

ABCORI Board Presentation for Sharing Sessions

When the ABCORI board made the unanimous decision to begin the process of selling its Canonicus Camp and Conference Center, it was not a decision that was made lightly. Nor was it a decision that was approached casually. It was a decision that was based on extensive information, reflection, conversation, and prayer.

For the past four years, the ABCORI board, finance-related committees, two task forces, and staff have devoted significant time and effort to better understanding ABCORI's financial situation and use of Canonicus Camp and Conference Center.

Starting with the financial situation...

For at least the last decade, ABCORI consistently has run a deficit. Income has not been sufficient to cover expenses.

To offset this deficit, ABCORI has drawn from its limited unrestricted endowment funds. Between 2017 and 2021, the average deficit and corresponding draw from the unrestricted endowment funds averaged over \$100,000 per year. The deficit and draw would have been even higher in 2020 and 2021 if not for pandemic relief funds provided through the Paycheck Protection Program and a \$150,000 loan taken to cover operating expenses.

The primary source of the annual deficit is the Canonicus Camp and Conference Center. Even in years when the camp and conference revenue has broken even with program expenses or showed a profit, the revenue has not been sufficient to cover the cost of the Canonicus facility itself.

Facility costs include utilities, insurance, maintenance, repairs, and related staff for the grounds and all buildings at Canonicus except the office building. Facility costs do not include guest services, food service, camp and conference program costs, or administrative expenses that are shared with ABCORI's regional ministry operations.

In the past 10 years, Canonicus facility costs consistently have been over \$100,000, even during a time when maintenance and capital improvements were being deferred in an effort to reduce costs. That figure does not include any expense associated with the replacement of the dam in 2022.

In the fiscal year that ended in March, Canonicus facility costs totaled \$256,190. Meanwhile, camp and conference revenue for the same period totaled \$166,070. At no point during the past 10 years has camp and conference revenue been sufficient to cover Canonicus facility costs and camp and conference program costs. The difference between revenue and expenses has been covered by draws from ABCORI's endowment.

As of June 30, 2024, ABCORI's fully unrestricted endowment fund was just over \$322,000. This is an investment fund whose interest and principal can be used without restriction. At ABCORI's recent rate of reliance upon this fund, it will be depleted in two to three years. Had ABCORI not received a generous bequest last year and proceeds this year from the sale of the Quidnick Baptist Church building, which was partially owned by ABCORI, the unrestricted endowment funds likely would be depleted by the end of the current fiscal year.

Looking at the use of Canonicus Camp and Conference Center...

Attendance at ABCORI's summer camps at Canonicus showed a consistent downward trend for the past two decades. In 2003, there were a total of 720 campers between the day and overnight camps. In 2019, which was the last summer a full eight-week camping program was offered, there were a total of 235 campers between the day and overnight camp.

In 2023, 10 ABCORI churches utilized Canonicus for worship services, picnics, meetings, or retreats. In 2024, a total of nine ABCORI churches have events scheduled at Canonicus. This reflects a task force's finding in 2021 that many ABCORI churches have no firsthand experience with Canonicus or find its location to be a limitation in its use.

A different task force more recently explored financially viable options for use of the Canonicus property. They considered many possibilities in the 15 months they worked together, including a year-round conferencing program and full summer camp program run by ABCORI; separating Canonicus and ABCORI into two separate organizations; selling a conservation easement for some of the land; and selling a portion of the property for development. They also contacted other American Baptist regions to learn how they had handled similar situations with camp programs and property; and they had an appraisal of the property completed so that the ABCORI board would have a sense of the property's value.

Among the other information the task force presented to the Board of Ministries was a recommendation that ABCORI not continue to run a camp and conference program. Historical data showed that the camp and conference program ran a substantial deficit, even with expenses kept to a minimum. Estimates for operational costs of a year-round conference facility and full summer camp far exceeded even generous estimates of revenue, donations, and investment income. Further, the cost of necessary improvements to the Canonicus facilities after years of deferred maintenance are beyond ABCORI's means.

And now the complication no one expected...

ABCORI had been insured by Church Mutual for years and had submitted minimal claims during that time. However, during the renewal period for ABCORI's insurance policies, Church Mutual declined to renew for 2024-2025. The reason given was increased risk of wildfire in this part of Rhode Island. In its search for new policies, ABCORI directly or through its broker contacted 29 insurance carriers—including carriers that are known to cover other camp and conference facilities. No carrier was willing to provide a quote on property insurance. When reasons were given, it was potential for risk of damage due to natural disaster or a "lack of appetite" in the market for additional clients and risk. Only two carriers provided quotes for general liability insurance, but one of those would have provided coverage only for three months and was declined.

ABCORI's new general liability policy has significant exclusions in coverage that the previous policy did not have. As a result of these exclusions, ABCORI has had to close the waterfront and ropes course; limit visitors on the grounds; require enhanced proof of insurance from vendors and groups with events at Canonicus; and cease to rely on volunteers for certain programs and events. To close crucial coverage gaps, ABCORI has obtained a separate policy for professional liability and fiduciary responsibility, as well as specific policies for certain events.

For the policies that are in place, ABCORI has spent \$27,620 of a budgeted \$41,500 for all insurance. Meanwhile, ABCORI still has no property insurance. If any damage were to be sustained to the Canonicus property for any reason, ABCORI would be fully responsible for the cost of repairs. This would have a devastating impact on ABCORI's already stressed finances.

Where all of this leads...

Having carefully and prayerfully reviewed all of the information available, the ABCORI board unanimously voted to sell the Canonicus Camp and Conference Center property in its entirety. This decision is not a reflection on the many people who have worked diligently over the years to support ABCORI's ministry at Canonicus. Nor is it a reflection on the wonderful experiences many people have had at Canonicus over the years.

The board did not set out to sell Canonicus. And none of the board members rejoiced in this decision. But the board recognized and acted on its responsibility to steward ABCORI's resources and secure the future of ABCORI's ministry with all its churches.

Where things stand...

The decision has been made to sell the property. The property is not yet on the market. A timeline for the sale has not been set. No determination has been made as to whom or for what purpose the property will be sold. Those details will be determined by the board at a later date.

Right now, the board has tasked the executive committee with gathering information about possibilities for putting its decision into action. Steps taken by the executive committee so far include initiating a title search for the parcels comprising Canonicus and holding conversations with the Department of Environmental Management about potential conservation options.

Updates from the board will continue to be shared in *Connections* and on the ABCORI website. Those will be your best sources for information concerning the sale as the process continues.