

AGENDA

1. Quarterly Report (20-30 minutes)

- a. Income Statement
 - i. Staff input on YTD grants and outlook for remainder of fiscal year.
 - ii. Discuss any restrictions/timing constraints as to new grants.
- b. Balance Sheet
- c. Sources and Uses Statement discussion

2. Liquidity Balances (15 minutes)

- a. Staff update on opening Fidelity account and transfer
- b. Appropriate internal controls related to Fidelity account
- c. Next Steps with Fidelity
 - i. Expected rate paid for 2023
 - ii. Appropriate mix of bank/Fidelity balances
 - iii. Full board approval required for next/larger transfer?

3. Committee Feedback, Next Steps, Future Topics (remaining time)

QUARTERLY REPORT

Income Statement

1. Net income for the first quarter of the fiscal year (3Q2022) was \$348K versus budget net income of \$4K. Summary income statement provided on page 2. Detailed reports provided on Board web site.
2. The positive variance was driven by outperformance in key revenue line items:
 - a. Individual contributions were \$59K or \$10K over budget driven by a single donor contribution of \$35K
 - b. Foundation contributions were \$69K or \$31K over budget, driven by strong Pittsburgh Foundation One Day contributions.
 - c. Grants were \$311K or \$270K over budget. Grants are performing above expectation largely due to the receipt of \$250,000 state grant as well as \$50,000 from PHARE.
 - d. Other income was \$74K or \$35K over plan driven by \$64K of income from H/BP Limited. Reimbursement between Benedictine Place and HEARTH now captured as miscellaneous income. Property expenses continue to flow through the rest of the report.
 - e. In sum, these four variances were \$346K or 92% of the aggregate positive revenue variance of \$375K
3. Total expenses were also over budget, albeit at much lower dollar amounts. Quarterly total expenses were \$237K versus budget of \$206K, a 15% variance.
 - a. Administrative expenses were \$12K versus budget of \$6K. Technical support (\$3K) was \$2K over budget.
 - b. Operating expenses were \$10K versus budget of \$5K. Audit fees (\$8K) were \$5K over budget.
 - c. Program expenses were \$11K versus budget of \$6K.
 - d. Personnel expenses were \$120K versus budget of \$104K. Staff notes July 2022 being a 3x payroll month increased salaries and related taxes and benefits.

Balance Sheet

1. Total assets increased \$233K for the quarter. As a result, total bank balances increased \$209K to \$2.6 million.
2. Staff is working with the Finance Committee chairperson to develop and implement a Sources and Uses of Funds Statement. Such a statement will enable staff and the Board to understand differences between reported net income and balance sheet accounts.
 - a. For example, in this quarter, we show net income of \$348K and Equity increased \$207K. The 9-30-2022 balance sheet is provided on the final pages of this document.

QUARTELY REPORT (continued)

HEARTH Treasurer's Report - Summary		Month			Year-to-date		2021-2022	
#		September 22 Actual	September 22 Budget	Over/(Under) Budget	September YTD Actual	September YTD Budget	Over/(Under) Budget	Annual Budget
	Income							
	Individual	\$ 48,580	\$ 10,417	38,163	\$ 55,831	\$ 35,833		
	United Way	2,198	1,083	1,115	3,232	13,000		
	Individuals Total	50,778	11,500	39,278	59,063	48,833	10,230	248,000
	Businesses	2,202	2,917	(715)	3,032	5,833	(2,802)	35,000
	Kennywood	-	-	-	-	-	-	-
	Foundations	53,284	19,167	34,118	69,284	38,333	30,951	230,000
	Organizations	-	1,125	(1,125)	5,706	2,250	3,456	13,500
	Religious Organizations	-	-	-	-	-	-	-
	State Grants	56,196	20,833	35,363	311,392	41,667	269,725	50,000
	HUD Reimbursements	1,196	-	1,196	2,392	-	2,392	-
	ESG Reimbursements	-	-	-	-	-	-	-
	PRIDE-Reimbursed Rent	-	-	-	-	-	-	-
	Boiler Bldg Rent	-	-	-	-	-	-	-
	Supportive Svcs from H@BW	-	-	-	-	-	-	-
	Other Income	24,274	19,360	4,914	73,649	38,719	34,930	242,314
	Wine Bag Sales	-	-	-	-	-	-	-
	3rd Party Events	155	-	155	-	-	-	15,000
	Wine & Food	34,750	4,583	30,167	42,045	9,167	32,878	55,000
	Golf	-	4,167	(4,167)	2,557	8,333	(5,777)	50,000
	Purses with Purpose	3,500	4,167	(667)	3,500	8,333	(4,833)	50,000
	Hops for HEARTH	-	-	-	-	-	-	-
	25th Anniversary Event	-	-	-	-	-	-	-
	Associate Board Fundraiser	-	2,083	(2,083)	-	4,167	(4,167)	25,000
	Program Income	4,791	2,000	2,791	14,695	4,000	10,695	24,000
	Total Income	229,931	91,901	138,029	584,923	209,636	375,288	1,037,814
	Expenses							
	Total Admin	2,895	3,050	(154)	11,550	6,099	5,451	36,595
	Total Operations	9,585	2,408	7,177	10,090	4,817	5,273	28,900
	Total Building	37,683	38,442	(759)	76,246	76,884	(638)	435,982
	Total Program	19,883	2,996	16,887	10,644	5,992	4,652	35,950
	Total Development	4,000	3,892	108	8,000	7,783	217	46,700
	Total Personnel	50,168	52,234	(2,065)	120,635	104,467	16,168	673,503
	Total Expense	124,215	103,021	21,194	237,165	206,042	31,123	1,257,630
	Subtotal-Net Income before Capital Equi	\$ 105,716	\$ (11,120)	\$ 116,836	\$ 347,759	\$ 3,594	\$ 344,165	\$ (219,816)

LIQUIDITY BALANCES

1. Consistent with electronic approval given by this Committee in September, staff opened HEARTH's Fidelity account and made an initial deposit of \$250,000, which was invested into Fidelity Government Money Market Fund Premium Class (FZCXX). Deposit completed week of October 28
 - a. The 7-day yield for FZCXX is 2.59%, consistent an average overnight SOFR rate of 3% and fund expenses of 0.36%.
 - b. Current market expectation is for SOFR to average 4% for the remainder of 2022 and 4.75% for all of 2023. If these expectations are correct, the average yield for FZCXX should be 4.25%+ in 2023.
2. Given the Fidelity account does not provide the dual signature control of a traditional bank account, additional internal controls should be considered by staff and this committee, such as the following:
 - a. Financial Manager is responsible for moving funds between bank and Fidelity accounts.
 - b. CEO reviews monthly reconciliation of Fidelity statements to insure appropriateness of transfers.
 - c. CEO review of monthly Fidelity activity is forwarded to Chairperson of Finance Committee.
3. Given excess liquidity remains in HEARTH's bank accounts, consideration should be given to additional funds being moved to Fidelity.
 - a. As a benchmark, total expenses for 3Q 2022 were \$237K. Given it will only take 1-2 business days to move Fidelity moneys to our bank operating account, \$250K may be an appropriate minimum level for HEARTH bank balances.
 - b. If staff and this committee agree additional funds should be moved to Fidelity, next governance steps, if any, should be discussed.

HEARTH

Statement of Financial Position

As of September 30, 2022

	TOTAL		
	AS OF SEP 30, 2022	AS OF JUN 30, 2022 (PP)	CHANGE
ASSETS			
Current Assets			
Bank Accounts			
1010 FNB - Checking #5258	810,142.57	603,404.59	206,737.98
1015 FNB- Cap. Camp. #7427	270,999.02	268,949.02	2,050.00
1020 Citizens Money Market #235-3	10.00	10.00	0.00
1025 Standard Bank # 8408	240,117.21	238,859.44	1,257.77
1030 FNB-Money Mkt #6783	769,396.08	769,396.08	0.00
1040 TriState Cap.-Money Market #0607	268,996.17	268,627.65	368.52
1041 Omega F.C.U #525 CD	0.00	0.00	0.00
1051 PNC MM 3991	0.00	0.00	0.00
1052 S & T Bank Money Market #8622	258,544.70	258,544.70	0.00
1055 FNB 9679 - HSA	7,242.85	8,281.48	-1,038.63
Total Bank Accounts	\$2,625,448.60	\$2,416,072.96	\$209,375.64
Accounts Receivable			
1100 Accounts Receivable	21,194.42	2,098.42	19,096.00
1410 Accrued Interest Rec. on Note	26,188.00	26,188.00	0.00
Total Accounts Receivable	\$47,382.42	\$28,286.42	\$19,096.00
Other Current Assets			
1200 Undeposited Funds	617.00	300.00	317.00
1320 Prepaid Expenses	0.00	0.00	0.00
Uncategorized Asset	-1,716.45	-6,686.19	4,969.74
Total Other Current Assets	\$ -1,099.45	\$ -6,386.19	\$5,286.74
Total Current Assets	\$2,671,731.57	\$2,437,973.19	\$233,758.38
Fixed Assets			
1600 Capital Equipment	82,222.72	82,222.72	0.00
1610 Mt. Royal Property	0.00	0.00	0.00
1620 Furnishings	88,433.58	88,433.58	0.00
1680 Accumulated Depreciation	-112,016.62	-112,016.62	0.00
Total Fixed Assets	\$58,639.68	\$58,639.68	\$0.00
Other Assets			
1700 Allegheny Investments	0.00	0.00	0.00
1900 Noncurrent Note Receivable	1,070,000.00	1,070,000.00	0.00
1950 Noncurrent Accrued Interest Income	154,933.75	154,933.75	0.00
Total Other Assets	\$1,224,933.75	\$1,224,933.75	\$0.00
TOTAL ASSETS	\$3,955,305.00	\$3,721,546.62	\$233,758.38
LIABILITIES AND EQUITY			
Liabilities			
Current Liabilities			
Accounts Payable			
2000 Accounts Payable	37,296.05	45,900.36	-8,604.31

HEARTH

Statement of Financial Position

As of September 30, 2022

	TOTAL		
	AS OF SEP 30, 2022	AS OF JUN 30, 2022 (PP)	CHANGE
Total Accounts Payable	\$37,296.05	\$45,900.36	\$ -8,604.31
Other Current Liabilities			
1340 Security Deposits	12,571.37	13,131.37	-560.00
2010 Payroll Liabilities	45,286.53	13,240.58	32,045.95
2013 Deferred Revenue	12,000.00	12,000.00	0.00
2015 Deferred revenue W&F	0.00	0.00	0.00
2017 Deferred Rev.-Purses	3,500.00	3,500.00	0.00
2020 Sales tax payable	0.00	0.00	0.00
2120 403b Contributions	10,906.26	6,593.69	4,312.57
Total Other Current Liabilities	\$84,264.16	\$48,465.64	\$35,798.52
Total Current Liabilities	\$121,560.21	\$94,366.00	\$27,194.21
Long-Term Liabilities			
2030 PPP SBA LOAN	0.00	0.00	0.00
Total Long-Term Liabilities	\$0.00	\$0.00	\$0.00
Total Liabilities	\$121,560.21	\$94,366.00	\$27,194.21
Equity			
3000 Retained Earnings	475,363.10	475,363.10	0.00
32000 Unrestricted Net Assets	3,151,817.52	3,151,817.52	0.00
Net Revenue	206,564.17		206,564.17
Total Equity	\$3,833,744.79	\$3,627,180.62	\$206,564.17
TOTAL LIABILITIES AND EQUITY	\$3,955,305.00	\$3,721,546.62	\$233,758.38