

# **FIRST UNITED METHODIST CHURCH OF CARROLLTON**

## **A statement about Carrollton Christian Academy, Inc.**

**From: The Executive Committee, First United Methodist Church of Carrollton**

Dear Church Family,

Many questions have been asked about the church's current situation with Carrollton Christian Academy, Inc. With the statement below, the church's Executive Committee provides some insight and response as to the more frequently asked questions. However, the church is now involved in a lawsuit with Carrollton Christian Academy, so there are some areas where we must maintain confidentiality and privilege for the protection of the church.

We are hopeful that this information will help you understand the current situation, and we thank you in advance for your prayers, patience and support.

### **The Church's Purchase of 28 Acres on East Hebron Parkway in Carrollton, Texas**

On July 7, 2000, FUMCC purchased a 28-acre tract of land located at the 2200 block of East Hebron Parkway in Carrollton. At the time, FUMCC had a vision to ultimately construct a new church home and facilities to house our many ministries designed to advance the faith of the United Methodist Church.

To do so, FUMCC raised funds for the purchase price (some \$875,000), and this church (and this church alone) applied for and obtained financing from various financial institutions for the development of the Hebron property. Indeed, FUMCC is the sole obligor of these loans, and the church is and since July 7, 2000, has always been the sole grantee and owner of the Hebron property.

### **The Church's Lease to Carrollton Christian Academy, Inc.**

The church's credit-worthiness included the fact that FUMCC expected to lease and did ultimately lease portions of the Hebron property to Carrollton Christian Academy, Inc., a separately incorporated Texas corporation that operates a Christ-centered private school. Our lenders were informed of this rental income that we would use to make operational and budgetary ends meet.

Never did our lenders request that FUMCC provide the financials of Carrollton Christian Academy, Inc. (CCA), and never did CCA become obligated on any of the church's third-party loans that are secured by the Hebron property owned by FUMCC.

For years and years CCA leased and paid monthly rentals to the church for use of portions of the Hebron property, and FUMCC's before-and-after-school programs aided in the care of many of our church families, including those with students enrolled in CCA. While CCA is independent and manages its own financials and operations, CCA's Christ-centered education model was a blessing to many of our members and others in our Carrollton community. Indeed, the church believed CCA was a ministry of our faith.

### **Ministry and Operational Concerns**

In year 2015, the United Methodist Church provided counsel and insight as to the ministerial relationship between FUMCC and CCA. We were informed that CCA was not a recognizable ministry within the United Methodist Church because, in part, FUMCC did not have the secular, corporate authority to appoint a majority of the members of CCA's Board of Directors.

Therefore, FUMCC asked that CCA's Board of Directors modify the Academy's secular governance structure in order to bring CCA into the United Methodist Church fold. CCA refused to do so.

This caused great concern for the church.

Moreover, FUMCC was already worried as to CCA's financial wherewithal to continue use of the church's property. For over two years, the church observed CCA's financial position diminish. CCA's enrollment was steadily and rapidly declining (dropping from 384 students in 2011 to 266 in 2013), their net assets were plummeting (dropping from \$597,066 in 2011 to \$26,699 in 2013), according to CCA's filings with the IRS. We believe these figures to be even more worrisome today.

It became apparent that the on-site relationship with CCA needed to end.

### **End of an Era, and New Beginnings for the Church and the Academy.**

In August 2015, FUMCC informed CCA that the lease arrangement would end at the conclusion of the 2015-2016 school year. The church presented a written lease to CCA in order to capture this intended and expected outcome, but CCA refused to sign. Nonetheless, CCA took steps to find another location for the 2016-2017 school year, including working with the City of Carrollton and its Planning & Zoning Commission to allow a Special Use Permit at alternate properties.

In December 2015, CCA made known that it would be out of the church's Hebron property by June 15, 2016, and in February 2016, CCA confirmed that it had secured a location for the 2016-2017 school year. CCA even showed posters of its new campus.

The church received several inquiries from other schools about moving into the Hebron campus. After investigating these inquiries, FUMCC began a focused approach with a school called Trivium Academy, a new charter school that received approval from the State Board of Education in July 2015. Trivium's charter includes students from the school districts of Prosper, Little Elm, Lewisville (east of I-35), Frisco, McKinney, Allen, Lovejoy, and Plano.

With these efforts and developments, FUMCC believed it was moving forward as a good steward of God's blessings and in a manner that would honor Him and cause as little disruption as possible for the families and children who attended CCA.

### **Dispute between the Church and Carrollton Christian Academy, Inc.**

CCA, however, failed to pay the monthly rent for February 2016. The church informed CCA of the rent that was due, and we allowed them time to make the payment. Unfortunately, CCA did not do so.

Instead, CCA informed the church that CCA believes it is a one-half owner of the entire 28-acre parcel and that CCA has never paid "rent". Thereafter, payments tendered by CCA were accompanied by express instructions that FUMCC apply the payments toward a building loan (one that does not exist) and otherwise without regard to the church's discretion or prerogative about how the rental payments should be applied to the church's budgetary and operational needs.

FUMCC respectfully but forcefully disagreed with CCA's claim to any portion of the 28-acre parcel. However, CCA refused to believe otherwise.

The church put forth a great effort to resolve the matter amicably and according to Matthew 18, but we were not successful. Thus, FUMCC was forced to file suit in a Denton County District Court to confirm that the church is

the sole owner of the 28-acre parcel, and that Carrollton Christian Academy, Inc. has no ownership interest in the real property. The lawsuit is currently pending.

Also, since rental payments were not made when due, coupled with the fact that CCA now denies it owes rent, FUMCC asked that CCA vacate the property by March 22, 2016. As of the date of this statement, we are unaware of CCA's intentions to vacate the property. We are hopeful that an amicable and peaceful exit will be forthcoming.

### **Closing**

For over 16 years FUMCC has labored so greatly to purchase and finance the 28-acre property on East Hebron Parkway. FUMCC is the only owner identified in the relevant deed records, and no one but the church is obligated on the notes and deeds of trust that form the basis the financial arrangements secured by FUMCC. We are aware of no agreement that would give CCA a one-half ownership interest in any portion of the 28-acre parcel, much less in the whole.

Carrollton Christian Academy, Inc.'s position in the matter is unfortunate. However, it is one that this First United Methodist Church of Carrollton cannot ignore or make disappear by a simple request. We have every intention of doing whatever is needed to protect the church's rights and ownership interests, and we intend to keep God's will and instruction at the forefront of our actions and decisions.

Thank you again for your prayers and understanding as we shepherd the church through this challenging and unfortunate situation.

Prayerfully,

The Executive Committee  
First United Methodist Church of Carrollton