



## MEMORANDUM

**To:** CRA Board

**From:** Sabrina Nuñez-Diaz  
Financial Manager

**CC:** Gardy Laurent, Director of Finance and Operations

**Date:** April 24, 2024

**Subject:** CRA Financial Report as of February 29, 2024

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## BISHOP ALLEN STATEMENT OF ACTIVITIES

- ▶ The CRA continues its **procurement for a vendor** to address water intrusion and moisture mitigation issues as part of capital improvement to the 99 Bishop Allen Drive Building.
- ▶ Nearly as much that has been expensed has been brought in as income, with **net operating income with a surplus of \$26,956**.
- ▶ After accounting for adjustments for building and equipment **depreciation** which amounted to **\$99,451**, Bishop Allen had a **negative net income/change in net assets** of **\$72,495** by the end of February.

		Bishop Allen Statement of Activity January - February, 2024		
		YTD Actuals	FY24 Budget	% of Budget
<b>Income</b>				
Reimbursed Expenses	\$	2,659	\$ 45,141	5.89%
Rental Income	\$	119,699	\$ 662,832	18.06%
Investment Income	\$	11	\$ -	-
<b>Total Income</b>	<b>\$</b>	<b>122,369</b>	<b>\$ 707,973</b>	<b>17.28%</b>
<b>Total 6000 Operating Expenses</b>				
	\$	60,489	\$ 143,500	42.15%
<b>Total 7000 Professional Services</b>	\$	(0.50)	\$ 3,000	-0.02%
<b>Total 8000 Redevelopment Investments</b>	\$	34,923	\$ 379,480	9.20%
<b>Total Expenses</b>	<b>\$</b>	<b>95,412</b>	<b>\$ 525,980</b>	<b>18.14%</b>
<b>Net Operating Income</b>	<b>\$</b>	<b>26,957</b>		
<b>Total Other Expenses</b>	<b>\$</b>	<b>99,451</b>		
<b>Net Income</b>	<b>\$</b>	<b>(72,494)</b>		
<b>Highlight</b> CRA is still looking for a vendor for BA mitigation concerns				

## FOUNDRY STATEMENT OF ACTIVITIES


- ▶ Floor 3 C Construction is **on track** with the expected timeline.
- ▶ Floor 3 C tenant has begun to move in their equipment and materials. The official lease began on **April 1<sup>st</sup>** making the Foundry **fully occupied**.
- ▶ **20.6% of expenses** as of February have been attributed to the **Redevelopment Investments for Foundry operating financial supports**.

		 <b>Foundry Statement of Activity January - February, 2024</b>		
		YTD Actuals	FY24 Budget	% of Budget
<b>Income</b>				
<b>Reimbursed Expenses</b>	\$	12,500	\$ 200,000	6.25%
<b>Rental Income</b>	\$	160,933	\$ 1,075,175	14.97%
<b>Total Income</b>	\$	<b>173,433</b>	<b>\$ 1,275,175</b>	<b>13.60%</b>
<b>Expenses</b>				
<b>Operating Expenses</b>	\$	37,264	\$ 375,216	9.93%
<b>Professional Services</b>	\$	17,309.06	\$ 350,000	4.95%
<b>Redevelopment Investments</b>	\$	164,466	\$ 800,000	20.56%
<b>Total Expenses</b>	\$	<b>219,039</b>	<b>\$ 1,525,216</b>	<b>14.36%</b>
<b>Net Operating Income</b>	\$	<b>(45,606)</b>		
<b>Total Other Expenses</b>	\$	<b>19,592</b>		
<b>Net Income</b>	\$	<b>(65,198)</b>		

**Highlight**  
 On track with construction timeline  
 3rd Floor tenant starting to move items in, Tenant move in date April 1st.

## CRA CONSOLIDATED STATEMENT OF ACTIVITIES

- ▶ Investment income is close to our **\$1 million 2024 goal by Q2**. This does not include cash from the Development Rights Proceed of \$67.5 million, for which payments were received in March 2024.
- ▶ As of the end of February, the CRA has a **positive net income/change in net assets of more than \$67 million** (to clarify, the invoices for Development Rights were booked in January but all of the cash income was received in March).

				
		<b>Consolidated Statement of Activity</b> <b>January - February, 2024</b>		
		YTD Actuals	FY24 Budget	% of Budget
<b>Income</b>				
	<b>Proceeds from Sale of Development Rights Proceed</b>	\$ 67,540,494	\$ 67,540,494	100.00%
	<b>Investment Income</b>	\$ 694,638	\$ 1,000,000	69.46%
	<b>Rental Income</b>	\$ 290,112	\$ 1,738,007	16.69%
	<b>Reimbursed Expenses</b>	\$ 15,159	\$ 245,141	6.18%
	<b>Revenue Adj.</b>	\$ -	\$ 100,000	0.00%
	<b>Total Income</b>	<b>\$ 68,540,403</b>	<b>\$ 70,623,642</b>	<b>97.05%</b>
<b>Expenses</b>				
	<b>Operating Expenses</b>	\$ 366,765	\$ 3,568,016	10.28%
	<b>Professional Services</b>	\$ 62,239	\$ 1,253,000	4.97%
	<b>Redevelopment Investments</b>	\$ 207,332	\$ 4,679,480	4.43%
	<b>Total Expenses</b>	<b>\$ 636,335</b>	<b>\$ 9,500,496</b>	<b>6.70%</b>
	<b>Net Operating Income</b>	<b>\$ 67,904,068</b>		
	<b>Total Other Expenses (Depr.)</b>	<b>\$ 119,166</b>		
	<b>Net Income</b>	<b>\$ 67,784,901</b>		

## COVID-19 LOAN PROGRAM UPDATE & ANALYSIS

### Overview of the program:

In response to the pandemic and the effects that were impacting small businesses, the CRA partnered with the City of Cambridge to support Cambridge's small business community by providing no collateral and 0% interest-backed loans. CRA gave Cambridge Savings Bank \$1,460,000 to service these loans that were disbursed in 2020. Repayments were to begin in September 2021 on a semi-annual basis and have a maturity date of 6/30/2025. As part of the supportive loan agreements, if borrowers successfully made 7 on-time payments, the CRA would waive the 8<sup>th</sup> payment.

### Analysis:

In last month's (January 2024) memo the closing statements noted that "the COVID loan issued by the CRA in 2021 is being re-assessed to revamp collection/servicing strategies." During the first few months of 2024, the CRA collated, organized, and analyzed COVID-19 Loan information and data with the support of the Cambridge Savings Bank and the City of Cambridge CDD. Below are some key updates and analysis.

### Status as of February 29, 2024:

#### Total Loans Closed

**17**

Total Loans Closed

**\$225,625.00**

Total Amount Closed

#### Total Repayment Amount

**\$865,218.00**

Total Repayment Amount

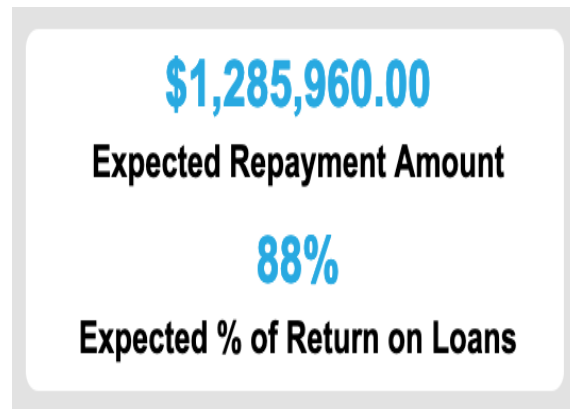
**59%**

Total % of Return on Loans

Of **102 total loans disbursed**, 17 were businesses that paid the CRA back in full and those loans officially closed with a total amount of \$225,625 returned. **Including these 17 borrowers**, the total amount repaid as of February 2024 was **\$865,218** reaching a **59%** of return on the loans.

### Projections as of February 29, 2024:

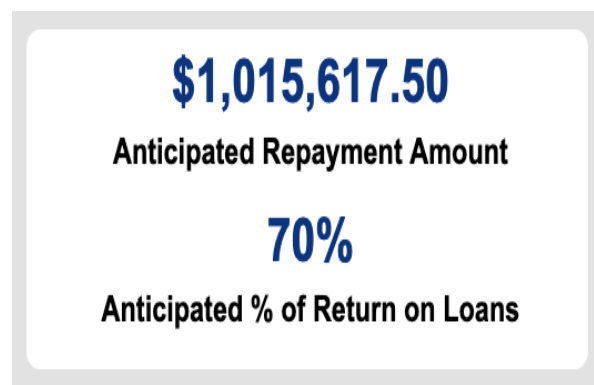
The expected repayment amount is the figure the CRA expects to receive as a return on the loans **assuming all borrowers make all 7 installments promptly, with the 8<sup>th</sup> waived**. Given this, the CRA is expected to reach a maximum of **88% of return on loans**. This amount is under the most favorable conditions.



However, the economic environment and circumstances of sustaining a small business are seldom under the most favorable conditions. Of the 102 borrowers, **32 are in default at a total amount of \$169,598**.

Unfortunately, 7 of the 32 in the population of late borrowers had to **close their businesses in Cambridge**.

Given this, the CRA analyzed an **Anticipated Repayment Amount**. The Anticipated Repayment Amount assumes all borrowers who are in **good standing continue** to make prompt installments and have the 8<sup>th</sup> waived, and that the 17 borrowers whose loans are closed and 32 borrowers whose loans are in default **have returned all that they will or can** on these loans. The current Anticipated Repayment Amount is **\$1,015,617.50** with an anticipated **70%** return on loans.



### What's next:

These loans have **2 semi-annual payments remaining** before their maturity date of 6/30/2025.

Before the next installment date, the CRA is strategizing on prudent next steps to reaching out to all borrowers, especially those 32 borrowers who are late or have not made a payment.

We plan to collaborate with other partners and consider how we can support all borrowers including **providing technical support, ARPA funds, etc.** to get us closer to our anticipated repayment amount.