

Hubbard Brook Research Foundation

Finance Committee Meeting Minutes

Tuesday, February 14, 2017, 4:00 pm

Offices of Schiffman Datillio and Co., Lebanon, NH and via Zoom Videoconference

Trustees in Attendance: Michael Shoob (MSh)

Trustees Participating by Zoom: Steve Hamburg (SH), Fred Hunt (FH), Peter Martin (PM), Mike Smith (MSm), and John Smitka (JS)

Others in Attendance: Anthea Lavallee (AL), Brenda McCartney (BM), Zach Ralph (ZR), and Heidi St. Peter (HSP)

Action items are highlighted in blue.

MSm called the meeting to order at 4:04.

MSm explained that the sequence of topics would include a review of HSP's report for FY16, an executive session, followed by a discussion of other financial matters (e.g., Mirror Lake).

HSP asked if there were questions related to the differences between a financial review and a formal audit. Committee members indicated that they had a good understanding of these differences, and additional explanation would not be necessary.

MSh asked if HSP had any concerns related to the review. HSP indicated that she had no concerns and was very comfortable with BM's accounting systems. HSP commended BM for her excellent work and stated that she sets a high standard for non-profit accounting and bookkeeping.

PM asked if we have bank accounts that exceed insurance limits (i.e., \$250K). BM indicated that we do not. **HSP offered to remove the related footnote in the future.** MSh and others agreed that it should be removed.

PM asked if consortium income should be categorized as restricted or unrestricted. **HSP agreed that it could be considered unrestricted income.**

MSh asked how and when we should conduct an audit as opposed to a financial review. HSP explained that, during a review, she looks at balances and back-up materials but doesn't investigate the details of accounts that look OK. In light of BM's excellent work, HSP stated that she does not feel that the extra expense of an audit would be necessary.

MSh asked about the threshold for a A133 audit. HSP explained that the threshold for organizations that receive federal award money is \$750,000 per fiscal year. New Hampshire requires a full audit for organizations with annual income levels at or above \$1 million. HSP and MSh explained that you can push back on these requirements.

PM asked why, according to the 990, AL appears to be working for free. HSP explained that reported compensation is based on the calendar year, and that AL hadn't been appointed to the ED position yet.

The group confirmed the next meeting of the Board of Trustees on April 17.

At 4:24, the Finance Committee went into executive session.

At 4:31 participants reconvened, and MSh made a motion to accept the financial review as presented. PM seconded the motion which passed unanimously.

SH made a motion to present the financial review to the full board at the April meeting. MSh seconded the motion which passed unanimously at 4:32.

BM led a review of the YTD financials through December 31. BM explained that, after reducing the LOC to \$20K, we recently needed to draw \$10K. AL is working on the consortium (i.e., retaining current members and recruiting new institutions). The annual fund is low, primarily due to a major Mirror Lake Campaign gift which will come at the expense of our single largest unrestricted year-end gift. We are working to make up winter rental income through Airbnb. The Mirror Lake loan balance now stands at \$156K. Our monthly payment (i.e., \$3K) now includes \$2,400 toward principal.

BM reviewed her analysis of actual Mirror Lake income and expenses compared to the business plan. SH recommended that we prepare a short paragraph that explains Mirror Lake business management for presentation to the COS. It would be helpful for HB scientists to understand that non-scientist rentals enable us to offer below-market, subsidized rates to scientists. The group agreed that the rental rate increase to scientists in 2017 should be modest (i.e., 2% - 3%).

PM suggested that we develop a new business plan that more accurately reflects current goals and conditions.

MSm noted that utility costs are high and asked for an analysis.

Although there is more work to be done, SH commended the staff on their progress related to the Mirror Lake business plan.

MSm adjourned the meeting at 4:59.