

Buck Run Baptist Church Rehoboth Campus

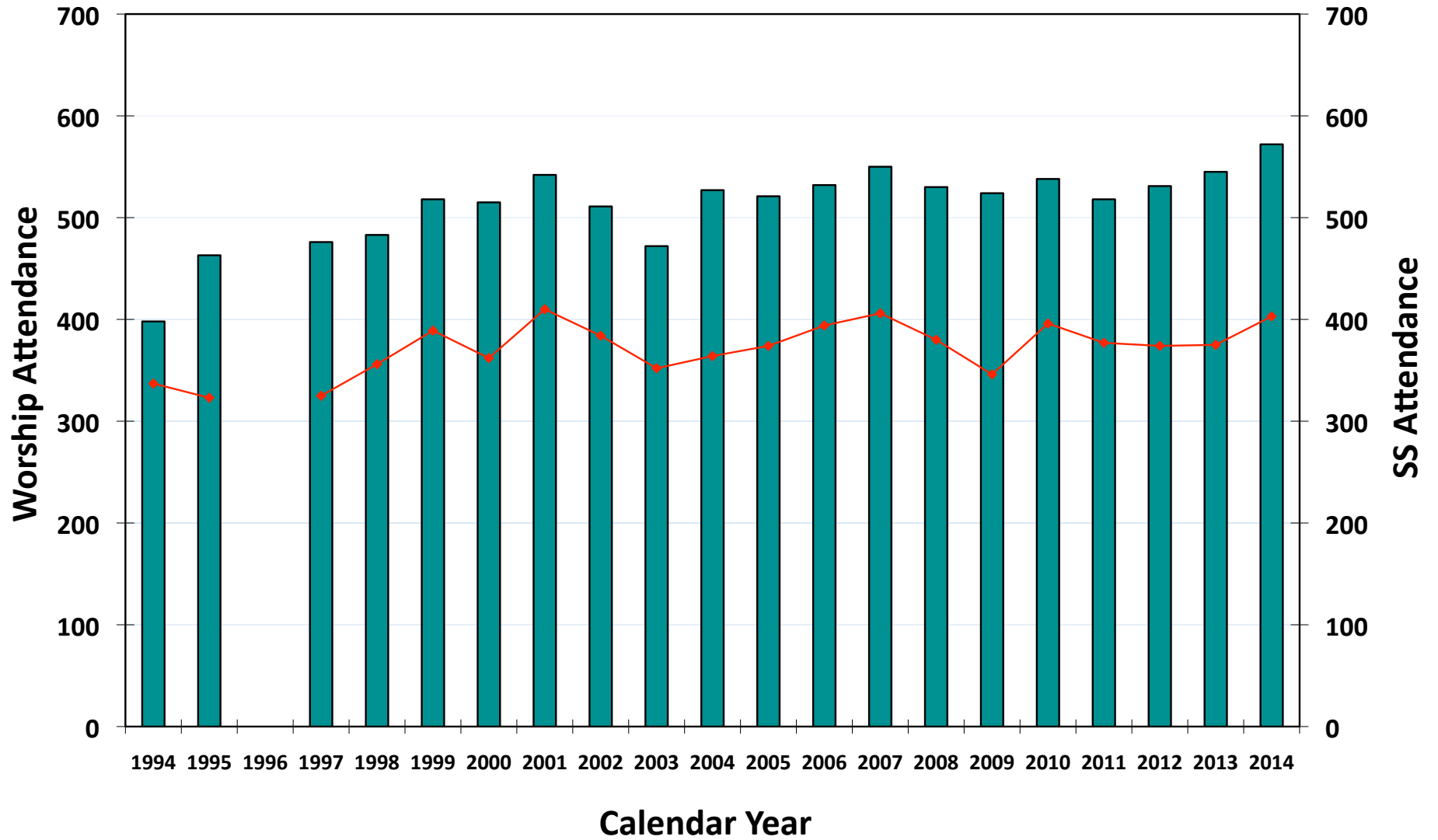
**Financing & Budgeting
Structure**

September 15, 2014

BRBC Attendance Trends:

- BRBC moved from the “Old Sanctuary” at the G-Town road campus to across the road into the current 20,000 sq ft sanctuary in 1994.
- As a result of the new construction move, the church experienced an approximate 15-20% increase in attendance within the subsequent 2 to 4 years.
- This growth occurred despite a major flooding event in spring 1997 which required the church to meet off-site for five months while the church buildings were restored. In addition, a change in pastoral leadership occurred in 2003.
- Since 1994, the total church attendance has peaked at approximately 600, with recent spikes above 600. Attendance in worship services has been approximately 425 to 450.
- Sunday School attendance has consistently been 60% to 75% of the total Sunday attendance, averaging at around 400.

CY1994 to CY2014: Worship and SS Attendance

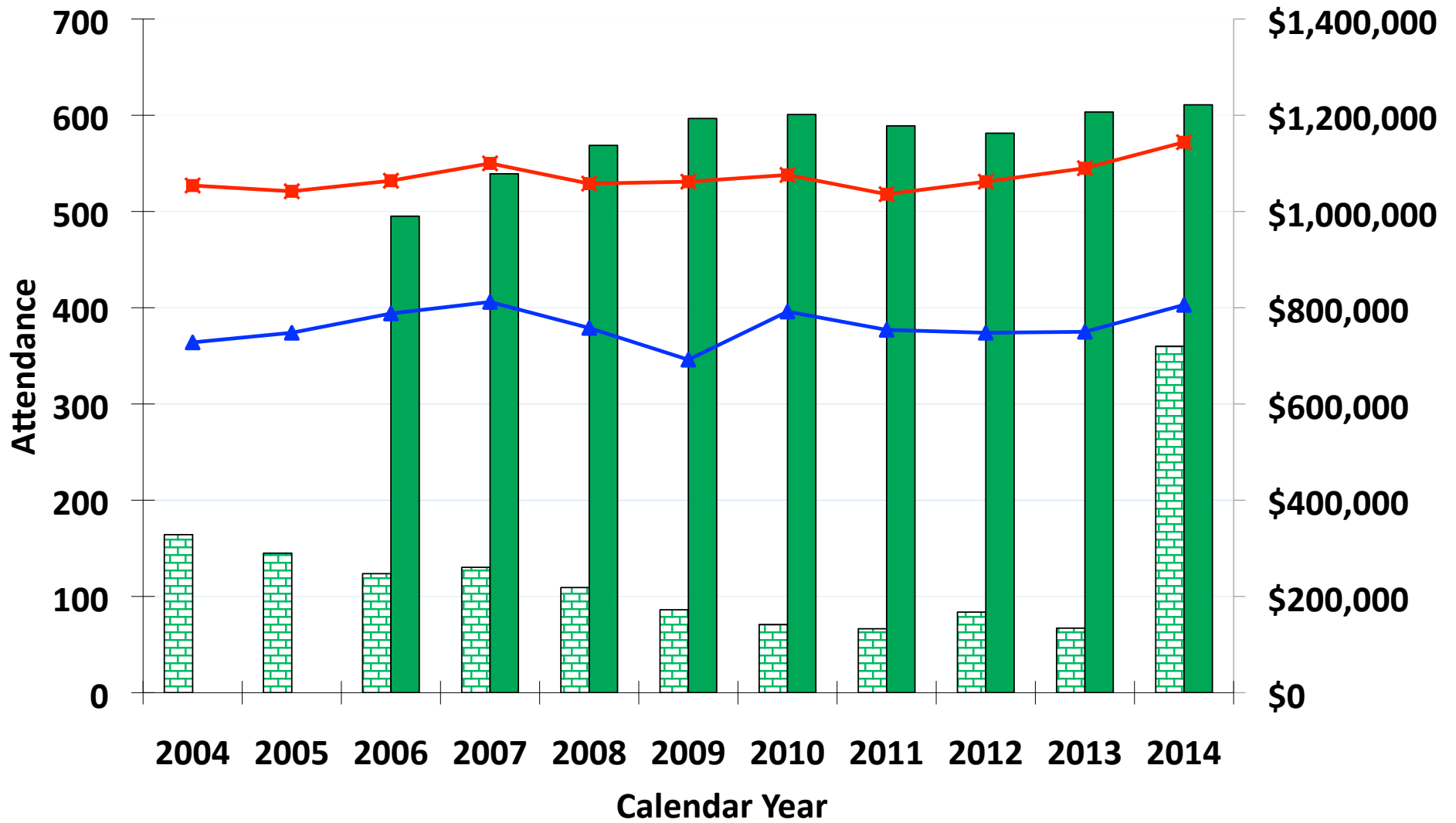


■ Worship attendance ◆ Sunday School attendance

BRBC Giving Trends:

- Similar to attendance trends, BRBC's general fund and designated giving is a strength.
- When evaluated on a per-capita or giving unit basis, the giving per giving unit has generally kept pace with or out-paced inflation during the last decade.
- Even during the "great recession" of 2008 and in subsequent years, the church giving has remained steady and strong allowing the church to continue and strengthen our ministries.
- The church has increased giving toward the Cooperative Program and missions, children and youth ministries, staff salary and insurance, and church debt service and building fund.
- BRBC became debt free in Oct. 2013, paying off approximately \$4M in a 10 year period.
- The MOVE campaign initiated on Oct. 2013, received \$1.85M in commitments and is projected to receive nearly \$1M in the first year of the campaign (\$210K from budget and nearly 800K in MOVE receipts). An additional projected amount in excess of \$1.5M is anticipated in the last two years of the MOVE campaign.

CY2004 to CY2014: Attendance & Actual Giving Receipts



EHM/MOVE

General Fund

Worship Attend

SS Attend

2014 Rehoboth Campus Master Planning:

- Jan-Feb, 2014, BRBC formed Vision Team in Jan-Feb. 2014 and began meeting in Feb-March 2014 as a full team and as subgroups with ministry leaders.
- May 2014, after multiple interviews, the team selected BGW/Hargett for A&E and construction management.
- June 1, 2014, submitted attendance and financial metrics, and ministry need documentation to BGW in preparation for the Charrette.
- June 26-28, 2014, Charrette held with BGW/Hargett.
- August/September, 2014, finalized Master Plan and conceptual design. Development of financing proposal.
- September 28, 2014, presentation to church

Conceptual design costs and options

Construction Need	Conceptual design identified need	Unit cost	Cost	Phase I Development	Cost Reduction Options	Revised cost
Main Building	49657 sq ft + 2677 sq ft canopies	\$128.4/sq ft avg cost	\$6,720,000			\$6,720,000
Pavilion Retrofit	5400 sq ft + 1300 sq ft canopies	\$58.2/sq ft avg cost	\$390,000			\$390,000
A&E	BGW	est. 5% of building cost	\$325,000			\$325,000
FFE	Finishing & equipment	est. 10% of building cost	\$650,000			\$650,000
Engineering & Permitting	Engineering Services	\$25,000	\$25,000		(\$10,000)	\$15,000
Site Work	Utilities & Site Prep	\$175,000	\$175,000		(\$25,000)	\$150,000
Parking	475 spaces	\$650k	\$650,000	<i>reduce by 1/3</i>	(\$200,000)	\$450,000
			\$8,935,000			\$8,700,000

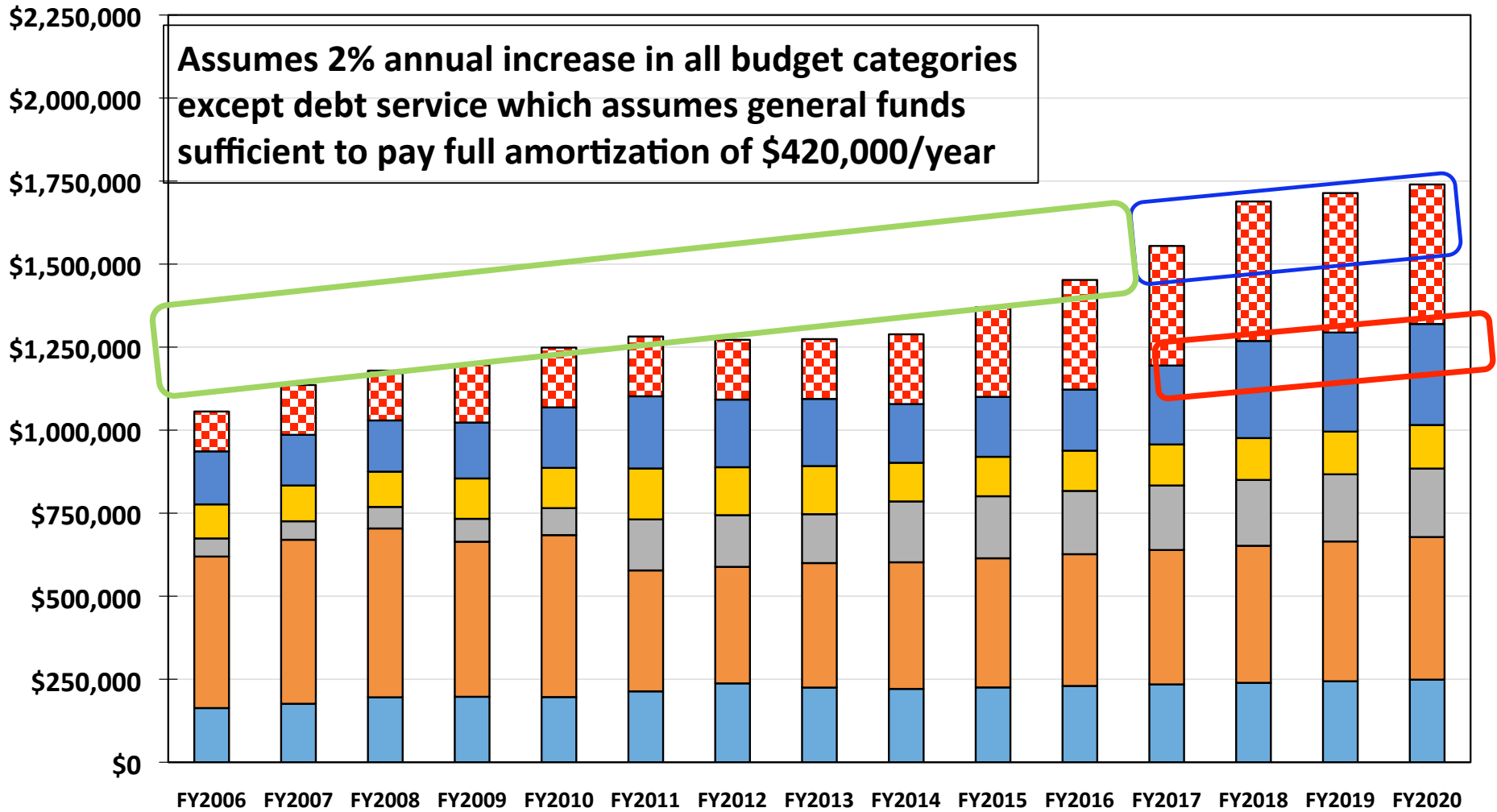
Is it possible that we could fund the building of the entire conceptual design project?

- Assuming a 25 year term at 5% interest rate, the annual amortization equates to approximately \$70,000/year for every million dollars that are financed.
- Using these assumptions, a 6 million dollar loan would cost approximately \$420,000/year. We already budget \$210k/yr.
- The MOVE campaign is projected to receive nearly \$1M in the first year of the campaign (\$210K from general fund budget and nearly 800K in MOVE receipts). An additional projected amount in excess of \$1.5M is anticipated in the last two years of the MOVE campaign and budget.
- Therefore, MOVE is projected to receive approximately \$2.5M from Oct. 2013 to Oct. 2016. Could we receive more?
- A \$6M loan in addition to \$2.5M in designated MOVE giving would almost build the entire conceptual design project. Is this doable?

What can BRBC afford to build?

- First, we must identify the BRBC ministry needs, both current and projected. That was the purpose of the Master Planning and conceptual design process.
- Second, we must examine the BRBC financial history and status. We have thoroughly evaluated our attendance, giving, and budget trends.
- Third, we must project the BRBC financial giving and ministry budget needs. We have made these projections based on conservative estimates.
- Fourth, we must align the current and projected BRBC ministry needs with both the projected BRBC financial giving and the financial lending institution partnership. We have met with multiple financial lenders and are able to make some projected assumptions.

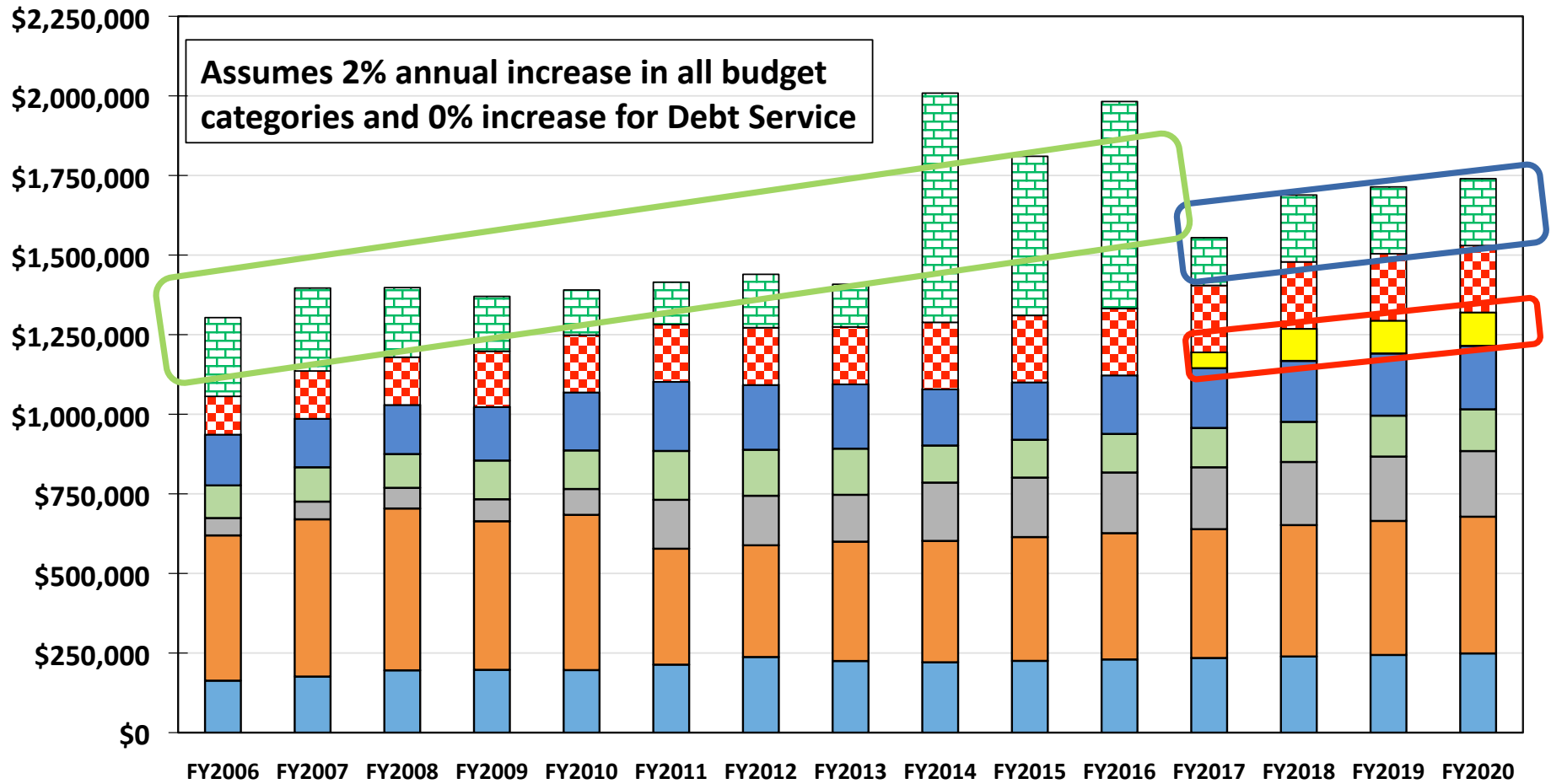
BRBC Historical and Projected Fiscal Year Budgets (FY2006-FY2020)



That looks really challenging! Can we afford to adjust our general fund budget to accommodate the full debt service?

- Yes, if we grow numerically and those new members give toward the church's ministry needs, it works.
 - ✓ A \$6M dollar loan would require an additional \$210,000/year in additional debt service beyond that already in our budget.
- Would this impact our other ministries?
 - ✓ If we assume a 2% growth in all budget categories except Debt Service, in FY2018, debt service still would not exceed 25% of our total general fund budget. However, if we do not grow numerically and we do not receive additional giving receipts, there could be an impact to church ministry needs.
- What happens if we don't grow numerically? Is there another way for the church to finance the entire conceptual design in Phase I development to reduce our risk?
 - ✓ Yes. For this question we need to examine our historical and projected EHM/MOVE giving.

BRBC Historical and Projected Fiscal Year Budgets (FY2006-FY2020)



- Missions & Evangelism
- Pastor & Staff Salaries
- Operations: Personnel & Security
- Worship, Education & Fellowship
- Operations: Physical Plant
- G-Town Road Campus
- Debt Service/Capital Funding
- EHM / MOVE Giving

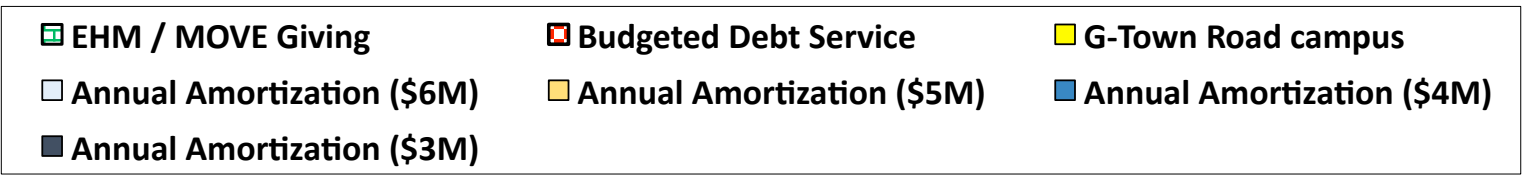
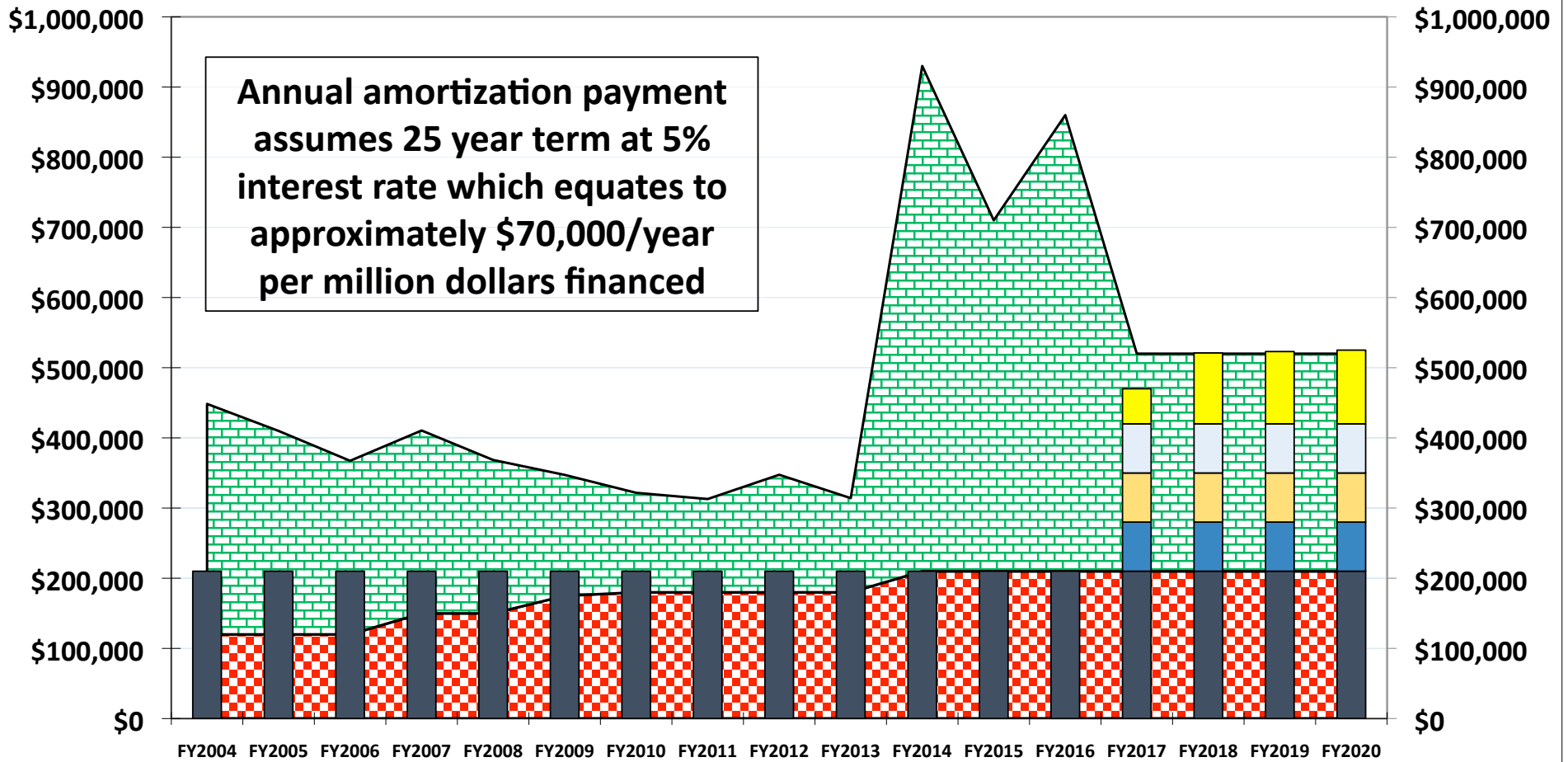
What can we learn from the EHM/ MOVE historical and projected giving?

- There are several observations to be made from the previous chart:
 - ✓ The lowest amount of EHM receipts received were \$132k, \$134k, and \$142k. The next lowest was \$167k. All of these amounts were during the period of FY2011 to FY2014 when there was no emphasis on EHM giving and during post-recession.
 - ✓ During the 10-year period of FY2004 thru FY2013, BRBC averaged approximately \$209,000/year in EHM receipts. This is the same amount needed to pay for a \$6M loan using the prior assumptions without having to increase the general fund debt service support.
 - ✓ Realistic projections are that the church will receive between \$500k and \$750k for MOVE in each of the fiscal years of FY2014 to FY2016.
- There are some questions to be asked?
 - ✓ Once this 3-year campaign is over, what is realistic to be given to MOVE in FY2017 and beyond? Will we have another campaign? Should we rely on non-budgeted dollars to pay for debt service?
 - ✓ What is the G-Town road campus cost and what are the options to reduce that cost?

How much will maintaining the G-Town Road campus cost (fixed costs) after we move?

Budget Item:	FY2014 Budgeted Cost	FY2018 Projected Cost
Church Insurance	\$13,500	\$14,850
Flood Insurance	\$12,500	\$15,625
Building Maintenance	\$17,000	\$8,500
Janitorial Supplies	\$2,200	\$440
Lawn Care/Snow Removal	\$7,200	\$3,600
Electricity	\$35,000	\$28,000
Gas	\$16,000	\$12,800
Water	\$1,100	\$330
Garbage Pickup	\$2,920	\$584
Office Telephone	\$5,000	\$1,500
On-Line Service	\$2,700	\$810
Total:	\$115,120	\$87,039

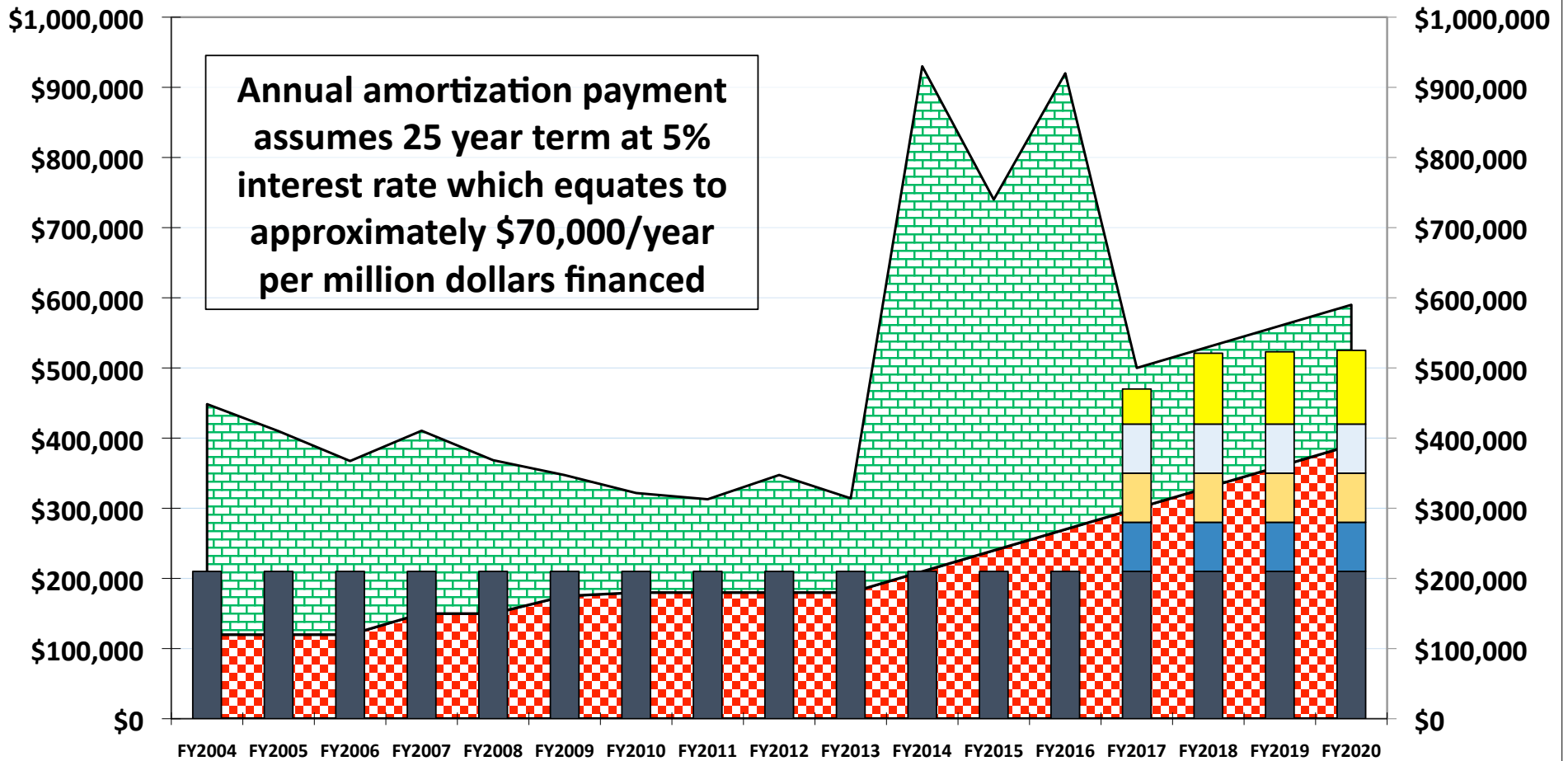
General Fund, EHM & MOVE Giving vs. Annual Budget Increase Needed



Back to our question: what can we afford to build?

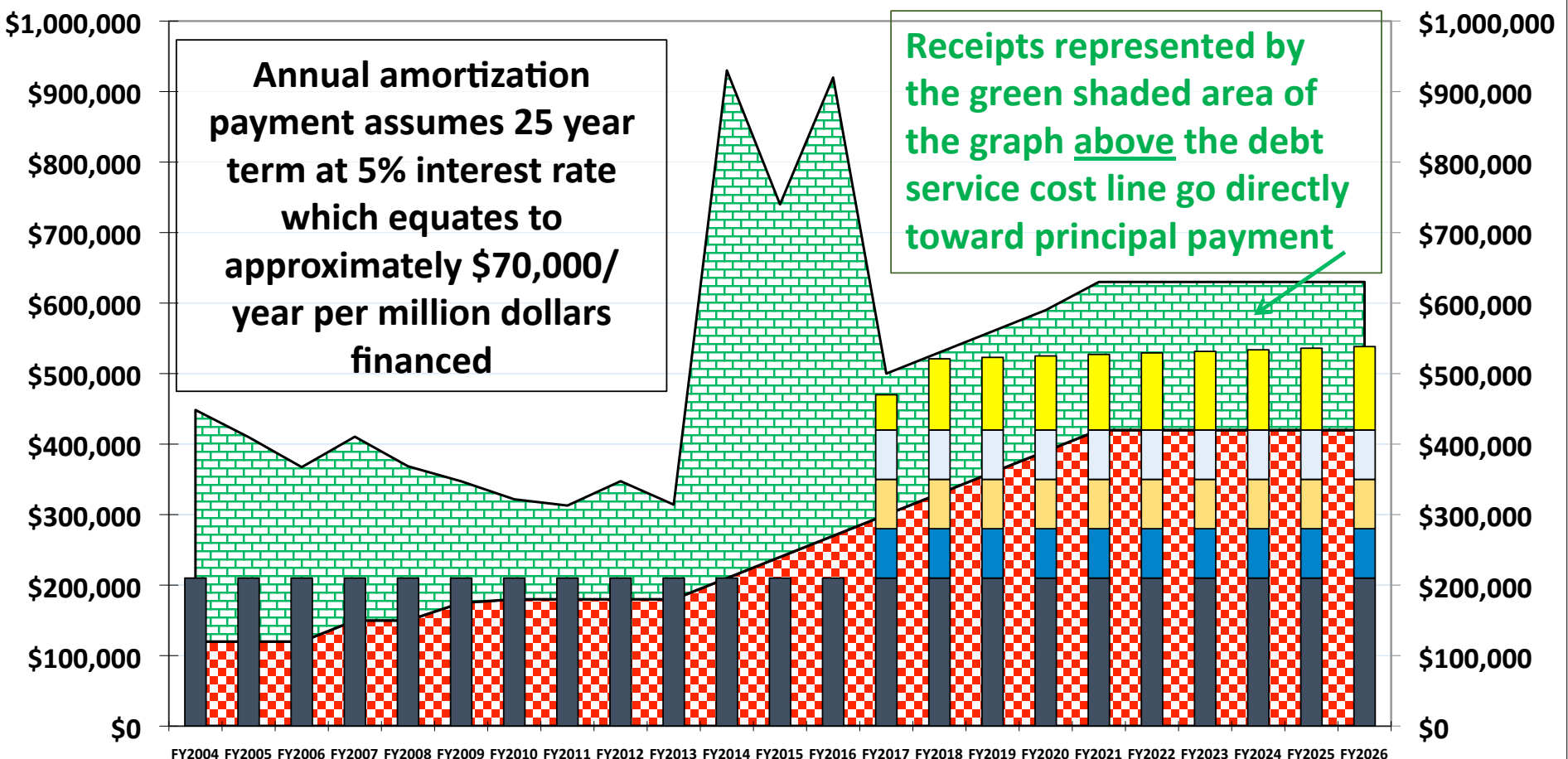
- We are in a financial position to potentially build the entire conceptual design in Phase I. Some example scale backs:
 - 1) Scale back on some of the initial parking needs (?)
 - 2) Don't install all of the sanctuary chairs initially (?)
 - 3) Possibly shell in some adult classroom space (?)
- How? Gradually increase the general fund contribution to our budgeted Debt Service (\$30,000/year) over the next 7 fiscal years until we reach \$420,000/year in total Debt Service so as to lessen potential impacts on annual church ministries.
- Don't we need more funds than that? Initially, yes. We will need to commit to additional MOVE campaign efforts at the conclusion of the existing 3-year campaign. Any funds given above debt service needs will go directly to the loan principal.
- What about the cost of maintaining our G-Town road campus? We can fund for that. However, re-purposing, or, selling all or part of the G-Town road campus will result in a direct budget reduction savings to be used for church ministry costs or loan principal pay down.

General Fund, EHM & MOVE Giving vs. Annual Budget Increase Needed



- EHM / MOVE Giving
- Budgeted Debt Service
- G-Town Road campus
- Annual Amortization (\$6M)
- Annual Amortization (\$5M)
- Annual Amortization (\$4M)
- Annual Amortization (\$3M)

General Fund, EHM & MOVE Giving vs. Annual Budget Increase Needed



Annual amortization payment assumes 25 year term at 5% interest rate which equates to approximately \$70,000/year per million dollars financed

Receipts represented by the green shaded area of the graph above the debt service cost line go directly toward principal payment

- EHM / MOVE Giving
- Annual Amortization (\$6M)
- Annual Amortization (\$3M)
- Budgeted Debt Service
- Annual Amortization (\$5M)
- Annual Amortization (\$4M)
- G-Town Road campus

What about growth in membership and giving at our new Rehoboth campus?

- The previous slides and assumptions assume no numerical growth in the church or giving from that potential population.
- If a 20% growth in attendance and giving occurred in addition to the existing membership giving projections, we can much more easily complete all conceptual design construction in addition to meeting those growing ministry needs. ... but this requires an act of faith.
- At a monthly payment rate of \$50,000/month, a \$6M loan would be paid off in 14 years. At \$60,000/month, our debt would be paid off in less than 11 years. \$60,000/month would be an average of \$360,000/year in our general fund debt service and \$360,000/year in MOVE giving.
- We just have to decide how we want to MOVE forward.