

Notes from 11-2-2022 Meeting

1. Income Statement

- a. Committee reviewed the 1Q fiscal year income statement (3Q2022), which was strong versus budget.
- b. Committee discussed potential need for expanded reporting on grants, with focus on one-time versus recurring nature, given their large impact on this reporting period.
- c. Committee discussed higher overall expenses, asking for an ongoing focus as to whether overall inflationary trends will impact full fiscal year expenses.
- d. Committee discussed inter-company income statement entries between HEARTH and Benedictine Place. The Committee agreed it would be helpful to have a “refresher” meeting for the Committee, and potentially invited all Board members, as to the current financial relation between the entities as well as the original tax-advantaged financing plan.

2. Balance Sheet

- a. The Committee reviewed the 9-30-2022 versus 6-30-2022 comparative balance sheets.
- b. There was a discussion related to the \$209K increase in bank balances versus net revenue of \$384K shown in the income statement.
 - i. The Committee asked Delia to explore running the cash flow report available in Quick Books. Delia provided this report to Committee members on 11-4-2022 via email.
 - ii. *Although the cash flow report shows net revenue for the quarter of \$210K, which is close to the \$206K reported as net revenue on the 9-30-22 Balance Sheet report, there continues to be large gap between net revenue on these two reports and “Net Income before Capital Equipment” on the Income Statement.*

3. Liquidity Balances

- a. Delia reviewed progress to date on moving bank balances to a Fidelity Government fund – a strategy previously approved by the Committee. The \$250K transfer previously approved by the Committee was completed in late October 2022.
- b. The Committee agreed to the following next steps as to additional funds to be transferred to the Fidelity fund.
 - i. Delia and Marisa should develop a recommendation as to a minimum level of bank balances to be maintained. Delia recommended considering a level such as two quarters of running expenses.
 - ii. The Committee discussed internal controls and agreed the controls put forth in the Finance Committee packet (see page 4) should be put in place prior to any further transfers.
 - iii. Furthermore, the Committee agreed that when a qualified senior HEARTH staff member is available, this person should replace Marisa as one of two staff



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members able to execute transactions on the Fidelity platform. At that point, Marisa will move into a review role similar to the Committee chair.

- iv. The Committee agreed these matters should be reviewed by the full Board at its November 2022 meeting.