

Society for Christian Education
in Southern Alberta
Fall Membership Meeting



Meeting Date: Monday, November 30, 2020

7:30 pm

Virtual Meeting

Included:

Minutes of previous meeting

2019-2020 Audited Financial Statements

BIG Project Update

Annual Fall Membership Meeting
Society for Christian Education in Southern Alberta
Monday, November 30, 2020
7:30 pm – Virtual Meeting

Agenda

Welcome	Scott Van't Land Board Chair
Opening Devotions	Calvin Koynenbelt Board Vice Chair
Minutes of June 8, 2020 Virtual Meeting and motion to approve same	Monica Loewen Board Secretary
Presentation of the 2019-2020 audited financial statements by auditor	Nadine Granson Avail CPA
Motion to approve the financial statements	Heidi Sikkens Board Treasurer
Strategic Plan Report: BIG Project	Darryl Schalk Big Project Chair & Board Director Brendan Scholten Finance Committee & Board Director
News from the Board and members business	Scott Van't Land Board Chair
Closing	Scott Van't Land Board Chair

Minutes of Spring Society Meeting – June 8, 2020

Via Zoom

Welcome – Scott Van't Land, Board Chair, at 7:30

Opening Devotions – Scott Van't Land, Board Chair

Minutes of December 2, 2019 Fall Society Meeting – Monica Loewen, Board Secretary

MSC to approve minutes of Fall Society meeting – motion by Monica Loewen, seconded by Amy Ovinge, carried.

Service Awards & Recognition – Naomi Vanderveen, Board Vice Chair

End of Board Terms

Amy Ovinge, Leanne Veldboom – Granum Local

Julia Sinke – Lethbridge Local

Naomi Vander Veen – Iron Springs Local

10 years of Service

Kathryn Ferrie, ICES

Lorinda Veenendaal, ICES

Tina Germsheid, SCESA

Retiring/Leaving Staff

Elsie Eelhart – retired after 17years at ICS

Terry VandeGriend – retired after 39 years at ICS

Susan Skidmore – retired after 33 years at ICS

Richard Lieuwen – retired after 27 years at ICS

Donna Faulkner – left after 3 years at ICS

Recognition/Welcome of ICES principal – Scott Van't Land, Board Chair

Thanks to Jay Visser

Welcome to Barbi Wall

Presentation of the 2020-2021 Budget – Amy Ovinge, Board Treasurer

MSC to approve 2020-2021 Budget – Motion by Amy Ovinge, seconded by Naomi VanderVeen, carried.

Strategic Plan Report: ICES Building Project – Darryl Schalk, BIG Project Chair & Board Rep.

Power Point Presentation

News from the Board & Members Business – Scott Van't Land, Board Chair

First full year of Matt Bekkering, Laura Witten of vice at ICSS

Barbi principal at ICES, announcement of vice at ICES tomorrow

Update on appeal to the CRA re: tax receipts?

Nothing new to update

Increased budget for the BIG project much more than originally budgeted?

Awaiting tenders, will go back to the Society if there is a substantial increase

Closing Prayer – Naomi Vanderveen, Board Vice Chair

Adjournment – Scott Van't Land, at 8:15

THE SOCIETY FOR CHRISTIAN EDUCATION IN SOUTHERN ALBERTA

FINANCIAL STATEMENTS

For the year ended August 31, 2020

THE SOCIETY FOR CHRISTIAN EDUCATION IN SOUTHERN ALBERTA
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CHARTERED PROFESSIONAL ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To: The Directors of
The Society for Christian Education in Southern Alberta

Opinion

We have audited the financial statements of The Society for Christian Education in Southern Alberta, which comprise the statement of financial position as at August 31, 2020, and the statements of operations, changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the organization as at August 31, 2020, and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the organization in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the organization's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the organization's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

INDEPENDENT AUDITOR'S REPORT, continued

Auditor's Responsibilities for the Audit of the Financial Statements, continued

- ◆ Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- ◆ Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the organization's internal control.
- ◆ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- ◆ Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the organization's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the organization to cease to continue as a going concern.
- ◆ Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



Lethbridge, Alberta

November 11, 2020

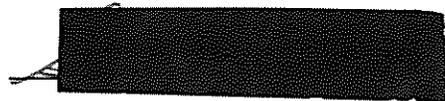
Chartered Professional Accountants

THE SOCIETY FOR CHRISTIAN EDUCATION IN SOUTHERN ALBERTA
STATEMENT OF FINANCIAL POSITION
As at August 31, 2020

	2020	2019
ASSETS		
Current		
Cash	\$ 1,521,204	\$ 1,614,866
Accounts receivable (note 3)	165,657	39,008
Prepaid expenses	22,672	4,501
	1,709,533	1,658,375
Capital assets (note 4)	2,572,190	2,401,643
Annuity funds (note 10)	25,487	32,379
Endowment funds (note 11)	88,541	88,203
	\$ 4,395,751	\$ 4,180,600
LIABILITIES AND NET ASSETS		
Current		
Accounts payable and accrued liabilities	\$ 70,239	\$ 29,205
Deferred revenue (note 5)	133,891	299,500
Deferred capital contributions (note 6)	157,692	203,064
Current portion of mortgage payable	45,114	43,657
	406,936	575,426
Long term debt (note 7)	40,000	-
Mortgage payable (note 8)	500,854	545,944
Unamortized capital contributions (note 9)	1,017,167	967,125
Other long term liability (note 10)	25,487	32,379
	1,990,444	2,120,874
Net Assets		
Unrestricted	109,550	203,445
Invested in capital assets	1,009,055	844,917
Endowment fund (note 11)	88,542	88,204
Internally restricted (reserves) (note 12)	1,198,160	923,160
	2,405,307	2,059,726
	\$ 4,395,751	\$ 4,180,600

Approved on behalf of the board:

Director



Director



THE SOCIETY FOR CHRISTIAN EDUCATION IN SOUTHERN ALBERTA
STATEMENT OF OPERATIONS
For the year ended August 31, 2020

	2020 Budget (unaudited)	2020 Actual	2019 Actual
Revenue			
School fees	\$ 879,350	\$ 890,854	\$ 894,830
Lethbridge School District #51 (note 13)	363,000	835,684	813,203
Transportation	270,000	206,290	265,663
Gifts, donations, and fundraising	10,000	117,472	178,866
Government programs revenue	-	101,435	-
Interest on investments	-	39,651	29,811
Other grant revenue	-	23,177	-
Other sales and service	33,000	8,387	18,090
	1,555,350	2,222,950	2,200,463
Expenses			
Operations and maintenance (schedule 1)	464,000	702,546	516,485
Administrative (schedule 2)	495,450	521,282	588,669
Transportation (schedule 3)	508,000	452,639	573,251
Interest on long-term debt	25,000	18,767	20,155
Bad debts	7,500	13,380	460
	1,499,950	1,708,614	1,699,020
Excess of revenue over expenses from operations	55,400	514,336	501,443
Other expenses (income)			
Amortization of capital contributions	-	(134,733)	(140,820)
Amortization	-	303,826	315,920
	-	169,093	175,100
Excess of revenue over expenses	\$ 55,400	\$ 345,243	\$ 326,343

THE SOCIETY FOR CHRISTIAN EDUCATION IN SOUTHERN ALBERTA
STATEMENT OF CHANGES IN NET ASSETS
For the year ended August 31, 2020

	Unrestricted	Invested in	Endowment	Internally	Total
	capital assets	restricted	fund	(reserves)	2020
					2019
Balance, beginning of year	\$ 203,445	\$ 844,917	\$ 88,204	\$ 923,160	\$ 1,731,766
Excess of revenue over expenses	345,243	-	-	-	345,243
Purchase of capital assets	(474,373)	474,373	-	-	-
Capital assets purchased by capital contributions	184,775	(184,775)	-	-	-
Amortization of capital contributions	(134,733)	134,733	-	-	-
Amortization	303,826	(303,826)	-	-	-
Mortgage repayments	(43,633)	43,633	-	-	-
Endowment fund donations and interest	-	-	338	-	338
Transfer to reserves	(275,000)	-	-	275,000	-
Balance, end of year	\$ 109,550	\$ 1,009,055	\$ 88,542	\$ 1,198,160	\$ 2,405,307
					\$ 2,059,726

THE SOCIETY FOR CHRISTIAN EDUCATION IN SOUTHERN ALBERTA
STATEMENT OF CASH FLOWS
For the year ended August 31, 2020

	2020	2019
Cash flows from operating activities		
Excess of revenue over expenses	\$ 345,243	\$ 326,343
Adjustments for items which do not affect cash		
Amortization	303,826	315,919
Amortization of capital contributions	(134,733)	(140,820)
	514,336	501,442
Change in non-cash working capital items		
Accounts receivable	(126,649)	(9,914)
Prepaid expenses	(18,171)	10,550
Accounts payable and accrued liabilities	41,034	(172,421)
Deferred revenue	(165,609)	(9,495)
Other long-term liability	(6,893)	(9,787)
Annuity funds	6,893	9,787
	244,941	320,162
Cash flows from investing activity		
Purchase of capital assets	(474,373)	(48,900)
Cash flows from financing activities		
Capital contributions received	139,403	115,504
Decrease in mortgage payable	(43,633)	(42,245)
Canadian Emergency Business Account loan	40,000	-
	135,770	73,259
Net (decrease) increase in cash	(93,662)	344,521
Cash, beginning of year	1,614,866	1,270,345
Cash, end of year	\$ 1,521,204	\$ 1,614,866

THE SOCIETY FOR CHRISTIAN EDUCATION IN SOUTHERN ALBERTA
NOTES TO THE FINANCIAL STATEMENTS
For the year ended August 31, 2020

1. **Nature of operations**

The Society for Christian Education in Southern Alberta was formed to operate Immanuel Christian Elementary and Immanuel Christian High Schools in Lethbridge, Alberta under contract with the Board of Trustees of Lethbridge School District #51.

2. **Significant accounting policies**

These financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations. The significant accounting policies are detailed as follows:

(a) Revenue recognition

School fees and support contributions are recognized in the year to which they relate.

Unrestricted contributions are recognized as revenue when received and receivable. Contributions in-kind are recorded at fair market value when reasonably determinable.

Externally restricted contributions are deferred and recognized as revenue in the period in which the restriction is complied with. Endowment funds, which are to be retained as net assets, are recorded as direct increases in trust assets and liabilities.

(b) Cash and cash equivalents

The Society includes amounts held by financial institutions in operating accounts in the determination of cash and cash equivalents.

(c) Financial instruments

The Society initially measures its financial assets and liabilities at fair value. The Society subsequently measures all its financial assets and financial liabilities at amortized cost.

(d) Capital assets

Capital assets are recorded at cost. The Society provides for amortization using the straight-line method at rates designed to amortize the cost of the capital assets over their estimated useful lives. The annual amortization rates are as follows:

Buildings	5%
Vehicles	12.5%
Furniture and fixtures	5 to 10%
Computer equipment	25%

Only capital assets with costs in excess of \$5,000 are capitalized. Any capital contributions received for asset additions are amortized into revenue over the same period as the amortization expense. Amortization of capital assets begins in the year after acquisition.

(e) Vacation pay

Vacation pay is accrued in the period in which the employee earns the benefit.

(f) Net assets invested in capital assets

The Society has chosen to present net assets invested in capital assets as a separate component of net assets.

THE SOCIETY FOR CHRISTIAN EDUCATION IN SOUTHERN ALBERTA
NOTES TO THE FINANCIAL STATEMENTS
For the year ended August 31, 2020

2. **Significant accounting policies, continued**

(g) **Contributed services**

Volunteers contribute a considerable number of hours per year to the school to ensure that certain programs are delivered. Because of the difficulty of compiling these hours and the fact that these services are not otherwise purchased, contributed services are not recognized in the financial statements.

(h) **Income taxes**

The Society is a registered charity and is exempt from income taxes under section 149(1)(f) of the Income Tax Act.

(i) **Measurement uncertainty**

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reported period. Actual results could differ from those estimates.

3. **Accounts receivable**

	2020	2019
Government programs receivable	\$ 101,435	\$ -
Grants receivable	23,177	-
School fees	18,723	30,106
GST	14,184	8,902
Ladies Auxilliary	8,138	-
	<u>\$ 165,657</u>	<u>\$ 39,008</u>

4. **Capital assets**

	2020		2019	
	Cost	Accumulated amortization	Net	Net
Land	\$ 205,459	\$ -	\$ 205,459	\$ 205,459
Buildings	6,715,135	4,947,017	1,768,118	1,733,068
Vehicles	1,312,871	835,138	477,733	321,401
Furniture and fixtures	492,221	371,341	120,880	141,715
Computer equipment	46,451	46,451	-	-
	<u>\$ 8,772,137</u>	<u>\$ 6,199,947</u>	<u>\$ 2,572,190</u>	<u>\$ 2,401,643</u>

Included in the capital asset balance above is \$263,805 of architect and expansion project fees that are not presently being amortized.

THE SOCIETY FOR CHRISTIAN EDUCATION IN SOUTHERN ALBERTA
NOTES TO THE FINANCIAL STATEMENTS
For the year ended August 31, 2020

5. Deferred revenue

Deferred revenue represents unspent resources received in the current period that are related to the subsequent period. Changes in the deferred revenue balance are as follows:

	Balance, beginning of year	Received	Recognized	Balance, end of year
Prepaid school fees	\$ 235,804	\$ 51,586	\$ (235,804)	\$ 51,586
Trades program	12,987	-	-	12,987
Deferred scholarship	20,130	-	(1,000)	19,130
Deferred fundraising	17,360	40,000	(20,391)	36,969
Current portion of annuity funds	10,000	-	-	10,000
Clint Konynenbelt Memorial	3,219	-	-	3,219
	<u>\$ 299,500</u>	<u>\$ 91,586</u>	<u>\$ (257,195)</u>	<u>\$ 133,891</u>

6. Deferred capital contributions

Deferred capital contributions represent contributed capital assets and restricted contributions for the purchase of capital assets. The changes in the deferred capital contributions balances for the period are as follows:

	2020	2019
Balance, beginning of year	\$ 203,064	\$ 136,460
Contributions received during the year	139,403	115,504
Contributions spent during the year - capital asset additions	(184,775)	(48,900)
	<u>\$ 157,692</u>	<u>\$ 203,064</u>

7. Long term debt

Christian Credit Union, Canada Emergency Business Account - The total amount represents \$30,000 of the unforgivable balance and \$10,000 of the forgivable balance of the \$40,000 interest-free loan received under the Government of Canada COVID response programs. 25% of the loan will be eligible for loan forgiveness, up to \$10,000, if the loan is fully repaid on or before December 31, 2022. When the \$10,000 is forgiven, the amount will be included in other income and will represent the maximum forgivable portion of the loan. If the unforgiven balance of the loan is not fully repaid by December 31, 2022 the remaining principal balance will be repayable and will bear interest at a rate of 5% per annum beginning on January 1, 2023. The loan is due in full December 31, 2025.

THE SOCIETY FOR CHRISTIAN EDUCATION IN SOUTHERN ALBERTA
NOTES TO THE FINANCIAL STATEMENTS
For the year ended August 31, 2020

8. Mortgage payable

	2020	2019
This loan is repayable at \$5,200 per month including interest at 3.29%. Security pledged consists of an authorized overdraft protection agreement in the amount of \$1,000,000, a first blanket collateral mortgage registered in the amount of \$1,000,000 against specified property and a general assignment of all rents and leases on the specified property. The loan is set to be renegotiated in 2022.	\$ 545,968	\$ 589,601
Less current portion	45,114	43,657
	\$ 500,854	\$ 545,944
Estimated principal repayments are as follows:		
2021	\$ 45,114	
2022	46,621	
2023	48,178	
2024	49,787	
2025	51,450	
Subsequent years	304,818	
	\$ 545,968	

9. Unamortized capital contributions

Unamortized capital contributions represent externally restricted supported capital funds that have been spent, but have yet to be amortized over the useful life of the applicable capital asset to which the restricted capital contributions apply. The unamortized capital contributions account balance is increased by transfer of previously deferred capital contributions now spent, and decreased as it is brought into revenue (amortization of capital contributions).

	2020	2019
Balance, beginning of year	\$ 967,125	\$ 1,059,045
Transfer from deferred capital contributions - capital asset additions	184,775	48,900
Amounts amortized to revenue	(134,733)	(140,820)
Balance, end of year	\$ 1,017,167	\$ 967,125

THE SOCIETY FOR CHRISTIAN EDUCATION IN SOUTHERN ALBERTA
NOTES TO THE FINANCIAL STATEMENTS
For the year ended August 31, 2020

10. **Other long term liability**

	2020	2019
Annuity funds - to be used over a 10 year period; to be drawn down annually at a maximum of \$10,000/year	\$ 35,487	\$ 42,379
Less: current portion	(10,000)	(10,000)
	\$ 25,487	\$ 32,379

11. **Endowment Fund**

The Society's Endowment Fund was established in 1997. The purpose of the endowment fund is to raise funds for the future financial stability and affordability of the Christian education provided by the Society. The principal of the Endowment fund is to remain the property of the Society for perpetuity and not be spent. Endowment contributions that are externally restricted by donors are recorded as direct increases in the endowment fund. In addition, the Board of Directors have approved that 10% of the annual earnings be added to the principal amount of the endowment fund (as direct increases in net assets) to guard against inflation. Any other accrued monies from the investments may be used for any purposes deemed appropriate by the Society Endowment Fund Committee, subject to Board approval.

The Society has also been named beneficiary of several life insurance policies with an estimated fair market value of \$50,000. As the timing of the receipt of funds cannot be determined, no recognition of these amounts has been recorded in the financial statements.

12. **Internally restricted reserves**

The Board of Directors have internally restricted the future use of a portion of the Society's net assets to a capital reserve - future projects to assist in funding anticipated future capital projects for the Society.

13. **Lethbridge School District #51**

Revenue received from Lethbridge School District #51 is as follows:

	2020	2019
Operations and maintenance	\$ 786,131	\$ 774,762
Transportation	49,553	38,441
	\$ 835,684	\$ 813,203

THE SOCIETY FOR CHRISTIAN EDUCATION IN SOUTHERN ALBERTA
NOTES TO THE FINANCIAL STATEMENTS
For the year ended August 31, 2020

14. Line of credit

The Society obtained two lines of credit from Christian Credit Union Ltd. The authorized overdrafts are to a maximum of \$250,000 and \$75,000, with an interest rate of prime, currently at 2.95%, plus 1%. The loans are payable on demand. Security pledged consists of an authorized overdraft protection agreement in the amount of \$1,000,000, a first blanket collateral mortgage registered in the amount of \$1,000,000 against specified property and a general assignment of all rents and leases on the specified property. During the year neither of the lines of credit were drawn on.

15. COVID-19

The global coronavirus pandemic has had a significant impact on global financial markets and will have a significant accounting, disclosure, and internal control implications for many entities.

Some of the key impacts, include, but are not limited to, interruptions of production and supply chains, unavailability of personnel, reductions in revenue, decline in value of financial investments, disruptions or stoppages in non-essential travel, and the closure of facilities and businesses.

The situation is changing rapidly and the future impact on the Association is not readily determinable at this time.

16. Comparative figures

The financial statements have been reclassified, where applicable, to conform to the presentation used in the current year. The changes do not affect prior year earnings.

THE SOCIETY FOR CHRISTIAN EDUCATION IN SOUTHERN ALBERTA
SCHEDULES TO THE FINANCIAL STATEMENTS
For the year ended August 31, 2020

Schedule of operations and maintenance

Schedule 1

	2020 Budget	2020 Actual	2019 Actual
Repairs and maintenance	\$ 81,000	\$ 316,833	\$ 143,454
Janitorial services and supplies	129,000	139,302	119,793
Utilities	114,000	111,710	119,482
Salaries and benefits	87,000	86,171	86,263
Insurance	53,000	48,530	47,493
	\$ 464,000	\$ 702,546	\$ 516,485

Schedule of administrative

Schedule 2

	2020 Budget	2020 Actual	2019 Actual
Instructional salaries and benefits	\$ 161,600	\$ 149,509	\$ 148,557
Society office salaries and benefits	123,250	117,837	121,196
Supplies	41,500	75,358	105,342
Memberships	48,000	51,175	47,779
Promotion	25,000	21,663	28,839
Conventions	22,500	20,280	18,473
Teaching for Transformation	41,600	20,171	40,454
Fundraising	-	19,267	26,168
GST	9,500	18,471	17,202
Professional fees	20,000	17,480	24,135
Scholarships	-	7,190	7,262
Bank charges and interest	2,500	2,881	3,262
	\$ 495,450	\$ 521,282	\$ 588,669

Schedule of transportation

Schedule 3

	2020 Budget	2020 Actual	2019 Actual
Salaries and benefits	\$ 248,500	\$ 256,584	\$ 270,120
Repairs and maintenance	130,000	107,947	169,158
Fuel	110,000	62,926	110,682
Insurance	19,500	21,099	15,707
Cellular phones	-	4,083	7,584
	\$ 508,000	\$ 452,639	\$ 573,251

BIG Project Summary

The Society Board presents to the Society Membership the following BIG Project Update – Design and Financing Scenarios. This information will be further shared and available for discussion at the Virtual Fall Society Meeting on Monday, November 30 at 7:30pm.

The intention of this update and the one at the Virtual Fall Society Meeting is to inform the membership that the financial scope of the project has fallen outside of the approval given by the membership, in September of 2019 with a vote of “Yes”, for the Board to manage. The original amount approved was \$4 million and since, the financial scope has increased to \$7 million. Thus, we will be calling for a special membership “Vote of Affirmation” to proceed with the BIG Project. This special vote will take place at ICES and ICSS on January 6 and 7, 2021 (further details to come).

The documents here support two key areas:

- Finance Scope
 - Increased charge in build costs
 - Additional out of scope costs
- Construction Scope
 - Minimal change to the structure and layout

The work of the BIG Project continues despite the presence of COVID-19 and the challenges it presents. At the August 2020 Society Board Meeting, the Board moved to delay the start of construction until the Spring of 2021. This decision has allowed the BIG Project Committee and the Finance Committee to outline critical steps to move forward with.

We recognize the support and approval the membership has granted the Board with the vote of “Yes” in September of 2019 to proceed with the project and the responsibility of managing a project of this scale. We value the importance of transparency and provide this updated information for members to be able to see and understand where the refining process has led to and allow members to make an informed decision for the upcoming vote.

We ask for your continued prayers regarding this matter. If you have questions prior to the Virtual Fall Society Meeting, please do not hesitate to email them to business@immanuelcs.ca, with the subject line “**BIG Project**” or phone the Society Office at 403-327-4223. Submitted questions must be in by noon on November 30, 2020 and will be addressed at the Virtual Fall Society Membership meeting.

If you would like to speak to a Board member directly about the building or the finance scenarios presented, use the email and phone information above along with your primary contact information and Jason Ferrie, Business Manager, will pass the request along to the appropriate Board members to assist in answering your questions.

BIG Project Update – ICES Expansion

What's happened since the last Society Meeting?

- Ward Bros. was hired as Construction Management Contractor
- Design and budget were advanced to 50% review stage
- Value Engineering was done to reduce cost of some items and to confirm design elements
- Design and budget were advanced to 95% review stage
- Drawings were submitted for Development Permit to City, Permit was received in September
- Drawings were also prepared for Tender, but Board decided by motion in Sept. to put the project on hold until the Spring of 2021

Current Budget:

At the last Society meeting, our preliminary design budget was at \$4,500,000, based on preliminary numbers estimated by the architect and engineers.

Through refinement of the design and budget updates at each stage, the budget has increased as presented in the table below:

Item	Total
Renovation Costs	\$719,182.00
New Building Construction	\$3,692,564.00
Sprinkler Retrofit and Sanitary Connection	\$254,278.00
Water/Sanitary/Storm Upgrades	\$145,970.00
Hazardous Material	\$200,000.00
Furnishings/Equipment	\$200,000.00
Parking Lot and Site Work	\$410,350.00
Land transfer costs to City	\$422,500.00
Roof Replacement	\$80,000.00
Subtotal	\$6,124,844.00
Contingency (10%)	\$612,484.40
Subtotal Construction Budget	\$6,737,328.40
Total Arch/Eng. Fees	\$279,828.00
Total Combined	\$7,017,156.40

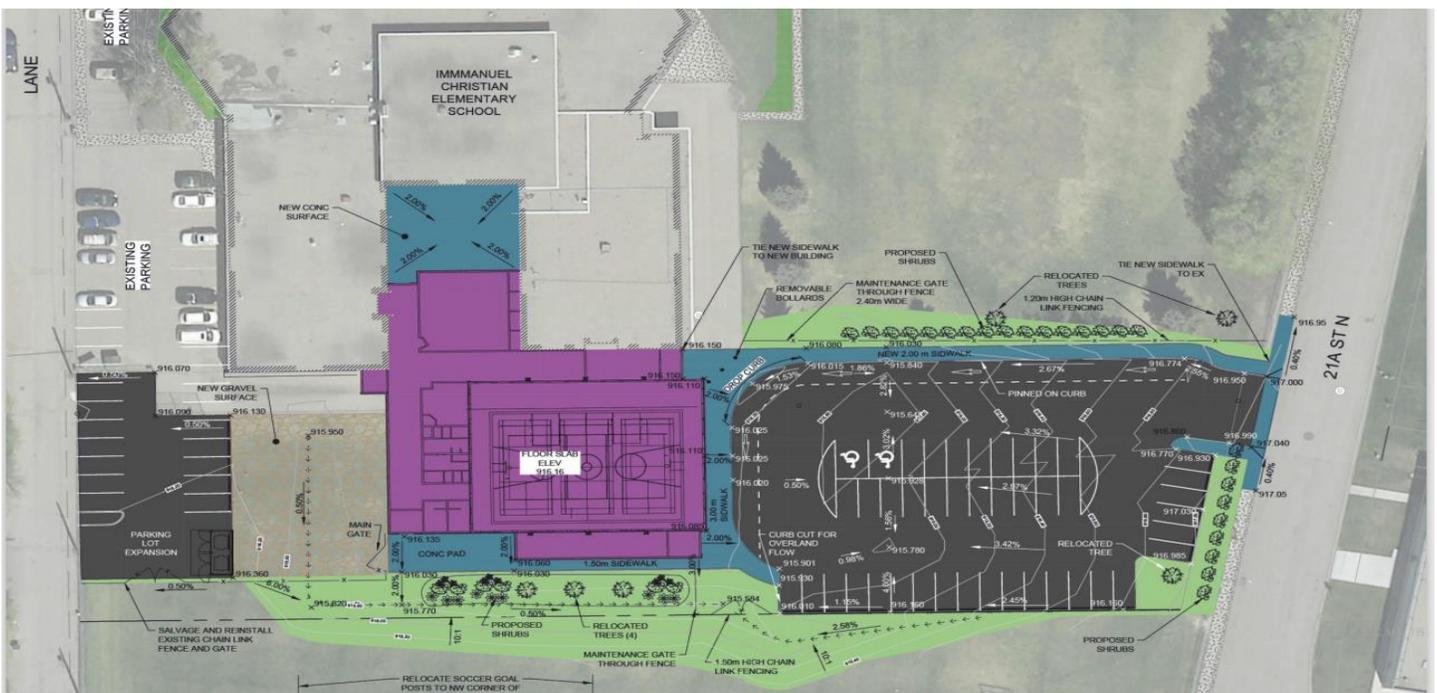
Here are some items that impacted the budget since presented in the spring of 2020:

- Renovation Costs have increased approximately \$30/sq.ft.
- New Building Construction costs have increased approximately \$90/sq.ft.
- Existing sanitary sewer lines within the school require upgrading, new expansion requires a new line to be installed through the Learning Commons, and at the same time will replace existing pumped system in east wing, will also require cutting of existing floor and replacement of flooring
- Sprinkler Retrofit requires additional work and cost than originally estimated
- Utility Servicing – additional hydrant required, additional storm sewer piping required with grading and parking lot
- Parking Lot and Sitework – additional sidewalks required around perimeter of parking lot, Additional landscape and irrigation work required than planned at preliminary stage
- Land transfer cost – City changed direction for the land transfer, where initially thought that land would be 'donated', City now asking for market value for the land transfer

Things to consider with the expansion project:

1. Though our enrollment numbers have decreased at ICES with Covid-19, we are expecting them to rebound and we will continue to see growth much like we did prior to Covid-19
2. We will still need to consider expansion, but perhaps the need is not as immediate as it was last year
3. The longer we wait to proceed with the expansion, the higher construction costs will continue to rise (typically there is escalation on construction costs each year)
4. We have a well thought out expansion plan that will meet our needs for many years and also considers future expansion again if needed.
5. We have not tendered the project yet so these budget numbers are based on 'worst case scenario' estimates. Depending on how aggressive the construction industry is at the time when we tender, we likely will see some reduction in the construction estimate

Current Design:



BIG Project Update – ICES Expansion

Financing Scenarios

Item	Total
Renovation Costs	\$719,182.00
New Building Construction	\$3,692,564.00
Sprinkler Retrofit and Sanitary Connection	\$254,278.00
Water/Sanitary/Storm Upgrades	\$145,970.00
Hazardous Material	\$200,000.00
Furnishing/Equipment	\$200,000.00
Parking Lot and Site Work	\$410,350.00
Land Transfer Costs	\$422,500.00
Roof Replacement	\$80,000.00
Subtotal	\$6,124,844.00
Contingency (Cost Overruns 10%)	\$612,484.40
Total	\$6,737,328.40
ARFAI Fees (Architect)	\$239,153.00
Wood Fees (Geotech)	\$5,000.00
BOA (Survey, Legal, Land Transfer)	\$11,825.00
Sherlock Env. Fees (Haz. Mat'l Audit)	\$3,850.00
Reliance Appraisals	\$2,500.00
AE Fees (Civil Site work)	\$17,500.00
Total	\$7,017,156.40

Total ICES Big Project Cost **\$7,017,156.40**

Fundraising Scenarios

Currently Society has \$1,300,000 cash down towards the project
 All Architect and other fees totalling \$290,000 have been paid
 Financing Requirement is to have a minimum of \$2,000,000 cash down payment

Shortfall of \$500,000

Option #1 Start Spring of 2021

Fund Raise full \$500,000

Option #2 Wait till Fall of 2021

Society should receive another government payment in which \$300,000 can be directed to the required cash down payment. Earmark all fundraising activities (Fall Fundraiser, Friends of Immanuel and Bytes and Bytes) toward the down payment (expecting \$100,000)

Total Needed to Fund Raise	\$500,000.00
Government Payment September 2021	\$300,000.00
Fall Fund Raiser, Bytes and Bytes, Friends of Immanuel	\$100,000.00
Shortfall	\$100,000.00

****Fund Raise \$100,000**

Financing Scenarios

Best Case Scenario Assumptions

Loan Amount	\$4,500,000.00
Blend Mortgage Payment per Year	\$289,747.78
Amortization (years)	25
Interest Rate	4.00%
Government Payment	\$420,000.00
Families Sending Children to Immanuel	240

Best Case Scenario (Lease payment continues for 25 years)

Society receives the Grant money from the Alberta Government \$420,000
Mortgage payment is covered via lease payment no incremental cost to school fees due to the Big Project (\$1,207 per family Debt servicing cost)

Worst Case Scenario Assumptions

Loan Amount	\$5,000,000.00
Blend Mortgage Payment per Year	\$357,236.00
Amortization (years)	25
Interest Rate	5.00%
Government Payment	\$0.00
Families Sending Children to Immanuel	240

Worst Case Scenario (Lease payment is not paid out)

Mortgage payment would have to be covered with increase school fees
Estimated increase is \$1,488 per family per year
Based on higher interest Rate of 5.00%
Included the 10% cost overruns of \$613,000 in the loan amount