

**High Hopes Therapeutic Riding, Inc.**  
**Finance Committee and Investment Committee**  
**Meeting Minutes**  
**September 8, 2020 via Zoom**

Attending: Scott Douglas (Chair), Cheryl Heffernan, Jackie Kangley, Sarah Keenan, Jeff Ridgway, Peter Watt, Deborah Welles, Kitty Stalsburg and Lesley Olsen.

Absent: John Catlett, Betsy Dill and Jean Wilczynski

The meeting was called to order at 9:05 a.m. via Zoom.

Scott opened the meeting asking that committee members put thought to contingency planning amidst the every changing effects of COVID and its restrictions on participation and impact on revenues. He began with stating that with no debt and a currently healthy portfolio High Hopes is in a better position than most small non-profits.

Lesley updated the Committee on the current financial matrix:

1. The portfolio as of 9/4/2020 was at \$5,310,575 of which \$3,119,875 is permanently restricted per the 6/30/2019 Audited Financials.
2. Program receivables were at \$79,725 with about 2/3rds of the Academic Invoicing complete.
3. Cash on Hand in local banks was at \$224,807 which includes the PPP loan of \$152,000.

The committee reviewed the FY 19-20 Actual versus Budget. As expected with the loss of earned revenue from classes being cancelled mid-March and the pivot to the Virtual Bash, income was down 23% (Actual \$1,211,178 v Budget \$157,188). Expenses were also less than budgeted by 12% (Actual \$1,517,390 v Budget \$1,729,320). This resulted in a net ordinary income loss of \$306,212 compared to the budget loss of \$158,132.

The committee then went on to focus on the current fiscal year. Because of the uncertainty of the financial situation the staff will be reviewing income and expenses on a monthly basis with respect to the approved budget for FY 20-21. The budget was conservative in assuming no earned revenue for Q1, spending reductions, no wage increases, a hiring freeze, a pivot to a virtual Holiday market and aggressive fundraising. July and August both saw us outperform in income and successful in reducing expenses. Income was \$84,020 compared to the budget of \$47,573. Expenses were \$211,211 compared to the budget of \$228,546. So for now we are ahead of the game.

A discussion followed as to what more we can do to be prepared to face the financial uncertainty of the ongoing COVID crisis. Scott reviewed some of the scenarios that were considered in April as the budgeting process was progressing. A number of different budgets (8) were produced with scenarios spanning the range of summer returning to normal, no summer revenue (Q1), including reduced earned revenue in Q2 and beyond. Also the numbers were calculated to include various scenarios of staff reductions. The consensus, which was well said by Cheryl, is that High Hopes needs to be prepared to assess frequently and react quickly to the realities as they unfold. The hard work by staff to plan for the numerous scenarios puts us in a good place to react when the time comes.

A brief update was given on the inquiry into a line of credit. Local banks require funds be invested with them. This would require we split the portfolio which is not desirable. Tom Russo, our Vanguard advisor, reassured us that our funds are liquid and should we need to liquidate a portion for cash flow, it would be quick and the fund could then be rebalanced. The PPP loan of \$152,000 will qualify for forgiveness, but the SBA has not released the platform on which to apply. Kitty and Lesley gave an update on the audit which is being done virtually this year. It is going well if a little slower than usual because everything is virtual. It is expected to be complete on time with the Audited Financials available in mid-October.

A discussion was held on calculating our True Cost of providing services. With the number of classes greatly reduced from prior years because of COVID the calculations will result in a much higher per unit cost (perhaps as much as \$200 verses \$161). The consensus was to use the actual FY 19-20 figures while also noting the previous with footnotes as to the circumstances. Kitty projected that the reduced service units will continue for at least another year.

The next meeting would typically be in January, but given the circumstances there may be a need to hold an interim meeting. The committee will continue to receive monthly actual verses budget and are encouraged to communicate concerns or questions.

With no further business, the meeting was adjourned at 10:00 a.m.

Respectfully submitted,

Lesley Olsen, Finance Director