



FHWO FINANCE COMMITTEE MEETING MINUTES

Monday, April 29, 2024, at 9:00 a.m.

Via Teleconference

The Foundation for a Healthier West Orange Finance Committee Directors met on Monday, April 29, 2024, via teleconference. Chair T. Keating called the meeting to order at 9:01 a.m. A quorum was established, with the following **Directors Present:** T. Keating, B. Spong, and C. Evans **Directors Absent:** None. **Staff Present:** T. Swanson, L. Boettcher, and P. Brown. **Guests Present:** J. Breth of Mariner Institutional.

PUBLIC COMMENT

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 FHWO Finance Committee Meeting held on January 31, 2024, were unanimously approved.

HWO 2022 Form 990

Chair T. Keating called upon Controller P. Brown to present draft HWO Inc. Form 990. P. Brown presented the Form 990 Tax Return for 2022 (tax year beginning Oct. 1, 2022 and ending Sept. 30, 2023). P. Brown drew attention to the Statement of Functional Expenses in Form 990 and will put together an analysis of Foundation peer groups as well as best practices of percentage spend between Program Service expenses, Management and General expenses, and Fundraising expenses. P. Brown will work with MSL CPA firm who prepared the 990 to update Board Member hours, add clarification on CEO earnings listed and make minor adjustments on footnotes and language cut-off due to space restrictions.

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 2022, with updates for Board Member hours and CEO earnings clarifications, was unanimously approved to be presented to the HWO Inc. Board and recommended for approval.

FINANCE REPORTS – March 2024

Chair T. Keating called upon P. Brown to present the HWO Inc. financial reports for March 31, 2024. P. Brown called attention to the March 2024 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 \$100.7 million at end of March 2024 with the primary assets being HWO Investments, LLC portfolio at \$75.5 million. The Foundation's money market account and ICS accounts were \$17.5 million at end of March 2024. These funds are at Seacoast Bank primarily in Money Market and ICS accounts earning 525 basis points.

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Liabilities are \$2.6 million at end of March 2024 with the majority being the \$2.54 million Grant payables for WOHD grants.

Moving to the HWO Inc. Combined Statement of Revenues and Expenses for the 6 months ended March 31, 2024, net Investment Income was a gain of \$8.3 million with \$1.6 million in the month of March. The year-to-date total expenses were \$1.1 million compared to the annual budget of \$2.35 million which is 48% of the annual budget.

P. Brown concluded her comments on the financial statements and moved to Investment Performance Review – Flash Report dated March 31, 2024 for HWO Investments, LLC provided by investment advisor Mariner Institutional. The overall returns from portfolio inception to date were up 6.54%, the fiscal year to date is up 12.33% and quarter to date is up 3.81%. For the quarter ended 3/31/24, domestic equities were up 10.42%, international equities were up 2.16% and fixed composites were flat up .06%. The Real Estate Composite was down 2.66% for the quarter.

P. Brown concluded the HWO Inc. Finance Report by asking for questions, comments, or a motion.

Board Action: Upon a motion duly made and seconded, the Finance Committee unanimously approved the HWO Inc. March 2024 Finance Reports.

INVESTMENT DISCUSSION

J. Breth of Mariner Institutional provided an overview of the March 31, 2024 QTD Investment Performance Review for HWO Investments, LLC portfolio. The portfolio's overall performance was up 3.79%, net of fees, for the quarter ended 3/31/2024. J. Breth said consistent with current market conditions the Portfolio's performance was up in all categories for the quarter except the Domestic Fixed Composite was down .38% and Real Estate Composite was down 2.66%. As to asset allocation, J. Breth noted all investment allocations are near the policy range mid-point approved by the Board, with the domestic equity composite being at the high end of the mid-point. This allocation will be closer to mid-point when the equity capital call is completed for the private equity investment with JP Morgan.

J. Breth agreed to research other Private Equity Investments that might be an option for the portfolio to further diversify in the future.

J. Breth also agreed to run and analyze varying scenarios of possible investment targets above the current HWO Investments, LLC Investment Policy of 6%. He will prepare some comparative materials looking at other Foundations to look further into asset allocations and targeted returns for Foundation peers. The committee members also asked if Mariner could present some potential asset allocations that could meet higher return targets of 7%, 8%, and 9%.

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Insurance

Chair T. Keating called upon P. Brown to present the HWO Inc. insurance detail. Upon review of the insurance detail, the Board requested Staff explore the pricing of raising HWO Inc.'s Commercial General Liability aggregate from \$3million to \$5million as well as the cost and necessity of an overall HWO Inc. umbrella policy similar to the HWO Holdings, LLC umbrella policy.

P. Brown also presented a Financial Snapshot as of March 31, 2024. The analysis detailed the Investment and Cash Balances as well as the Restricted Grant balances. Analysis of future 15 months of cash flows for HWO Inc. and Subsidiaries was presented as well as cash flow for the Creative Aging grant.

L. Boettcher shared the decision to handle staffing in-house for HUBB, transitioning to coincide with the end of the contract term with HCECF in July of 2024. After discussion, L. Boettcher assured the committee that operational protocol would be reviewed to ensure no HIPAA data is stored or retained.

OPEN FORUM

No Open Forum items.

The meeting was adjourned at 10:59 a.m.

DocuSigned by:

Tim Keating

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Tim Keating, Committee Chair