



ST. PAUL OF THE CROSS RETREAT CENTER

Audit & Finance Committee Meeting Minutes Monday, January 27, 2020

Present: Greg Soule Matt Greenough
 Sandra Arnould Geni Giannotti
 Mary Moret

Matt Greenough opened the meeting at 4:05 with prayer.

Minutes from the December 9, 2019 meeting were approved and will be forwarded to the Board.

Geni Giannotti led the Committee through the December financial package distributed last week.

- Balance sheet: there was a year over year increase in the Operational Reserve fund of \$150,000
 - 75K of the 150K is earmarked for ongoing HVAC related CAPEX activity
 - Another 50K will be transferred in January. The increase in the Operating Reserve was in part due to a very successful Christmas appeal; the appeal exceeded the budget target by \$43K; the Committee acknowledged Mary Moret's continued success in various Mission Advancement programs.
 - Income Statement – Revenue: Overall revenue is at 501K through December compared to 338K budget. Reasons for the positive trend include:
 - Christmas appeal
 - The “box program” is exceeding expectations – budgeted for 30K and is expected to come in at 50K for the year (these funds were earmarked for roof related projects such as the St Joseph Corridor)
 - 90K in restricted donations for restricted infrastructure – 15K for the roof and 75K designated for HVAC controls [more details concerning CAPEX shared later in the meeting]
 - Although Women's Retreats are lagging about 10%, the Men's Retreats are slightly ahead of last year in numbers
 - Hosted programs continue a positive trend; Management reported with hosted programs, there are only 4 “open” weekends remaining in 2020.
 - Income Statement – Expense: With few exceptions (i.e. Interior Maintenance – overbudget 12K YTD; Exterior Maintenance – overbudget 4K YTD) there was nothing noteworthy about expenses in December or YTD. Management continues to exercise prudent stewardship in the expense area.
 - AR / AP: AR stands at 7K with 1K+ over 60 days; AP is at 8K with nothing over 30 days.
 - Campaign – The Campaign continues to wind down. The First Midwest Account was closed. In December, there was 5K in revenue. This was tied to a 5K pledge previously written off – that was subsequently paid and therefore reported as income. Mary Moret indicated there are still some small residual donations coming in that were designated for the Campaign. The local Chase account will be used to bank these receipts.
 - Endowment Fund – A long time donor gave 100K to the Endowment Fund in December. The total Endowment Fund (Chase + what is on deposit at the Province) is 762K+. There is 54K available for Operations from the Endowment Fund. However, because of the strong cash position of the Retreat Center, the Endowment Fund interest available remains in place. There
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was some additional discussion about the Endowment Fund at the 10 year mark (the fund was established in September 2010).

Management provided a Consolidated Balance Sheet for the Committee to review. This is a combined financial report (Retreat Center, Capital Campaign, Endowment).

- 306K in liquid cash (Chase + First Midwest)
- 1.6mm in reserve funds (Operating Reserve + Endowment Fund)
- 58K in prepaids and AR
- Net increase in Fixed Assets of 100K
- Liabilities (AP + Accrued + Deferred Revenue) at 76K, down from 100K a year ago
- Net Assets at 2.9mm – an increase of 360K over a year ago

Management reviewed the Cash Forecast, an estimate of cash activity between now and June 2020.

- Weekend retreats are hitting “prime season” with revenues tied to retreats projected at just under 220K for the January to March time frame.
- There are some upcoming hosted events (i.e. Spiritans, the Passionists) that will impact operating cashflow, but Management is well positioned to handle the activity.
- Washer/Dryer and refrigeration CAPEX are factored into the forecast.

The Committee received an update on the upcoming 2020 Non Event along with a recap of the 2019 Non Event and the already discussed Christmas Appeal.

- 2019 Non Event that was slated for furniture replacement and upgrades raised 50K
- 2019 Christmas Appeal raised 97K+ (Mary is looking for that last donor to kick in 2K+ and get her to her own personal goal of 100K – good job Mary!)
- 2020 Non Event is slated for an Ash Wednesday kickoff with a focus on projects that support Laudato Si. Support of *Laudato Si*, the encyclical from Pope Francis, is a Holy Cross Province priority and is an Ends Policy for St Paul’s. Targeted projects include:
 - Window updates so that all windows can be opened
 - LED conversions in 10 areas (new fixtures, new ballast)
 - Outdoor sconces; solar in the courtyard

The discussion transitioned to an update from Management on various CAPEX projects – all expected to be covered out of operating cash.

- Double door cooler in the kitchen
 - Washer/dryer replacement – Management shared with the Committee how tricky it is to time the replacement of equipment when we are so busy!
 - HVAC – the Chapel is currently without heat and will require a new blower; 75K is slated for new controls; through a referral from the Buildings & Grounds Committee a representative from Walbridge Aldinger was able to enhance the Scope of Work associated with the HVAC controls so that Management could in turn issue a RFP – 2 vendors are under consideration. There was additional discussion about controls and pneumatics. Management is hoping to complete this long discussed project after April when the boilers are shut down for the summer season.
 - The Committee commented that Management has done a great job of breaking down what seemed like a very difficult CAPEX “punch list” from the AKT Peerless macro assessment 5+ years ago.
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There was a brief exchange concerning the upcoming 20/21 Budget Cycle. Management has the process well in hand and the Committee has offered to lend any assistance as requested between now and our next meeting in March. From a CAPEX point of view, some of the “wish list” items articulated include:

- Comprehensive digital controls once the pneumatics are replaced
- Website is due for an update
- Assembly Room needs updates in terms of storage functionality
- Another server is needed to support the local network; nearly all computers are updated to Windows 10

Management updated the Committee on the status of the lease between the Retreat Center and the Community

- The current lease is up June 30, 2020; the current terms are 10K/year + 3% of net (the 3 other Retreat Centers pay 3% of gross)
- Because of the strong financial position of the Retreat Center, and to align more with the other Retreat Centers in terms of lease payments and Community support, the Retreat Center will pay the Community 2K/month from January 2020 to June 2020, on top of the 10K/3% terms. This will raise the support of the Community to 22K and 3% for FY20. This also addresses a request from the Provincial to support the Community as best as we are able.
- There was some additional discussion about recent and on-going repairs over at the Community building. Recent repairs were done as “gift in kind” but there are some additional HVAC related issues. Although the Community is a separate entity, it is integral to the overall Passionist presence at the Retreat Center and in the Church in Detroit.

The Committee raised the question with Management as to whether the calculations used in the past to determine a recommended retreat weekend offering need an update. After some discussion, Management and the Committee agreed that the legacy “utilization” model (first developed by the Houston Retreat Center) is no longer valid. Moreover, the staff time it takes to prepare is not delivering actionable data due to how it skews hosted events. Management will evaluate alternative methods of determining what the “break even” is for a retreat. In the meantime, there was consensus that the recommended retreat offering should stay at \$215 – with a focus on other areas of stewardship and philanthropy (i.e. Director Circle, periodic appeals).

Greg Soule reported out that there are currently no items needing follow up or review from this Committee as it relates to the Monitoring Report process under Policy Governance. There was consensus that Policy Governance is in place, it is working, and it is an effective and efficient use of staff time and volunteers.

Management reported that they are close to finalizing the FY18/19 financials, as well as the 990.

New business included calendar updates: 6/12/20 – Captain’s + Family Prayer Service; 6/13/20 – mass featuring icon and relic as part of the Passionist celebration (300th anniversary); 6/17/20 – Jubilarian Mass and dinner.



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Matt Greenough reported that there is an upcoming quarterly IAC meeting. He will update the Committee electronically after the meeting, especially in light of the volatile markets.

Greg Soule closed the Committee closed with prayer.

NEXT MEETING – March 23, 2020

2020 MEETING SCHEDULE

June 8, 2020 – 4PM

July 27, 2020 – 4PM

September 14, 2020 – 4PM

November 23, 2020 – 4PM
