

This is an information note about the upcoming operational expenses of New Horizon UMC.

With Covid and other unforeseen expenses over the past few years, New Horizon finds itself in a financial situation that requires immediate action. In two months, our monthly mortgage payment and building operational costs which includes the main campus, New Horizon, the Learning Center, and the West campus will be in such a net negative cash flow we will be unable to make these payments in just a few months. Our tithes and offerings have suffered due to covid, members transitioning to other areas, and increased costs of operation. The Church's overall cash flow presently is just enough to cover today's expenses and increases are not too far ahead.

However, we have good news! We have the means to right this problem, but there is a cost. We have assets that we can sell to reduce the long-term debt the Church has incurred. We can take steps at this time, which will put our Church on solid ground for now and in the future. Currently, we have a mortgage of 1.4 million dollars. This mortgage includes both the Sanctuary and the Mission Building. We have been paying only the interest for last year, but this will end in July. Our monthly mortgage payment will climb from ~\$4500.00 to ~\$9800.00 for the sanctuary and mission building. That is a cost we cannot endure. Additionally, the West Campus building is currently costing us ~\$ 2,200-2400 each month (close to \$30 thousand per year) and there is the problem of the ever-increasing Southwest Ranches Fire fee. Two years ago, we were burdened with a \$25,000 thousand fire fee when SWR changed the way they calculated the fee. Unfortunately, all the Church's in the area received similar increases. Local houses of Worship joined together and complained to SWR and the town agreed the increase was harsh and reduced the fee while they re-studied the fee structure. This year our fee was ~\$15,000. The new fees will be released this August and it would not be surprising if it's \$20,000 or more.

We MUST cut all the Church's expenses. Now we only have a few options that we can take advantage of. They are:

- Cutting budgeted items (buildings or land)
- Cutting staff (this would not help, even if we cut staffing by 100%)

How do we reduce the loan amount?

The only way to reduce our loan amount is by paying a large sum of money at the closing in July.

Can we do this later?

Yes and No. In July we'll determine just how much we have paid into the fund and our current loan amount at the closing date in July this year. Our monthly payment will be fixed at that time until 09/01/2039.

If we do not act now to reduce the amount of the loan, the cost will be as follows:

No added funds Monthly payment \$ 9,800.00

If we add \$500,000 Monthly payment \$ 6,108.00

If we add \$600,000 Monthly payment \$ 5453.00

If we add \$700,000 Monthly payment \$ 4798.00

If we wait and do this later, we can add money at a later date, but these funds would only change the total amount owed, it will not affect the monthly payment. To reduce the payment, we would have to refinance the loan. This cost could run several thousands of dollars. Remember this is not a \$400,000 home loan it's a \$1,400,000 commercial loan.

Where can we get the money from?

We must sell some of our assets and the options that have been discussed are:

- We own two houses one for the Senior Pastor and another for the Associate Pastor.
- We own the West Campus building.
- We own 10 acres of land to the north of us, which is almost impossible to sell due to zoning issues with SWR.

Dollars and Cents:

Our total loan is about 1.4 million dollars. This amount must be reduced. We have two options.

Option 1. Sell one or both of the houses. Each house we own could be sold for ~\$450,000-\$550,000. (Zillow)

Option 2. Sell the West Campus which has been appraised at ~\$800,000.

This matter has been reviewed by the Leadership, Finance, Staff Parrish and Trustee committees. They have recommended the sale of the West Campus Building with the funds being used for debt reduction.

Please make every effort to attend the Upcoming

Church Charge Conference

These numbers are based on information supplied by the Florida United Methodist Foundation and Barkett Law in Orlando, and the Katsikos group Realtors.

The amounts are the best guess and interest rates will change.

These options and decisions are hard but they must be made at this time.