

Montgomery Presbyterian Conference Center, Inc.

Report to Presbytery, October 1, 2019

The reclaiming and rebuilding of Montgomery's mission and ministries, begun immediately upon Presbytery's vote in August, 2018 and reiterated by votes in October, 2018 and February, 2019 continues. Efforts by the Montgomery Board of Trustees, working with Montgomery staff and others within Presbytery have produced positive results and momentum amidst some setbacks and challenges.

The primary dynamic which has influenced results is the time it has taken to close the loan authorized by Presbytery. A brief recap is instructive:

Prior to the October, 2018 Presbytery meeting wherein the Body authorized proceeding with loan procurement, the Montgomery Board received conditional loan approval subsequent to initial underwriting from a Jacksonville bank, and were given a closing date of early January, 2019. Based upon that the Board began implementation of strategic initiatives consistent with Presbytery's August vote.

Although we were underwritten and found financially viable, with no qualms from the lending institution regarding our repayment, during the last week of 2018 the bank changed the terms of the loan such that we were forced to decline the offer. We were, via a strong connection with a member of Presbytery, immediately put in touch with another Jacksonville bank with which we made loan application. Again, upon initial underwriting we were issued tentative approval with an expected closing date of mid-March, 2019. The Board prepared and provided to the bank all required information, and an appraisal was scheduled. We were then contacted by the bank and told the bank 'does not loan on real estate, only on cash flow'.

So again were we back at square one.

At the February, 2019 Presbytery meeting the Presbyterian Investment and Loan Program (PILP) gave a presentation of available services. The Montgomery Board immediately opened conversation with PILP and made application for the loan necessary for the realization of Presbytery's vision for Montgomery. Again the Board prepared a complete loan package and provided all required information such that thorough underwriting could proceed. This produced a firm commitment from PILP for the loan. Presbytery voted to authorize proceeding and committed to co-signing the loan.

Since then an appraisal and an extensive survey have been completed. A significant PILP loan requirement was that Montgomery raise \$150,000 in deposits to be placed with PILP as

investment and reserve. As of this writing that money has been raised from among 3 churches, four individuals, and every member of the Montgomery Board.

As we meet today all loan requirements have been met and the closing package is being drafted.

A key component of PILP's underwriting was validation of Montgomery's ability to repay the loan. PILP reviewed Montgomery's finances and found our results within underwriting parameters.

This is especially rewarding in that these results have been achieved in the absence of capital infusion, upon which all our projections were based. PILP recognized that had Montgomery received funding as was expected, projected revenue would likely have been met.

We understand there may be concern by a some regarding Montgomery's ability to repay both the PILP loan and the internal loan to Presbytery. We understand this concern and have addressed it. At our average booking realization of \$2500, 3 User Group bookings per month covers the monthly note payment. Continued increase in revenues from non-summer camp use will be maintained and grown out, such that increased revenue also more than covers payments required to retire the Presbytery debt.

With implementation of the strategic marketing plan, revenue freed up for operational capital with the addition of capital improvements monies from PILP, and the ROI generated from these capital improvements once begun – the Board is confident of reaching - then exceeding projections.

Managing the operation absent funding and robust marketing has been quite a challenge, and has not been without obstacles and trip-wires. One of our first initiatives after having received initial loan approval in October, 2018, was to hire a professional fund raiser. The position was advertised and the Board made what it believed was the best choice. Unfortunately, it did not work out. The Board made diligent effort to support the choice and the effort, but recently took the difficult but necessary step of terminating the position.

The Board has begun a search for a stellar Executive Director with camping and fund-raising experience and plans to have this person in place by year-end. This position will encompass responsibility for fund-raising as well as overall management of MPCC functions. Going forward we envision a management structure of Executive Director/Fund Raising, Program Director, and Culinary Director, as these functions are separate in scope and vital to success.

During this time of 'operations without funding' the Board and staff have been guided by the primary goal of 'keeping the lights on'. We have by necessity triaged payables, but have maintained good relationships with all local vendors such that we are in good standing with these folks.

Immediately upon funding, renovation will begin, significantly reducing expenses related to long neglected maintenance issues. These savings will be used to accelerate payment of all

outstanding accounts payable. Subject to final verification at time of funding we estimate this to be +/- \$50,000.

Concurrent with loan-closing efforts the Board has also begun the process of identifying and applying for grant- funding opportunities. A member of the Board with significant grant-writing experience is leading this effort. Although we are expectantly confident of good results from this effort, our financial projections do not include any funds from grants.

The absence of loan funding has delayed our planned marketing strategies, thus has impacted anticipated user group bookings and hampered meeting original revenue projections.

A prime example of this lost revenue potential is our access road. Many have mentioned the road's condition as a deterrent and we agree. Plans have for some time been in place for paving the road, but the loan closing delay has caused this project to also be delayed. We will proceed with this and other improvements and their subsequent marketing efforts as soon as funding is realized.

The Board recognizes the extraordinary effort by Montgomery staff to (in the face of years and years of deferred maintenance, the history of recent camp revenue losses, as well as loss of not insignificant revenue from outside users) improve summer camp revenue, repair infrastructure as necessary, maintain cordial relations with vendors, and re-engage outside users such that the function of Montgomery has continued unabated. Montgomery staff has gone above and beyond in repairing relationships with user groups lost over the past decade (example: Pathfinders) and booked them to multiple (6-8) revenue-generating engagements per year; we anticipate this growing even more. Staff has also identified and signed new user groups such as Boy Scouts of America and the Foster Care System, and have leveraged these initial contacts to generate increased annual recurring revenue (ARR.)

These efforts have made it possible for Montgomery Mission and Ministries to continue.

We are now poised – after a year of struggle and determination – to vigorously pursue the vision presented to Presbytery in August, 2018. We are indebted to so many people within Presbytery for their stalwart support as we navigated a difficult but promising path. We look forward to providing monthly progress reports – and pictures! – of the rebuilding, reenergizing, and reclaiming of Montgomery's mission and ministry.

Attachments: Revenue Comparison YTD 2019 vs. 2018

Revenue Projections for Q4 2019 and Q1 2020

Payment schedule for Presbytery Bridge Loan and management fee invoice

Montgomery YTD 2108/2019 Financial Comparison

YTD Revenue Comparison		
Revenue	1/1/18-8/31/18	1/1/19-8/31/19
Guest Groups	\$142971.50	\$107610.00
Summer Camp	\$130775.80	\$155832.00
Other (unspecified from Presbytery financial Reporting)	\$7362.75	\$800.00
Contributions	\$34803.90	\$62422.00
Presbytery Contributions	\$48750.01	\$0.00
Total	\$364663.96	\$326664.00

Montgomery Q4 2019 & Q1 2020 Bookings and Projections - UPDATED 9/27/19

Q4	October	November	December
Projected Revenue	\$22807	\$16583	\$10650
Projected Contributions	\$10000	\$11500	\$20000
Total	\$32807	\$28083	\$30650

Quarterly Total: \$91,540

Q1 2020	January	February	March
Projected Revenue	\$18046	\$10552	\$15705
Projected Contributions	\$10000	\$13000	\$14000
Total	\$28046	\$23552	\$29705

Quarterly Total: \$81,303

Monthly expenses have and will continue to be lowered through the diligence of the Montgomery Staff, by lowering the monthly benefits outlay (saving \$3,750 per month,) through the termination of the Development Director position (saving \$11,000 per month,) and after the loan closes, expenses for deferred maintenance will be lowered by an average monthly amount of \$4,650.

Addendum to MPCC Report to Presbytery

October 1, 2019

Currently MPCC owes Presbytery:

Bridge Loan	\$56,600
Management Fee	<u>\$37,000</u>
Total	\$93,600

Via prior agreement, MPCC will retire this debt via monthly payments beginning month 1 after loan closing. For purposes of this report we assume these payments begin January, 2020, with the final payment due December, 2020.

With the addition to the Montgomery staff of an Executive Director possessing fundraising experience and skills (which we expect to have onboard by 12-31-19), and the continued successful efforts of existing Montgomery staff to increase revenue from User Groups outside the months of summer camp, and the increased ROI from corporate user groups due to facilities improvements funded by the PILP loan, the Board is confident the upward trend of both contributions and revenue will enable Montgomery to repay Presbytery's generous loan and management fee under the following terms:

Repayment to begin immediately upon the funding of the loan from PILP

Q1: \$5,000 / month

Q2: \$6,000 / month

Q3: \$10,000 / month

Q4: \$10,000 / month

Repayment in full by December 31, 2020