

Cambridge Waterfront Development, Inc.

AUDITED FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2025 AND 2024

CAMBRIDGE WATERFRONT DEVELOPMENT, INC.

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Cambridge Waterfront Development, Inc.
Cambridge, Maryland

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of Cambridge Waterfront Development, Inc. and affiliates (the Organization), which comprise the consolidated statements of financial position as of December 31, 2025 and 2024, and the related consolidated statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of December 31, 2025 and 2024, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and for December 31, 2025 only, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. 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 Organization and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 generally accepted auditing standards and for December 31, 2025 only, *Government Auditing Standards*, 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 consolidated financial statements.

In performing an audit in accordance with generally accepted auditing standards and for December 31, 2025 only, *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated 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 consolidated 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 Organization'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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization'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.

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplemental information, as listed in the table of contents, is presented for purposes of additional analysis and are not a required part of the consolidated financial statements. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is also not a required part of the consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards

generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards* (for December 31, 2025 only), we have also issued our report dated March 10, 2026, on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.

Other Matter

As noted throughout this report, only the year ending December 31, 2025 was audited in accordance with standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States.

The image shows a handwritten signature in dark ink. The letters 'UHY' are written in a large, cursive, and somewhat stylized font. To the right of 'UHY', the letters 'LLP' are written in a smaller, more straightforward, sans-serif font.

Salisbury, Maryland
March 10, 2026



INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Board of Directors
Cambridge Waterfront Development, Inc.
Cambridge, Maryland

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the consolidated financial statements of Cambridge Waterfront Development, Inc. and affiliates (a nonprofit organization) (the "Organization"), which comprise the consolidated statements of financial position as of December 31, 2025, and the related consolidated statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated March 10, 2026.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Organization's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

A *deficiency* in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

The image shows a handwritten signature in dark ink that reads "UHY LLP". The letters are stylized and cursive, with the "U" and "H" being particularly prominent.

Salisbury, Maryland
March 10, 2026

Consolidated Financial Statements

CAMBRIDGE WATERFRONT DEVELOPMENT, INC.
STATEMENTS OF FINANCIAL POSITION
December 31, 2025 and 2024

	2025	2024
ASSETS		
Current assets		
Cash	\$ 668,150	\$ 1,166,178
Receivables:		
Grants	400,670	468,345
Other	-	44,395
Prepaid expense and other assets	47,974	123,902
Total current assets	1,116,794	1,802,820
Work in progress, net	10,839,929	8,107,819
Total Assets	11,956,723	9,910,639
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable	267,436	540,549
Unearned revenue	629,422	908,839
Total current liabilities	896,858	1,449,388
NET ASSETS		
Without donor restrictions	11,059,865	8,461,251
Total net assets	11,059,865	8,461,251
Total liabilities and net assets	\$ 11,956,723	\$ 9,910,639

The Notes to Financial Statements are an integral part of these statements.

CAMBRIDGE WATERFRONT DEVELOPMENT, INC.
STATEMENTS OF ACTIVITIES
Years Ended December 31, 2025 and 2024

	2025	2024
Revenue and Support		
Federal government	\$ 1,893,733	\$ 415,597
State government	784,835	957,567
Local government	123,178	92,934
Project income	24	5,800
Interest	5,709	4,172
Total revenue and support	2,807,479	1,476,070
Expenses		
Program services	80,067	123,907
Management and general	231,798	543,344
Total expenses	311,865	667,251
Other revenue		
Gain from property sale	-	134,516
Insurance proceeds	103,000	-
Total other revenue	103,000	134,516
Change in Net Assets	2,598,614	943,335
Net assets, Beginning	8,461,251	7,517,916
Net Assets, Ending	\$ 11,059,865	\$ 8,461,251

The Notes to Financial Statements are an integral part of these statements.

CAMBRIDGE WATERFRONT DEVELOPMENT, INC.
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended December 31, 2025

	Program Services	Management and General	Total Expenses
Administrative expenses	\$ -	9,539	\$ 9,539
Contract services	-	177,326	177,326
Insurance	-	43,333	43,333
Other	-	1,600	1,600
Property maintenance	80,067	-	80,067
Total expenses	\$ 80,067	\$ 231,798	\$ 311,865

The Notes to Financial Statements are an integral part of these statements.

CAMBRIDGE WATERFRONT DEVELOPMENT, INC.
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended December 31, 2024

	Program Services	Management and General	Total Expenses
Administrative expenses	\$ -	13,466	\$ 13,466
Contract services	-	480,614	480,614
Insurance	-	39,198	39,198
Other	-	10,066	10,066
Property maintenance	123,907	-	123,907
Total expenses	\$ 123,907	\$ 543,344	\$ 667,251

The Notes to Financial Statements are an integral part of these statements.

CAMBRIDGE WATERFRONT DEVELOPMENT, INC.
STATEMENTS OF CASH FLOWS
Years Ended December 31, 2025 and 2024

	2025	2024
Cash Flows from Operating Activities		
Change in net assets	\$ 2,598,614	\$ 943,335
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Net changes on:		
(Increase) decrease in grant receivables	106,104	(149,227)
(Increase) decrease in other receivables	5,966	(44,395)
(Increase) decrease in prepaid expense and other assets	75,928	(59,862)
Increase (decrease) in accounts payable	(273,113)	329,649
Increase (decrease) in unearned revenue	(279,417)	225,512
Net cash provided by operating activities	2,234,082	1,245,012
Cash Flows from Investing Activities		
Predevelopment costs	(2,732,110)	(1,217,648)
Proceeds from sale of property	-	554,064
Net cash used by investing activities	(2,732,110)	(663,584)
Net Change in Cash	(498,028)	581,428
Cash, Beginning	1,166,178	584,750
Cash, Ending	\$ 668,150	\$ 1,166,178

The Notes to Financial Statements are an integral part of these statements.

Cambridge Waterfront Development, Inc.

Notes to the Financial Statements

For the year ended December 31, 2025 and 2024

NOTE 1. THE ORGANIZATION AND ITS SIGNIFICANT ACCOUNTING POLICIES

Cambridge Waterfront Development, Inc. (the "Organization") is a non-profit corporation organized under the laws of the State of Maryland and is exempt from income tax under Section 501(c)(3) of the Internal Revenue Code. The Organization was formed on July 9, 2018. The Organization is led by an appointed seven-member board of directors - three members appointed by the Commissioners of the City of Cambridge, two members appointed by the Commissioners of Dorchester County, one member appointed by the Governor of the State of Maryland, and one member appointed by the Organization. On December 6, 2024, the Articles of Organization were amended to reflect the member appointed by the Organization will be appointed by the Commissioners of Dorchester County going forward. Board members serve staggered terms to maintain continuity. Funds secured and generated by the Organization are used to promote and facilitate the redevelopment of certain properties along and adjacent to the City of Cambridge waterfront ("Cambridge Harbor") for the betterment of Cambridge, Dorchester County and the region.

On December 13, 2021, the Organization formed CWDI Holdings, LLC ("Holdings") to hold property acquired by the Organization. The Organization is the sole member of Holdings.

The financial statements of the Organization have been prepared on the accrual basis of accounting. Significant accounting policies not disclosed elsewhere in the financial statements are as follows:

Financial Statement Presentation

FASB ASC Topic 958-210, *Presentation of Financial Statements of Not-for-Profit Entities*, requires the Organization to report information regarding its financial position and activities according to two classes of net assets (net assets without donor restrictions and net assets with donor restrictions) based upon the existence or absence of donor-imposed restrictions.

A description of the two categories of net assets is as follows:

Net Assets without Donor Restrictions— Net assets are free from donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. These net assets are presently available for use by the Organization at the discretion of the Board of Directors.

Net Assets with Donor Restrictions – Net assets subject to stipulations imposed by donors. Some donor restrictions are temporary in nature; those restrictions will be met by the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities.

Revenue Recognition

FASB ASC Topic 606, *Revenue from Contracts with Customers*, requires the recognition of revenue when promised goods or services are transferred to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. In addition, this standard requires enhanced qualitative and quantitative disclosures related to the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers.

Cambridge Waterfront Development, Inc.

Notes to the Financial Statements

For the year ended December 31, 2025 and 2024

NOTE 1. THE ORGANIZATION AND ITS SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition (Continued)

FASB ASC Topic 958, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, establishes standards for characterizing grants and similar contracts with resource providers as either exchange transactions or conditional contributions.

Grant Revenue

Grants are awarded to support the Organization's program activities that are conditioned on performing certain services or incurring certain reimbursable expenditures. Cost reimbursement grants are recognized as revenue in the period the qualifying allowable expenditures are incurred. Grants Receivable consist of outstanding amounts due for grants in which the allowable expenditures have been incurred but the funding has not been reimbursed to the Organization. Grant amounts collected in advance but unearned are reflected as unearned revenue. Unearned revenue applies to services to be rendered in future periods and revenue is recognized in the year when the services are earned. Certain unexpended grants could be required under the grant terms to be returned to the funding entity.

Project Income

Project income is recognized when earned. Project income is recognized over the terms of the project and the period of service provided. Amounts collected are reflected as deferred revenue if the Organization has an obligation to perform services before it has a right to retain the amounts collected. In addition, project income under cost reimbursable contracts received in advance are deferred to the applicable period in which the related services are performed, or expenditures are incurred.

Contribution Revenue and Pledges Receivable

The Organization records contributions (including pledges) when the contribution is deemed unconditional. Contributions are reflected in the financial statements at the earlier of the transfer of the asset or at the time an unconditional pledge is made.

Conditional pledges, where the donor has placed a condition on the gift that the ultimate transfer of the asset or pledge is contingent on a future and uncertain event, are not recorded as contributions until the condition is met. There were no conditional pledges received during 2025 and 2024.

Cash and Cash Equivalents

The Organization considers cash, investment accounts, and other demand deposits as cash equivalents.

Property and Equipment

Property and equipment are stated at cost. Major expenditures for property and equipment, which substantially increase useful lives, are capitalized. Maintenance and repairs are expensed as incurred. When assets are retired or otherwise disposed of, their costs and related accumulated depreciation are removed from the accounts and resulting gains or losses are included in income. Depreciation is computed using straight-line methods over the estimated useful lives of the assets. There was no equipment as of December 31, 2025 and 2024.

Cambridge Waterfront Development, Inc.

Notes to the Financial Statements

For the year ended December 31, 2025 and 2024

NOTE 1. THE ORGANIZATION AND ITS SIGNIFICANT ACCOUNTING POLICIES (Continued)

Long-Lived Assets

The carrying value of long-lived assets is reviewed by management for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. No assets were deemed impaired as of December 31, 2025 and 2024.

Credit Risk

The Organization has deposits in financial institutions, which may, at any point in time, have amounts of deposits in excess of amounts insured by the Federal Deposit Insurance Corporation (FDIC).

Allowance for Doubtful Accounts

The Organization uses the current expected credit loss (CECL) model to account for uncollectible receivables. The allowance for doubtful accounts is based on historical collection experience and management's analysis of possible future bad debts. Charge-offs are recorded when management deems that the receivable will not be collected. Bad debt recoveries are charged against the allowance account as realized. At December 31, 2025 and 2024, there was no allowance for doubtful accounts recorded as management deemed receivables to be fully collectible.

Unearned Revenue

Unearned revenues are those for which asset recognition criteria have been met, but for which revenue recognition criteria have not been met. Therefore, such amounts are reported within the accompanying financial statements as cash and/or receivables and are offset by a deferred revenue account. These monies will remain in unearned revenue until it is expended for the purpose of the grant, at which time it is recognized as revenue. The balance of unearned revenue represents the amounts received under grants that will be spent in upcoming years in accordance with grant provisions.

Use of Estimates

The preparation of the financial statements in conformity with U.S. generally accepted accounting principles 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 periods. Actual results could differ from those estimates.

Uncertain Income Tax Positions

As of December 31, 2025 and 2024, the Organization has no uncertain income tax positions that qualify for either recognition or disclosure in the financial statements under ASC 740. Further, no interest or penalties have been accrued or charged to expense. The Organization's tax returns are subject to examination generally for a period of three years from the date they are filed. The Organization's open returns consist of Federal Form 990 for fiscal year end June 30, 2023, Federal Form 990 for the short period end July 1, 2023 through December 31, 2023, and Federal Form 990 for calendar year end December 31, 2024. These are all currently open for examination.

Cambridge Waterfront Development, Inc.

Notes to the Financial Statements

For the year ended December 31, 2025 and 2024

NOTE 1. THE ORGANIZATION AND ITS SIGNIFICANT ACCOUNTING POLICIES (Continued)

Consolidation

All significant inter-organizational receivables, prepaid expenses, accounts payable, liabilities, revenues, and expenses have been eliminated in the preparation of the consolidated financial statements.

NOTE 2. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The Organization's liquidity management policy is to structure its financial assets to be available as its general expenses, liabilities and other obligations come due. As of December 31, **2025** and 2024, the Organization has **\$1,068,820** and \$1,678,918, respectively, (cash and receivables) of assets that are considered financial assets and are available within one year of the balance sheet date, with no donor restriction.

In addition, as disclosed in Note 7, the Organization has a \$2,000,000 revolving line of credit.

NOTE 3. SUPPORT AND REVENUE

A significant portion of the Organization's revenues consists of grants. Thus, a reduction in the level of this support, if it were to occur, would have an adverse effect on the Organization's programs and activities.

The following table presents support and revenue disaggregated by type and details individual grant income.

	2025		2024	
Grant income:				
Federal:				
Economic Development Administration	\$	1,893,733	68%	\$ 415,597 29%
State of Maryland:				
DGS - PAYGO Fund		428,239	15%	517,988 35%
Rural Economic Development Fund		356,596	13%	439,579 30%
Local:				
City of Cambridge - ARPA		36,023	1%	92,934 6%
City of Cambridge		87,155	3%	- 0%
Total grant income	\$	2,801,746	100%	\$ 1,466,098 100%

NOTE 4. METHODS USED FOR ALLOCATION OF EXPENSE

The financial statements report certain categories of expenses that are attributable to one or more program or supporting functions of the Organization. The contract services are allocated based on estimates of time and effort. All other expenses are allocated based on estimates and cost of specific items utilized.

Cambridge Waterfront Development, Inc.

Notes to the Financial Statements

For the year ended December 31, 2025 and 2024

NOTE 5. WORK IN PROGRESS

Components of work in progress are as follows for years ending:

	<u>2025</u>	<u>2024</u>
Predevelopment costs:		
Gateway Property (East)	\$ 52,525	\$ 41,185
Gateway Property (West)	939,531	890,387
Hospital Property	5,719,134	5,519,519
Port Property	4,128,739	1,656,728
Total predevelopment cost	<u>10,839,929</u>	<u>8,107,819</u>
Less: accumulated depreciation	-	-
Work in progress, net	<u>\$ 10,839,929</u>	<u>\$ 8,107,819</u>

At December 31, 2025 and 2024, depreciation expense totaled \$ -.

Predevelopment costs represent acquisition, due diligence, design, engineering and other soft and hard costs related to development parcels available for sale and parcels dedicated to public amenities and infrastructure.

In 2023, the Organization began the design of the public infrastructure (streets, streetscapes, utilities and stormwater management) for the project. Completing the public infrastructure plans through design development (DD) will cost approximately \$667,000, which is being funded by state grants. The DD plans are expected to be completed by the end of the first quarter of 2026. Construction cost estimates (based on the DD plans) for the public infrastructure are expected to be available in the second quarter of 2026.

In 2024, the Organization began construction of Phase 1 of the Promenade, which is located on the Port Property. This initial phase of the Promenade will cost approximately \$3.2 million (including design and construction management), is being funded by federal and state grants and is expected to be completed in the second quarter of 2026.

NOTE 6. LEASES

On January 1, 2022, the Organization adopted ASU 2016-02, Leases (Topic 842). Management has evaluated the following leases and determined that no lessee leases are required to be reported as a right-of-use asset and corresponding operating lease liability and no lessor leases are required to be reported as a lease receivable under the new accounting standard. The following leases existed as of December 31, 2025 and 2024:

Lessor

The Organization leased property to Cambridge Shipyard Facility, Inc. (also known as Yacht Maintenance Company) in the amount of \$3,565 per month under a fifteen (15)-year lease agreement the company had with the City of Cambridge. In 2024, the Organization sold the leased property to Yacht Maintenance Company. As a part of the purchase agreement, funding received from 2022 - 2024 for the monthly lease was used as credit towards the sale price, totaling \$112,820. Due to the agreement terms established, lease income received in 2024 was reclassified to the sale of the property, which totaled \$32,085.

Cambridge Waterfront Development, Inc.

Notes to the Financial Statements

For the year ended December 31, 2025 and 2024

NOTE 6. LEASES (Continued)

Lessor (Continued)

On February 9, 2023, the Organization purchased the Gateway West Property from Richardson Maritime Museum, Incorporated (“RMM”) and then leased the property back to RMM for one (1) year for one dollar (\$1). Beginning in February 2024, the lease operated on a month-to-month basis until a new arrangement was finalized. On March 1, 2025, the Organization executed a two-year lease agreement with Richardson Maritime Museum, Incorporated for the Gateway West property for \$1 per month.

Lessee

Effective January 1, 2023, the Organization entered into a two-year agreement with the Dorchester Chamber of Commerce (“DCC”) to rent office and conference room space in the amount of \$300 per month. Rent expense for year ending December 31, 2024, totaled \$3,600. Effective January 1, 2025, the Organization entered into a one-year agreement with DCC to rent office space in the amount of \$100 per month. Rent expense for year ending December 31, 2025, totaled \$1,200.

NOTE 7. LINE OF CREDIT

On August 15, 2025, the Organization executed a loan agreement with BayVanguard Bank for a \$2,000,000 revolving line of credit. The line of credit is secured by the former Hospital Property owned by Holdings. The interest rate of the line of credit was 6.75% at December 31, 2025. As of December 31, 2025 there were no outstanding draws against the line of credit, with \$2,000,000 available.

NOTE 8. RELATED PARTIES

Each board member of the Organization must abide by both the Organization’s code of ethics and the code of ethics of their appointing authority. In addition, if a party to an agreement or transaction with the Organization is related to a board member, then that board member must recuse themselves from any board action related thereto. No significant related party transactions occurred in 2025 or 2024.

NOTE 9. LEGAL UPDATE

On May 1, 2024, the City of Cambridge filed a lawsuit, which was amended on May 3, 2024, against the Organization claiming that the Organization did not use a Request for Proposal (RFP) process to solicit developer interest in the Project. The Organization disagreed with the City’s claim and filed its response thereto on May 14, 2024. After negotiations, the parties involved reached a settlement on August 20, 2024. The cost of this lawsuit totaled approximately \$207,000, which was offset by a defense cost insurance recovery of \$103,000 in 2025. All matters related to this lawsuit have been resolved.

NOTE 10. COMMITMENTS AND SUBSEQUENT EVENTS

In preparing the financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through March 10, 2026, the date that the financial statements were available to be issued.

Supplemental Information

CAMBRIDGE WATERFRONT DEVELOPMENT, INC.
CONSOLIDATING STATEMENT OF FINANCIAL POSITION
December 31, 2025

	Operating	Holding	Eliminations	Total
ASSETS				
Current assets				
Cash	\$ 657,780	\$ 10,370	\$ -	\$ 668,150
Receivables:				
Grants	400,670	-	-	400,670
Due from affiliates	-	295,664	(295,664)	-
Prepaid expense and other assets	34,930	13,044	-	47,974
Total current assets	1,093,380	319,078	(295,664)	1,116,794
Work in Progress, net	-	10,839,929	-	10,839,929
Total Assets	\$ 1,093,380	\$ 11,159,007	\$ (295,664)	\$ 11,956,723
LIABILITIES AND NET ASSETS				
Current liabilities				
Accounts payable	\$ 13,646	\$ 253,790	\$ -	\$ 267,436
Due to affiliates	295,664	-	(295,664)	-
Unearned revenue	616,378	13,044	-	629,422
Total current liabilities	925,688	266,834	(295,664)	896,858
NET ASSETS				
Without donor restrictions	167,692	10,892,173	-	11,059,865
Total net assets	167,692	10,892,173	-	11,059,865
Total liabilities and net assets	\$ 1,093,380	\$ 11,159,007	\$ (295,664)	\$ 11,956,723

CAMBRIDGE WATERFRONT DEVELOPMENT, INC.
CONSOLIDATING STATEMENT OF FINANCIAL POSITION
December 31, 2024

	Operating	Holding	Eliminations	Total
ASSETS				
Current assets				
Cash	\$ 1,155,268	\$ 10,910	\$ -	\$ 1,166,178
Receivables:				
Grants	468,345	-	-	468,345
Other	44,395	-	-	44,395
Due from affiliates	-	627,396	(627,396)	-
Prepaid expense and other assets	31,608	92,294	-	123,902
Total current assets	1,699,616	730,600	(627,396)	1,802,820
Work in Progress, net	-	8,107,819	-	8,107,819
Total Assets	\$ 1,699,616	\$ 8,838,419	\$ (627,396)	\$ 9,910,639
LIABILITIES AND NET ASSETS				
Current liabilities				
Accounts payable	\$ 24,908	\$ 515,641	\$ -	\$ 540,549
Due to affiliates	627,396	-	(627,396)	-
Unearned revenue	886,850	21,989	-	908,839
Total current liabilities	1,539,154	537,630	(627,396)	1,449,388
NET ASSETS				
Without donor restrictions	160,462	8,300,789	-	8,461,251
Total net assets	160,462	8,300,789	-	8,461,251
Total liabilities and net assets	\$ 1,699,616	\$ 8,838,419	\$ (627,396)	\$ 9,910,639

CAMBRIDGE WATERFRONT DEVELOPMENT, INC.
CONSOLIDATING STATEMENT OF ACTIVITIES
Year Ended December 31, 2025

	Operating	Holding	Eliminations	Total
Revenue and Support				
Federal government	\$ -	\$ 1,893,733	\$ -	\$ 1,893,733
State government	83,028	701,807	-	784,835
Local government	87,155	36,023	-	123,178
Project income	24	-	-	24
Interest	5,709	-	-	5,709
Total revenue and support	175,916	2,631,563	-	2,807,479
Expenses				
Program services	80,067	-	-	80,067
Management and general	231,798	-	-	231,798
Total expenses	311,865	-	-	311,865
Other revenue (expense)				
Transfers in (out)	40,179	(40,179)	-	-
Insurance proceeds	103,000	-	-	103,000
Total other revenue (expense)	143,179	(40,179)	-	103,000
Change in Net Assets	7,230	2,591,384	-	2,598,614
Net assets, Beginning	160,462	8,300,789	-	8,461,251
Net Assets, Ending	\$ 167,692	\$ 10,892,173	\$ -	\$ 11,059,865

CAMBRIDGE WATERFRONT DEVELOPMENT, INC.
CONSOLIDATING STATEMENT OF ACTIVITIES
Year Ended December 31, 2024

	Operating	Holding	Eliminations	Total
Revenue and Support				
Federal government	\$ -	\$ 415,597	\$ -	\$ 415,597
State government	422,865	534,702	-	957,567
Local government	90,000	2,934	-	92,934
Project income	5,800	-	-	5,800
Interest	4,172	-	-	4,172
Total revenue and support	522,837	953,233	-	1,476,070
Expenses				
Program services	123,907	-	-	123,907
Management and general	543,344	-	-	543,344
Total expenses	667,251	-	-	667,251
Other revenue (expense)				
Transfers in (out)	166,727	(166,727)	-	-
Gain from property sale	80,710	53,806	-	134,516
Total other revenue (expense)	247,437	(112,921)	-	134,516
Change in Net Assets	103,023	840,312	-	943,335
Net assets, Beginning	57,439	7,460,477	-	7,517,916
Net Assets, Ending	\$ 160,462	\$ 8,300,789	\$ -	\$ 8,461,251

CAMBRIDGE WATERFRONT DEVELOPMENT, INC.
CONSOLIDATING STATEMENT OF CASH FLOWS
Year Ended December 31, 2025

	Operating	Holding	Eliminations	Total
Cash Flows from Operating Activities				
Change in net assets	\$ 7,230	\$ 2,591,384	\$ -	\$ 2,598,614
Adjustments to reconcile change in net assets to net cash (used) provided by operating activities:				
Net changes on:				
(Increase) decrease in grant receivables	106,104	-	-	106,104
(Increase) decrease in other receivables	5,966	-	-	5,966
(Increase) decrease in due from affiliates	-	331,732	(331,732)	-
(Increase) decrease in prepaid expense and other assets	(3,322)	79,250	-	75,928
Increase (decrease) in accounts payable	(11,262)	(261,851)	-	(273,113)
Increase (decrease) in due to affiliates	(331,732)	-	331,732	-
Increase (decrease) in unearned revenue	(270,472)	(8,945)	-	(279,417)
Net cash (used) provided by operating activities	(497,488)	2,731,570	-	2,234,082
Cash Flows from Investing Activities				
Predevelopment costs	-	(2,732,110)	-	(2,732,110)
Net cash used by investing activities	-	(2,732,110)	-	(2,732,110)
Net Change in Cash	(497,488)	(540)	-	(498,028)
Cash, Beginning	1,155,268	10,910	-	1,166,178
Cash, Ending	\$ 657,780	\$ 10,370	\$ -	\$ 668,150

CAMBRIDGE WATERFRONT DEVELOPMENT, INC.
CONSOLIDATING STATEMENT OF CASH FLOWS
Year Ended December 31, 2024

	Operating	Holding	Eliminations	Total
Cash Flows from Operating Activities				
Change in net assets	\$ 103,023	\$ 840,312	\$ -	\$ 943,335
Adjustments to reconcile change in net assets to net cash provided by operating activities:				
Net changes on:				
(Increase) decrease in grant receivables	(149,227)	-	-	(149,227)
(Increase) decrease in other receivables	(44,395)	-	-	(44,395)
(Increase) decrease in due from affiliates	-	(514,876)	514,876	-
(Increase) decrease in prepaid expense and other assets	1,497	(61,359)	-	(59,862)
Increase (decrease) in accounts payable	(73,473)	403,122	-	329,649
Increase (decrease) in due to affiliates	514,876	-	(514,876)	-
Increase (decrease) in unearned revenue	234,458	(8,946)	-	225,512
Net cash provided by operating activities	586,759	658,253	-	1,245,012
Cash Flows from Investing Activities				
Predevelopment costs	-	(1,217,648)	-	(1,217,648)
Proceeds from sale of property	-	554,064	-	554,064
Net cash used by investing activities	-	(663,584)	-	(663,584)
Net Change in Cash	586,759	(5,331)	-	581,428
Cash, Beginning	568,509	16,241	-	584,750
Cash, Ending	\$ 1,155,268	\$ 10,910	\$ -	\$ 1,166,178



INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Board of Directors
Cambridge Waterfront Development, Inc.
Cambridge, Maryland

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Cambridge Waterfront Development, Inc. and affiliates' (the "Organization") compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Organization's major federal programs for the year ended December 31, 2025. The Organization's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Organization complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2025.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Organization's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Organization's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Organization's compliance based on our audit. 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 generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Organization's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Organization's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Organization's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control

over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

UHY LLP

Salisbury, Maryland
March 10, 2026

CAMBRIDGE WATERFRONT DEVELOPMENT, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended December 31, 2025

Description	Federal Assistance Listing Number	Grant Number	Federal Expenditures	Expenditures to Subrecipients
<u>U.S. Department of Commerce</u>				
<i>Passed through Chesapeake Conservancy:</i>				
Investments for Public Works and Economic Development Facilities	11.300	01-79-15217; URI 119243	\$ 1,893,733	\$ -
Total Economic Development Cluster (11.300 / 11.307)			1,893,733	-
Total U.S. Department of Commerce			1,893,733	-
<u>U.S. Department of Treasury</u>				
<i>Passed through City of Cambridge:</i>				
COVID-19 - ARPA	21.027	-	36,023	-
Total Coronavirus State and Local Fiscal Recovery Funds			36,023	-
Total U.S Department of Treasury			36,023	-
Total Federal Awards			\$ 1,929,756	\$ -

CAMBRIDGE WATERFRONT DEVELOPMENT, INC.
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended December 31, 2025

NOTE 1 – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of Cambridge Waterfront Development, Inc. and affiliates under programs of the federal government for the year ended December 31, 2025. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Organization, some amounts presented in the Schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Depending on the federal award date, these expenditures are recognized following the cost principles contained in the Uniform Guidance 2 CFR Part 200, Cost Principles for Nonprofit Organizations, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE 3 – INDIRECT COST RATE

Cambridge Waterfront Development, Inc. and affiliates has not elected to use the 15 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

**CAMBRIDGE WATERFRONT DEVELOPMENT, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended December 31, 2025**

A. SUMMARY OF AUDITORS' RESULTS

1. The auditors' report expresses an unmodified opinion on whether the financial statements of Cambridge Waterfront Development, Inc. and affiliates' (the "Organization") were prepared in accordance with GAAP.
2. No significant deficiencies or material weaknesses are reported in the Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.
3. No instances of noncompliance material to the financial statements of the Organization which would be required to be reported in accordance with *Government Auditing Standards* were disclosed during the audit.
4. No significant deficiencies or material weaknesses in internal control over major federal award programs are reported in the Independent Auditors' Report on Compliance for Each Major Program; Report on Internal Control Over Compliance Required by the Uniform Guidance.
5. The auditors' report on compliance for the major federal award programs for the Organization expresses an unmodified opinion on all major federal programs.
6. There were no findings required to be reported in accordance with 2 CFR Section 200.516(a), as noted below.
7. The programs tested as major programs include:

Investments for Public Works and Economic Development Facilities
Federal Assistance Listing #11.300
8. The threshold for distinguishing Type A programs was \$1,000,000.
9. The Organization was not determined to be a low-risk auditee for the year ended December 31, 2025.

B. FINDINGS – FINANCIAL STATEMENT AUDIT

None.

C. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT

None.