



5 Healthy Towns Foundation

Finance Committee Meeting

~ January 17, 2017 ~

5:00 pm

AGENDA

- I. Call to Order
- II. Approval of October 25, 2016 minutes*
- III. Investment and Spending policy*
 - a. Final Russell allocation modeling (see powerpoint)
 - b. If no substantial changes to the policy the review will serve as final action for 2016
- IV. Third quarter reports*
 - a. Income and Expense
 - b. Balance sheet

[*Internet and Password – 5healthytowns, 310nms203*]

*Material available online

**Material available at the meeting



**5 Healthy Towns Foundation
Finance Committee Meeting Minutes
October 25, 2016**

Present: Scott Broshar, Mark Royce, Jeff Wallace, Robert Stephens (by phone), Mike Willis, Amy Heydlauff

Absent: Tom Mann

Guests: Darrin Hogshead (item 4, only)

1. **Call to Order:** 5:05 p.m.
2. Approval of Minutes: Motion to approve September 20, 2016 minutes made, seconded and passed.
3. Second Quarter reports
 - a. Formatting changes for YTD I&E include
 1. Elimination of the YTD budget and YTD to YTD budget %
 2. Maintain YTD actual, annual budget and YTD actual to actual budget %
 3. We will use the same quarterly I&E reports for the BOD as we use for Finance Committee
 - b. Formatting Balance sheet for quarterly reporting to the BOD
 1. Collapse all GL's but Wellness Centers
 2. Highlight using green for favorable to budget and red for unfavorable
 3. Use discretion in highlighting items that may not be significant
 - c. Wellness Center
 1. Labels for DWC are for 2015-16, however the information contained is for 2016-17.
 - d. Additional questions from committee members
 1. How often does our variable mortgage rate adjust (monthly)
 2. How much cash have we withdrawn from our investments, September, year over year, to cover operations (approximately **\$1.9M**)
4. Russell Update and Investment modelling – Darrin Hogshead
 - a. Performance to date
 1. Calendar year our gains are 7.6%
 2. Fiscal Year to date our gains are 6.8%
 3. We are out-performing the market
 - b. Changes in our 75% equity investment tool (RIFL Multi-Asset Core Plus Fund)

1. Increase in continental Europe
 2. Increase in high yield fixed income
 3. Protection trades they employed 4th Q (calendar) in 2015 yielded 20-30 basis points when markets pulled back so they've employed the same move for 4th Q 2016.
- c. Changes to the Alternative Investment portion of the portfolio
1. It will continue to be defensive but they also hope to capture some upside (an addition 4% or 400 basis points, gross).
 2. All but one trade in the Alternative Investments will be complete by 12/31/16
 3. There will be no excise tax fees incurred by 5HF
 4. Hedge funds in which we're invested are not high risk hedges. They are intended to hedge against volatility.
- d. Investment allocation modeling (see Russell slide presentation)
1. With all modeled scenarios increased risk is greater than the potential increase in earnings (approximately 50 bps over 16 bps).
 2. Decreased hedge against poor performance in the equity market
 3. Interest rate changes will have the greatest impact on our _____, which is 75% of our portfolio & unchanged in this modeling exercise
 4. Equity performance is a substantially greater driver of returns than interest rates in our portfolio
 5. Private real estate is illiquid & would now be part of our investment portfolio
 6. Fees increase

Action: Finance Committee consensus is to maintain the current allocation. Mr. Hogshead will run one more model reducing Core Bond Fund from 15 to 10%, putting 5% into Absolute Fixed Income.

5. Investment and Spending

Action: We will review Mr. Hogshead's latest model at the November meeting. If changes are made to our allocations we will determine if they fall within policy allocation parameters we already set.

Meeting adjourned at 6:55 pm

Next meeting: October 18, 2016 @ 5:00 pm

Recorded by: Amy Heydlauff

Jeff Wallace
Treasurer, 5 Healthy Towns Foundation

Date

September 21, 2016 addendum

Account Review

Chelsea-Area Wellness Foundation

As of December 31, 2016

Chelsea-Area Wellness Foundation Investment Account

Important Information

RIIFL funds are investment funds of the Russell Investments Institutional Funds, LLC; they are private placements.

An investment in the Russell Investments Institutional Funds, LLC private placement involves certain risks and considerations that prospective investors should evaluate before making a decision to invest. The information provided in this material is for the exclusive use of the recipient for the sole purpose of evaluating the Russell Investments Institutional Funds, LLC private placement. The material may not be reproduced, provided or disclosed to others or used for any other purpose without prior written authorization. No investment may be made in any fund unless the investor has reviewed the Private Placement Memorandum ("PPM") and the PPM Supplement with respect to the particular fund(s) under consideration. Prospective investors should read all of the materials carefully before investing, and are advised to consult with their own legal, tax and financial advisers as to the consequences of an investment in any fund.

The Total Return Fund (Quarterly) Ltd. is an exempted company incorporated with limited liability in the Cayman Islands under the Companies Law (2010 Revision) of the Cayman Islands. It is offered as a private placement to qualified recipients of the offering for investment purposes only. There can be no assurance that a Fund will achieve its investment objective. An investment in the Fund carries with it a significant degree of risk. The value of Participating Shares may fall as well as rise and investors may not get back the amount originally invested. Accordingly, an investment in the Fund should only be made by persons who are able to bear the risk of loss of all the capital invested. The Fund will be responsible for paying its fees and expenses regardless of the level of its profitability. All prospective shareholders should read the private placement memorandum and the articles of association of the fund before making a decision to purchase participating shares.

Please remember that all investments carry some level of risk, including the potential loss of principal invested. They do not typically grow at an even rate of return and may experience negative growth. As with any type of portfolio structuring, attempting to reduce risk and increase return could, at certain times, unintentionally reduce returns.

Diversification and strategic asset allocation do not assure profit or protect against loss in declining markets.

Indexes and/or benchmarks are unmanaged and cannot be invested in directly. Past performance is not indicative of future results.

Performance is gross of fees unless otherwise noted. Fees will reduce the overall performance of the fund. Only client account performance is reflective of actual investments from the client's investment inception date. Fund performance shown does not reflect individual client investment inception dates or other client specific actions such as contributions.

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RIIFL+TRFQ

Asset Summary Report

Chelsea-Area Wellness Foundation

As of December 31, 2016

Chelsea-Area Wellness Foundation Investment Account - SIMX

	Market Value	Actual Holding	Policy Holding	Holding Variance
Total Assets	\$24,406,894	100.00%	100.00%	0.00%
Multi-Asset Core Plus Fund ^[1]	18,325,571	75.08	75.00	0.08
Core Bond Fund ^[1]	3,418,635	14.01	15.00	-0.99
Total Return Fund (Qtrly) CI B Srs 6 ^{[2],[3]}	2,662,688	10.91	10.00	0.91

Please read the endnotes included with the report.
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Market Value Reconciliation Chelsea-Area Wellness Foundation

As of December 31, 2016

Chelsea-Area Wellness Foundation Investment Account - SIMX

	One Month	Three Months	Year to Date	FYTD	One Year	Two Years	Since Inception
Beginning Market Value (\$)	24,227,281	24,679,895	25,151,221	24,544,087	25,151,221	4,589,714	0
Inflows (\$)	0	0	0	0	0	23,602,559	28,184,100
Outflows (\$)	-200,000	-499,303	-2,912,547	-2,094,914	-2,912,547	-5,771,731	-5,771,731
Net Inflows / Outflows (\$)	-200,000	-499,303	-2,912,547	-2,094,914	-2,912,547	17,830,829	22,412,370
Appreciation / Depreciation (\$)	379,613	226,302	2,168,220	1,957,721	2,168,220	1,986,351	1,994,524
Income Earned (\$)	0	0	0	0	0	0	0
Net Market Gain/Loss (\$)	379,613	226,302	2,168,220	1,957,721	2,168,220	1,986,351	1,994,524
Ending Market Value (\$)	24,406,894	24,406,894	24,406,894	24,406,894	24,406,894	24,406,894	24,406,894

Fiscal Year End date is 03/31.

Inception date is 12/18/2014.

Please read the endnotes included with the report.

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Performance Report

Chelsea-Area Wellness Foundation

As of December 31, 2016

Chelsea-Area Wellness Foundation Investment Account - SIMX

	Market Value	One Month	Three Months	Year to Date	FYTD 03/31	Annualized			Inception Date
						One Year	Two Years	Since Inception	
Total Assets - Gross ^{[4],[5],[6]}	\$24,406,894	1.58%	0.97%	9.39%	8.34%	9.39%	4.70%	4.67%	12/18/2014
Total Assets - Net ^{[4],[5],[6]}	24,406,894	1.50	0.74	8.43	7.61	8.43	3.78	3.75	12/18/2014
Custom Benchmark ^[7]	--	1.71	0.82	7.23	6.60	7.23	2.87	2.93	--
Custom Benchmark #2 ^[8]	--	1.52	2.12	9.69	7.71	9.69	5.44	6.27	--
Multi-Asset Core Plus Fund - Gross ^{[1],[4]}	18,325,571	1.98	1.75	12.07	7.65	12.07	5.64	5.58	12/19/2014
Multi-Asset Core Plus Fund - Net ^{[1],[4]}	18,325,571	1.90	1.51	11.01	7.14	11.01	4.64	4.59	12/19/2014
Multi-Asset Core Plus Composite Bmk ^[9]	--	2.21	1.69	9.24	6.33	9.24	3.46	3.67	--
Volatility Equivalent Target ^[10]	--	2.01	2.07	8.27	6.78	8.27	3.81	4.03	--
Core Bond Fund - Gross ^{[1],[4]}	3,418,635	-0.19	-3.53	3.52	-2.64	3.52	1.98	2.01	12/18/2014
Core Bond Fund - Net ^{[1],[4]}	3,418,635	-0.24	-3.66	2.96	-2.91	2.96	1.42	1.45	12/18/2014
Bloomberg Barclays US Aggregate Bond Idx ^[11]	--	0.14	-2.98	2.65	-2.53	2.65	1.59	1.66	--
Total Return Fund (Qtrly) CI B Srs 6 - Gross ^{[3],[5],[6],[12]}	2,662,688	1.11	1.58	-1.41	2.05	-1.41	--	-2.42	07/01/2015
Total Return Fund (Qtrly) CI B Srs 6 - Net ^{[3],[5],[6],[12]}	2,662,688	1.04	1.36	-2.29	1.60	-2.29	--	-3.29	07/01/2015
HFRI Fd of Fds-Div Index 1 mo lag ^[13]	--	0.31	0.09	-1.36	1.34	-1.36	--	-2.86	--
Bloom Barclays Gbl Agg Bond Idx 1 mo lag ^[11]	--	-3.97	-6.12	3.10	-3.13	3.10	--	1.34	--
Russell Global Index 1 mo lag	--	1.21	0.04	4.71	4.22	4.71	--	-0.50	--

Please read the endnotes included with the report.

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Endnotes

Chelsea-Area Wellness Foundation

As of December 31, 2016

- [1] Effective November 1, 2016, each of the Russell Investments Institutional Funds was renamed to remove the word "Russell".
- [2] Total Return Fund (Quarterly) market value is as of the month ending 11/30/16.
- [3] Effective June 28, 2016, the Russell Total Return Fund (Quarterly) Ltd. was renamed the Total Return Fund (Quarterly) Ltd.
- [4] Net of fee adjusted returns are estimated using basis point adjustments. Returns are geometrically linked and could experience compounding effects.
- [5] The Total Return Fund (Quarterly) Ltd. is a monthly valued fund with fund valuations occurring on the last day of the month. Trade date is the beginning of the day on the 1st of the month with a value of \$1000 per share. Client inception date is the beginning of day on trade date, giving the client a full month of performance for the funding month.
- [6] Total Return Fund (Quarterly) market value is as of the month ending 11/30/16. The market value is reported net of fees while returns are reported gross of fees unless otherwise noted. Fee adjusted returns are estimated using basis point adjustments. The gross of fee returns are geometrically linked and could experience compounding effects.
- [7] Custom Benchmark currently consists of: 75.0% Multi-Asset Core Plus Composite Bmk, 15.0% Bloomberg Barclays Aggregate, 10.0% HFRI FOF Div (one month arrears).
- [8] Custom Benchmark #2 currently consists of: 75.0% S&P 500, 25.0% Bloomberg Barclays Aggregate.
- [9] The Multi-Asset Core Plus Composite Bmk is appropriate for evaluating the Fund over a 3 to 5 year horizon.
- [10] The Volatility Equivalent Target is appropriate for evaluating the Fund over a 5 to 7 year horizon.
- [11] Effective August 24, 2016, the Barclays Fixed Income benchmark indices, including the Barclays Aggregate family of indices, were renamed the Bloomberg Barclays family of indices.
- [12] True inception date is 06/01/2015. Total Return Fund (Quarterly) market values and performance are reported one month in arrears.
- [13] Prior three months of this index are left as estimates and are subject to change. All performance prior to that is locked and is no longer subject to change. Returns are reported net of fees.

Investment Policy
for
5 Healthy Towns Foundation

<i>Title: Investment Policy</i>				<i>Length: 10 pages</i>		
<i>Approved</i>	<i>8/2009</i>	<i>9/21/10</i>	<i>9/23/13</i>	<i>11-23-15</i>		
<i>Reviewed</i>	<i>(8/2010)</i>	<i>9/2013</i>	<i>9/14/15</i>			
<i>Revised</i>	<i>9/12/13</i>		<i>10/15/15</i>			

Chelsea-Area Wellness Foundation

Investment Policy

I. PURPOSE

This policy statement provides a framework for the management of the non-charitable assets of 5 healthy towns foundation. Its purpose is to assist the Board of Directors in effectively supervising and monitoring the investments of the asset pool (“Pool”). The following investment objectives and directions are to be judged and understood in light of that overall sense of financial and mission stewardship. In that regard, the basic investment standards shall be those of a prudent investor as articulated in applicable state laws. The guidance outlined in this policy is designed to allow for sufficient flexibility in the management oversight process to capture investment opportunities as they may occur, while at the same time setting forth reasonable risk control parameters to ensure prudence and care in the execution of the investment program.

This policy will establish appropriate risk and return objectives in light of the Pool’s risk tolerance and investment time horizon. These objectives, as well as asset allocation guidelines, suitable investments, and responsibilities of the investment manager(s), are outlined below.

II. OBJECTIVES OF THE POOL

It is the general policy of Chelsea-Area Wellness Foundation to invest the Pool to achieve growth in principal value over time sufficient to preserve the purchasing power of the Pool, thus protecting the Pool against inflation.

III. PERFORMANCE GOALS

The performance goals of the Pool shall be defined as follows:

- The absolute objective of the Pool is to seek an average total annual return net of fees that exceeds the average annual spending/payout rate of 5 percent, plus inflation. The inflation measure is the U.S. Bureau of Labor Statistics consumer price index (CPI) (<http://www.rateinflation.com/inflation-rate/usa-historical-inflation-rate>). This objective shall be measured over an annualized, rolling 5-year period; the intent of this objective is to preserve, over time, the original principal value of the assets as measured in real, inflation adjusted (CPI) terms.
- The relative objective of the Pool is to seek competitive investment performance versus appropriate capital market measures, such as securities indices. This objective shall be measured primarily by comparing investment results, over rolling annualized three-year and five-year time periods.
- The comparative performance objective of the Pool is to achieve
 - A total rate of return that is above the median performance of a 75% equity, 25% bond portfolio.
 - Performance in excess of market indices weighted to reflect the policy asset allocation of the pool as measured quarterly

The Pool has a long-term, indefinite time horizon that runs concurrent with the endurance of the institution, in perpetuity. As such, the Pool can assume a time horizon that extends well beyond a normal

Chelsea-Area Wellness Foundation Investment Policy

market cycle (four years), and can assume an above-average level of risk as measured by the standard deviation of annual returns. It is expected, however, that both professional management and sufficient portfolio diversification will smooth volatility and help ensure a reasonable consistency of return.

The assets will be managed on a total return basis. While the institution recognizes the importance of preservation of capital, it also adheres to the principal that varying degrees of investment risk are generally rewarded with compensating returns. It is not a breach of fiduciary responsibility to pursue riskier investment strategies if such strategies are in the Pool’s best interest on a risk-adjusted basis. Risk management of the investment program is focused on understanding both the investment and operational risks to which the Pool is exposed. The objective is to minimize operational risks and require appropriate compensation for investment risks which the Pool is willing to accept.

IV. INVESTMENT PROGRAM STRATEGY

To achieve its investment objectives, the Pool shall be allocated among a number of asset classes. The purpose of allocating among asset classes is to ensure the proper level of diversification with the fund. Due to the fluctuation of market values, positioning within a specified range is acceptable and constitutes compliance with the policy. It is anticipated an extended period of time may be required to fully implement the asset allocation policy, and periodic revisions will occur.

The following target asset class table defines the fund’s target asset allocation, the minimum and maximum allocation limits of each asset class.

Target Long-Term Asset Allocation Table

<u>INVESTMENT STRATEGIES</u>	<u>ASSET CLASS</u>	<u>MINIMUM</u>	<u>TARGET</u>	<u>MAXIMUM</u>	<u>BENCHMARK</u>
Growth Portfolio					
	Multi-Asset Core Plus	65.0%	75.0%	85.0%	Multi-Asset Core Plus Composite Index ¹
Return Enhancement/Diversifying					
	Total Return Hedge Fund	0.0%	10.0%	15.0%	HFRI Fund of Funds Diversified Index
Capital Preservation Portfolio					
	Core Fixed Income	10.0%	15.0%	25.0%	Barclays US Aggregate Index
Policy and Traditional Portfolio Benchmarks					
POLICY BENCHMARK	75% Multi-Asset Core Plus Composite Index¹, 10% HFRI Fund of Funds Diversified Index, 15% Barclays US Aggregate Index				
TRADITIONAL BENCHMARK	75% Russell Global Index, 25% Barclays Aggregate Index				
	¹ Multi-Asset Core Plus Composite consists of 75% Russell Global Index (50% hedged), 4% S&P Global Infrastructure Index (Net), 4% FTSE EPRA/NAREIT Developed Real Estate Index, 4% Bloomberg Commodity Index, 5% BofA ML Global High Yield 2% Constrained Index, 5% JP Morgan EMBI Global Diversified Index, 3% Barclays US 1-3 Month Treasury Bill Index.				

The investment returns achieved by the investment manager(s) will be compared to the investment returns achieved by a policy benchmark. The policy benchmark will consist of the weighted returns of the target investment strategies representative index.

The general policy shall be to diversify investments among growth, return enhancement/diversifying and capital preservation so as to provide a balance that will enhance total return while avoiding undue risk

Chelsea-Area Wellness Foundation

Investment Policy

concentration in any single asset class or investment category. The asset allocation policy will be implemented through the use of qualified external professional investment managers. The external investment managers will have full discretion and authority for determining investments, security selection and timing subject to Policy guidelines and any other guidelines specific to their portfolio.

V. SPENDING

Community investment (spending) will meet regulatory requirements. Non-charitable investment income available for spending is determined using a rolling average value of investments, on a total return basis, of up to five years of immediate past quarters. Spending decisions will reflect the goal of maintaining the real value of the original principal.

Spending greater than spending defined in this spending policy statement will require 80% approval by the Board of Directors. In such circumstances the Board of Directors may elect to adjust the value of the principal to account for the greater spending.

Spending in excess of the 5 percent regulatory requirement substantially increases the risk we will not achieve the Pool's performance goals.

VI. REBALANCING

The purpose of rebalancing is to control portfolio risk and maintain the policy asset allocation within the targeted ranges. The Pool will be rebalanced as necessary, making use of spending payments to the extent possible and considering the transaction costs involved in the rebalancing. Tactical rebalancing, which represents portfolio positioning to opportunistically capture short term market anomalies, is permissible as long as the trades do not violate the stated ranges for each asset class and do not cause undue expense to the portfolio.

Under the current agreement, the investment manager will execute rebalancing transactions. These rebalancing shifts may be tactical in nature and must fall within the specified asset allocation ranges as defined by this statement. The Asset Allocation Certificate and Rebalance Authorization ("Certificate") sets forth the allocation of the assets in the investment account in accordance with the terms of the agreement between the Foundation and our Investment Advisor. The Certificate specifies the investments and rebalancing policy in place, which may be amended over time as agreed upon by the Committee and Investment Advisor. The Investment Advisor will be entitled to rely on this Certificate until such time as a replacement Certificate is received by the Investment Advisor. The Investment Manager may not execute rebalancing that would result in a new investment in an illiquid investment program or an allocation outside of the guidelines in this policy statement without the prior approval of the Finance Committee.

VII. INVESTMENT POLICIES AND GUIDELINES

The investment policies, guidelines and restrictions presented in this policy statement serve as a framework to help the Pool and its investment manager(s) achieve the investment objectives at an acceptable level of risk. The Pool will be diversified both by asset class and within asset classes. Within each asset class, securities will be diversified among economic sector, industry, quality, and size. The purpose of diversification is to provide reasonable assurance that no single security or class of securities

will have a disproportionate impact on the performance of the total Pool. As a result, the risk level associated with the portfolio investment is reduced.

VIII. GROWTH INVESTMENT STRATEGY

The role of growth investments is to provide diversified investments including but not limited to Global Equities [domestic, international development, emerging markets, liquid real assets such as listed infrastructure and Real Estate Investment Trusts (REITs), return seeking fixed income such as high yield and long/short equity strategies] and achievement of returns in excess of passive indexes through selective use of active investment strategies and investment managers where active management is believed appropriate.

The objectives are to 1) provide total return greater than the designated growth composite benchmark 2) potentially consider peer-relative performance, particularly when performance deviates from market indices and 3) Achieve results over the long term measure (a full market cycle).

IX. RETURN ENHANCING/DIVERSIFYING INVESTMENT STRATEGY

The role of return enhancing and diversifying investments is to provide as-needed opportunities otherwise limited or excluded in the Growth portfolio. These may include but are not limited to absolute return fixed income, private real estate and hedge funds, all aiming to further diversify the portfolio while improving return, or decrease risk when combined with Growth and Risk Reducing investments, or both.

Return enhancement/diversification investment objectives are 1) provide a total return greater than the designated benchmark(s) 2) potentially consider peer-relative performance, particularly when performance deviates from market indices and 3) Achieve results over the long term (measured over a full market cycle).

X. CAPITAL PRESERVATION INVESTMENT STRATEGY

The role of capital preservation investment strategies is to reduce risk with fixed income including but not limited to domestic fixed income, global fixed income and absolute return bond strategies. Growth and return enhancement/diversifying strategies may also play a role in capital preservation. Capital preservation will have lower correlation to equity market beta, lower volatility and or greater downside protection in stressed markets. Capital preservation will enhance total risk/return through changing market conditions and macro environments. It will also maintain a diversified exposure and achieve returns in excess of passive indexes through use of active managers and strategies.

Objectives for capital preservation include 1) provision of total return greater than the designated benchmark and provide effective diversification against market beta risk and stable cash flow 2) Achieve results over the long term (measured over a full market cycle).

XI. CASH AND EQUIVALENTS

Chelsea-Area Wellness Foundation Investment Policy

The Investment Manager may invest in the highest quality commercial paper, repurchase agreements, Treasury Bills, certificates of deposit, and money market funds to provide income, liquidity for expense payments, and preservation of the Fund's principal value. Commercial paper assets must be rated at least A1 or P-1 (by Moody's or S&P). No more than 5% of the Pool's total market value may be invested in the obligations of a single issuer, with the exception of the U.S. Government and its agencies.

Un-invested cash reserves shall be kept to a minimum; short term, cash equivalent securities are usually not considered an appropriate investment vehicle for investment. However, such vehicles are appropriate as depository for income distributions from longer term investments, or as needed for temporary placement of funds directed for future investment to the longer term capital markets. Also, such investments are the standard for contributions to the current fund or for current operating cash.

Within the above guidelines and restrictions, the Manager(s) has complete discretion over the timing and selection of cash equivalent securities.

XII. ROLES AND RESPONSIBILITIES (Also see addendum)

Duties of the Board of Directors

A subcommittee of the Board of Directors, or Finance Committee, may be established to focus on implementing and monitoring the Pool in accordance with the guidelines outlined in this policy statement.

In the management of the Institution's assets, the Board of Directors will approve the Investment Policy developed by the Finance Committee for the investment program. The Board of Directors in its sole discretion can delegate its decision-making authority to the Finance Committee regarding the investment program within the guidelines established by this policy statement. The following are the duties and responsibilities delegated by the Board of Directors to the Finance Committee:

- ❑ Review, with assistance from 5HF Administration and the Investment Advisor, at least quarterly, the portfolio's investment structure and financial performance. The review will include recommended adjustments to the long-term, strategic asset allocation when adjustments are warranted.
- ❑ Select, retain, and terminate Investment Advisors as necessary. Conduct Advisor review and selection, performance review, asset allocation, and topical research. The comments and recommendations of the Advisors will be considered in conjunction with other available information to aid the Finance Committee in making informed, prudent decisions.
- ❑ If necessary, recommend changes in 5HF's spending practices to be approved by the Board of Directors. Spending practices are outlined in this Investment Policy.

The Finance Committee will report regularly to the Board on the financial performance of the portfolio and significant committee decisions related to the management of the portfolio.

Duties of 5HF Administration and Staff

In the management of 5HF's assets, Administration will:

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- ❑ Implement the investment policy as directed by the Finance Committee.
- ❑ Execute any documents necessary to facilitate implementation of this policy, including but not limited to contracts with consultants and investment managers for providing services.
- ❑ Review the Portfolio's investments at least monthly to ensure that policy guidelines continue to be met. Administration or staff shall monitor investment returns on both an absolute basis and relative to appropriate benchmarks. The information for these reviews shall come from outside advisors, the custodian, and the Institution's investment advisor and managers.
- ❑ Raise timely concerns with the Finance Committee and take appropriate action under the direction of the Finance Committee if investment objectives are not being met or if policies and guidelines are not being followed.
- ❑ Administer the investments in a cost-effective manner. These costs include, but are not limited to: management, consulting and custodial fees, transaction costs and other administrative costs chargeable to the investment pool.
- ❑ Provide overall monitoring of Investment Advisor and Investment Manager, and ensure that they conform to the terms of their contracts and that their performance monitoring systems are sufficient to provide Administration with timely, accurate and useful information.

Duties of Investment Advisor

The Committee has hired Russell Investments as Investment Advisor to advise and assist the committee in the discharge of its duties and responsibilities. The Investment Advisor will have responsibility to select, retain and terminate Investment Managers or sub-advisors as necessary to execute the strategies of the investment program. The Investment Advisor will have discretion to develop and execute the investment program within the constraints of the guidelines outlined in this Policy. In its advisory capacity, the Investment Advisor will:

- ❑ Assist in establishing investment policies, objectives, and guidelines.
- ❑ Know and comply with the policies as outlined in this document. It is Investment Advisor's responsibility to identify policies that may have an adverse impact on performance, and initiate discussion with 5HF Administration or staff toward possible improvement of those policies.
- ❑ Recommend investment funds in accordance to the Policy and periodically review such funds.
- ❑ Rebalance the portfolio to maintain the proper diversification within the ranges approved by the Finance Committee and in accordance to the guidelines established in the rebalancing policy of this document
- ❑ Review 5HF's investments at least monthly to ensure that policy guidelines continue to be met.

Chelsea-Area Wellness Foundation Investment Policy

- ❑ Monitor investment returns on both an absolute basis and relative to appropriate benchmarks. Provide reports to Administration and the Committee on a quarterly basis. Also included will be a complete accounting of all transactions involving the Institution during the quarter, together with a statement of beginning market value, fees, capital appreciation, income and ending market value, for each asset class.
- ❑ Report performance in accordance to the Pool's Performance Goals as highlighted at the beginning of this policy.
- ❑ Inform the Finance Committee regarding any qualitative change to investment management or strategies.
- ❑ In addition, the Investment Advisor shall assure that each investment manager and each investment fund selected and employed by them for use in the Pool will, at a minimum:
 - Comply with "prudent expert" standards.
 - Maintain thorough and appropriate written risk control policies and procedures. Oversight of compliance with these policies must be ongoing and independent of line investment activity.
 - Reconcile every month accounting, transaction and asset summary data with custodian valuations, and communicate and resolve any significant discrepancies with the custodian.
 - Maintain frequent and open communication, on all significant matters pertaining to the investment policy, including, but not limited to, the following:
 - Major changes in the Investment Manager's investment outlook, investment strategy, investment process, subadvisors or portfolio structure;
 - Significant changes in ownership, organizational structure, financial condition or senior personnel;
 - All pertinent issues which the Investment Manager deems to be of significant interest or material importance;

ADDENDUM

<u>Task</u>	<u>Board of Trustees</u>	<u>Investment & Finance Committee</u>	<u>Foundation Administration</u>	<u>Investment Advisor</u>
Hire Investment Advisor	Approve	Vet and recommend to the Board	Research and provide information to Finance Committee	

Chelsea-Area Wellness Foundation
Investment Policy

Develop the Investment Policy the Foundation	Review & Approve	Develop	Develop	Advise & assist in development
Establish Asset Allocation	Approve	Review data & options, recommend To the Board		Analyze and advise
Select Managers and/or Funds to Meet the Asset Allocation and Return Objectives		Monitor	Monitor	Hire, monitor, fire, replace,
Rebalance Portfolio		Monitor	Monitor	Implement
Investment Results Oversight	Review	Monitor	Monitor	Analyze and Report

Ordinary Income/Expense			YTD Actual
	Apr - Dec 16	12 mo Budget	to Annual Budget %
Income			
48450 · Magazine Advertising Revenue	\$ 17,915.00		100.00%
40000 · Contribution Revenue	\$ 1,260.00	\$ -	100.00%
45000 · Investments	\$ 1,812,892.69	\$ 1,829,964.00	99.07%
46000 · Rentals	\$ 242,295.22	\$ 322,019.20	75.24%
47000 · Wellness Center Income			
47204 · DWC Revenue	\$ 1,531,606.00	\$ 2,045,755.00	74.87%
47203 · MWC Revenue	\$ 78,098.00	\$ 92,046.00	84.85%
47205 · SWC Revenue	\$ 65,401.00	\$ 107,012.00	61.12%
47202 · CWC Revenue	\$ 1,798,818.00	\$ 2,391,263.00	75.22%
Total 47000 · Wellness Center Income	\$ 3,473,923.00	\$ 4,636,076.00	74.93%
Total Income	\$ 5,548,285.91	\$ 6,788,059.20	81.74%
Cost of Goods Sold	\$ -		
Gross Income	\$ 5,548,285.91	\$ 6,788,059.20	81.74%
Expense			
65200 · Wellness Center Operations			
65089 · DWC Operating Expense	\$ 1,385,578.00	\$ 1,940,087.00	71.42%
65085 · MWC Operating Expenses	\$ 141,561.00	\$ 191,040.00	74.10%
65091 · SWC Operating Expenses	\$ 150,288.00	\$ 230,040.00	65.33%
65082 · CWC Operating Expenses	\$ 1,664,697.00	\$ 2,184,000.00	76.22%
Total 65200 · Wellness Center Operations	\$ 3,342,124.00	\$ 4,545,167.00	73.53%
65095 · Magazine	\$ 26,077.58	\$ -	100.00%
62100 · Contract Services	\$ 504,322.51	\$ 504,296.00	100.01%
62800 · Facilities and Equipment	\$ 139,527.39	\$ 361,996.00	38.54%
64000 · Grants	\$ 335,245.99	\$ 485,306.00	69.08%
65000 · General Operations	\$ 108,705.34	\$ 125,445.00	86.66%
66000 · Personnel Costs	\$ 261,278.86	\$ 339,576.00	76.94%
68300 · Travel and Meetings	\$ 2,800.76	\$ 4,860.00	57.63%
Total Expense	\$ 4,720,082.43	\$ 6,366,646.00	74.14%
Net Ordinary Income	\$ 828,203.48	\$ 421,413.20	196.53%
Other Income/Expense			
Other Expense			
65090 · Facility Charge	\$ 0.06	\$ -	0.00%
65081 · Allocation from W.C. (Fit/Env)	\$ 64,105.00	\$ 92,376.00	69.40%
72100 · Interest Expense	\$ 205,961.14	\$ 292,182.00	70.49%
71100 · Depr and Amort - Allowable	\$ 745,305.48	\$ 982,944.00	75.82%
Total Other Expense	\$ 1,015,371.68	\$ 1,367,502.00	74.25%
Net Other Income	\$ (1,015,371.68)	\$ (1,367,502.00)	74.25%
Net Income	\$ (187,168.20)	\$ (946,088.80)	19.78%

5 Healthy Towns Foundation
Balance Sheet Prev Year Comparison
As of December 31, 2016

	<u>Dec 31, 16</u>	<u>Dec 31, 15</u>	<u>\$ Change</u>
ASSETS			
Current Assets			
Checking/Savings			
10000 · Cash	402,180.48	423,515.10	-21,334.62
Total Checking/Savings	<u>402,180.48</u>	<u>423,515.10</u>	<u>-21,334.62</u>
Accounts Receivable			
12000 · Accounts Receivable	36,028.85	55,127.66	-19,098.81
Total Accounts Receivable	<u>36,028.85</u>	<u>55,127.66</u>	<u>-19,098.81</u>
Other Current Assets			
14000 · Prepaid Expense	511,294.45	199,964.75	311,329.70
13000 · Inventory	26,238.31	21,520.12	4,718.19
Total Other Current Assets	<u>537,532.76</u>	<u>221,484.87</u>	<u>316,047.89</u>
Total Current Assets	975,742.09	700,127.63	275,614.46
Fixed Assets			
16500 · Accum Depr Estimates	-199,350.00	-212,400.00	13,050.00
15000 · Building & Bldg Improvements	21,776,498.02	21,605,702.21	170,795.81
15200 · Moveable Equipment	1,512,172.06	1,542,436.52	-30,264.46
15400 · IT Equipment & Software	422,142.92	412,860.54	9,282.38
15500 · Land	3,101,000.00	3,101,000.00	0.00
16000 · Accum. Depr. Bldg & Improve	-4,119,699.96	-3,362,847.28	-756,852.68
16200 · Accum. Depr. Moveable Equip.	-774,340.92	-649,744.33	-124,596.59
16400 · Accum. Depr. - IT Equip. & Soft	-269,638.59	-257,756.41	-11,882.18
Total Fixed Assets	<u>21,448,783.53</u>	<u>22,179,251.25</u>	<u>-730,467.72</u>
Other Assets			
18200 · LT Investments-Russell	24,406,893.90	25,151,221.39	-744,327.49
Total Other Assets	<u>24,406,893.90</u>	<u>25,151,221.39</u>	<u>-744,327.49</u>
TOTAL ASSETS	<u><u>46,831,419.52</u></u>	<u><u>48,030,600.27</u></u>	<u><u>-1,199,180.75</u></u>

5 Healthy Towns Foundation
Balance Sheet Prev Year Comparison
As of December 31, 2016

	<u>Dec 31, 16</u>	<u>Dec 31, 15</u>	<u>\$ Change</u>
LIABILITIES & EQUITY			
Liabilities			
Current Liabilities			
Accounts Payable			
24000 · Accounts Payable	179,970.27	161,129.68	18,840.59
Total Accounts Payable	<u>179,970.27</u>	<u>161,129.68</u>	<u>18,840.59</u>
Other Current Liabilities			
25000 · Accounts payable-Wellness Ctrs	218,860.83	225,544.51	-6,683.68
26100 · Accrued Liabilities 5HT	603,051.21	160,493.02	442,558.19
26500 · Current Portion of Deferred Rev	425,089.70	389,954.78	35,134.92
Total Other Current Liabilities	<u>1,247,001.74</u>	<u>775,992.31</u>	<u>471,009.43</u>
Total Current Liabilities	1,426,972.01	937,121.99	489,850.02
Long Term Liabilities			
28000 · Mortgage Payable	10,509,804.81	11,023,512.81	-513,708.00
29000 · Intercompany	0.00	0.00	0.00
Total Long Term Liabilities	<u>10,509,804.81</u>	<u>11,023,512.81</u>	<u>-513,708.00</u>
Total Liabilities	11,936,776.82	11,960,634.80	-23,857.98
Equity			
32000 · Unrestricted Net Assets	35,081,810.90	39,414,178.97	-4,332,368.07
Net Income	-187,168.20	-3,344,213.50	3,157,045.30
Total Equity	<u>34,894,642.70</u>	<u>36,069,965.47</u>	<u>-1,175,322.77</u>
TOTAL LIABILITIES & EQUITY	<u><u>46,831,419.52</u></u>	<u><u>48,030,600.27</u></u>	<u><u>-1,199,180.75</u></u>

5 Healthy Towns Foundation Income & Expenses December 2016

	<u>Total Centers Total</u>		<u>The Rents</u>		<u>The Foundation</u>		<u>TOTAL</u>	
	<u>Dec 16</u>	<u>Budget</u>	<u>Dec 16</u>	<u>Budget</u>	<u>Dec 16</u>	<u>Budget</u>	<u>Dec 16</u>	<u>Budget</u>
Ordinary Income/Expense								
Income								
48450 · Magazine Advertising Revenue					1,083		1,083	
45000 · Investments								
45040 · Investment Manager Fees								
45020 · Interest Earned					10		10	
45100 · Securities Sales Realized (G)/L					18,695		18,695	
45300 · Securities - Unrealized (G)/L					360,918	152,497	360,918	152,497
Total 45000 · Investments					<u>379,623</u>	<u>152,497</u>	<u>379,623</u>	<u>152,497</u>
46000 · Rentals								
46060 · ATI Physical Therapy Rent			3,077	4,430			3,077	4,430
46030 · U of M Land Rental			3,292	2,500			3,292	2,500
46040 · POB Land Rental			2,771	2,771			2,771	2,771
46050 · Ortho/PT Rental			17,176	17,176			17,176	17,176
Total 46000 · Rentals			<u>26,316</u>	<u>26,877</u>			<u>26,316</u>	<u>26,877</u>
47000 · Wellness Center Income								
47202 · CWC Revenue	205,106	203,341					205,106	203,341
47204 · DWC Revenue	179,326	176,053					179,326	176,053
47203 · MWC Revenue	8,177	7,664					8,177	7,664
47205 · SWC Revenue	6,832	9,108					6,832	9,108
Total 47000 · Wellness Center Income	<u>399,441</u>	<u>396,166</u>					<u>399,441</u>	<u>396,166</u>
Total Income	<u>399,441</u>	<u>396,166</u>	<u>26,316</u>	<u>26,877</u>	<u>380,706</u>	<u>152,497</u>	<u>806,463</u>	<u>575,540</u>
Cost of Goods Sold								
51100 · Cost of Good Sold - WC								
Total COGS								
Gross Income	<u>399,441</u>	<u>396,166</u>	<u>26,316</u>	<u>26,877</u>	<u>380,706</u>	<u>152,497</u>	<u>806,463</u>	<u>575,540</u>

5 Healthy Towns Foundation
Income & Expenses
December 2016

Expense	Total Centers Total		The Rents		The Foundation		TOTAL	
	Dec 16	Budget	Dec 16	Budget	Dec 16	Budget	Dec 16	Budget
65200 · Wellness Center Operations								
65089 · DWC Operating Expense	170,013	161,978					170,013	161,978
65085 · MWC Operating Expenses	12,277	15,920					12,277	15,920
65091 · SWC Operating Expenses	13,517	19,170					13,517	19,170
65082 · CWC Operating Expenses	214,918	182,000					214,918	182,000
Total 65200 · Wellness Center Operations	410,725	379,068					410,725	379,068
62100 · Contract Services								
62110 · Accounting Fees					2,883	1,375	2,883	1,375
62140 · Legal Fees					27,453	33,333	27,453	33,333
62150 · Outside Contract Services					9,410	5,250	9,410	5,250
Total 62100 · Contract Services					39,746	39,958	39,746	39,958
62800 · Facilities and Equipment								
62895 · Property Taxes								
62840 · Equip Rental, Purch, Maint					848	83	848	83
62890 · Foundation/Rent, Utilities					5		5	
Total 62800 · Facilities and Equipment					853	83	853	83
64000 · Grants								
64003 · Grants - Gifts					24,863		24,863	
64001 · Grants to CCH (Ortho Lease)					8,588	8,588	8,588	8,588
64002 · Grants - Coalitions					10,490	31,875	10,490	31,875
Total 64000 · Grants					43,941	40,463	43,941	40,463
65000 · General Operations								
65180 · Excise Taxes					3,000	2,667	3,000	2,667
65120 · Insurance - Liability, D and O					3,885	4,417	3,885	4,417
65099 · Over/Short	1						1	

5 Healthy Towns Foundation
Income & Expenses
December 2016

	<u>Total Centers Total</u>		<u>The Rents</u>		<u>The Foundation</u>		<u>TOTAL</u>	
	<u>Dec 16</u>	<u>Budget</u>	<u>Dec 16</u>	<u>Budget</u>	<u>Dec 16</u>	<u>Budget</u>	<u>Dec 16</u>	<u>Budget</u>
65010 · Dues, Subscriptions, Reference					100	255	100	255
65020 · Postage, Mailing Service						40		40
65030 · Printing and Copying						250		250
65040 · Supplies					282	415	282	415
65050 · Telephone, Telecommunications					456	333	456	333
65060 · Meals & Meeting Expenses					265	415	265	415
65070 · Advertising and Promotion					18	1,083	18	1,083
65080 · Miscellaneous Expense					-20		-20	
65088 · Start Up/ CTR Paid - DWC								
Total 65000 · General Operations	1				7,986	9,875	7,987	9,875
66000 · Personnel Costs								
66100 · Salaries and Wages					15,141	21,806	15,141	21,806
66200 · Benefits & FICA					3,633	3,827	3,633	3,827
66300 · CTO					1,907	2,208	1,907	2,208
66400 · Workers Compensation Insurance					91	40	91	40
66500 · Payroll Processing					839	417	839	417
66900 · Officer Compensation					396		396	
Total 66000 · Personnel Costs					22,007	28,298	22,007	28,298
68300 · Travel and Meetings								
68310 · Conference, Convention, Meeting					2,648	100	2,648	100
68320 · Travel						250		250
68330 · Meals and Entertainment						30		30
68300 · Travel and Meetings - Other						25		25
Total 68300 · Travel and Meetings					2,648	405	2,648	405
Total Expense	410,726	379,068			117,181	119,082	527,907	498,150
Net Ordinary Income	-11,285	17,098	26,316	26,877	263,525	33,415	278,556	77,390

5 Healthy Towns Foundation
Income & Expenses
December 2016

	<u>Total Centers Total</u>		<u>The Rents</u>		<u>The Foundation</u>		<u>TOTAL</u>	
	<u>Dec 16</u>	<u>Budget</u>	<u>Dec 16</u>	<u>Budget</u>	<u>Dec 16</u>	<u>Budget</u>	<u>Dec 16</u>	<u>Budget</u>
Other Income/Expense								
Other Expense								
65090 · Facility Charge	111,835	111,836	-111,836	-111,836			-1	
65081 · Allocation from W.C. (Fit/Env)			6,737	7,698			6,737	7,698
72100 · Interest Expense					25,137	24,114	25,137	24,114
71100 · Depr and Amort - Allowable	24,550	21,850			60,662	60,062	85,212	81,912
Total Other Expense	<u>136,385</u>	<u>133,686</u>	<u>-105,099</u>	<u>-104,138</u>	<u>85,799</u>	<u>84,176</u>	<u>117,085</u>	<u>113,724</u>
Net Other Income	<u>-136,385</u>	<u>-133,686</u>	<u>105,099</u>	<u>104,138</u>	<u>-85,799</u>	<u>-84,176</u>	<u>-117,085</u>	<u>-113,724</u>
Net Income	<u><u>-147,670</u></u>	<u><u>-116,588</u></u>	<u><u>131,415</u></u>	<u><u>131,015</u></u>	<u><u>177,726</u></u>	<u><u>-50,761</u></u>	<u><u>161,471</u></u>	<u><u>-36,334</u></u>

5 Healthy Towns Foundation
Statement of Cash Flows
December 2016

	<u>Dec 16</u>
OPERATING ACTIVITIES	
Net Income	161,472.16
Adjustments to reconcile Net Income to net cash provided by operations:	
12000 · Accounts Receivable	12,001.24
14000 · Prepaid Expense:14010 · 5HT Prepaid Expense	853.58
13000 · Inventory	-3,857.16
24000 · Accounts Payable	-45,610.86
26100 · Accrued Liabilities	45,977.87
26500 · Current Portion of Deferred Rev	66,282.32
Net cash provided by Operating Activities	<u>237,119.15</u>
INVESTING ACTIVITIES	
16500 · Accum Depr	85,211.72
15000 · Building & Bldg Improvements:15114 · Bldg Improvements - DWC	20,000.00
15400 · IT Equipment & Software:15401 · IT Equipment - 5HT	-2,159.00
15400 · IT Equipment & Software:15402 · IT Equipment - CWC	-317.00
18200 · LT Investments-Russell	-179,612.86
Net cash provided by Investing Activities	<u>-76,877.14</u>
FINANCING ACTIVITIES	
28000 · Mortgage Payable:28006 · Mortgage Payable - Variable	-25,000.00
28000 · Mortgage Payable:28005 · Mortgage Payable - Fixed	-17,809.00
29000 · Intercompany:29010 · 5HT Intercompany	-20,000.00
Net cash provided by Financing Activities	<u>-62,809.00</u>
Net cash increase for period	97,433.01
Cash at beginning of period	<u>304,747.47</u>
Cash at end of period	<u><u>402,180.48</u></u>

5 Healthy Towns Foundation Income & Expenses April through December 2016

	Total Centers Total		The Rents		The Foundation		TOTAL	
	Apr - Dec		Apr - Dec		Apr - Dec		Apr - Dec	
	16	Budget	Apr - Dec 16	Budget	16	Budget	16	Budget
Ordinary Income/Expense								
Income								
48450 · Magazine Advertising Revenue					17,915		17,915	
40000 · Contribution Revenue								
40010 · Contributions Received					1,260		1,260	
Total 40000 · Contribution Revenue					1,260		1,260	
45000 · Investments								
45040 · Investment Manager Fees					-144,914		-144,914	
45020 · Interest Earned					86		86	
45100 · Securities Sales Realized (G)/L					124,068		124,068	
45300 · Securities - Unrealized (G)/L					1,833,652	1,372,473	1,833,652	1,372,473
Total 45000 · Investments					1,812,892	1,372,473	1,812,892	1,372,473
46000 · Rentals								
46060 · ATI Physical Therapy Rent			33,654	39,870			33,654	39,870
46030 · U of M Land Rental			29,625	22,500			29,625	22,500
46040 · POB Land Rental			24,936	24,935			24,936	24,935
46050 · Ortho/PT Rental			154,080	154,084			154,080	154,084
Total 46000 · Rentals			242,295	241,389			242,295	241,389
47000 · Wellness Center Income								
47202 · CWC Revenue	1,798,818	1,759,370					1,798,818	1,759,370
47204 · DWC Revenue	1,531,606	1,497,372					1,531,606	1,497,372
47203 · MWC Revenue	78,098	66,671					78,098	66,671
47205 · SWC Revenue	65,401	76,729					65,401	76,729
Total 47000 · Wellness Center Income	3,473,923	3,400,142					3,473,923	3,400,142
Total Income	3,473,923	3,400,142	242,295	241,389	1,832,067	1,372,473	5,548,285	5,014,004

5 Healthy Towns Foundation Income & Expenses April through December 2016

	Total Centers Total		The Rents		The Foundation		TOTAL	
	Apr - Dec		Apr - Dec		Apr - Dec		Apr - Dec	
	16	Budget	16	Budget	16	Budget	16	Budget
Cost of Goods Sold								
51100 · Cost of Good Sold - WC								
Total COGS								
Gross Income	3,473,923	3,400,142	242,295	241,389	1,832,067	1,372,473	5,548,285	5,014,004
Expense								
65200 · Wellness Center Operations								
65089 · DWC Operating Expense	1,385,578	1,451,729					1,385,578	1,451,729
65085 · MWC Operating Expenses	141,561	143,280					141,561	143,280
65091 · SWC Operating Expenses	150,288	172,530					150,288	172,530
65082 · CWC Operating Expenses	1,664,697	1,638,000					1,664,697	1,638,000
Total 65200 · Wellness Center Operations	3,342,124	3,405,539					3,342,124	3,405,539
65095 · Magazine								
65098 · Printing/Design					22,718		22,718	
65096 · Mailing					3,360		3,360	
Total 65095 · Magazine					26,078		26,078	
62100 · Contract Services								
62110 · Accounting Fees					37,573	37,175	37,573	37,175
62140 · Legal Fees			2,470		395,367	299,997	397,837	299,997
62150 · Outside Contract Services					68,913	47,250	68,913	47,250
Total 62100 · Contract Services			2,470		501,853	384,422	504,323	384,422
62800 · Facilities and Equipment								
62895 · Property Taxes					132,166	144,000	132,166	144,000
62840 · Equip Rental, Purch, Maint					2,307	747	2,307	747
62890 · Foundation/Rent, Utilities				1,000	5,054		5,054	1,000

5 Healthy Towns Foundation Income & Expenses April through December 2016

	Total Centers Total		The Rents		The Foundation		TOTAL	
	Apr - Dec 16	Budget	Apr - Dec 16	Budget	Apr - Dec 16	Budget	Apr - Dec 16	Budget
Total 62800 · Facilities and Equipment				1,000	139,527	144,747	139,527	145,747
64000 · Grants								
64003 · Grants - Gifts					36,250		36,250	
64001 · Grants to CCH (Ortho Lease)					80,376	77,042	80,376	77,042
64002 · Grants - Coalitions					218,620	286,875	218,620	286,875
Total 64000 · Grants					<u>335,246</u>	<u>363,917</u>	<u>335,246</u>	<u>363,917</u>
65000 · General Operations								
65065 · 5HT Donation/Sponsorship					100		100	
65180 · Excise Taxes					46,381	24,003	46,381	24,003
65120 · Insurance - Liability, D and O					35,661	39,753	35,661	39,753
65099 · Over/Short	-3				-1		-4	
65010 · Dues, Subscriptions, Reference					1,020	2,295	1,020	2,295
65020 · Postage, Mailing Service					-198	360	-198	360
65030 · Printing and Copying					1,037	2,250	1,037	2,250
65040 · Supplies					3,631	3,735	3,631	3,735
65050 · Telephone, Telecommunications					3,452	2,997	3,452	2,997
65060 · Meals & Meeting Expenses					5,645	3,735	5,645	3,735
65070 · Advertising and Promotion					10,733	9,747	10,733	9,747
65080 · Miscellaneous Expense					1,243		1,243	
65088 · Start Up/ CTR Paid - DWC								
Total 65000 · General Operations	<u>-3</u>				<u>108,704</u>	<u>88,875</u>	<u>108,701</u>	<u>88,875</u>
65100 · Other Types of Expenses								
65190 · Bank fees & service charges					5		5	
Total 65100 · Other Types of Expenses					<u>5</u>		<u>5</u>	
66000 · Personnel Costs								
66100 · Salaries and Wages					196,809	196,254	196,809	196,254

5 Healthy Towns Foundation
Income & Expenses
April through December 2016

	Total Centers Total		The Rents		The Foundation		TOTAL	
	Apr - Dec 16	Budget	Apr - Dec 16	Budget	Apr - Dec 16	Budget	Apr - Dec 16	Budget
66200 · Benefits & FICA					33,984	34,443	33,984	34,443
66300 · CTO					20,533	19,872	20,533	19,872
66400 · Workers Compensation Insurance					840	360	840	360
66500 · Payroll Processing					4,172	3,753	4,172	3,753
66900 · Officer Compensation					4,940		4,940	
Total 66000 · Personnel Costs					261,278	254,682	261,278	254,682
68300 · Travel and Meetings								
68310 · Conference, Convention, Meeting					2,962	900	2,962	900
68320 · Travel					223	2,250	223	2,250
68330 · Meals and Entertainment					386	270	386	270
68300 · Travel and Meetings - Other					-771	225	-771	225
Total 68300 · Travel and Meetings					2,800	3,645	2,800	3,645
Total Expense	3,342,121	3,405,539	2,470	1,000	1,375,491	1,240,288	4,720,082	4,646,827
Net Ordinary Income	131,802	-5,397	239,825	240,389	456,576	132,185	828,203	367,177
Other Income/Expense								
Other Expense								
65090 · Facility Charge	1,006,524	1,006,524	-1,006,524	-1,006,524			0	
65081 · Allocation from W.C. (Fit/Env)			64,105	69,282			64,105	69,282
72100 · Interest Expense					205,961	220,407	205,961	220,407
71100 · Depr and Amort - Allowable	199,350	196,650			545,955	540,558	745,305	737,208
Total Other Expense	1,205,874	1,203,174	-942,419	-937,242	751,916	760,965	1,015,371	1,026,897
Net Other Income	-1,205,874	-1,203,174	942,419	937,242	-751,916	-760,965	-1,015,371	-1,026,897
Net Income	-1,074,072	-1,208,571	1,182,244	1,177,631	-295,340	-628,780	-187,168	-659,720

Chelsea-Area Wellness Foundation

Investment Account Proposed Allocations

Important Information

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Diversification and strategic asset allocation do not assure profit or protect against loss in declining markets.

Investments that are allocated across multiple types of securities may be exposed to a variety of risks based on the asset classes, investment styles, market sectors and size of companies preferred by the advisors. Investors should consider how the combined risks impact their total investment portfolio and understand that different risks can lead to varying financial consequences, including loss of principal.

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Chelsea-Area Wellness Foundation

20-Year Assumptions as of June 30, 2016

Asset Class/Fund	Alpha Return Assumptions*	Beta Return Assumptions**	Beta Standard Deviation Assumptions**	Portfolio Allocations			
				Current Allocation	Adding ARFI from Equities	Adding ARFI from FI	Adding ARFI from Equity & FI
Multi Asset Core Plus							
RIFL Multi-Asset Core Plus Fund	2.00%	6.90%	14.75%	75.00%	70.00%	75.00%	72.50%
US Agg							
RIFL Core Bond Fund	0.60%	3.07%	3.22%	15.00%	15.00%	10.00%	12.50%
Absolute Return Fixed Income							
RIFL Absolute Return Fixed Income Fund	1.90%	3.94%	5.39%	0.00%	5.00%	5.00%	5.00%
50/50 Dir and NonDir HF							
Hedge Funds	2.00%	4.97%	8.12%	10.00%	10.00%	10.00%	10.00%
Total Annualized Return Assumption - Gross of Fees				7.91%	7.76%	8.02%	7.89%
Aggregate Annual Fees***				0.89%	0.89%	0.91%	0.90%
Total Annualized Return Assumption - Net of Fees***				7.02%	6.87%	7.11%	6.99%
Total Standard Deviation Assumption				12.06%	11.46%	12.19%	11.82%
5th Percentile Annualized Return Assumption***				1.98%	1.91%	1.99%	2.04%
75th Percentile Annualized Return Assumption***				8.23%	8.03%	8.31%	8.18%

Fund targets are excess return and risk goals developed by Russell Investments Strategy and Research management to help measure our skill in managing managers and the general success of our funds against their stated objectives. Targets for multi-manager funds are based on targets received from underlying managers, historical data and the Russell Investments' qualitative assessments of the prospects for managers in a multi-manager portfolio and various other factors. We believe our methodology is reasonable for its purpose, but targets are not intended to predict the performance of Russell Investments' funds and we expect that actual performance will vary considerably. Additional information regarding Russell Investments' basis for fund targets is available on request.

*Alpha is based on Russell Investments' Fund targets excess return and risk goals developed by Russell Investments Strategy and Research management to help measure our skill in managing managers and the general success of our funds against their stated objectives. Targets for multi-manager funds are based on targets received from underlying managers, historical data and the Russell Investments' qualitative assessments of the prospects for managers in a multi-manager portfolio and various other factors. We believe our methodology is reasonable for its purpose, but targets are not intended to predict the performance of Russell funds and we expect that actual performance will vary considerably.

** Source for Beta Return and Standard Deviation data: Russell Investments' Capital Markets Forecasts (June 30, 2016). Please note all information shown is based on assumptions and is not meant as a prediction of fund performance. Expected returns employ proprietary projections of the returns of each asset class. We estimate the performance of an asset class or strategy by analyzing current economic and market conditions and historical market trends. References to future returns for either asset allocation strategies or asset classes are not promises or even estimates of actual returns a client portfolio may achieve. The assumptions do not take fees into consideration and all returns are assumed gross of fees. Asset classes are broad general categories which may or may not correspond well to specific products.

*** These returns are all net of fees.
Based upon the fee table on page 5.

Current / Proposed Fees

Total assets invested in actively-managed Russell Investments funds	\$15 M - \$20 M	\$20 M - \$50 M	\$50 M - \$100 M	\$100 M - \$150 M	\$150+ M
Russell Investments Institutional Funds, LLC	Annual Fee (%)				
Russell Large Cap U.S. Equity Fund	0.76%	0.70%	0.65%	0.62%	0.59%
Russell Defensive U.S. Equity Fund	0.71%	0.65%	0.60%	0.57%	0.54%
Russell Small Cap U.S. Equity Fund	1.00%	0.94%	0.89%	0.86%	0.83%
Russell Core Bond Fund	0.60%	0.55%	0.50%	0.47%	0.44%
Russell Absolute Return Fixed Income Fund	1.10%	1.05%	1.00%	0.97%	0.94%
Russell International Equity Fund	0.90%	0.84%	0.79%	0.76%	0.73%
Russell Emerging Markets Equity Plus Fund	1.20%	1.14%	1.09%	1.06%	1.03%
Russell Multi-Asset Core Plus Fund	1.01%	0.95%	0.90%	0.87%	0.84%
Russell Common Trust Funds					
Russell Common Trust Real Estate Equity Fund	1.46%	1.40%	1.35%	1.32%	1.29%

Should the aggregate average daily market value for any quarter fall below \$30 million for actively-managed Russell Investments funds, fees will be subject to re-negotiation.

RIIFL funds are not mutual funds, but are funds of the Russell Investments Institutional Funds, LLC; they are private placements.

Strategic planning assumptions

Through June 30, 2016

	Equity					Private - Unlisted				Fixed Income										Marketable Real Assets				Other	Economic		
	US Equity	EAFE Equity	Emerging Markets Equity	Global Equity	Global Equity ex US	Global Private Equity	US Real Estate	Global Real Estate	Global Infrastructure	Long Govt	Govt	Long Credit Fixed	Credit Fixed	Long G/C Fixed	Agg Fixed	Global High Yield H	EM Debt	TIPS	Cash	LIBOR	Global Commodities	US Listed Real Estate	Global Listed Real Estate	Global Listed Infrastructure	NonDir. Hedge Fund	Inflation	
5 Yr Arithmetic Return	5.8%	6.9%	6.9%	6.3%	6.9%	7.8%	4.5%	4.8%	4.6%	0.0%	0.7%	1.2%	1.6%	0.6%	1.1%	3.8%	2.3%	1.3%	1.5%	1.6%	4.7%	5.2%	5.8%	5.6%	2.7%	2.0%	
5 Yr Volatility	17.6%	19.6%	22.7%	18.0%	19.6%	13.4%	11.3%	9.8%	7.9%	5.6%	1.9%	6.0%	3.0%	5.1%	2.7%	14.8%	9.6%	4.0%	2.0%	2.0%	15.8%	23.1%	20.3%	16.0%	4.1%	2.2%	
10 Yr Arithmetic Return	6.5%	7.1%	7.6%	6.9%	7.2%	8.3%	5.1%	5.3%	5.3%	0.9%	1.6%	2.2%	2.5%	1.6%	2.0%	4.2%	3.0%	2.1%	2.3%	2.4%	5.5%	5.9%	6.3%	6.3%	3.4%	2.1%	
10 Yr Volatility	17.9%	19.1%	22.7%	17.9%	19.1%	18.0%	13.3%	11.2%	9.2%	4.9%	1.8%	5.3%	2.7%	4.5%	2.2%	14.3%	9.3%	4.4%	3.7%	3.6%	16.0%	23.4%	20.4%	16.4%	5.0%	3.8%	
20 Yr Arithmetic Return	7.2%	7.4%	8.1%	7.4%	7.6%	8.8%	5.8%	5.9%	6.0%	2.2%	2.6%	3.3%	3.6%	2.8%	3.1%	5.0%	4.0%	2.9%	3.1%	3.2%	6.2%	6.7%	6.9%	7.0%	4.2%	2.4%	
20 Yr Volatility	18.0%	18.3%	22.6%	17.6%	18.4%	20.8%	14.8%	12.0%	10.5%	3.8%	3.6%	4.5%	3.6%	3.6%	3.2%	14.1%	9.1%	6.0%	6.4%	6.3%	16.9%	24.0%	20.4%	16.8%	7.1%	6.6%	
20 Yr Time Series Volatility	17.6%	19.9%	23.0%	17.9%	19.8%	7.9%	7.4%	6.9%	5.3%	7.7%	4.1%	7.8%	5.2%	7.2%	5.0%	13.5%	9.2%	4.5%	1.7%	1.7%	16.2%	24.2%	21.1%	16.4%	4.2%	1.8%	
Correlations																											
Equity	US Equity	1.00																									
	EAFE Equity	0.88	1.00																								
	Emerging Markets Equity	0.75	0.81	1.00																							
	Global Equity	0.97	0.96	0.85	1.00																						
	Global Equity ex US	0.88	0.98	0.90	0.97	1.00																					
Private - Unlisted	Global Private Equity	0.86	0.86	0.76	0.89	0.87	1.00																				
	US Real Estate	0.49	0.50	0.36	0.50	0.48	0.48	1.00																			
	Global Real Estate	0.63	0.69	0.55	0.68	0.68	0.65	0.91	1.00																		
	Global Infrastructure	0.58	0.57	0.49	0.60	0.58	0.56	0.50	0.61	1.00																	
Fixed Income	Long Govt	0.09	0.13	0.12	0.12	0.14	0.13	0.01	0.03	-0.04	1.00																
	Govt	0.11	0.08	0.09	0.10	0.09	0.03	0.07	0.06	0.08	0.53	1.00															
	Long Credit Fixed	0.35	0.38	0.33	0.38	0.39	0.31	0.16	0.22	0.16	0.72	0.41	1.00														
	Credit Fixed	0.25	0.25	0.23	0.26	0.26	0.12	0.11	0.14	0.13	0.55	0.63	0.77	1.00													
	Long G/C Fixed	0.23	0.27	0.25	0.26	0.28	0.23	0.08	0.13	0.05	0.94	0.53	0.85	0.73	1.00												
	Agg Fixed	0.21	0.23	0.20	0.23	0.23	0.12	0.09	0.12	0.09	0.69	0.80	0.72	0.86	0.77	1.00											
	Global High Yield H	0.29	0.29	0.24	0.30	0.28	0.22	0.17	0.22	0.21	0.05	0.09	0.50	0.54	0.26	0.33	1.00										
	EM Debt	0.28	0.28	0.24	0.29	0.28	0.22	0.15	0.20	0.18	0.17	0.17	0.61	0.66	0.39	0.46	0.91	1.00									
	TIPS	0.12	0.06	0.10	0.10	0.08	0.04	0.07	0.06	0.11	0.01	0.32	0.05	0.15	0.04	0.10	0.05	0.03	1.00								
	Cash	0.03	-0.07	-0.02	-0.01	-0.06	-0.09	0.05	0.02	0.14	-0.44	0.32	-0.27	0.01	-0.38	-0.13	0.04	-0.03	0.49	1.00							
	LIBOR	-0.01	-0.12	-0.06	-0.06	-0.11	-0.15	0.03	-0.01	0.11	-0.45	0.31	-0.30	0.00	-0.40	-0.14	0.03	-0.05	0.48	0.99	1.00						
Marketable Real Assets	Global Commodities	0.32	0.33	0.37	0.35	0.37	0.31	0.25	0.35	0.35	-0.05	0.07	0.11	0.10	0.03	0.06	0.17	0.15	0.08	0.14	1.00						
	US Listed Real Estate	0.58	0.60	0.43	0.60	0.58	0.53	0.87	0.86	0.55	0.04	0.06	0.23	0.16	0.14	0.13	0.22	0.20	0.08	0.02	-0.01	1.00					
	Global Listed Real Estate	0.70	0.76	0.59	0.74	0.74	0.66	0.81	0.92	0.62	0.06	0.06	0.28	0.19	0.18	0.16	0.26	0.24	0.07	-0.01	-0.05	0.35	0.94	1.00			
	Global Listed Infrastructure	0.69	0.70	0.59	0.72	0.70	0.64	0.55	0.69	0.87	0.01	0.08	0.25	0.18	0.13	0.14	0.26	0.24	0.10	0.08	0.04	0.39	0.65	0.74	1.00		
Other	NonDir. Hedge Fund	0.43	0.39	0.44	0.44	0.43	0.35	0.32	0.41	0.48	-0.26	0.24	0.02	0.15	-0.14	0.03	0.24	0.18	0.35	0.64	0.61	0.51	0.35	0.42	0.52	1.00	
Economic	Inflation	0.08	0.01	0.05	0.05	0.02	0.02	0.06	0.04	0.13	-0.19	0.17	-0.10	0.01	-0.16	-0.09	0.03	-0.01	0.89	0.58	0.57	0.09	0.05	0.04	0.10	0.40	1.00

Correlation values shown are for the 10-year forecast horizon.

Assumptions do not take fees into consideration and all returns are assumed gross of fees. Yields represent the level at a ten-year horizon.

The information presented in this document is based on data from multiple sources: including Russell Investments, Barrie & Hibbert, Barclays Capital, Bloomberg, and Consensus Economics, Inc. The summary statistics presented in this document are not intended for use in mean-variance optimization.

Please note all information shown is based on assumptions. Expected returns employ proprietary projections of the returns of each asset class. We estimate the performance of an asset class or strategy by analyzing current economic and market conditions and historical market trends. It is likely that actual returns will vary considerably from these assumptions, even for a number of years. References to future returns for either asset allocation strategies or asset classes are not promises or even estimates of actual returns a client portfolio may achieve. Asset classes are broad general categories which may or may not correspond well to specific products.

Yields		Yield	Duration	Quality
Yields	Long G/C Fixed	4.5	15.5	AA
	Agg Fixed	4.0	5.5	AA
	US Long Credit	5.3	14.0	A
	US TIPS	1.0	5.3	Govt