

Saint Paul School of Theology

Board of Trustees Committee Report

Please limit this report to one page.

Reporting Committee: Resource Committee

Intended Audience: Full Board & Community

Date of Report: April 2023 (written by Matthew Mills, CFO/COO)

Executive Summary

Financial Positioning:

SPST remains in a strong position financially. The financial foundation established over the last six years has given confidence that we are positioned to maintain resources well into the future. The reporting structure and documentation provided by the CFO/COO to the committee on a monthly/quarterly basis enables confidence that we can adjust in short manner and we will be apprised if those adjustments are needed. Contingency planning and flexibility remain key in this uncertain time for our denomination and higher education.

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 9 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 40% or less than 15%

Since the October board update, we have completed the following:

1. We completed our annual RubinBrown audit. We had another successful year (2021-2022) by surpassing all expectations from a financial perspective. The audit results were excellent with minimal adjusting entries.
2. The resource committee has received the 1st and 2nd quarter financial results. Enrollment revenue is down by 12.4% while headcount has decreased 6%. *To maintain a balanced budget, the CFO in cooperation with the Executive Leadership Team cut \$218,000 out of the budget. If enrollment does not maintain, additional budget cuts will be required.*
3. As a result of the budget cuts, the board will need to approve a new 3-year rolling budget. It has been updated and is attached within your primary evidence.

4. The resource committee received a presentation from Prairie Capital about our investment performance. No draw downs have occurred this year due to the equity and bond decrease. Our liquidity approach has given us flexibility to not draw from depressed funds.

5. Five investment firms have been contacted to begin an RFP/RFQ process for endowment / investment manager review.

Primary Evidence and Data Sources

FY 2021-2022 Audit
2nd quarter financial statements
3 year rolling budget
Prairie Capital investment presentation

Specific Recommendations

Approval of updated 3-year budget. This budget takes into account the \$218K of budget cut backs. Approval needed by full board.

Major actions, including motions, and responsible parties

Approval of updated 3-year budget. This budget takes into account the \$218K of budget cut backs.