

## MEMORANDUM

**To:** CRA Board

**From:** Hema Kailasam

**Date:** April 13, 2022

**Re:** February Monthly Report

### FINANCIAL PERFORMANCE

- Through February 28, income from operations was \$75,314. Through February 28, 2022, there were unrealized losses of **\$736,199** in investment income. Through, February 28, 2022, the total income from investments and operations was a loss of **\$660,885**.
- Operating expenses - personnel, staff, office and property management-through February 28, 2022 were \$159,278. Total expenses through February were \$273,965.
- Through February, the net deficit was **\$934,850**.
- For the 99 Bishop Allen renovation project through February 28, 2022 there were hard costs of \$351,995 and soft costs of \$27,573. Life to date, total Bishop Allen renovations expenses through February 28, 2022 totaled \$10,984,442. The approved budget for the project was \$11,300,000. The project close out continues.
- Total expenses through February 28, 2022 including the 99 Bishop Allen renovations are \$653,533. The total net deficit through February 28, 2022 was **\$1,314,418**.

### BISHOP ALLEN OPERATIONS

- Bishop Allen office operations post renovation commenced in January. Revenue for February was \$54,561 which includes rent and parking revenues. The total operating expenses were \$17,958. Net income from operations was \$38,603. After paying the mortgage, February net income after financing was \$8,238.
- Energy costs continue at higher than forecasted. Tenants were billed at \$1.25/SF for electric in February. The testing and calibration of the system HVAC is ongoing.

### INVESTMENT ACCOUNT UPDATE

- The quarterly rebalancing was completed on April 6<sup>th</sup>, 2022 for a target allocation of 30% equity. The individual stock positions also were rebalanced to be equally weighted.
- The proceeds from the stock sales were reinvested into short term Treasury bonds.
- The estimated total portfolio yield (equity dividends and interest income) remains over just 1%.



Thru 2/28/2022

	Actuals	Budget
<b>4000 Income</b>		
4200 Operating Revenue	\$75,314	\$1,000,000
4300 Investment Income	(\$736,199)	\$500,000
<b>TOTAL INCOME</b>	<b>(\$660,885)</b>	<b>\$1,500,000</b>
<b>6000 Operating Expenses</b>		
6110 Personnel	\$99,512	\$1,130,000
6200 Office	\$40,148	\$385,000
6300 Property Management	\$19,618	\$71,000
<b>Total 6000 Operating Expenses</b>	<b>\$159,278</b>	<b>\$1,586,000</b>
<b>7000 Professional Services</b>		
7001 Construction Management		\$110,000
7002 Design - Architects		\$474,000
7003 Design - Landscape Architects		\$250,000
7004 Design - Engineers		\$287,000
7005 Legal		\$110,000
7006 Real Estate & Finance	\$17,870	\$120,000
7007 Planning and Policy		\$50,000
7009 Accounting		\$25,000
7010 Marketing / Graphic Design		\$1,000
7012 Web Design / GIS		\$0
7013 Land and Building Surveys		\$10,000
7014 Records Management / Archivist		\$25,000
7017 Transportation Planning		\$100,000
7018 Investment Services	\$13,038	\$60,000
7020 Information Technology Services	\$1,403	\$20,000
7021 Insurance Consultant	\$4,860	\$10,000
<b>Total 7000 Professional Services</b>	<b>\$37,171</b>	<b>\$1,652,000</b>
<b>8000 Redevelopment Investments</b>		
8200 Forward Fund	\$0	\$0
8400 Foundry	\$40,910	\$4,000,000
8500 KSTEP Fund	\$0	\$0
8700 99 Bishop Allen	\$36,606	
<b>Total 8000 Redevelopment Investments</b>	<b>\$77,516</b>	<b>\$4,000,000</b>
<b>TOTAL EXPENSES</b>	<b>\$273,965</b>	<b>\$7,238,000</b>
	<b>(\$934,850)</b>	<b>(\$5,738,000)</b>

	Year to Date	LTD Expenses	Approved Budget
8800 99 Bishop Allen			
8801 Hard Costs	\$351,995	\$9,435,416	\$9,472,518
8802 Soft Costs	\$27,573	\$1,549,026	\$1,827,482
<b>Total 8000 99 Bishop Allen</b>	<b>\$379,568</b>	<b>\$10,984,442</b>	<b>\$11,300,000</b>

TOTAL EXPENSES \$653,533  
 TOTAL NET INCOME \$1,314,418

## **Notes to the financials and glossary of terms**

The CRA has income from development fees that are large and intermittent. These large deposits are the primary source of cash for operations and redevelopment investments. The monthly income includes income generated from operations and the activity from the investment account. Investment income includes interest and dividends and the unrealized gain or loss of the portfolio each month.

The sum of these components is the total income for the period. The net deficit/net surplus reflects the total sum of the income from operations and the unrealized gain or loss from investment income less the total expenses for the period. Any period when there is an unrealized loss in investment income will result in a greater deficit for the period.

In evaluating the CRA's financial performance, the tracking of expenses versus the approved annual budget is critical. The budget assumes that all shortfall in operating revenues will be covered by drawing down on the investment account.

### **Unrealized Gains and Losses**

An unrealized gain is an increase in the value of an asset or investment that an investor has not sold, such as an open stock position. An unrealized loss is a decrease in the value of an ongoing investment. A gain or loss on an investment is realized when it is sold.

### **Hard Costs**

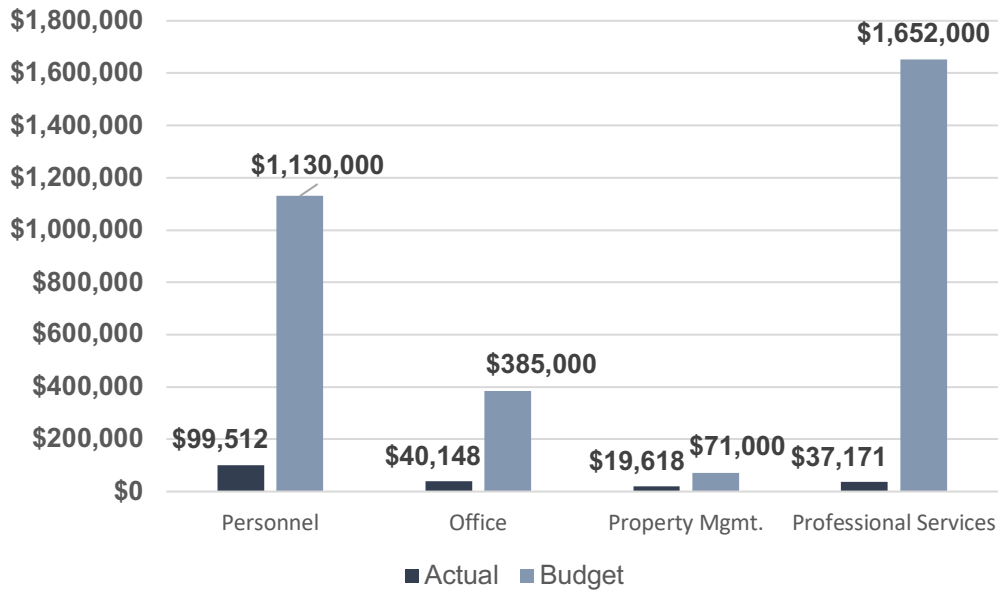
Also referred to as "brick-and-mortar costs", hard costs are associated with the building's structure, the construction site, and the landscape. Hard costs include all the labor and material costs to complete a project.

### **Soft Costs**

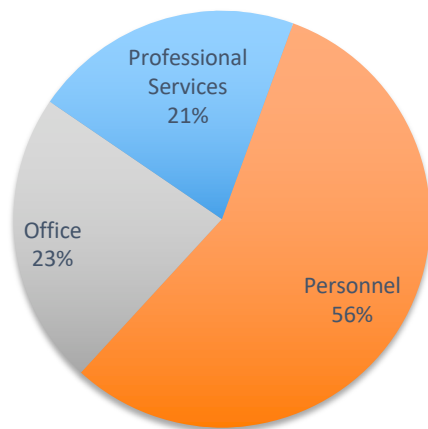
Typically, soft costs include everything from architecture, owner's project manager, inspection, accounting, and engineering fees to permits, taxes and legal fees.

The importance of tracking these is related to an accounting principle of "capitalizing" these expenses. Capitalizing recognizes these expenditures as improving a fixed asset, and thereby increasing the value of the fixed asset on the balance sheet.

### ACTUAL EXPENSES VS BUDGET THROUGH February 28, 2022



### EXPENSES BY CATEGORY THROUGH FEBRUARY 28, 2022



**EXPENSES BY PROJECT  
FEBRUARY 28, 2022**

