

**THE CONGREGATION OF THE PASSION**

**HOLY CROSS PROVINCE**

**PROVINCE FINANCIAL REVIEW POLICY OF**

**RETREAT CENTERS**

**Issued: January, 2021**

The Board of Directors

Voted to add these Province Financial Review Policy

To the policies of Christ The King Retreat Center

On February 10, 2021

# **The Congregation of the Passion, Holy Cross Province Board of Trustees (HCP BOT),** consisting of the Provincial Superior and his Consultors, retains certain reserve powers pertaining to the Province retreat center corporations. The reserve powers are detailed in the By-Laws of each retreat center. This Province Financial Review Policy is provided in support of the reserve powers. Oversight of the HCP financial review policy is the responsibility of the Director of Finance of Holy Cross Province. The Retreat Center Boards of Directors and Management Staff will facilitate and ensure adherence to this policy.

1. **Board of Trustees review of annual capital and operating budgets.**

# The goal of the HCP BOT review of the annual capital and operating budgets is to ensure that retreat centers are operating in a financially responsible and sustainable manner in compliance with the adopted Ends policies and Executive Limitation policies adopted by the retreat center’s Board of Directors.

The budget review criteria and relationship to governance policies are outlined in Appendix A. There should be sufficient detail to support the financial review, including but not limited to:

# The upcoming fiscal year budget in comparison to the prior year budget and actual results, as well as comparison to current year actual results

* 1. An explanation of significant dollar and percentage variances from the prior year

# A summary of assumptions underlying the financial projections

* 1. A plan for capital improvements and asset replacement, including planned funding

# A debt schedule, if applicable, including provisions for principal and interest payments and projected debt balances

* 1. An explanation of any projected expenses in excess of projected revenues

# An explanation of the use of long-term reserves, if planned

The budget submission should include both figures and a budget narrative addressing the assumptions, variances and comparisons. In the preparation process, the Province Finance Office will provide expertise to Retreat Center Staff by reviewing and providing input to the budget.

Once budgets are approved (or endorsed) by the Retreat Center Board of Directors, they should be submitted to the HCP BOT for approval or endorsement, along with the board resolution and materials reviewed by the board. **Budgets submission date will be determined and communicated by the Province Finance Office. Usually, budgets are submitted in late-March or early April for their review by the Province Finance Office and presented to the HCP BOT at its May meeting.**

Subsequent budget revisions, if any, that vary more than 10% (decrease in revenue or increase in expense) from the original submission must also be submitted for HCP BOT review and approval or endorsement.

1. **HCP BOT REVIEW OF RETREAT CENTER QUARTERLY FINANCIAL**

**REPORT**

The goal of HCP BOT review of quarterly results is to ensure that the retreat center remains in a financially tenable position throughout the fiscal year. The financial report submission should include all revenues, expenses, variances with explanation thereof. **Quarterly financial report submission date will be determined and communicated by the Province Finance Office. Usually, quarterly reports are submitted 30-45 days after close of quarter for review by the Province Finance Office. A copy of the quarterly financial report is to be provided to the Retreat Center Board of Directors.**

1. **HCP BOT REVIEW OF UNBUDGETED ITEMS**

The goal of HCP BOT review of significant unbudgeted items is to ensure that the expenditures are reasonable, necessary, and for which appropriate funding can be obtained. The threshold for unbudgeted expenditures requiring review by HCP BOT is detailed in the Trustees Reserved Powers in Retreat Center By-Laws.

1. **HCP BOT REVIEW OF INDEPENDENTLY AUDITED OR REVIEWED**

**ANNUAL FINANCIAL STATEMENTS**

The goal of the HCP BOT review of the retreat centers’ independently audited or reviewed financial statements is to ensure that financial results are being reported accurately and on a timely basis, and that sufficient internal controls exist to ensure the financial records are free from material misstatement or fraud.

An annual audit or review by an independent certified public accounting firm is a requirement of all Retreat Center Corporations. The HCP BOT review of the independently audited or reviewed financial statements includes the following:

* 1. Ensuring the auditor's report includes an unqualified opinion, or, if not, obtaining an explanation for a qualified opinion and the remedial action being undertaken to correct any identified deficiencies
  2. A review of the financial statements and related footnote disclosures
  3. Areview of the audit communication letter issued by the independent certified public accounting firm to the Board of Directors as well as the retreat center corporation's response, including remedial actions related to any material weaknesses or significant deficiencies noted.
  4. The Province Finance Office is available to assist Retreat Center Staff in preparation of audit materials or interaction with audit staff as may be requested by staff.

Once the independently audited or reviewed financial statements are approved by the Board of Directors or its appointed representative, they should be submitted to the HCP BOT for approval with an accompanying corporate resolution. **In order to preserve the relevance and utility of an audit or review, independently** **audited or reviewed financial statements should be submitted to the HCP BOT for review by December 31 for the previous fiscal year**

1. **HCP BOT REVIEW OF RETREAT CENTER FILING OF IRS FORM 990**

The goal of the HCP BOT review of the retreat centers’ annual filing of IRS Form 990 is to ensure that the tax return is being filed accurately and on a timely basis. **IRS Form 990 returns should be submitted to the HCP BOT for review by March 31 for the previous fiscal year. A copy of the 990 should be provided to the Board of Directors in accord with the policies of the Retreat Center.**

1. **Additional financial information may be required by HCP BOT from time**

**to time as environmental or operational issues dictate.**

## APPENDIX A

**Holy Cross Province – Board of Trustees**

## BUDGET REVIEW CRITERIA AND RELATIONSHIP TO GOVERNANCE POLICIES

**Adherence to Ends Policies is the most important element in budget review.**

|  |  |
| --- | --- |
| **Executive Limitation Policies Fiscal Criteria** | |
| * Financial Planning/Budgeting * Fund Raising and Development * Compensation and Benefits | Credible projection of revenues and  expenses with planning assumptions. |
| * Financial Planning/Budgeting * Financial Conditions and Activities | Expenditures are not greater than projected revenue; if there is an actual or projected deficit it must be adequately explained, and use of projected surpluses  must be explained. |
| * Financial Planning/Budgeting * Financial Conditions and   Activities | Assistance, if any, planned from the Province or other source must match the Province's budget. |
| * Financial Planning/Budgeting * Financial Conditions and Activities | Fluctuations from prior year budget, prior year actual results |
| * Financial Planning/Budgeting * Financial Conditions and   Activities | Debt Servicing, if applicable, is adequately planned for within budget. |
| * Financial Planning/Budgeting * Asset Protection | Financial ratios are consistent with prior years, if not must be adequately  explained. |
| * Financial Planning/Budgeting * Asset Protection | Capital items or projects are identified, financially reasonable and separated  from operating budget. Depreciation is included. |
| * Financial Planning/Budgeting * Financial Conditions and Activities * Asset Protection | How are long-term reserves being used and is it reasonable? What is the plan to restore reserves? |
| * Asset Protection * Financial Planning/Budgeting | Are funds available for assets replacement? |
| * Financial Planning/Budgeting * Financial Conditions and   Activities   * Asset Protection * Fund Raising and Development | Overall reasonableness and Retreat Center’s overall financial strength. |