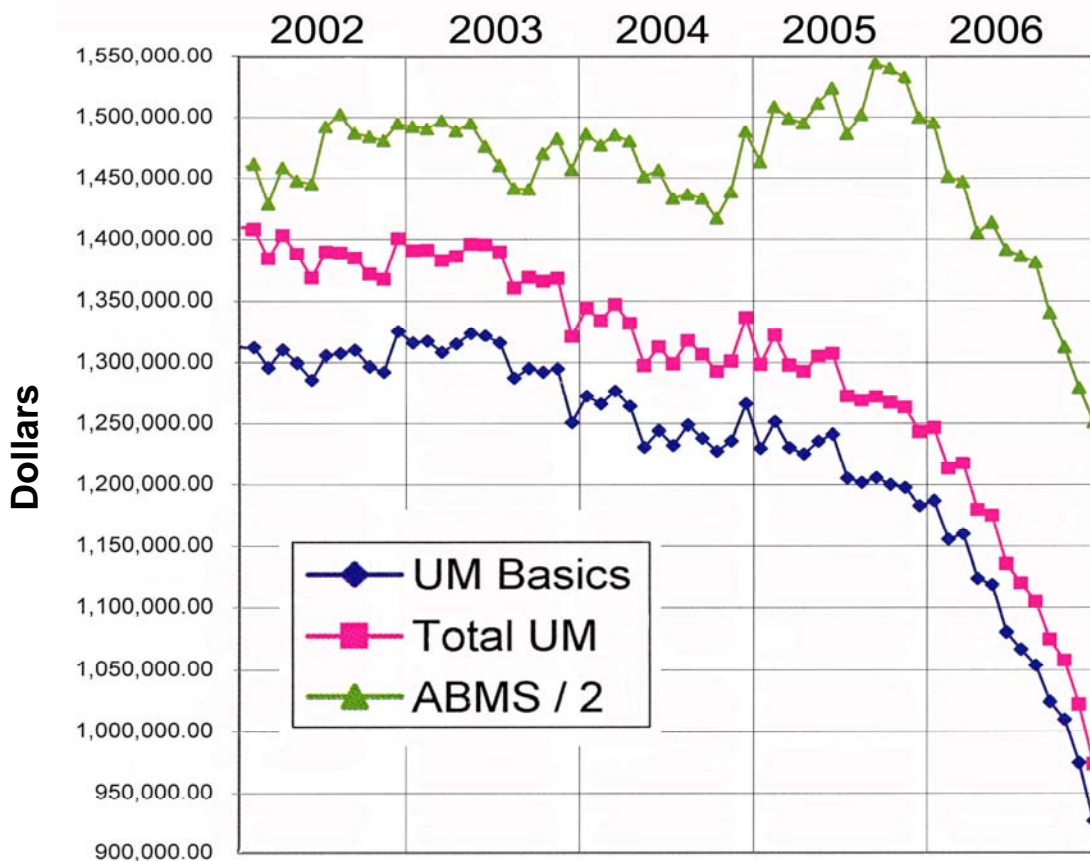


## 2006 Financial Report JDS

(unaudited 12-month report)

About this time last year you received an unhappy report. The Great Rivers Region ended 2005 with a deficit of \$30,000 in its General Operating Budget because of a United Mission shortfall of about \$85,000. At the same time, we ended the year with another \$60,000 deficit in the camping program. The Budget for 2006 planned on using yet another \$25,000 from reserves to cover the anticipated deficit in camping.

In January of 2006, we made administrative cuts of \$42,000 because it seemed things were continuing to get worse. We were right. By mid-Summer, it was clear that we were entering a crisis situation, as shown by this 12-month revolving total graph:



United Mission income continued to plummet and all three camps failed to reach the camper enrollment goals set by the Board when it adopted the budgets for 2006. Largely because of failing camper enrollment, the deficit at Lake Springfield was \$19,118 and at Lake Benton it was \$35,508.

With a looming crisis, the Board adopted budgets for 2007 in October 2006. In that process, the Board put in place a “roadmap” to guide us through this financial crisis.

The plan includes controlling costs; in particular, addressing the financial drain of camping and a future staff reduction.

For 2006, these are the giving figures broken into the major categories and also compared with 2005:

Category	2005	2006	Difference
ABMS	\$2,999,044	\$2,502,252	Down \$496,792 16%
UM	\$1,243,308	\$973,878	Down \$269,430 22%
WMO	\$260,889	\$218,698	Down \$42,191 16%
AFC	\$180,137	\$162,348	Down \$17,789 10%
Specifics	\$377,745	\$529,752	Up \$152,007 40%

In 2006, 167 churches reduced (or eliminated) their participation in American Baptist life through ABMS by \$396,210 (24%). At the same time, 94 churches increased their participation in ABMS by \$169,937 (20%). For those 94 churches, UM also increased 6%, WMO increased 17% and AFC increased 6%. But *Specifics* increased 89%. In fact, 55% of the ABMS increase from these churches was found in the category of *Specifics*.

In 2006, 180 churches contributed to American Baptist life through United Mission (UM). The total UM from those churches was \$920,861. The median level of contribution was \$2333 per church.

However, 80 churches chose not to participate in United Mission. Twenty-two of those same churches had given \$87,956 through UM in 2005.

Another 41 churches continued to participate in United Mission, but at a reduced level. Those same churches had given \$308,989 through UM in 2005 (a 38% reduction). At the same time, these churches increased their giving through *Specifics* by \$116,092 (59%).

Overall, 263 churches contributed to ABC causes through *Specifics* in 2006. The total from those churches was \$449,905 (up 47% from 2005).

In preparing the General Operating Budget for 2006, we anticipated \$890,000 of combined income from the regional portion of United Mission, ABWM Love Gift, and America For Christ. We received only \$673,062; a shortfall of \$216,938.

However, a number of churches and individuals made extraordinary designated gifts to the Region in 2006. Those gifts totaled \$131,874 reducing our net deficit to \$85,064.

On the other hand, direct gifts to the Region this year were unprecedented. In the face of dramatic drops in United Mission (UM) support as well as total American Baptist Mission Support (ABMS) it is truly remarkable. For 2006, *Specifics* to the Region was the third largest income category, coming after United Mission and investment income. In fact, *Specifics* is the only giving category that is up for 2006. What is even more remarkable is that about one-third of this (\$44,388) was given in December. When coupled with the best United Mission giving for the year (\$118,233) a disaster was averted in the closing days of 2006.

CATEGORY	2005	2006
<b>Specifics</b>	<b>\$377,745</b> Up \$15,092 Up 4.2%	<b>\$529,752</b> Up \$152,007 Up 40.2%

The reasons for financial decline have not changed from last year. First, financially unhealthy churches. Second, intentional changes in philanthropy patterns. Third, conflict within the denomination. In 2006, extraordinary efforts by individuals and a few churches averted disaster. It remains to be seen if we are witnessing sustainable change in the funding of regional mission and ministry.

What can we learn from these numbers?

1. Well over half our churches do not believe ABCUSA is worthy of their sacrificial support, for a variety of reasons. At the same time, there are significant numbers of churches and individuals who find the Region worthy of direct support.
2. The pattern of reduced general giving, but increased designated giving is accelerating, and mirrors what is being seen in every arena of philanthropy. Nearly all of our churches participate in American Baptist life through designated giving. *Specifics* is our only growth category.

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3. The increase in designated giving is not commensurate with the loss of general financial support. While *Specifics* were up \$152,007 last year, there was a net loss in American Baptist Mission Support of \$496,792.

We are in the midst of a “perfect storm.” The extraordinary financial relief we experienced in December may have been a lull in the storm or the eye of the storm, but the storm has not yet passed. As the winds howl and the waves crash it is difficult, if not impossible to make a clear sighting and steer a straight course. The primary task right now is to keep the boat afloat by securing loose gear and discarding excess cargo. The Board has done a good job of that in its Roadmap.

I believe the storm will continue for the next several months. In 6-9 months it may clear enough that we can make sightings and steer a straight course. I believe this is not only the situation for the Great Rivers Region, but is also the reality for our national denomination. Like every life-threatening storm, this one is making us think about what is really important. The Royal Doulton china is not as valuable as we thought; but we have new respect for the Spam.

This is not a storm we chose to enter. I believe most would prefer sailing on gentle seas with a strong, steady breeze filling the sails. But we need to remember that we serve a God who “rides” the storm like a bull.