

Notes from 8-3-2022 Meeting

1. Meeting Schedule

- a. Committee agreed to have a minimum of four meetings per fiscal year. Mandatory meetings will be used to review financial results and review/approve the annual budget.
- b. Additionally, the Committee was open to an additional discretionary meeting each quarter to provide orientation and training if and when needed, as well as address complex or emerging financial issues.

2. Financial Results

- a. The Committee reviewed a revised quarterly reporting structure developed by staff, with a focus on FY 2021-22 results.
 - i. Net Income for the fiscal year was \$227K versus a budgeted net loss of \$360K – a \$571K positive variance.
 - ii. State Grants were \$337K versus budget of \$50K. HEARTH’s grant from 2021 was \$150,000, a significant increase from prior year awards.
 - iii. Other Income was \$330K versus budget of \$229K. Main difference was PPP loan forgiveness of \$131K
- b. The Committee also reviewed a requested five-year financial summary.
 - i. Net Revenue for past five fiscal years was \$596K. 93% of Net Revenue was generated in two most recent fiscal years.
 - ii. Total expenses increased at a 6.7% CAGR over the five years, from \$870K in year one to \$1,202K in year five.
 - iii. Total Equity increased \$628K over the five years, consistent with net revenue.
 - iv. Bank balances increased \$644K, representing the primary asset change.
 - v. Note Receivable (\$1,070K FY2018) was reclassified as an Other Asset in FY2019 (Noncurrent Note Receivable).
 - vi. All of HEARTH’s liquid assets are in bank balances. Currently, HEARTH has no Investment holdings.

3. Liquidity Balances

- a. HEARTH currently has \$2.4 million in bank balances spread over four banks and seven accounts. There is a current opportunity to move bank balances above and beyond required for day-to-day needs into a government money fund that is currently (and will likely continue to) paying rates higher than banks offer.
- b. The Committee approved a strategy to open a brokerage account with one of the primary national providers and move discretionary bank balances to a government money fund.