



## ST. PAUL OF THE CROSS RETREAT CENTER

### **Audit & Finance Committee Meeting Minutes Monday, November 28, 2022**

Present:     Greg Soule                      Matt Greenough                      Paul Micallef  
                 Mary Moret                      Jim Bologna

Guest:       Doug Wright from Gordon Advisors

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

Doug Wright from Gordon Advisors began the meeting with a review of the FY22 draft audit reports. The Committee was reminded that FY22 was the first year of off site bookkeeping, plus a change in Administrator.

- This year's engagement got off to a late start with a kickoff call on 9/21 and field work completed the first week in October.
  - One advantage of offsite bookkeeping is that it can aid in the segregation of duties. Segregation of duties is a challenge with non-profits that have a small staff.
  - When the Committee asked about risk assessments, there was discussion about revenue recognition, not so much retreat and program funds, but contributions.
  - Deferred revenue continues to be the Retreat Center's biggest liability with deposits for future events and hosted programs.
  - The Committee was walked through the updated format of the audit opinion. The Retreat Center received a "clean" opinion. There were no material weaknesses.
  - There was some discussion about audit procedures around the operational reserves and endowment funds on deposit with the Province. These two items represent our largest assets.
  - The Committee was updated on several audit related adjustments including a couple of unexpected JEs.
  - There was some discussion about upcoming changes regarding the accounting for leases. This impacts our lease with the Community.
  - Other discussion – hosted and retreat revenue in FY22 was down 24% against FY19 – considered the last "normal" year.
  - Contributions from benefactors really saved the day – even with big investment losses from our reserve fund and endowment funds, the Retreat Center still increased net assets.
  - Next steps – the draft audit report will go to the Province for review and comment. Once the draft is finalized, the Board Treasurer will draft a resolution for the Board to accept the FY22 Audit. It is unlikely that we will be ready in time for the 12/5/22 Board Meeting, and so we will resort to using email to route the report once finalized and request an electronic approval of the Board Resolution. It is also unlikely that we will have the final report submitted in time for the December Provincial Council. (Per Province Financial Management guidelines, retreat centers are to have their final accepted reports into the Province by the December meeting).
  - The Committee encourages Management to set up a planning meeting for FY23 in late June or early July, with field work scheduled for mid-August. This should aid in getting the FY23 report finalized and accepted in time for the December 2023 Provincial Council meeting.
  - The discussion wrapped up with a status check on the 990. A draft of the 990 should be ready by late December.
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## ST. PAUL OF THE CROSS RETREAT CENTER

The Committee was provided with a financial packet of results through October 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 is up \$82K over budget, in part due to two bequests earlier in the summer. There was also a solid response to the annual Director's Circle renewal.
- Retreat related revenue is down \$28K against budget. Although this year's retreat is well received, numbers are still below the goal of 72 – attendance is averaging about 60.
- Hosted programs –both overnight and day programs continue to beat budget with \$191K YTD revenue against a budget of \$126K - a positive variance of \$65K
- Total Operating Revenue – excluding Endowment investment losses – was \$577K FYTD – well ahead of budget.
- On the expense side, Management did a good job of controlling expenditures and overall was under budget by \$40K+. There were a few categories over budget (table, maintenance) but salary and benefits are significantly under budget.
- Net Operating Revenue – excluding Endowment Revenue and investment losses – and before depreciation – was \$139K FYTD. Adding in investment losses and depreciation reduces the revenue to \$41K – against a projected budget loss of (\$63K) or a positive variance of \$105K. The bequests received in July and August were favorably impactful on the financial results.

Management updated the Committee on a few items on the Balance Sheet:

- There have been some transfers from the local Chase account at \$10K/month. Management committed to drawing this account down to \$1K to \$3K
- Between the Operating Reserve and the two endowment funds, the Retreat Center is sitting on \$2.326MM in invested funds.

Management reviewed outstanding AP and AR with the Committee.

- As of October 31st, there was \$14K in outstanding AP.
- Outstanding AR on October 31<sup>st</sup> was \$61K.
- Management indicated that there are no outstanding issues with either AP or AR

The Committee discussed receiving at regular increments a cash forecast and encouraged Management to focus less on automating this report and more on using estimates to sketch out a forecast for the next 4 to 6 month.

The Committee was updated on other matters:

- The end of year appeal will be going out in mid-November.
- There will be an appeal in January to mark what would have been Fr. Jim Thoman's 70<sup>th</sup> birthday.
- There is a possible bequest in the form of a residential house in Livonia. The Committee has significant concerns about the potential liabilities and encourages Management to contact the Province and proceed with caution.

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. Note 2023 meeting dates: 1/23/23, 3/27/23, 5/22/23, 7/24/23, 9/25/23, and 11/27/23. With that, the meeting closed in prayer.

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## **ST. PAUL OF THE CROSS RETREAT CENTER**

### **2023 MEETING DATES**

**January 23, 2023**  
**March 27, 2023**  
**May 22, 2023**  
**July 24, 2023**  
**September 25, 2023**

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