

Rosary Finance Committee Meeting Minutes – August 1, 2023

In Attendance: Rob Hoertz, Shawna Pautsch, Cleopatre McCormick, Anthony Jung, Rick Price, Tom Meyer

Absent: Rob Curry, Jim Welch, Dave Bigley

Cleopatre McCormick was introduced as the new **Executive Director of Finance/Business Operations** as of May 22, 2023. She provided a brief summary of her background and experience. The Committee enthusiastically welcomed Cleopatre and is looking forward to working with her. She also updated the Committee on her team's roles and responsibilities.

Minutes: The Minutes from the May 16, 2023 Committee meeting were reviewed and approved.

Solar Project – Shawna reported that the SCE (Edison) has given Rosary “Permission to Operate” (PTO) for solar energy production. All equipment is installed and ready for operation. Shawna is coordinating with Enlightened Solar to turn on the system for production which is anticipated to be in the very near future. Shawna will update the Committee as soon as the switchover is made.

ERTC – Shawna and Cleopatre reported that the ERTC funds (\$1.439m less the 7.5% INCENTAX fee) are in process and anticipated to be paid in the next 60-90 days. **Net ERTC funds to Rosary is expected to be \$1.33m.** It is unclear as to whether the full amount will be received in one payment(s) or if quarterly checks will be paid over time. One Diocesan parish has begun receiving payments so the process has begun and appears to be working!

Enrollment – Shawna reported that incoming Freshmen enrolment for 2023/2024 will be 114 (with two additional possibilities) and 14 new upper-class transfers – which is an all time high. Net attrition (transfers in and out) is a positive 8. Total enrollment is now projected to be 445 which is the amount budgeted for the year – good news!

Financial Aid – The Financial Aid report indicates that the total awards (\$2.227m) for 2023/2024 will exceed the budget (\$2.084m) by approximately \$143k. There are 21 pending applications still being processed which are already included in the total awards amount. This will equate to approximately 55% (247 students) of the student body who will be on Financial Aid with the average award to be \$9,015. There could be an additional 5 applications that come in the next few days/weeks that could possibly add an additional \$45k in Financial Aid.

Advancement – Cleopatre presented an updated Advancement report. The year-end Advancement projections are forecasted to be \$1.841m (budget was \$2.0m) for a shortfall of \$159k. Discussion was held regarding next year's budgeted amount for Advancement (\$2.1m) and how goals are needed for major line items. Shawna will be working with Advancement (and Athletics) on how best to establish realistic goals.

There was a brief discussion regarding the Shea Foundation and its future participation in Advancement. The Foundation has been very generous to Rosary over the years and we are hoping this generosity will continue in the future. Shea recently provided 'pro-bono' architecture plans for a new building to be located on the campus. A case for support, feasibility study and capital campaign are under review and consideration for this building, along with HVAC improvements and the establishment of an endowment.

Accounts Receivable – Cleopatre presented a new Accounts Receivable report for delinquent tuition payments. The focus going forward will be on the 43 families (\$361k) that are delinquent in payments for the past 12-36 months. Cleopatre and Gabby (Rosary AR analyst) will be evaluating and measuring progress on a monthly basis for these families (of which 27 are returning families). There were no families that were removed from Rosary this past year due to delinquent/non-payment.

Balance Sheet – The current balance sheet was discussed and reviewed. Cleopatre presented a forecast/estimate for the fiscal year-end line items on the balance sheet. It was noted that there was a significant drop in year-over-year Accounts Receivable and Deferred Income amounts due to the timing of tuition payment (FACTS) processing.

2022/2023 year-end Cash reserves are forecasted to be \$3.965m (a drop of \$1.2m from the previous year – 6/30/22).

Cleopatre is hoping to close out the year-end processing by early August. Redwitz & Co. will begin the audit process starting in the latter part of August.

P&L/Cashflow – The updated year-end forecast/projection for 2022/2023 indicates a **deficit of \$792k** (vs. a budgeted deficit of \$585k). The year-end **cash flow projection is forecasted to be a negative \$1.194m** (vs. a budgeted negative amount of \$920k). This included \$733k in one-time Capital investments (solar, transportation vehicles, class room renovations, etc). Significant variances from the previous year-end projections were noted in Advancement (-\$159K), Operating expenses (-\$68k), Employee Compensation (+156k), and Bad Debt accrual (-\$80k).

2023/2024 Budget – Shawna and Cleopatre will be preparing a revised/recast budget that will be submitted to the Diocese in the October timeframe. It is anticipated that there will be improvement on the current 2023/2024 budget deficit (-\$573k) and associated negative cash flow projections (-\$245k). The Diocese has also requested a quarterly "budget monitoring" report be submitted on a timely basis after the close of each quarter. Anthony reviewed the new "Financial Approval Policy" guidelines with the Committee.

Additional items – Cleopatre presented a monthly financial close schedule for 2023/2024.

Cleopatre will prepare an Executive Summary for future Committee meetings.

Shawna reported that a "facilities assessment" was recently conducted by a third-party consultant (PCA, LLC). The report was very thorough and detailed. There was nothing alarming (excluding the need for HVAC improvements) that will require immediate extraordinary funds. Shawna will distribute this report to the Committee.

Next meeting: Two Future Finance Committee meetings have been scheduled. Tuesday, **September 19** (4:30 pm) has been scheduled for a review of the final year-end financial status as well as a discussion of a recast 2023/2024 budget. Thursday, **Oct. 26** (4:30 pm) will be scheduled for a review and discussion of the first quarter results that need to be sent to the Diocese, per their new policies and procedures.