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**COURT** COURT OF QUEEN'S BENCH OF ALBERTA

**JUDICIAL CENTRE** CALGARY

**DOCUMENT** SECOND REPORT OF THE MONITOR

IN THE MATTER OF THE COMPANIES CREDITORS'  
ARRANGEMENT ACT, R.S.C. 1985 c. C-36 AS AMENDED

AND IN THE MATTER OF A PLAN OF COMPROMISE OR  
ARRANGEMENT OF LUTHERAN CHURCH – CANADA, THE  
ALBERTA – BRITISH COLUMBIA DISTRICT, LUTHERAN  
CHURCH – CANADA, THE ALBERTA – BRITISH COLUMBIA  
DISTRICT INVESTMENTS LTD., ENCHARIS COMMUNITY  
HOUSING AND SERVICES AND ENCHARIS MANAGEMENT  
AND SUPPORT SERVICES

DATED MARCH 23, 2015

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## SCHEDULES

Schedule 1	Notice to Creditors of the Claims Process, as published in the Globe and Mail National Edition
Schedule 2	Notice to Depositors of the Lutheran Church – Canada, the Alberta – British Columbia District Investments Ltd. re: the Claims Process, dated March 11, 2015
Schedule 3	Notice to Depositors of the Lutheran Church – Canada, the Alberta – British Columbia District re: the Creditors' Committee Selection Process, dated March 16, 2015
Schedule 4	Notice to Depositors of the Lutheran Church – Canada, the Alberta – British Columbia District Investments Ltd. re: the Creditors' Committee Selection Process, dated March 16, 2015
Schedule 5	Statement of Projected Cash Flow for the Fifteen Week Period Ending June 27, 2015 for the Lutheran Church – Canada, the Alberta – British Columbia District
Schedule 6	Statement of Projected Cash Flow for the Fifteen Week Period Ending June 27, 2015 for the Lutheran Church – Canada, the Alberta – British Columbia District Investments Ltd.
Schedule 7	Statement of Projected Cash Flow for the Fifteen Week Period Ending June 27, 2015 for Encharis Community Housing and Services
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Schedule 9	Variance Analysis for the Five Week Period Ended March 14, 2015 for the Lutheran Church – Canada, the Alberta – British Columbia District
Schedule 10	Variance Analysis for the Five Week Period Ended March 14, 2015 for the Lutheran Church – Canada, the Alberta British Columbia District Investments Ltd.
Schedule 11	Variance Analysis for the Five Week Period Ended March 14, 2015 for Encharis Community Housing and Services
Schedule 12	Variance Analysis for the Five Week Period Ended March 14, 2015 for Encharis Management and Support Services

# Introduction and Notice to Reader

## Introduction

1. On January 23, 2015 (the “Filing Date”), Lutheran Church – Canada, the Alberta – British Columbia District (the “District”), Encharis Community Housing and Services (“ECHS”), Encharis Management and Support Services (“EMSS”) and Lutheran Church – Canada, the Alberta – British Columbia District Investments Ltd. (“DIL” or “District Investments”, collectively the “Applicants” or the “District Group”) obtained an Initial Order from the Court of Queen’s Bench of Alberta (the “Court”) for an Order (the “Initial Order”) under the *Companies’ Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the “CCAA”). Deloitte Restructuring Inc. (“Deloitte”) was appointed as Monitor (the “Monitor”) in the CCAA proceedings.
2. The Initial Order provided for an initial stay of proceedings until February 20, 2015. On February 20, 2015, the Court granted an Order (the “February 20 Order”) extending the stay of proceedings until March 27, 2015 (the “Stay”).
3. Prior to the Initial Order being granted, Deloitte prepared a Pre-Filing Report of the Proposed Monitor dated January 22, 2015 (the “Pre-Filing Report”).
4. The First Report of the Monitor dated February 17, 2015 (the “First Report”) provided the Court with information related to the District Group’s application on February 20, 2015 (the “February 20 Hearing”), as further described below.
5. Capitalized terms not otherwise defined herein have the meanings given to them in the Pre-Filing Report and the First Report.
6. Information on the CCAA proceedings can be accessed on Deloitte’s website at [www.insolvencies.deloitte.ca](http://www.insolvencies.deloitte.ca) under the link entitled “Lutheran Church – Canada, the Alberta – British Columbia District et. al.” (the “Monitor’s Website”).

## Notice to Reader

7. In preparing this report, the Monitor has relied on unaudited financial information, the books and records of the Applicants and discussions with the Applicant’s employees, interested parties and stakeholders. The Monitor has not performed an independent review or audit of the information provided.

8. Certain of the information referred to herein consists of financial forecasts and/or projections. The financial forecasts included in this report are the responsibility of management for the Applicants ("Management"). Management's responsibility extends beyond ensuring that the individual assumptions used to prepare the financial forecasts are appropriate in the circumstances to ensuring that the assumptions as a whole are appropriate. While the Monitor has reviewed the information, the Monitor has not performed an audit or other verification of such information. Future oriented financial information included in this report is based on Management's assumptions regarding future events. Actual results achieved may vary and these variations may be material.
9. The Monitor assumes no responsibility or liability for any loss or damage occasioned by any party as a result of the circulation, publication, reproduction, or use of this report.
10. All amounts included herein are in Canadian dollars unless otherwise stated.

# Court Applications

11. The Pre-Filing Report was filed in support of the January 23, 2015 application at which the Initial Order was granted. The Pre-Filing Report was filed in order to provide this Honourable Court with information regarding Deloitte's qualifications to act as Monitor, the Applicants' statements of projected cash flow, the proposed funding of the CCAA proceedings and the Emergency Fund (as defined herein).
12. The First Report provided additional information with respect to the following:
  - 12.1. The Monitor's activities up to the date of the First Report;
  - 12.2. The reasons for the insolvency of the District Group;
  - 12.3. Various matters that may impact the CCAA proceedings; and
  - 12.4. The relief sought by both the District Group and the Monitor at the February 20 Hearing.
13. At the February 20 Hearing the Court granted two Orders, with the first Order (defined above as the "February 20 Order") including the following relief:
  - 13.1. Extending the initial stay of proceedings from February 20, 2015 until March 27, 2015;
  - 13.2. Approving a claims process (the "Claims Process");
  - 13.3. Authorizing the appointment of a chief restructuring officer (the "CRO") for the District and DIL, subject to approval of the Court and the Monitor as to the qualifications of the prospective CRO and the financial terms of the prospective CRO's engagement, and setting the general powers and duties of the CRO;
  - 13.4. Extending the Directors' and Officers' ("D&O") indemnification and charge granted in the Initial Order to a joint restructuring committee (the "Joint Committee") being established by the Applicants;
  - 13.5. Authorizing ECHS to pay pre-filing invoices to Shannon's Services Management Corp. and to pay Encon Group Inc. for the premium to extend the D&O insurance coverage, a portion of which related to the pre-filing period;
  - 13.6. Appointing Pure Elements Environmental Solutions as a critical supplier to ECHS and declaring that it be subject to the terms of the Initial Order; and

- 13.7. Authorizing the subdivision of selected lands within the Prince of Peace development located just east of the City of Calgary which includes two seniors' care facilities, known as the Harbour and the Manor, as well as surrounding development lands (the "Prince of Peace Development").
14. The second Order (the "Committee Order") granted at the February 20 Hearing approved a creditors' committee selection process (the "Committee Process").
15. The District also made an application at the February 20 Hearing for authorization to make payments to the Lutheran Church – Canada ("LCC") for 35% of the total mission remittances received by the District (the "LCC Portion") for the pre-filing period up to January 23, 2015 and on a go-forward basis and setting the terms for the payment of the LCC Portion (the "LCC Application"). The LCC Application was adjourned *sine die*, and the District was directed to record the mission remittances it received and was ordered to not disburse 35% of such remittances until it was otherwise directed to do so.
16. This report represents the second report of the Monitor (the "Second Report"). The Second Report provides additional information with respect to the following:
  - 16.1. The Monitor's activities since the date of the First Report;
  - 16.2. An update on the following:
    - 16.2.1. The Claims Process;
    - 16.2.2. The Committee Process; and
    - 16.2.3. Various matters that may impact the CCAA proceedings.
  - 16.3. The statements of projected cash flow for each of the Applicant's for the Fifteen Week Period Ending June 27, 2015;
  - 16.4. The variance analysis for each of the Applicants for the five week period ended March 14, 2015; and
  - 16.5. The relief sought by the District Group at the application scheduled for March 27, 2015 (the "March 27 Hearing"), as further described below.
17. At the March 27 Hearing, the District Group will be seeking an Order of this Honourable Court containing the following relief:
  - 17.1. Extending the stay of proceedings from March 27, 2015 until June 26, 2015 (the "Extension");
  - 17.2. Appointing Kluane Financial Services Inc. ("Kluane") as the CRO for the District and DIL, approving the terms of engagement of the CRO, and extending the D&O Charge and the Administration Charge granted in the Initial Order to the CRO;
  - 17.3. Authorizing the District to make payment of the LCC Portion to LCC;



- 17.4. Approving the sale of the following lands (the "Sale Lands"):
- 17.4.1. Lands located in Chestermere (the "Chestermere Lands"), which are legally described as follows:
- Meridian 4 Range 28 Township 24 Section 2
  - Portion of South West Quarter
  - Lying South of Right of Way RY331
  - Containing 40.9 Hectares (101 acres) more or less
  - Excepting thereout all mines and minerals;
- 17.4.2. Lands located in St. Albert (the "St. Albert Lands"), which are legally described as follows:
- Plan 9423702
  - Lot C
  - Excepting thereout all mines and minerals
  - Area: 9.12 Hectares (22.54 acres) more or less;
- 17.4.3. Vacant school lands located in Edmonton, Alberta (the "Faith Lands"), which are legally described as follows:
- Plan 4592NY
  - Block 6
  - Lot 6
  - Excepting thereout all mines and minerals
  - Area: 1.63 hectares (4.03 acres) more or less; and
- 17.4.4. A condominium located at 223 Dayspring Bay within the Prince of Peace Village, which is subject to a life lease (the "Village Condo") and is legally described as follows:
- Unit 25
  - Condominium Plan 9812469
  - And 71 undivided one ten thousandth shares in the common property
  - Excepting thereout all mines and minerals;
- 17.5. Authorizing the future sale of lands owned by ECHS within the Prince of Peace Development which are subject to life leases in the event that the life lease resident (the "Resident(s)") terminates or surrenders their interest in the life lease, as described herein;
- 17.6. Confirming that legal costs incurred by the Applicants in dealing with the Alberta Securities Commission (the "ASC") and the British Columbia Securities Commission (the "BCSC") are included as part of the Administrative Charge granted in the Initial Order;

- 17.7. Authorizing the District to apply funds in the mileage reserve fund (the "Mileage Fund"), as described herein, to loans owed to the District by participants in the Mileage Fund; and
- 17.8. Sealing the confidential affidavit of Mr. Kurtis Robinson which has been provided to the Court in advance of the March 27 Hearing and which provides additional information related to the transactions involving the Sale Lands.
18. The Monitor will provide a Confidential Supplement to the Second Report (the "Confidential Supplement") in advance of the March 27 Hearing. The Confidential Supplement will provide additional detail with respect to the transactions involving the Sale Lands. The Monitor will be making an application to have the Confidential Supplement sealed by the Court in order to avoid tainting any future sale process that may be required should any of the transactions involving the Sale Lands fail to be completed.

# Monitor's activities

## Activities since the date of the First Report

19. The Monitor has and will continue to make regular updates to the Monitor's Website to ensure that creditors and interested parties have access to all available information in these proceedings.
20. The Monitor has complied with the notice requirements set out in February 20 Order and the Committees Order as described below:
  - 20.1. Notice of the Claims Process (the "Claims Notice") was published in the Globe and Mail National Edition on February 27, 2015 and March 6, 2015. A copy of the Claims Notice is attached as "Schedule 1"; and
  - 20.2. Information on both the Claims Process and the Committee Process was sent by regular mail on or before February 27, 2015 to every known creditor who had a claim against the District Group, except for the Residents, to whom this information was hand delivered on February 27, 2015.
21. The Monitor's other activities since the First Report have included the following:
  - 21.1. Attending various meetings and calls with Management, the Joint Committee, the District's Board of Directors and the District Group's legal counsel to discuss the restructuring efforts;
  - 21.2. Monitoring the District Group's cash flow projections and the District Group's business and financial affairs during the Stay;
  - 21.3. Reviewing submissions from and interviewing two CRO candidates;
  - 21.4. Implementing the Claims Process, as set out in the February 20 Order and as further described herein;
  - 21.5. Implementing the Committee Process as set out in the Committee Order and as further described herein;
  - 21.6. Continuing to review various matters that may impact the restructuring, as set out herein;
  - 21.7. Meeting with Diversicare Canada Management Services Inc. ("Diversicare"), the management team who operate the senior's care facilities known as the Harbour and the Manor; and
  - 21.8. Responding to various general inquiries from Depositors to the District's church extension fund ("CEF") and DIL (the "Depositors") and from other stakeholders.

# Stay of Proceedings

22. As previously reported, at the March 27 Hearing the District Group will be making an application to extend the stay of proceedings from March 27, 2015 to June 26, 2015 (previously defined as the "Extension").
23. Based on the Monitor's dealings with Management and the Monitor's review of the District Group's operations and restructuring efforts to date, we can advise that:
  - 23.1. The District Group is acting in good faith and with due diligence;
  - 23.2. The District Group is cooperating with the Monitor and is making efforts to formulate a plan of arrangement to present to its creditors (the "Plan"); and
  - 23.3. The Monitor is of the view that the creditors of the District Group will not be materially prejudiced by the Extension.
24. Based on the above, the Monitor supports the Extension.

# Appointment of a CRO

25. At the February 20 Hearing, the Court approved the District Group engaging a CRO for the District and DIL. As previously reported, the Monitor is of the view that the appointment of a CRO will facilitate the restructuring efforts of the District and DIL and are supportive of the District Group's application to appoint a CRO, based on the following:
  - 25.1. The Monitor believes that the appointment of a CRO may alleviate depositor concerns regarding the existing leadership of the District and increase depositor confidence in the restructuring process;
  - 25.2. A CRO should provide additional direction to Management and to the Applicant's employees and streamline the restructuring efforts of the District Group; and
  - 25.3. A CRO will provide Management with needed financial and restructuring expertise.
26. Pursuant to the February 20 Order, the CRO was authorized, subject to the approval of the Monitor and, where required, the Court, to manage the business and ministry operations, affairs and restructuring of the District and DIL including the following:
  - 26.1. Assisting and directing the restructuring of the Applicants;
  - 26.2. Reviewing the business and ministry operations and assessing opportunities for cost reduction and revenue enhancement at the District and DIL;
  - 26.3. Overseeing and directing the preparation of future statements of projected cash flow for the District and DIL;
  - 26.4. Ceasing all or a portion of the business of the District or DIL or selling or otherwise disposing of any of the property of the District or DIL, subject to the approval of the Monitor and, where required, the Court;
  - 26.5. Approving all disbursements of the District and DIL;
  - 26.6. Accessing fully the books, records and key personnel of the Applicants;
  - 26.7. Reporting to the Court, the District and DIL and other stakeholders, as appropriate;
  - 26.8. Considering the interests of and taking direction from the District and DIL, subject to the Monitor's approval, and to assist in the preparation and implementation of the Applicants' Plan;
  - 26.9. Providing instructions to counsel for the Applicants; and

- 26.10. Performing such other duties as are required to carry out the powers and obligations conferred upon the CRO by the Court.
27. As previously reported, on February 9, 2015, the District issued a request for expressions of interest and qualifications for a CRO (the "RFQ"). The RFQ set out the requirements and procurement process to find a CRO. Management has advised that the RFQ was issued to four candidates. Following Management's review of submissions by those four candidates, a short-list of two candidates (the "CRO Candidates") was submitted to the Monitor. The Monitor reviewed the submissions of the CRO Candidates, met with each of the CRO Candidates and reached out to members of the insolvency community who had worked with the CRO Candidates. The Monitor subsequently provided feedback to Management on each of the CRO Candidates.
28. At the March 27 Hearing, the Applicants are seeking the appointment of Kluane as CRO for both the District and DIL. The Monitor is supportive of this application based on the following:
- 28.1. Mr. Cam Sherban will be the lead engagement partner from Kluane with additional senior and junior level resources being made available as needed. As such, Kluane is able to offer additional support beyond what was offered by the other CRO candidate;
  - 28.2. Kluane is being compensated in the form of a flat monthly fee of \$28,000, plus reasonable out-of-pocket expenses, which the Monitor understands has been discounted and appears to be reasonable based on the resources that are to be provided;
  - 28.3. In their role as CRO, Kluane will provide restructuring related communications support to the District and DIL such that the services of the communications firm currently being retained by the Applicants should be substantially reduced, which will result in cost savings for the Applicants and will provide greater certainty to the Applicant's cash flow projections;
  - 28.4. Kluane's management team appears to have relevant expertise in both insolvency and real estate; and
  - 28.5. The Monitor received positive feedback from other insolvency professionals who had worked with Mr. Sherban in the past.

# Claims Process

29. The February 20 Order included Court approval of the Claims Process. The following is an update on the Monitor's activities to date with respect to the Claims Process:
- 29.1. Individual claims packages (the "Claims Packages") were created for Depositors to CEF (the "CEF Depositors"), Depositors to DIL (the "DIL Depositors"), the Residents and trade creditors (collectively the "Claimants"). Templates of the Claims Packages were posted on the Monitor's Website on or before February 27, 2015;
  - 29.2. All Claims Packages were sent by regular mail to all known Claimants on or before February 27, 2015, other than to the Residents whose Claims Packages were hand delivered on February 27, 2015; and
  - 29.3. As previously reported, the Claims Notice was published in the Globe and Mail National Edition on February 27 and March 6, 2015.
30. As previously reported, a reverse Claims Process was established for CEF Depositors, DIL Depositors and Residents. The Claims Packages for both the CEF Depositors and the DIL Depositors included pre-populated forms with the amount of each Depositor's claim as at the Filing Date along with a corresponding account summary dated as at January 23, 2015.
31. As previously reported, DIL contains registered investments such as RRSPs, TFSAs and RRIFs. Due to the nature of these investments, their value is equal to the value of the assets in District Investments (the "DIL Assets") which include selected loans held by District Investments that may not have any realizable value (the "DIL Loans"). As such, the value of the investments held by DIL Depositors will increase or decrease proportionally based on increases or decreases in the value of the DIL Assets. As at the Filing Date, District Investments estimated a write-down of 24% on the value of the DIL Assets (the "Write-Down") based on anticipated losses on the DIL Loans. Each claim in DIL reflects the Write-Down. Following the issuance of the Claims Packages, the Monitor received several inquiries related to the Write-Down. As such, the Monitor posted an additional communication to DIL Depositors on the Monitor's Website on March 11, 2015 (the "DIL Claims Letter") in order to clarify the information contained in the Claims Package for DIL Depositors. A copy of the DIL Claims Letter is attached as Schedule "2".
32. The Claims Packages for the Residents were also sent pre-populated with the amount of each Resident's contingent claim which was based on the 2015 tax assessed value of their property, less

an applicable 5% conversion fee. Copies of the 2015 property tax assessment for each Resident's property were also provided.

33. The Claims Process is ongoing and the Monitor notes the following upcoming key dates:

33.1. April 20, 2015 has been established as the deadline (the "Claims Bar Date") for CEF and DIL Depositors and the Residents to either submit a Dispute Notice, a Non-Participation Notice or an Assignment Notice (the "Claims Notices") or for other Claimants to submit a proof of claim form. Should no Claims Notices be received by the Claims Bar Date, the claim of each CEF or DIL Depositor or Resident shall be deemed to be admitted as provided in that individual's Claims Package. Should no proof of claim form be provided for other Claimants by the Claims Bar Date, they will be forever barred from making or enforcing any claim against the Applicants and their current or former D&Os and employees.

33.2. Should either a CEF Depositor, a DIL Depositor or a Resident disagree with the amount included in their Claims Package and file a Dispute Notice with the Monitor prior to the Claims Bar Date, the Monitor, in conjunction with the Applicants, will have 15 days from the Claims Bar Date to either accept the amount included in the Dispute Notice or issue a Disallowance Notice.

33.3. Following receipt of a Disallowance Notice, a claimant will have 10 days to file a Dispute Notice, should they disagree with the Disallowance Notice. Dispute Notices may be resolved consensually or, where that is not possible, through an application to Court.

34. As of the date of this report, the Monitor reports having received the following:

34.1. Four Dispute Notices have been received which the Monitor is hopeful will be resolved consensually;

34.2. Seven non-participation notices which enable these parties who do not wish to participate in the CCAA proceedings to abandon their claims and waive any further notice of the CCAA proceedings; and

34.3. Sixteen assignment notices which enable these Claimants to assign their claim to another party and waive any further notice of the CCAA proceedings.



# Creditors' Committee Selection Process

35. The Committee Order granted at the February 20 Hearing approved the Committee Process whereby creditors' committees would be appointed for each of the District and DIL (the "Committee(s)"). The mandate and duties of the Committees are outlined in the First Report.
36. The following is an update on the Monitor's activities to date with respect to the Committee Process:
  - 36.1. Information regarding the Committee Process was sent by regular mail to all known creditors of the District and DIL on or before February 27, 2015;
  - 36.2. The maximum number of Depositors to be appointed for each Committee is five. Pursuant to the Committee Process, the Monitor was to fill three of the five positions on the Committees for each of the District and District Investments with those Depositors who had three of the ten largest known claims against that entity and who were willing to serve on the Committees while using reasonable efforts to ensure geographic representation (the "Reserved Positions"). The Monitor notes as follows with respect to the Reserved Positions:
    - 36.2.1. Subsequent to the Committee Order being granted, the Monitor became aware that many of those Depositors who were eligible to serve in Reserved Positions had significant investments in both CEF and DIL. Should any of those Depositors serve on one of the Committees they would have an inherent conflict of interest in deciding issues where the interests of the District and DIL are divergent. In order to avoid a situation where many of the members of the Committees may have to recuse themselves from voting on key issues, the Monitor determined that the Depositors chosen to fill the Reserved Positions would be restricted to those who had individual deposits, and deposits of family members living within the same household, in only one of the two funds.
    - 36.2.2. The Reserved Positions for both of the Committees were filled with two members from Alberta and one from British Columbia. Two of the Reserved Positions on each of the Committees were drawn from those Depositors with the ten largest known claims in order to achieve geographic representation within each of the Committees.

- 36.2.3. On March 16, 2015, the names of those parties filling the Reserved Positions on each Committee were posted on the Monitor's website (the letters that were posted are attached as "Schedule 3" and "Schedule 4").
- 36.2.3.1. The Reserved Positions for CEF were filed by the following individuals:
- 36.2.3.1.1. Sandra Jory (put forward by St. Peter's Evangelical Lutheran Church);
  - 36.2.3.1.2. Phil Lemke (put forward by Foothills Lutheran Church); and
  - 36.2.3.1.3. Dieter Steinruck.
- 36.2.3.2. The Reserved Positions for DIL were filed by the following individuals:
- 36.2.3.2.1. Gary Clements;
  - 36.2.3.2.2. Reid Glenn; and
  - 36.2.3.2.3. Esther Borger.
- 36.2.4. The remaining two positions on each Committee were to be filled from the general population of creditors pursuant to the Committee Process (the "Vacant Positions"). The Monitor notes as follows with respect to the Vacant Positions:
- 36.2.4.1. In order to be considered for one of the Vacant Positions, individuals were required to submit an application form (the "Application") accompanied by nomination forms from two other Depositors (all documents to be submitted in the forms attached to the Committee Order);
  - 36.2.4.2. The deadline to submit an Application was March 16, 2015. The Monitor received seven applications for each of the District and DIL with several parties putting their names forward for both Committees;
  - 36.2.4.3. A list of the names of those submitting Applications for CEF, together with an invitation for Depositors to submit a voting letter indicating their top two choices to fill the Vacant Positions, was posted on the Monitor's Website on March 19, 2015 and the corresponding mail out to the District's creditors is underway; and
  - 36.2.4.4. A list of the names of the potential representatives for DIL will be posted on the Monitor's Website on March 23, 2015 and mailed to all known DIL Depositors shortly thereafter.
- 36.2.5. Applications for the Vacant Positions were accepted from those Depositors who had individual deposits or deposits of family members living within the same household in both of the funds; although it was noted that these parties, if elected, would be precluded from voting on matters where the interests of the District and DIL were divergent. All known conflicts of interest were disclosed to Depositors.

36.2.6. The two parties with the largest number of votes (without consideration to the dollar value of the claims of the voting Depositors) will be selected to fill the Vacant Positions on each Committee.

37. As reported herein, the Monitor is recommending that representative legal counsel be retained and funded by the Applicants to advise both the Committees with respect to select issues where independent legal advice is warranted or required. The Monitor has approached several law firms and asked them to submit a *curriculum vitae* and confirm whether they would have any conflicts which would preclude them from acting for either of the Committees and intends to provide the names of four to five counsel to each Committee, once formed, for their consideration.

# Additional Restructuring Considerations

## Review of expenditures related to the Prince of Peace Development

38. As previously reported, the Monitor has not yet completed an in-depth independent review of the causes of the Applicants' insolvency. Certain Depositors have expressed a desire for further information as to the source and use of funds within CEF. As previously reported, the most significant loans made by CEF, and selected loans made by DIL, were advanced to ECHS to build-out the Prince of Peace Development (the "ECHS Loans") and its related properties and lands. Deloitte is conducting a preliminary review of the use of funds advanced pursuant to the ECHS Loans and will report to the Committee for the District as to any initial findings and potential areas for further review.

## Potential claims against directors

39. As previously reported, both the CEF Depositors and the DIL Depositors may have claims against the current and former D&Os of the District and DIL. The review of this issue by the Monitor's legal counsel is ongoing. The Monitor anticipates that, upon the appointment of the Committees and their representative counsel, the outcome of the Monitor's review of this issue will be shared with representative counsel and counsel to the District Group.

40. The Monitor's legal counsel previously reviewed certain documentation governing the relationship between the District and DIL and the CEF Depositors and DIL Depositors in order to determine whether there may be potential claims against the District and DIL and their respective D&Os arising out of any potential compliance requirements of the *Securities Act of Alberta* and the *Securities Act of British Columbia* (the "Securities Acts"). The Monitor's legal counsel has determined, on a preliminary basis, that the activities of the District and DIL are subject to the Securities Acts and that the exemption that did not appear to require that the District and DIL be registered as licensed securities dealers was amended in 2010, pursuant to which amendment the exemption may no longer be available.

41. Based on the Monitor's legal counsel's preliminary review, they advised the Applicant's legal counsel of their findings. The Monitor understands that the Applicants are now having ongoing discussions with the ASC and the BCSC in that regard.

## Potential preferential payments

42. As previously reported, Management has indicated that a moratorium on withdrawals from CEF (the “CEF Redemptions”) was implemented effective January 2, 2015. Management has provided the Monitor with a list of the CEF Redemptions paid during the year preceding the Filing Date, which total approximately \$10.2 million. The Monitor is currently reviewing the CEF Redemptions to identify any payments to related parties, which may be subject to challenge. For the three months preceding the Filing Date (the “Review Period”), the CEF Redemptions totalled approximately \$2.7 million. The Monitor will be having further discussions regarding the potential preferential payments with the Committee for the District.
  
43. Management has also confirmed that no withdrawals were paid from DIL (the “DIL Redemptions”) after January 2, 2015. The Monitor has also been provided with a list of the DIL Redemptions in the year preceding the Filing Date, which total approximately \$1.5 million. The Monitor is currently reviewing the DIL Redemptions to identify any payments to related parties, which may be subject to challenge. For the Review Period, the DIL Redemptions totalled approximately \$263,600. The Monitor will be having further discussions regarding the potential preferential payments with the Committee for District Investments.

# The Lutheran Church – Canada

## Payments

44. As previously reported, the District receives revenue in the form of donations from member congregations (the “Donations”). Prior to the CCAA proceedings, the Donations were estimated to total approximately \$1.3 million on an annual basis. The LCC Portion has historically been paid by the District to LCC on a monthly basis. Although payment of the LCC Portion is not the result of any legal obligation, Management has advised that those individuals and congregations who donate funds have historically done so on the understanding that a portion of their Donations will be paid to LCC.
45. At the February 20 Hearing, the District Group made an application to pay the LCC Portion of approximately \$115,200 for the pre-filing period from January 1 to 22, 2015 and to continue to provide 35% of post-filing Donations to LCC on a go-forward basis (previously defined as the “LCC Application”). At the time, the Monitor supported this application based on Management’s concerns that a failure of the District to pay the LCC Portion may result in member congregations sending the entirety of their Donations directly to LCC and withdrawing their financial support for the District.
46. Legal counsel for LCC attended the February 20 Hearing in support of the LCC Application. After hearing submissions, the Court expressed a preference that this issue be decided after having the benefit of consultation with the Committees. As such, the LCC Application was adjourned *sine die* and the District was directed to record the mission remittances it received and was ordered to not disburse the LCC Portion of such remittances until it was otherwise directed to do so.
47. On March 4, 2015, LCC issued a letter (the “LCC Letter”) which is attached as Exhibit “C” to the Affidavit of Kurtis Robinson sworn on March 19, 2015 (the “Robinson Affidavit”). The LCC Letter asked those submitting donations to submit the LCC Portion of their donation directly to LCC so that the LCC Portion would not be held by the District pending the LCC Application being heard.
48. The Robinson Affidavit reports that since the Filing Date, the District has collected approximately \$92,900 in Donations of which the LCC Portion is approximately \$32,500. Management advises that certain member congregations have discontinued Donations as a result of uncertainty surrounding whether the LCC Portion will be paid by the District to LCC. Other parties have either continued to provide Donations in the ordinary course or have provided Donations to the District, net of the LCC Portion which they have paid directly to LCC.

49. As previously reported, the Monitor was originally supportive of the LCC Application based on the understanding that discontinuing the payments to LCC may materially curtail Donations and negatively impact the District's cash flow. The Monitor notes; however, that for the five week period from February 8 to March 14, 2015, Donations (referred to as "mission remittances" in the statement of projected cash flow for the fifteen week period ending June 27, 2015 for the District) have been higher than originally forecast by Management. In addition, since the LCC Application has already been adjourned, the Monitor does not believe that a short additional delay to allow for Creditor Committee input will have a significant impact on the Donations received by the District. The Monitor believes that input from the Committee for the District should be sought prior to the LCC Application being determined.

# Sale of Assets

50. As reported above, the District is seeking Court approval for the sale of the properties defined above as the Chestermere Lands, the St. Albert Lands, the Faith Lands and the Village Condo (collectively defined above as the "Sale Lands") at the March 27 Hearing.
51. The Monitor will provide the Confidential Supplement to the Court in advance of the March 27 Hearing. The Confidential Supplement will provide further details for each of the transactions involving the Sale Lands. The Monitor will be requesting that the Confidential Supplement be sealed by the Court in order to avoid tainting any future sale process that may be required should any of the transactions involving the Sale Lands fail to close.
52. The Monitor understands that all proceeds from the Sale Lands will be held in trust for the purpose of being included in any Plan that is filed by the District Group.
53. The following section provides general comments on each of the transactions involving the Sale Lands.

## Chestermere Lands

54. The Chestermere Lands consist of approximately 101 acres of vacant land located in the Town of Chestermere.
55. The Chestermere Lands were originally listed for sale in January 2014 with Norcal Realty and Management Corp. ("Norcal") acting as the listing agent. We are advised that the Chestermere Lands have been marketed by Norcal since that time.
56. An initial deposit has been paid with respect to the sale of the Chestermere Lands and is being held in trust. The offer on the Chestermere Lands is conditional with a buyer's condition waiver date of April 10, 2015 and a closing date of May 20, 2015.
57. The Monitor has reviewed the documents associated with the sale of the Chestermere Lands, including the listing agreement, the purchase and sale agreement and an appraisal on the Chestermere Lands, all of which are further described in the Confidential Supplement. The Monitor has also consulted with Deloitte's real estate advisory group with respect to the sale of the Chestermere Lands.



58. Based on the Monitor's review, it is satisfied that the proposed sale of the Chestermere Lands is commercially reasonable and would likely be more beneficial to the CEF Depositors than a sale or disposition in a liquidation scenario.

### **St. Albert Lands**

59. The St. Albert Lands consist of approximately 22.5 acres of vacant land in Edmonton, Alberta. 1.5 acres of the St. Albert Lands were excluded from the sale of the St. Albert Lands as this parcel currently houses the King of Kings Lutheran Church.

60. The Monitor understands that the St. Albert Lands were listed for sale with Colliers McCaulay Nicolls Inc. starting in February 2013.

61. An initial deposit has been paid and is being held in trust. The sale of the St. Albert Lands is still subject to buyer's conditions, including subdivision. The deadline for removal of the buyer's conditions is July 23, 2015.

62. The Monitor has reviewed the documents associated with the sale of the St. Albert Lands, including other offers, the purchase and sale agreement and other supporting documents, all of which are further described in the Confidential Supplement. The Monitor has also consulted with Deloitte's real estate advisory group with respect to the sale of the St. Albert Lands.

63. Based on the Monitor's review, it is satisfied that the proposed sale of the St. Albert Lands is commercially reasonable and would be more beneficial to the CEF Depositors than a sale or disposition in a liquidation scenario.

### **Faith Lands**

64. The Faith Lands consist of approximately 4.0 acres of vacant land in Edmonton, Alberta.

65. The Monitor understands that the Faith Lands were listed for sale with Realty Executives. The Monitor notes that the listing agent, Harold Schmidt, is a director of DIL.

66. An initial deposit has been paid and is being held in trust. The sale of the Faith Lands is still subject to buyer's conditions with a waiver date of April 30, 2015 and a closing date of June 30, 2015.

67. The Monitor has reviewed the documents associated with the sale of the Faith Lands, including the listing agreement and the purchase and sale agreement, which are further described in the Confidential Supplement. The Monitor has also consulted with Deloitte's real estate advisory group with respect to the sale of the Faith Lands.

68. Based on the Monitor's review, it is satisfied that the proposed sale of the Faith Lands is commercially reasonable and would be more beneficial to the CEF Depositors than a sale or disposition in a liquidation scenario.

## The Village Condo

69. The Village Condo consists of a condominium within the Prince of Peace Development, which is owned by ECHS but subject to a life lease interest by a Resident. As previously reported, life leases such as this one, represent a contingent liability to ECHS as, upon surrender of the Resident's leasehold interest, ECHS is required to purchase the unit from the Resident if a purchaser is not found within six months. As the life lease for the Village Condo was surrendered in the ordinary course, it is subject to a 5% fee upon transfer of a fee simple interest to the purchaser.
70. An initial deposit has been paid and is being held in trust. The offer on the Village Condo is subject to buyer's conditions with a waiver date of March 31, 2015 and the closing date is July 30, 2015.
71. The Monitor has reviewed the documents associated with the sale of the Village Condo, including the purchase and sale agreement and an appraisal which are further described in the Confidential Supplement. The Monitor has also consulted with Deloitte's real estate advisory group with respect to the sale of the Village Condo.
72. Based on the Monitor's review, it is satisfied that the proposed sale of the Village Condo is commercially reasonable and would be more beneficial to the CEF Depositors than a sale or disposition in a liquidation scenario.

## Sale of future Life Lease Condos

73. As previously reported, ECHS owns 60 units within the Prince of Peace Village (the "Life Lease Condos"). These units are subject to life leases with the majority of Residents being seniors. ECHS is seeking approval for future sales of the Life Lease Condos, where the Resident's life lease interest has been surrendered or terminated in the ordinary course, to be completed without any requirement for further Court approval. This is subject to the Monitor's approval of each transaction and the sale price being in excess of the fair market value of the Life Lease Condo being obtained pursuant to the provisions of the corresponding life lease. The conversion fee payable to ECHS by a Resident upon the surrender of a life lease is 5%, net of selling costs. The Monitor understands that any amounts collected from the sale of Life Lease Condos will be held in trust for the purpose of being included in the Plan.
74. The Monitor is supportive of District Group's application for approval of the future sales of Life Lease Condos, as described above, and it believes this will help to streamline these sales and minimize any associated legal costs.

# Other Relief Sought by the Applicants

## Extension of the Administration Charge

75. At the March 27 Application, the Applicants are seeking confirmation that the legal costs incurred by the District and DIL in dealing with the ASC and the BCSC will be included as part of the Administration Charge granted in the Initial Order. The Monitor believes this is appropriate and is supportive of this application.

## The Mileage Fund

76. Also at the March 27 Application, the Applicants are seeking authorization for the District to release funds held in a Mileage Reserve Account (defined above as the 'Mileage Fund") to participants in the Mileage Fund. The Robinson Affidavit provides further detail with respect to the Mileage Fund, which was established to provide car loans to pastors and church workers. Participants made payments into the Mileage Fund and were then able to borrow up to 150% of the amount they had paid into the Mileage Fund to purchase a car. The loan recipient would then have to contribute at least \$25 per month back into the Mileage Fund in addition to making payments on the corresponding loan.

77. The Monitor is advised that no funds from the District were used for the Mileage Fund. As at the Filing Date, approximately \$77,200 was being held in the Mileage Fund. The Mileage Fund was, however, not held in trust or segregated from other District funds. This raises the issue of whether the Mileage Fund claimants are unsecured creditors. Should the Court grant the Applicants authorization to release funds held in the Mileage Fund, the Monitor would suggest that such approval be subject to Committee approval, which could be sought prior to these funds being released once the Committee for the District is fully formed.

# Cash Flow Forecast

## District

78. Attached as “Schedule 5” is the Statement of Projected Cash Flow for the District for the fifteen week period ending June 27, 2015 (the “District Forecast”, the “Forecast Period”). The District Forecast has been broken down to distinguish between cash flow related to CEF and that related to other District operations. The District, including CEF, estimates a total net cash outflow of approximately \$279,100 over the Forecast Period and projects that it will have cash on hand of approximately \$5.9 million (including marketable securities) at the end of the Forecast Period. A summary of the District Forecast is included below.

The Lutheran Church - Canada, The Alberta - British Columbia District including the Church Extension Fund Statement of Projected Cash Flow For the Fifteen Week Period Ending June 27, 2015	
	<u>Total</u>
<b>Cash flow from CEF operations</b>	
<b>Receipts</b>	
Lease payments	\$ 87,051
Management fees	96,000
Loan interest and principal payments	82,428
<b>Total receipts</b>	<u>265,479</u>
<b>Disbursements</b>	
Mortgage payments	(84,564)
CEF salaries and benefits	(127,300)
Operating expenses	(60,000)
Emergency fund	(120,688)
Restructuring fees	(154,500)
Communication fees	(12,000)
CRO	(31,500)
<b>Total disbursements</b>	<u>(590,552)</u>
<b>Net cash flow from CEF operations</b>	<u>\$ (325,073)</u>

**The Lutheran Church - Canada, The Alberta - British Columbia  
District including the Church Extension Fund  
Statement of Projected Cash Flow  
For the Fifteen Week Period Ending June 27, 2015**

	<b>Total</b>
<b>Cash flow from other District operations</b>	
<b>Receipts</b>	
Wage recovery	\$ 60,950
Mission remittances	195,000
Rental income	4,500
<b>Total receipts</b>	<b>260,450</b>
<b>Disbursements</b>	
Salaries and benefits	(128,020)
Administrative expenses, travel and utilities	(18,500)
Outreach operating expenses	(47,000)
Parish and school services operating expenses	(6,750)
Department of Stewardship and Financial	
Ministries operating expenses	(4,000)
President's expenses	(2,700)
Plant fund expenses	(7,500)
<b>Total disbursements</b>	<b>(214,470)</b>
<b>Net cash flow from other District operations</b>	<b>45,980</b>
<b>Total net cash flow</b>	<b>\$ (279,093)</b>
<b>Cash and marketable securities on hand</b>	
Beginning balance	\$ 6,211,093
Total net cash flow	(279,093)
<b>Ending balance</b>	<b>\$ 5,932,000</b>

79. CEF is forecasting receipts of approximately \$265,500 over the Forecast Period. We highlight the following with respect to these receipts:

- 79.1 CEF collects monthly lease payments of approximately \$29,000 (\$28,000 plus GST) from the Golden Hill School Division for a lease on a property in Strathmore, Alberta (the "Golden Hill Property"). CEF granted a mortgage on the Golden Hill Property in favour of DIL and makes monthly mortgage payments to DIL in the amount of approximately \$29,000 per month or approximately \$87,100 over the Forecast Period;
- 79.2 CEF anticipates receiving approximately \$96,000 from DIL for a management fee related to administrative assistance provided by the District; and
- 79.3 The investments held within CEF are anticipated to generate other cash receipts from loan interest and principal payments of approximately \$82,400 over the Forecast Period.

80. CEF is forecasting disbursements of approximately \$590,600 over the Forecast Period. We highlight the following with respect to these disbursements:

80.1 Operating expenses of \$60,000 (including building usage, utilities, postage and telephone) and salaries and benefits of \$127,300 (including all corresponding CRA payroll source deduction remittances) are estimated to be payable over the Forecast Period. We note that salaries and benefits for those staff members providing assistance to DIL are recoverable pursuant to the management fee that is payable by DIL.

80.2 Payments totalling approximately \$120,700 over the Forecast Period have been projected to satisfy obligations due pursuant to the Emergency Fund (as defined herein), which to date has had fewer applicants than originally anticipated;

80.3 CEF estimates disbursements of approximately \$154,500 to pay restructuring fees, including payments to the Applicant's legal counsel, the Monitor and the Monitor's legal counsel; and

80.4 CEF estimates fees associated with retaining the CRO of approximately \$28,000 per month, which are allocated between CEF and DIL. For CEF, the corresponding payments are estimated to total \$31,500 over the Forecast Period. As reported above, the CRO is taking over restructuring-related communications for which a communications firm had previously retained by the District. As such, payments to the communications firm now total only \$12,000 over the Forecast Period (including services until the transition of the communications function to the CRO is completed). This will represent a significant reduction in communications fees on a go-forward basis.

81. The District is forecasting receipts from operations of approximately \$260,500 over the Forecast Period. We highlight the following with respect to these receipts:

81.1 The District anticipates receiving approximately \$61,000 from EMSS to reimburse the District for wages paid to District management employees that perform services for EMSS; and

81.2 The District anticipates receiving Donations of approximately \$195,000 from its 127 member congregations over the Forecast Period, including the LCC Portion. We note that the First Report erroneously listed the Donations as being net of the LCC Portion; however, we have now confirmed that the LCC Portion was also included in prior projections.

82. The District is forecasting disbursements of approximately \$214,500 over the Forecast Period. We highlight the following with respect to these disbursements:

82.1 The District's employees are paid on a bi-weekly basis. Payroll and the corresponding CRA payroll source deduction remittances are anticipated to total approximately \$128,000 over the Forecast Period. Approximately three of these employees provide accounting and other support for EMSS. As such, approximately \$61,000 of these payroll costs are recoverable from EMSS over the Forecast Period;

- 82.2 Operating expenses for outreach services, parish and school services and the department of stewardship and financial ministries are anticipated to total approximately \$47,000, approximately \$6,800 and \$4,000 respectively over the Forecast Period; and
- 82.3 Administrative expenses, travel and utilities are estimated to total approximately \$18,500 over the Forecast Period.
83. The District has an opening cash balance of approximately \$6.2 million consisting of a cash balance of approximately \$665,500 and marketable securities of approximately \$5.5 million, as at March 14, 2015, which are held with FI Capital Ltd. We note that the value of the marketable securities held by FI Capital Ltd. decreased in value by approximately \$24,300 between February 8, 2015 and March 14, 2015 as certain investments matured. As noted above, the District, including CEF, is projected to have a net cash outflow of approximately \$279,100 over the Forecast Period. Based on their opening cash balance; however, CEF appears to have sufficient liquidity to sustain its ongoing operations during the Forecast Period.

## DIL

84. Attached as "Schedule 6" is the Statement of Projected Cash Flow for DIL for the fifteen week period ending June 27, 2015 (the "DIL Forecast"). DIL estimates a net decrease in cash of approximately \$533,300 over the Forecast Period and projects that it will have cash on hand of \$17.8 million (including marketable securities) at the end of the Forecast Period. A summary of the DIL Forecast is included below.

**Lutheran Church - Canada, The Alberta - British Columbia District  
Investments Ltd.  
Statement of Projected Cash Flow  
For the Fifteen Week Period Ending June 27, 2015**

	<b>Total</b>
<b>Receipts</b>	
Loan payments	\$ 226,154
<b>Total receipts</b>	226,154
<b>Disbursements</b>	
Management fee	(96,000)
Restructuring fees	(134,750)
Communication fees	(8,000)
CRO	(31,500)
Emergency fund	(1,862)
Annual minimum RRIF payments	(487,317)
<b>Total disbursements</b>	(759,429)
<b>Net cash flow</b>	<b>\$ (533,275)</b>
<b>Cash and marketable securities on hand</b>	
Beginning balance	\$ 18,321,521
Net cash flow	(533,275)
<b>Ending balance</b>	<b>\$ 17,788,246</b>

85. The only projected receipts for DIL relate to payments received on lines of credit and mortgages held within the investment fund which are anticipated to total approximately \$226,200 over the Forecast Period.

86. DIL is forecasting disbursements of \$759,400 over the Forecast Period. We highlight the following with respect to these disbursements:

86.1 DIL estimates disbursements of \$96,000 for a management fee payable to the District, who assists in administering the investment fund;

86.2 DIL estimates disbursements of approximately \$134,800 to pay restructuring fees, including payments to the Applicant's legal counsel, the Monitor and the Monitor's legal counsel over the Forecast Period;

86.3 DIL estimates fees associated with retaining the CRO of approximately \$28,000 per month, which are allocated between CEF and DIL. For DIL, the corresponding payments are estimated to total \$31,500 over the Forecast Period; and

86.4 DIL estimates disbursements of \$487,300 over the Forecast Period related to the statutory annual minimum payments (the "Minimum Payments") due pursuant to RRIFs. In prior years Minimum Payments were traditionally staggered throughout the year; however, Management has advised that iSpectrum, DIL's fund management software provider, is discontinuing the software that is currently in use by DIL. As such, Management is going to pay out the Minimum



Payments for 2015 now so that they can issue all tax receipts without it being necessary for them to upgrade their fund management software in the future.

87. DIL has an opening balance of approximately \$18.3 million including cash of \$314,600 and market investments of approximately \$18.0 million as at March 14, 2015, which were held with FI Capital Ltd. We note that the value of the marketable securities held by FI Capital Ltd. increased in value by approximately \$317,400 between February 8, 2015 and March 14, 2015 as certain investments matured. DIL is projected to have a net cash outflow from operations of approximately \$533,300 over the Forecast Period; however, approximately \$489,200 of these disbursements relate to payments made to eligible DIL Depositors pursuant to Minimum Payments and the Emergency Fund (as defined herein). Based on their opening cash balance, DIL appears to have sufficient liquidity to sustain its ongoing operations during the Forecast Period.

## ECHS

88. Attached as "Schedule 7" is the Statement of Projected Cash Flow for ECHS for the fifteen week period ending June 27, 2015 (the "ECHS Forecast"). ECHS estimates a net decrease in cash of approximately \$9,500 over the Forecast Period and projects that it will have cash on hand of approximately \$304,100 at the end of the Forecast Period. A summary of the ECHS Forecast is included below.

<b>Encharis Community Housing and Services Statement of Projected Cash Flow For the Fifteen Week Period Ending June 27, 2015</b>	
	<b>Total</b>
<b>Receipts</b>	
Lease revenue	\$ 375,000
Water and sewage revenue	126,525
RV lot rental	3,000
<b>Total receipts</b>	<b>504,525</b>
<b>Disbursements</b>	
Operating expenses	(430,000)
Restructuring fees	(44,000)
Contingency	(40,000)
<b>Total disbursements</b>	<b>(514,000)</b>
<b>Net cash flow</b>	<b>\$ (9,475)</b>
<b>Cash on hand</b>	
Beginning balance	\$ 313,589
Net cash flow	(9,475)
<b>Ending balance</b>	<b>\$ 304,114</b>

89. ECHS is projecting receipts of approximately \$504,500 over the Forecast Period. We highlight the following with respect to these receipts:

- 89.1 ECHS leases land and buildings that they own within the Prince of Peace Development to EMSS. Monthly lease payments due on the 1st of each month from EMSS to ECHS with respect to this lease increased from \$86,500 to \$125,000 effective April 1, 2015. These monthly lease payments are estimated to total \$375,000 over the Forecast Period; and
- 89.2 ECHS provides water and sewer services to EMSS and to the elementary and junior high school located in the Prince of Peace Development. Receipts for the provision of water and sewer services are estimated to total \$126,500 over the Forecast Period.
90. ECHS is projecting disbursements of approximately \$514,000 over the Forecast Period. We highlight the following with respect to these disbursements:
- 90.1 ECHS estimates disbursements of \$430,000 over the Forecast Period for ongoing operating expenses, which include payments to trade creditors including for the provision of water and sewer services. A one-time capital expenditure to repair woodpecker damage at the Manor and the Harbour (the "Woodpecker Repair") was previously included in the EMSS Forecast but should be payable by ECHS as the owner of the buildings. The total cost of the Woodpecker Repair is approximately \$198,500; however, completing this repair is anticipated to enhance the future resale value of the Harbour and the Manor and prevent further damage;
- 90.2 Disbursements to pay restructuring fees, including payments to the Applicants' legal counsel, the Monitor and the Monitor's legal counsel are estimated to total approximately \$44,000 over the Forecast Period; and
- 90.3 Contingency payments of approximately \$40,000 over the Forecast Period include payments related to the repair of roadways for the Prince of Peace Development.
91. ECHS has an opening cash balance of approximately \$313,600. As noted above, ECHS is projected to have a net cash outflow of approximately \$9,500 over the Forecast Period; however, based on their opening cash balance, ECHS appears to have sufficient liquidity to sustain its ongoing operations during the Forecast Period.

## EMSS

92. Attached as "Schedule 8" is the Statement of Projected Cash Flow for EMSS for the fifteen week period ending June 27, 2015 (the "EMSS Forecast"). EMSS estimates a net decrease in cash of approximately \$479,100 over the Forecast Period. We note that the Forecast Period includes revenues and expenses for EMSS for April, May and June but also includes expenses for two weeks of March, for which the corresponding revenue has already been received. EMSS projects that it will have cash on hand of 596,400 at the end of the Forecast Period. A summary of the EMSS Forecast is included below:

**Encharis Management and Support Services**  
**Statement of Projected Cash Flow**  
**For the fifteen week period ending June 27, 2015**

	<b>Total</b>
<b>Receipts</b>	
Rent	\$ 1,314,000
Alberta Health Services ("AHS") funding	1,166,532
Wage recoveries	13,600
Miscellaneous revenue	30,000
<b>Total receipts</b>	<b>2,524,132</b>
<b>Disbursements</b>	
Payroll	(1,597,000)
RRSP's	(87,200)
Health Benefits	(81,750)
Administrative expenses	(203,000)
Food services expenses	(138,750)
Housekeeping expenses	(30,000)
Healthcare expenses	(5,250)
Maintenance expenses	(139,500)
Utility expenses	(200,301)
Diversicare	(66,000)
Lease payments	(375,000)
Restructuring fees	(39,500)
Contingency	(40,000)
<b>Total disbursements</b>	<b>(3,003,251)</b>
<b>Net cash flow</b>	<b>\$ (479,119)</b>
<b>Cash on hand</b>	
Beginning balance	\$ 1,075,513
Net cash flow	(479,119)
<b>Ending balance</b>	<b>\$ 596,394</b>

93. EMSS is projecting receipts of approximately \$2.5 million over the Forecast Period. We highlight the following with respect to these receipts:

93.1 EMSS is estimated to receive \$1.3 million from rental revenue collected over the Forecast Period. The rental revenue is paid by individual residents of the Harbour and the Manor senior's care facilities; and

93.2 EMSS' other main source of revenue is from a grant provided by AHS, which is received in monthly installments at the beginning of each month (the "AHS Payments"). The AHS Payments are anticipated to total approximately \$1.2 million over the Forecast Period.

94. EMSS is projecting disbursements of approximately \$3.0 million over the Forecast Period. We highlight the following with respect to these disbursements:

94.1 EMSS' employees are paid on a bi-weekly basis. Payroll for EMSS employees is estimated to total \$1.6 million over the Forecast Period, including CRA payroll source deductions.

Additional RRSP and health benefits for EMSS employees in the respective amounts of \$87,200 and \$81,800 are anticipated to be payable over the Forecast Period;

94.2 As noted above, EMSS makes monthly lease payments to ECHS for use of the land and buildings from which the Harbour and the Manor operate and for water and sewage services. These payments are anticipated to total \$375,000 and \$200,300, respectively, over the Forecast Period;

94.3 Maintenance expenses are anticipated to total \$139,500 over the Forecast Period. As noted above, the Woodpecker Repair was previously included in the EMSS Forecast but has now been reallocated to ECHS; and

94.4 Disbursements to pay restructuring fees, including payments to the Applicants' legal counsel, the Monitor and the Monitor's legal counsel are estimated to total approximately \$39,500 over the Forecast Period.

95. EMSS has an opening cash balance of approximately \$1.1 million. As noted above, EMSS is projected to have a net cash outflow from operations of approximately \$479,100 over the Forecast Period; however, based on their opening cash balance, EMSS appears to have sufficient liquidity to sustain its ongoing operations during the Forecast Period.

### **Monitor's Report on Cash Flow Statements**

96. The District Forecast, the DIL Forecast, the ECHS Forecast and the EMSS Forecast will collectively be referred to as the "Applicants' Forecasts".

97. The Monitor reports as follows with respect to the Applicants' Forecasts:

97.1 Each of the Applicants' Forecasts have been prepared by Management for the purposes described in the notes contained therein (the "Notes") using the probable and hypothetical assumptions set out in the Notes;

97.2 The Monitor's review consisted of inquiries, analytical procedures and discussion related to information supplied to it by Management and selected employees of the Applicants. Since hypothetical assumptions need not be supported, the Monitor's procedures with respect to them were limited to evaluating whether they were consistent with the purpose of each of the Applicants' Forecasts. We have also reviewed the support provided by Management for the probable assumptions, and the preparation and presentation of Applicants' Forecasts;

97.3 Based on our review, nothing has come to the attention of the Monitor that causes us to believe that, in all material respects:

97.3.1. The hypothetical assumptions are not consistent with the purpose of the each of the Applicants' Forecasts;

97.3.2 As at the date of the Second Report, the probable assumptions developed by Management are not suitably supported and consistent with the plans of each of the

Applicants or do not provide a reasonable basis for each of the Applicants' Forecasts, given the hypothetical assumptions; or

97.3.3 Each of the Applicants' Forecasts does not reflect the probable and hypothetical assumptions.

97.4 Since the Applicants' Forecasts are based on assumptions regarding future events, actual results will vary from the information presented even if the hypothetical assumptions occur, and the variations may be material. Accordingly, the Monitor expresses no assurance as to whether the Applicants' Forecasts will be achieved. We further express no opinion or other form of assurance with respect to the accuracy of any financial information reported with respect to the Applicants' Forecasts, or relied upon by it in reporting on the Applicants' Forecasts; and

97.5 The Applicants' Forecasts have been prepared solely for the purpose described in the Notes, and readers are cautioned that they may not be appropriate for other purposes.

# Variance Analysis

## District

98. Attached as “Schedule 9” is a variance analysis (the “Variance Analysis”) for the District for the period from February 8, 2015 to March 14, 2015 (the “Variance Period”). The Variance Analysis for the District reflects an overall net positive variance of approximately \$249,600. The Variance Analysis is based on the Statement of Projected Cash Flow for the Fifteen Week Period Ending May 23, 2015 for the District (the “Original District Forecast”).
99. The following is a summary of the permanent variances over \$5,000 reported during the Variance Period:
- 99.1 Approximately \$211,400 was received as the repayment of a loan from the Good Shepherd Lutheran Church in Valleyview, Alberta (the “Loan Repayment”). The Loan repayment resulted in a net positive variance of approximately \$211,700 for loan payments over the Variance Period. As the Loan Repayment constitutes the realization of a District asset, Management has indicated that this amount will be kept in a segregated trust account until such time as the proceeds can be included in the Plan;
  - 99.2 A positive variance of approximately \$24,700 was reported as a result of communications fees being lower than projected in the Original District Forecast;
  - 99.3 A positive variance of approximately \$11,200 was reported as a result of the receipt of an unexpected third-party donation;
  - 99.4 A positive variance of \$18,300 was reported due to mission remittances from congregations being higher than projected in the Original District Forecast. This amount includes the LCC Portion; and
  - 99.5 A negative variance of \$20,200 was reported as a result administrative expenses, travel and utilities being higher than projected in the Original District Forecast.

## DIL

100. Attached as “Schedule 10” is a Variance Analysis for the Variance Period for DIL. The Variance Analysis reflects an overall net negative variance of \$9,900. The Variance Analysis is based on the Statement of Projected Cash Flow for the fifteen week period ending May 23, 2015 for DIL (the “Original DIL Forecast”)

101. The following is a summary of the permanent variances over \$5,000 reported over the Variance Period:

101.1 Negative variances for restructuring fees and communication fees of approximately \$16,300 and approximately \$11,400, respectively, were due to these costs being higher than forecast over the Variance Period. We note that professional fees are being allocated amongst the entities and that positive variances for restructuring fees and communications fees were reported for ECHS and EMSS.

101.2 A positive variance of approximately \$20,000 was reported related to payments due pursuant to the Emergency Fund (as defined herein) due to there being fewer applicants than originally anticipated.

101.3 A negative variance of approximately \$25,000 related to the Minimum Payments. Pursuant to the Initial Order, DIL was entitled to continue to make Minimum Payments. The Minimum Payments are calculated based on an established formula taking into account the value of the DIL Assets and the age of the depositor. This amount was higher than originally forecast due to an increase in the number of Depositors withdrawing their Minimum Payments on an annual as opposed to a monthly basis.

## ECHS

102. Attached as "Schedule 11" is a Variance Analysis for the Variance Period for ECHS. The Variance Analysis reflects an overall net positive variance of approximately \$31,500. The Variance Analysis is based on the Statement of Projected Cash Flow for the fifteen week period ending May 23, 2015 for ECHS.

103. The following permanent variance over \$5,000 were reflected during the Variance Period:

103.1 A positive variance of \$42,800 was reported for restructuring fees. We note that professional fees are being allocated amongst the entities and that negative variances for restructuring fees were reported for the District and DIL.

## EMSS

104. Attached as "Schedule 12" is a Variance Analysis for the Variance Period for EMSS. The Variance Analysis reflects an overall net positive variance of \$114,200. The Variance Analysis is based on the Statement of Projected Cash Flow for the fifteen week period ending May 23, 2015 for EMSS (the "Original EMSS Forecast").

105. The following is a summary of the permanent variances over \$5,000 reflected during the Variance Period:

- 105.1 A positive variance of approximately \$8,800 was reported for rental income due to occupancy at the Harbour and the Manor seniors' care facilities being higher than what was projected in the Original EMSS Forecast;
- 105.2 A positive variance of approximately \$46,100 was reported due to payment of an invoice for pre-CCAA wage recoveries due from Shepherd's Village Ministries Ltd. which was not projected in the Original EMSS Forecast;
- 105.3 A negative variances of approximately \$15,600 for payroll and positive variances of approximately \$20,000 for contingency and approximately \$11,900 for maintenance expenses were reported as a result of those expenses being higher/ lower than projected in the Original EMSS Forecast;
- 105.4 A negative variance of approximately \$14,300 was reported for utilities as a result of a stop payment being issued too late to prevent a pre-CCAA payment from clearing the bank;
- 105.5 A positive variance of approximately \$10,700 was reported due to the fact that the accounting function for the Harbour and the Manor has taken longer to transition to Diversicare than originally projected; and
- 105.6 A positive variance of \$40,000 was reported for restructuring fees. We note that professional fees are being allocated amongst the entities and that negative variances in restructuring fees were reported for the District and DIL.



# Emergency Fund

106. As previously reported, prior to the Filing Date an emergency fund was implemented in order to avoid a situation where Depositors, many of whom are seniors, would not have sufficient funds to cover their basic necessities (the “Emergency Fund”). The Emergency Fund was approved by the Court pursuant to the Initial Order.
107. Since the implementation of the Emergency Fund, the Monitor has reviewed 42 applications of which 38 have been approved. We note that all applications are reviewed by the Applicants prior to them being provided to the Monitor. Management previously estimated that approximately \$75,000 per month would be required to maintain the Emergency Fund on a go-forward basis. Based on the applications approved to date, this amount appears to be sufficient to satisfy the payments required pursuant to the Emergency Fund.

# Conclusion

108. Based on the Monitor's dealings with Management and the Monitor's review of the District Group's operations and restructuring efforts to date, we can advise that:

108.1 The District Group is acting in good faith and with due diligence;

108.2 The District Group is cooperating with the Monitor and is making efforts to formulate a Plan; and

108.3 The Monitor is of the view that the District Group's creditors will not be materially prejudiced by the Extension.

109. The Monitor is supportive of the following relief being sought by the District Group at the March 27 Hearing:

109.1 Approving the Extension;

109.2 Approving the appointment of Kluane as the CRO for the District and DIL, approving the terms of the engagement of the CRO and extending the D&O Charge and the Administration Charge granted in the Initial Order to the CRO;

109.3 Approving the sales of the Chestermere Lands, the St. Albert Lands, the Faith Lands, the Village Condos and approving the future sale of the Life Lease Condos as set out herein;

109.4 Confirming the legal costs incurred by the Applicants in dealing with the ASC and the BCSC are included as part of the Administrative Charge granted in the Initial Order; and

109.5 Sealing the Confidential Affidavit of Mr. Kurtis Robinson, which has been provided to the Court in advance of the March 27 Hearing.

110. The Monitor does not support authorizing the payment of the LCC Portion to LCC at this time as the Monitor believes that the Committee for the District, once fully formed, should be given the opportunity to provide input into this matter.
111. The Monitor is supportive of the District Group's application authorizing payments from the Mileage Fund; provided these payments are also be subject to the approval of the District Committee, once fully formed.
112. The Monitor will be making an application to have the Confidential Supplement sealed by the Court in order to avoid tainting any future sale process that may be required should any of the transactions involving the Sale Lands fail to be completed.

**DELOITTE RESTRUCTURING INC.,**

In its capacity as proposed Court-appointed Monitor of The Lutheran Church – Canada, The Alberta – British Columbia District, Encharis Community Housing and Services, Encharis Management and Support Services and The Lutheran Church – Canada, The Alberta – British Columbia District Investments Ltd. and not in its personal or corporate capacity



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Jeff Keeble CA, CIRP, CBV  
Senior Vice-President

# **Schedules**

# Schedule 1

Feb 27

## LEGALS

### NOTICE TO CREDITORS

On January 23, 2015, Lutheran Church – Canada, the Alberta – British Columbia District including the Church Extension Fund (the "District", "CEF"), Encharis Community Housing and Services, Encharis Management and Support Services and Lutheran Church – Canada, the Alberta – British Columbia District Investments Ltd. ("District Investments", collectively the "District Group") obtained an Initial Order under the *Companies' Creditors Arrangement Act* (the "CCAA") from the Court of Queen's Bench of Alberta (the "Court"). Deloitte Restructuring Inc. was appointed by the Court as the monitor in these proceedings (the "Monitor").

On February 20, 2015, the Court directed the District Group and the Monitor to solicit claims from all creditors of the District Group for the purpose of determining the claims which will participate in the CCAA proceedings. A copy of the Order granted on February 20, 2015 can be found on the Monitor's website at [www.insolvencies.deloitte.ca](http://www.insolvencies.deloitte.ca) under the link entitled Lutheran Church – Canada, the Alberta – British Columbia District et. al. (the "Monitor's Website").

Except for those parties who hold deposits in either CEF or District Investments (the "Depositors") and those parties who are life lease residents in the Prince of Peace Village (the "Residents"), any creditor having a claim against the District Group before January 23, 2015 of any nature whatsoever, including an unsecured, secured, contingent or unliquidated claim (a "Claim") is required to file a proof of claim in the prescribed form with the Monitor in order to participate in any voting or distribution associated with the CCAA proceedings.

Copies of the prescribed proof of claim forms can be obtained by contacting the Monitor as set out below or they can be downloaded from the Monitor's Website.

Any creditor, except for Depositors and Residents, who chooses to file a proof of claim is required to provide whatever documentation they may have to support their Claim against the District Group, such as contracts, invoices, bills of lading, and shipping receipts, in relation to the goods and/or services provided to the District Group in the appropriate currency under which their Claim arose.

Except for Depositors and Residents, all proof of claim forms, together with the required supporting documentation, must be delivered by mail, courier service or facsimile to the Monitor, as set out below, on or before 4:00 p.m. Mountain Daylight Time on April 20, 2015 (the "Claims Bar Date").

Where a creditor is claiming an offset against all or a portion of amounts owing by the District Group, full particulars of the offset must be included.

Except for Depositors and Residents, the Monitor will on or before May 5, 2015, in turn provide to the creditor a notice in writing by registered mail, by courier service, or by facsimile as to whether their Claim is accepted or disputed in whole or in part, and the reason for the dispute pursuant to a Notice of Revision or Disallowance.

Except for Depositors and Residents, all Claims received by the Monitor or, in the case of mailing, postmarked, after the Claims Bar Date will, unless otherwise ordered by the Court, be forever extinguished, barred, and will not participate in any voting or distributions in the CCAA proceedings.

Where a creditor objects to a Notice of Revision or Disallowance, the creditor shall notify the Monitor and the Applicants of its objection in writing (the "Dispute Notice") by registered mail, courier service or facsimile within 10 days from the date on the Notice of Revision or Disallowance.

A Depositor or Resident who objects to the amount provided in their Proof of Claim must deliver a Dispute Notice to the Monitor, which must be delivered by registered mail, courier service or facsimile to the Monitor on or before the Claims Bar Date.

With respect to Depositors and Residents, if the Depositor or Resident does not deliver a Dispute Notice or Non-Participation Notice to the Monitor on or before the Claims Bar Date, the Depositor's or Resident's Proof of Claim, as provided to the Depositor or Resident, will be deemed accepted by the Monitor.

A Depositor or Resident who does not wish to participate in the CCAA proceedings or who wishes to donate or assign their Claim must deliver a Non-Participation Notice or Assignment Notice to the Monitor by registered mail, courier service or facsimile to the Monitor on or before the Claims Bar Date.

The Monitor and the Applicants will attempt to consensually resolve disputes with respect to any claim. If the dispute cannot be resolved, the Monitor or the Applicants shall bring an application before the Court for the determination of the claim.

A creditor not filing a Dispute Notice to a Notice of Revision or Disallowance issued by the Monitor shall, unless otherwise ordered by the Court, be conclusively deemed to have accepted the assessment of its Claim as set out in such Notice of Revision or Disallowance.

All documents to be delivered to the Monitor should be sent as set out above, to the address below:

### Deloitte.

Deloitte Restructuring Inc.  
700, 850 – 2nd Street S.W.  
Calgary AB T2P 0R8  
Canada

Tel: 403-267-1899

## DIVIDENDS



### Notice of Stock Split

NOTICE is hereby given that the Board of Directors has approved a stock split of the issued and outstanding Common Shares as follows:

Ratio: 2 for 1  
Record Date: March 11, 2015  
Payment Date: March 25, 2015

The stock split will be implemented by way of a stock dividend. All previously issued share certificates continue to be valid and new share certificates will be mailed to registered shareholders in respect of the additional shares.

### Notice of Dividend

NOTICE is hereby given that the Board of Directors of Magna International Inc. has declared a dividend in respect of the 3-month period ended December 31, 2014 as follows:

Amount: US\$0.22 per share  
(post stock split)  
Record Date: March 13, 2015  
Payment Date: March 27, 2015

BY ORDER OF THE BOARD  
Bassem A. Shakeel,  
Vice-President and Corporate Secretary  
Aurora, Ontario.  
February 24, 2015

## MEETING NOTICES



### NOTICE TO SHAREHOLDERS

Notice is hereby given that the Board of Directors of Agrium Inc. has fixed the close of business on March 9, 2015 as the date of record for shareholders who will be entitled to receive notice of the Annual General Meeting of Shareholders of the Corporation to be held at Agrium Place, Main Floor Rotunda, 13131 Lake Fraser Drive S.E., Calgary, Alberta, on Wednesday, May 6, 2015 at 11:00 a.m. (Mountain Daylight Time).

By Order of the Board of Directors  
Gary J. Daniel,  
Corporate Secretary

Calgary, Alberta  
February 27, 2015

## BUSINESS TO BUSINESS

### AIRCRAFT

1990 Challenger 601 3AER Eng on JSSI, 7,500 AFTT, Cdn, 10 pax \$2.4M USD. J. Spears 416-203-0600, [jaspears.com](http://jaspears.com).

CESSNA CARAVAN AMPHIBIAN  
For sale. Only 175 hours TT. Immed. avail. Ken Wilson 647-227-6996; email: [ken@wilsonaircraft.com](mailto:ken@wilsonaircraft.com)

Cessna Citation Ultras, ideal combination of Speed, Range, Load & Short Field Capabilities. Contact John Hopkinson & Associates @ 403-291-9027.

### BUSINESS OPPORTUNITIES

FEATURE FILMS - Guaranteed Returns

## STREET

# Costs deal

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# Schedule 2

March 11, 2015

## **Notice to Depositors to the Lutheran Church – Canada, the Alberta – British District Investments Ltd. (“District Investments” or “DIL”)**

As you are aware, District Investments commenced proceedings under the *Companies’ Creditors Arrangement Act* (the “CCAA”) on January 23, 2015. Deloitte Restructuring Inc. acts as the Monitor in the CCAA proceedings (the “Monitor”).

The purpose of this correspondence is to provide clarification regarding the recent mail-out (the “Claims Package”) that was sent to you by the Monitor, regarding the claims procedure that was approved by the Court of Queen’s Bench of Alberta on February 20, 2015.

Each of the Claims Packages included a completed Proof of Claim Form for Depositors for Claims arising prior to January 23, 2015 (the “Depositor Claim”) together with a District Investments’ Account Summary as at January 23, 2015 (the “Account Summary”). The Account Summary reflected two values, which were described as follows:

- The “Estimated Book Value as at December 31, 2014” (the “Estimated Book Value”) – This amount reflects the amount of your original investment in District Investments. The Estimated Book Value would have been consistent with prior statements that you may have received from DIL and does not reflect any adjustment related to anticipated losses on selected loans held by District Investments (the “DIL Loans”); and
- The “Estimated Write-Down Balance as at January 23, 2015” (the “Estimated Write-Down Value”) – This amount reflects the estimated value of your investment taking into account the anticipated losses on selected of the DIL Loans. The Estimated Write-Down Value is the amount included in your Depositor Claim.

Additional information on the anticipated losses on selected loans held by District Investments is available in the Monitor’s First Report, dated February 17, 2015, which can be accessed on the Monitor’s website at

[http://www.insolvencies.deloitte.ca/en-ca/Pages/lutheran\\_church\\_canada\\_the\\_alberta\\_british\\_columbia\\_district\\_et\\_al.aspx](http://www.insolvencies.deloitte.ca/en-ca/Pages/lutheran_church_canada_the_alberta_british_columbia_district_et_al.aspx)

DIL contains registered investments such as RRSPs, TFSAs and RRIFs. Due to the nature of these investments, their value is equal to the value of the assets in District Investments, including the DIL Loans. As such, the value of each individual’s investment in DIL will increase or decrease proportionally based on increases or decreases in the value of the assets held by District Investments.

The Estimated Write-Down Value, which is included in your Depositor Claim, represents the estimated value of your investment as at the date of the CCAA proceedings, based on the anticipated losses on selected of the DIL Loans. Should the realizable value of the DIL Loans be above or below the current estimated value, that increase or decrease in value will flow through to depositors, proportional to the value of their investment.



Based on inquiries that we have received, we further note as follows with respect to the Write-Down Value:

- Accepting the Depositor Claim, as provided, does not mean that you are limiting the value of your investment to the Write-Down Value. The value of your investment will be dependent on the actual value of the assets held by District Investments and may be higher or lower than the Write-Down Value;
- The Estimated Write-Down Value does not represent the amount that may ultimately be payable to you pursuant to any Plan of Arrangement filed in the CCAA proceedings; and
- The same write-down has been applied to all depositors in District Investments. As such, your proportional interest in the assets held by District Investments remains unchanged.

As previously noted, Depositors to District Investments may have contingent claims against the directors and officers of District Investments. Further details will be provided regarding the nature of these claims upon the Monitor completing its review of this issue and prior to any Plan being filed. Such contingent claims will be based upon your interest in District Investments; however, the nature and amount of such claims is currently unknown.

Should you have additional questions, please contact the undersigned at 403-298-5955.

Yours truly,

**DELOITTE RESTRUCTURING INC.**

In its capacity as the Court-appointed Monitor of Lutheran Church – Canada, the Alberta – British Columbia District, Encharis Community Housing and Services, Encharis Management and Support Services and Lutheran Church – Canada, the Alberta – British Columbia District Investments Ltd. and not in its personal or corporate capacity



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Per: Vanessa Allen, B. Comm, CIRP  
Vice-President

# Schedule 3

March 16, 2015

**Notice to Depositors to the Lutheran Church – Canada, the Alberta – British District (“District”), including the Church Extension Fund (“CEF”) regarding the Creditors’ Committee Selection Process**

As you are aware, the District commenced proceedings under the *Companies’ Creditors Arrangement Act* (the “CCAA”) on January 23, 2015. Deloitte Restructuring Inc. acts as the Monitor in the CCAA proceedings (the “Monitor”).

On February 20, 2015, an Order (the “Committee Order”) was approved, which provided a process (the “Committee Process”) for the establishment of two creditors’ committees, one for District and one for DIL (the “Committees”). A copy of the Committee Order is available for viewing on the Monitor’s website (the “Monitor’s Website”) at the following link:

[http://www.insolvencies.deloitte.ca/en-ca/Pages/lutheran\\_church\\_canada\\_the\\_alberta\\_british\\_columbia\\_district\\_et\\_al.aspx](http://www.insolvencies.deloitte.ca/en-ca/Pages/lutheran_church_canada_the_alberta_british_columbia_district_et_al.aspx)

As set out in the Committee Order, on February 26, 2015, The Monitor sent, by regular mail, notice of the Committee Process to all known creditors of both the District and DIL.

Pursuant to the Committee Process, the Monitor was to fill three of the five positions on the creditors’ committee for the District (the “District Committee”) with those depositors who had three of the ten largest known claims against the District (the “Reserved Positions”) and who were willing to serve on the District Committee. The Monitor notes that the Reserved Positions on the District Committee were filled with two members from Alberta and one from British Columbia. Only two of the members were drawn from those depositors with the ten largest known claims in order to achieve geographic representation within the District Committee.

For the District, the Reserved Positions have been filled by the following individuals:

1. Sandra Jory (put forward by St. Peter’s Evangelical Lutheran Church);
2. Phil Lemke (put forward by Foothills Lutheran Church); and
3. Dieter Steinruck.

Subsequent to the Committee Order being granted, the Monitor became aware that many of those depositors who were eligible to serve in Reserved Positions had significant investments in both the District’s church extension fund and in DIL. Should any of those depositors serve on one of the Committees, they would have an inherent conflict of interest in deciding issues where the interests of the District and DIL were divergent. In order to avoid a situation where many of the members of the Committees may have to recuse themselves from voting on key issues, the Monitor determined that those depositors chosen to fill the Reserved Positions would be restricted to those who had individual deposits and deposits of family members living within the same household only in one of the two funds. The remaining two positions that will be voted on (the “Vacant Positions”) were left open to all applicants, subject to the restrictions set out in the Committee Order

As set out in the Committee Order, information on the Vacant Positions will be posted on the Monitor's website on or before March 31, 2015.

Should you have additional questions, please contact the undersigned at 403-298-5955.

Yours truly,

**DELOITTE RESTRUCTURING INC.**

In its capacity as the Court-appointed Monitor of Lutheran Church – Canada, the Alberta – British Columbia District, Encharis Community Housing and Services, Encharis Management and Support Services and Lutheran Church – Canada, the Alberta – British Columbia District Investments Ltd. and not in its personal or corporate capacity



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Per: Vanessa Allen, B. Comm, CIRP  
Vice-President

# Schedule 4



Deloitte Restructuring Inc.  
700, 850 – 2<sup>nd</sup> Street S.W.  
Calgary AB T2P 0R8  
Canada

Tel: 403-267-1899  
Fax: 403-718-3681  
www.deloitte.ca

March 16, 2015

**Notice to Depositors to the Lutheran Church – Canada, the Alberta – British District Investments Ltd. (“District Investments” or “DIL”) regarding the Creditors’ Committee Selection Process**

As you are aware, District Investments commenced proceedings under the *Companies’ Creditors Arrangement Act* (the “CCAA”) on January 23, 2015. Deloitte Restructuring Inc. acts as the Monitor in the CCAA proceedings (the “Monitor”).

On February 20, 2015, an Order (the “Committee Order”) was approved, which provided a process (the “Committee Process”) for the establishment of two creditors’ committees, one for District and one for DIL (the “Committees”). A copy of the Committee Order is available for viewing on the Monitor’s website (the “Monitor’s Website”) at the following link:

[http://www.insolvencies.deloitte.ca/en-ca/Pages/lutheran\\_church\\_canada\\_the\\_alberta\\_british\\_columbia\\_district\\_et\\_al.aspx](http://www.insolvencies.deloitte.ca/en-ca/Pages/lutheran_church_canada_the_alberta_british_columbia_district_et_al.aspx)

As set out in the Committee Order, on February 26, 2015, The Monitor sent, by regular mail, notice of the Committee Process to all known creditors of both the District and DIL.

Pursuant to the Committee Process, the Monitor was to fill three of the five positions on the creditors’ committee for District Investments with those depositors who had three of the ten largest known claims against the District Group (the “Reserved Positions”) and who were willing to serve on the creditors’ committee for DIL (the “DIL Committee”). The Monitor notes that the Reserved Positions on the DIL Committee were filled with two members from Alberta and one from British Columbia. Only two of the members were drawn from those depositors with the ten largest known claims in order to achieve geographic representation within the DIL Committee.

For DIL, the Reserved Positions have been filled by the following individuals:

1. Gary Clements;
2. Reid Glenn; and
3. Esther Borger

Subsequent to the Committee Order being granted, the Monitor became aware that many of those depositors who were eligible to serve in Reserved Positions had significant investments in both the District’s church extension fund and in DIL. Should any of those depositors serve on one of the Committees, they would have an inherent conflict of interest in deciding issues where the interests of the District and DIL were divergent. In order to avoid a situation where many of the members of the Committees may have to recuse themselves from voting on key issues, the Monitor determined that those depositors chosen to fill the Reserved Positions would be restricted to those who had individual deposits and deposits of family members living within the same household only in one of the two funds. The remaining two positions that will be voted on (the “Vacant Positions”) were left open to all applicants, subject to the restrictions set out in the Committee Order

As set out in the Committee Order, information on the Vacant Positions will be posted on the Monitor's website on or before March 31, 2015.

Should you have additional questions, please contact the undersigned at 403-298-5955.

Yours truly,

**DELOITTE RESTRUCTURING INC.**

In its capacity as the Court-appointed Monitor of Lutheran Church – Canada, the Alberta – British Columbia District, Encharis Community Housing and Services, Encharis Management and Support Services and Lutheran Church – Canada, the Alberta – British Columbia District Investments Ltd. and not in its personal or corporate capacity



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Per: Vanessa Allen, B. Comm, CIRP  
Vice-President

# Schedule 5



The Lutheran Church - Canada, The Alberta - British Columbia District (the "District") including the Church Extension Fund ("CEF")  
Statement of Projected Cash Flow  
For the Fifteen Week Period Ending June 27, 2015

Week ending	21-Mar-15	28-Mar-15	4-Apr-15	11-Apr-15	18-Apr-15	25-Apr-15	2-May-15	9-May-15	16-May-15	23-May-15	30-May-15	6-Jun-15	13-Jun-15	20-Jun-15	27-Jun-15	Total	Notes
<b>Cash flow from CEF operations</b>																	
<b>Receipts</b>																	
Lease payments			\$ 29,017				\$ 29,017					\$ 29,017				\$ 87,051	1
Management fees		24,000				\$ 24,000					\$ 24,000				\$ 24,000	96,000	2
Loan interest and principal payments	16,737	245	1,000	\$ 3,500	\$ 16,737	245	1,000	\$ 3,500	\$ 16,737	\$ 1,000	245	1,000	\$ 3,500	\$ 16,737	245	82,428	3
<b>Total Receipts</b>	16,737	24,245	30,017	3,500	16,737	24,245	30,017	3,500	16,737	1,000	24,245	30,017	3,500	16,737	24,245	265,479	
<b>Disbursements</b>																	
Mortgage payments			(28,188)				(28,188)					(28,188)				(84,564)	4
CEF salaries and benefits	(10,000)		(2,100)		(37,000)		(2,100)		(37,000)			(2,100)		(37,000)		(127,300)	
Operating expenses	(6,000)	(6,000)	(6,000)	(6,000)	(6,000)	(6,000)	(6,000)	(6,000)	(6,000)	(6,000)	(6,000)	(6,000)	(6,000)	(6,000)	(6,000)	(120,688)	5
Emergency fund	(1,513)	(860)	(37,105)	(500)	(12,000)	(52,500)	(38,605)	(500)	(500)	(45,000)	(500)	(39,105)		(45,000)		(154,500)	6
Restructuring fees					(12,000)											(12,000)	7
Communications					(12,000)											(31,500)	8
CRO							(3,500)				(14,000)				(14,000)		
<b>Total disbursements</b>	(17,513)	(6,860)	(73,393)	(6,500)	(67,500)	(59,000)	(78,393)	(6,500)	(43,500)	(51,500)	(14,500)	(69,393)		(82,000)	(14,000)	(590,552)	
<b>Net cash flow from CEF operations</b>	<b>(776)</b>	<b>17,385</b>	<b>(43,376)</b>	<b>(3,000)</b>	<b>(50,763)</b>	<b>(34,755)</b>	<b>(48,376)</b>	<b>(3,000)</b>	<b>(26,763)</b>	<b>(50,500)</b>	<b>9,745</b>	<b>(39,376)</b>	<b>3,500</b>	<b>(65,263)</b>	<b>10,245</b>	<b>(325,073)</b>	
<b>Cash flow from other District operations</b>																	
<b>Receipts</b>																	
Wage recovery	12,000		2,500		17,450		2,500		12,000			2,500		12,000		60,950	9
Mission remittances	13,000	13,000	13,000	13,000	13,000	13,000	13,000	13,000	13,000	13,000	13,000	13,000	13,000	13,000	13,000	195,000	10
Rental income			1,500				1,500					1,500				4,500	11
<b>Total receipts</b>	25,000	13,000	17,000	13,000	30,450	13,000	17,000	13,000	25,000	13,000	13,000	17,000	13,000	25,000	13,000	260,450	
<b>Disbursements</b>																	
Salaries and benefits	(10,000)		(2,100)		(42,240)		(2,100)		(37,240)			(2,100)		(32,240)		(128,020)	12
Administrative expenses, travel and utilities	(1,850)	(1,850)	(1,850)	(1,850)	(1,850)	(1,850)	(1,850)	(1,850)	(1,850)	(1,850)	(500)	(500)	(1,500)	(6,000)	(500)	(18,500)	13
Outreach operating expenses	(6,000)	(1,500)	(500)	(500)	(6,000)	(15,000)	(500)	(500)	(1,500)	(6,000)	(500)	(450)	(450)	(450)	(450)	(47,000)	14
Parish and school services operating expenses	(450)	(450)	(450)	(450)	(450)	(450)	(450)	(450)	(450)	(450)	(450)	(450)	(450)	(450)	(450)	(6,750)	15
Department of Stewardship and Financial Ministries operating expenses	(1,000)				(1,000)				(1,000)					(1,000)		(4,000)	16
President's expenses	(180)	(180)	(180)	(180)	(180)	(180)	(180)	(180)	(180)	(180)	(180)	(180)	(180)	(180)	(180)	(2,700)	
Plant fund expenses	(500)	(500)	(500)	(500)	(500)	(500)	(500)	(500)	(500)	(500)	(500)	(500)	(500)	(500)	(500)	(7,500)	17
<b>Total disbursements</b>	(19,980)	(4,480)	(5,580)	(3,480)	(52,220)	(17,980)	(5,580)	(3,480)	(42,720)	(8,980)	(1,630)	(3,730)	(2,630)	(40,370)	(1,630)	(214,470)	
<b>Net cash flow from other District operations</b>	<b>5,020</b>	<b>8,520</b>	<b>11,420</b>	<b>9,520</b>	<b>(21,770)</b>	<b>(4,980)</b>	<b>11,420</b>	<b>9,520</b>	<b>(17,720)</b>	<b>4,020</b>	<b>11,370</b>	<b>13,270</b>	<b>10,370</b>	<b>(15,370)</b>	<b>11,370</b>	<b>45,980</b>	
<b>Total net cash flow</b>	<b>\$ 4,244</b>	<b>\$ 25,905</b>	<b>\$ (31,956)</b>	<b>\$ 6,520</b>	<b>\$ (72,533)</b>	<b>\$ (39,735)</b>	<b>\$ (36,956)</b>	<b>\$ 6,520</b>	<b>\$ (44,483)</b>	<b>\$ (46,480)</b>	<b>\$ 21,115</b>	<b>\$ (26,106)</b>	<b>\$ 13,870</b>	<b>\$ (80,633)</b>	<b>\$ 21,615</b>	<b>\$ (279,093)</b>	
<b>Cash and marketable securities on hand</b>																	
Beginning balance	\$ 6,211,093	\$ 6,215,337	\$ 6,241,242	\$ 6,209,286	\$ 6,215,806	\$ 6,143,273	\$ 6,103,538	\$ 6,066,582	\$ 6,073,102	\$ 6,028,619	\$ 5,982,139	\$ 6,003,254	\$ 5,977,148	\$ 5,991,018	\$ 5,910,385	\$ 6,211,093	18
Total net cash flow	4,244	25,905	(31,956)	6,520	(72,533)	(39,735)	(36,956)	6,520	(44,483)	(46,480)	21,115	(26,106)	13,870	(80,633)	21,615	(279,093)	
<b>Ending balance</b>	<b>\$ 6,215,337</b>	<b>\$ 6,241,242</b>	<b>\$ 6,209,286</b>	<b>\$ 6,215,806</b>	<b>\$ 6,143,273</b>	<b>\$ 6,103,538</b>	<b>\$ 6,066,582</b>	<b>\$ 6,073,102</b>	<b>\$ 6,028,619</b>	<b>\$ 5,982,139</b>	<b>\$ 6,003,254</b>	<b>\$ 5,977,148</b>	<b>\$ 5,991,018</b>	<b>\$ 5,910,385</b>	<b>\$ 5,932,000</b>	<b>\$ 5,932,000</b>	

Prepared as at the 20 day of March 2015

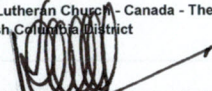


The Lutheran Church - Canada, The Alberta - British Columbia District (the "District") including the Church Extension Fund ("CEF")  
Statement of Projected Cash Flow  
For the Fifteen Week Period Ending June 27, 2015

**Purpose:**

This Statement of Projected Cash Flow (the "Cash Flow") has been prepared by management pursuant to section 10(2)(a) of the *Companies' Creditors' Arrangement Act* ("CCAA"). It is being filed specifically for the purposes contemplated in that section and readers are cautioned that it may not be appropriate for other purposes. The Cash Flow has been prepared based on the hypothetical and probable assumptions described in the general and specific notes. In addition the Cash Flow has been prepared based on assumptions regarding future events; therefore actual results may vary from the estimates presented herein and these variances may be material.

The Lutheran Church - Canada - The Alberta  
British Columbia District

  
Per: Kurt Robinson, Executive Director of  
Stewardship and Finance

**Notes & Assumptions - General:**

1. Unless otherwise stated, amounts are based on historical data and management estimates.
2. All amounts include applicable GST.
3. CEF placed a moratorium on depositors redemptions effective January 2, 2015.

**Notes & Assumptions - Specific:**

1. Monthly lease payments made from Golden Hills School Division for lease of a portion of a property located in Strathmore, Alberta. The loan on Strathmore Property is held in the Lutheran Church - Canada, The Alberta - British Columbia District Investments Ltd. ("DIL"); therefore payments are transferred to DIL from CEF on a monthly basis (the "Golden Hill Payment").
2. Management fee paid from DIL.
3. Includes loan payments from various churches in the District. The other mortgages and lines of credit left in the CEF pay on inconsistent dates and are not always kept current.
4. Represents the Golden Hill Payment.
5. Represents payments made pursuant to an emergency fund whereby high need individuals would still be able to access funds on a monthly basis during the CCAA proceedings.
6. Represents anticipated amounts payable to the District's legal counsel, the CCAA Monitor and other restructuring professionals providing assistance during the CCAA proceedings.
7. Represents amounts payable to Hill & Knowlton Strategies to assist in communications throughout the restructuring. Following the appointment of the Chief Restructuring Officer (the "CRO"), this function will be taken over by the CRO.
8. Includes amounts payable to Klwane and Partners as CRO.
9. Encharis Management and Support Services makes monthly payments to the District for the use of selected management employees. In addition, the District processes payroll on behalf of the Lutheran Historical Society, which is prepaid.
10. Represents the anticipated weekly amount of mission commitments received from the churches throughout the District.
11. Includes \$1,500 per month for rent on a condominium in Richmond, BC.
12. Includes monthly salary, benefits and pension amounts. The District is WCB exempt.
13. Includes information technology, general office expenses and travel.
14. Program funding given to churches within the District. Churches have accessed this program by applying for specific funding with all amounts being reviewed by the Outreach Department and approved by the District's board of directors.
15. Program funding given to churches within the District. Churches have accessed this program by applying for specific funding with all amounts being reviewed by the Parish and School Services Department and approved by the District's board of directors.
16. Monthly amount sent to the Lutheran Church Canada for use of the services of the LCC gift planner, who is assigned to the District.
17. Regular operating expenses such as grounds keeping and maintenance on District owned properties.
18. Includes marketable securities held with FI Capital with a fair market value of approximately \$5,545,608 as at March 13, 2015. \$1,382 was held in a US account, which has been converted at an exchange rate of \$1.000 US: \$1.26 CDN.

# Schedule 6

Lutheran Church - Canada, The Alberta - British Columbia District Investments Ltd. ("DIL")  
Statement of Projected Cash Flow  
For the Fifteen Week Period Ending June 27, 2015

Week ending	21-Mar-15	28-Mar-15	4-Apr-15	11-Apr-15	18-Apr-15	25-Apr-15	2-May-15	9-May-15	16-May-15	23-May-15	30-May-15	6-Jun-15	13-Jun-15	20-Jun-15	27-Jun-15	Total	Notes
<b>Receipts</b>																	
Loan payments	\$ 3,400	\$ 12,500	\$ 48,518	\$ 5,000	\$ 3,400	\$ 12,500	\$ 45,518	\$ 5,000	\$ 3,400	\$ 12,500	\$ 5,000	\$ 48,518	\$ 5,000	\$ 3,400	\$ 12,500	\$ 226,154	1
<b>Total receipts</b>	3,400	12,500	48,518	5,000	3,400	12,500	45,518	5,000	3,400	12,500	5,000	48,518	5,000	3,400	12,500	226,154	
<b>Disbursements</b>																	
Management fee			(24,000)			(24,000)					(24,000)				(24,000)	(96,000)	2
Restructuring fees					(8,000)	(45,750)				(40,500)				(40,500)		(134,750)	3
Communication fees					(8,000)										(14,000)	(31,500)	4
CRO							(3,500)				(14,000)					(1,862)	5
Emergency fund			(931)					(931)								(487,317)	6
Annual minimum RRIF payments			(12,255)			(1,411)		(23,601)		(450,050)				(40,500)	(38,000)	(759,429)	7
<b>Total disbursements</b>			(37,186)		(16,000)	(71,161)	(3,500)	(24,532)		(490,550)	(38,000)			(40,500)	(38,000)	(1,533,275)	
<b>Net cash flow</b>	\$ 3,400	\$ 12,500	\$ 11,332	\$ 5,000	\$ (12,600)	\$ (58,661)	\$ 42,018	\$ (19,532)	\$ 3,400	\$ (478,050)	\$ (33,000)	\$ 48,518	\$ 5,000	\$ (37,100)	\$ (25,500)	\$ (533,275)	
<b>Cash and marketable securities on hand</b>																	
Beginning balance	\$ 18,321,521	\$ 18,324,921	\$ 18,337,421	\$ 18,348,753	\$ 18,353,753	\$ 18,341,153	\$ 18,282,492	\$ 18,324,510	\$ 18,304,978	\$ 18,308,378	\$ 17,830,328	\$ 17,797,328	\$ 17,845,846	\$ 17,850,846	\$ 17,813,746	\$ 18,321,521	8
Net cash flow	3,400	12,500	11,332	5,000	(12,600)	(58,661)	42,018	(19,532)	3,400	(478,050)	(33,000)	48,518	5,000	(37,100)	(25,500)	(533,275)	
<b>Ending balance</b>	\$ 18,324,921	\$ 18,337,421	\$ 18,348,753	\$ 18,353,753	\$ 18,341,153	\$ 18,282,492	\$ 18,324,510	\$ 18,304,978	\$ 18,308,378	\$ 17,830,328	\$ 17,797,328	\$ 17,845,846	\$ 17,850,846	\$ 17,813,746	\$ 17,788,246	\$ 17,788,246	

Prepared as at the 20 day of March, 2015

**Purpose:**

This Statement of Projected Cash Flow (the "Cash Flow") has been prepared by management pursuant to section 10(2)(a) of the *Companies' Creditors' Arrangement Act* ("CCAA"). It is being filed specifically for the purposes contemplated in that section and readers are cautioned that it may not be appropriate for other purposes. The Cash Flow has been prepared based on the hypothetical and probable assumptions described in the general and specific notes. In addition, the Cash Flow has been prepared based on assumptions regarding future events; therefore actual results may vary from the estimates presented herein and these variances may be material.

The Lutheran Church - Canada, the  
Alberta - British Columbia District  
Investments Ltd.

Per: Kurt Robinson, Executive Director of  
Stewardship and Finance

**Notes & Assumptions - General:**

1. Unless otherwise stated, amounts are based on historical data and management estimates.
2. All amounts include applicable GST.
3. DIL has not processed any depositors redemptions since January 2, 2015.

**Notes & Assumptions - Specific:**

1. Includes loan payments from various churches within Lutheran Church - Canada, the Alberta - British Columbia District for mortgages held by DIL.
2. Monthly management fees payable to CEF and quarterly portfolio fees paid to DIL's investment advisor at FI Capital.
3. Represents anticipated amounts payable to DIL's legal counsel, the CCAA Monitor and other restructuring professionals providing assistance during the CCAA proceedings.
4. Represents amounts payable to Hill & Knowlton Strategies to assist in communications throughout the restructuring. Following the appointment of the Chief Restructuring Officer (the "CRO"), this function will be taken over by the CRO.
5. Includes amounts payable to Klauene Partners as CRO.
6. Represents payments made pursuant to an emergency fund whereby high need individuals can access funds on a monthly basis during the CCAA proceedings.
7. Represents required statutory annual minimum payments (the "Minimum Payments") to be issued to depositors pursuant to their RRIFs. All Minimum Payments are expected to be paid out on May 15, 2015 in order to facilitate tax reporting due to the current software system being decommissioned. As such, no further Minimum Payments would be required for the remainder of 2015.
8. DIL held marketable securities with a fair market value of approximately \$18,006,941 with FI capital as at March 13, 2015.

# Schedule 7



**Encharis Community Housing and Services ("ECHS")**  
**Statement of Projected Cash Flow**  
**For the Fifteen Week Period Ending June 27, 2015**

Week ending	21-Mar-15	28-Mar-15	4-Apr-15	11-Apr-15	18-Apr-15	25-Apr-15	2-May-15	9-May-15	16-May-15	23-May-15	30-May-15	6-Jun-15	13-Jun-15	20-Jun-15	27-Jun-15	Total	Notes	
<b>Receipts</b>																		
Lease revenue			\$ 125,000				\$ 125,000					\$ 125,000					\$ 375,000	1
Water and sewage revenue			36,000	\$ 6,175			36,000	\$ 6,175				36,000	\$ 6,175				126,525	2
RV lot rental			1,000				1,000					1,000					3,000	3
<b>Total receipts</b>			162,000	6,175			162,000	6,175				162,000	6,175				504,525	
<b>Disbursements</b>																		
Operating expenses	(49,000)	(10,000)	(3,000)	(15,000)	(45,000)	(85,000)	(3,000)	(15,000)	(10,000)	(35,000)	(75,000)	(3,000)	(50,000)	(10,000)	(22,000)	(430,000)	(430,000)	4
Restructuring fees					(5,000)	(15,500)				(14,250)			(5,000)		(14,250)	(44,000)	(44,000)	5
Contingency	(5,000)		(5,000)		(5,000)		(5,000)		(5,000)		(5,000)		(5,000)		(5,000)	(40,000)	(40,000)	6
<b>Total disbursements</b>	(54,000)	(10,000)	(8,000)	(15,000)	(50,000)	(100,500)	(8,000)	(15,000)	(15,000)	(49,250)	(80,000)	(3,000)	(55,000)	(10,000)	(41,250)	(514,000)	(514,000)	
<b>Net cash flow</b>	\$ (54,000)	\$ (10,000)	\$ 154,000	\$ (8,825)	\$ (50,000)	\$ (100,500)	\$ 154,000	\$ (8,825)	\$ (15,000)	\$ (49,250)	\$ (80,000)	\$ 159,000	\$ (48,825)	\$ (10,000)	\$ (41,250)	\$ (9,475)		
<b>Cash on hand</b>																		
Beginning balance	\$ 313,589	\$ 259,589	\$ 249,589	\$ 403,589	\$ 394,764	\$ 344,764	\$ 244,264	\$ 398,264	\$ 389,439	\$ 374,439	\$ 325,189	\$ 245,189	\$ 404,189	\$ 355,364	\$ 345,364	\$ 313,589		
Net cash flow	(54,000)	(10,000)	154,000	(8,825)	(50,000)	(100,500)	154,000	(8,825)	(15,000)	(49,250)	(80,000)	159,000	(48,825)	(10,000)	(41,250)	(9,475)		
<b>Ending balance</b>	\$ 259,589	\$ 249,589	\$ 403,589	\$ 394,764	\$ 344,764	\$ 244,264	\$ 398,264	\$ 389,439	\$ 374,439	\$ 325,189	\$ 245,189	\$ 404,189	\$ 355,364	\$ 345,364	\$ 304,114	\$ 304,114		

Prepared as at the 20 day of March, 2015

**Purpose:**

This Statement of Projected Cash Flow (the "Cash Flow") has been prepared by management pursuant to section 10(2)(a) of the *Companies' Creditors' Arrangement Act* ("CCAA"). It is being filed specifically for the purposes contemplated in that section and readers are cautioned that it may not be appropriate for other purposes. The Cash Flow has been prepared based on the hypothetical and probable assumptions described in the general and specific notes. In addition the Cash Flow has been prepared based on assumptions regarding future events; therefore actual results may vary from the estimates presented herein and these variances may be material.

Encharis Community Housing and Services

Per: Kurt Robinson, Executive Director of Stewardship and Finance

**Notes & Assumptions - General:**

1. Unless otherwise stated, amounts are based on historical data and management estimates.
2. All amounts include applicable GST.

**Notes & Assumptions - Specific:**

1. ECHS leases land and buildings that they own within the development known as Prince of Peace to Encharis Management and Support Services ("EMSS"), a related entity. EMSS operates as the Prince of Peace Manor and Harbour, providing integrated supportive living services to seniors based on their assessed care needs. Monthly lease payments increased from \$86,500 to \$125,000 in April 2015. Monthly payments are due on the 1st of each month from EMSS to ECHS with respect to this lease.
2. ECHS provides water and sewer services to EMSS, to the elementary school located in the POP Development and to residents of a condominium complex known as the "POP Village". All POP Village residents have their water payments paid by EFT on the first of the month. EMSS transfers the funds to ECHS during the first week of each month. The elementary school makes payments each month as funds are available.
3. The RV lot rentals are for POP Village residents only and are paid by EFT on the first of each month.
4. Monthly accounts payable average approximately \$62,500 per month. A one-time capital expenditure totaling approximately \$198,500 is required to repair woodpecker damage at the Harbour and the Manor; however, this repair is anticipated to enhance the future resale value of the Harbour and the Manor and prevent future damage (the "Woodpecker Repair"). The Woodpecker Repair was originally included in EMSS' forecast but is payable by ECHS as the owner of the assets.
5. Represents anticipated amounts payable to ECHS' legal counsel, the CCAA Monitor and other restructuring professionals providing assistance during the CCAA proceedings.
6. Includes payments related to the repair of roadways and the master-site plan approval process.

# Schedule 8



**Encharis Management and Support Services ("EMSS")**  
**Statement of Projected Cash Flow**  
**For the Fifteen Week Period Ending June 27, 2015**

Week ending	21-Mar-15	28-Mar-15	4-Apr-15	11-Apr-15	18-Apr-15	25-Apr-15	2-May-15	9-May-15	16-May-15	23-May-15	30-May-15	6-Jun-15	13-Jun-15	20-Jun-15	27-Jun-15	Total	Notes
<b>Receipts</b>																	
Rent	\$ 1,000	\$ 1,000	\$ 432,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 434,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 436,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,314,000	1
Alberta Health Services ("AHS") funding			388,844				388,844					388,844				1,166,532	2
Wage recoveries		3,400				3,400					3,400				3,400	13,600	3
Miscellaneous revenue	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	30,000	4
<b>Total receipts</b>	<b>3,000</b>	<b>6,400</b>	<b>822,844</b>	<b>3,000</b>	<b>3,000</b>	<b>6,400</b>	<b>824,844</b>	<b>3,000</b>	<b>3,000</b>	<b>3,000</b>	<b>6,400</b>	<b>826,844</b>	<b>3,000</b>	<b>3,000</b>	<b>6,400</b>	<b>2,524,132</b>	
<b>Disbursements</b>																	
Payroll	(192,000)		(192,000)		(205,000)		(203,000)		(205,000)		(192,000)		(192,000)	(13,000)	(203,000)	(1,597,000)	5
RRSP's	(10,900)		(10,900)		(10,900)		(10,900)		(10,900)		(10,900)		(10,900)		(10,900)	(87,200)	
Health Benefits				(27,250)					(27,250)				(27,250)			(81,750)	
Administrative expenses	(4,500)	(20,000)	(4,500)	(25,000)	(4,500)	(20,000)	(4,500)	(10,000)	(25,000)	(4,500)	(20,000)	(4,500)	(20,000)	(4,500)	(31,500)	(203,000)	6
Food services expenses	(9,250)	(9,250)	(9,250)	(9,250)	(9,250)	(9,250)	(9,250)	(9,250)	(9,250)	(9,250)	(9,250)	(9,250)	(9,250)	(9,250)	(9,250)	(138,750)	
Housekeeping expenses	(2,000)	(2,000)	(2,000)	(2,000)	(2,000)	(2,000)	(2,000)	(2,000)	(2,000)	(2,000)	(2,000)	(2,000)	(2,000)	(2,000)	(2,000)	(30,000)	
Healthcare expenses	(350)	(350)	(350)	(350)	(350)	(350)	(350)	(350)	(350)	(350)	(350)	(350)	(350)	(350)	(350)	(5,250)	
Maintenance expenses	(6,250)	(12,000)	(6,250)	(6,250)	(21,250)	(6,250)	(6,250)	(11,250)	(6,250)	(6,250)	(6,250)	(26,250)	(6,250)	(6,250)	(6,250)	(139,500)	7
Utility expenses		(12,000)	(37,017)		(17,750)	(12,000)	(1,500)	(35,517)	(17,750)			(37,017)	(2,500)	(15,250)	(12,000)	(200,301)	8
Diversicare			(22,000)					(22,000)				(22,000)				(66,000)	9
Lease payments			(125,000)					(125,000)				(125,000)				(375,000)	10
Restructuring fees						(15,500)				(12,000)					(12,000)	(39,500)	
Contingency	(5,000)		(5,000)		(5,000)		(5,000)		(5,000)		(5,000)		(5,000)		(5,000)	(40,000)	
<b>Total disbursements</b>	<b>(230,250)</b>	<b>(55,600)</b>	<b>(414,267)</b>	<b>(70,100)</b>	<b>(276,000)</b>	<b>(65,350)</b>	<b>(242,750)</b>	<b>(215,367)</b>	<b>(308,750)</b>	<b>(34,350)</b>	<b>(245,750)</b>	<b>(226,367)</b>	<b>(275,500)</b>	<b>(50,600)</b>	<b>(292,250)</b>	<b>(3,003,251)</b>	
<b>Net cash flow</b>	<b>\$ (227,250)</b>	<b>\$ (49,200)</b>	<b>\$ 408,577</b>	<b>\$ (67,100)</b>	<b>\$ (273,000)</b>	<b>\$ (58,950)</b>	<b>\$ 582,094</b>	<b>\$ (212,367)</b>	<b>\$ (305,750)</b>	<b>\$ (31,350)</b>	<b>\$ (239,350)</b>	<b>\$ 600,477</b>	<b>\$ (272,500)</b>	<b>\$ (47,600)</b>	<b>\$ (285,850)</b>	<b>\$ (479,119)</b>	
<b>Cash on hand</b>																	
Beginning balance	\$ 1,075,513	\$ 848,263	\$ 799,063	\$ 1,207,640	\$ 1,140,540	\$ 867,540	\$ 808,590	\$ 1,390,684	\$ 1,178,317	\$ 872,567	\$ 841,217	\$ 601,867	\$ 1,202,344	\$ 929,844	\$ 882,244	\$ 1,075,513	
Net cash flow	(227,250)	(49,200)	408,577	(67,100)	(273,000)	(58,950)	582,094	(212,367)	(305,750)	(31,350)	(239,350)	600,477	(272,500)	(47,600)	(285,850)	(479,119)	
<b>Ending balance</b>	<b>\$ 848,263</b>	<b>\$ 799,063</b>	<b>\$ 1,207,640</b>	<b>\$ 1,140,540</b>	<b>\$ 867,540</b>	<b>\$ 808,590</b>	<b>\$ 1,390,684</b>	<b>\$ 1,178,317</b>	<b>\$ 872,567</b>	<b>\$ 841,217</b>	<b>\$ 601,867</b>	<b>\$ 1,202,344</b>	<b>\$ 929,844</b>	<b>\$ 882,244</b>	<b>\$ 596,394</b>	<b>\$ 596,394</b>	

Prepared as at the 20 day of March, 2015

**Purpose:**

This Statement of Projected Cash Flow (the "Cash Flow") has been prepared by management pursuant to section 10(2)(a) of the *Companies' Creditors' Arrangement Act* ("CCAA"). It is being filed specifically for the purposes contemplated in that section and readers are cautioned that it may not be appropriate for other purposes. The Cash Flow has been prepared based on the hypothetical and probable assumptions described in the general and specific notes. In addition, the Cash Flow has been prepared based on assumptions regarding future events; therefore actual results may vary from the estimates presented herein and these variances may be material.

Encharis Management and Support Services

Per:  Executive Director of Stewardship and Finance

**Notes & Assumptions - General:**

1. Unless otherwise stated, amounts are based on historical data and management estimates.
2. All amounts include applicable GST.
3. EMSS holds security deposits for PAL and independent residents in a trust account. As at January 31, 2015, the balance held in that trust account was \$335,587.

**Notes & Assumptions - Specific:**

1. Rents include all Alberta Health Services ("AHS") beds, independent beds and small rental amounts for the drug store and hair salon.
2. Annual funding revenue taken from the funding advice received from AHS on July 23, 2014.
3. Wage recovery to EMSS for EMSS employees who also provide services to Encharis Community Housing and Services ("ECHS") and Shepherd's Village Ministries Ltd.
4. Includes food services revenue, damage repair revenue and miscellaneous revenue (stamps, photocopying, etc.).
5. Payroll is withdrawn every second Friday by ADP and includes Canada Revenue Agency payroll source deductions.
6. Includes all administrative department expenses, contract accounting, contracted general manager, contracted pastor, WCB, information technology and cable.
7. EMSS obtains water and sewer services from ECHS.
8. A contract with an outside management group has been concluded with Diversicare Canada Management Services Co., Inc. ("Diversicare"), and operations of the Manor and Harbour have been taken over by Diversicare as at January 5, 2015.
9. ECHS, a related entity, leases land and buildings that they own within the development known as Prince of Peace to EMSS. EMSS operates as the Prince of Peace Manor and Harbour, providing integrated supportive living services to seniors based on their assessed care needs. Monthly lease payments increased from \$86,500 to \$125,000 in April 2015. Monthly payments are due on the 1st of each month from EMSS to ECHS with respect to this lease.
10. Represents anticipated amounts payable to EMSS' legal counsel, the CCAA Monitor and other restructuring professionals providing assistance during the CCAA proceedings.



# Schedule 9

**The Lutheran Church - Canada, The Alberta - British Columbia District including the Church Extension Fund**  
**Variance Analysis**  
**For the period from February 8, 2015 to March 14, 2015**

	<b>Forecast (F)</b>	<b>Actual (A)</b>	<b>Variance (A-F)</b>	<b>Notes</b>
<b>Cash flow from CEF operations</b>				
<b>Receipts</b>				
Lease payments	\$ 29,017	\$ 29,018	\$ 1	
Bank interest	-	448	448	1
Management fees from DIL	17,000	-	(17,000)	2
Loan interest and principal payments	30,299	242,011	211,712	3
<b>Total Receipts</b>	<b>76,316</b>	<b>271,477</b>	<b>195,161</b>	
<b>Disbursements</b>				
Mortgage payments	(28,188)	(28,189)	(1)	
CEF salaries and benefits	(28,100)	(28,100)	-	
Operating expenses	(26,000)	(1,298)	24,702	2
Emergency fund	(51,075)	(55,926)	(4,851)	2
Restructuring fees	(155,000)	(157,960)	(2,960)	4
Communication fees	(60,000)	(35,061)	24,939	5
<b>Total disbursements</b>	<b>(348,363)</b>	<b>(306,534)</b>	<b>41,829</b>	
<b>Net cash flow from CEF operations</b>	<b>(272,047)</b>	<b>(35,058)</b>	<b>236,989</b>	
<b>Cash flow from other District operations</b>				
<b>Receipts</b>				
Wage recovery (Encharis Group)	14,000	12,501	(1,499)	2
Donations	-	11,163	11,163	6
Accounts receivable	-	2,191	2,191	2
Mission remittances	50,000	68,300	18,300	7
Rental income	1,500	1,500	-	
<b>Total receipts</b>	<b>65,500</b>	<b>95,655</b>	<b>30,155</b>	
<b>Disbursements</b>				
Salaries and benefits	(96,380)	(106,460)	(10,080)	2
Convention expenses	-	2,273	2,273	8
Administrative expenses, travel and utilities	(9,250)	(29,393)	(20,143)	9
Outreach operating expenses	(13,600)	(10,878)	2,722	2
Parish and school services operating expenses	(6,300)	(1,860)	4,440	1
Department of Stewardship and Financial Ministries operating expenses	(1,000)	-	1,000	1
President's expenses	(900)	(517)	383	1
Plant fund expenses	(3,750)	(1,899)	1,851	1
<b>Total disbursements</b>	<b>(131,180)</b>	<b>(148,734)</b>	<b>(17,554)</b>	
<b>Net cash flow from other District operations</b>	<b>(65,680)</b>	<b>(53,079)</b>	<b>12,601</b>	
<b>Total net cash flow</b>	<b>\$ (337,727)</b>	<b>\$ (88,137)</b>	<b>\$ 249,590</b>	
<b>Cash and marketable securities on hand</b>				
<b>Beginning balance</b>	\$ 6,323,543	\$ 6,323,543	\$ -	
US bank account balance				
Changes in value of marketable securities		(24,313)	(24,313)	10
Total net cash flow	(337,727)	(88,137)	249,590	
<b>Ending Balance as per bank &amp; FI Capital</b>	<b>\$ 5,985,816</b>	<b>\$ 6,211,093</b>	<b>\$ 225,277</b>	

The Lutheran Church - Canada, The Alberta - British Columbia District including the Church Extension Fund  
Variance Analysis  
For the period from February 8, 2015 to March 14, 2015

**Notes:**

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1. Permanent variances as a result of receipts/ expenses being higher/ lower than originally forecast.
2. Timing related variances, which are expected to reverse themselves in future weeks.
3. Permanent variance as a result of a loan being repaid from Good Shepherd Lutheran Church in Valleyview, Alberta.
4. Permanent variance as a result of professional fees attributable to the District being higher than originally forecast.
5. Permanent variance as a result of the communications fees attributable to the District being higher than originally forecast.
6. Permanent variance as a result of an unexpected donation being received.
7. Permanent variance as a result of mission remittances being higher than what was originally forecast.
8. Permanent variance as a result of a cancellation fee related to a hotel that was originally booked for the District's convention in May 2015.
9. Permanent variance as a result of a payment of directors and officers' liability insurance, which was erroneously excluded from the forecast.
10. Permanent variance as a result of a decrease in the value of marketable securities held by FI capital during the period from February 8, 2015 to March 14, 2015 as a result of several investments maturing during this period.

# Schedule 10

**The Lutheran Church - Canada, The Alberta - British Columbia District Investments Ltd. ("DIL")**  
**Variance Analysis**  
**For the period from February 8, 2015 to March 14, 2015**

	<u>Forecast (F)</u>	<u>Actual (A)</u>	<u>Variance (A-F)</u>	<u>Notes</u>
<b>Receipts</b>				
Loan payments	\$ 74,418	\$ 79,029	\$ 4,611	1
Bank interest income	-	273	273	1
<b>Total receipts</b>	<u>74,418</u>	<u>79,302</u>	<u>4,884</u>	
<b>Disbursements</b>				
Management fee	(25,500)	(5,518)	19,982	1
Restructuring fees	(106,500)	(122,834)	(16,334)	2
Communication fees	(12,000)	(23,374)	(11,374)	3
Miscellaneous	-	(2,000)	(2,000)	1
Emergency fund	(19,990)	-	19,990	4
Annual minimum RRIF payments	(20,171)	(45,191)	(25,020)	5
<b>Total disbursements</b>	<u>(184,161)</u>	<u>(198,918)</u>	<u>(14,757)</u>	
<b>Net cash flow</b>	<u><b>\$ (109,743)</b></u>	<u><b>\$ (119,616)</b></u>	<u><b>\$ (9,873)</b></u>	
<b>Cash and marketable securities on hand</b>				
Beginning balance	\$ 18,123,731	\$ 18,123,731	\$ -	
Changes in value of marketable securities		317,406	317,406	6
Net cash flow	(109,743)	(119,616)	(9,873)	
<b>Ending balance</b>	<u><b>\$ 18,013,988</b></u>	<u><b>\$ 18,321,521</b></u>	<u><b>\$ 307,533</b></u>	

**Notes:**

1. Timing related variances, which are expected to reverse themselves in future weeks.
2. Permanent variance as a result of professional fees attributable to DIL being higher than originally forecast.
3. Permanent variance as a result of the communications fees attributable to DIL being higher than originally forecast.
4. Permanent variance as a result of fewer requests for emergency fund payments having been received than anticipated.
5. Permanent variance as a result of annual minimum payments being higher than originally projected due to an increase in the number of eligible depositors who have requested that their statutory minimum annual payment be paid on an annual, as opposed to a monthly, basis.
6. Permanent variance as a result of an increase in the value of marketable securities held by FI capital during the period from February 8, 2015 to March 14, 2015 as a result of several investments maturing during this period.

# Schedule 11

**Encharis Community Housing and Services ("ECHS")**  
**Variance Analysis**  
**For the period from February 8, 2015 to March 14, 2015**

	<u>Forecast (F)</u>	<u>Actual (A)</u>	<u>Variance (A-F)</u>	<u>Notes</u>
<b>Receipts</b>				
Lease revenue	\$ 86,500	\$ 86,500	\$ -	
Water and sewage revenue	61,175	55,982	(5,193)	1
RV lot rental	1,000	1,000	-	
<b>Total receipts</b>	<u>148,675</u>	<u>143,482</u>	<u>(5,193)</u>	
<b>Disbursements</b>				
Operating expenses	(58,437)	(87,523)	(29,086)	1
Restructuring fees	(78,250)	(35,459)	42,791	2
Communication fees	(3,000)	-	3,000	3
Contingency	(20,000)	-	20,000	1
<b>Total disbursements</b>	<u>(159,687)</u>	<u>(122,982)</u>	<u>36,705</u>	
<b>Net cash flow</b>	<u><b>\$ (11,012)</b></u>	<u><b>\$ 20,500</b></u>	<u><b>\$ 31,512</b></u>	
<b>Cash on hand</b>				
Beginning balance	\$ 293,194	\$ 293,089	\$ (106)	4
Net cash flow	(11,012)	20,500	31,512	
<b>Ending balance</b>	<u><b>\$ 282,182</b></u>	<u><b>\$ 313,589</b></u>	<u><b>\$ 31,406</b></u>	

**Notes:**

1. Timing related variances, which are expected to reverse themselves in future weeks.
2. Permanent variance as a result of professional fees attributable to ECHS being lower than originally forecast.
3. Permanent variance as a result of no communication fees being attributable to ECHS, as originally forecast.
4. Permanent variance as a result of a cheque written during the week ended February 7, 2015 being erroneously excluded from the forecast.

# Schedule 12



**Encharis Management and Support Services ("EMSS")**  
**Variance Analysis**  
**For the period from February 8, 2015 to March 14, 2015**

	<b>Forecast (F)</b>	<b>Actual (A)</b>	<b>Variance (A-F)</b>	<b>Notes</b>
<b>Receipts</b>				
Rent	\$ 430,000	\$ 438,756	\$ 8,756	1
Alberta Health Services funding	388,844	388,844	-	
Wage recoveries	12,425	58,492	46,067	2
Miscellaneous revenue	10,000	8,590	(1,410)	3
<b>Total receipts</b>	<b>841,269</b>	<b>894,682</b>	<b>53,413</b>	
<b>Disbursements</b>				
Payroll	(410,000)	(425,580)	(15,580)	4
RRSP's	(21,800)	(20,937)	863	4
Health benefits	(60,000)	(57,118)	2,882	4
Administrative expenses	(84,250)	(66,368)	17,882	3
Food services expenses	(46,250)	(63,908)	(17,658)	3
Housekeeping expenses	(9,625)	(9,332)	293	4
Healthcare expenses	(6,250)	(5,412)	838	4
Maintenance expenses	(45,000)	(33,073)	11,927	4
Utility expenses	(57,500)	(71,821)	(14,321)	5
Miscellaneous	-	-	-	
Diversicare	(44,000)	(33,319)	10,681	6
Lease payments	(86,500)	(86,500)	-	
Restructuring fees	(78,250)	(38,223)	40,027	7
Communication fees	(3,000)	-	3,000	8
Contingency	(20,000)	-	20,000	4
<b>Total disbursements</b>	<b>(972,425)</b>	<b>(911,591)</b>	<b>60,834</b>	
<b>Net cash flow</b>	<b>\$ (131,156)</b>	<b>\$ (16,909)</b>	<b>\$ 114,247</b>	
<b>Cash on hand</b>				
<b>Beginning Balance</b>	<b>\$ 1,092,422</b>	<b>\$ 1,092,422</b>	<b>\$ -</b>	
Net cash flow	(131,156)	(16,909)	114,247	
<b>Ending Balance</b>	<b>\$ 961,266</b>	<b>\$ 1,075,513</b>	<b>\$ 114,247</b>	

**Notes:**

1. A permanent variance was recorded due to occupancy being higher than originally forecast.
2. A permanent variance as a result of the collection of a related party account receivable that was not originally forecast.
3. Timing related variances, which are expected to reverse themselves in future weeks.
4. Permanent variances as a result of expenses being higher/ lower than originally forecast.
5. A permanent variance as a result of a pre-CCAA cheque on which a stop payment was requested clearing the account.
6. A permanent variance as a result of the accounting function at the Harbour and the Manor being transitioned to Diversicare Canada Management Services Inc. later than anticipated.
7. A permanent variance as a result of professional fees attributable to EMSS being lower than originally forecast.
8. A permanent variance as a result of no communications fees being attributable to EMSS, as originally forecast.