

FOUNDATION

For A Healthier West Orange

FHWO FINANCE COMMITTEE MEETING MINUTES

Thursday, October 31, 2024 at 8:30 a.m.

Via Teleconference

The Foundation for a Healthier West Orange Finance Committee met on Thursday, October 31, 2024, via Zoom. T. Keating, Committee Chair, called the meeting to order at 8:31 a.m. A quorum was established with the following **Finance Committee Members Present:** B. Spong (remote), C. Evans (remote), D. Blakeslee (remote), T. Keating (remote) **Directors Present:** none; **Finance Committee Members Absent:** none; **Staff Present:** T. Swanson (remote) and P. Brown (remote). **Others Present:** F. Halikman (MSL CPA- remote), A. Saleh (MSL CPA- remote), Jon Breth (Mariner-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 July 30, 2024, FHWO Finance Committee Meeting were unanimously approved.

FYE 2024 AUDIT DISCUSSION

F. Halikman of MSL CPA announced the merger of MSL CPA firm with Forvis Mazars effective November 1, 2024. Forvis Mazars will be the name of the merged companies and will be the name on the HWO Inc. FYE2024 audit report. F. Halikman will remain the audit partner. A. Saleh was also introduced as the new Manager for the FYE2024 Audit. F. Halikman also updated the Finance Committee on plans and timing for the FYE2024 Audit. The HWO Inc. audit will begin in November and is expected to be completed by end of December with a full report-out scheduled for the Finance Committee on January 29th. F. Halikman asked the Finance Committee for any specific areas the audit should focus on. The Finance Committee noted cyber security and risks associated with online accounts. F. Halikman and A. Saleh agreed that it would be part of their review of internal controls.

FINANCE REPORTS – SEPTEMBER 2024

Chair T. Keating called upon P. Brown to present the HWO Inc. financial reports for September 30, 2024. P. Brown called attention to the September 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 \$104.9 million at end of September 2024 with the primary assets being HWO Investments, LLC portfolio at \$81.7 million. The Foundation's money market account and ICS accounts were \$16.5 million at end of September 2024. These funds are at Seacoast Bank primarily in the Money Market and ICS accounts earning between 475 and

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

Moving to the HWO Inc. Combined Statement of Revenues and Expenses for the 12 months ended September 30, 2024, net Investment Income was a gain of \$13.4 million with \$1.2 million in the month of September. The FYE24 total operating expenses were \$2.24 million compared to the annual budget of \$2.35 million. Primary under budget of \$109k for FYE24 was due to lower marketing and promotional spend. P. Brown also discussed the HWO Inc. Cash Flow Forecast. T. Keating requested we continue to monitor interest rates and determine the proper level of liquidity and cash to have on hand in the Money Market, CD's and ICS accounts.

P. Brown presented the Mariner September 30, 2024, Investment Performance Review and Flash Report. P. Brown reported that overall returns from portfolio inception to date were up 7.17% and the fiscal year to date 2024 is up 19.81%. For the quarter ending 9/30/24, overall returns were up 5.63% with domestic equities up 5.79%, international equities up 8.89% and fixed composites up 5.28%. The Real Estate Composite was up slightly at 0.24% for the quarter.

P. Brown concluded the HWO Inc. Finance Report for September 2024 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. September 2024 Finance Reports and the September 30, 2024, Mariner Investment Performance Review and Flash Report.

INVESTMENT QUARTERLY DISCUSSION

Chair T. Keating called upon J. Breth to present the Mariner September 30, 2024, Q4 Investment Performance Review. J. Breth of Mariner Institutional provided an overview of the September 30, 2024, QTD Investment Performance Review for HWO Investments, LLC portfolio. The portfolio's overall performance was up 5.63%, net of fees, for the quarter ending 9/30/2024. J. Breth said consistent with current market conditions the Portfolio's performance was up in all categories for the quarter.

As to asset allocation, J. Breth noted all investment allocations are near the policy range mid-point approved by the Board, with domestic equities being above the mid-point and Private Equity below the mid-point. This allocation will be closer to mid-point when the equity call is completed for the private equity investment with JP Morgan. At this time, J. Breth did not have any recommendations for changes to the Portfolio.

J. Breth discussed asset allocation models and sensitivity analysis to the approved HWO Investment policy allocations. He provided allocation scenarios and portfolio standard deviations when funds were allocated differently between asset categories. The presentation was well received, and

Finance committee members agreed to keep the asset allocation as per policy. The Committee agreed to review regularly throughout the year.

OPEN FORUM

No further discussion.

The meeting was adjourned at 10:04 a.m.



Tim Keating, Committee Chair