



ST. PAUL OF THE CROSS RETREAT CENTER

Audit & Finance Committee Meeting Minutes Monday, January 25, 2021

Present: Greg Soule Matt Greenough Ken Antczak Sue Macdonald
 Sandra Arnould Geni Giannotti Mary Moret

The meeting was held via ZOOM and opened with prayer at 4:02PM.

The November 23, 2020 meeting minutes were approved.

The Committee was provided with a financial packet of results through December 2020 prior to the meeting.

Management led the Committee through an overview of the financial performance of the Retreat Center and of the Endowment Fund through December 2020. The discussion began with a review of the balance sheet:

- The Retreat Center maintains a strong cash position with 287K+ on deposit in the operating account at First Midwest.
- The Operating Reserve on deposit with the province is over 1mm. Although this is welcome news, because of the impact of COVID19 on the core ministry of weekend retreats, there remains a high degree of uncertainty.
- The prepaid account on the balance sheet continues to be higher than normal due to an overage with Ovations.
- AR has a *de minimus* balance reflecting the significant downturn in hosted events, schools, and other entities using our facility and then getting invoiced.
- Likewise, AP is low reflecting the low level of activity in terms of operating expenses.
- Deferred revenue for future hosted events is at 36K. The Retreat Center has **not** seen the decline in this account due to refunds that was anticipated. Many groups want to reschedule. Roz is working with each group to accommodate what we can, especially with COVID and state mandated restrictions.
- Net assets increased \$160K year over year – remarkable when you consider the impact of COVID.

The discussion turned to the Retreat Center income statement:

- Overall donations are strong and are ahead of YTD budget by 346K. The Christmas Appeal brought in 155K (budgeted at 55K). The Committee acknowledged the work of the Team – and of our benefactors – for responding with strong year-end financial support.
 - Retreat related income is down 25K over budget. COVID is having an impact on retreat attendance – even with reduced numbers and a significantly revised set of procedures. Retreatants may still be reluctant to come on site.
 - Hosted events are down against budget by 65K – a reflection of COVID and state mandated restrictions.
 - Of note, there was 121K in extraordinary Other Income (income not from operations) for December. This reflects the forgiveness of the PPP1 loan on December 4, 2021
 - The Committee acknowledged Management's controls on expenses – currently at 150K below budget through December.
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- Because of better than expected revenues (even with the budget shortfalls in retreat revenue and hosted events) and the better than expected results in operating expense, the Retreat Center is showing an operating surplus of 443K YTD – significantly outpacing what was budgeted.

Management led the Committee through a review of the Endowment Fund.

- The Endowment Fund had a strong quarter with returns more than 11%
- There is currently 202K available for operations from the Endowment Fund.
- The 2 anticipated 20K transfers in March and April 2021 from the Endowment Fund to the Operating Account may push due to the strong cash position of the Retreat Center. Management is maintaining a flexible position dependent on donations, retreat attendance, and hosted events.

Discussion continued as the Committee reviewed the Cash Forecast.

- Starting with January, the cash position is 287K in First Midwest
- Overall income and expense reflect what is anticipated over the next several months. Income from hosted events and retreats was projected downward for the balance of the year.
- Management will transfer 50K from the Operating Reserve fund in May
- CAPEX purchases from restricted funds tied to last year's "Non Event" will be spent in the January to March time frame.
- Although cash seems very strong, Management is acting with great caution knowing that recently lifted restrictions could be reimposed. The Committee commends Management for their prudence.

The FY20 audit review is complete and the 990 is filed.

The Committee was updated on the Retreat Center's application for a second PPP2 loan. The original lender (State Bank) made an error in the way the FEIN number was entered into the SBA system. This is creating havoc as the Retreat Center tries to upload a new application with a new lender (First Midwest). Management is persevering!

Note since the last Committee Meeting – Management was able to resolve the issues. The PPP2 Loan was approved and funded on 2/11/2021 for \$100K+

Management updated the Committee on several aspects of the Retreat Center and COVID:

- Retreats in 2021 are off to a sporadic start. The first weekend in January was cancelled. The next several weekends had or will have attendance below our 35 person cap. One bright note – 15% to 20% of the retreatants that do attend are new first time participants in the retreat experience.
- The 4 retreat centers in the Holy Cross Province are still meeting weekly via ZOOM to share best practices and offer support.
- The Team in Detroit has confidence in the protocols in place. Management has purchased from a restricted donation a sprayer that will cut down the time needed to sanitize large spaces.
- To give some context, Management shared that Manresa Jesuit Retreat House is closed. The Capuchin Retreat Center in Washington, MI is open, but serving meals in "waves."

Mary Moret updated the Committee on various fundraising initiatives.



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- The Lenten “non-event” has a goal of raising 35K this year. There is no specific project or need outlined. Funds raised will be unrestricted.
- The Prayer League has moved on-line and has a strong digital presence.
- The Committee once again acknowledged Mary’s excellent efforts in helping to coordinate various donations along with the entire Team.

Management gave a brief update on CAPEX projects:

- **The HVAC Controls project is complete!** Staff has been trained. Guests have already commented that they no longer need to leave their windows open (because it is too hot in the bedroom). Zone strategies are in place. Occupied rooms are set at a comfortable temperature with overnight dial down settings. This not only will save the Retreat Center money, add to guest comfort, but is in keeping with our Retreat Center and Provincial commitment to *Laudato si’*
- Considering the epic time-lines of the HVAC project and all of its components, Management’s efforts are very much appreciated!

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. The Committee acknowledged the tremendous job by Management in handling the financial affairs of St Paul. Chair Soule commented: “You are doing everything right.”

With that, the meeting closed in prayer.

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NEXT MEETING – MARCH 22 – 4PM
