

# Saint Paul School of Theology

3<sup>rd</sup> Quarter (3/31/2020) Financial Results & Update

Presented by: Matthew Mills, CFO/COO

4/23/2020 – Resource Committee

# Mission Statement

*Centered in Christ and rooted in the Wesleyan tradition, Saint Paul School of Theology is a seminary of intentional relationships committed to the formation of people for innovative, creative ministry through rigorous academic life; the exploration of Scripture, tradition, and ministry practices; and diverse, contextual experience.*

**All resource decisions made surrounding our school must be guided by our mission statement and strategic plan. These must clearly tie to our data.**

# Today's Topics

- Review 3<sup>rd</sup> quarter financial statements
- Prairie Capital Q & A / updates
- Financial future, planning and discussion
  - Financial KPI review
  - Existing budget and budget impacts for 2020-2021
  - Contingency Planning
- Endowment (12 quarter rolling average discussion)
- Motion(s) – Strategic Planning Committee allocation approval

# March 31, 2020 Financials – Big Picture

- Income Statement:
  - Through 3/31/2020, our net income is approx. \$100K higher than last year
  - Expenses have declined by 3%, tuition revenue has increased by 26% (18% when removing one-time items)
- Cash Flow:
  - We have drawn down \$455,958 through 3/31/2020 (\$1M remaining) which compares to \$600K through 3/31/2019.
    - \$0 of our draw has funded operations (100% from donor restricted funds). This is a best practice that most schools struggle to achieve.
  - 99% of the funds have gone towards scholarships supporting our students.
  - 2019-2020: 4% draw down budget - \$1,281,441 (Board approved 4.54% (\$1,455,958))
  - Tactical liquidation – prudent management - remaining draw for year is in cash (no forced selling)
- Enrollment:
  - Enrollment is ahead of target (see KPI)
- Balance Sheet:
  - Approximately 8-9 times expense coverage ratio (see below for metric I love to track)
    - Total long term investments / Annual Expenses
  - Liabilities total less than 3 months of normal operating expenses. Amazing statistic
  - Unrestricted assets have nearly doubled in the past year. Ample liquidity (will show you on the balance sheet)

# March 31, 2020 Financials - KPIs

## Key Board Metrics - Financial

March 2020

### Administrative

	Actual	Goal	\$ Change	% of Goal	Grade	NOTES
<b>12 Quarter Rolling Average Investment Balance</b>	\$ 32,247,687	\$ 32,036,031	\$ 211,656	100.66%		Ahead of Projections
<b>Endowment Drawdowns</b>	\$ 455,958	\$ 1,455,958	\$ (272,021)	62.63%		Approved Draw - \$1,455,958
<b>Unrestricted Giving (Seminary Fund)</b>	\$ 240,580	\$ 375,000	\$ (91,031)	63.59%		Historically, Q1/Q2/Q3 is slowest time for Seminary Fund.
<b>Tuition Revenue</b>	\$ 1,512,578	\$ 1,450,390	\$ 176,453	124.33%		Well ahead of budget
<b>Institutional Financial Aid</b>	\$ 453,198	\$ 562,615	\$ (58,220)	79.30%		Close monitoring and awarding
<b>Discount Rate</b>	29.96%	38.79%	0.12%	63.78%		Close monitoring and awarding
<b>Total Expenses</b>	\$ 2,406,955	\$ 2,774,049	\$ (172,533)	90.67%		Commitment of team to hit targets
<b>Other Revenue</b>	\$ 626,876	\$ 581,250	\$ 2,086	100.65%		Ahead of projections

# Budget

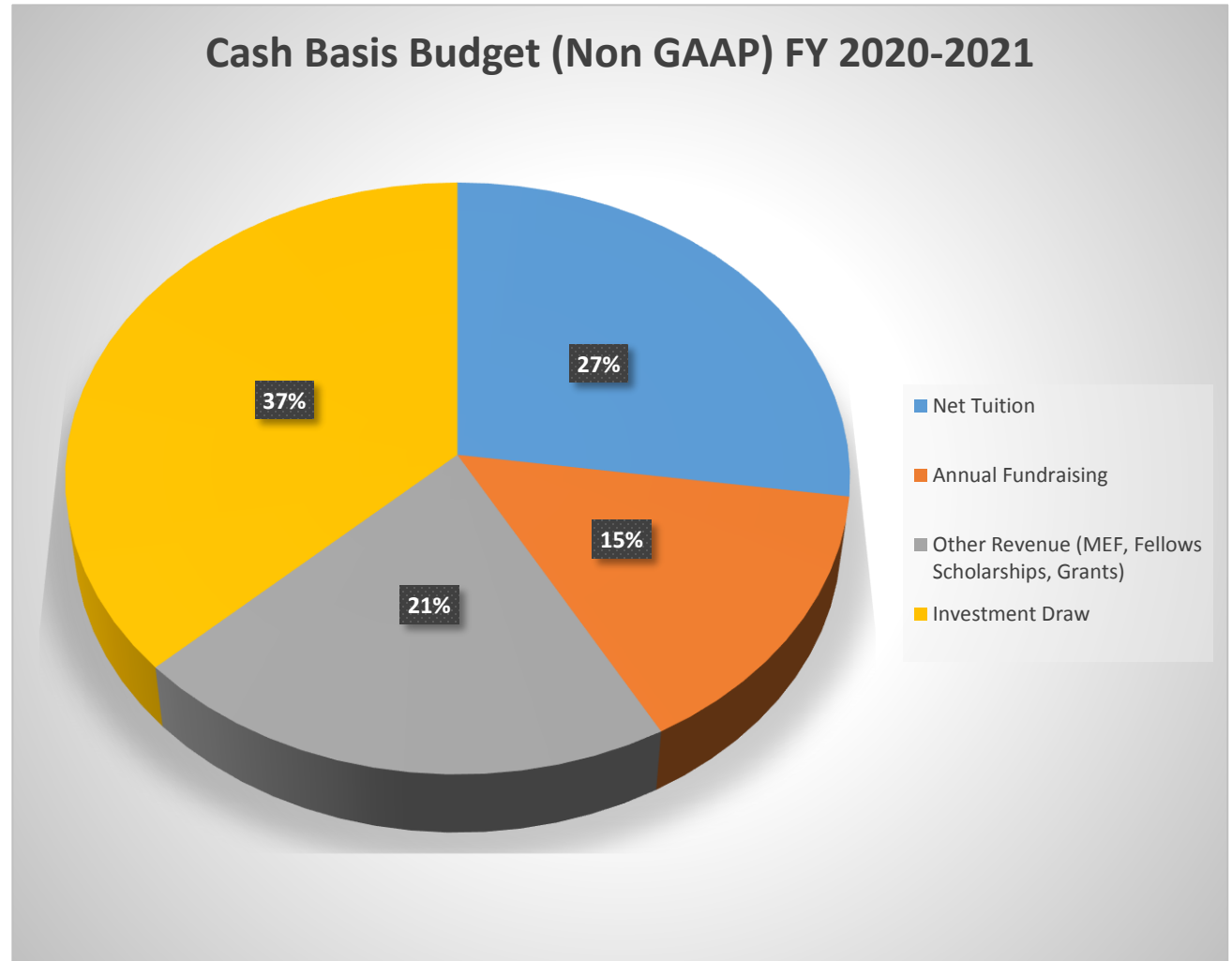
- SPST has positive operating leverage with higher than budgeted revenues and lower than budgeted expenses
  - Better than budgeted revenue in the Fall/Spring 2019 semesters
  - COS strength
  - Strong expense control in the Fall 2019 and Spring 2020 semesters
- 3 year budget approved by board remains intact and attainable

# Risks to Revenue

1. Investment Draw
2. Net Tuition
3. Other Revenue
4. Annual Fundraising

# Mitigation to Risks

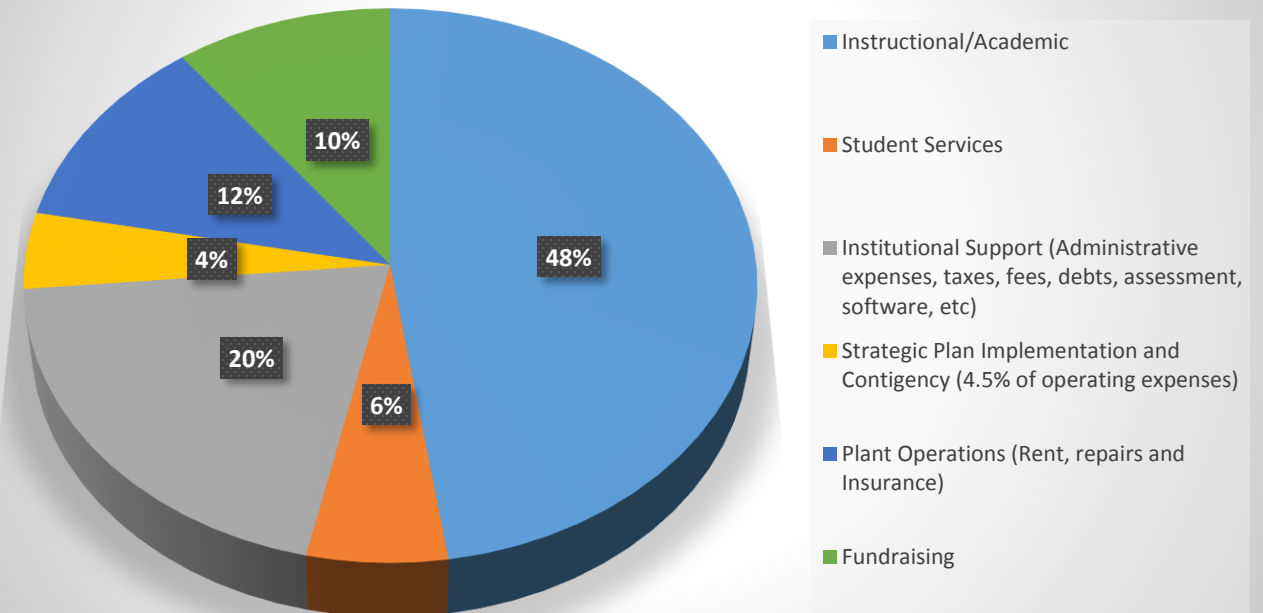
1. Enough liquidity to ensure no forced selling over 12 months. Solid cash position
2. Applications are up year over year. Director of Admissions is confident in achieving 10% year new student enrollment growth (Admissions KPI)
3. MEF fund is budgeted to decline more then expected. Call with MEF last week and they still expect to achieve original expectations. Grants are still expected. Fellows Funding is approved. Scholarships are in process.
4. New hire of Jay Simmons.



# Expenses / Contingency Planning

1. We are prepared for a 20% decline in revenues (expected cash in FY 2020-2021).
2. Excess cash from FY 2019-2020 to be used next fiscal year if shortfall occurs.
3. Budget Cutbacks will be prioritized and assessed to ensure continued achievement of mission/focus on student learning and success.
  - Contingency elimination (8.6% of total)
  - Broad budget decreases by 10% (19.5%)
  - System Change Savings (IT) (5.4%)
  - IT Service Reduction (COR) (5%)
  - Targeted Budget Decreases (15%)
  - Health Plan Change (5%)
  - Other Benefit Changes (16%)
  - Personnel Reductions (15%)
  - Voluntary Reductions (10.5%)

Cash Basis Budget (Non GAAP) FY 2020-2021 -  
Expenses





# Endowment – 12 quarter rolling average

The market increase and change in *Funds held in Trust* have impacted of our Long Term Investments. See column “B” below:

Date	Market Value (\$)	12 Quarter rolling Average (\$)	Draw Amount Target – 4% (\$)
June 2017	32,054,629	29,901,511	1,196,060
September 2017	32,454,424	30,077,687	1,203,107
December 2017	33,261,050	30,332,286	1,213,291
March 2018	32,515,072	30,503,220	1,220,129
June 2018	32,514,185	30,741,901	1,229,676
September 2018	33,290,188	31,139,393	1,245,576
December 2018	29,822,047	31,282,006	1,251,280
March 2019	31,852,122	31,509,531	1,260,261
June 2019	32,159,198	31,787,161	1,271,488
September 2019	32,541,456	31,949,443	1,277,978
December 2019	33,762,108	32,247,687	1,289,907
March 2020	29,000,000 (estimated)	32,080,246	1,283,210

As a reminder we budgeted for a 3% annual increase in our 12 quarter rolling average from 2018-2019 through 2021-2022. See below:

	2019-2020 Budget	2020-2021 Budget	2021-2022 Budget
12 QTR Rolling Avg - Budget	32,036,031	32,997,112	33,987,025
Draw Amount Targeted	1,281,441	1,319,884	1,359,481

# Motion

The Strategic Planning Committee (SPEC) of the board has brought forward a motion to the Resource Committee:

*“Resolved Saint Paul School of Theology will allocate up to \$10,460 out of the Strategic Planning Initiative budget towards development, support, and implementation of the NA Initiative and the IDI (Intercultural Development Inventory) Proposal.”*

As a reminder, SPST has allocated 4.5% of its non personnel operating expense budget towards strategic planning and contingency. The amount allocated stands at \$65,000. We have made the following allocations:

- \$4,460 – NA Initiative
- \$6,000 – IDI
- \$2,000 – Quality Matters (with \$10,000 approved in prior year)
- Thus, approximately \$45,000 remains (none needed for contingency)

# Adjourn

- Remaining fiscal year scheduled Resource Committee meetings –
  - *Note: All Resource Committee meetings held on Thursdays at 3PM*
  - Future meetings – TBD/TBA
    - IPS conversation to be first priority at next meeting