



Subject: 2<sup>nd</sup> quarter financial review  
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### Introduction / Financial Base

Saint Paul has sufficient and stable financial resources to achieve its mission with educational quality and financial sustainability. The following reasons give confidence that the school can maintain these structures into the future:

1. Saint Paul operates with no debt
2. A balanced budget with a 4%-5% endowment draw target
3. An endowment that is 8-10 times the size of its annual expenses
4. Operates with enough cash to cover six months of expenses in its checking account.
5. Saint Paul has diversified revenue streams which includes four different areas (tuition, endowment draw, fundraising, other) with no area representing more than 37% or less than 15%

In spite of COVID-19, Saint Paul has surpassed its stated financial goals. President Blair has remained committed to the annual budget and stays in close communication with the CFO and his executive team.

### 1<sup>st</sup> half of 2020-2021 fiscal year highlights

The first half of the 2020-2021 fiscal year has the following financial accomplishments:

1. Seminary tuition revenue is up 9% year over year
2. The budget is \$433,331 ahead of target
  - a. Considering our annual budget is \$3.7 million, this is quite a feat
3. Seminary operations are fully funded out of operations with no endowment drawdowns
  - a. The Seminary used to fully draw the entire portion in July to fund operations
4. Saint Paul has \$38 million in assets and only \$700,000 in liabilities
  - a. Liabilities only equal 2 months of operating expenses! Complete turnaround of balance sheet

The areas I am watching:

1. Small enrollment class in the Fall of 2020 due to COVID-19
2. Executive team increasing recurring spending
3. Endowment Investment balance not maintaining estimates

The steps taken over the past years have aligned the mission, vision, and strategic plans within all departments at the school. This critical step has led to much success and many accomplishments. While we celebrate our success, the leadership at Saint Paul recognizes that evaluation is a critical element in support of institutional planning and mission fulfillment.

### **A United Methodist Seminary**

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