

## MEMORANDUM

**To:** CRA Board

**From:** Gardy Laurent

Director of Finance and Operations

**Date:** October 18, 2023

**Subject:** CRA Financial Report as of August 31, 2023

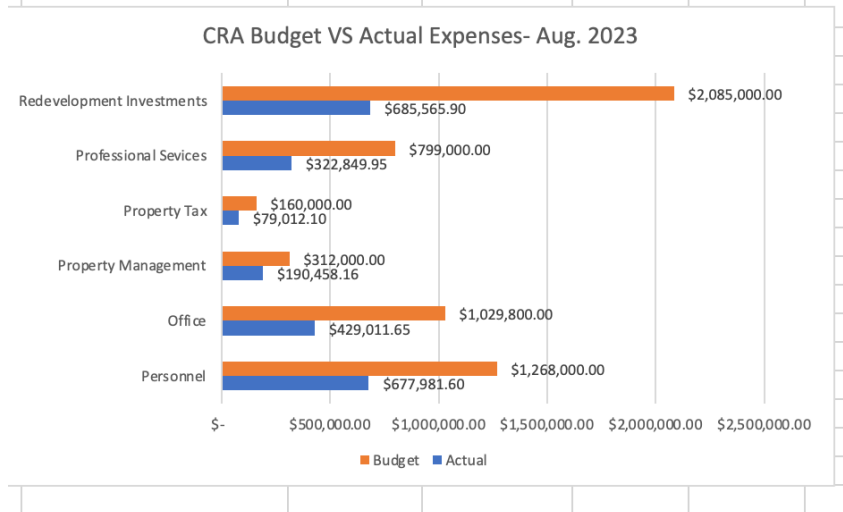
### CRA CONSOLIDATED STATEMENT OF ACTIVITIES

As of August 31, 2023, The Cambridge Redevelopment Authority (CRA) consolidated statement of activities had a negative Change in Net Assets of -\$130,752.32. Total year-to-date (YTD) income was \$2,478,232 with a total YTD expense of -\$2,608,984. Sources of income are Proceeds from the Sale of Development Rights, Operating Income, Rental Income for 99 Bishop Allen and Foundry (101 Rogers St), Investment Income (i.e. interest, dividends, investment gains/losses), and other miscellaneous revenue. In June 2023, the CRA amended its budget to account for expected proceeds from the sale of development rights in Kendall Square for \$68.6 million, however as of the statement date, the funds have not yet been received. Accounting adjustments for building and equipment depreciation expenses were recorded in the amount of -\$208,480 and COVID loan forgiveness -\$15,625.

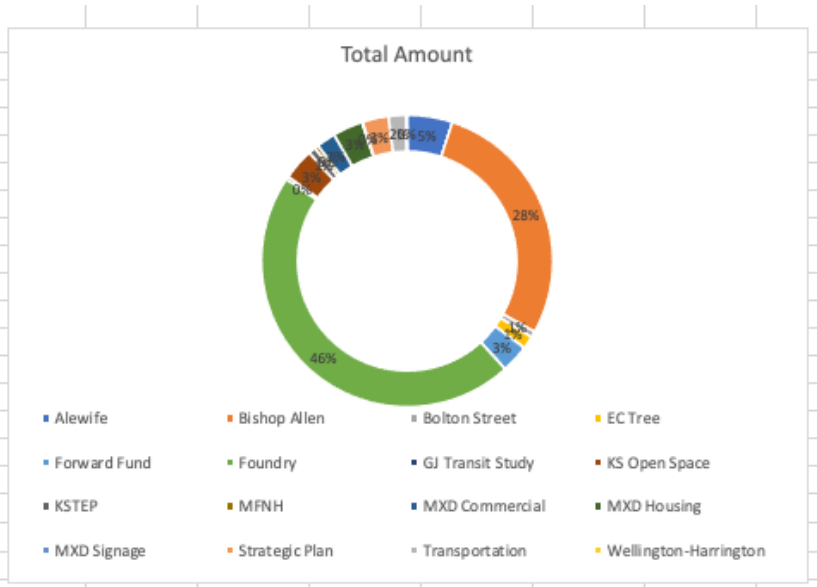
Cambridge Redevelopment Authority				
Consolidated Statement of Activities- CRA				
January - August, 2023				
			Actuals VS YTD Budget	Annual Budget Reference
<i>Income</i>	Actuals	YTD Budget	Variance	
Proceeds from sale of development rights	\$ -	\$ 45,733,333	\$ (45,733,333)	\$ 68,600,000
Operating Income	\$ 471,976	\$ 53,333	\$ 418,642	\$ 80,000
Rental Income	\$ 935,480	\$ 1,006,000	\$ (70,520)	\$ 1,509,000
Investment Income	\$ 1,099,618.45	\$ 666,667	\$ 432,952	\$ 1,000,000
Other Revenue	\$ (28,842)	\$ 200,000	\$ (228,842)	\$ 300,000
		\$ -	\$ -	
Total	\$ 2,478,232	\$ 47,659,333	\$ (45,181,101)	\$ 71,489,000
<i>Expenses</i>	Actuals	YTD Budget	Variance	
Operating Expenses	\$ (1,376,463.51)	\$ (1,846,533)	\$ 470,069.82	\$ (2,769,800.00)
Professional Services	\$ (322,849.95)	\$ (532,667)	\$ 209,816.72	\$ (799,000.00)
Redevelopment	\$ (685,565.90)	\$ (1,390,000)	\$ 704,434.10	\$ (2,085,000.00)
Other expenses (Depr.)	\$ (224,105.00)	\$ -	\$ (224,105.00)	
				\$ -
Total	\$ (2,608,984)	\$ (3,769,200)	\$ 1,160,216	\$ (5,653,800)
<i>Net Assets</i>	Actuals	YTD Budget	Variance	
Change in Net Assets	\$ (130,752)	\$ 43,890,133	\$ (44,020,886)	

The Authority continues to operate within its budget comparing expense categories for budget projection vs actuals. CRA's top two program expenses are Bishop Allen and the Foundry operations. The Foundry is not yet fully rented with one empty Suite on the third floor of the building. Other program expenses are listed in the chart below (ex: GJ Transit Study, KS Open Space, KSTEP, and etc.)

Expense Type	Actual	Budget
Personnel	\$677,981.60	\$1,268,000.00
Office	\$429,011.65	\$1,029,800.00
Property Management	\$190,458.16	\$312,000.00
Property Tax	\$79,012.10	\$160,000.00
Professional Services	\$322,849.95	\$799,000.00
Redevelopment Investments	\$685,565.90	\$2,085,000.00



Total Expenses by Project through Aug. 2023		
Project Name	Total Amount	Percentage
Alewife	\$ 88,153.72	5%
Bishop Allen	\$ 492,390.16	28%
Bolton Street	\$ 11,774.44	1%
EC Tree	\$ 24,837.67	1%
Forward Fund	\$ 54,821.50	3%
Foundry	\$ 811,276.90	46%
GJ Transit Study	\$ 5,695.94	0.3%
KS Open Space	\$ 61,359.56	3%
KSTEP	\$ 13,600.11	1%
MFNH	\$ 7,820.41	0%
MXD Commercial	\$ 37,476.23	2%
MXD Housing	\$ 58,569.99	3%
MXD Signage	\$ 1,543.66	0.1%
Strategic Plan	\$ 50,557.39	3%
Transportation	\$ 35,031.19	2%
Wellington-Harrington	\$ 900.00	0.1%
<b>Total</b>	<b>\$ 1,755,808.87</b>	



The CRA’s cash, cash equivalents, and investments yielded a total of \$32,090,340. When including other assets such as account receivables, loan/interest receivable, fixed assets, and other assets the CRA had a total asset of \$59,727,886 (See Balance Sheet).

The total net position for Restricted Funds, Net Assets, and Change in Net Assets had a total of \$52,440,603. Total current liabilities for credit cards and other payables were \$773,722 and with added long-term mortgage and deferred revenue was \$7,287,284. The current ratio (total current assets / total current liabilities) analyzes a company’s liquidity in using current assets to pay current liabilities. A good ratio range between 1.5 – 3. The CRA has a current ratio of 44, a strong indication of the CRA’s ability to meet its short-term total current liabilities. Cash ratio (Cash and Cash Equivalent / Current Liabilities) is the stress test that analyzes an organization’s ability to pay its short-term liability in cases where its receivables or inventory won’t be collected in a short period. An organization must demonstrate a ratio of greater than one (1) to be within the normal range. As of the statement date, the CRA had a cash ratio of 3.3 (not factoring in its investment account balance of \$29.5 million).

### Balance Sheet

<b>CAMBRIDGE REDEVELOPMENT AUTHORITY</b>			<b>CAMBRIDGE REDEVELOPMENT AUTHORITY</b>		
Statement of Financial Position - August 31, 2023			Statement of Financial Position - August 31, 2023		
<u>Assets</u>		<u>Actual</u>	<u>Liabilities &amp; Equity</u>		<u>Actual</u>
Cash & Cash Equivalents			Current Liabilities		
Bank	\$	2,520,179	Accounts Payable	\$	121,226
Restricted	\$	-	Credit Cards	\$	4,574
			Other Current Liabilities	\$	647,921
<b>Total Cash</b>	<b>\$</b>	<b>2,520,179</b>			
Current Assets					
Accounts Receivable	\$	327,546	<b>Total Current Liabilities</b>		<b>773,722</b>
Investment	\$	29,570,161	Long-Term Liabilities		6,435,465
Prepaid Expenses	\$	-	Deferred Compensation	\$	-
Loans & Interest Receival	\$	1,188,576	Loan Payable		
Other	\$	-	Deferred Revenue (Security	\$	78,096
<b>Total Current Assets</b>	<b>\$</b>	<b>33,606,462</b>			<b>6,513,562</b>
			<b>Total Liabilities</b>	<b>\$</b>	<b>7,287,284</b>
Fixed Assets	\$	24,066,990	Restricted Funds	\$	12,184,920
Less: Accum Deprec/Amo	\$	(976,807)	Net Assets	\$	40,413,944
<b>Net Fixed Assets</b>	<b>\$</b>	<b>23,090,184</b>	Change in Net Assets	\$	(158,261)
Other Assets	\$	3,028,364	<u>Equity</u>		
			<b>Total Net Position</b>		<b>52,440,603</b>
<b>Total Other Assets</b>	<b>\$</b>	<b>3,031,241</b>			
			<b>Total Liabilities &amp; Net Assets</b>	<b>\$</b>	<b>59,727,886</b>
<b>Total Assets</b>	<b>\$</b>	<b>59,727,886</b>			

## BISHOP ALLEN STATEMENT OF ACTIVITIES

The CRA receives rental income for operating the Bishop Allen commercial building located at 99 Bishop Allen Drive, Cambridge, MA, and the Foundry located at 101 Rogers St., Cambridge, MA. The two statements of activities below break down each location's financial operating performance.

Bishop Allen had a YTD income of \$463,861 with a total YTD expense of -\$492,390 yielding a negative change in net assets of -\$28,529. The building is fully rented with 9 office spaces. Note, the existing budget for Bishop Allen did not include a depreciation expense budget line item for building and equipment, and therefore under the expenses section for "Net Other" the actual expense is higher than the budgeted amount.

Cambridge Redevelopment Authority					
Statement of Activities- Bishop Allen Ave					
January - August, 2023					
			Actuals VS YTD Budget	Annual Budget Reference	
<b>Income</b>	Actuals	YTD Budget	Variance		
Grants	\$ 30,000	\$ -	\$ 30,000	\$ -	
Operating Income	\$ -	\$ 16,781	\$ (16,781)	\$ 25,172	
Rental Income	\$ 433,854	\$ 433,023	\$ 831	\$ 649,534	
Investment Income	\$ 7	\$ -	\$ 7	\$ -	
Other Revenue	\$ -	\$ -	\$ -	\$ -	
<b>Total</b>	<b>\$ 463,861</b>	<b>\$ 449,804</b>	<b>\$ 14,057</b>	<b>\$ 674,706</b>	
			Actuals VS YTD Budget	Annual Budget Reference	
<b>Expenses</b>	Actuals	YTD Budget	Variance		
Operating Expenses	\$ (170,483.00)	\$ (145,203)	\$ (25,280.33)	\$ (217,804.00)	
Professional Services	\$ (315.00)	\$ -	\$ (315.00)	\$ -	
Redevelopment Investments	\$ (132,556.16)	\$ (242,926)	\$ 110,369.84	\$ (364,389.00)	
Other expenses (Depr.)	\$ (189,036.00)	\$ (37,983)	\$ (151,053.33)	\$ (56,974.00)	
<b>Total</b>	<b>\$ (492,390)</b>	<b>\$ (426,111)</b>	<b>\$ (66,279)</b>	<b>\$ (639,167)</b>	
			Actuals VS YTD Budget		
<b>Net Assets</b>	Actuals	YTD Budget	Variance		
Change in Net Assets	\$ (28,529)	\$ 23,693	\$ (52,222)		

## FOUNDRY STATEMENT OF ACTIVITIES

The Foundry had a YTD total rental income of \$480,438 with a total YTD expense of - \$720,695 yielding a negative change in net assets of -\$240,257. The building has two office suites that have not been rented for most of the year. Note, the CRA executed a contract with Olema Pharmaceuticals, Inc. effective September 15<sup>th</sup> with a rent commencement date of November 15<sup>th</sup>. For fiscal 2023, 1.5 months of rental income will be recorded. With the execution of Olema's lease, the CRA will have one office suite unoccupied.

<b>Cambridge Redevelopment Authority</b>				
<b>Statement of Activities- Foundry</b>				
<b>January - August, 2023</b>				
			<b>Actuals VS YTD Budget</b>	<b>Annual Budget Reference</b>
<b>Income</b>	<b>Actuals</b>	<b>YTD Budget</b>	<b>Variance</b>	
Operating Income	\$ 26,847	\$ 33,333	\$ (6,487)	\$ 50,000
Rental Income	\$ 453,591	\$ 533,859	\$ (80,267)	\$ 800,788
Investment Income	\$ -	\$ -	\$ -	
Other Revenue	\$ -	\$ -	\$ -	
	\$ -	\$ -	\$ -	
<b>Total</b>	<b>\$ 480,438</b>	<b>\$ 567,192</b>	<b>\$ (86,754)</b>	<b>\$ 850,788</b>
			<b>Actuals VS YTD Budget</b>	<b>Annual Budget Reference</b>
<b>Expenses</b>	<b>Actuals</b>	<b>YTD Budget</b>	<b>Variance</b>	
Operating Expenses	\$ (203,460.83)	\$ (242,667)	\$ 39,205.84	\$ (364,000.00)
Professional Services	\$ (2,070.00)	\$ -	\$ (2,070.00)	\$ -
Redevelopment	\$ (495,720.50)	\$ (429,755)	\$ (65,965.83)	\$ (644,632.00)
Other expenses	\$ (19,444.00)	\$ -	\$ (19,444.00)	
	\$ -	\$ -	\$ -	\$ -
<b>Total</b>	<b>\$ (720,695)</b>	<b>\$ (672,421)</b>	<b>\$ (48,274)</b>	<b>\$ (1,008,632)</b>
			<b>Actuals VS YTD Budget</b>	
<b>Net Assets</b>	<b>Actuals</b>	<b>YTD Budget</b>	<b>Variance</b>	
Change in Net	\$ (240,257)	\$ (105,229)	\$ (135,028)	

## CLOSING STATEMENT

In conclusion, the CRA continues to evaluate and invest in programs that align with its goals and strategic plans. Ongoing research and development include enhanced contract management software, meeting with the City's Finance team on the Foundry project saving to CRA (estimated at \$347K) and property tax waiver, evaluating enterprise government accounting software suitable to CRA's operating activities, and updating compliance to GASB (Government Accounting Standards Board) required statements. The Finance and Operation team continues to proactively position itself by setting systems and procedures in place to provide support to the organization as it plans to expand.