

## **Board of Ministries Makes Decision About ABCORI Property**

### ***Background Information***

As was reported during the past two ABCORI annual business meetings, decades of deficit budgeting and drawing too heavily on unrestricted endowment funds have resulted in ABCORI's being at a critical financial crossroads. Two unplanned infusions of revenue—a major bequest and a portion of the sale of a church property—enabled ABCORI to fund its operating costs during the 2023-2024 and 2024-2025 fiscal years.

At the request of the Board of Ministries' Executive Committee, ABCORI Interim Executive Minister Doug Harris analyzed ABCORI's financial situation. In his written report presented during ABCORI's 2022 annual business meeting, he noted:

In my final report to the Board of Ministries on January 31, 2022, I shared my analysis of the financial condition of the region. The fact is that there has been a deficit averaging \$100,000 per year for many years. My deeper research has shown that the deficit is created primarily by owning and operating the Canonicus Camp and Conference Center. This is not unique to Rhode Island American Baptists. Most regions in the country have had to face this reality over the past twenty years or so. The old models for programming and financing of church camp properties are no longer viable. There are a variety of ways to deal with this. I have shared some of them with ABCORI leadership. The primary concern is that the unrestricted investment funds used to cover the deficit each year are likely to last only for the next three to five years. Analyzing this financial situation was an important part of what I was asked to do as your interim executive. As I conclude my time with you, I turn this challenge over to the leadership of ABCORI who now have the information they need to address the situation creatively and intentionally.

Since the receipt of Rev. Harris' final report, the Board of Ministries, Finance Committee, and ABCORI staff have done extensive analysis of the finances related to owning and operating ABCORI's Canonicus Camp and Conference Center. This analysis included a careful review of the profitability of the camping and conferencing programs over the past four decades.

In early 2022, a task force appointed by then ABCORI President Beth Berry explored possibilities for ABCORI ministries at Canonicus Camp and Conference Center. Task force members conducted telephone interviews of individuals with experience throughout Canonicus' history, including four former camp directors; developed a survey about congregational use of the property and received responses from 33 ABCORI churches; held a virtual gathering for anyone interested in the future of ministries on the property and four related focus groups; and researched other church camps, both American Baptist and from other denominations.

In January 2023, the Board of Ministries approved the creation of a task force to explore financially responsible options for stewardship of the Canonicus property. In the course of their work, the task force members reviewed historical and current ABCORI budget data; contacted other American Baptist regions to learn how they had handled similar situations with camp property; interviewed several appraisal firms and retained one; hired an engineering firm to prepare a hypothetical subdivision of the property for use by the appraiser; and met with representatives from the Department of Environmental Management. The task force presented its report to the board in June 2024.

During the renewal period for ABCORI's insurance policies, its longtime carrier declined to renew ABCORI's policies for 2024-2025. In the search for new insurance, ABCORI was confronted with the current challenges in the insurance market. After an exhaustive search, ABCORI was able to obtain a new liability insurance policy but at a significantly higher cost and

with significantly more exclusions than its previous policy. Among the exclusions are coverage for waterfront activities, the ropes course, and volunteers. These exclusions necessitated changes in ABCORI's operations, and the higher premium placed further strain on ABCORI's financial situation. ABCORI has been unable to obtain a new property insurance policy, which means that losses resulting from a fire, flooding, or major storm would not be covered and could have a devastating impact for ABCORI.