



## FHWO FINANCE COMMITTEE MEETING MINUTES

Monday, May 1, 2023 at 8:30 a.m.

Zoom Only, Meeting ID: 862 3299 3785

The Foundation for a Healthier West Orange Finance Committee met on Monday, May 1, 2023, via Zoom only. T. Keating, Committee Chair, called the meeting to order at 8:33 a.m. A quorum was established with the following **Directors Present:** B. Spong (remote), C. Evans (remote) and T. Keating (remote); **Directors Absent:** none; **Others Present:** T. Swanson (remote), P. Brown (remote) and L. Boettcher (remote); J. Breth of AndCo Consulting (remote)

### PUBLIC COMMENT

Chair T. Keating noted no members of the public were in attendance; therefore, no public comment period was necessary.

### APPROVAL OF MINUTES

**Board Action:** Upon a motion duly made and seconded, the minutes of the January 27, 2023, FHWO Finance Committee Meeting were unanimously approved.

### FINANCE REPORTS – MARCH 2023

Chair T. Keating called upon P. Brown to present the financial reports for March 2023. P. Brown called attention to the combined balance sheet that includes HWO, Inc. and its three affiliates, HWO Investments, LLC, HWO Holdings, LLC and Healthy West Orange, LLC. On a combined basis, total assets were \$94.7 million at end of March 2023 with the primary assets being the HWO Investments, LLC portfolio at \$71.66 million at March 2023. The primary increase is due to gains in the Fund in Q2. The Foundation's money market account and CD accounts were \$15.5 million at end of March 2023. These funds are at Seacoast Bank primarily in Money Market and CD accounts earning 450 basis points. The primary decrease in cash for the Quarter was due to Operations and payment of several remaining Grants from the West Orange Healthcare District (WOHD). Liabilities are \$3.3 million at end of March 2023 with the majority being the \$3.2 million Grant payables for WOHD grants.

Moving to the HWO Inc. Combined Statement of Revenues and Expenses for the 6 months ended March 31, 2023, net Investment Income was a gain of \$6.1 million. All sub-categories for expenses on the HWO Inc. Income Statement are well within budget. Year to date total expenses through March 2023 are \$1M compared to the full year budget of \$2.25 million. Expenses through the first six months of the fiscal year were 45% of the total budget.

P. Brown concluded her comments on the financial statements and moved to the HWO Investments, LLC investment reports dated March 2023 provided by Investment Advisor AndCo Consultants. The overall returns from portfolio inception to date were 5.03%. For the quarter ended March 2023, the return was up 3.74%. The allocation to domestic equities performed well at

5.89% while the international equities was up 7.8%. The fixed income allocation was up 3.02% while the total real estate composite was down 5.08%. The alternatives composite allocation performed positively for the quarter at 3.08%.

P. Brown concluded the HWO Inc. Investment report for March 2023 by asking for questions, comments, or a motion. P. Brown and J. Breth will further research Seacoast Bank to ensure the Foundation's cash funds are held in a quality bank.

**Board Action:** Upon a motion duly made and seconded, the Finance Committee Report as presented on May 1, 2023, and the March 2023 HWO, Inc. Finance Reports were unanimously approved.

#### **HWO 2021 Form 990**

Chair T. Keating called upon Controller P. Brown to present draft HWO Inc. Form 990. Pat Brown presented the Form 990 Tax Return for 2021 (tax year beginning Oct. 1, 2021 and ending Sept. 30, 2022). P. Brown drew attention to the added narrative at the end of Form 990. P. Brown will add an explanation for increased revenue.

P. Brown asked for further comments, questions, or a motion from Board members.

**Action:** Upon a motion made and seconded, the draft HWO Inc. Form 990 Tax Return for 2021, with an additional paragraph, was unanimously approved to be presented to the HWO Inc. Board and recommended for approval.

#### **INVESTMENT QUARTERLY DISCUSSION**

Jon Breth of AndCo. presented AndCo's Quarterly report ended March 2023 for HWO Investments, LLC. Jon Breth said the HWO Investments, LLC's Private Equity investment of \$2 million should be started by the end of the year. J. Breth does not recommend any reallocations at this time and believes the allocation to Private Equity will balance out the International and Alternative Composites portfolio percentages. J. Breth has also placed on watch the investment of Lazard International Strategic Equity (LISIX) and will update on possible alternatives after review of next Quarter's results.

#### **BOARD POLICY MANUAL**

Chair T. Keating called upon CEO T. Swanson to review the Board Policy Manual. Some changes were made including a refined per diem language. It will be reviewed at the next Board Meeting.

#### **OPEN FORUM**

T. Swanson and P. Brown made the board aware of an incident involving a \$1000 check forgery which was reimbursed to the Seacoast checking account. P. Brown will ask the Foundation's CPA firm what procedures are appropriate to have given this incident.

The meeting was adjourned at 10:20 a.m.

  
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Tim Keating, Committee Chair