

Rosary Finance Committee Meeting Minutes – December 7, 2022

In Attendance: Rob Hoertz, Shawna Pautsch, Dave Bigley, Tom Meyer, Anthony Jung, Jim Welch, Rob Curry

Absent: Emily Egkan, Rick Price,

Minutes: The Minutes from the October 18, 2022 meeting were reviewed and approved. A follow up question was asked regarding the budget process and Shawna reported that a revised/recast budget created in October was not submitted to the Diocese due to the fact that there was only a small variance (\$12k) in the GAAP deficit that was submitted as part of the budget package back in March.

2021-2022 Audit: Mark Linen, audit manager from Redwitz and Co., presented and reviewed the annual audit. Mark stated that Redwitz's opinion of Rosary's audit was unqualified and unmodified (i.e. "...the best that you can get..."). There were no significant deficiencies or material weaknesses reported. Cash increased \$498k (to \$5.3m) and Net Assets increased \$572k (to \$8.9m) year-over-year.

There was discussion regarding the public distribution and publication of this audit report. The Committee recommended that this report not be made public but rather, continue to produce and publicize the condensed annual report that is currently distributed in the Fall of each year.

The Finance Committee **Executive Summary** was reviewed. A brief discussion on each of the items listed in the summary were reviewed. Shawna reported that Rosary received notice of a lien (dated 12/2/22) being placed on our assets as a result of a solar subcontractor not being paid. This is being addressed by the general contractor (Enlighted Solar) and the Diocese. There is no cause for alarm as this appears to be a payment timing issue but will be closely monitored.

Enrollment/Admissions: Current enrollment is 445 (125 Freshmen) – two additional transfers (in) since last report. There are two more transfers that are pending for the beginning of the next semester. Shawna indicated the number of Freshmen inquiries and applicants continue to increase, year-over-year.

Advancement: The current Advancement Report was reviewed. Shawna is anticipating a very successful Red, Wine and Gold in January. Shawna expressed concern about reaching the "The Rosary Fund" goal of \$250,000. It was recommended that the Rosary Advancement Committee become more active as they have not met in a very long time. Shawna will follow up with Kristie O'Campo to determine the status of that Committee. Legacy giving is the next major fundraising effort and activity that is being planned.

Financial Aid: An updated financial aid report was reviewed. The current financial aid for FY 21-22 is \$1.816m ---- \$16k over budget.

AR/Aging Report: It was recommended that future AR aging reports that contain information prior to FY 20-21 be eliminated and replaced with a break out of aging by class year to

determine if outstanding balances are owed by current families and/or families that have already graduated.

Balance Sheet: The current Balance Sheet was reviewed. No concerns were noted

Current P&L/Cash Flow: No changes have been made to the current P&L budget and forecast (GAAP deficit of \$785k and cash flow deficit of \$920k). An updated year-end forecast will be presented at the next Finance Committee meeting.

Long term budget modeling and forecasting: Dave Bigley and Rob Hoertz presented a financial model for multi-year, strategic budget planning. Dave developed a model that takes into account a ‘smoothing’ (exponential moving average) formula for future revenue (based on conservative growth assumptions) and expenses based on past financial performance. This model expands out more than 10+ years and takes into account ‘what if’ scenarios for missed/exceeded revenue and expense actuals. This model also shows the impact on annual cash balances going forward.

If adopted, Shawna and her leadership team will be armed with information (at the highest level) and a tool that can be used for guidance in preparing a detailed budget (revenue and expenses). If deviations are made to the model, we will be able to project the impact on future bottom-line performance and year end cash reserves.

Dave will update the model using the FY21-22 results from the recently completed audit. Further discussion will continue at future meetings as the FY 23-24 budget is developed.

Next meeting: The next Finance Committee meeting is scheduled for **Tuesday, February 21, 2023 at 4:30 pm** and will be conducted in person at Rosary.