



# FINANCE COMMITTEE

**March 28th, 2023**

**10:00 AM to 12:00 PM**

**Zoom Meeting**

# AGENDA

**Call to order**

Jeff Fagan, Treasurer

**Roll Call**

Lynda Rable, Director of Finance

**Antitrust Reminder**

Jeff Fagan, Treasurer

**Approval of Prior Meeting Minutes**

**Bank Health**

Chad Loar, Regional President  
Jason Fleck, SVP , Senior Vice President

**Investment Outlook**

John Coates, SVP, Sr. Investment Officer

**Financial Results:**

February 2023 YTD Results

Lynda Rable, Director of Finance

Feb 2023 Annual and Cash Flow Forecast & Reserves

Mark Schafer, Chief Financial Officer

**Adjourn**

Jeff Fagan, Treasurer

## STELLAR ANTI-TRUST REMINDER

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Stellar MLS is a for profit corporation whose shareholders and members are engaged in similar businesses and Stellar MLS provides services to such shareholders and members. Whenever such persons engaged in similar businesses gather or when corporations provide services to such similar businesses, there is a risk of antitrust liability or of the appearance of anti-competitive activity. Stellar MLS has adopted strict policies to avoid any such liability or appearances. Any departure from these policies could result in severe civil and criminal penalties to you as individuals, to your company and to your association/board and Stellar MLS.



# BANK HEALTH

# PNC's Financial Strength

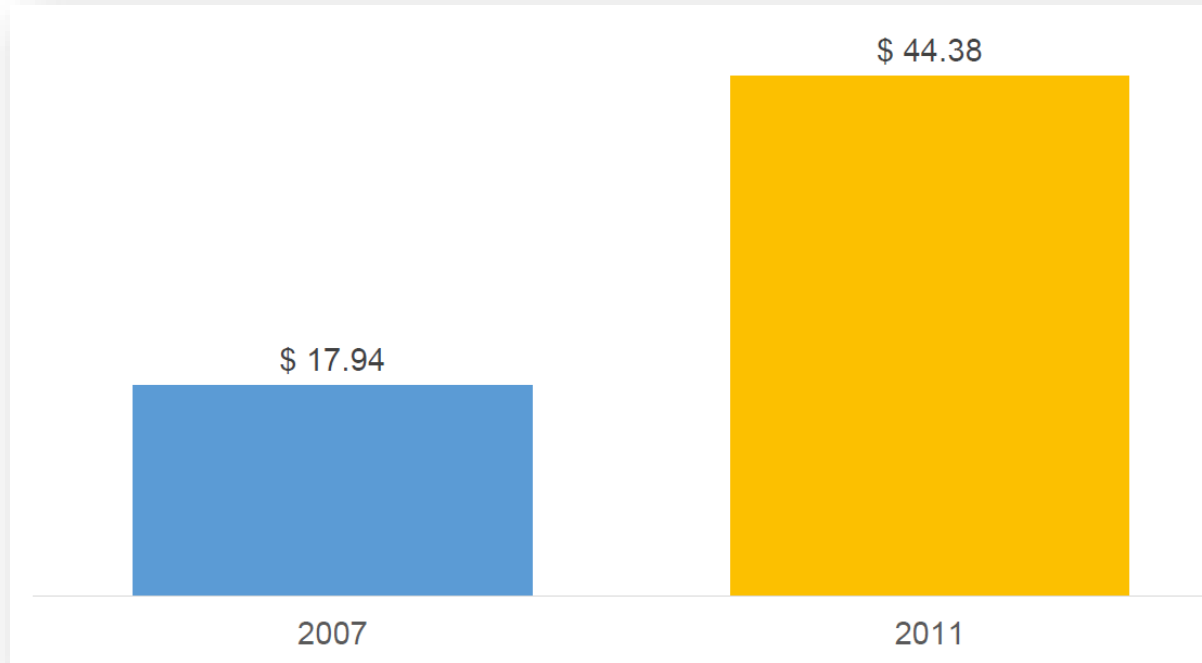
## Overview

- Founded in 1875, PNC has a long track record of strong, through the cycle performance
  - Research analyst Mike Mayo recently referred to PNC as the “Bank of Steel”
- PNC does not have any direct exposure to Silicon Valley Bank or Signature Bank and less than \$1mm of market-related exposure to Silicon Valley Bank.
- PNC is the sixth largest US bank by deposits, with \$436bn deposits as of 12/31/22; two-thirds comes from Retail customers and one-third comes from corporate customers.
- PNC maintains a strong core deposit franchise supported by more than 2,500 retail branches across our coast-to-coast franchise. In comparison, SVB had 21 branches heavily concentrated in two MSAs in California.
- PNC has been subject to the annual Federal Reserve stress test since its inception in 2013 and has passed every year. Neither Silicon Valley Bank nor Signature has ever been subject to the stress tests.
- In addition, PNC is subject to and has always been in compliance with the Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR). SVB and Signature have never been subject to the LCR and NSFR. Today, both ratios for PNC are well in excess of regulatory required levels.
- Our deposit base remains extremely granular, with an average account balance of \$21k, versus SVB at \$1.2mm and Signature at \$508k.
- PNC's liquidity position remains very strong. At 12/31/22 we maintained \$27 billion at the Federal Reserve and almost \$70 billion of unused borrowing capacity at the FHLB and the Federal Reserve Bank system.
- PNC has consistently maintained a strong capital position with capital levels significantly higher than the regulatory requirements for being considered well-capitalized.
- PNC maintains strong credit ratings across the three major credit rating agencies (S&P, Moody's and Fitch)

# PNC's Financial Strength

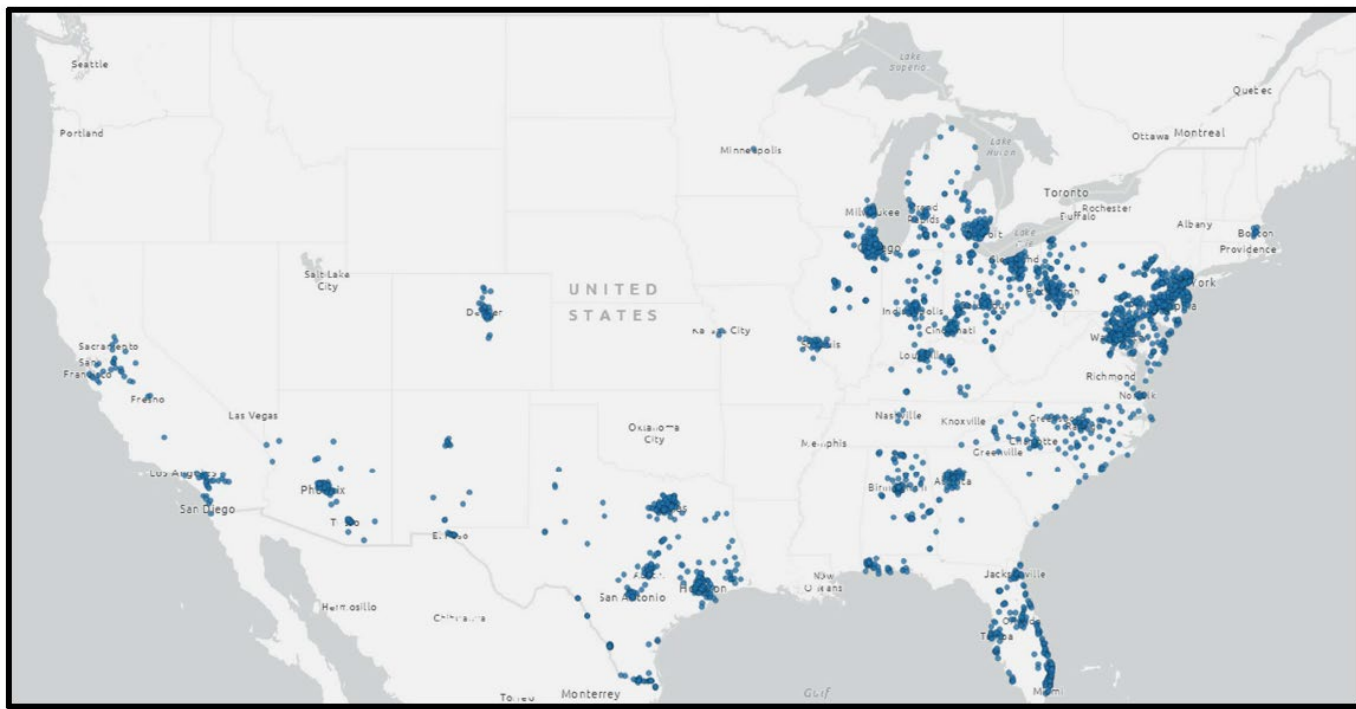
Strong Foundation; 2.5x TBV Growth During Great Financial Crisis

## Tangible Book Value per Share



# PNC's Financial Strength

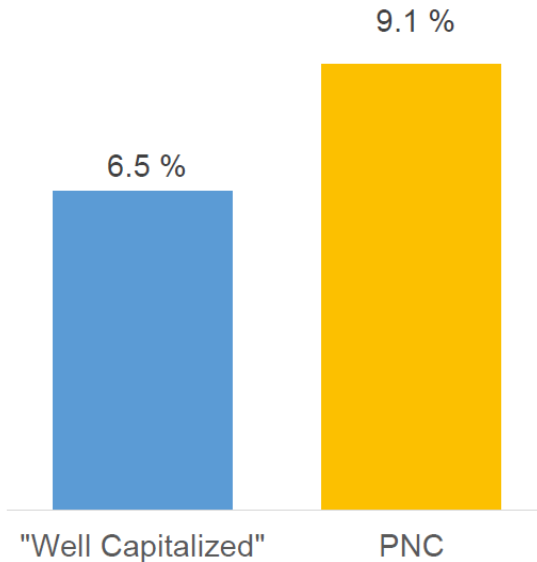
## Strong Coast to Coast Retail Franchise



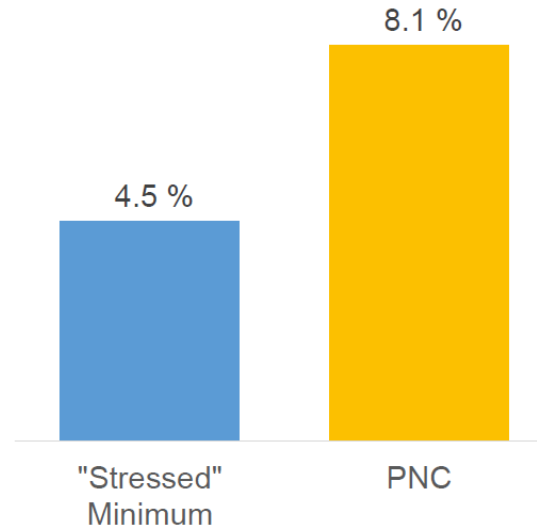
# PNC's Financial Strength

## Strong Capital

**Actual 2022 Common Equity Tier One Ratio**



**Federal Reserve "Stressed" 2022 Common Equity Tier One Ratio**





## PNC's Financial Strength

Strong & Large Deposit Base (\$ in billions)

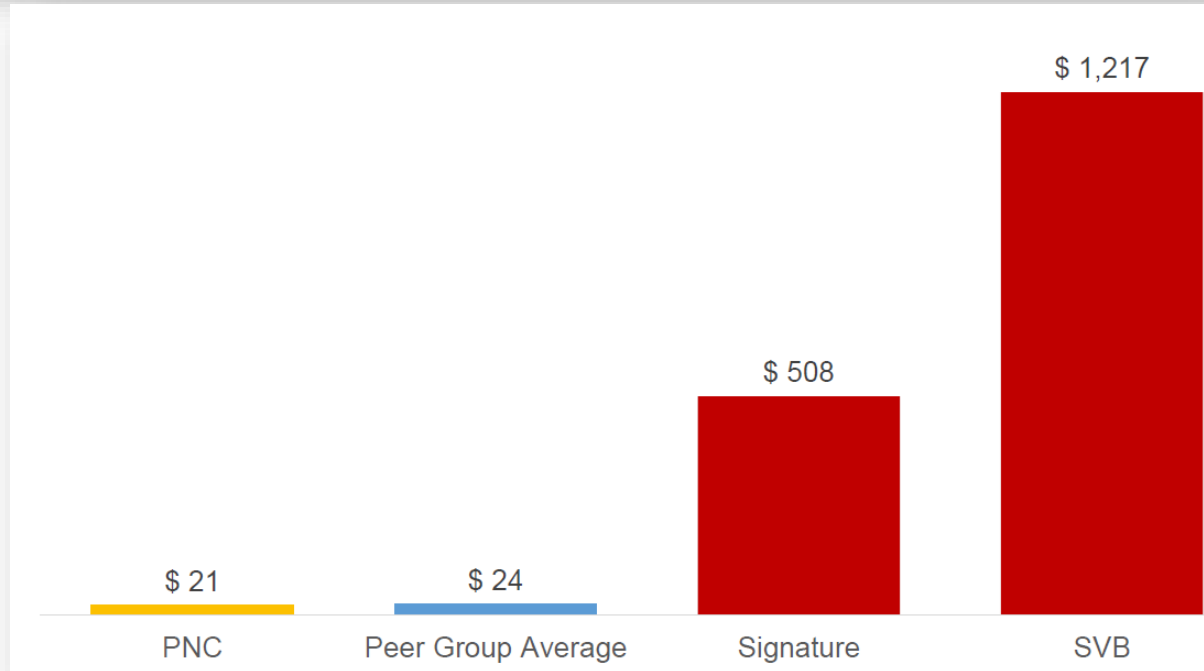


Rank	Bank	Deposits
1	JPMorgan Chase	\$ 2,340
2	Bank of America	\$ 1,930
3	Wells Fargo	\$ 1,384
4	Citigroup	\$ 1,366
5	U.S. Bancorp	\$ 525
<b>6</b>	<b>PNC</b>	<b>\$ 436</b>
7	Truist	\$ 413
8	Capital One	\$ 333
9	Citizens Financial Group	\$ 181
10	M&T Bank	\$ 164

# PNC's Financial Strength

Strong & Granular Deposit Base

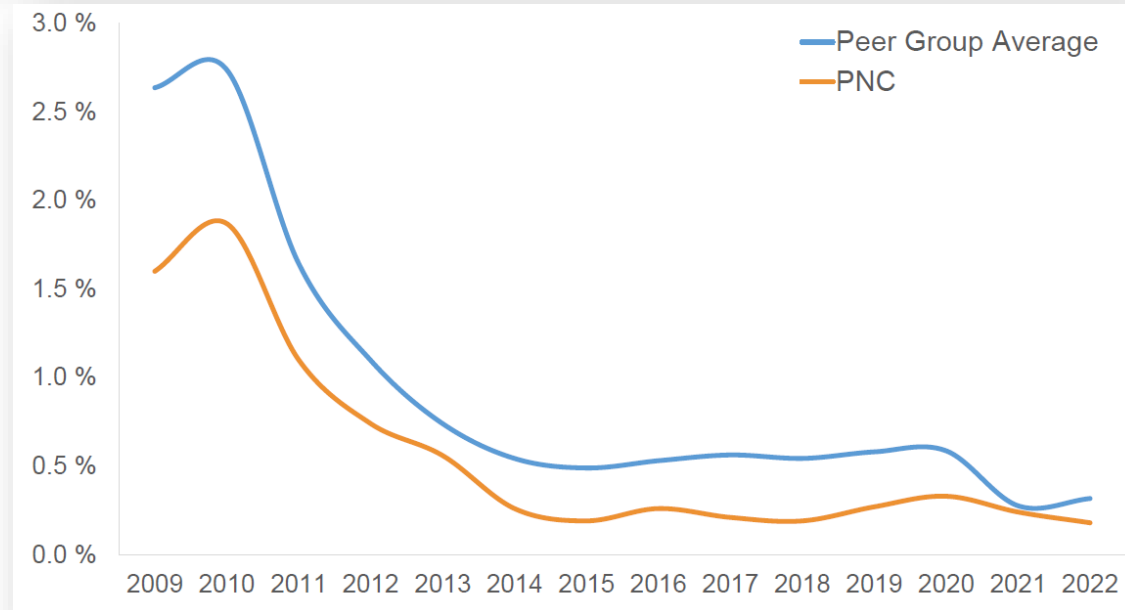
## Average Deposit Account Size as of 12/31/22 (\$k)



# PNC's Financial Strength

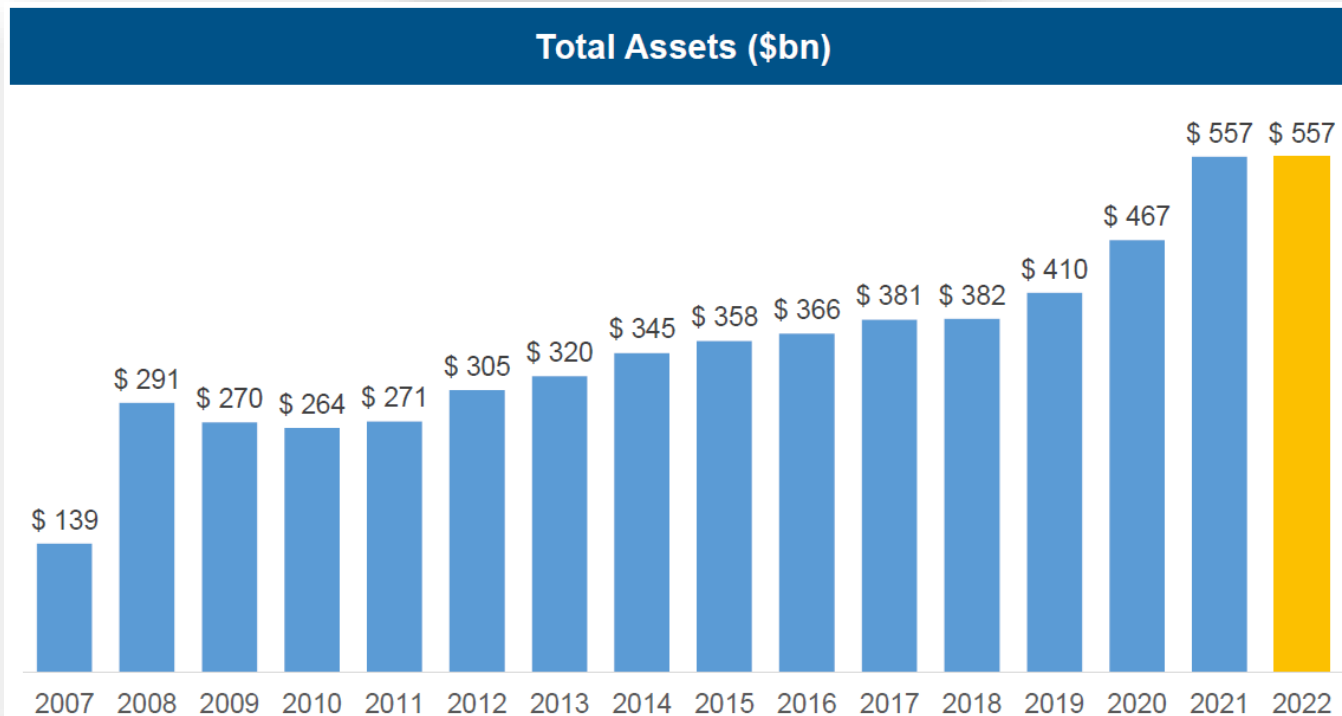
Strong Credit

## Full Year Net Charge Off Ratio



# PNC's Financial Strength

## Strong Through-the-Cycle Growth



# Standard Disclosure

PNC, PNC Bank, PINACLE, Working Cash, ActivePay, Global Trade Excellence, Midland Loan Services, CMBS Investor Insight, Portfolio Investor Insight, Borrower Insight, Shared Servicing, PNC Riverarch Capital, PNC Erievue Capital, and Solebury Capital are registered marks of The PNC Financial Services Group, Inc. ("PNC"). Enterprise! and Solebury Strategic Communications are service marks of The PNC Financial Services Group, Inc. Tempus Technologies is a registered mark of Tempus Technologies, Inc. Linga POS is a registered mark of Linga, LLC.

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Not FDIC Insured • Not Bank Guaranteed • Not A Deposit  
Not Insured By Any Federal Government Agency • May Lose Value

In Canada, PNC Bank Canada Branch, the Canadian branch of PNC Bank, provides bank deposit, treasury management, lending (including asset-based lending) and leasing products and services. Deposits with PNC Bank Canada Branch are not insured by the Canada Deposit Insurance Corporation or by the United States Federal Deposit Insurance Corporation.

Lending, leasing and equity products and services, as well as certain other banking products and services, require credit approval. PNC does not provide legal, tax or accounting advice unless, with respect to tax advice, PNC Bank has entered into a written tax services agreement.

# INVESTMENT OUTLOOK

# Taking Stock of the Markets

## Executive Summary

### U.S. Economy

- Moderating economic data such as durable goods orders and retail sales continue to signal a slowing expansion phase of the business cycle.
- Leading indicators such as building permits are beginning to slow, signaling a potential contraction ahead for the U.S. economy.

### International Economy

- As headwinds continue to mount — record inflation levels, political crises, waning consumer confidence and heightened geopolitical risks — Manufacturing Purchasing Managers' Index® (PMI®) data across a number of countries has fallen below 50, signaling contraction concerns.
- In our view, this highlights negative sentiment while economic activity moderates.

### Fixed Income Markets

- The U.S. Treasury (UST) yield curve saw rates on maturities two years and longer fall in January, prompted by signs of easing inflationary pressures and slowing growth. Markedly weaker economic data along with less rapidly rising wage increases also led to lower levels of bond market volatility.
- The spread between 2- and 10-year USTs and 3-month and 10-year USTs remain deeply inverted, indicating investors believe the Fed will need to bring down yields as growth falters in 2023.

### Global Monetary and Fiscal Policy

- Major central banks across North America, Europe and Asia continue to hike rates, but are beginning to attempt to tackle global inflation while balancing delicate economic growth. Japan remains the only major developed country to keep its loose monetary policy in place.
- In our view, the continued strength of the U.S. dollar hinges on both the Fed's aggressive tightening and the resilience of the U.S. economy, which is in contrast to Europe's energy crisis and rapidly slowing growth prospects.

### Corporate Earnings

- Fourth-quarter consensus earnings growth estimates are negative, and there is a possibility the S&P 500 falls into an "earnings recession" in 2023 as mega cap companies remain under pressure, and base effects for the Energy sector begin to rapidly fade.

### Alternative Assets

- Alternatives continue to provide value by typically offering diversification and uncorrelated returns with traditional markets.
- As valuations in public markets compress, private market valuations should also decline, making current vintage year funds attractive.

### U.S. Equity Markets

- Stocks had a strong month as investors responded positively to falling inflation data.
- Markets remain very influenced by macroeconomic data, as investors remain uncertain about the Fed's path for future rate hikes.

### International Equity Markets

- Developed international equities had one of their strongest Januaries on record, supported by a weaker U.S. dollar and China's plans to reopen from COVID-19 restrictions.
- Declining economic growth expectations have led to falling earnings revisions; however, consensus estimates still remain overly optimistic, in our view, at 1.0%.

- Key catalysts for the path forward continue to be supply chain normalization and easing inflation pressures.
- Geopolitical risk containment and a smooth transition in monetary policy are critical to keep the market on course.
- Markets face a number of macro headwinds, pointing to a cautious outlook for 2023.

## Investment Policy Guidelines and Compliance

As of February 28, 2023

### Stellar MLS - Balance Sheet Reserves

Investment Style	Preservation of Capital				
Asset Allocation	100% Fixed Income				
Benchmark	Bloomberg Barclays US T-Bill 1-3 Month Index				
Portfolio Value	\$9,215,801				
	<i>As of February 28, 2023</i>				
Balance Sheet Reserves	Min	Max	Target	Current Portfolio	In Compliance
Fixed Income	0%	100%	100%	99.9%	Yes
Cash	0%	100%	0%	0.1%	Yes

### Stellar MLS - LOC Collateral Account

Investment Style	Conservative
Asset Allocation	5% Equity / 90% Fixed Income / 5% Cash
Benchmark	Policy Benchmark <sup>1</sup>
Portfolio Value	\$2,968,308
	<i>As of February 28, 2023</i>

1. S&P 500 TR 5%, Bloomberg Barclays Muni Managed Money Short Intm 80%, Bloomberg Barclays EM USD Agg TR 5%, BOA 3-month U.S. Treasury Bill 5%, Barclays U.S. Floating Rate Note 1-5yr 5%

LOC Collateral Account	Min	Max	Target	Current Portfolio	In Compliance
Equity	0%	25%	5%	17.6%	Yes
Fixed Income	0%	100%	90%	78.6%	Yes
Alternatives	0%	10%	0%	0.7%	Yes
Cash	0%	100%	5%	3.2%	Yes



## Asset Allocation

As of February 28, 2023

### Stellar MLS – Balance Sheet

Description	Market Value (\$)	Portfolio Allocation	Policy Target	Policy Range
Total Fixed Income	9,214,809	100.0%	100%	0-100%
Total Short Term	992	0.0%	0%	0-100%
<b>Total Portfolio</b>	<b>9,215,801</b>	<b>100.0%</b>	<b>100.0%</b>	

### Stellar MLS – LOC Collateral Account

Description	Market Value (\$)	Portfolio Allocation	Policy Target	Policy Range
Total Equity	522,271	17.6%	5%	0-25%
<i>Large Cap Equity</i>	370,632	12.5%		
<i>Mid Cap Equity</i>	44,432	1.5%		
<i>Small Cap Equity</i>	31,009	1.0%		
<i>Other Equity</i>	76,198	2.6%		
Total Fixed Income	2,331,873	78.6%	90%	0-100%
Total Alternatives	19,638	0.7%		
Total Short Term	94,525	3.2%	5%	0-100%
<b>Total Portfolio</b>	<b>2,968,308</b>	<b>100.0%</b>	<b>100.0%</b>	

**Total Portfolio Performance**  
As of February 28, 2023

## Stellar MLS – Balance Sheet

Description	1 Month	3 Month	1 Year	3 Year	ITD**
Total Portfolio (Gross)	-0.04%	0.97%	0.78%	0.37%	0.71%
Total Portfolio (Net)	-0.04%	0.92%	0.56%	0.19%	0.53%
<i>Bloomberg Barclays 1-3 Month US Treasury</i>	<i>0.35%</i>	<i>1.05%</i>	<i>2.21%</i>	<i>0.84%</i>	<i>1.03%</i>

## Stellar MLS – LOC Collateral Account

Description	1 Month	3 Month	1 Year	3 Year	ITD**
Total Portfolio (Gross)	-1.32%	0.97%	-3.88%	3.55%	3.37%
Total Portfolio (Net)	-1.32%	0.85%	-4.37%	3.00%	2.82%
<i>STELLAR LOC Portfolio BM</i>	<i>-1.98%</i>	<i>0.63%</i>	<i>-2.47%</i>	<i>4.09%</i>	<i>4.04%</i>
Total Equity	-2.93%	-1.73%	-5.58%	9.51%	7.27%
<i>STELLAR LOC Equity BM</i>	<i>-2.44%</i>	<i>-2.28%</i>	<i>-7.69%</i>	<i>8.95%</i>	<i>6.47%</i>
Domestic Equity	-2.93%	-1.73%	-5.58%	11.35%	9.15%
<i>Russell 3000</i>	<i>-2.34%</i>	<i>-1.72%</i>	<i>-8.07%</i>	<i>11.79%</i>	<i>9.91%</i>
Total Fixed Income	-1.03%	1.61%	-2.12%	1.18%	1.81%
<i>STELLAR LOC Fixed Income BM</i>	<i>-2.08%</i>	<i>0.76%</i>	<i>-2.53%</i>	<i>0.31%</i>	<i>1.49%</i>

## Historical Cash Flow

As of February 28, 2023

### Stellar MLS – Balance Sheet

Description	2019	2020	2021	2022	02/28/2023
Beginning Market Value	\$0	\$13,627,043	\$17,212,440	\$23,455,578	\$9,167,978
Net Contributions/Withdrawals	\$13,526,383	\$3,489,129	\$6,169,591	(\$14,221,870)	(\$4,813)
Income Received	\$224,604	\$261,042	\$266,594	\$144,396	\$48,059
Gain/Loss	(\$123,944)	(\$164,774)	(\$193,046)	(\$210,127)	\$4,577
Ending Market Value	\$13,627,043	\$17,212,440	\$23,455,578	\$9,167,978	\$9,215,801

### Stellar MLS – LOC Collateral Account

Description	2019	2020	2021	2022	02/28/2023
Beginning Market Value	\$0	\$2,624,157	\$2,739,498	\$2,999,428	\$2,913,778
Net Contributions/Withdrawals	\$2,503,323	(\$14,736)	\$237	\$165,420	\$939
Income Received	\$48,715	\$89,002	\$71,928	\$91,874	\$18,043
Gain/Loss	\$72,119	\$41,075	\$187,766	(\$342,944)	\$35,547
Ending Market Value	\$2,624,157	\$2,739,498	\$2,999,428	\$2,913,778	\$2,968,308

## Purchases and Sales

From 2/28/2022 – 2/28/2023

### Stellar MLS – Balance Sheet

Type	Ticker	Asset Name	Execution Date	Dollars
Sell	VUSFX	VANGUARD ULTRA-SHORT TERM BOND FUND	3/24/2022	\$1,482,000
Sell	PULS	PGIM ULTRA SHORT BOND ETF	3/24/2022	\$317,834

### Stellar MLS – LOC Collateral Account

Type	Ticker	Asset Name	Execution Date	Dollars
Sell	BSIIX	BLACKROCK STRATEGIC INCOME OPPORTUNITIES PORTFOL	3/29/2022	\$ 301,976
Sell	RPIFX	T ROWE PRICE INSTITUTIONAL FLOATING RATE FUND	3/29/2022	\$ 52,000
Sell	PULS	PGIM ULTRA SHORT BOND ETF	3/30/2022	\$ 56,839
Sell	BSIIX	BLACKROCK STRATEGIC INCOME OPPORTUNITIES PORTFOL	4/29/2022	\$ 599
Sell	DGRW	WISDOMTREE U.S. QUALITY DIVI ETF	5/20/2022	\$ 64,175
Sell	FREL	FIDELITY REAL ESTATE ETF ETF	5/20/2022	\$ 74,969
Sell	BSIIX	BLACKROCK STRATEGIC INCOME OPPORTUNITIES PORTFOL	9/28/2022	\$ 1
Buy	VSMAX	VANGUARD SM-CAP INDX #548 ADM	05/23/2022	\$ (29,000)
Buy	DDZRX	DELAWARE VALUE FUND-R6	05/23/2022	\$ (58,000)
Buy	QQQ	INVESTCO QQQ TRUST ETF	05/23/2022	\$ (57,642)
Buy	DGRW	WISDOMTREE U.S. QUALITY DIVI ETF	03/30/2022	\$ (51,832)
Buy	VIMAX	VANGUARD MID CAP INDX #5859 ADM	03/29/2022	\$ (50,000)
Buy	FXAIX	FIDELITY 500 INDEX FD-AI	03/29/2022	\$ (300,000)
Buy	BILPX	BLACKROCK EVENT DRIVEN EQ-IS	03/29/2022	\$ (20,000)

## Balance Sheet Account

### Portfolio Expense Ratio

Investment Fund	Ticker	% of Portfolio	ER
Vanguard Ultra-Short Term Bond Fund	VUSFX	100.0%	0.10
Cash & Equivl	CASH	0.0%	0.00
Portfolio Average Weighted Expense Ratio			0.10

## LOC Collateral Account

### Portfolio Expense Ratio

Investment Fund	Ticker	% of Portfolio	ER
Fidelity 500 Index Fd-Ai	FXAIX	8.71%	0.02
Invesco QQQ Trust ETF	QQQ	1.98%	0.20
Delaware Value Fund R6	DDZRX	1.80%	0.58
Vanguard Mid Cap Index Admiral	VIMAX	1.50%	0.05
Vanguard Sm-Cap Indx Adm	VSMAX	1.04%	0.05
Fidelity Real Estate ETF	FREL	2.57%	0.08
Doubleline Flexible Inc-I	DFFLX	4.58%	0.73
iShares MBS ETF	MBB	2.84%	0.04
PIMCO Income Inst Fund	PIMIX	4.95%	0.62
T. Rowe Price Institutional Floating Rate Fund	RPIFX	23.60%	0.58
BlackRock Strategic Municipal Opportunities Fund C	MAMTX	8.67%	0.63
Fidelity Tax-Free Bond	FTABX	4.98%	0.25
T. Rowe Price Summit Municipal Income Fund I Class	PRIMX	5.00%	0.39
Vanguard Funds Limited Term Tax-Exempt Fund Adm	VMLUX	23.95%	0.09
BlackRock Event Driven Eq Inst	BILPX	0.66%	1.32
Cash & Equivl	CASH	3.18%	0.00
Portfolio Average Weighted Expense Ratio			0.34

Portfolio Holdings  
 STELLAR MLS BALANCE SHEET  
 As of February 28, 2023

Description	Ticker	Units	Market Value (\$)	% of Market Value
<b>Fixed Income Taxable</b>				
Vanguard Ultra-Short Term Bond Fund	VUSFX	467,282	9,214,809	100.0%
<b>Total Fixed Income</b>			<b>9,214,809</b>	<b>100.0%</b>
<b>Short Term</b>				
Cash & Equivl	-	992	992	0.0%
<b>Total Short Term</b>			<b>992</b>	<b>0.0%</b>
<b>Total Portfolio</b>			<b>9,215,801</b>	<b>100.0%</b>

Portfolio Holdings  
 STELLAR MLS LOC Collateral Account  
 As of February 28, 2023

Description	Ticker	Units	Market Value (\$)	% of Market Value
<b>Large Cap Core</b>				
Fidelity 500 Index Fd-AI	FXAIX	1,873	258,467	8.7%
<b>Large Cap Growth</b>				
Invesco QQQ Trust ETF	QQQ	200	58,712	2.0%
<b>Large Cap Value</b>				
Delaware Value Fund R6	DDZRX	2,934	53,453	1.8%
<b>Mid Cap Core</b>				
Vanguard Mid Cap Index Admiral	VIMAX	168	44,432	1.5%
<b>Small Cap Core</b>				
Vanguard Sm-Cap Indx Adm	VSMAX	328	31,009	1.0%
<b>Other Equity</b>				
Fidelity Real Estate ETF	FREL	2,958	76,198	2.6%
<b>Total Equity</b>			522,271	17.6%

**Fixed Income Taxable**

Doubleline Flexible Inc-I	DFFLX	16,091	135,973	4.6%
iShares MBS ETF	MBB	907	84,360	2.8%
PIMCO Income Inst Fund	PIMIX	14,131	146,825	4.9%
T. Rowe Price Institutional Floating Rate Fund	RPIFX	75,147	700,374	23.6%

**Fixed Income Non Taxable**

BlackRock Strategic Municipal Opportunities Fund C	MAMTX	24,757	257,228	8.7%
Fidelity Tax-Free Bond	FTABX	13,851	147,788	5.0%
T. Rowe Price Summit Municipal Income Fund I Class	PRIMX	13,572	148,479	5.0%
Vanguard Funds Limited Term Tax-Exempt Fund Adm	VMLUX	66,746	710,848	23.9%

<b>Total Fixed Income</b>			2,331,873	78.6%
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**Alternatives**

BlackRock Event Driven Eq Inst	BILPX	2,010	19,638	0.7%
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<b>Total Alternatives</b>			19,638	0.7%
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**Short Term**

Cash & Equivl	-	94,525	94,525	3.2%
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<b>Total Short Term</b>			94,525	3.2%
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<b>Total Portfolio</b>			2,968,308	100.0%
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# STELLAR YTD FEBRUARY, 2023 FINANCIALS



## YTD 2022 STELLAR FINANCIALS ACTUAL VS. BUDGET (1 OF2)

	YTD Feb Actual	YTD Feb Budget	YTD Variance
<b>REVENUE</b>			
Participation Fees	20,658,609	18,747,805	1,910,804
Set Up Fees	1,475,942	1,083,114	392,828
Other Fees Billed	492,795	279,889	212,906
Commercial Revenue	109,542	89,868	19,674
Additional Revenue	51,160	16,242	34,983
<b>Total Revenue:</b>	<b>22,788,048</b>	<b>20,216,918</b>	<b>2,571,130</b>
<b>COGS</b>			
CoreLogic Services	6,215,304	5,662,413	(552,891)
IMAPP	350,000	380,000	30,000
Stellar Central	993,589	1,151,985	158,396
Contracted Services - Other	1,523,432	1,741,185	217,753
Commercial Services	109,707	97,280	(12,427)
Service Fees	105,391	107,000	1,609
<b>Total COGS:</b>	<b>9,297,423</b>	<b>9,139,863</b>	<b>(157,560)</b>
	<b>40.8%</b>	<b>45.2%</b>	

**Participation and Set up Fees:** YTD actuals are driven by stronger annual billing renewal of ~5K more customers and new customer growth.

**Other Fees Billed:** are higher than budget due to the increased reinstated customers

**Corelogic:** Higher customer counts as well as missing MLS Prospects in the budget planning process.

**Contracted Services - Other:** favorable primarily due to the renegotiation of Lone Wolf contract combining Transaction Desk & Cloud CMA into a lower bundled cost.

## YTD 2022 STELLAR FINANCIALS ACTUAL VS. BUDGET (2 OF 2)

	YTD Feb Actual	YTD Feb Budget	YTD Variance
<b>OPERATING EXPENSES</b>			
Depreciation & Amortization	53,684	124,337	70,653
Insurance Expense	31,963	33,945	1,982
Building, Utilities & Maint.	288,201	352,778	64,577
Communications Expense	214,434	226,520	12,086
Professional Fees & Services	670,381	1,007,263	336,882
General & Administrative	634,073	1,273,424	639,351
Marketing	363,277	499,730	136,453
Employee Costs	6,219,815	7,152,477	932,662
Travel, Meetings & Events	400,366	640,807	240,441
<b>Total Operating Expenses:</b>	<b>8,876,194</b>	<b>11,311,281</b>	<b>2,435,087</b>
<b>TOTAL EXPENSE:</b>	<b>18,173,617</b>	<b>20,451,144</b>	<b>(2,277,527)</b>
<b>OPERATING INCOME</b>	<b>4,614,431</b>	<b>(234,227)</b>	<b>4,848,658</b>
<b>EBITDA</b>	<b>4,668,115</b>	<b>(109,890)</b>	<b>4,778,005</b>

**Employee costs**- Primarily driven by open positions due to the difficulty most companies are experience in finding willing and suitable talent

**Marketing, Professional fees ,G&A, Building** – Current favorability in consulting fees, software maintenance and certain marketing accounts.

# IOBI YTD FEB 2023 FINANCIALS

## YTD 2023 IOBI FINANCIALS ACTUAL VS. BUDGET

	YTD Feb Actual	YTD Feb Budget	YTD Variance B/(W)
<b>TOTAL REVENUE</b>	<b>294,940</b>	<b>293,884</b>	<b>1,056</b>
<b>EXPENSE</b>			
Depreciation & Amortization	205,871	256,168	50,297
Insurance Expense	18,425	12,000	(6,425)
Building, Utilities & Maint.	185,932	250,631	64,699
Communications Expense	1,126	800	(326)
Professional Fees & Services	10,209	2,947	(7,262)
General & Administrative	1,107	4,155	3,048
Travel & Entertainment	0	1,510	1,510
<b>Total Operating Expense</b>	<b>422,670</b>	<b>528,211</b>	<b>105,541</b>
<b>Operating Income</b>	<b>(127,731)</b>	<b>(234,327)</b>	<b>106,596</b>
<b>EBITDA:</b>	<b>78,140</b>	<b>21,841</b>	<b>56,299</b>

**Building, Utilities & Maint:** Building, Utilities & Maintenance budget was increased this year to meet anticipated increases in inflation and Higher covid cleaning costs that we not experienced.

**Professional Fees & Services:** Consulting and other fees associated with pursuing the medical designation.

**Building Insurance :** Higher building renewal costs as part of the increase in overall CPI.

## MOTION

- *The Finance Committee recommends to the Board of Directors to approve Feb YTD Financial Statements.*

# STELLAR 2023 FORECAST VS BUDGET

# EXECUTIVE SUMMARY

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- Stellar is continuing to enjoy very strong organic customer growth.
  - Annual billing renewal and new customers during April and May started the year ~5K customers stronger than budget.
  - New customers and reinstates exceed budgeted growth for July through January providing confidence that Stellar will make the annual budget for new customers and reinstates.
- The increase in customer counts directly impacts Revenue, COGS, and Operating Costs:
  - Revenue is forecast to be ~\$3.7M better than budget
  - COGS is forecast to be ~\$1.6M higher than budget primarily due to an oversight of MLS prospects not being budgeted as well as increased customer counts.
  - Operating expenses are decreasing by ~\$0.9M primarily in labor due to staffing challenges.
  - Operating income is forecast to be ~\$3.9 M, larger than budget by ~\$3M.

# CUSTOMERS

## CUSTOMER

### Customer

Annual Billing Budget	67,612
Annual Billing Actuals	72,383
	<b>4,771</b>

**Customers:** Customer renewals and new members in April and May came in stronger than anticipated for annual billing, ~5K stronger than budget.

## New Customers

		Jun	Jul	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Total
FY2023	Budget	963	990	924	1,190	950	834	1,165	804	697	1,064	935	1,307	11,823
	Actual	542	1,925	1,902	1,417	1,072	971	703	1,322	1,197	1,100	925	1,298	14,374

**New Customers:** Are exceeding the budget trend. This adds to our confidence in achieving our 14K new customer target.

## Reinstates

		Jun	Jul	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Total
FY2023	Budget	32	68	84	40	56	35	26	35	32	19	21	11	459
	Actual	4	51	166	151	42	66	46	125	29	19	1	8	708

**Reinstates:** Are exceeding budget trend also adding to confidence that we will achieve budget for reinstated customers.

## Forecast



# FORECAST VS BUDGET

	YTD-Actuals Feb YTD	FC March - June	FY2023 Annual FC	FY2023 Budget	Variance FC vs Budget
Total Participation Fees	20,658,609	10,620,254	31,278,863	28,577,636	2,701,227
Total Set Up Fees	1,475,945	641,515	2,117,460	1,624,671	492,789
Total Service Center Fees	65	-	65		65
Total Other Fees Billed	492,796	999,396	1,492,192	988,447	503,745
Total Commercial Revenue	109,543	57,000	166,543	134,802	31,741
Total Additional Revenue	51,097	16,863	67,960	25,037	42,923
	-	-			0
<b>TOTAL REVENUE</b>	<b>22,788,055</b>	<b>12,335,028</b>	<b>35,123,018</b>	<b>31,350,593</b>	<b>3,772,426</b>
<b>COST OF GOODS SOLD</b>					
Total Corelogic Services	6,215,307	3,404,495	9,619,802	7,631,334	(1,988,468)
Total Contracted Services-IMAPP & Stellar Central Moxie	1,343,588	852,392	2,195,980	2,297,977	101,997
Total Contracted Services	1,434,295	709,129	2,143,424	2,431,432	288,008
Total Contracted Serv-Showing Time	137,600	68,800	206,400	206,400	0
Total Commercial Services	109,707	64,000	173,707	145,920	(27,787)
Total Service Fees	105,393	643,000	748,393	750,000	1,607
<b>TOTAL COST OF GOODS SOLD</b>	<b>9,345,890</b>	<b>5,741,816</b>	<b>15,087,706</b>	<b>13,463,063</b>	<b>(1,624,643)</b>
			<b>43%</b>	<b>43%</b>	

**Participation fees:** Increased customer base.

**Commercial:** Annual renewals exceeded our expectations

## **COGS:**

- Corelogic Services driven by increase in customers as we as MLS Prospects wasn't originally in the budget.
- IMAPP contract renegotiation savings offset by increased customer counts.
- Contracted Services favorable primarily due to the renegotiation of Lone Wolf contract combining Transaction Desk & Cloud CMA into a lower bundled cost.

# FORECAST VS BUDGET

	YTD -Actuals Feb YTD	FC March - June	FY2023 Annual FC	FY2023 Budget	Variance FC vs Budget
<b>EXPENSES</b>					
Total Depreciation	53,688	62,169	186,506	186,506	0
Total Insurance Expense	31,962	16,834	48,796	50,917	2,120
Total Building Util & Maint Total	288,202	164,169	452,371	522,826	70,455
Total Communications Expense	214,433	119,260	333,693	339,780	6,087
Total Professional Fees & Services	670,383	802,515	1,472,898	1,509,778	36,880
Total General & Administrative	635,053	1,209,414	1,907,779	1,907,778	0
Total Marketing	363,277	330,318	693,595	693,595	0
Total Employee Costs	6,221,042	3,903,831	10,122,141	10,908,027	785,885
Total TME	400,269	566,110	955,009	955,009	0
<b>Total SG&amp;A Expenses</b>	<b>8,878,309</b>	<b>7,174,620</b>	<b>16,172,788</b>	<b>17,074,215</b>	<b>901,427</b>
<b>Total Expenses</b>	<b>18,224,199</b>	<b>12,916,436</b>	<b>31,260,494</b>	<b>30,537,278</b>	<b>723,216</b>
<b>Operating Income</b>	<b>4,563,856</b>	<b>(581,407)</b>	<b>3,862,525</b>	<b>813,315</b>	<b>3,049,210</b>

**Labor costs:** Are anticipated to come below plan for balance of the year. Some YTD savings is anticipated to spent on accelerating the hiring of 2024B staff.

**Building Utilities and Maintenance:** is primarily due to lower custodial costs due to less cleaning required post covid.

# FY2023 CASH FLOW & RESERVES UPDATE

# STELLAR FY2023 FORECAST CASH FLOW

	Actuals								FY2023 Forecast				
	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Total
<b>Cash Flow From Operations</b>													
<b>Revenue</b>													
Participation Fees, Set Up Fees & Other	1,266,863	1,013,790	1,124,280	314,137	966,951	279,559	1,063,371	876,540	1,627,012	10,177,677	11,580,245	4,832,594	35,123,018
<b>Total Revenue</b>	<b>1,266,863</b>	<b>1,013,790</b>	<b>1,124,280</b>	<b>314,137</b>	<b>966,951</b>	<b>279,559</b>	<b>1,063,371</b>	<b>876,540</b>	<b>1,627,012</b>	<b>10,177,677</b>	<b>11,580,245</b>	<b>4,832,594</b>	<b>35,123,018</b>
<b>Cash from Financing Activities</b>													
Interest Income	13,428	24,278	20,401	27,402	28,039	24,501	20,854	14,496	20,854	14,496	20,854	14,496	244,100
<b>Total Financing Inflows</b>	<b>13,428</b>	<b>24,278</b>	<b>20,401</b>	<b>27,402</b>	<b>28,039</b>	<b>24,501</b>	<b>20,854</b>	<b>14,496</b>	<b>20,854</b>	<b>14,496</b>	<b>20,854</b>	<b>14,496</b>	<b>244,100</b>
<b>Total Cash In</b>	<b>1,280,291</b>	<b>1,038,068</b>	<b>1,144,681</b>	<b>341,539</b>	<b>994,990</b>	<b>304,060</b>	<b>1,084,225</b>	<b>891,036</b>	<b>1,647,866</b>	<b>10,192,173</b>	<b>11,601,099</b>	<b>4,847,090</b>	<b>35,367,118</b>
<b>Outflows</b>													
Operating Expenses	1,960,585	1,209,638	1,803,848	1,789,695	1,420,784	1,668,752	1,938,496	1,490,138	2,022,026	2,059,350	2,096,817	2,192,555	21,652,684
*Stellar's Investment - ReDistribute					2,000,000								2,000,000
Payroll	648,744	675,079	667,215	695,159	910,083	930,001	654,514	696,751	899,458	899,458	899,458	1,205,458	9,781,377
Taxes	0		0		0	152,142		0	525,000	0	0	622,500	1,299,642
Shareholder Dividends	0					845,939		239,678					1,085,617
Merchant Fees	37,759	11,402	6,438	7,576	2,275	2,140	3,106	2,168	3,000	140,000	200,000	300,000	715,863
Capital Expenditures											100,000		100,000
Capital Contribution to IOBI												1,500,000	1,500,000
<b>Total Cash Out for Operations</b>	<b>2,647,088</b>	<b>1,896,118</b>	<b>2,477,502</b>	<b>2,492,429</b>	<b>4,333,142</b>	<b>3,598,974</b>	<b>2,596,116</b>	<b>2,428,735</b>	<b>3,449,484</b>	<b>3,098,807</b>	<b>3,296,275</b>	<b>5,820,512</b>	<b>38,135,183</b>
<b>Total Cash Out</b>	<b>2,647,088</b>	<b>1,896,118</b>	<b>2,477,502</b>	<b>2,492,429</b>	<b>4,333,142</b>	<b>3,598,974</b>	<b>2,596,116</b>	<b>2,428,735</b>	<b>3,449,484</b>	<b>3,098,807</b>	<b>3,296,275</b>	<b>5,820,512</b>	<b>38,135,183</b>
<b>Net Change in Cash</b>	<b>(1,366,797)</b>	<b>(858,050)</b>	<b>(1,332,821)</b>	<b>(2,150,890)</b>	<b>(3,338,151)</b>	<b>(3,294,914)</b>	<b>(1,511,891)</b>	<b>(1,537,700)</b>	<b>(1,801,618)</b>	<b>7,093,366</b>	<b>8,304,824</b>	<b>(973,422)</b>	<b>(2,768,064)</b>
<b>Beginning Cash Balance</b>	<b>41,534,792</b>	<b>40,167,994</b>	<b>39,309,944</b>	<b>37,977,124</b>	<b>35,826,234</b>	<b>32,488,083</b>	<b>29,193,169</b>	<b>27,681,278</b>	<b>26,143,578</b>	<b>24,341,960</b>	<b>31,435,326</b>	<b>39,740,150</b>	<b>41,534,792</b>
<b>Change in Cash</b>	<b>(1,366,797)</b>	<b>(858,050)</b>	<b>(1,332,821)</b>	<b>(2,150,890)</b>	<b>(3,338,151)</b>	<b>(3,294,914)</b>	<b>(1,511,891)</b>	<b>(1,537,700)</b>	<b>(1,801,618)</b>	<b>7,093,366</b>	<b>8,304,824</b>	<b>(973,422)</b>	<b>(2,768,064)</b>
<b>Ending Cash Balance</b>	<b>40,167,994</b>	<b>39,309,944</b>	<b>37,977,124</b>	<b>35,826,234</b>	<b>32,488,083</b>	<b>29,193,169</b>	<b>27,681,278</b>	<b>26,143,578</b>	<b>24,341,960</b>	<b>31,435,326</b>	<b>39,740,150</b>	<b>38,766,727</b>	<b>38,766,727</b>

# IOBI FY2023 FORECAST CASH FLOW

	Actual								Budget				
	Jul	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	YTD
<b>Inflows</b>													
<b>Cash From Operations</b>													
Lease Income	39,889	50,930	43,411	40,846	40,846	34,305	48,094	40,930	39,817	39,817	39,817	39,817	498,518
Other Income	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest Income	45	99	93	130	188	217	255	246	10	10	10	10	1,313
<b>Total Cash from Operations</b>	<b>39,934</b>	<b>51,029</b>	<b>43,504</b>	<b>40,976</b>	<b>41,034</b>	<b>34,522</b>	<b>48,349</b>	<b>41,176</b>	<b>39,827</b>	<b>39,827</b>	<b>39,827</b>	<b>39,827</b>	<b>499,830</b>
<b>Cash from Financing Activities</b>													
Capital Contribution									1,500,000				1,500,000
<b>Total Cash from Financing Activities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,500,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,500,000</b>
<b>Total Inflows</b>	<b>39,934</b>	<b>51,029</b>	<b>43,504</b>	<b>40,976</b>	<b>41,034</b>	<b>34,522</b>	<b>48,349</b>	<b>41,176</b>	<b>1,539,827</b>	<b>39,827</b>	<b>39,827</b>	<b>39,827</b>	<b>1,999,830</b>
<b>Outflows</b>													
Operating Expenses	156,160	47,967	18,956	21,407	24,167	105,364	256,217	11,542	26,532	26,957	22,662	21,957	739,891
Commissions on Lease													-
Capital Expenditures								-		25,000	-		25,000
<b>Total Operating Expenses</b>	<b>156,160</b>	<b>47,967</b>	<b>18,956</b>	<b>21,407</b>	<b>24,167</b>	<b>105,364</b>	<b>256,217</b>	<b>11,542</b>	<b>26,532</b>	<b>51,957</b>	<b>22,662</b>	<b>21,957</b>	<b>764,891</b>
<b>Financing Activities</b>													
Tenant Improvement									1,500,000				1,500,000
Interest Exp (loans)													-
Notes Payable													-
<b>Total Financing Outflows</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,500,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,500,000</b>
<b>Taxes</b>													
Local	-								2,334	2,334	2,334	2,334	9,335
<b>Total Taxes</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,334</b>	<b>2,334</b>	<b>2,334</b>	<b>2,334</b>	<b>9,335</b>
<b>Total Outflows</b>	<b>156,160</b>	<b>47,967</b>	<b>18,956</b>	<b>21,407</b>	<b>24,167</b>	<b>105,364</b>	<b>256,217</b>	<b>11,542</b>	<b>1,528,866</b>	<b>54,291</b>	<b>24,996</b>	<b>24,291</b>	<b>2,274,226</b>
<b>Net Change in Cash</b>	<b>(116,226)</b>	<b>3,062</b>	<b>24,548</b>	<b>19,569</b>	<b>16,867</b>	<b>(70,842)</b>	<b>(207,869)</b>	<b>29,633</b>	<b>10,961</b>	<b>(14,464)</b>	<b>14,831</b>	<b>15,536</b>	<b>(274,396)</b>
<b>Beginning Cash Balance</b>	<b>926,437</b>	<b>810,211</b>	<b>813,274</b>	<b>837,821</b>	<b>857,390</b>	<b>874,257</b>	<b>803,414</b>	<b>595,546</b>	<b>625,179</b>	<b>636,140</b>	<b>621,675</b>	<b>636,506</b>	<b>926,437</b>
<b>Change In Cash</b>	<b>(116,226)</b>	<b>3,062</b>	<b>24,548</b>	<b>19,569</b>	<b>16,867</b>	<b>(70,842)</b>	<b>(207,869)</b>	<b>29,633</b>	<b>10,961</b>	<b>(14,464)</b>	<b>14,831</b>	<b>15,536</b>	<b>(274,396)</b>
<b>Ending Cash Balance</b>	<b>810,211</b>	<b>813,274</b>	<b>837,821</b>	<b>857,390</b>	<b>874,257</b>	<b>803,414</b>	<b>595,546</b>	<b>625,179</b>	<b>636,140</b>	<b>621,675</b>	<b>636,506</b>	<b>652,042</b>	<b>652,042</b>

# STELLAR FY2023 RESERVES

	2023F
<i>Operating Cash on Hand (3 months)</i>	\$ 8,537,481
<i>Operating Reserves (3 - 6 months)</i>	\$ 17,074,962
<i>Legal Reserves</i>	\$ 1,000,000
<i>Technology Reserves</i>	\$ 1,000,000
<i>Building</i>	\$ 450,000
<i>Charitable contribution Reserves</i>	\$ 177,776
<i>Total Reserves included Operating Cash on Hand</i>	\$ 28,240,219
<i>Operating Cash to fund monthly bills</i>	\$ 10,526,509
<b>Total Cash &amp; Cash Equivalent</b>	<b>\$ 38,766,727</b>
<b>Gross Monthly Operating Avg Burn Rate</b>	<b>2,845,827</b>
<b>Net monthly Cash Burn Rate</b>	<b>1,816,625</b>
<b>Net Monthly Cash Burn Rate / Cash on hand (Months)</b>	<b>20</b>

IOBI will require a capital contribution of ~1.5M for new tenant improvement this year.

Charitable Contribution reserve was added to the Stellar reserve line up of ~\$178K. This reserve will fluctuate year to year to year as new fine revenue is added and charitable contributions are made annually.

Based on net cash monthly burn rate (monthly revenue – operating expenses) Stellar has ~20 months of cash on hand to meet operating costs.

QUESTIONS?