



## ST. PAUL OF THE CROSS RETREAT CENTER

### Audit & Finance Committee Meeting Minutes Monday, August 8, 2022

Present:     Greg Soule                     Matt Greenough  
                 Mary Moret                     Jim Bologna  
                 Rob Galbraith                     Cathy Connell

The meeting was held via ZOOM and opened with prayer at 4:00PM.

The Committee was provided with a financial packet of results through June 30, 2022, prior to the meeting. Management led the Committee through an overview of the financial performance of the Retreat Center and of the Endowment Fund. The discussion began with a review of the statement of activity:

- Donation revenue – excluding donations to the Endowment Funds – beat budget for the year by \$171K – largely due to restricted donations from the Lenten Appeal and the unrestricted Christmas Appeal
- Retreat related revenue was short budget by 90K with both the Men's and Women's Retreat revenue missing budget by 45K each.
- There was some discussion with Management as to how funds in excess of the suggested retreat offering are recorded on the financials. The Committee also alerted Management to some new expanding reporting required for Gift-In-Kind donations. Our Accounting Firm, Gordon Advisors will work with Management so that we are in compliance with the new reporting.
- Program revenue including recovery meetings fell short 8K for FY22.
- Hosted programs – both overnight and day programs beat budget for the year by 70K. Revenue from Overnight Youth programs was strong indicating a return to normalcy after 2 years of COVID. This is a critical source of revenue for the Retreat Center.
- Other income including the July 2021 Golf Outing exceeded budget.
- Total Operating Revenue – excluding Endowment Revenue and investment losses – was \$1.461M for FY22.
- On the expense side, Management did a good job of controlling expenditures with nearly every category under budget. The one notable exception was utilities. Expenses in this category were over budget by \$30K.
- Salary and benefits – a \$446K spend – were under budget \$60K. Management did inform the Committee that the staff would receive a 3% pay increase in FY23. The Committee encouraged Management to establish measurable goals for FY23 as part of the evaluation process.
- Net Operating Revenue – excluding Endowment Revenue and investment losses – and before depreciation – was \$228K for FY22. Adding in depreciation of \$127K reduces the revenue to just over \$100K – a strong performance considering a loss was budgeted.

Management reviewed outstanding AP and AR with the Committee.

- As of June 30, 2022, there was \$12K in outstanding AP – all paid by August 8<sup>th</sup>.
  - Outstanding AR on June 30, 2022, was \$61K – all but \$10K paid by August 8<sup>th</sup>.
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The discussion turned to the now 2 Endowment Funds at St Paul's – the Thoman Fund and the new Gorno Fund.

- Management reviewed the \$200K donated in FY22 by the Gorno Family to establish a new endowment fund.
- During this discussion, the Committee also reviewed the background of the Thoman Fund – multiple donors over the past 10+ years – with a balance of \$1.115M at the end of FY22. Funds in excess of the donations can be used to support a Mission Advancement Officer, a Lay Retreat Director, or for CAPEX projects.
- The Committee was not clear as to what restrictions, if any, are on the Gorno Fund. Management indicated that the donor intent was to help underwrite retreat offerings for those that cannot afford to pay the suggested retreat offering (set at \$225 for FY23). The Committee recommended that Management set up a procedure as to how to calculate and therefore withdraw money from the Gorno Fund.
- However, no withdrawals can be made from the Gorno Fund as the balance at \$215K is below the initial donation (“under water”). The Committee reminded Management that due to new disclosure requirements, the status of the Gorno Fund will be an expanded footnote on this year's reviewed financials. Gordon Advisors will draft language for this disclosure.

Management briefly walked the Committee through the Statement of Financial Position (Balance Sheet)

- The Retreat Center maintains a strong cash position with \$363K+ on deposit in the operating account at First Midwest.
- The Operating Reserve on deposit with the province continues at just over \$1mm.
- Deferred revenue for future hosted sits at \$42K. Golf Outing revenue raised in FY22 will be recognized in July – or FY23. That deferred revenue was \$68K
- Net assets increased \$165K year to date – but that includes nearly \$200K in investment losses. The net assets for the Retreat Center sit at \$3.672M.

Discussion continued as the Committee reviewed the Cash Forecast. The Committee commented that Management should consider transferring funds from the Operating Account to the Operating Reserve Account. Management also discussed transferring \$90K from the Operating Account to the Thoman Endowment account due to a recent bequest from a long time retreatant. The Committee was not clear as to whether Management can make the transfer without a Board Resolution. Management is encouraged to review the matter with Keith Zekind at the Provincial Office.

The Committee was updated on other matters:

- The Golf Outing was a huge success.
- The Center needs a new plow truck. Management was contemplating waiting another year with the hope that prices will go down. The Committee recommended Management move forward, as it is unlikely prices will do down. The Committee suggested contact Scott LaRiche or Richard Genthe, 2 auto dealers that are solid Catholic businessmen.
- The Audit in the early stages of planning. Management will follow up with Gordon Advisors.
- There is a large sinkhole in the parking lot. Investigations are underway.

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.

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During the Open Forum, the Committee discussed putting EV Stations in the parking lot. Future retreatants will be driving electric vehicles. Installing EV stations is aligned with the Province goals of embracing and enacting *Laudato Si'* - the encyclical from Pope Francis.

With that, the meeting closed in prayer.

**NEXT MEETING – SEPTEMBER 26, 2022**