572,481</u>	<u>510,438</u>
<b>Cash - End of year</b>	<u>\$ 1,069,208</u>	<u>\$ 572,481</u>

**Reconciliation of operating loss to net cash  
provided by operating activities**

	<b>2023</b>	<b>2022</b>
Operating loss	\$ (11,053)	\$ (144)
Adjustments to reconcile operating loss to net cash provided by / (used in) operating activities:		
Net effect of changes in:		
Accounts receivable	442,322	(220,227)
Due from BAHA	(243,478)	429,133
Prepaid expenses	(19,608)	(2,530)
Accounts payable and accrued expenses	24,666	(78,124)
Due to condominium owners	293,110	(66,072)
Unearned revenue	<u>(285)</u>	<u>(137)</u>
<b>Net cash provided by operating activities</b>	<u>\$ 485,674</u>	<u>\$ 61,899</u>

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

# **375 Beale Condominium Corporation**

## **Notes to Financial Statements**

### **For the Year Ended June 30, 2023**

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#### **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 \$1,388,444 of staff salary and benefit and overhead costs for these services in the fiscal year ended June 30, 2023. 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, 2023**

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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. 91, *Conduit Debt Obligations*, provides a single method of reporting conduit debt obligations. This statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. The requirements of this statement are effective for reporting periods beginning after December 15, 2021. 375 Beale Condo adopted this standard for fiscal year ended June 30, 2023. The adoption of the standard has no impact on 375 Beale Condo's financial statements.

GASB Statement No. 94, *Public-Private and Public-Public Partnerships (PPPs) and Availability Payment Arrangements (APAs)*, establishes standards of accounting and financial reporting for PPPs and APAs for governments. The requirements of this statement are effective for fiscal years beginning after June 15, 2022. 375 Beale Condo adopted this standard for fiscal year ended June 30, 2023. The adoption of the standard has no impact on 375 Beale Condo's financial statements.

GASB Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITAs)*, provides guidance on the accounting and financial reporting for SBITAs for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. The requirements of this statement are effective for fiscal years beginning after June 15, 2022. 375 Beale Condo adopted this standard for fiscal year ended June 30, 2023. 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, 2023**

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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 LIBOR, accounting for 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, PPPs, and 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, and paragraphs 11-25 in fiscal year 2023. The adoption of the above requirements has no impact on 375 Beale Condo's financial statements. Management is currently evaluating the effect of the remaining paragraphs of this statement 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. Management is currently evaluating the effect of this statement on 375 Beale Condo's financial statements.

GASB Statement No. 101, *Compensated Absences*, updates the recognition and measurement guidance for compensated absences and associated salary-related payments by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The requirements of this statements are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter. Management is currently evaluating the effect of this statement on 375 Beale Condo's financial statements.

**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.

**375 Beale Condominium Corporation**  
**Notes to Financial Statements**  
**For the Year Ended June 30, 2023**

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**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 BAHA's 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.

**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.



**375 Beale Condominium Corporation**  
**Notes to Financial Statements**  
**For the Year Ended June 30, 2023**

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**3. Accounts Receivable**

As of June 30, 2023, 375 Beale Condo has \$15,946 in accounts receivables.

**4. Due from BAHA**

BAHA is the facility operator responsible for daily operations of 375 Beale Condo. As of June 30, 2023, 375 Beale Condo has \$413,652 due from BAHA for the condo's portion of common area operations.

**5. 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, 2023 are as follows:

MTC / BATA *	\$ 758,793
BAAQMD	<u>630,441</u>
Total Due to Condominium Owners	<u>\$ 1,389,234</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).

**6. 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 2023, the agency owners' RSF and the percentage to the total are as the following:

	<b>BAHA</b>	<b>BAAQMD</b>	<b>ABAG</b>	<b>Total</b>
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, 2023**

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For the fiscal year ended June 30, 2023, total assessment fees collected by 375 Beale Condo are as follows:

	<b>BAHA*</b>	<b>BAAQMD</b>	<b>ABAG</b>	<b>375 Beale Condo Total</b>
Assessment fees	\$ 3,585,683	\$ 3,299,796	\$ 385,999	\$ 7,271,478
Refund of excess assessment fees	(758,793)	(630,441)	-	(1,389,234)
<b>Total assessment fees</b>	<b>\$ 2,826,890</b>	<b>\$ 2,669,355</b>	<b>\$ 385,999</b>	<b>\$ 5,882,244</b>

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

**375 Beale Condominium Corporation**  
**Operating Expenses Allocation Schedule**  
**For the Year Ended June 30, 2023**

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For the fiscal year 2023, the total common area expenses for the condominium unit owners are as follows:

	<b>375 Beale Condo</b>			
	<b>BAHA</b>	<b>BAAQMD</b>	<b>ABAG</b>	<b>Total</b>
Cleaning service	\$ 361,390	\$ 359,802	\$ 71,676	\$ 792,868
Repairs and maintenance	316,022	314,633	62,679	693,334
Utilities	315,296	313,911	62,532	691,739
Security	237,313	236,270	47,068	520,651
Property management service	102,579	102,128	20,344	225,051
Professional fees	44,152	43,958	8,758	96,868
Computer maintenance and services	84,296	83,926	16,718	184,940
Parking service	65,988	65,698	13,087	144,773
Taxes / licenses / permits	11,483	11,432	2,277	25,192
Insurance	62,044	61,771	12,305	136,120
Other expenses	96,592	96,168	19,157	211,917
<b>Total common area expenses</b>	<b>\$ 1,697,155</b>	<b>\$ 1,689,697</b>	<b>\$ 336,601</b>	<b>\$ 3,723,453</b>

For the fiscal year 2023, the total shared services expenses for the condominium unit owners are as follows:

	<b>375 Beale Condo</b>			
	<b>BAHA</b>	<b>BAAQMD</b>	<b>ABAG</b>	<b>Total</b>
Salaries and benefits	\$ 425,734	\$ 423,865	\$ 84,437	\$ 934,036
Communication charges	5,323	5,299	1,056	11,678
Professional fees	33,469	33,321	6,637	73,427
Computer maintenance and services	267,304	266,131	53,015	586,450
Supplies and equipment rental	33,550	33,402	6,654	73,606
Overhead	207,790	206,879	41,212	455,881
Other expenses	15,846	15,777	3,143	34,766
<b>Total shared services expenses</b>	<b>\$ 989,016</b>	<b>\$ 984,674</b>	<b>\$ 196,154</b>	<b>\$ 2,169,844</b>