



MEMORANDUM

To: The Cambridge Redevelopment Authority Board
From: Gardy Laurent, Director of Finance and Operations
Date: 1/17/2024
Re: CRA Financial Report as of November 30, 2023

TABLE OF CONTENTS

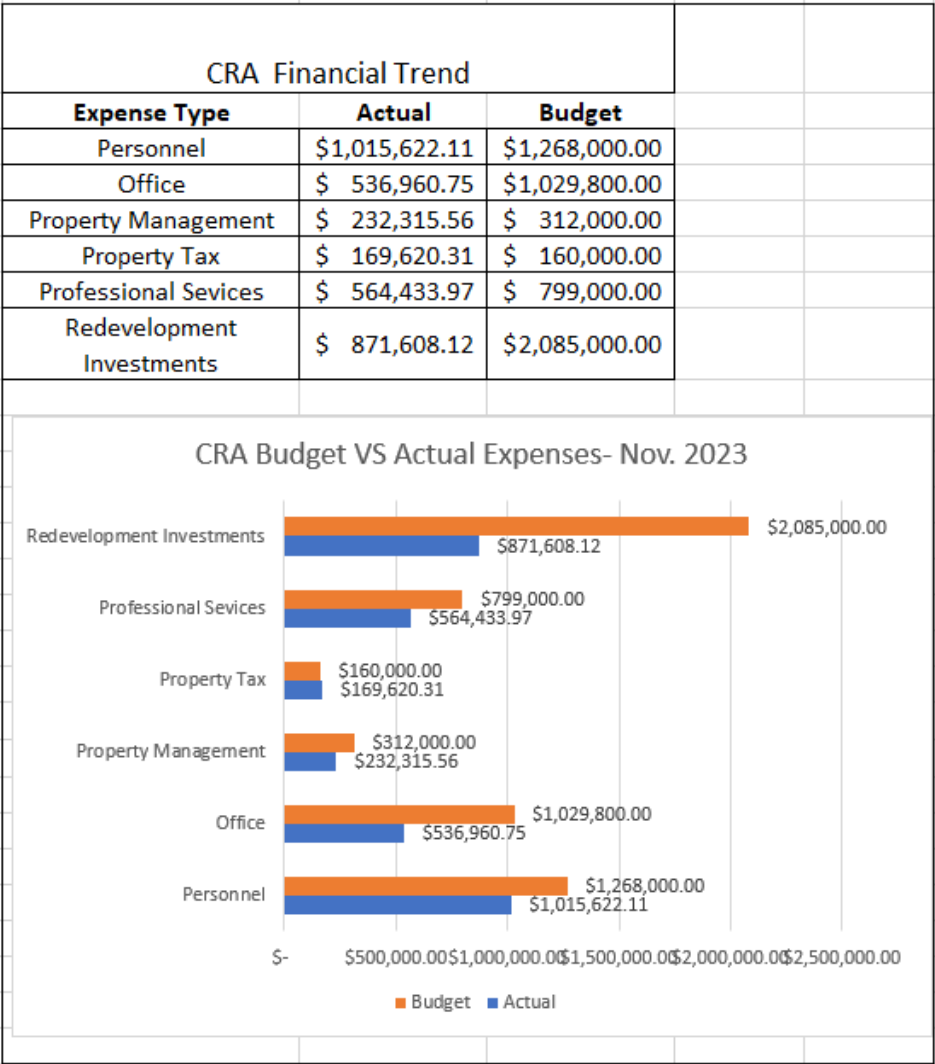
- CRA Consolidated Statement of Activities (Pg 2 – 6)
- Bishop Allen Statement of Activities (Pg 7)
- The Foundry Statement of Activities (Pg 8)
- Closing Statement (Pg 9)

CRA CONSOLIDATED STATEMENT OF ACTIVITIES

As of November 30, 2023, The Cambridge Redevelopment Authority (CRA) consolidated statement of activities had a net operating income of -\$348,147 and a total Change in Net Assets of -\$669,502. Total year-to-date (YTD) income was \$3,042,413 with a total YTD expense of -\$7,711,916. Sources of income are Proceeds from the Sale of Development Rights, Operating Income, Rental Income from 99 Bishop Allen and the Foundry, Investment Income (i.e. interest, dividends, investment gains/losses), and other miscellaneous revenue. Accounting adjustments for building and equipment depreciation expenses were recorded in the amount of -\$321,355. As of this statement date the CRA did not receive projected Proceeds from Sale of Development Rights of \$68.6 million.

Cambridge Redevelopment Authority				
Consolidated Statement of Activities- CRA				
January - November, 2023				
			Actuals VS YTD Budget	Annual Budget Reference
Income	Actuals	YTD Budget	Variance	
Proceeds from sale of development rights	\$ -	\$62,883,333	\$ (62,883,333)	\$ 68,600,000
Operating Income	\$ 485,062	\$ 73,333	\$ 411,729	\$ 80,000
Rental Income	\$ 1,380,447	\$ 1,383,250	\$ (2,803)	\$ 1,509,000
Investment Income	\$ 1,205,745.99	\$ 916,667	\$ 289,079	\$ 1,000,000
Other Revenue Adj.	\$ (28,842)	\$ 275,000	\$ (303,842)	\$ 300,000
		\$ -	\$ -	
Total	\$ 3,042,413	\$65,531,583	\$ (62,489,170)	\$ 71,489,000
			Actuals VS YTD Budget	Annual Budget Reference
Expenses	Actuals	YTD Budget	Variance	
Operating Expenses	\$ (1,954,518.73)	\$ (2,538,983)	\$ 584,464.60	\$ (2,769,800.00)
Professional Services	\$ (564,433.97)	\$ (732,417)	\$ 167,982.70	\$ (799,000.00)
Redevelopment	\$ (871,608.12)	\$ (1,911,250)	\$ 1,039,641.88	\$ (2,085,000.00)
Total Operating Expenses	\$ (3,390,561)	\$ (5,182,650)	\$ 1,792,089	\$ (5,653,800)
Net Operating Income	\$ (348,147)			
Other expenses	\$ (321,355.00)			
Net Income	Actuals			
Change in Net Assets	\$ (669,502)			

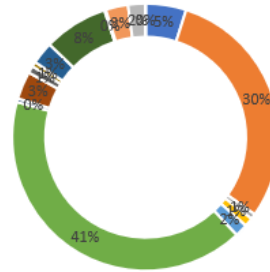
The CRA continues to operate within its spending budget comparing expense categories for budget projection vs actuals. CRA’s top two program expenses are Bishop Allen and the Foundry operations. The Foundry has one vacant Suite on the third floor of the building. Other program expenses are listed in the chart below (ex: GJ Transit Study, KS Open Space, KSTEP, etc.). In November, the CRA issued a tax payment to the City of Cambridge for Foundry for \$90,608 and is in discussion with the City for tax abatement.



Total Expenses by Project through Nov. 2023

Project Name	Total Amount	Percentage
Alewife	\$ 114,668.98	5%
Bishop Allen	\$ 697,928.17	30%
Bolton Street	\$ 15,086.37	1%
EC Tree	\$ 25,101.44	1%
Forward Fund	\$ 36,478.58	2%
Foundry	\$ 961,326.41	41%
GJ Transit Study	\$ 10,127.24	0.4%
KS Open Space	\$ 78,294.43	3%
KSTEP	\$ 20,383.77	1%
MFNH	\$ 13,837.31	1%
MXD Commercial	\$ 63,385.15	3%
MXD Housing	\$ 181,629.89	8%
MXD Signage	\$ 4,217.60	0.2%
Strategic Plan	\$ 63,141.85	3%
Transportation	\$ 48,578.72	2%
Wellington-Harrington	\$ 900.00	0.0%
Total	\$ 2,335,085.91	

Total Amount



- Alewife
- Bishop Allen
- Bolton Street
- EC Tree
- Forward Fund
- Foundry
- GJ Transit Study
- KS Open Space
- KSTEP
- MFNH
- MXD Commercial
- MXD Housing
- MXD Signage
- Strategic Plan
- Transportation
- Wellington-Harrington

The CRA’s cash, cash equivalents, and investments yielded \$31,549,396. When including other assets such as account receivables, loan/interest receivable, fixed assets, and other assets the CRA had a total asset of \$58,778,165 (See Balance Sheet).

The total net position for Restricted Funds, Net Assets, and Change in Net Assets was \$51,607,471. Total current liabilities for credit cards and other payables were \$696,036 and with added long-term mortgage and deferred revenue was \$7,170,694. The CRA continues to have a strong current and cash ratio. 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 47, 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 3.5 (not factoring in its investment account balance of \$29.5 million).

Balance Sheet

CAMBRIDGE REDEVELOPMENT AUTHORITY			
Statement of Financial Position - November 30, 2023			
<u>Assets</u>		Actual	
	Cash & Cash Equivalents		
	Bank	\$ 2,445,073	
	Restricted	\$ -	
	Total Cash	\$ 2,445,073	
	Current Assets		
	Accounts Receivable	\$ 392,427	
	Investment	\$ 29,104,323	
	Prepaid Expenses	\$ -	
	Loans & Interest Receivable	\$ 788,545	
	Other	\$ -	
	Total Current Assets	32,730,368	
	Fixed Assets	\$ 24,112,934	
	Less: Accum Deprec/Amort	\$ (1,087,747)	
	Net Fixed Assets	23,025,187	
	Other Assets	\$ 3,022,610	
	Total Other Assets	3,022,610	
	Total Assets	\$ 58,778,165	

CAMBRIDGE REDEVELOPMENT AUTHORITY		
Statement of Financial Position - November 30, 2023		
		Actual
<u>Liabilities & Equity</u>		
	Current Liabilities	
	Accounts Payable	\$ 81,940
	Credit Cards	\$ 4,878
	Other Current Liabilities	\$ 609,217
	Total Current Liabilities	696,036
	Long-Term Liabilities	
	Deferred Compensation	\$ -
	Loan Payable	\$ 6,396,562
	Deferred Revenue (Security Dep)	\$ 78,096
	Total Lon-Term Liabilities	6,474,658
	Total Liabilities	\$ 7,170,694
	Restricted Funds	\$ 9,285,530
	Net Assets	\$ 42,991,444
	Change in Net Assets	\$ (669,502)
<u>Equity</u>	Total Net Position	51,607,471
	Total Liabilities & Net Assets	\$ 58,778,165

BISHOP ALLEN STATEMENT OF ACTIVITIES

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

Bishop Allen had a YTD income of \$688,313 with a net operating income of \$247,431, and after adjustment for building depreciation expense had a negative change in net assets of - \$9,615. The building is fully rented with nine office spaces.

Cambridge Redevelopment Authority				
Statement of Activities- Bishop Allen Ave				
January - November, 2023				
<i>Income</i>	Actuals	YTD Budget	Actuals VS YTD Budget Variance	Annual Budget Reference
Grants	\$ 30,000	\$ -	\$ 30,000	\$ -
Operating Income	\$ -	\$ 23,074	\$ (23,074)	\$ 25,172
Rental Income	\$ 658,294	\$ 595,406	\$ 62,888	\$ 649,534
Investment Income	\$ 19	\$ -	\$ 19	\$ -
Other Revenue	\$ -	\$ -	\$ -	\$ -
Total	\$ 688,313	\$ 618,481	\$ 69,832	\$ 674,706
<i>Expenses</i>	Actuals	YTD Budget	Actuals VS YTD Variance	Annual Budget Reference
Operating Expenses	\$ (242,430.29)	\$ (199,654)	\$ (42,776.62)	\$ (217,804.00)
Professional Service	\$ (315.00)	\$ -	\$ (315.00)	\$ -
Redevelopment Investments	\$ (198,136.88)	\$ (334,023)	\$135,886.37	\$ (364,389.00)
Total Operating Expenses	\$ (440,882)	\$ (533,677)	\$ 92,795	\$ (582,193)
Net Operating Income	\$ 247,430.74			
Other expenses (Building Deprec.)	\$ (257,046.00)			
Net Income				
	Actuals			
Change in Net Assets	\$ (9,615)			

FOUNDRY STATEMENT OF ACTIVITIES

The Foundry had a YTD total rental income of \$699,682 with a total YTD expense of -1,010,010, resulting in a net operating income -\$261,645 and after depreciation of equipment had a change in net assets of -\$310,329. The building has one unrented office space. The CRA made progress in renting one of the office spaces on the third floor in November and was actively in negotiation with a potential tenant for the remaining unoccupied rental office.

For most of fiscal 2023, the CRA had challenges renting the third-floor office space which had a financial impact on rental income and the change in net assets. The CRA made up this gap utilizing the Foundry Operating Reserve funds set aside at the beginning of the redevelopment project.

Cambridge Redevelopment Authority				
Statement of Activities- Foundry				
January - November, 2023				
	Actuals VS YTD Budget			Annual Budget Reference
Income	Actuals	YTD Budget	Variance	
Operating Income	\$ 39,934	\$ 45,833	\$ (5,900)	\$ 50,000
Rental Income	\$ 659,748	\$ 734,056	\$ (74,307)	\$ 800,788
Investment Income	\$ -	\$ -	\$ -	
Other Revenue	\$ -	\$ -	\$ -	
		\$ -	\$ -	
Total	\$ 699,682	\$ 779,889	\$ (80,207)	\$ 850,788
	Actuals VS YTD Budget			Annual Budget Reference
Expenses	Actuals	YTD Budget	Variance	
Operating Expenses	\$ (300,582.91)	\$ (242,667)	\$ (57,916.24)	\$ (364,000.00)
Professional Services	\$ (14,561.50)	\$ -	\$ (14,561.50)	\$ -
Redevelopment	\$ (646,182.00)	\$ (429,755)	\$ (216,427.33)	\$ (644,632.00)
Total Operating Expenses	\$ (961,326)	\$ (672,421)	\$ (288,905)	\$ (1,008,632)
Net Operating Income	\$ (261,645)			
Other expenses (Equipment Depr.)	\$ (48,684.00)			
Net Income	Actuals			
Change in Net Assets	\$ (310,329)			

CLOSING STATEMENT

Throughout fiscal 2023, the CRA had many financial challenges that affected its bottom line. Income from the sale of development rights has been delayed because of the length of time for permit review and processing. For the Foundry, finding office tenants at a time when demand for large office space declined due to remote work practices within a post-COVID world. In addition, the building has been paying commercial real estate taxes. While staff are actively working with the City's assessor's office for tax abatement the taxes due for 2023 were required to be paid. At Bishop Allen, the building had water infiltration and moisture impacts which has had operating income and capital expenditure implications. The CRA had to hire contractors for moisture mitigation and has provided rent abatement to impacted tenants. For cash reserve savings, the volatility of the financial market had an impact on the CRA's investment portfolio. Lastly, the overall inflation in the economy had a price impact on materials, supplies, and professional services.

In conclusion, the CRA will continue to evaluate market factors that affect its operation and financial activities. For fiscal 2024 budget, the CRA plans to establish a capital budget to address major building repairs and equipment that is no longer under warranty.