

District Finance Committee Meeting Minutes December 12, 2022

Present: Brad Boyd, Aaron Chan, Wes Drewlo, Mark Hutchinson, Erin Knott, Nicholas Lai, Mark Peters

Wes opened the meeting in prayer at 1:13pm. Brad was welcomed to the Committee and gratitude was expressed to Aaron for his service as he retires.

Approval of Agenda

Moved (N. Lai) and seconded (W. Drewlo) that the Agenda be approved.

CARRIED

Declaration of Conflict of Interest

No conflicts of interest were expressed.

Approval of Minutes

Moved (M. Peters) and seconded (A. Chan) that the minutes of the meeting on September 21, 2022 and the email minutes from November 13, 2022 be approved.

CARRIED

Monthly Financial Statements

Aaron reviewed the Summary Income Statement and noted that the District Operating Budget in October was the same as the budget and Canadian Ministries was slightly lower than the budget. The net income was a deficit of \$95K due to \$52K of donation income that has not yet been received in 2022. This donation will likely come in 2023 when the Canada Revenue Agency issues the tax clearance. An additional reason for the deficit was the addition of District staff benefits expenses of \$48K.

Aaron noted that he closed the books on November and that there is an employee benefits surplus of \$13K as compared to an average deficit of \$23K per month previous to the benefits plan changes implemented on November 1st. The reserve is sitting at \$59K as of the end of November, and at this rate, Aaron estimates it will take 10-12 months to reach the desired \$200K reserve level.



Aaron reviewed the Balance Sheet Summary and noted that the cash balance is down by \$1.6M due to a loan of \$1.5M to Fraser Lands Church. The cash balance will be reduced further by the end of November with the approval of an additional \$1.1M loan to Living Hope Community Church. Aaron noted that there is still a sufficient cash balance.

Aaron reviewed the loans to churches as of the end of October and noted that several churches are doing well and have made additional payments. Two churches (Timbers and Summerland) are still paying interest only. It was noted that there are strong signs of church health overall.

Moved (E. Knott) and seconded (M. Peters) that the financial statements are accepted and recommended to DEXCOM.

CARRIED

The Global Advance Fund (GAF) monthly report was received without comment.

Potential Investment Opportunities

Wes met with John Kaethler, who noted that commercial investment could have an impact on church giving if it is assumed that there is another revenue stream and tithing is not as needed. John further noted the potential for becoming beholden to the government with social housing projects, which could be limiting. As well, given current interest rates, taking out a loan to invest means that the residual after such an investment would be fairly small. John would be interested in looking at proposals from the committee if that was deemed helpful.

It was agreed that while there may be potential for decreased giving, that communication is key in encouraging givers and explaining the potential with investment to increase ministry.

Nicholas was unable to speak with talk to Robert Bonkes (Benchmark) but did speak to his son Justin, owner of Caliber, who was also interested. Nicholas intends to meet with both Robert and Justin.

Mark Hutchinson determined that working with a financial advisor would not help given the scenarios being looked at. RBC has stated the District could borrow up to \$10M using church properties, however, given current interest rates it may not be worth encumbering properties for a small return. He estimated that the annual return from Westbow would be \$43K with an investment of \$1M using the District Office building.

There was consensus to use \$1M of the funds from the District Office building as a test case.

Action Item – Nicholas Lai to meet with Robert Bonkes of Benchmark and Justin Bonkes of Caliber to investigate potential investment opportunities.



South Hazelton Property

Nicholas investigated the possibility of subdividing the property and found documentation that the government had granted crown land to the church for \$1 in 1984. His colleague is speaking to the District's lawyer to determine whether we are able to sell the land, if the land can be used for anything other than a church, and the legal aspects of potential development. It is expected that more will be known in January.

It was noted that there may not be much potential for the land given that it is in a small community and the local economy. Nicholas believed that subdivision would hold the best potential, but that until the issue with the crown grant is sorted things cannot move forward.

Maurice Yee has informed Aaron that the church group can no longer afford to rent the building. Bills will now be sent to the District, and ongoing maintenance including ordering propane, paying insurance, and opening doors for rental groups, is necessary. Aaron estimated the monthly cost of maintaining the facility would be \$10K per year and noted that if the building was left vacant that insurance would increase. There is little offsetting revenue from the two remaining rental groups.

There was discussion about approaching Bart Metcalf to do the minimal maintenance needed in lieu of any rental fees, but agreement that engaging Maurice to do this in the interim was a better option. There was a consensus to pay the bills on an interim basis while the committee works to determine options for the property.

Action Item – Mark Peters and Erin Knott to respond to Maurice Yee and confirm his ability to forward bills, manage building maintenance, and provide communication while the property sale and/or potential subdivision is investigated.

Information Items

Erin noted the approved changes in the DEXCOM-approved Terms of Reference and that the approved 2023/2025 budgets were provided for reference.

A break was taken at 2:15pm.

Cranbrook Alliance Church Property Subdivision and Sale

The Cranbrook Alliance Church Board joined the meeting via Zoom at 2:57pm.

The significant difference between the proposed sale amount and the appraised value was discussed with a desire to determine what was fair for the church, the District, and Kootenay Christian Academy (KCA).



Wes Grant McDowell responded that the appraiser took an approach of what was reasonable in the Cranbrook market. A Board member also noted that a small number of potential purchasers also affects the asking price.

Wes described his analysis of the appraisal report and estimated a value of \$3.82M for the parcel being sold, which represents a difference of 22% from the \$3M offer by KCA.

Nicholas shared an aerial photo of the current proposed subdivision and suggested a revision to include the parking area in the church's parcel to create a larger piece of land that the church retains, which would lessen the gap between the sale value and the appraised value. He suggested that the school be given access to the parking lot by creating an easement and believed that this arrangement should not affect the school or church operationally.

Grant noted that it made sense in the initial plans to divide the property along the road access points and that the church would have needed an easement to use the parking lot should the school own it. A reciprocal agreement would be in place, and the additional parcel staying with the church could be of future benefit.

A Board member responded that issues with the city were not anticipated provided the easement was included in the sale agreement, and that the city was satisfied with the number of paved parking spaces to meet requirements.

There was a general agreement to review the proposed subdivision revision from the Board. The committee expressed the importance of taking this decision to church membership given the difference between the land value and the potential change in the subdivision. Grant agreed that members have the right to understand the matter.

The Board was asked about the reasons behind the proposed subdivision. They responded as follows:

- The church has increasingly been eased out of space and concern was expressed that the church will not be able to replace what they are losing.
- Both ministries are unique in Cranbrook and KCA has been bursting at the seams for multiple years. KCA has no access to money without land and has been on a 15-year journey to meet the needs of Christian education in Cranbrook.
- A lot of money has been put into the church building which was not well constructed, and this is an opportunity to purpose-build a building meeting current ministry needs (ex. providing food, smaller classrooms, etc.) with no-debt construction as mandated by members.



- No matter what the church does, it was recognized that there is no easy way. There is a sense of loss for the heritage folks, yet the gains ahead are potentially large, including:
 - Capital investment and potential for renewal in a new way
 - Next generation care
 - Operationally, new material costs less than old and there is an opportunity to increase quality
 - Creating a fair-use agreement for the use of the school's portion of the building, providing the church increased freedom in ministry to plan and use space as they desire

Action Item – Wes Drewlo to send the Cranbrook Alliance Church Board his property valuation estimate.

Action Item – Mark Peters to share the next steps from the Finance Committee with Grant McDowell as well as a copy of the proposed redrawn subdivision map.

The Cranbrook Alliance Church Board left the meeting at 3:40pm.

The committee agreed that it was good to hear the Board's heart for ministry and plans for use of the space. Mark Peters noted that the committee is stewarding kingdom vision as well as land.

Brad commented that the parking lot parcel remaining with the church may help church members struggling with the change and loss of the building. Nicholas cautioned care to not provide an excess easement for the school to protect use for the church.

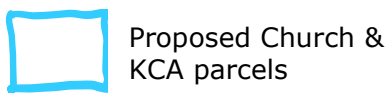
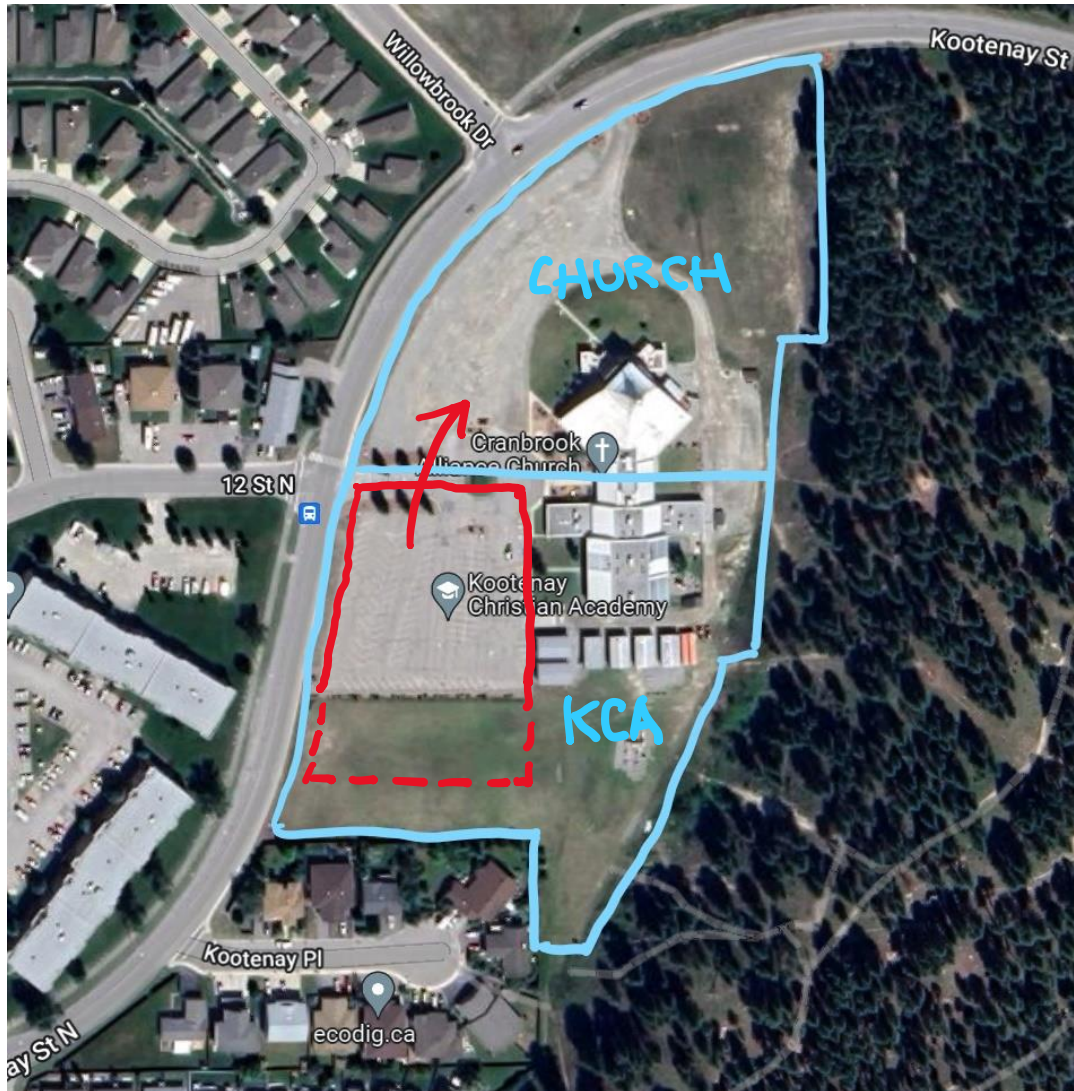
Action Item – Nicholas Lai to provide clear direction with technical language and communication to accompany the proposed revision to Cranbrook Alliance Church.

Moved (B. Boyd) and seconded (M. Peters) to recommend to DEXCOM that the subdivision of Cranbrook Alliance Church and its sale to Kootenay Christian Academy be approved with the following conditions:

- **That the proposed parcel to be sold to Kootenay Christian Academy be adjusted to reduce the parcel area by excluding the parking portion (more or less), dependent on the ultimate value being closer to the assessed value, with an appropriate easement included to meet the parking and access requirement of the school (see illustration below), and**
- **That the Cranbrook Alliance Church membership approve of the revised subdivision.**

CARRIED





Proposed Church &
KCA parcels



Approximate Area to be
adjusted with appropriate
parking & access easement

Next Meeting

The next meetings were scheduled as follows:

- February 15, 2023 from 12:30-2:30pm via Zoom
- March 20, 2023 via Zoom

The meeting adjourned at 3:54pm.