

## **Authorizing Use of Conference Surplus for Partial Payment of Mortgage**

WHEREAS, the churches of the Greater New Jersey Annual Conference have shown improving stewardship in recent years,

And, WHEREAS, the Conference Board of Pensions and Health Benefits transferred \$1,000,000 to the Conference accounts in payment for services rendered since merger as required by merger legislation,

And, WHEREAS, conference surplus now stands at \$2,785,000

And, WHEREAS, CCFA believes that a surplus reserve of 10% of the expected expenditures of the annual budget provides adequate assurance that emergencies can be accommodated,

And, WHEREAS, the total conference surplus exceeds the 10% by \$1,686,000

And, WHEREAS, the planned mortgage of \$2,900,000 for the new Conference Office Center will result in interest costs of \$1,743,000 if the mortgage is paid over the 25 years planned,

And, WHEREAS, CCFA believes it would be wise to reduce the principal portion of the mortgage as quickly as possible to save the interest cost,

BE IT NOW THEREFORE RESOLVED, that CCFA is authorized to use the conference surplus as of December 31, 2015 that is in excess of 10% of the 2016 expected budget expenses, to reduce the principle amount of the mortgage for the new Conference Office Center. The amount expected to be used is currently estimated at \$1,700,000.

RATIONALE: The planned mortgage will cause the Annual Conference to include in its budget about \$190,000 per year for principle and interest payments for the next 25 years, an increase of about \$100,000 per year over the present mortgage payments. The interest portion of those payments is \$1,743,000.

Inasmuch as local churches have supported budgets well in previous years and those responsible for expenses have been careful and prudent, conference surplus has increased nearly every year since merger. CCFA feels it is reasonable to anticipate those trends will continue and that unusual demands on surplus will not arise in excess of the surplus that is retained.

Those things said, CCFA believes that the wisest investment we could make would be to pay down the mortgage as soon as possible. The anticipated payment of \$1,700,000 will result in savings of approximately \$1,100,000 in interest. This legislation asks the Annual Conference to authorize the use of excess surplus to pay down the mortgage.

Submitted by The Conference Council on Finance and Administration

John Bishop, President