

May 25, 2014

From the Special Committee formed at the request of the Trustees:

Special Committee Members: Sonny Gallman, Jennifer Goodwin, Jim Hitson
Mike Sapp, Richard Dycus, Jim Scott, Tom Pokorny,
Jerry Penny and Marty Petty

Dear Central Church Members:

Please read this entire document, as it has an important proposal that assumes you understand the entire document. The motion from the special committee formed at the behest of the Trustees, as presented below, carried unanimously by the Church Council in its April 2014 meeting.

You may or may not be aware that for the last several years, in order to balance the church budget, we have had a line item in our budget called, "transfers from trust." In both 2011 and 2014, that line item allowed for up to \$45,000 to be withdrawn from the church trust in order to pay our bills. In the 2012 and 2013 church budgets, we received a legacy gift that allowed us to not require that amount from the trust in our budget. While we have welcomed more than 70 people into church membership in the last 6 years, we have also lost nearly 50 to death, many of whom were faithful tithers. The result is that the church has been financially tight, and it is getting tighter. Financial burdens do more than make it difficult to pay bills. They can weigh heavily in our attempts to develop and maintain new and effective ministries. Gratefully, we have not had to borrow the full amount that is listed on the "transfers from trust," but having to place that amount in the line item was met with concern by the trustees, especially coupled with the infrastructure concerns that we face at our main church campus.

In 2012, the camp committee was approached regarding the significant deficit that the camp operates at financially (see attached for the "books" for the camp). A challenge was issued to explore ways and means of helping reduce the deficit. After some conversation, 2 main approaches were taken. First, renewed emphasis was placed on the upkeep of the camp. Dave and Holly Winhoven, who were brought in as new camp caretakers, took on the work with vigor, and have worked diligently to keep the maintenance moving forward. The idea was to get the camp up to a level of cleanliness and maintenance so that organizations who rented from us in the past might return and become regular renters. Second, an emphasis was placed on marketing the camp to other churches around the Southeast who might wish to utilize the camp for the church groups. Approximately 600 brochures were sent out to churches, as well contacts made with former renters, in an attempt to bolster camp rentals and reduce the deficit.

While some new renters were brought in, the results did not reduce the deficit (see below). Therefore, at the behest of the Trustees, a special committee was formed to address the financial situation of the church, which began meeting in fall 2013. The committee consisted of members of all affected committees. Members of the committee were: Jennifer Goodwin (camp committee and deacon); Jim Hitson (Pastor Relations team); Mike Sapp (camp committee); Richard Dycus (treasurer); Jim Scott (trustees); Tom Pokorny (trustees); Jerry Penny (Building and Grounds); Marty Petty (camp and stewardship committees) and Sonny Gallman (pastor). Below are the findings of that committee:

1. We have owned Central Baptist Church Camp since 1962. For the last 20-30 years, the cost of maintenance, paying caretakers' salaries, and insurance has exceeded the amount that we have collected in camp fees and rental. More recently (approximately the last 10 years) the average deficit has been about \$40,000/ year plus the cost of insurance which is estimated to be around \$10k - \$15k (it is an estimate because it is lumped in with the church's umbrella plan). This last year, the deficit actually increased to nearly \$50,000. This deficit is due primarily to 2 things: lack of renters, and maintenance due to the age of the camp and its infrastructure.

In addition, for the last several years, in order to balance the church budget, we have had to include a line item that calls for money from the church trust. In 2011 and 2014, that line item was \$45,000 (2012 and 2013 were different due to a large legacy gift from a church member). We have not had to take the full amount from the trust fund that is in the church budget, but we have had to take some. Currently, the church trust has a value of approximately \$157k. At our current rate of borrowing, and at the current rate of tithing and giving to the church, the trust will be exhausted in 3-4 years.

2. For years, the deficit at camp has been considered by many in the church as the cost of doing ministry. The benefits that were gained by having our children and youth at the camp outweighed the monetary loss. We often gained church members when friends joined church members for camp, and then made professions of faith, and we strengthened people's spiritual journey when we held retreats at the camp. But for at least the last 10-12 years, despite the fact that the gospel has been presented to campers, we have not attracted campers or their families to the regular life of the church. The main benefit that comes from camp in its current form is that for many of the youth that attend camp, it is their only exposure to the Christian story and the gospel of Jesus Christ. And we are currently at camp for an average of 3 weeks per year. We believe we can provide equally powerful spiritual experiences at other locations that are far less expensive to the church, while keeping the cost the same for campers.
3. Our primary church campus has buildings that are aging and have many upgrades and renovations that are needed: for infrastructure, appearance, safety, and the cost of utilities. Below is a list of repairs and updates that are needed at our church campus, as developed by the buildings and grounds committee. These need prioritizing, but all are needed:

Roofs over Adams Hall and the Sanctuary due to aging and leaking	\$77,000
New A/C and electricity to be brought up to date in Marchman Bldg, as A/C is only minimally cooling and electricity is not up to code.	\$200,000 or more
Doors and Windows, to get up to code and ADA specifications	\$65,000
Elevator, as many cannot make it upstairs any longer	\$45,000
Painting, as much of the campus looks drab and uninviting.	\$20,000
Railings Replace	\$25,000 or more
New Carpet in Sanctuary and offices	\$40,000

The approximate cost of this needed overhaul is: \$475k-\$500k

4. In addition, the church's budgetary resources are being siphoned by the money needed to complete work and projects at the camp, *as well as* the physical and emotional energy to do that work. These are resources that can potentially be used for community ministry that the church needs to develop and carry out.

Taking into account these facts, and understanding the history that the church has with our camp and our emotional ties to it, the special committee decided that before we made any final decision, we needed to examine several different options underwritten by the Trustees. These options were:

- A. Full survey and Appraisal of the Camp, to determine its value, and what portions of the land could be sold without sacrificing the entire camp.
- B. Approach the Stetson University School of Business, and then other firms, if necessary, to do an analysis of the camp business plan, and to determine the cost of upgrades to the camp buildings, as well as the programming and marketing needed to reduce or eliminate its deficit.
- C. Approach the universities and educational institutions in the area to determine if there was any interest in sharing the camp in some way with us, in an attempt to limit our expenses, and better utilize the camp
- D. Examine the current staff structure and salaries to determine what sort of changes and alterations could be made to alleviate the financial burden.
- E. Determine the values of the other properties that the church owns, and determine if there was a way that these assets could be used to help the church financially or ministerially.

Our findings:

- A. The universities are not interested at this point, for various reasons, in the camp. Bethune-Cookman, DSC, Embry-Riddle, and Stetson were all contacted.
- B. While staff or salary reductions could be considered, this would either create a morale problem in the case of reduced salaries, or would result in the ministry needs of the church not being met, in the case of reducing staff. And in order to cover the deficit that the camp is operating at yearly, you would have to reduce salaries by the camp's operating deficit, or by our budget deficit of \$45,000. That would mean eliminating more than half of the pastor's position, or some combination of one and a half of the children's position, the custodian's position or the music and senior adult position, none of which the church can live without, if we are to have a viable future as a congregation.
- C. The value of our other properties, including the lots to the west and northwest of the church, and the custodian's house, is about \$62,000. The sale of these properties would displace an employee and his family, would eliminate the buffer zone that we have between residents and our church, and would add about 1 ½ - 2 years to the time frame for running out of money that is mentioned above, but would not free up money for ministry, or eliminate the budgetary deficit we are operating at.

- D. The cost of hiring consultants to improve and market the camp would be prohibitive, with one firm charging \$15,000, which **does not include** the costs of improvements, marketing, or other expenses recommended by the firm. The cost of infrastructure repairs and upgrades alone would exceed at least \$200,000 (for chapel repairs and/or replacement, air conditioning in all the buildings, and new field line for the septic system, and additional electricity to cover these upgrades and others). This does not include programming and marketing dollars that would need to be raised.
- E. The value of the camp, according to Irwin, Stokes and Robertson, an appraisal firm, is \$800,000. In addition, the sale of the camp would mean eliminating its operating deficit – dollars spent on salaries, maintenance and insurance vs. dollars received on rentals and camp fees and gifts – which, stated earlier, is nearly \$40,000 per year on average, plus insurance (which is estimated to be between \$10k-\$15k per year).

We are keenly aware of the deep attachment many of our members have to the camp, where many of our deepest spiritual memories have been made and we are deeply grateful for the impact of the camp on our spiritual lives, but after considering the serious problems listed above, and after much prayer, the special committee formed made the following recommendation and motion to the church council:

That reluctantly and with sober judgment and much prayer, we make provisions for the sale of the church camp, based on the following timeline, assumptions and requirements:

The timeline for this motion will be as follows:

May 25: Present the report and proposal from the committee

June 1: Church communication meeting to discuss proposal

June 8: Vote on proposal

Assumptions:

1. That eliminating the camp's operating deficit will help to alleviate the monetary burden the church is under, as well as the consequences of that burden, such as reduced financial ability to develop ministry to our community.
2. That the sale of the camp will allow energy that is being spent out at camp, in both time and emotions, to be focused on revitalizing the ministry of our church on Fairview.
3. That the sale of the camp will financially guarantee our ability to provide a quality camp experience for the youth and children of our church for years to come, even if it is not at our traditional church camp, through the funding of a camp scholarship fund.
4. That the church will adopt a new budget, when sold, to accurately reflect our financial obligations in light of the sale
5. That the church will adopt a vision and strategic plan for ministry to be completed and voted on by September 1.

Requirements:

1. That an “appropriations” team be elected by the church to make sure that we are good stewards of the proceeds from the sale. They will develop a plan with money guaranteed to be reserved for four areas, and will present the plan to the church for approval, along with an accounting of how the money is spent. Those four areas are:
 - a fund for scholarships for children and youth to offset increased cost for going to different camps
 - renovations to the church campus
 - start-up money for new community-based ministries, or strengthening existing ones
 - reserve money for future capital or renovation projects
2. This money should not be used for budget shortfalls

This motion carried unanimously at the church council meeting of April 28, 2014, and is presented today to Central Baptist Church for consideration.