

### **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.