

Board Monitoring Report

February 13, 2023

Ends – 4 & Executive Limitations – 7, 8, 10, 11, 12

Monitoring Overview:

Executive Limitations policies and **Ends** policies monitoring require information from the CEO.

Board Executive Linkage is reported on by the Board Chair and reports annually or more often as needed.

Governance Policies are monitored by the Board Affairs committee and reported to the full board throughout the year.

Steps for the CEO in writing a monitoring report:

Step 1: Restate the policy

Step 2: State the reasonable interpretation of the policy, (may include defining words in the policy). State why this interpretation is reasonable.

Step 3: State what compliance looks like (observable condition).

Step 4: Provide evidence of achievement and compliance. Format: observable condition with data.

Step 5: Report of compliance or steps moving toward compliance.

The report is submitted to the Board in advance of their meeting, and members review the report ahead of the meeting. If more data is needed or if there are any other questions, the CEO will address it at the next meeting. If policy needs to be revised, that can be passed by the Board at any Board meeting.

ENDS: 4

4. Compassion and acceptance are shown to all who enter our doors, thereby enabling them to share healing and peace with others.

Reasonable interpretation: Upholding our guiding values of “Hospitality, a Prayerful Environment, Compassion, Christ Centered Spirituality and Service to All” consistently. We do not discriminate when welcoming our guests whether for a hosted event or one of our Passionist weekend retreats or programs. We strive to treat everyone with dignity and respect. This interpretation encourages all who work here to look for Christ in others.

Evidence of compliance – St Paul of the Cross has had a long tradition of providing hospitality, compassion, and service to all. We serve a wide assortment of groups and peoples needing a place for spiritual reflection, a place to meet and learn and a place to pray. We serve the Catholics and non-Catholics who come to our Passionist retreats from all over Southeastern Michigan and adjoining areas. Our facilities are frequently used by diverse Hosted Groups including MOSES - a Detroit community organizing nonprofit, Unity Church of Livonia, the Diversity & Equity Task Force, Episcopal Church of

Michigan, recovery programs, school groups, BLD, Princesses to Queens, and many other groups. A little over one-quarter of the Hosted Retreat revenue comes from non-Catholic groups who have similar beliefs to our Catholic Passionist beliefs. Feedback from these groups has been enthusiastically positive. Likewise, we have been receiving positive evaluation feedback from our retreatants on the welcome they get from our Ministry Team, the understanding they provide and the warmth they feel towards the Retreat Center. The item frequently mentioned in our evaluations is the overwhelming compassion they feel during the anointing service during the retreats. We also receive comments by many regarding the calm sense and warm presentations by all of the ministry staff and the support people receive by Christine, Colleen, Roz and the Ovations and cleaning staff.

In addition, the theme of this year's retreat is: "Seeking Peace --- Becoming Peacemakers. All who attend are gifted with inner healing and sent forth from this peaceful place to bring peace to all whom they meet.

We are in compliance with this end.

EL 7 - FINANCIAL PLANNING/BUDGETING

Financial planning for any fiscal year or the remaining part of any fiscal year shall not deviate materially from the board's ENDS policies, risk fiscal jeopardy, or fail to be derived from a multi-year capital improvement plan. Accordingly, the Director of Mission and Ministry shall not allow budgeting which:

1. Fails to include a credible projection of revenues and expenses; separation of capital, restricted, and operational items; cash flow; and disclosure of planning assumptions;
2. Additionally, the Director of Mission and Ministry shall not fail to comply with the approval levels for non-budgeted or items materially exceeding budget:

Under \$10,000 Director of Mission and Ministry

Over \$10,000 Director of Mission and Ministry + finance / Audit committee

Over \$100,000 Director of Mission and Ministry + Treasurer

Reasonable interpretation of this policy: Create capital and operating budgets that are realistic and adhered to throughout the fiscal year. Forecast cash flow and adjust it throughout the year using it as a tool for financial decision making. Follow the guidelines for approvals for any non-budgeted items materially exceeding the budget. Compliance to this policy would be evidenced by a well thought out and justifiable budget reviewed by the Finance and Audit committee and approved by the Board and Provincial Council. Also, any material deviation from the budget being noted and discussed in meetings with the Finance and Audit committee to promote transparency. Having the appropriate documentation for any non-budgeted material expense.

Evidence of compliance:

As we prepare for the FY24 budget we will once again meet with Ovations, Roz, Tom and all of the staff to get their input regarding estimates of costs and revenues for the

FY24 budget. This is the 7th year we've used this process. The draft budget for FY24 will be submitted to both the Province and the Finance Committee for their review in March. The final budget will be submitted by the end of April.

To date, we are running below budget for FY23 on costs and above the forecasted budget on Development, Hosted Group, and other revenues. The number of retreatants per weekend is growing and we are putting people on waiting lists for retreats in February and expect this to be the case in March given early registrations. We can accommodate and are booking up to 86 people on retreats. We continue to see a significant number of first-time retreatants. We are watching growing utilities costs due to price increases in electricity, gas, and water. Likewise we see increases in food costs both from pricing and volume levels.

Our benefactors continue to strongly support St Paul's and we just finished the best Christmas appeal in our history. Our cash flow and reserves is strong and we do not have plans for borrowing from our reserves in FY24.

When have had a few larger unbudgeted items, like repairing the front gate, removing dead/dying trees that have been reported to the treasurer this year as per policy. We've also had very generous in-kind gifts which covered fixing substructure voids in our parking lot (sink holes) and replacing the stained carpet in the hallways of the sleeping corridors. Our statement of cash flow is reviewed regularly by our Administrator as well as the Finance and Audit committee.

We are in compliance with this policy

EL 8 - FINANCIAL CONDITIONS AND ACTIVITIES

With respect to the actual, ongoing financial condition and activities, the Director of Mission and Ministry shall not cause or allow the development of fiscal jeopardy or a material deviation of actual expenditures from the budget. Accordingly, he/she shall not:

1. Acquire, encumber, or dispose of real property.
2. Use any restricted funds for any other purpose than that designated by the donor(s);
3. Fail to provide for the Board of Directors an annual external Audited Financial Statement or Review.
4. Fail to provide programming in line with our Mission

Reasonable interpretation of this policy: We are not to sell or acquire land or buildings, use any restricted funds differently than requested. We are to have an audit or review and be sure all programming fits within our Mission. We also shall not cause material deviation from our budget and if it should occur we follow the guidelines in the Policy Handbook. Compliance to this policy is evidenced by our financial statements presented to the Audit committee and to the Province regularly. Compliance is also achieved through an audit or review.

Evidence of compliance:

- All restricted donations are accounted for in accordance with appropriate guidelines.
- YTD revenues are above budget while expenditures are below budget putting the Center in a favorable position compared to budget.
- We have not acquired or disposed of any real property.
- Gordon Advisors completed our audit in December and have presented a letter saying our statements are free from material misstatement.
- All restricted funds including the Campaign and Endowment have been utilized in accord with the donor's specifications. The finance and audit committee review and inspect detailed financial records each month.
- Our endowment fund earned 5.8% for the last quarter but is still 14% down from one year ago. We have not taken any distributions since September of 2018. It is our intent to let it grow so it will be a steady source of income during a time of greater need. As of December 31, 2022, balances are \$1,133,820 in reserve in the Thoman endowment and \$218,716 in the Gorno endowment.
- Hosted groups and Passionist programming are in line with our Mission.
- Successful Christmas campaign and given us the funds for our roofing replacement over the assembly room, library and dining rooms. We have not needed to pull from other accounts to do this work.
- Our cash and reserve balance at 12/31/2022 was over \$1,500,000.
- We supplied a detailed update of our financial standing to the Finance Committee on January 23 along with an updated cash forecast.

We are presently in compliance with this policy.

EL 10 - FUND RAISING AND DEVELOPMENT

With respect to the acquisition and allocation of funds received through fund raising activities or the Mission Advancement program, the Director of Mission and Ministry shall not cause or allow conditions, actions, procedures, or decisions that are imprudent, illegal, and violate professional standards, ethical values, or relevant stewardship responsibilities. In addition, the Director of Mission and Ministry shall not fail to:

1. Develop a fund raising and development program for the Retreat Center's needs
 2. Ensure all gifts comply with the Provincial and Retreat Center Gift Acceptance Policy
 3. Maintain compliance with National Catholic Development Conference guidelines
- Reasonable interpretation of this policy: To have a plan for fundraising, be sure all gifts are in accord with the Provincial policy and to be aware of the NCDC guidelines so we can achieve compliance.

Evidence of compliance:

- Our Christmas Appeal was very successful, greater than we budgeted and greater than last year. It currently stands at \$133,411 in donations.

- In 2023 we continue our commitment to be good stewards of the gifts we have been given, reduce our carbon footprint on our environment and to improve our home for the comfort of our retreatants and guests.
- This year's Easter Appeal (non-Event Fundraiser) will begin in March. We are still working on specifics and would like to use the funds for improvements to the Assembly Hall. This would allow St. Paul's to use this space for more Hosted and Passionist functions. We hope to add a fixed screen for AV projection, sound proofing and doors to separate the room from the dining room.
- This year's golf outing is July 13th at Fox Hills, Plymouth – Please come.
- Directors Circle renewal outreach has been very successful and gifts to the Director's Circle exceed budget by 60%.
- All our gifts are received through our director of mission advancement and we comply with the gift acceptance policies. We follow the code of stewardship and ethics as outlined by the NCDC.

We are in compliance with this policy.

EL 11 - COMMUNICATION AND SUPPORT TO THE BOARD

The Director of Mission and Ministry shall not permit the board to be uninformed or unsupported in its work. Accordingly, the Director of Mission and Ministry shall not:

1. Neglect to submit monitoring data required by the board (see policy on Monitoring Executive Performance) in a timely, accurate and understandable fashion;
2. Let the board be uninformed of relevant trends, anticipated adverse media coverage, or material external and internal changes, particularly changes in the assumptions upon which board policy has previously been established;
3. Fail to advise the board if the board is not in compliance with its own policies on Governance Process and Board-Executive Linkage, particularly as it relates to board behavior which is detrimental to the work relationship between the board and the Executive;
4. Fail to report in a timely manner an actual or anticipated noncompliance with any policy of the board.

Reasonable interpretation of this policy: We will not let the board be uninformed of material changes, trends or changes in assumptions. We will report according to the pre-set monitoring schedule and add areas as needed to keep the board informed of any noncompliance. Compliance to this policy will be through the monitoring reports, to acknowledge and inform the board of any material changes in assumptions and also if the BEL policies are out of compliance.

Evidence of compliance:

- We are preparing monitoring reports following the provided schedule and following up with any changes if needed.
- We supplied a detailed update of our financial standing to the Finance Committee on January 23 along with an updated cash forecast.

- There are currently no issues causing adverse media coverage for our Center.
- At this time there are no issues with the Board over-stepping or hindering our performance. The committees work independently of management where needed.
- We do not have any anticipated noncompliance with the current executive limitation or ends policies. The policies are reviewed periodically to see how we are going to provide evidence of accomplishment. This review helps to proactively look for any anticipated noncompliance.

We are presently in compliance with this policy.

EL 12 - EMERGENCY CEO SUCCESSION

To protect the board and ownership from sudden loss of CEO services in a short-term situation up to (180 days), the CEO shall not:

1. Fail to have an emergency CEO succession plan which identifies one person who is familiar with board and CEO policies and procedures to enable them to take over with reasonable proficiency as an interim successor.

Reasonable Interpretation of this Policy: We are cross-trained for a small team to be able to continue operations with the absence of leadership for a limited time. Compliance would look like when Fr. Pat is out of the office on his vacation and things run as they normally would.

Evidence of compliance:

- During the retreat season Faith would step in as retreat director and the team would continue to provide weekend retreat experiences. She would be prepared to coordinate any functions needing a vowed member of the community and is well trained to take on other leadership tasks.

We are in compliance with this policy.