

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

Date of Report: October 2024

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 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 9-10 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 45% or less than 15%

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

1. Saint Paul staff completed another successful audit. The audit will be finalized in November. Results came in as expected and reported at the July board meeting. As a reminder, SPST only drew 2.10% from its endowment when the board approved a draw of 5.10% (based upon 12 QTR rolling average). A remarkable statistic which highlights SPST's financial strength.
2. The April board meeting will include updates from the audit and results through the 2nd quarter of fiscal year 2024-2025.
3. On September 23rd an email was sent to the full board detailing a 6% decline in Seminary billable credit hours. This decline is expected to result in a 4-10% shortfall of revenue within net tuition and fees. Please remember that net tuition and fees revenue represents 25% of our total revenue. At this time, we anticipate "making up" this shortfall in the other 75% of our total revenues so a mid-year budget adjustment is not needed. Regardless, we must monitor this closely and further conversations will be held during the board meeting.

4. The upcoming meetings for the resource committee include the following:

November 22nd - 10-11am – RubinBrown (Audit Presentation) (guests present)

December 10th – 10-11am – Prairie Capital Presentation (guests present)

February 21st – 10-11am – 2nd Quarter Financial Review (no guests)

March 12th – 10-11am – Union Bank Presentation (guests present)

June 10th – 10-11am – Prairie Capital Presentation (guests present)

June 30th – 12:30-1:30pm – *IF NEEDED: Financial update (no guests)*

Primary Evidence and Data Sources

None

Specific Recommendations

None

Major actions, including motions, and responsible parties

None