

Rosary Finance Committee Meeting Minutes – May 16, 2023

In Attendance: Rob Hoertz, Shawna Pautsch, Anthony Jung, Rick Price

Absent: Emily Egkan, Rob Curry, Jim Welch, Dave Bigley, Tom Meyer

Minutes: The Minutes from the March 21, 2023 Committee meeting were reviewed and approved

Business Office Positions: Shawna reported that an offer has been made and accepted by **Cleopatre McCormick** as the new Executive Director of Business Operations replacing Steve Ruszak. Shawna briefly reviewed her resume and background with the Committee. She will start on May 22 and overlap with Steve for two weeks and then Steve will depart on June 2. It was agreed that Rob will meet with her in early June to introduce her to the Committee meeting purpose, process and procedures. A follow-up ‘meet and greet’ with the entire Committee will be scheduled in the latter part of June.

A new Accounts Receivable person (“Gabby”) has been hired and will start on May 22. She will be training with Susan before her departure in July. Gabby currently has a daughter at Rosary.

Solar Project – Shawna reported that the SCE has not approved Rosary’s application for solar energy start-up due to a significant backlog of applications. All equipment is installed and ready for operation. Shawna is anticipating an approval and to be fully operational by June 1.

ERTC – Shawna reported that Rosary has submitted all necessary ERTC paperwork to INCENTAX (Diocesan Tax consultant) as of May 3 and that a status was expected by May 17. Shawna will follow up and advise the Committee of any new updates as soon as she hears back from Kevin Larson (Diocese) and/or INCENTAX.

*Updated information after the Committee meeting – as of May 18, INCENTAX now estimates the ERTC refund could be as high as **\$1.33m** (after fees) - four to seven months is the anticipated timeframe for reimbursement.*

Enrollment – Shawna reported that incoming Freshmen for 2023/2024 will be in the 110-115 range (121 budgeted). Transfer and international student inquiries are still being received. Total enrollment is now projected to be 438-440 (445 budgeted). 92 incoming Freshmen have paid their registration fee. Emphasis is being placed to get the remaining 18 – 25 Freshmen families to pay.

Financial Aid – a Financial Aid report indicates that the total awards (\$2.238m) will exceed the budget (\$1.198m). There are 132 pending applications still being processed. This will equate to approximately 60% of the student body who will be on Financial Aid (the highest it has ever been). Shawna is working with the Admissions team to stay within the budget.

Advancement – The Committee reviewed Kristie O’Campo’s Advancement report. This report compared with the P&L report indicates a shortfall of approximately \$300k in the year-end Advancement projections (\$1.7m new projection vs. \$2.0m current projection). Further discussion indicates that the \$2.1m budgeted amount for 2023/2024 is very aggressive. Shawna is working with the Advancement team to strategize on new ideas to continue to increase fundraising activities.

Accounts Receivable – The AR report was discussed. Nine additional families (\$77k) have been turned over to collections (E&A Group, Inc.) for a total of 18 families now in collections (\$174k). Shawna is contemplating removing some current families from enrollment based on their lack of payment. The bad debt reserve should cover this past due (over 90) AR but there is concern that the reserve continues to increase on an annual basis which negatively impacts any GAAP surplus,

Balance Sheet – The current balance sheet was discussed and reviewed. It was noted that there was a drop in current assets (cash) which was anticipated due to the large cash flow deficit for the current year.

P&L/Cashflow – The current projected deficit (\$680k) will need to be increased approximately \$300k (to \$980k) due to the anticipated shortfall in Advancement that was previously discussed. This will also impact annual cash flow – which is now projected to be a negative \$1.323m. Discussion was held as to better understand and analyze expenses which are currently being categorized into very large ‘buckets’ for reporting purposes. Rob will work with Cleopatre in developing better and more detailed expense reporting so that more due-diligence and analysis by the Finance Committee can occur.

Further expense cutbacks, increased class sizes and possible headcount reductions are being discussed and reviewed.

Budget Modeling – Updated enrollment, Financial Aid, and Advancement amounts should be directed to Dave Bigley so that he can update his Budget modeling projections for future years.

Capital Campaign – Shawna reported that a capital campaign feasibility study will be conducted by Partners in Mission in the September timeframe. An associated Facilities Master Plan is still being contemplated. Proposals have been submitted and are being reviewed but not yet budgeted.

Next meeting: The next Finance Committee meeting has not been scheduled pending the start of new Finance Director