

**MINUTES OF THE REGULAR MEETING OF THE FINANCE COMMITTEE OF THE
BOARD OF DIRECTORS**

OF

THE GOLDEN L.E.A.F. (Long-term Economic Advancement Foundation), Inc.

The regular meeting of the Finance Committee of the Board of Directors of The Golden L.E.A.F. (Long-term Economic Advancement Foundation), Inc. (the “Foundation”), was noticed for and convened on August 1, 2024, at the Golden LEAF Retreat Center, located at 301 N. Winstead Ave., Rocky Mount, NC 27804. Committee members participating in the meeting were Buddy Keller, Laurence Lilley, Darryl Moss, and Ralph Strayhorn. Also present were Board members Charles Brown, Barry Dodson, Don Flow, Jeffrey Lee, Brian Raynor, Bobbie Richardson, Johnathan Rhyne, and David Rose. Also present were Scott T. Hamilton, President, Chief Executive Officer of the Foundation; Ted Lord, Senior Vice President/ General Counsel of the Foundation; Kasey Ginsberg, Vice President/ Chief of Staff of the Foundation; Marilyn Chism, Director of Programs of the Foundation; Angela Gailliard, Director of Programs of the Foundation; Jenny Tinklepaugh, Communications and External Affairs Manager of the Foundation; Brynn Fann, Program Officer and AV/ Tech Coordinator of the Foundation; Erica Smith, Vice President of Finance of the Foundation; J.P. Boyd, Vice President of Investments of the Foundation; and David L. Kyger, legal counsel to the Foundation. J.P. Boyd served as secretary of the meeting.

Mr. Kyger called the roll of the Committee members.

In Mr. Isenhower’s absence, Mr. Strayhorn served as the Acting Chair of the Committee. Mr. Strayhorn called the meeting to order and declared a quorum to be present.

A motion was made to approve the minutes of the June 6, 2024, meeting of the Finance Committee. The motion was seconded and carried.

Mr. Strayhorn asked Ms. Smith to present her report to the Committee.

Ms. Smith reviewed the Foundation’s Statements of Position as of June 30, 2024, and June 30, 2023. The Foundation’s Total Assets were approximately \$1.403 billion as of June 30, 2024, compared to

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\$1.295 billion on June 30, 2023, an increase of approximately \$107.9 million. The variance is primarily attributable to increases in Investments and Investments – Coronavirus Relief, which were up approximately \$104.6 million and \$4.4 million, respectively. The Foundation had Total Liabilities of approximately \$270.6 million as of June 30, 2024, comprised almost entirely of grants payable. The Foundation's Net Position as of June 30, 2024, was approximately \$1.132 billion compared to a net position of nearly \$1.081 billion as of June 30, 2023, an increase of approximately \$51.8 million.

During the period ending June 30, 2024, the Foundation's Investments increased approximately \$104.6 million to nearly \$1.381 billion. This increase reflects Investment Income of approximately \$155.0 million, MSA payment of \$25.0 million, a State appropriation for the Foundation's Shell Building Pilot Program of \$10 million, Community Bank CD Activity of \$75,000, and transfers to Operating Cash of approximately \$85.6 million. The balance of Grants Payable stood at approximately \$270.3 million at the end of the period, an increase of approximately \$56.0 million since June 30, 2023, reflecting approximately \$144.6 million in awards, \$82.0 million in payments, and \$6.5 million in rescissions.

Ms. Smith then reviewed the Foundation's Statements of Activities for the periods ending June 30, 2024, and June 30, 2023, including revenues and expenses. During the year ended June 30, 2024, the Foundation had total revenues of approximately \$195.9 million, compared to total revenues of approximately \$138.2 million at the end of the same period for the prior year, a difference of approximately \$57.7 million. The difference in revenues is primarily attributable to an approximately \$47.3 million increase in investment income, \$7.5 million increase in the MSA payment, and a one-time State appropriation for the shell building program of \$10 million. Total expenses as of June 30, 2024, were approximately \$144.1 million, an increase of slightly less than \$99.0 million from the period ending June 30, 2023, with most of the difference resulting from an increase in Grant Awards (net of rescissions/returns) of approximately \$97.1 million. Ms. Smith also reported that as of June 30, 2024, the Foundation had total investment income of more than \$155.0 million for FY2024.

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Ms. Smith then provided an update on Investments – Coronavirus Relief / RRLP Capital Allocation Revenue. Ms. Smith reported Investment Income and Receipts from the North Carolina Rural Economic Development Center, which were approximately \$771,000 and \$3.61 million, respectively.

Ms. Smith then provided an update on the Line of Credit Expenses for the fiscal year through June 30, 2024. These included renewal and participation expenses of \$15,000, bank legal expenses of \$10,000, and unused line of credit fees of approximately \$94,700. The Foundation also incurred interest expense of \$176 from testing the line of credit, which was successfully completed on February 28, 2024. Except for the annual test, there have been no draws to date this fiscal year.

Ms. Smith then reviewed the Budget Report for the year ended June 30, 2024. Ms. Smith noted that administrative expenses for the fiscal year through June 30, 2024, were 1.0% favorable to the budget, with much of the favorability attributable to savings in the personnel expenses line item.

Ms. Smith then presented FY2024 Administrative/Capital Budget Adjustments, which included proposed budget reallocations to various line items of the Administrative Budget.

A motion was made to recommend that the Board adjust the FY2024 Administrative/Capital Budget by making the following reallocating among line items:

Increase Occupancy Expenses by \$1,000.

Decrease Personnel Expenses by \$8,000.

Increase Professional Fees by \$12,000.

Decrease Contingency by \$5,000.

The motion was seconded and carried.

Ms. Smith then presented proposed FY2024 Grants Budget transfers. She reviewed the FY2024 Grants Budget, FY2024 awards, and budget transfers. The information included details about the Foundation's Open Grants Program, Economic Catalyst Program, Community Based Grants Initiative, Disaster Recovery Program. Flood Mitigation Program, and Shell Building Pilot Program, and other initiatives and awards.

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A motion was made to recommend that the Board approve the following changes to the Foundation's FY2024 Grants Budget:

Increase the Economic Catalyst category by \$8 million.

Decrease the SITE category by \$2 million.

Decrease the Other category by \$6 million.

The motion was seconded and carried.

A motion was made to recommend that the Board modify the FY2025 Grants Budget to reflect the final FY24 carryover balance for State appropriated funds which reflects adjustments of less than \$50,000 related to June activity. The motion was seconded and carried.

Ms. Smith then presented the FY2025 Budget, including budget sources, administration and capital budgets, interest expense and fees for the line of credit, and grants.

There being no further business to come before the Committee, the meeting was adjourned.

J.P. Boyd, Secretary of the Meeting

Read and approved:

Ralph Strayhorn, Acting Chair of the Finance
Committee