



COURT FILE NUMBER 1501-00955

COURT COURT OF QUEEN'S BENCH OF ALBERTA

JUDICIAL CENTRE CALGARY

DOCUMENT TWENTY-THIRD 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 AUGUST 22, 2016

ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT

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Table of Contents

- Introduction and Notice to Reader 1
 - Introduction 1
 - Notice to Reader 3
- Court Applications 4
- The Stay of Proceedings 6
- Status of Applicant Plans 7
 - The District Plan 7
 - Distributions 7
 - Formation of NewCo 8
 - The Subcommittee Process 8
 - The DIL Plan 10
 - Distributions 10
 - The Subcommittee Process 10
 - The ECHS and EMSS Plans 11
- Caveats 12
 - The Foothills Caveat 12
 - The Rock Caveat 13
- Cash Flow Forecast 14
 - District 14
 - Cash Flow Related to CEF 15
 - Cash Flow Related to Other District Operations 16
 - DIL 17
 - ECHS 18
 - EMSS 20
 - Monitor’s Report on Cash Flow Statements 23
- Variance Analysis 24
 - District 24
 - DIL 24

ECHS.....	25
EMSS.....	25
Conclusion	26

SCHEDULES

Schedule 1	Notice to District Depositors of Subcommittee Selection Process dated August 22, 2016
Schedule 2	Notice to DIL Depositors of Subcommittee Selected Process dated August 19, 2016
Schedule 3	Statement of projected cash flow for the thirteen week period ending November 12, 2016 for the Lutheran Church – Canada, the Alberta – British Columbia District
Schedule 4	Statement of projected cash flow for the thirteen week period ending November 12, 2016 for the Lutheran Church – Canada, the Alberta – British Columbia District Investments Ltd.
Schedule 5	Statement of projected cash flow for the thirteen week period ending November 12, 2016 for Encharis Community Housing and Services
Schedule 6	Statement of projected cash flow for the thirteen week period ending November 12, 2016 for Encharis Management and Support Services
Schedule 7	Variance analysis for the twelve week period ended August 13, 2016 for the Lutheran Church – Canada, the Alberta – British Columbia District
Schedule 8	Variance analysis for the twelve week period ended August 13, 2016 for the Lutheran Church – Canada, the Alberta British Columbia District Investments Ltd.
Schedule 9	Variance analysis for the twelve week period ended August 13, 2016 for Encharis Community Housing and Services
Schedule 10	Variance analysis for the twelve week period ended August 13, 2016 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”, collectively the “Applicants” or the “District Group”) obtained an Initial Order (the “Initial Order”) from the Court of Queen’s Bench of Alberta (the “Court”) 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. For clarity, the District includes the Church Extension Fund (“CEF”), which was originally created to allow District members to loan their money and earn interest in faith-based developments. CEF was operated under the purview of the District’s Department of Stewardship and Financial Ministries and was not created as a separate legal entity. As such, depositors to CEF are creditors of the District (the “District Depositors”). Depositors to DIL will be referred to as the “DIL Depositors”.
3. The Initial Order provided for an initial stay of proceedings (the “Stay”) until February 20, 2015. The Court has now granted eight extensions of the Stay. The most recent Order was granted at an application on June 21, 2016 and extended the Stay until September 30, 2016.
4. 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”). The Monitor subsequently filed the following reports:
 - 4.1. the First Report of the Monitor dated February 17, 2015;
 - 4.2. the Second Report of the Monitor dated March 23, 2015 (the “Second Report”);
 - 4.3. the Third Report of the Monitor dated June 16, 2015;
 - 4.4. the Fourth Report of the Monitor dated June 24, 2015 (the “Fourth Report”);
 - 4.5. the Fifth Report of the Monitor dated August 24, 2015 (the “Fifth Report”);
 - 4.6. the Sixth Report of the Monitor dated September 9, 2015;
 - 4.7. the Seventh Report of the Monitor dated October 20, 2015;
 - 4.8. the Eighth Report of the Monitor dated October 30, 2015;
 - 4.9. the Ninth Report of the Monitor dated November 26, 2015;

- 4.10. the Tenth Report of the Monitor dated December 22, 2015;
 - 4.11. the Eleventh Report of the Monitor dated January 11, 2016;
 - 4.12. the Twelfth Report of the Monitor dated January 27, 2016;
 - 4.13. the Thirteenth Report of the Monitor dated February 4, 2016;
 - 4.14. the Fourteenth Report of the Monitor dated February 18, 2016;
 - 4.15. the Fifteenth Report of the Monitor dated February 25, 2016 (the “Fifteenth Report”);
 - 4.16. the Sixteenth Report of the Monitor dated March 14, 2016;
 - 4.17. the Seventeenth Report of the Monitor dated March 18, 2016 (the “Seventeenth Report”);
 - 4.18. the Eighteenth Report of the Monitor dated April 25, 2016;
 - 4.19. the Nineteenth Report of the Monitor dated May 27, 2016;
 - 4.20. the Twentieth Report of the Monitor dated June 14, 2016;
 - 4.21. the Twenty-First Report of the Monitor dated July 7, 2016; and
 - 4.22. the Twenty-Second Report of the Monitor dated July 12, 2016 (together with the Pre-Filing Report, the reports listed in 4.1 to 4.22 will collectively be referred to as the “Reports”).
5. The Monitor also filed a confidential supplement to the Second Report dated March 25, 2015, a confidential supplement to the Fourth Report dated June 25, 2015, a confidential supplement to the Fifth Report dated August 26, 2015, a confidential supplement to the Fifteenth Report dated February 26, 2016 and a Confidential Supplement to the Seventeenth Report dated March 18, 2016 (collectively the “Supplements”). The Supplements have been sealed by the Court.
 6. In addition to the Reports and the Supplements, the Monitor prepared a First Report to the Creditors of ECHS and EMSS dated November 10, 2015 (the “Encharis Report”) a First Report to the Creditors of DIL dated December 8, 2015 (the “DIL Report”) and a First Report to the Creditors of the District dated March 28, 2016 (the “District Report”). All of the Encharis Report, the DIL Report and the District Report were prepared for the purpose of providing creditors of the corresponding entities with specific information related to the respective plans of compromise and arrangement for ECHS, EMSS, DIL and the District (respectively the “ECHS Plan”, the “EMSS Plan”, the “DIL Plan” and the “District Plan”, collectively the “Applicant Plans”), all as subsequently amended.
 7. Capitalized terms not otherwise defined herein shall have the meanings given to them in the Reports and in the Supplements.
 8. Information on the CCAA proceedings can be accessed on Deloitte’s website at www.insolvencies.deloitte.ca under the link entitled “Lutheran Church – Canada, the Alberta – British Columbia District et. al.”.

Notice to Reader

9. 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, the Applicant's Chief Restructuring Officer (the "CRO"), interested parties and stakeholders. The Monitor has not performed an independent review or audit of the information provided.
10. 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.
11. All amounts included herein are in Canadian dollars unless otherwise stated.

Court Applications

12. Following a hearing on July 15, 2016 (the “July 15 Hearing”), the Court granted the following Orders on August 2, 2016:
 - 12.1. Orders sanctioning both the District Plan and the DIL Plan, declaring that both the District Plan and the DIL Plan are fair and reasonable and declaring that both the District Plan and the DIL Plan and all associated steps, compromises, transactions, arrangements, assignments, releases and reorganizations effected by the District Plan and the DIL Plan are approved, binding and effective upon those creditors who are respectively affected by the District Plan and the DIL Plan (respectively the “District Sanction Order” and the “DIL Sanction Order”);
 - 12.2. The District Sanction Order confirms the settlement of all claims of creditors with proven claims or disputed claims that have not been settled or adjudicated (the “Eligible Affected Creditors”) of the District, who are minors (the “Minor Affected Creditors”) and directs how distributions will be paid to Minor Affected Creditors pursuant to the District Plan;
 - 12.3. An Order transferring the Prince of Peace Development (as such term is defined in the District Plan) to a new company to be formed pursuant to the District Plan (“NewCo”); and
 - 12.4. Orders approving a process for each of the District and DIL (respectively the “District Subcommittee Process” and the “DIL Subcommittee Process”) whereby a subcommittee of District Depositors and a subcommittee of DIL Depositors (respectively the “District Subcommittee” and the “DIL Subcommittee”) will be appointed to represent the District Depositors and the DIL Depositors in legal action(s) (respectively the “District Representative Action” and the “DIL Representative Action”) that may be undertaken by way of class proceedings or otherwise. The Orders will respectively be referred to as the “District Subcommittee Order” and the “DIL Subcommittee Order”.
13. At the July 15 Hearing, Errin Poyner of Sugden, McFee and Roos LLP (“Sugden”) on behalf of her clients Randall Kellen and Elvira Kroeger (the “Sugden Plaintiffs”) and supported by Allan Garber of Allan Garber Professional Corporation (“Garber”) on behalf of his clients Sharon Sherman and Marilyn Huber (the “Garber Plaintiffs”) made an application seeking the following relief (the “Sugden – Garber Application”):
 - 13.1. Removing Deloitte as Monitor and replacing it with Ernst & Young LLP (“E&Y”); or
 - 13.2. Appointing E&Y as a limited purpose monitor for the purpose of reviewing the provisions of the District Plan related to the District Representative Action and rendering its opinion to the Court

on the District Sanction Application and with respect to whether the District Plan is fair and reasonable to the Eligible Affected Creditors;

- 13.3. Authorizing E&Y to retain legal counsel to assist it in rendering its opinion to the Court if it considers it reasonable and necessary to do so; and
 - 13.4. Authorizing the professional fees of E&Y and its legal counsel, to a maximum amount of \$150,000 plus applicable taxes, to be paid by the Applicants and secured under the Administration Charge (as such term is defined in the Initial Order) that was granted as part of the Initial Order or under a second administration charge to rank *pari passu* with the current Administration Charge.
14. On August 2, 2016, the Court dismissed the Sugden – Garber Application and further indicated as follows:
- 14.1. There is no actual or perceived conflict of interest that would warrant the replacement of the Monitor; and
 - 14.2. The anger and frustration expressed in the CCAA proceedings by a small minority of creditors is misplaced when it is directed against the Monitor.
15. This report represents the Twenty-Third Report of the Monitor (the “Twenty-Third Report”). The Twenty-Third Report has been prepared to provide the Court with additional information in advance of a hearing scheduled for September 2, 2016 (the “September 2 Hearing”) at which the District Group will be making an application to extend the Stay until the earlier of December 31, 2016 or the date on which the Monitor’s Certificate is filed pursuant to the District Plan (the “Extension”).

The Stay of Proceedings

16. As previously reported, at the September 2 Hearing, the District Group will be making an application requesting the Extension.
17. 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:
 - 17.1. The District Group appears to be acting in good faith and with due diligence;
 - 17.2. The District Group is cooperating with the Monitor and is making efforts to advance the CCAA proceedings as set out below; and
 - 17.3. The Monitor is of the view that the creditors of the District Group will not be materially prejudiced by the Extension.
18. Based on the above, the Monitor supports the Extension.

Status of Applicant Plans

The District Plan

19. The District Plan was approved by the required majority of Eligible Affected Creditors and was sanctioned by the Court. The District Sanction Order is subject to a 21 day appeal period (the “Appeal Period”). The District Plan will become effective immediately following the Appeal Period, assuming that there is no appeal of the District Sanction Order. The following outlines the initial steps that have been taken to implement the District Plan.

Distributions

20. Correspondence including statements, dated between August 12 and August 16, 2016, were issued to Eligible Affected Creditors informing them that the District Sanction Order had been granted (subject to the Appeal Period) and further informing them of the quantum of the two initial cash distributions (the “District Distributions”) that would be payable to them in the event that the District Sanction Order was not appealed and the District Plan became effective (the “Distribution Letters”). The Distribution Letters were tailored to individual groups of Eligible Affected Creditor depending on the nature of their claim (i.e. whether the Eligible Affected Creditor was an estate, a minor or resided outside of Canada and whether the Eligible Affected Creditor had a claim that was below or in excess of \$5,000). The Distribution Letters were sent by regular mail with all Distribution Letters being sent by August 18, 2016.

21. In the event that there is no appeal of the District Sanction Order, the District Distributions are anticipated to be issued to Eligible Affected Creditors by August 31, 2016. The District Distributions include the following:

21.1. The lesser of \$5,000 or the total amount of each Eligible Affected Creditor’s proven claim (the “Convenience Payment(s)”). The Convenience Payments are being made net of any amounts that were previously paid to Eligible Affected Creditors pursuant to the emergency fund implemented prior to the Filing Date and approved by the Court as part of the Initial Order (the “Emergency Fund”); and

21.2. A pro-rata share of cash generated by the sale of the District’s assets (the “Initial Cash Distribution(s)”), outside of the District’s mortgage on properties owned by ECHS within the development known as the Prince of Peace. The Initial Cash Distributions are also being made net of any amounts that were previously paid to Eligible Affected Creditors pursuant to the Emergency Fund.

22. Approximately 1654 Eligible Affected Creditors are being paid in full by the Convenience Payments. Following the Convenience Payments having been issued, 988 Eligible Affected Creditors will remain. Pursuant to the Initial Cash Distributions and taking into account payments made pursuant to the Emergency Fund at this time, remaining Eligible Affected Creditors will receive distributions totalling approximately 12% of their remaining proven claims after deducting the Convenience Payments.

Formation of NewCo

23. Discussions have been held between the Monitor, the Monitor's legal counsel, the CRO, legal counsel for the District and proposed legal counsel for NewCo to establish the key steps and timeline related to the formation of NewCo and the implementation of the tax structured transaction contemplated by the District Plan whereby shares in NewCo (the "NewCo Shares") will be issued to Eligible Affected Creditors with claims over \$5,000 (the "Newco Transaction"). The steps involved in the NewCo Transaction include the following:
- 23.1. The establishment of NewCo, including its board of directors and management team;
 - 23.2. The transfer of the properties owned by ECHS within the development known as the Prince of Peace, including the Harbour and Manor seniors' care facilities and the Prince of Peace Church and School to NewCo;
 - 23.3. The transition of the operations of the Harbour and Manor seniors' care facilities and the Prince of Peace Church and School to NewCo (the "NewCo Transition");
 - 23.4. The transfer of selected assets held by ECHS to NewCo, including working capital, computer hardware, equipment, furniture and fixtures and a water treatment plant;
 - 23.5. The transfer of selected assets held by EMSS to NewCo including working capital, furniture and fixtures, computer equipment, medical equipment and a vehicle;
 - 23.6. The assignment of various contracts to which ECHS and EMSS are party to NewCo including those with Alberta Health Services, the Rocky View School Division and Verve; and
 - 23.7. The issuance of NewCo Shares to Eligible Affected Creditors.
24. In the event that there is no appeal of the District Sanction Order, the District is hopeful that the NewCo Transaction will be completed by September 30, 2016 and certainly by no later than October 31, 2016. This timeline is subject to change, however, should unanticipated delays be encountered related to the key steps in the NewCo Transaction outlined above.

The District Subcommittee Process

25. The Monitor has met with the creditors' committee for the District (the "District Committee") and legal counsel for the District Committee to advance the process whereby the District Subcommittee will be formed and legal counsel will be retained to advance the District Representative Action on behalf of District Depositors (the "District Representative Counsel"). Attached as "Schedule 1" is a letter dated

August 22, 2016 (the “August 22 Letter”), which was approved by the District Committee and is being sent by regular mail to all Eligible Affected Creditors on August 23, 2016. The August 22 Letter includes information regarding the mandate and duties of the Subcommittee, eligibility requirements to act on the Subcommittee and instructions for those District Depositors wishing to be considered to act on the District Subcommittee. The Monitor notes as follows with respect to the District Subcommittee Process:

- 25.1. As noted in the August 22 Letter, those wishing to be considered to act on the Subcommittee must provide an application in the form attached as “Schedule 1” (the “District Applications”) to the August 22 Letter to legal counsel for the District Committee. All District Applications must be received by the close of business on September 30, 2016.
- 25.2. The Monitor notes that the following tasks related to the formation of the Subcommittee (the “Delegated Tasks”) have been delegated to legal counsel for the District Committee, from whom the Monitor will seek an undertaking that they will complete these tasks in accordance with the District Plan:
 - 25.2.1. Chairing the meeting at which the District Committee considers and selects members of the District Subcommittee;
 - 25.2.2. Communicating to successful applicants that they have been appointed to the District Subcommittee;
 - 25.2.3. Compiling and circulating names and *curriculum vitae* for potential District Representative Counsel;
 - 25.2.4. Arranging any interviews with potential District Representative Counsel and chairing the meeting of the District Subcommittee at which candidates for District Representative Counsel are considered and District Representative Counsel is selected;
 - 25.2.5. Communicating to District Representative Counsel that they have been chosen and putting them in contact with the District Subcommittee; and
 - 25.2.6. Issuing correspondence to those District Depositors who have not opted out of the District Representative Action including the names of the members of the District Subcommittee, the name of the District Representative Counsel, the estimated amount of the Representative Action Holdback (as defined in the District Plan) including a range for individual District Depositors, the commencement date of the District Representative Action, the deadline for opting out of the District Representative Action and instructions on how to opt-out of the District Representative Action.

The DIL Plan

26. The DIL Plan was approved by the required majority of DIL Depositors and was sanctioned by the Court. The DIL Plan will become effective immediately following the Appeal Period and assuming that there is no appeal of the DIL Sanction Order.

Distributions

27. Pursuant to an Order granted on August 28, 2015 and amended on November 5, 2015 and an Order granted on April 27, 2016, interim distributions totalling \$22.0 million have been released to DIL Depositors (the “DIL Distributions”). Including payments made to DIL Depositors pursuant to the Emergency Fund and required annual minimum payments to holders of registered retirement income funds (“RRIF(s)”) and locked in income funds (“LIF(s)”), DIL Depositors have received distributions totalling approximately 61% of their original investments as recorded in DIL’s books and records on the Filing Date.

28. The most valuable remaining asset held by DIL is a loan (the “Kelowna Loan”) due from a congregation in Kelowna, British Columbia (the “Kelowna Congregation”) which is secured by a registered mortgage on the property that houses the Kelowna Congregation (the “Kelowna Property”). DIL will be commencing foreclosure proceedings with respect to the Kelowna Property. The Monitor does not anticipate that any further distributions will be made to DIL Depositors until such time as the Kelowna Loan can be realized upon.

The DIL Subcommittee Process

29. The Monitor is working with the creditors’ committee for DIL (the “DIL Committee”) and legal counsel for the DIL Committee to advance the process whereby the DIL Subcommittee will be formed and legal counsel will be retained to advance the DIL Representative Action on behalf of DIL Depositors (the “DIL Representative Counsel”). Attached as “Schedule 2” is a letter dated August 19, 2016 (the “August 19 Letter”), which was approved by the DIL Committee and sent by regular mail to all DIL Depositors, also on August 19, 2016. The August 19 Letter includes information regarding the mandate and duties of the DIL Subcommittee, eligibility requirements to act on the DIL Subcommittee and instructions for those DIL Depositors wishing to be considered to act on the DIL Subcommittee. The Monitor notes as follows with respect to the DIL Subcommittee Process:

29.1. As noted in the August 19 Letter, those wishing to be considered to act on the DIL Subcommittee must provide an application in the form attached as “Schedule 1” (the “DIL Applications”) to the August 19 Letter to legal counsel for the DIL Committee. All DIL Applications must be received by the close of business on September 23, 2016.

29.2. As is the case for the District, the Delegated Tasks have been delegated to legal counsel for the DIL Creditors’ Committee from whom the Monitor will seek an undertaking that they will complete these tasks in accordance with the DIL Plan.

The ECHS and EMSS Plans

30. The ECHS and EMSS Plans were approved by the required majority of creditors and were sanctioned by the Court pursuant to Orders granted on January 20, 2016. The ECHS and EMSS Plans have been implemented other than to the extent that certain provisions of the ECHS and EMSS Plans were dependent on whether or not the District Plan became effective. Assuming that there is no appeal of the District Sanction Order, the outstanding provisions of the ECHS and EMSS Plans will be implemented, which will allow for the NewCo Transaction to be completed.

Caveats

31. The Monitor was recently made aware of the following two caveats held by the District:

31.1. A caveat (the “Foothills Caveat”) on a property in Calgary, Alberta (the “Foothills Lands”), owned by the Foothills’ Lutheran Church (the “Foothills’ Church”). The Foothills Lands are legally described as follows:

PLAN 0614543, BLOCK 90, LOT 127, excepting there out all mines and minerals.

31.2. A caveat (the “Rock Caveat”) granted pursuant to a Deed of Reversionary Interest made in writing on April 14, 2010, which entitles the District to a beneficial interest as remainder man between the St. Peter’s Evangelical Lutheran Church in Edmonton, Alberta (“St. Peter’s Church”) and the Rock Lutheran Inner City Society (the “Rock”) on a property located in Edmonton, Alberta (the “Rock Lands”). The Rock Lands are legally described as follows:

PLAN D, BLOCK 35, LOTS 1, 2 AND 3.

The Foothills Caveat

32. The Monitor has been advised that the origin of the Foothills Caveat is as follows:

32.1. A parcel of land, including the Foothills Lands was originally acquired by the District in 1995 (a portion was purchased and a portion was donated by a congregation member of the Foothills Church).

32.2. In 2005, the District sold the lands adjacent to the Foothills Lands. In 2008, the District entered into a ministry agreement with the Foothills Church pursuant to which ownership of the Foothills Lands was transferred to the Foothills Church. The Foothills Church entered into a Land Partnership Agreement (the “Foothills Agreement”) with the District pursuant to which either the Foothills Church would further develop the Foothills Lands or the Foothills Lands would revert back to the District.

32.3. In 2013, the Foothills Church requested and was granted an extension to the Foothills Agreement.

32.4. The Foothills Church recently advised the District that they were seeking to sell a portion of the Foothills Lands and were requesting that the District discharge the Foothills Caveat.

33. The Monitor understands that Bishop & McKenzie LLP (“Bishop”) has a conflict in respect of the Foothills Caveat and that the District will be seeking independent legal advice with respect to the

Foothills Caveat. The Monitor has requested additional information from the District in order to evaluate the District's interest in the Foothills Caveat. Should any realization be generated from the Foothills Caveat, it will be made available to the District's creditors pursuant to the District Plan.

The Rock Caveat

34. The Monitor has been advised that the origin of the Rock Caveat is as follows:

34.1. St. Peter's Church was a congregation of the District;

34.2. St. Peter's Church owned the Rock Lands and allowed the Rock to use the Rock Lands; and

34.3. St. Peter's Church disbanded in 2010 and gifted the Rock Lands to the Rock on the condition that if the Rock moved or dissolved the Rock Lands would revert back to the District. Pursuant to this agreement, the Rock Caveat was granted.

35. In conjunction with their legal counsel, the Monitor has completed a preliminary review of the Rock Caveat. As the District would only have an interest in the Rock Lands in the event that the Rock moved or dissolved and as the Monitor understands that the Rock has no plans to move or dissolve, the Monitor is of the view that any recovery from the Rock Caveat is highly contingent and that the Rock Caveat has no realizable value for the purposes of the District Plan.

36. The District had not previously advised the Monitor of the existence of the Foothills Caveat and the Rock Caveat. The District has indicated that, until recently, they were not aware of the Foothills Church's intention to sell a portion of the Foothills Lands and, as such, viewed both the Foothills Caveat and the Rock Caveat as having no realizable value for the Eligible Affected Creditors of the District. The District has confirmed that they are not aware of any further assets or other caveats outside of the Foothills Caveat and the Rock Caveat beyond what has previously been reported.

37. The District notes that the terms of the Foothills Caveat and the Rock Caveat are consistent with certain provisions in the constitutions of District congregations that indicate that, should those congregations disband, their assets will revert back to the District. The Monitor, in conjunction with their legal counsel, has reviewed an example of the referenced provisions and is of the view that they do not afford the District with any legally enforceable rights with respect to independently-owned assets of District congregations.

Cash Flow Forecast

District

38. Attached as "Schedule 3" is the Statement of Projected Cash Flow for the District for the thirteen week period ending November 12, 2016 (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 \$2.2 million over the Forecast Period and projects that it will have cash on hand of approximately \$2.1 million (including marketable securities) at the end of the Forecast Period.

39. A summary of the District Forecast is included below:

The District including CEF Statement of Projected Cash Flow For the Thirteen Week Period Ending November 12, 2016		Total
Cash flow from CEF operations		
Receipts		
Bank Interest Income	\$ 1,250	
Transfer from Bishop & McKenzie LLP ("Bishop")	14,807,441	
Management fees	33,320	
Loan interest and principal payments	14,910	
Total Receipts	14,856,921	
Disbursements		
CEF salaries and benefits	(57,600)	
Distributions pursuant to the District Plan	(16,673,855)	
Operating expenses	(12,350)	
Restructuring fees	(300,000)	
CRO	(30,870)	
Total disbursements	(17,074,675)	
Net cash flow from CEF operations	(2,217,755)	

The District including CEF Statement of Projected Cash Flow	
For the Thirteen Week Period Ending November 12, 2016 (cont'd)	
	Total
Cash flow from other District operations	
Receipts	
Mission remittances	106,500
Total receipts	106,500
Disbursements	
Salaries and benefits	(23,685)
Administrative expenses, travel and utilities	(22,000)
Outreach operating expenses	(22,999)
Ministries operating expenses	(3,000)
President's expenses	(13,700)
Mission Payments to LCC	(19,207)
Contingency	(1,500)
Total disbursements	(106,091)
Net cash flow from other District operations	409
Total net cash flow	\$ (2,217,346)
Cash and marketable securities on hand	
Beginning balance	\$ 4,306,896
Total net cash flow	(2,217,346)
Ending balance	\$ 2,089,550

Cash Flow Related to CEF

40. The District is forecasting receipts of approximately \$14.9 million over the Forecast Period related to CEF. We highlight the following with respect to these receipts:

40.1. Approximately \$14.8 million held in trust by Bishop is anticipated to be transferred to the District pursuant to the District Plan. These funds were generated by the sale of various assets held by the District including vacant school lands in Edmonton, Alberta, a condominium in Richmond, British Columbia, a property in Revelstoke, British Columbia, a property in St. Albert, Alberta, the District's former head office in Edmonton, Alberta, a settlement with Concordia Lutheran Church in Edmonton, Alberta and funds payable from ECHS pursuant to the ECHS Plan;

40.2. The sale of a property in Strathmore, Alberta is anticipated to close in September 2016 with net sale proceeds (the "Strathmore Proceeds") being divided between the District and DIL. The

Strathmore Proceeds have not been included herein as information surrounding the corresponding transaction (the "Strathmore Transaction") is to remain confidential until such time as the Strathmore Transaction is completed; and

- 40.3. The District anticipates receiving approximately \$33,300 from DIL for a management fee related to administrative assistance provided to DIL by the District.
41. The District is forecasting disbursements of approximately \$17.1 million over the Forecast Period related to CEF. We highlight the following with respect to these disbursements:
 - 41.1. Payments totalling approximately \$57,600 are due for salaries and benefits payable to employees of the District for CEF related activities;
 - 41.2. Approximately \$16.7 million is forecast to be paid in respect of the Convenience Payments and the Initial Cash Distributions. As noted above, the Convenience Payments and the Initial Cash Distributions will only be released in the event that no appeal is filed in respect of the District Sanction Order. Payments pursuant to the Emergency Fund will be discontinued at such time as the Convenience Payments and the Initial Cash Distributions are released;
 - 41.3. The District estimates disbursements of approximately \$300,000 to pay restructuring fees, including payments to the Applicant's legal counsel, the Monitor, the Monitor's legal counsel and legal counsel for the District Committee. Where appropriate, restructuring fees are allocated between the Applicants; and
 - 41.4. The District estimates fees for the CRO of approximately \$30,900 over the Forecast Period. The fees of the CRO are allocated between the Applicants.

Cash Flow Related to Other District Operations

42. The District is forecasting receipts of approximately \$106,500 over the Forecast Period for mission remittances (the "Donations") from the District's 127 member congregations. Pursuant to the Order granted on June 26, 2015 a portion of the Donations are payable to Lutheran Church Canada (the "LCC Portion"). For the Forecast Period, the LCC Portion is estimated to be \$19,200.
43. The District is forecasting disbursements of approximately \$106,100 over the Forecast Period. We highlight the following with respect to these disbursements:
 - 43.1. 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 \$23,700 over the Forecast Period;
 - 43.2. Administrative expenses, travel and utilities are estimated to total approximately \$22,000 over the Forecast Period; and
 - 43.3. Operating expenses for outreach services are anticipated to total approximately \$23,000 over the Forecast Period.

44. The District had an opening cash balance of approximately \$4.3 million consisting of a cash balance of approximately \$3.5 million, bonds of approximately \$73,800 as at June 30, 2016, which are held with FI Capital Ltd. ("FI Capital") and an investment of approximately \$682,600, as at June 30, 2016, which is held with Richardson GMP. We note that the value of the bonds held by FI Capital decreased in value by approximately \$600 between May 22, 2016 and June 30, 2016 as certain investments matured. As noted above, the District, including CEF, is projected to have a net cash outflow of approximately \$2.2 million over the Forecast Period. Based on their opening cash balance, the District has sufficient liquidity to sustain its ongoing operations during the Forecast Period.

DIL

45. Attached as "Schedule 4" is the Statement of Projected Cash Flow for DIL for the thirteen week period ending November 12, 2016 (the "DIL Forecast"). DIL estimates a net cash outflow of approximately \$793,000 over the Forecast Period and projects that it will have cash on hand of approximately \$602,900 at the end of the Forecast Period. A summary of the DIL Forecast is included below:

DIL	
Statement of Projected Cash Flow	
For the Thirteen Week Period Ending November 12, 2016	
	Total
Receipts	
Bank Interest	\$ 3,000
Total receipts	3,000
Disbursements	
Management fee	(33,320)
Restructuring fees	(100,000)
CRO	(20,580)
DIL Distribution	(642,140)
Total disbursements	(796,040)
Net cash flow	\$ (793,040)
Cash and marketable securities on hand	
Beginning balance	\$ 1,395,916
Net cash flow	(793,040)
Ending balance	\$ 602,876

46. DIL is forecasting receipts of approximately \$3,000 over the Forecast Period for interest payable on accounts that they hold with BMO Bank of Montreal.

47. DIL is forecasting disbursements of approximately \$796,000 over the Forecast Period. We highlight the following with respect to these disbursements:

47.1. DIL is estimating disbursements of approximately \$33,300 for management fees payable to the District, who assists in administering the investment fund;

- 47.2. DIL estimates disbursements of approximately \$100,000 to pay restructuring fees, including payments to the Applicant's legal counsel, the Monitor, the Monitor's legal counsel and the DIL Committee's legal counsel over the Forecast Period. Where appropriate, restructuring fees are allocated between the Applicants;
- 47.3. DIL estimates fees for the CRO of approximately \$20,600 over the Forecast Period. The fees of the CRO are allocated between the Applicants; and
- 47.4. As at August 13, 2016, DIL had transferred approximately \$21.4 million of the DIL Distributions. As previously reported, pursuant to the DIL Distributions, amounts releasable to DIL Depositors, who were RRIF and LIF holders were available to be transferred to an alternative investment fund of the DIL Depositor's choosing. Selected RRIF and LIF holders have not yet requested the transfer of their share of the DIL Distribution. As such, approximately \$642,100 of the DIL Distributions have not yet been transferred by DIL but is anticipated to be paid-out during the Forecast Period.
48. DIL had an opening cash balance of approximately \$1.4 million. As noted above, DIL is projected to have a net outflow of cash of approximately \$793,000 over the Forecast Period. Based on their opening cash balance, DIL has sufficient liquidity to sustain its ongoing operations during the Forecast Period.
49. Bishop continues to hold approximately \$454,000 in trust generated by net realizations from the sale of DIL's assets and funds payable from ECHS pursuant to their plan of compromise and arrangement which is not reflected in the DIL Forecast.

ECHS

50. Attached as "Schedule 5" is the Statement of Projected Cash Flow for ECHS for the thirteen week period ending November 12, 2016 (the "ECHS Forecast"). ECHS estimates a net decrease in cash of approximately \$925,100 over the Forecast Period and projects that it will have cash on hand of approximately \$239,500 at the end of the Forecast Period. A summary of the ECHS Forecast is included below:

ECHS
Statement of Projected Cash Flow
For the Thirteen Week Period Ending November 12, 2016

	Total
Receipts	
Lease revenue	\$ 120,000
Water and sewage revenue	63,844
RV lot rental	1,000
Total receipts	184,844
Disbursements	
Operating expenses	(184,002)
Employee related expenses	(13,000)
Restructuring fees	(135,350)
CRO	(17,640)
Transfer to NewCo	(749,997)
Contingency	(10,000)
Total disbursements	(1,109,989)
Net cash flow	\$ (925,145)
Cash on hand	
Beginning balance	\$ 1,164,688
Net cash flow	(925,145)
Ending balance	\$ 239,544

51. As reported above, upon the District Plan becoming effective, NewCo will be formed and ECHS' operations and assets will be transferred to NewCo (pursuant to what is defined above as the "NewCo Transition"). Assuming there is no appeal of the District Sanction Order, the NewCo Transition is anticipated to occur effective September 30, 2016.
52. ECHS is projecting receipts of approximately \$184,800 over the Forecast Period. We highlight the following with respect to these receipts:
- 52.1. ECHS leases land and buildings that they own within the Prince of Peace Development to EMSS. Monthly lease payments of \$120,000 are payable from EMSS to ECHS with respect to this lease. This monthly lease payment is anticipated to be collected for September 2016 but will no longer be payable following the NewCo Transition; and
 - 52.2. 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 \$63,800 over the Forecast Period, which reflects amounts collectible up to the date of the NewCo Transition.

53. ECHS is projecting disbursements of approximately \$1.1 million over the Forecast Period. We highlight the following with respect to these disbursements:
- 53.1. ECHS estimates disbursements of \$184,000 over the Forecast Period for operating expenses, which include payments to trade creditors and reflects the impact of the NewCo Transition;
 - 53.2. 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 \$135,000 over the Forecast Period; and
 - 53.3. Pursuant to the NewCo Transition, ECHS cash on hand will be transferred to NewCo subject to any required holdback to complete the administration of the CCAA proceedings. ECHS estimates that approximately \$750,000 of cash on hand will be transferred to NewCo during the Forecast Period. This takes into account, forecast accounts payable over the remaining Forecast Period as well as an estimated holdback to complete the administration of the CCAA proceedings.
54. ECHS has an opening cash balance of approximately \$1.2 million. As noted above, ECHS is projected to have a net cash outflow of approximately \$925,000 over the Forecast Period. Based on their opening cash balance, ECHS has sufficient liquidity to sustain its ongoing operations, which will be transferred to NewCo during the Forecast Period.
55. Bishop continues to hold approximately \$3.8 million in trust from the sale of a property located in Chestermere, Alberta, which will be transferred to the District during the Forecast Period to be distributed to Eligible Affected Creditors pursuant to the District Plan. This is not reflected in the ECHS Forecast.

EMSS

56. Attached as "Schedule 6" is the Statement of Projected Cash Flow for EMSS for the thirteen week period ending November 12, 2016 (the "EMSS Forecast"). EMSS estimates a net decrease in cash of approximately \$1.2 million over the Forecast Period. EMSS projects that it will have cash on hand of approximately \$274,400 at the end of the Forecast Period. A summary of the EMSS Forecast is included below:

EMSS
Statement of Projected Cash Flow
For the Thirteen Week Period Ending November 12, 2016

	Total
Receipts	
Rent	\$ 450,000
Alberta Health Services ("AHS") funding	390,248
Miscellaneous revenue	6,000
Total receipts	846,248
Disbursements	
Payroll	(849,750)
RRSP's	(12,000)
Employee related expenses	(155,500)
Health Benefits	(43,000)
Administrative expenses	(108,000)
Food services expenses	(80,000)
Housekeeping expenses	(10,000)
Healthcare expenses	(5,600)
Maintenance expenses	(76,000)
Utility expenses	(79,000)
Diversicare	(66,000)
Lease payments	(120,000)
Transfer to NewCo	(180,162)
Restructuring fees	(150,000)
Contingency	(45,000)
CRO	(17,640)
Total disbursements	(1,997,652)
Net cash flow	\$ (1,151,404)
Cash on hand	
Beginning balance	\$ 1,425,818
Net cash flow	(1,151,404)
Ending balance	\$ 274,414

57. As reported above, upon the District Plan becoming effective, NewCo will be formed and EMSS' operations and assets will be transferred to NewCo pursuant to the NewCo Transition, which is currently anticipated to occur effective September 30, 2016.

58. EMSS is projecting receipts of approximately \$846,200 over the Forecast Period. We highlight the following with respect to these receipts:

58.1. EMSS is estimated to receive approximately \$450,000 from rental revenue collected up to the date of the NewCo Transition. The rental revenue is paid by individual residents of the Harbour and the Manor senior's care facilities; and

58.2. EMSS' other main source of revenue is funding from Alberta Health Services pursuant to various grant agreements, which is received in monthly installments at the beginning of each

month (the “AHS Payments”). The AHS Payments are anticipated to total approximately \$390,200 up to the date of the NewCo Transition.

59. EMSS is projecting disbursements of approximately \$2.0 million over the Forecast Period. We highlight the following with respect to these disbursements:
 - 59.1. EMSS’ employees are paid on a bi-weekly basis. Payroll for EMSS employees is estimated to total approximately \$849,800 up to the date of the NewCo Transition, including CRA payroll source deductions. Additional RRSP and health benefits for EMSS employees in the respective amounts of \$12,000 and \$43,000 are anticipated to be payable up to the date of the NewCo Transition. In addition, EMSS employees will be paid their outstanding vacation pay as at the date of the NewCo Transition, which is estimated to total approximately \$155,500;
 - 59.2. Administrative expenses, food services expenses and maintenance expenses are anticipated to total \$108,000, \$80,000 and \$76,000 respectively up to the date of the NewCo Transition;
 - 59.3. 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 \$120,000 and \$79,000 respectively up to the date of the NewCo Transition;
 - 59.4. A contract is in place between EMSS and Verve, formerly known as Diversicare Canada Management Services Co., Inc. related to the operations of the Harbour and the Manor seniors’ care facilities (the “Verve Contract”), which is anticipated to be assigned to NewCo pursuant to the NewCo Transition. Approximately \$66,000 is anticipated to be payable pursuant to the Verve Contract up to the date of the NewCo Transition;
 - 59.5. Pursuant to the NewCo Transition, EMSS cash on hand will be transferred to NewCo subject to any required holdback to complete the administration of the CCAA proceedings. EMSS estimates that approximately \$180,200 of cash on hand will be transferred to NewCo during the Forecast Period. This takes into account, forecast accounts payable over the remaining Forecast Period as well as an estimated holdback to complete the administration of the CCAA proceedings;
 - 59.6. 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 \$150,000 over the Forecast Period; and
 - 59.7. A contingency of \$45,000 has been included for EMSS over the Forecast Period.
60. EMSS has an opening cash balance of approximately \$1.4 million. As noted above, EMSS is projected to have a net cash outflow of approximately \$1.2 million over the Forecast Period. Based on their opening cash balance, EMSS has sufficient liquidity to sustain its ongoing operations, which will be transferred to NewCo during the Forecast Period.

Monitor's Report on Cash Flow Statements

61. The District Forecast, the DIL Forecast, the ECHS Forecast and the EMSS Forecast will collectively be referred to as the "Applicants' Forecasts".
62. The Monitor reports as follows with respect to the Applicants' Forecasts:
 - 62.1. 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;
 - 62.2. 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 the Applicants' Forecasts;
 - 62.3. Based on our review, nothing has come to the attention of the Monitor that causes us to believe that, in all material respects:
 - 62.3.1. The hypothetical assumptions are not consistent with the purpose of each of the Applicants' Forecasts;
 - 62.3.2. As at the date of the Twenty-Third 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
 - 62.3.3. Each of the Applicants' Forecasts does not reflect the probable and hypothetical assumptions.
 - 62.4. 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
 - 62.5. 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

63. Attached as “Schedule 7” is a variance analysis (the “Variance Analysis”) for the District for the twelve week period ended August 13, 2016 (the “Variance Period”). The Variance Analysis for the District reflects an overall net negative variance of approximately \$382,200. The Variance Analysis is based on the Statement of Projected Cash Flow for the Thirteen Week Period Ending August 20, 2016 for the District, which was dated May 27, 2016.
64. The Variance Analysis includes information as to timing and permanent variances reported by the District over the Variance Period. The following permanent variances over \$25,000 were reported during the Forecast Period:
 - 64.1. A negative variance of approximately \$78,500 as a result of the refund of electronic fund transfers that were collected from Eligible Affected Creditors between April 7, 2014 and the date of the Initial Order, as approved by the Court pursuant to an Order granted on November 5, 2015 and amended on June 3, 2016 (the “EFT Refunds”). The timing of the EFT Refunds were uncertain and as such they were not originally forecast to be paid during the Variance Period; and
 - 64.2. A negative variance of approximately \$320,600 for restructuring fees, which were higher than originally forecast. This was partially as a result of the Sugden-Garber Application being advanced and the application for the District Sanction Order being contested which resulted in additional time being spent by the Monitor, legal counsel for the Monitor, legal counsel for the District and legal counsel for the District Committee related to the corresponding Court applications, which were heard at the July 15 Hearing.

DIL

65. Attached as “Schedule 8” is a Variance Analysis for the Variance Period for DIL. The Variance Analysis reflects an overall net positive variance of approximately \$202,200. The Variance Analysis is based on the Statement of Projected Cash Flow for the Thirteen Week Period Ending August 20, 2016, which was dated May 27, 2016.
66. The Variance Analysis includes information as to timing and permanent variances reported by DIL over the Variance Period. The only permanent variance reported by DIL over the Variance Period was a positive variance of approximately \$46,400 in restructuring fees as a result of the amounts payable to

DIL's legal counsel, the Monitor the Monitor's legal counsel and legal counsel for the DIL Committee being lower than originally forecast.

67. The Monitor notes that approximately \$422,900 held in trust by Bishop, which was originally forecast to be transferred to DIL during the Variance Period was not required to satisfy the DIL Distributions and continues to be held by Bishop.

ECHS

68. Attached as "Schedule 9" is a Variance Analysis for the Variance Period for ECHS. The Variance Analysis reflects an overall net positive variance of approximately \$60,400. The Variance Analysis is based on the Statement of Projected Cash Flow for the Thirteen Week Period Ended August 20, 2016 for ECHS, which was dated May 27, 2016.
69. The Variance Analysis includes information as to timing and permanent variances reported by ECHS over the Variance Period. The only permanent variance reported by ECHS over the Variance Period was a positive variance of approximately \$69,600 in restructuring fees as a result of the amounts payable to ECHS' legal counsel, the Monitor and the Monitor's legal counsel being lower than originally forecast.

EMSS

70. Attached as "Schedule 10" is a Variance Analysis for the Variance Period for EMSS. The Variance Analysis reflects an overall net positive variance of approximately \$242,500. The Variance Analysis is based on the Statement of Projected Cash Flow for the thirteen week period ended August 20, 2016 for EMSS, which was dated May 27, 2016.
71. The Variance Analysis includes information as to timing and permanent variances reported by EMSS over the Variance Period. The following permanent variances over \$25,000 were reported during the Variance Period:
 - 71.1. A permanent positive variance of approximately \$135,000 as a result of the receipt of a goods and services tax refund and a Worker's Compensation Board refund that were not originally forecast;
 - 71.2. A permanent positive variance of approximately \$28,500 due to additional remittances being forecast for employee benefits beyond what were required;
 - 71.3. A permanent negative variance of \$109,500 related to a capital expenditure for a dining room renovation which was erroneously excluded from the original forecast;
 - 71.4. A permanent positive variance of approximately \$56,000 (of a total variance of approximately \$73,800) for restructuring fees as a result of the amounts payable to EMSS' legal counsel, the Monitor and the Monitor's legal counsel being lower than originally forecast.

Conclusion

72. The Monitor supports the District Group's application for the Extension, to be made at the September 2 Hearing, for the reasons set out herein.

DELOITTE RESTRUCTURING INC.,

In its capacity as 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



Jeff Keeble CA, CIRP, LIT, CBV
Senior Vice-President

Schedules

Schedule 1



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

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

August 22, 2016

Notice to District Depositors of Subcommittee Selection Process

Re: Lutheran Church – Canada, the Alberta – British Columbia District (the “District”), Lutheran Church – Canada, the Alberta – British Columbia District Investments Ltd., Encharis Community Housing and Services and Encharis Management and Support Services (collectively, the “Applicants”) – Proceedings under the *Companies’ Creditors’ Arrangement Act* (the “CCAA”)

As you are aware, the District obtained an Initial Order under the CCAA on January 23, 2015. Deloitte Restructuring Inc. (“Deloitte”) acts as the Monitor in the CCAA proceedings.

On August 2, 2016, the Court granted an Order sanctioning the District’s plan of compromise and arrangement (the “District Plan”), declaring that the District Plan is fair and reasonable and declaring that the District Plan and all associated steps, compromises, transactions, arrangements, assignments, releases and reorganizations effected by the District Plan are approved, binding and effective upon those creditors affected by the District Plan (the “District Sanction Order”). A copy of the District Sanction Order is available on the Monitor’s website at www.insolvencies.deloitte.ca under the link entitled “Lutheran Church – Canada, the Alberta – British Columbia District et.al.” (the “Monitor’s Website”).

The District Plan established a process (the “Representative Action Process”) whereby a future legal action or actions, which may be undertaken as a class proceeding or otherwise (collectively, the “Representative Action”) can be undertaken for the benefit of those District Depositors who are deemed to elect or elect to participate (the “Representative Class”). Pursuant to the Representative Action Process, a subcommittee (the “Subcommittee”) is to be established to choose legal counsel for the Representative Class (the “Representative Counsel”) and provide direction and instructions to the Representative Counsel in the Representative Action.

In conjunction with the District Sanction Order, an Order (the “Subcommittee Order”) was granted approving the appointment of the Subcommittee by the creditors’ committee for the District (the “District Committee”). As set out therein, the Subcommittee is to include between three and five individuals and all members of the Subcommittee will be appointed by majority vote of the members of the District Committee. The

eligibility criteria to act on the Subcommittee are further detailed below. A copy of the Subcommittee Order is also available on the Monitor's Website.

The Monitor notes that, any lawful party wishing to appeal the District Sanction Order, may seek leave to file such an appeal within 21 days (the "Appeal Period"). To be clear, the District Plan, including the formation of the Subcommittee, will not be implemented until following the Appeal Period and assuming that the District Sanction Order is not appealed.

Subcommittee Mandate

The mandate for the Subcommittee includes the following:

1. Taking reasonable steps to maximize the amount of funds that are ultimately available for distribution to the Representative Class under the Representative Action;
2. Conducting themselves substantially in accordance with the principles laid out in the Subcommittee Charter, which is attached to the Subcommittee Order; and
3. Serving in a fiduciary capacity to all the Representative Class with respect to the Representative Action.

Subcommittee Duties

The duties and responsibilities of the Subcommittee include the following:

1. Choosing a Chairman;
2. Reviewing the qualifications of at least three lawyers and selecting one lawyer to act as Representative Counsel;
3. Providing instructions to Representative Counsel;
4. Ensuring that the legal documents and records regarding the Representative Action have been properly prepared, maintained and stored;
5. Acting honestly in good faith, with a view to the best interests of the Representative Class;
6. Ensuring that each member of the Subcommittee disclose all actual or potential conflicts of interest and recuse themselves from discussions and voting, as required;
7. Committing the time and energy necessary to properly carry out their duties on the Subcommittee;
8. Adequately preparing for and attending all regularly scheduled Subcommittee meetings;
9. Reviewing the Subcommittee's strategies and their implementation;
10. Making independent determinations and conclusions regarding the Representative Action;
11. With the assistance of Representative Counsel, identifying a party(ies) willing to act as the Representative Plaintiff;
12. Working with the Representative Counsel and the Monitor to establish the amount of the Representative Action Holdback;

13. Reporting at reasonable intervals to the Representative Class on the status of the Representative Action and the Representative Action Holdback;
14. Prior to the commencement of the Representative Action, working with Representative Counsel, in consultation with the Monitor, to provide such information to the Representative Class, as they deem necessary or desirable to permit the members of the Representative Class to determine if they wish to participate in the Representative Action;
15. Providing information and updates with respect to the Representative Action to the Representative Class on a regular basis; and
16. Doing such other acts and things as they consider necessary and advisable to carry out their duties and responsibilities.

The following additional responsibilities of the Subcommittee related to monitoring, reporting and communication are further set out in the Subcommittee Order:

1. Monitoring the Subcommittee's progress towards its goals and objectives and revising and altering its direction in response to changing circumstances;
2. Ensuring and making regular assessments that the Subcommittee has implemented adequate internal control and information systems;
3. Developing appropriate measures for feedback from the Representative Class;
4. Taking action when performance falls short of its goals and objectives or when other special circumstances warrant;
5. Ensuring the timely reporting of any developments that have a significant and material impact on the Representative Class in conjunction with the Representative Counsel; and
6. Reporting the Subcommittee's finding and conclusions to the Representative Class in a manner and at such times as the Representative Counsel shall determine is consistent with the duties of the Subcommittee.

Eligibility to act on Subcommittee

In order to be eligible to act on the Subcommittee an individual must meet the following criteria:

1. Be a District Depositor or a committee, trustee or personal representative of a District Depositor;
2. Not be in a conflict of interest with respect to the Representative Action (for clarity, acting on the Subcommittee for DIL would be a conflict of interest. Individuals may apply for both the Subcommittee for the District and the Subcommittee for DIL. They will, however, only be eligible to be chosen to act on one or the other and not on both Subcommittees);
3. Not have opted out of the Representative Action; and
4. Not be a "Partially Released Party", which is defined in the District Plan as including the following:
 - a. The District;
 - b. Parties who are insured under the District's directors and officers liability insurance;
 - c. Past or present directors, officers, volunteers and employees of the District Group; and

- d. Any past independent contractors of the District who are individuals who were employed three days or more a week on a regular basis.

To apply to act on the Subcommittee

In order to be considered to act on the Subcommittee, interested parties must provide an application in the form attached as "Schedule 1" hereto to legal counsel for the District Committee at Bennett Jones LLP, 4500 Bankers Hall East, 855 2nd Street SW, Calgary, Alberta T2P 4K7, via facsimile to 1-403-265-7219 or via email to simardc@bennettjones.com to the attention of Chris Simard on or before 5:00 p.m. on Friday September 30, 2016. Successful applicants will be contacted on or before October 14, 2016. Please note that only the names of successful applicants will be made publicly available.

Upon the Subcommittee having been formed and Representative Counsel having been selected, further correspondence will follow, which will include information regarding the deadline to opt-out of the Representative Action.

Should you have any questions regarding the formation of the Subcommittee, please contact Chris Simard at 1-403-298-4485. Should you have general questions regarding the CCAA proceedings, please contact the undersigned or Joseph Sithole at 1-587-293-3203.

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



Vanessa Allen, B. Comm, CIRP
Senior Vice-President

Schedules

Schedule 1

APPLICATION TO ACT ON THE SUBCOMMITTEE FOR THE DISTRICT

Personal and Contact Information

Name: _____

Current Address: _____

City: _____ Province: _____

Postal Code: _____

Phone numbers: Day _____ Evening _____

Cell _____

E-mail address: _____

Relevant background/ experience

Please describe your background and any relevant experience (such as previous litigation experience):

Other

Please describe any additional information you would like the District Committee to consider while voting on the composition of the Subcommittee as described in the Subcommittee Order dated August 2, 2016:

I hereby confirm that I:

- am an individual who is a District Depositor; or
- am the committee, trustee or personal representative of a District Depositor; and

- do not and the congregation, corporation or other District Depositor, who I am applying as a representative of, do not have in any known conflict of interest with respect to the Representative Action (As noted above, acting on the Subcommittee for DIL would be a conflict of interest. Individuals may apply for both the Subcommittee for the District and the Subcommittee for DIL. They will, however, only be eligible to be chosen to act on one or the other and not on both Subcommittees);
- have not served a notice of Opting Out to the Monitor; and
- am not a Partially Released Party

Printed Name of Applicant

Signature of Applicant

Schedule 2



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

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

August 19, 2016

Notice to DIL Depositors of Subcommittee Selection Process

Re: Lutheran Church – Canada, the Alberta – British Columbia District, Lutheran Church – Canada, the Alberta – British Columbia District Investments Ltd. (“DIL”), Encharis Community Housing and Services and Encharis Management and Support Services (collectively, the “Applicants”) – Proceedings under the *Companies’ Creditors’ Arrangement Act* (the “CCAA”)

As you are aware, the Applicants obtained an Initial Order under the CCAA on January 23, 2015. Deloitte Restructuring Inc. (“Deloitte”) acts as the Monitor in the CCAA proceedings.

On August 2, 2016, the Court granted an Order sanctioning DIL’s plan of compromise and arrangement (the “DIL Plan”), declaring that the DIL Plan is fair and reasonable and declaring that the DIL Plan and all associated steps, compromises, transactions, arrangements, assignments, releases and reorganizations effected by the DIL Plan are approved, binding and effective upon those creditors affected by the DIL Plan (the “DIL Sanction Order”). A copy of the DIL Sanction Order will be made available on the Monitor’s website at www.insolvencies.deloitte.ca under the link entitled “Lutheran Church – Canada, the Alberta – British Columbia District et.al.” (the “Monitor’s Website”).

The DIL Plan established a process (the “Representative Action Process”) whereby a future legal action or actions, which may be undertaken as a class proceeding or otherwise (the “Representative Action”) can be undertaken for the benefit of those DIL Depositors who are deemed to elect or elect to participate (the “Representative Class”). Pursuant to the Representative Action Process, a subcommittee (the “Subcommittee”) is to be established to choose legal counsel for the Representative Class (the “Representative Counsel”) and provide direction and instructions to the Representative Counsel in the Representative Action.

In conjunction with the DIL Sanction Order, an Order (the “Subcommittee Order”) was granted approving the appointment of the Subcommittee by the creditors’ committee for DIL (the “DIL Committee”). As set out therein, the Subcommittee is to include between three and five individuals (including at least one member of the DIL Committee) and all members of the Subcommittee will be appointed by majority vote of the

members of the DIL Committee. The eligibility criteria to act on the Subcommittee are further detailed below. A copy of the Subcommittee Order is available on the Monitor's Website.

The Monitor notes that, any lawful party wishing to appeal the DIL Sanction Order, may seek leave to file such an appeal within 21 days (the "Appeal Period"). To be clear, the DIL Plan, including the formation of the Subcommittee, will not be implemented until following the Appeal Period and assuming that the DIL Sanction Order is not appealed.

Subcommittee Mandate

The mandate for the Subcommittee includes the following:

1. Taking reasonable steps to maximize the amount of funds that are ultimately available for distribution to the Representative Class under the Representative Action;
2. Conducting themselves substantially in accordance with the principles laid out in the Subcommittee Charter, which is attached to the Subcommittee Order; and
3. Serving in a fiduciary capacity to all the Representative Class with respect to the Representative Action.

Subcommittee Duties

The duties and responsibilities of the Subcommittee include the following:

1. Choosing a Chairman;
2. Reviewing the qualifications of at least three lawyers and selecting one lawyer to act as Representative Counsel;
3. Providing instructions to Representative Counsel;
4. Ensuring that the legal documents and records regarding the Representative Action have been properly prepared, maintained and stored;
5. Acting honestly in good faith, with a view to the best interests of the Representative Class;
6. Ensuring that each member of the Subcommittee disclose all actual or potential conflicts of interest and recuse themselves from discussions and voting, as required;
7. Committing the time and energy necessary to properly carry out their duties on the Subcommittee;
8. Adequately preparing for and attending all regularly scheduled Subcommittee meetings;
9. Reviewing the Subcommittee's strategies and their implementation;
10. Making independent determinations and conclusions regarding the Representative action;
11. With the assistance of Representative Counsel, identifying a party(ies) willing to act as the Representative Plaintiff;
12. Working with the Representative Counsel and the Monitor to establish the amount of the Representative Action Holdback;

13. Reporting at reasonable intervals to the Representative Class on the status of the Representative Action and the Representative Action Holdback;
14. Prior to the commencement of the Representative Action, working with Representative Counsel, in consultation with the Monitor, to provide such information to the Representative Class, as they deem necessary or desirable to permit the members of the Representative Class to determine if they wish to participate in the Representative Action;
15. Providing information and updates with respect to the Representative Action to the Representative Class on a regular basis; and
16. Doing such other acts and things as they consider necessary and advisable to carry out their duties and responsibilities.

The following additional responsibilities of the Subcommittee related to monitoring, reporting and communication are further set out in the Subcommittee Order:

1. Monitoring the Subcommittee's progress towards its goals and objectives and revising and altering its direction in response to changing circumstances;
2. Ensuring and making regular assessments that the Subcommittee has implemented adequate internal control and information systems;
3. Developing appropriate measures for feedback from the Representative Class;
4. Taking action when performance falls short of its goals and objectives or when other special circumstances warrant;
5. Ensuring the timely reporting of any developments that have a significant and material impact on the Representative Class in conjunction with the Representative Counsel; and
6. Reporting the Subcommittee's finding and conclusions to the Representative Class in a manner and at such times as the Representative Counsel shall determine is consistent with the duties of the Subcommittee.

Eligibility to act on Subcommittee

In order to be eligible to act on the Subcommittee an individual must meet the following criteria:

1. Be a DIL Depositor or a committee, trustee or personal representative of a DIL Depositor;
2. Not be in a conflict of interest with respect to the Representative Action (for clarity, acting on the Subcommittee for the District would be a conflict of interest. Individuals may apply for both the Subcommittee for the District and the Subcommittee for DIL. They will, however, only be eligible to be chosen to act on one or the other and not on both Subcommittees);
3. Not have opted out of the Representative Action; and
4. Not be a "Partially Released Party", which is defined in the DIL Plan as including the following:
 - a. DIL;
 - b. Parties insured under DIL's directors and officers liability insurance;
 - c. Past or present directors, officers, volunteers and employees of DIL; and

- d. Any past independent contractors of DIL who are individuals who were employed three days or more a week on a regular basis.

To apply to act on the Subcommittee

In order to be considered to act on the Subcommittee, interested parties must provide an application in the form attached as "Schedule 1" hereto to legal counsel for the District Committee at Field Law, 400 – 604 1st Street SW, Calgary, Alberta T2P 1M7, via facsimile to 1-403-264-7084 or via email to dnishimura@fieldlaw.com to the attention of Doug Nishimura on or before 5:00 p.m. on Friday, September 23, 2016. Successful applicants will be contacted on or before October 7, 2016. Please note that only the names of successful applicants will be made publicly available.

Upon the Subcommittee having been formed and Representative Counsel having been selected, further correspondence will follow, which will include information regarding the deadline to opt-out of the Representative Action.

Should you have questions regarding the formation of the Subcommittee, please contact Doug Nishimura at 1-403-260-8548. Should you have general questions regarding the CCAA proceedings, please contact the undersigned or Joseph Sithole at 1-587-293-3203.

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



Vanessa Allen, B. Comm, CIRP
Senior Vice-President

Schedules

Schedule 1

APPLICATION TO ACT ON THE SUBCOMMITTEE FOR DIL

Personal and Contact Information

Name: _____

Current Address: _____

City: _____ Province: _____

Postal Code: _____

Phone numbers: Day _____ Evening _____

Cell _____

E-mail address: _____

Relevant background/ experience

Please describe your background and any relevant experience (such as previous litigation experience):

Other

Please describe any additional information you would like the DIL Committee to consider while voting on the composition of the Subcommittee as described in the Subcommittee Order dated August 2, 2016:

I hereby confirm that I:

- am an individual who is a DIL Depositor; or
- am the committee, trustee or personal representative of a DIL Depositor; and

- do not and the DIL Depositor, who I am applying as a representative of, do not have any known conflict of interest with respect to the Representative Action (As noted above, acting on the Subcommittee for the District would be a conflict of interest. Individuals may apply for both the Subcommittee for the District and the Subcommittee for DIL. They will, however, only be eligible to be chosen to act on one or the other and not on both Subcommittees);
- have not served a notice of Opting Out to the Monitor; and
- am not a Partially Released Party

Printed Name of Applicant

Signature of Applicant

Schedule 3

The Lutheran Church - Canada, The Alberta - British Columbia District (the "District") including the Church Extension Fund ("CEF")
Statement of Projected Cash Flow
For the Thirteen Week Period Ending November 12, 2016

Week ending	20-Aug-16	27-Aug-16	3-Sep-16	10-Sep-16	17-Sep-16	24-Sep-16	1-Oct-16	8-Oct-16	15-Oct-16	22-Oct-16	29-Oct-16	5-Nov-16	12-Nov-16	Total	Specific Notes
Cash flow from CEF operations															
Receipts															
Bank Interest Income			750				250					250		1,250	
Transfer from Bishop & McKenzie LLP ("Bishop")		14,807,441												14,807,441	1
Management fees		11,180			7,460				7,220				7,460	33,320	2
Loan interest and principal payments	14,782				64				64					14,910	3
Total Receipts	14,782	14,818,621	750	-	7,524	-	250	-	7,284	-	-	250	7,460	14,856,921	
Disbursements															
CEF salaries and benefits	(15,000)		(4,200)		(15,000)		(4,200)		(15,000)			(4,200)		(57,600)	
Distributions pursuant to the District Plan		(16,673,855)												(16,673,855)	4
Operating expenses	(950)	(950)	(950)	(950)	(950)	(950)	(950)	(950)	(950)	(950)	(950)	(950)	(950)	(12,350)	
Restructuring fees			(100,000)				(100,000)					(100,000)		(300,000)	5
CRO			(10,290)				(10,290)					(10,290)		(30,870)	6
Total disbursements	(15,950)	(16,674,805)	(115,440)	(950)	(15,950)	(950)	(115,440)	(950)	(15,950)	(950)	(950)	(115,440)	(950)	(17,074,675)	
Net cash flow from CEF operations	(1,168)	(1,856,184)	(114,690)	(950)	(8,426)	(950)	(115,190)	(950)	(8,666)	(950)	(950)	(115,190)	6,510	(2,217,755)	
Cash flow from other District operations															
Receipts															
Mission remittances	6,500	6,500	6,500	8,000	8,000	8,000	9,000	9,000	9,000	9,000	9,000	9,000	9,000	106,500	7
Total receipts	6,500	6,500	6,500	8,000	8,000	8,000	9,000	9,000	9,000	9,000	9,000	9,000	9,000	106,500	
Disbursements															
Salaries and benefits	(7,895)				(7,895)				(7,895)					(23,685)	8
Administrative expenses, travel and utilities	(1,000)	(1,000)	(4,000)	(1,000)	(1,000)	(1,000)	(4,000)	(1,000)	(1,000)	(1,000)	(1,000)	(4,000)	(1,000)	(22,000)	9
Outreach operating expenses	(6,833)	(250)	(250)	(250)	(250)	(6,833)	(250)	(250)	(250)	(6,833)	(250)	(250)	(250)	(22,999)	10
Ministries operating expenses				(1,000)					(1,000)				(1,000)	(3,000)	11
President's expenses	(900)	(1,900)	(1,900)	(900)	(900)	(900)	(900)	(900)	(900)	(900)	(900)	(900)	(900)	(13,700)	
Mission Payments to LCC	(4,807)				(4,800)				(4,800)				(4,800)	(19,207)	7
Contingency			(500)				(500)					(500)		(1,500)	
Total disbursements	(21,435)	(3,150)	(6,650)	(3,150)	(14,845)	(8,733)	(5,650)	(2,150)	(15,845)	(8,733)	(2,150)	(5,650)	(7,950)	(106,091)	
Net cash flow from other District operations	(14,935)	3,350	(150)	4,850	(6,845)	(733)	3,350	6,850	(6,845)	267	6,850	3,350	1,050	409	
Total net cash flow	\$ (16,103)	\$ (1,852,834)	\$ (114,840)	\$ 3,900	\$ (15,271)	\$ (1,683)	\$ (111,840)	\$ 5,900	\$ (15,511)	\$ (683)	\$ 5,900	\$ (111,840)	\$ 7,560	\$ (2,217,346)	
Cash and marketable securities on hand															
Beginning balance	\$ 4,306,896	\$ 4,290,793	\$ 2,437,959	\$ 2,323,119	\$ 2,327,019	\$ 2,311,747	\$ 2,310,064	\$ 2,198,224	\$ 2,204,124	\$ 2,188,613	\$ 2,187,930	\$ 2,193,830	\$ 2,081,990	\$ 4,306,896	
Total net cash flow	(16,103)	(1,852,834)	(114,840)	3,900	(15,271)	(1,683)	(111,840)	5,900	(15,511)	(683)	5,900	(111,840)	7,560	(2,217,346)	
Ending balance	\$ 4,290,793	\$ 2,437,959	\$ 2,323,119	\$ 2,327,019	\$ 2,311,747	\$ 2,310,064	\$ 2,198,224	\$ 2,204,124	\$ 2,188,613	\$ 2,187,930	\$ 2,193,830	\$ 2,081,990	\$ 2,089,550	\$ 2,089,550	12

Prepared as at the 19th day of August, 2016.

The Lutheran Church - Canada, The Alberta - British Columbia District (the "District") including the Church Extension Fund ("CEF")
Statement of Projected Cash Flow
For the Thirteen Week Period Ending November 12, 2016

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: Cameron Sherban, Chief Restructuring
Officer**

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.
4. The sale of a property in Strathmore, Alberta is anticipated to close in September 2016 with net sale proceeds (the "Strathmore Proceeds") being divided between the District and Lutheran Church - Canada, the Alberta British-Columbia District Investments Ltd. The Strathmore Proceeds have not been included herein as information surrounding the corresponding transaction (the "Strathmore Transaction") will remain confidential until such time as the Strathmore Transaction is completed.
5. The District filed a plan of compromise and arrangement (the "District Plan") in the CCAA proceedings, which was approved by the Court pursuant to an Order granted on August 2, 2016 (the "District Sanction Order"), subject to a 21 day appeal period.

Notes & Assumptions - Specific:

1. Represents the transfer of amounts held in trust by Bishop, legal counsel to the District, related to the sale of various assets including vacant school lands in Edmonton, Alberta, a condominium in Richmond, British Columbia, a property in Revelstoke, British Columbia, a property in St. Albert, Alberta, the District's former head office in Edmonton, Alberta, a settlement with Concordia Lutheran Church in Edmonton, Alberta and funds payable from ECHS pursuant to their plan of compromise and arrangement.
2. Represents a monthly management fee payable from DIL to the District, which is based on 1% of the assets under management.
3. Includes payments on mortgages and lines of credit, which are sometimes paid on inconsistent dates and not always kept current.
4. Represents initial distributions to the District's creditors pursuant to the District Plan, the timing of which assumes that there is no appeal of the District Sanction Order.
5. Represents anticipated amounts payable to the District's legal counsel, the CCAA Monitor, the CCAA Monitor's legal counsel and representative counsel for the creditors' committee that was established for the District.
6. Includes amounts payable to Klwane Partners as the Chief Restructuring Officer.
7. Represents the anticipated weekly amount of mission commitments received from the churches throughout the District a portion of which is payable to Lutheran Church-Canada as set out in the Order granted by the Court of Queen's Bench of Alberta on June 26, 2015.
8. Includes monthly salary, benefits and pension amounts. The District is WCB exempt.
9. Includes information technology, general office expenses and travel.
10. Program funding given to churches within the District. Churches can access 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.
11. Monthly amount sent to the Lutheran Church Canada for use of the services of the LCC gift planner, who is assigned to the District.
12. This amount includes cash held by the District in various accounts with Bank of Montreal, including approximately \$2,862 held in a U.S. dollar account, which has been converted at an exchange rate of \$1:00 US: 1.296 CDN. This amount also includes marketable securities held with FI Capital and Richardson GMP with a fair market value of approximately \$756,341 as at June 30, 2016.

Schedule 4

Lutheran Church - Canada, The Alberta - British Columbia District Investments Ltd. ("DIL")

Statement of Projected Cash Flow

For the Thirteen Week Period Ending November 12, 2016

Week ending	20-Aug-16	27-Aug-16	3-Sep-16	10-Sep-16	17-Sep-16	24-Sep-16	1-Oct-16	8-Oct-16	15-Oct-16	22-Oct-16	29-Oct-16	5-Nov-16	12-Nov-16	Total	Specific Notes
Receipts															
Bank Interest			\$ 1,000				\$ 1,000					\$ 1,000		\$ 3,000	
Total receipts			1,000				1,000					1,000		3,000	
Disbursements															
Management fee		(11,180)			(7,460)				(7,220)				(7,460)	(33,320)	1
Restructuring fees						(50,000)				(50,000)				(100,000)	2
CRO						(10,290)				(10,290)				(20,580)	3
DIL Distribution	(642,140)													(642,140)	4
Total disbursements	(642,140)	(11,180)			(7,460)	(60,290)			(7,220)	(60,290)			(7,460)	(796,040)	
Net cash flow	\$ (642,140)	\$ (11,180)	\$ 1,000	\$ -	\$ (7,460)	\$ (60,290)	\$ 1,000	\$ -	\$ (7,220)	\$ (60,290)	\$ -	\$ 1,000	\$ (7,460)	\$ (793,040)	
Cash and marketable securities on hand															
Beginning balance	\$ 1,395,916	\$ 753,776	\$ 742,596	\$ 743,596	\$ 743,596	\$ 736,136	\$ 675,846	\$ 676,846	\$ 676,846	\$ 669,626	\$ 609,336	\$ 609,336	\$ 610,336	\$ 1,395,916	
Net cash flow	(642,140)	(11,180)	1,000	-	(7,460)	(60,290)	1,000	-	(7,220)	(60,290)		1,000	(7,460)	(793,040)	
Ending balance	\$ 753,776	\$ 742,596	\$ 743,596	\$ 743,596	\$ 736,136	\$ 675,846	\$ 676,846	\$ 676,846	\$ 669,626	\$ 609,336	\$ 609,336	\$ 610,336	\$ 602,876	\$ 602,876	5 & 6

Prepared as at the 19th day of August, 2016.

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: Cameron Sherban, Chief
Restructuring Officer

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.
4. The sale of a property in Strathmore, Alberta is anticipated to close in September 2016 with net sale proceeds (the "Strathmore Proceeds") being divided between the the Lutheran Church - Canada, the Alberta British-Columbia District and DIL. The Strathmore Proceeds have not been included herein as information surrounding the corresponding transaction (the "Strathmore Transaction") will remain confidential until such time as the Strathmore Transaction is completed.
5. DIL filed a plan of compromise and arrangement (the "DIL Plan") in the CCAA proceedings, which was approved by the Court pursuant to an Order granted on August 2, 2016.

Notes & Assumptions - Specific:

1. Represents a monthly management fee payable to the District, which is based on 1% of the assets under management.
2. Represents anticipated amounts payable to DIL's legal counsel, the CCAA Monitor, the CCAA Monitor's legal counsel and representative counsel for the creditors' committee that was established for DIL.
3. Includes amounts payable to Klwane Partners as the Chief Restructuring Officer.
4. Pursuant to an Order granted on August 28, 2015 and amended on November 5, 2015 and an Order granted on April 27, 2016, interim distributions totaling \$22.0 million have been released to DIL's creditors (the "Interim Distributions"). Not all RRIF and LIF holders have requested the transfer of funds and \$642,140 remains to be distributed from the Interim Distributions.
5. Includes amounts held by DIL in accounts with Bank of Montreal.
6. Bishop & McKenzie LLP, legal counsel to DIL, is holding approximately \$454,000 in trust generated by net realizations from the sale of DIL's assets and funds payable from ECHS pursuant to their plan of compromise and arrangement which is not reflected herein.

Schedule 5

Encharis Community Housing and Services ("ECHS")
Statement of Projected Cash Flow
For the Thirteen Week Period Ending November 12, 2016

Week ending	20-Aug-16	27-Aug-16	3-Sep-16	10-Sep-16	17-Sep-16	24-Sep-16	1-Oct-16	8-Oct-16	15-Oct-16	22-Oct-16	29-Oct-16	5-Nov-16	12-Nov-16	Total	Specific Notes
Receipts															
Lease revenue			\$ 120,000											\$ 120,000	1
Water and sewage revenue			38,500		25,344									63,844	2
RV lot rental			1,000											1,000	
Total receipts	-	-	159,500	-	25,344	-	-	-	-	-	-	-	-	184,844	
Disbursements															
Operating expenses	(2,316)	(59,700)	(2,316)	(47,000)	(17,630)	(5,000)	(2,316)	(47,724)						(184,002)	3
Employee related expenses								(13,000)						(13,000)	4
Restructuring fees		(15,350)	(40,000)			(40,000)				(40,000)				(135,350)	5
CRO		(4,410)		(4,410)					(4,410)				(4,410)	(17,640)	
Transfer to NewCo							(749,997)							(749,997)	6
Contingency			(10,000)											(10,000)	7
Total disbursements	(2,316)	(79,460)	(52,316)	(51,410)	(17,630)	(45,000)	(752,313)	(60,724)	(4,410)	(40,000)	-	-	(4,410)	(1,109,989)	
Net cash flow	\$ (2,316)	\$ (79,460)	\$ 107,184	\$ (51,410)	\$ 7,714	\$ (45,000)	\$ (752,313)	\$ (60,724)	\$ (4,410)	\$ (40,000)	\$ -	\$ -	\$ (4,410)	\$ (925,145)	
Cash on hand															
Beginning balance	\$ 1,164,688	\$ 1,162,372	\$ 1,082,912	\$ 1,190,096	\$ 1,138,686	\$ 1,146,400	\$ 1,101,400	\$ 349,087	\$ 288,364	\$ 283,954	\$ 243,954	\$ 243,954	\$ 243,954	\$ 1,164,688	
Net cash flow	(2,316)	(79,460)	107,184	(51,410)	7,714	(45,000)	(752,313)	(60,724)	(4,410)	(40,000)	-	-	(4,410)	(925,145)	
Ending balance	\$ 1,162,372	\$ 1,082,912	\$ 1,190,096	\$ 1,138,686	\$ 1,146,400	\$ 1,101,400	\$ 349,087	\$ 288,364	\$ 283,954	\$ 243,954	\$ 243,954	\$ 243,954	\$ 239,544	\$ 239,544	8

Prepared as at the 19th day of August, 2016.

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: Cameron Sherban, Chief Restructuring Officer

Notes & Assumptions - General:

1. Unless otherwise stated, amounts are based on historical data and management estimates.
2. All amounts include applicable GST.
3. ECHS' plan of compromise and arrangement (the "ECHS Plan") was approved by the Court of Queen's Bench of Alberta on January 20, 2016.
4. The Lutheran Church - Canada, the Alberta - British Columbia District's (the "District") plan of compromise and arrangement (the "District Plan") was approved by the Court of Queen's Bench of Alberta on August 2, 2016, subject to a 21 day appeal period. Upon the District Plan becoming effective, a new company will be formed into which ECHS operations and assets will be transferred. The cash flow forecast assumes that no party will seek leave to appeal the District Plan, in which case, the transition of ECHS' operations and assets is anticipated to occur effective September 30, 2016 (the "NewCo Transition").

Notes & Assumptions - Specific:

1. ECHS leases land and buildings within the development known as the 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 are \$120,000. Monthly payments are due on the 1st of each month from EMSS to ECHS with respect to this lease, which will only be collectible up to the effective date of the NewCo Transition.
2. ECHS provides water and sewer services to EMSS, to the elementary school located in the Prince of Peace development and to residents of a condominium complex known as the Prince of Peace Village (the "Residents"). All Residents have their payments processed by EFT on the first of the month. EMSS makes their payment to ECHS during the first week of each month. The elementary school makes payments each month as funds are available. Water and sewage revenue will only be collectible until the effective date of the NewCo Transition.
3. Reflects accounts payable up to the effective date of the NewCo Transition.
4. Includes amounts payable for employee vacation and severance obligations up to the effective date of the NewCo Transition.
5. Represents anticipated amounts payable to ECHS' legal counsel, the CCAA Monitor and the CCAA Monitor's legal counsel.
6. Cash held by ECHS, net of the estimated Restructuring Holdback (as defined in the ECHS Plan) will be payable to NewCo pursuant to the NewCo Transition.
7. Includes payments related to the repair of roadways and the master-site plan approval process up to the effective date of the NewCo Transition.
8. Includes amounts held by ECHS in their operating account with Bank of Montreal. Bishop & McKenzie LLP ("Bishop"), legal counsel to ECHS, are holding approximately \$3.8 million in trust from the sale of a property in Chestermere, Alberta that was owned by ECHS (the "Chestermere Proceeds"). The Chestermere Proceeds are payable to the District's creditors pursuant to the District Plan. Bishop are also holding approximately \$171,500 in trust from the transfer of life leases to fee simple interests on properties within the Prince of Peace Village, which funds are payable to the creditors of Lutheran Church - Canada, the Alberta - British Columbia District Investments Ltd. ("DIL") pursuant to DIL's plan of compromise and arrangement.

Schedule 6

Encharis Management and Support Services ("EMSS")															
Statement of Projected Cash Flow															
For the Thirteen Week Period Ending November 12, 2016															
Week ending	20-Aug-16	27-Aug-16	3-Sep-16	10-Sep-16	17-Sep-16	24-Sep-16	1-Oct-16	8-Oct-16	15-Oct-16	22-Oct-16	29-Oct-16	5-Nov-16	12-Nov-16	Total	Specific Notes
Receipts															
Rent			\$ 450,000											\$ 450,000	1
Alberta Health Services ("AHS") funding			390,248											390,248	2
Miscellaneous revenue	1,000	1,000	1,000	1,000	1,000	1,000								6,000	3
Total receipts	1,000	1,000	841,248	1,000	1,000	1,000	-	-	-	-	-	-	-	846,248	
Disbursements															
Payroll	(195,000)		(195,000)		(195,000)		(195,000)	(69,750)						(849,750)	4
RRSP's	(2,750)		(2,750)		(2,750)		(2,750)	(1,000)						(12,000)	
Employee related expenses								(155,500)						(155,500)	5
Health Benefits			(15,000)	(25,000)				(3,000)						(43,000)	
Administrative expenses	(5,000)	(22,000)	(5,000)	(22,000)	(5,000)	(22,000)	(5,000)	(22,000)						(108,000)	6
Food services expenses	(10,000)	(10,000)	(10,000)	(10,000)	(10,000)	(10,000)	(10,000)	(10,000)						(80,000)	
Housekeeping expenses	(750)	(1,750)	(750)	(1,750)	(750)	(1,750)	(750)	(1,750)						(10,000)	
Healthcare expenses	(400)	(1,000)	(400)	(1,000)	(400)	(1,000)	(400)	(1,000)						(5,600)	
Maintenance expenses	(4,000)	(15,000)	(4,000)	(15,000)	(4,000)	(15,000)	(4,000)	(15,000)						(76,000)	7
Utility expenses	(4,000)	(4,000)	(35,000)	(4,000)	(4,000)	(4,000)	(20,000)	(4,000)						(79,000)	8
Diversicare	(22,000)			(22,000)				(22,000)						(66,000)	8
Lease payments			(120,000)											(120,000)	9
Transfer to NewCo								(180,162)						(180,162)	10
Restructuring fees			(50,000)				(50,000)					(50,000)		(150,000)	11
Contingency			(15,000)				(15,000)					(15,000)		(45,000)	12
CRO	(4,410)				(4,410)				(4,410)				(4,410)	(17,640)	
Total disbursements	(248,310)	(53,750)	(452,900)	(100,750)	(226,310)	(53,750)	(302,900)	(485,162)	(4,410)	-	-	(65,000)	(4,410)	(1,997,652)	
Net cash flow	\$ (247,310)	\$ (52,750)	\$ 388,348	\$ (99,750)	\$ (225,310)	\$ (52,750)	\$ (302,900)	\$ (485,162)	\$ (4,410)	\$ -	\$ -	\$ (65,000)	\$ (4,410)	\$ (1,151,404)	
Cash on hand															
Beginning balance	\$ 1,425,818	\$ 1,178,508	\$ 1,125,758	\$ 1,514,106	\$ 1,414,356	\$ 1,189,046	\$ 1,136,296	\$ 833,396	\$ 348,234	\$ 343,824	\$ 343,824	\$ 343,824	\$ 278,824	\$ 1,425,818	
Net cash flow	(247,310)	(52,750)	388,348	(99,750)	(225,310)	(52,750)	(302,900)	(485,162)	(4,410)	-	-	(65,000)	(4,410)	(1,151,404)	
Ending balance	\$ 1,178,508	\$ 1,125,758	\$ 1,514,106	\$ 1,414,356	\$ 1,189,046	\$ 1,136,296	\$ 833,396	\$ 348,234	\$ 343,824	\$ 343,824	\$ 343,824	\$ 278,824	\$ 274,414	\$ 274,414	13

Prepared as at the 19th day of August, 2016.

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: Cameron Sherban, Chief
Restructuring Officer

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 separate trust account, which is not reflected herein.
4. EMSS' plan of compromise and arrangement (the "EMSS Plan") was approved by the Court of Queen's Bench of Alberta on January 20, 2016.
5. The Lutheran Church - Canada, the Alberta - British Columbia District's (the "District") plan of compromise and arrangement (the "District Plan") was approved by the Court of Queen's Bench of Alberta on August 2, 2016, subject to a 21 day appeal period. Upon the District Plan becoming effective, a new company ("NewCo") will be formed into which EMSS' operations and assets will be transferred. The cash flow forecast assumes that no party will seek leave to appeal the District Plan, in which case, the transition of EMSS' operations and assets is anticipated to occur effective September 30, 2016 (the "NewCo Transition").

**Encharis Management and Support Services ("EMSS")
Statement of Projected Cash Flow
For the Thirteen Week Period Ending November 12, 2016**

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 collectible up to the effective date of the NewCo Transition.
2. Annual funding revenue taken from the funding advice received from AHS on July 23, 2014, which is collectible up to the effective date of the NewCo Transition.
3. Includes food services revenue, damage repair revenue and miscellaneous revenue (stamps, photocopying, etc.), which is collectible up to the effective date of the NewCo Transition.
4. Payroll is withdrawn every second Friday and includes Canada Revenue Agency payroll source deductions up to the effective date of the NewCo Transition.
5. Includes amounts payable for employee vacation obligations up to the effective date of the NewCo Transition.
6. Includes all administrative department expenses, payments to contractors who provide accounting, management and pastoral services, WCB, information technology and cable up to the effective date of the NewCo Transition.
7. Amounts payable to ECHS for water and sewer services up to the effective date of the NewCo Transition.
8. A contract is in place with Verve, formerly known as Diversicare Canada Management Services Co., Inc. related to the operations of the Harbour and the Manor seniors' care facilities, which is anticipated to be assigned to NewCo pursuant to the NewCo Transition.
9. ECHS, a related entity owns land and buildings within the development known as Prince of Peace, which they lease 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 are \$120,000. Monthly payments are due on the 1st of each month from EMSS to ECHS with respect to this lease, which will only be payable up to the effective date of the NewCo Transition.
10. Cash held by EMSS, net of the estimated Restructuring Holdback (as defined in the EMSS Plan) will be payable to NewCo pursuant to the NewCo Transition.
11. Represents anticipated amounts payable to EMSS' legal counsel, the CCAA Monitor and the CCAA Monitor's legal counsel.
12. Contingency for additional expenses related to the NewCo Transition.
13. Includes amounts held by EMSS in their operating account with Bank of Montreal.

Schedule 7

The Lutheran Church - Canada, The Alberta - British Columbia District including the Church Extension Fund
Variance Analysis
For the twelve week period from May 22, 2016 to August 13, 2016

	Forecast (F)	Actual (A)	Variance (A-F)	Notes
Cash flow from CEF operations				
Receipts				
Lease payments	\$ 87,054	\$ 87,053	\$ (0)	
Bank interest income	4,500	5,214	714	1
Management fees	46,000	46,187	187	
Loan interest and principal payments	30,719	28,962	(1,757)	1
Total receipts	168,273	167,416	(856)	
Disbursements				
Mortgage payments	(84,567)	(84,566)	1	1
CEF salaries and benefits	(42,600)	(57,600)	(15,000)	2
Operating expenses	(11,400)	(3,306)	8,094	2
Emergency fund	(72,000)	(67,922)	4,078	1
EFT refunds	-	(78,476)	(78,476)	3
Restructuring fees	(300,000)	(620,628)	(320,628)	4
CRO	(51,450)	(41,160)	10,290	2
Total disbursements	(562,017)	(953,657)	(391,641)	
Net cash flow from CEF operations	(393,744)	(786,241)	(392,497)	
Cash flow from other District operations				
Receipts				
Donations	-	8,266	8,266	5
Miscellaneous	-	2,265	2,265	1
Bank interest income	-	(234)	(234)	1
Mission remittances	103,500	93,875	(9,625)	1
Total receipts	103,500	104,170	670	
Disbursements				
Salaries and benefits	(15,790)	(18,388)	(2,598)	1
Agency/restricted funds	-	(9,100)	(9,100)	
Administrative expenses, travel and utilities	(21,000)	(16,947)	4,053	1
Outreach operating expenses	(17,416)	(16,743)	673	1
Department of Stewardship and Financial Ministries operating expenses	(3,000)	-	3,000	2
President's expenses	(10,800)	(4,463)	6,337	2
Mission payments to LCC	(24,000)	(17,603)	6,397	1
Contingency	(1,500)	-	1,500	1
Total disbursements	(93,506)	(83,244)	10,262	
Net cash flow from other District operations	9,994	20,927	10,933	
Total net cash flow	\$ (383,750)	\$ (765,314)	\$ (381,564)	
Cash and marketable securities on hand				
Beginning balance	5,072,847	\$ 5,072,847	\$ -	
Total net cash flow	(383,750)	(765,314)	(381,564)	
Net change in value of marketable securities/ adjustment to exchange rate		(637)	(637)	
Ending balance	\$ 4,689,097	\$ 4,306,896	\$ (382,201)	

Notes:

1. Permanent variances as a result of receipts/ disbursements being higher/ lower than what was originally forecast.
2. Timing related variances, which are expected to reverse themselves in future weeks
3. Permanent variance as a result of the refund of electronic fund transfers that were collected from the District's creditors between April 7, 2014 and the date of the Initial Order, as approved by the Court pursuant to an Order granted on November 5, 2015 and amended on June 3, 2016 that were not included in the original forecast.
4. Permanent variance as a result of fees payable to the District's legal counsel, the CCAA Monitor, the CCAA Monitor's legal counsel and representative counsel for the creditors' committee that was established for the District being higher than originally forecast, partially as a result of various Court applications being contested.
5. Permanent variance as a result of donations being received from congregations, which were not included in the original forecast.

Schedule 8

The Lutheran Church - Canada, The Alberta - British Columbia District Investments Ltd.
Variance Analysis
For the twelve week period from May 22, 2016 to August 13, 2016

	Forecast (F)	Actual (A)	Variance (A-F)	Notes
Receipts				
Bank interest	\$ 4,500	\$ 3,448	\$ (1,052)	1
Transfer from Bishop & McKenzie LLP ("Bishop")	5,838,623	5,415,710	(422,913)	2
Loan payments	84,566	84,566	-	
Total receipts	5,927,689	5,503,724	(423,965)	
Disbursements				
Management fee	(46,000)	(46,322)	(322)	3
Restructuring fees	(225,000)	(178,581)	46,419	3
Operating Expenses	-	(14,097)	(14,097)	4
CRO	(41,160)	(41,160)	-	
Interim Distributions	(7,452,045)	(6,857,885)	594,160	5
Total disbursements	(7,764,205)	(7,138,045)	626,160	
Net cash flow	\$ (1,836,516)	\$ (1,634,321)	\$ 202,195	
Cash on hand				
Beginning balance	\$ 3,030,236	\$ 3,030,236	\$ -	
Total net cash flow	(1,836,516)	(1,634,321)	202,195	
Ending balance	\$ 1,193,721	\$ 1,395,916	\$ 202,195	

Notes:

1. Timing related variances, which are expected to reverse themselves in future weeks.
2. Timing related variance. Bishop continues to hold approximately \$454,000 in trust as at July 21, 2016 generated by net realizations from the sale of DIL's assets.
3. Permanent variances as a result of receipts/ disbursements being higher/ lower than what was originally forecast.
4. Permanent variance as a result of miscellaneous expenses, such as for mailing, being erroneously excluded from the original forecast.
5. On August 28, 2015 and April 27, 2016, the Court granted Orders (as subsequently amended) approving the transfer of \$15.0 million and \$7.5 million respectively from the registered retirement savings plans currently held by DIL to new registered retirement savings plans held by Great West Life Assurance Company or, for holders of RRIFs and LIFs, to alternate service providers. This is a timing related variance as not all RRIF and LIF holders have requested the transfer of funds.

Schedule 9

Encharis Community Housing and Services
Variance Analysis
For the twelve week period from May 22, 2016 to August 13, 2016

	Forecast (F)	Actual (A)	Variance (A-F)	Notes
Receipts				
Lease revenue	\$ 360,000	\$ 360,000	\$ -	
Water and sewage revenue	152,016	136,179	(15,837)	1
RV lot rental	3,000	3,000	-	
Total receipts	515,016	499,179	(15,837)	
Disbursements				
Operating expenses	(178,896)	(179,659)	(763)	2
Restructuring fees	(105,000)	(35,362)	69,638	3
CRO	(17,640)	(8,820)	8,820	1
Contingency	(30,000)	(31,479)	(1,479)	3
Total disbursements	(331,536)	(255,321)	76,215	
Net cash flow	\$ 183,480	\$ 243,858	\$ 60,378	
Cash on hand				
Beginning balance	\$ 920,831	\$ 920,831	\$ -	
Net cash flow	183,480	243,858	60,378	
Ending balance	\$ 1,104,311	\$ 1,164,688	\$ 60,378	

Notes:

1. Timing related variances, which are expected to reverse themselves in future weeks.
2. Permanent variance as a result of certain amounts payable for employee benefits being erroneously excluded from the original forecast.
3. Permanent variances as a result of receipts/ disbursements being higher/ lower than what was originally forecast.

Schedule 10

Encharis Management and Support Services
Variance Analysis
For the twelve week period from May 22, 2016 to August 13, 2016

	Forecast (F)	Actual (A)	Variance (A-F)	Notes
Receipts				
Rent	\$ 1,350,000	\$ 1,359,935	\$ 9,935	1
Alberta Health Services ("AHS") funding	1,170,744	1,170,744	-	
Miscellaneous revenue	18,000	152,978	134,978	2
Total receipts	2,538,744	2,683,658	144,914	
Disbursements				
Payroll	(1,182,500)	(1,177,539)	4,961	1
RRSP's	(16,500)	12,037	28,537	3
Health benefits	(87,000)	(78,582)	8,418	4
Administrative expenses	(126,000)	(140,442)	(14,442)	5
Food services expenses	(120,000)	(116,640)	3,360	1
Housekeeping expenses	(15,000)	(11,666)	3,334	1
Healthcare expenses	(8,400)	(3,873)	4,527	1
Maintenance expenses	(156,000)	(97,947)	58,053	4
Utility expenses	(146,000)	(134,624)	11,376	1
Capital expenses	-	(109,520)	(109,520)	6
Verve	(66,000)	(45,322)	20,679	4
Lease payments	(360,000)	(360,000)	-	
Restructuring fees	(105,000)	(31,151)	73,849	7
CRO	(13,230)	(13,230)	-	
Contingency	(4,410)	-	4,410	1
Total disbursements	(2,406,040)	(2,308,499)	97,541	
Net cash flow	\$ 132,704	\$ 375,159	\$ 242,455	
Cash on hand				
Beginning Balance	\$ 1,050,660	\$ 1,050,660	\$ -	
Net cash flow	132,704	375,159	242,455	
Ending Balance	\$ 1,183,364	\$ 1,425,818	\$ 242,455	

Notes:

1. A permanent variance as a result of receipts/ disbursements being higher/ lower than what was originally forecast.
2. Permanent variance due to the receipt of GST and WCB refunds, which were not included in the original forecast.
3. Permanent variance due to an additional employee benefits payment being forecast beyond what was required.
4. Timing related variances, which are expected to reverse themselves in future weeks.
5. Permanent variance due to year-end audit expenses being erroneously excluded from the original forecast.
6. Permanent variance due to renovations to the dining room being required, which were not originally forecast.
7. Approximately \$56,000 of this variance is permanent as a result of disbursements being lower than what were originally forecast. The remaining variance is timing related.