

High Hopes Therapeutic Riding, Inc.
Finance Committee and Investment Committee
Meeting Minutes
July 21, 2021 via Zoom

Attending: Scott Douglas (Chair), Betsy Dill, Sarah Keenan, Mac Mummert, Peter Watt, Jean Wilczynski, Kitty Stalsburg and Lesley Olsen.

Absent: John Catlett and Cheryl Heffernan

Guests: Nancy Bulkeley, Tom Russo (Vanguard) and Domenic Matteo (Vanguard)

The meeting was called to order at 4:30 p.m. via Zoom.

The meeting opened with a presentation by Tom Russo, Senior Investment Consultant from Vanguard and his colleague, Domenic Matteo, regarding our Portfolio Investments performance and market outlook. The presentation covered 2021 through the end of June. Year to date 2021 equity markets produced positive returns while bonds returns fell. The allocation of the Portfolio was last rebalanced in December of 2020 and is currently on target. Allocation is reviewed each quarter. The growth overall in the past year is not expected to continue going forward. There has been small but unexpected increases in inflation and interest rates but neither are concerning for long term investors. High Hopes' Portfolio is tracking well when compared to the NACUBO returns in the past year for those with \$25 million and under invested. COVID is and will continue to be a key driver in the market. Industries that saw large increases are not expected to retract and those that were significantly affected are expected to have a slow recovery that may take a couple of years. Kitty requested that Tom do a comparison on the effect of spending (drawing down) which High Hopes currently draws at 4%. We don't actually remove funds from the portfolio, instead using the draw as a means of releasing funds from restrictions.

Lesley updated the Committee on the current financial metrics. The portfolio as of 7/21/2021 was at \$6,569,638 of which \$3,376,658 is permanently restricted per the 6/30/2020 Audited Financials. Program receivables were at \$3,347 with Summer Program invoicing complete. Accounts Payable were at \$9,664. Kitty mentioned that for the first time there was excess cash on hand allowing us to put \$100,000 into the portfolio and retain Cash on Hand in local banks at \$456,252. A discussion was held on what the best vehicle is for excess cash to increase the return. While local banks have some vehicles available the market is still getting the best returns. Lesley mentioned the standard practice of having 3 months of expenses readily available. Average monthly expenses run between 130,000 to 150,000. There are two capital expenses coming up (new roof on shaving shed and the outdoor arena footing) which depending on the timing temporarily justifies having excess cash on hand. Lesley and Kitty will discuss further with Tom Russo on what vehicles Vanguard may have to offer.

The committee briefly reviewed the FY 20-21 Actual versus Budget which ended the year in a very positive position due to greater than expecting grant receipts and strong appeal and scholarship giving. In addition the forgiven PPP loan of \$152,000 was converted to an unrestricted grant. Staff have also been successful in tightly managing expenses. There will be unbudgeted expenses in FY 21-22 due to the restoration of the Volunteer Coordinator position. This expenses will be offset by increase in participant numbers and the forgiveness of the second PPP loan in the amount of \$149,000.

The committee was polled on whether they would like to continue to have monthly reporting on Actual v Budget. Kitty noted that the staff will continue monitoring revenue and expenses on a monthly basis. The consensus was that quarterly reporting to the committee and board would be sufficient. The committee agreed on the proposed meeting dates of Tuesday, September 21, 2022; Tuesday, January 11, 2022; Tuesday, April 19, 2022 and Wednesday, June 8, 2022 (if needed for budget approval) and the time of meetings to return to 5:00 PM.

With no further business, the meeting was adjourned at 5:45 p.m.

Respectfully submitted,

Lesley Olsen, Finance Director