



COURT FILE NUMBER 1501-00955

COURT COURT OF QUEEN'S BENCH OF ALBERTA

JUDICIAL CENTRE CALGARY

DOCUMENT FOURTH 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 June 24, 2015

**ADDRESS FOR SERVICE AND
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SCHEDULES

Schedule 1	Order for the Preservation of Records, granted on June 18, 2015
Schedule 2	Notice to Depositors to the Lutheran Church – Canada, the Alberta – British Columbia District re: the Creditors’ Committee Selection Process, dated April 22, 2015
Schedule 3	Notice to Depositors to the Lutheran Church – Canada, the Alberta – British Columbia District Investments Ltd. re: the Creditors’ Committee Selection Process, dated April 20, 2015
Schedule 4	Statement of Projected Cash Flow for the Thirteen Week Period Ending September 12, 2015 for the Lutheran Church – Canada, the Alberta – British Columbia District
Schedule 5	Statement of Projected Cash Flow for the Thirteen Week Period Ending September 12, 2015 for the Lutheran Church – Canada, the Alberta – British Columbia District Investments Ltd.
Schedule 6	Statement of Projected Cash Flow for the Thirteen Week Period Ending September 12, 2015 for Encharis Community Housing and Services
Schedule 7	Statement of Projected Cash Flow for the Thirteen Week Period Ending September 12, 2015 for Encharis Management and Support Services
Schedule 8	Variance Analysis for the Thirteen Week Period Ended June 13, 2015 for the Lutheran Church – Canada, the Alberta – British Columbia District
Schedule 9	Variance Analysis for the Thirteen Week Period Ended June 13, 2015 for the Lutheran Church – Canada, the Alberta British Columbia District Investments Ltd.
Schedule 10	Variance Analysis for the Thirteen Week Period Ended June 13, 2015 for Encharis Community Housing and Services
Schedule 11	Variance Analysis for the Thirteen Week Period Ended June 13, 2015 for Encharis Management and Support Services

Introduction and Notice to Reader

Introduction

1. On January 23, 2015 (the “Filing Date”), Lutheran Church – Canada, the Alberta – British Columbia District (the “District”), Encharis Community Housing and Services (“ECHS”), Encharis Management and Support Services (“EMSS”) and Lutheran Church – Canada, the Alberta – British Columbia District Investments Ltd. (“DIL” or “District Investments”, collectively the “Applicants” or the “District Group”) obtained an Initial Order from the Court of Queen’s Bench of Alberta (the “Court”) for an Order (the “Initial Order”) under the *Companies’ Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the “CCAA”). Deloitte Restructuring Inc. (“Deloitte”) was appointed as Monitor (the “Monitor”) in the CCAA proceedings.
2. For clarity, the District includes the Church Extension Fund (“CEF”), which was originally created to allow District members to invest 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.
3. The Initial Order provided for an initial stay of proceedings (the “Stay”) until February 20, 2015. The Court has now granted two extensions of the stay of proceedings with the most recent Order being granted at an application on March 27, 2015 (the “March 27 Hearing”), which extended the Stay until June 26, 2015.
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 First Report of the Monitor dated February 17, 2015 (the “First Report”), the second report of the Monitor dated March 23, 2015 (the “Second Report”) and the Third Report of the Monitor dated June 16, 2015 (the “Third Report”). The Monitor also filed a confidential supplement to the Second Report dated March 25, 2015 (the “Confidential Supplement”), which was provided to the Court in advance of the March 27 Hearing. The Confidential Supplement provided the Court with additional detail with respect to the District Group’s application for approval of the sale of four parcels of land defined in the Second Report as the Chestermere Lands, the St. Albert Lands, the Faith Lands and the Village Condo (collectively the “Sale Lands”). The Confidential Supplement was sealed by the Court in order to avoid tainting any future sale process that may be required should any of the transactions involving the Sale Lands fail to be completed.

5. The Pre-Filing Report, the First Report, the Second Report, the Third Report and the Confidential Supplement will collectively be referred to as the “Reports”. Capitalized terms not otherwise defined herein shall have the meanings given to them in the Reports.
6. 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.” (the “Monitor’s Website”).

Notice to Reader

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

Court Applications

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

- 13.7. Authorizing the subdivision of selected lands within the Prince of Peace Development located just east of the City of Calgary which includes two seniors' care facilities, known as the Harbour and the Manor, as well as surrounding development lands (the "Prince of Peace Development").
14. The second Order (the "Committee Order") granted at the February 20 Hearing approved a creditors' committee selection process (the "Committee Process") to appoint creditors' committees for each of the District and DIL (respectively, the "District Committee" and the "DIL Committee" and collectively, the "Committees").
15. The District also made an application at the February 20 Hearing for authorization to make payments to the Lutheran Church – Canada ("LCC") for 35% of the total mission remittances received by the District (the "LCC Portion") for the pre-filing period up to January 23, 2015 and on a go-forward basis and setting the terms for the payment of the LCC Portion (the "LCC Application"). The LCC Application was adjourned *sine die*, and the District was directed to record the mission remittances it received but was ordered not to disburse the LCC Portion until it was otherwise directed to do so.
16. The Second Report provided additional information with respect to the following:
 - 16.1. The Monitor's activities from the date of the First Report to the date of the Second Report;
 - 16.2. An update on the Claims Process, the Committee process and various matters that may impact the CCAA proceedings;
 - 16.3. Statements of projected cash flow and variance analysis for each of the Applicants; and
 - 16.4. The relief sought by both the District Group and the Monitor at the March 27 Hearing.
17. At the March 27 Hearing, the Court granted Orders, which included the following relief:
 - 17.1. Approving an extension of the Stay from March 27, 2015 to June 26, 2015;
 - 17.2. Appointing Kluane Financial Services Inc. as the CRO for the District and DIL, approving the terms of engagement of the CRO, and extending the D&O indemnification and charge and the administration charge (the "Administration Charge") granted in the Initial Order to the CRO;
 - 17.3. Approving the transactions involving the Sale Lands, save and except for the following issues:
 - 17.3.1. The realtor commission payable for the Faith Lands, which is being held in trust pending further Order of the Court; and
 - 17.3.2. A portion of the realtor commission payable for the Chestermere Lands, which is being held in trust pending further Order of the Court.
 - 17.4. Subject to the approval of the District's creditors' committee, upon receiving a request from a pastor or church worker, the Court authorized the District to set-off funds respecting that

- pastor or church worker in the mileage reserve fund against the car loan owed by that pastor or church worker to the District; and
- 17.5. Sealing the confidential affidavit of Mr. Kurtis Robinson which was provided to the Court in advance of the March 27 Hearing to provide additional information related to the transactions involving the Sale Lands.
 18. The following applications to be heard at the March 27 Hearing were adjourned to the hearing to be held on June 26, 2015 (the "June 26 Hearing"):
 - 18.1. Confirming that legal costs incurred by the District and DIL in dealing with the Alberta Securities Commission (the "ASC") and the British Columbia Securities Commission (the "BCSC") are included as part of the Administration Charge;
 - 18.2. Authorizing the District to pay the LCC Portion to LCC for amounts collected for the pre-filing period up to January 23, 2015 and on a go-forward basis; and
 - 18.3. Authorizing the future sale of lands owned by ECHS within the Prince of Peace Development which are subject to life leases in the event that the life lease resident(s) (the "Resident(s)") are to terminate or surrender their interest in the life lease (collectively the "Adjourned Matters").
 19. The Third Report was filed in order to provide the Court with additional information in respect of an application by Mr. Randy Kellen scheduled to be heard on June 18, 2015 (the "Kellen Application") seeking the following relief:
 - 19.1. Lifting the Stay as against the officers and directors of the Applicants in order to permit the commencement of proceedings as against them for alleged breaches of fiduciary duties and negligence in the performance of their duties to Mr. Kellen and other investors, Depositors and creditors of the Applicants; and
 - 19.2. Varying paragraph 46 of the Initial Order to disclose the contact information of the investors and creditors of the Applicants.
 20. The Kellen Application was adjourned with the consent of all parties. On June 18, 2015, the Court granted an Order for the Preservation of Records (the "Preservation Order"), a copy of which is attached as "Schedule 1". The Preservation Order contained relief including the following:
 - 20.1. All of the current and former directors, officers, employees, agents, accountants, legal counsel and shareholders and all other persons acting on their instructions are to advise the Monitor of the location of their records, as further described in the Preservation Order, in relation to the Applicants, excluding any personal records held by an individual (the "Records"), and are to refrain from destroying or altering in any manner the Records. Any third party being served with the Preservation Order shall make reasonable commercial efforts to assist the Applicants in preserving the Records in a format that can be accessed by the Applicants; and

- 20.2. If the Records are stored or otherwise contained on a computer or other electronic system, whether by an independent service provider or otherwise, the District Group shall not alter, erase or destroy the Records and the Monitor shall be provided with all access codes, account names and account numbers as may be required.
21. This report represents the fourth report of the Monitor (the "Fourth Report"). The Fourth Report provides additional information with respect to the following:
 - 21.1. The Monitor's activities since the date of the Second Report;
 - 21.2. An update on the following:
 - 21.2.1. The Claims Process;
 - 21.2.2. The Committee Process and the activities of the Committees; and
 - 21.2.3. Various matters that may impact the CCAA proceedings;
 - 21.3. The statements of projected cash flow for each of the Applicants for the thirteen week period ending September 12, 2015;
 - 21.4. The variance analysis for each of the Applicants for the thirteen week period ended June 13, 2015;
 - 21.5. The relief sought by the District Group at the June 26 Hearing, as further described below; and
 - 21.6. The relief sought by the Monitor at the June 26 Hearing, as further described below.
22. At the June 26 Hearing, the District Group will be seeking an Order of this Honourable Court including the following relief:
 - 22.1. Extending the Stay from June 26, 2015 until August 31, 2015 (the "Extension");
 - 22.2. Approving the sale of a condominium located in Richmond, British Columbia (the "Richmond Condo"), which is legally described as follows:

Strata Lot 23 Section 27 Block 4 North Range 6 West, New Westminster District Strata Plan NW 49 together with an interest in the common property in proportion to the unit entitlement of the strata lot as shown in form 1

- 22.3. Compelling ARS Collection Agency of Canada Inc. operating as Fiserv and Fiserv Solutions (“Fiserv”), and any of its related corporations, to permit the District and DIL to access, view and retrieve all records and information of the District and DIL that is in the possession or control of Fiserv, and to use any and all computer programs offered by Fiserv and currently used by the District of DIL in order to access, view and retrieve such records and information for the District and DIL (the “Fiserv Application”); and
- 22.4. Approving the Adjourned Matters.
23. The Monitor will provide the Court with a Confidential Supplement to the Fourth Report (the “Second Confidential Supplement”) in advance of the June 26 Hearing. The Second Confidential Supplement will provide additional detail with respect to the transaction involving the Richmond Condo. The Monitor will be making an application to have the Second Confidential Supplement sealed by the Court in order to avoid tainting any future sale process that may be required should the transaction involving the Richmond Condo fail to be completed.
24. Also at the June 26 Hearing, the Monitor will be seeking an Order of this Honourable Court containing the following relief:
- 24.1. Amending the Committee Order on a *nunc pro tunc* basis to increase the maximum number of positions on the District Committee (as defined below) from five to six members; and
- 24.2. Securing the remuneration of the representative legal counsel for the District Committee and the DIL Committee (the “Representative Counsel”) as part of the Administration Charge.

Monitor's Activities

25. The Monitor has and will continue to make regular updates to the Monitor's Website to ensure that creditors and interested parties have access to all available information in these proceedings.
26. The Monitor's activities since the Second Report have included the following:
 - 26.1. Attending various meetings and calls with Management, the Joint Committee, the District's board of directors, the CRO and the Applicant's legal counsel to discuss the restructuring efforts;
 - 26.2. Attending the District's annual leadership convention (the "Convention") to provide an update on the CCAA proceedings and respond to CCAA-related inquiries;
 - 26.3. Monitoring the District Group's cash flow projections and the District Group's business and financial affairs during the Stay;
 - 26.4. Advancing the Claims Process, as further described herein;
 - 26.5. Completing the Committee Process, attending numerous meetings with each of the Committees and assisting the Committees in selecting their respective Representative Counsel, as further described herein;
 - 26.6. Meeting with representatives of the Life Lease Equity Protection Group (the "Life Lease Group"), which represents the Residents;
 - 26.7. Assisting the District Group in the development of plans of arrangement (the "Plan(s)") and reviewing draft Plans;
 - 26.8. Continuing to review various matters that may impact the restructuring, as set out herein; and
 - 26.9. Responding to general inquiries from the Depositors and from other stakeholders.

The Plans

27. The Monitor is continuing to support the District Group in their efforts to formulate their Plans in the CCAA proceedings. The Monitor has worked with the District Group in developing a draft Plan for the District (the “Draft District Plan”). The Draft District Plan is being circulated among the Monitor, the Monitor’s legal counsel, the Applicants, the CRO and the Applicant’s legal counsel following which the Draft District Plan will be provided to the District Committee for their further review and comment. A draft Plan is also being circulated for EMSS. The Monitor understands that Draft Plans for DIL and ECHS have also been prepared.
28. The following items must be resolved prior to finalizing the Plans:
 - 28.1. The District Committee and the DIL Committee are currently attempting to negotiate settlements with respect to the following two issues, the disposition of which will impact the realization to the District Depositors and the DIL Depositors (the “Potential Settlements”):
 - 28.1.1. The District’s potential challenge of a mortgage held by DIL on a property located in Strathmore, Alberta (the “Strathmore Property”), which currently houses the Trinity Christian Academy. The District is the registered owner of the Strathmore Property. DIL granted a loan to the District in the amount of \$6.2 million related to the Strathmore Property (the “Strathmore Loan”). Management has advised that it was their original intention to secure the Strathmore Loan via a registered mortgage on the Strathmore Property; however, no such mortgage was executed or registered until December 2014; and
 - 28.1.2. DIL’s potential challenge of the priority two mortgages registered against properties in the Prince of Peace Development (the “DIL – ECHS Mortgages”). The DIL – ECHS Mortgages were registered in second position behind a mortgage held by the District (the “District – ECHS Mortgage”) and are not estimated to have any realizable values. Management has indicated that the original intention was that the District – ECHS Mortgage would be postponed to the DIL – ECHS Mortgages; however, no postponement was ever executed.
 - 28.2. The Representative Counsel are reviewing the potential claims against the current and former D&Os of the District Group and are considering various options in connection with such claims to provide additional recovery to Depositors pursuant to the Plans;

- 28.3. The Representative Counsel are also reviewing potential claims against certain third parties, also in order to provide additional recovery to Depositors pursuant to the Plans;
- 28.4. Required third-party agreements must be entered into, such as those related to the future management of the Prince of Peace Development and any required third-party financing, which must be obtained in order to implement the Plan; and
- 28.5. The extent to which the Plans will compromise selected claims must be determined, including the claim of Her Majesty the Queen in right of the Province of Alberta as represented by the “Minister of Seniors” related to the Grant Agreements (as defined herein) and a claim by LCC related to an unfunded pension liability, as further described herein.

Preservation Order

29. Since the granting of the Preservation Order, the Monitor has received inquiries from Depositors related to whether records have been discarded or destroyed by the District Group. The Monitor notes as follows with respect to the books and records of the District Group:
 - 29.1. The Monitor is not aware of any records having been discarded or destroyed by the Applicants during the CCAA proceedings. The Preservation Order was negotiated between counsel to the Applicants, the Monitor, Representative Counsel and counsel to Mr. Kellen as a condition of the adjournment of the Kellen Application;
 - 29.2. Following the granting of the Preservation Order, the Monitor received an inquiry from one party, who indicated that he had seen a former employee of the District discarding some items and removing some other items from the District's head office; however, this inquiry appears to have related to this employee cleaning out their desk upon the conclusion of their employment; and
 - 29.3. The Monitor notes that they requested records from the District Group related to their review of the use of funds advanced to acquire and build-out the Prince of Peace Development, during the period from January 1994 to May 2014. To date, the Applicants have been unable to provide requested supporting documentation for the period prior to June 2006 and the documentation provided for the period following June 2006 is incomplete. Due to the age of selected information, it is possible that certain information may not have been retained and may have been destroyed in the ordinary course. Management's efforts to locate this information are ongoing.

Stay of Proceedings

30. As previously reported, at the June 26 Hearing, the District Group will be making an application to extend the stay of proceedings from June 26, 2015 to August 31, 2015 (previously defined as the “Extension”).
31. 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:
 - 31.1. The District Group appears to be acting in good faith and with due diligence;
 - 31.2. The District Group is cooperating with the Monitor and is making efforts to formulate the Plans; and
 - 31.3. The Monitor is of the view that the creditors of the District Group will not be materially prejudiced by the Extension.
32. Based on the above, the Monitor supports the Extension.

Matters Related to the Prince of Peace Development

33. Certain Depositors have expressed to the Monitor a desire for further information as to the source and use of funds within CEF. As both the District and DIL invested significant depositor funds in the Prince of Peace Development and its related properties and lands, Deloitte sought to conduct a preliminary review of the use of funds advanced (the “Advances”) to acquire and build-out the Prince of Peace Development. The purpose of this review was to report further on the causes of the Applicants’ insolvency and to provide Depositors with preliminary findings and potential areas for further review related to the Advances.

Outstanding Loans related to the Prince of Peace Development

34. The Monitor previously reported that, at the Filing Date, five loans totalling approximately \$90.0 million were due to the District from ECHS related to the Prince of Peace Development (the “ECHS Loans”). The Monitor has subsequently confirmed that one of these loans is due from the Prince of Peace Church and School and not from ECHS. As such, at the Filing Date, the ECHS Loans totalled approximately \$82.1 million (including interest). The ECHS Loans were secured by the District – ECHS Mortgage, which has a registered value of \$45.0 million and an assignment of rents and leases. The District – ECHS Mortgage is secured against lands within the Prince of Peace Development as well as a the Chestermere Lands.
35. Pursuant to the Claims Process, the District submitted a proof of claim against ECHS for the amount due pursuant to the ECHS Loans (the “ECHS Loans Claim”). The District originally filed the ECHS Loans Claim as a secured creditor in the amount of approximately \$82.1 million. The Monitor reviewed the ECHS Loans Claim in conjunction with their legal counsel. Based on that review it was determined that the District – ECHS Mortgage was capped at \$45 million plus unpaid interest. On May 5, 2015, the Monitor issued a Notice of Revision or Disallowance for Voting and/or Distribution Purposes in respect of the ECHS Loans Claim whereby \$45 million plus accrued interest was admitted as a secured claim and the remaining balance was admitted as an unsecured claim.
36. The ECHS Loans represent the most significant investment of Depositor funds made by District. In addition, two loans, totalling approximately \$7.7 million, advanced to ECHS by District Investments also related to the build out of the Prince of Peace Development (the “DIL – ECHS Loans”). The DIL – ECHS Loans were secured by the DIL – ECHS Mortgages.

Acquisition of the Prince of Peace Development by ECHS

37. Originally, the District owned the lands within the Prince of Peace Development. Effective January 31, 2006, the District sold the Prince of Peace Development to ECHS for a purchase price of \$71.4 million dollars (the “ECHS Acquisition”). Approximately \$33.3 million of the purchase price was satisfied through the assumption of the Life Lease Liabilities (as defined herein) by ECHS. The balance of the purchase price, which we understand to have been the amount paid by the District to acquire and build out the Prince of Peace Development up to that date, was satisfied by the granting of the ECHS Loans and the corresponding District – ECHS Mortgage.
38. The Monitor notes that the ECHS Loans were guaranteed by Shepherd’s Village Ministries Ltd. (the “SVML Guarantee”). The SVML Guarantee was executed on December 29, 2008 and is currently being reviewed by the Monitor’s legal counsel.

Preliminary Review of the Use of Funds Related to the Prince of Peace Development

39. Due to the significance of the ECHS Loans and the DIL – ECHS Loans, Deloitte undertook to conduct a preliminary review of expenditures related to the Prince of Peace Development (the “Review”), which were paid between January 1994 and May 2014. The information requested by the Monitor included loan statements and supporting documents for loan transactions. The Monitor was provided with statements of account for the loans, screenshots of the loan accounts, an Excel spreadsheet summarizing activity for various loan accounts and a box and binder of documents supporting selected loan advances.

Potential Conflict of Interest

40. In the early stages of the Review, Deloitte became aware that they had acted as the auditor for the District from 1990 to 1998 (Deloitte is still confirming whether they acted as auditor of the District in 1999). Deloitte had completed a conflict check prior to consenting to act as Monitor; however, Deloitte’s prior audit engagement had not been flagged as part of this conflict check. Deloitte’s prior audit engagement does not preclude Deloitte from acting as Monitor; however, it could preclude Deloitte from completing the Review. Upon learning of this conflict of interest, the Monitor suspended the Review and reported to the Committees, advising them that they may be tasked with choosing another accounting firm to complete the Review.
41. At the time that the Monitor became aware of this potential conflict, much of the requested information had yet to be provided. To date, the Applicants have been unable to provide supporting documentation for the Advances made prior to June 2006 and the documentation provided for the period following June 2006 is incomplete. As Deloitte did not act as auditor subsequent to 1999, Deloitte is not conflicted from completing the Review to the extent that they can for the period for which documentation is available.

Preliminary Findings

42. The Monitor has completed the Review with respect to the documentation provided for the period following June 2006 and has summarized the loan advances, repayments and credits. Further clarification from Management is being sought with respect to the characterization of many of the transactions in the various loan accounts. Based on the information received to date, contractor and vendor invoices have been provided supporting approximately \$15.1 million in advances attributable to the build-out of the Prince of Peace Development. Additional information will be reviewed upon receipt.
43. The Monitor is also seeking clarification from Management with respect to potential issues related to the build out of the Prince of Peace Development such as any cost overruns.
44. The Monitor understands that Management's efforts to locate the requested documentation are ongoing. On June 22, 2015, the Monitor was provided with some project job costing spreadsheets, which have not yet been reviewed. The Monitor intends to report further on the results of its review to date, prior to the next Court application. The Monitor is of the view that a comprehensive forensic review is likely not appropriate in the context of the CCAA as it would likely have a net negative impact on the recovery for the Applicants' creditors. Upon completing the Review, the Monitor will report on its preliminary findings and areas which may require further analysis. Should Depositors wish to do so, they can then initiate a more comprehensive review, if they decide that future litigation or class action proceedings related to claims against the D&Os or third parties may be appropriate.

Claims Process

45. The February 20 Order included Court approval of the Claims Process. The Monitor highlights the following deadlines in the Claims Process:
 - 45.1. April 20, 2015 was established as the deadline (the “Claims Bar Date”) for Depositors and Residents to either submit a Dispute Notice, a Non-Participation Notice or an Assignment Notice (the “Claims Notices”) or for other claimants to submit a proof of claim form. Unless a Claims Notice was received by the Claims Bar Date, the claim of each District or DIL Depositor or Resident was deemed to be admitted as provided in that individual’s claims package. Should proofs of claim for other claimants not have been provided to the Monitor by the Claims Bar Date, those parties would be forever barred from making or enforcing any claim against the Applicants and their current or former D&Os and employees;
 - 45.2. Where Depositors or Residents disagreed with the amount included in their Claims Package and filed a Dispute Notice with the Monitor prior to the Claims Bar Date, the Monitor, in conjunction with the Applicants, had 15 days from the Claims Bar Date to either accept the amount included in the Dispute Notice or issue a Disallowance Notice; and
 - 45.3. Following receipt of a Disallowance Notice, a claimant had 10 days to file a Dispute Notice, if they disagreed with the Disallowance Notice. Dispute Notices could be resolved consensually or, where that was not possible, through an application to Court.

The Depositors

46. As previously reported, a reverse Claims Process was established for the District Depositors and the DIL Depositors. The Monitor received five dispute notices (not including those submitted solely to request that a Depositor’s interest be waived for 2015) from Depositors (the “Depositor Dispute Notices”). All of the Depositors Dispute Notices have been resolved with the exception of one, which the Monitor is still hopeful can be resolved consensually.
47. Claims of District Depositors and DIL Depositors have been admitted by the Monitor in the respective amounts of \$96.5 million and \$28.9 million. The amount listed for the DIL Depositors is net of an estimated write-down of 24%, which reflects the value of their investment taking into account the anticipated losses on selected loans held by DIL.

The Life Lease Residents

48. ECHS owns 60 residences within the Prince of Peace Village. These units are subject to life leases with the majority of the life lease residents (the “Residents”) being seniors. The life leases represent a contingent liability for ECHS as, upon surrender of a Resident’s leasehold interest, ECHS is required to purchase the unit from the Resident if a purchaser is not found within six months (the “Life Lease Liabilities”). A reverse claims process was also implemented for the Residents. All of the Residents are represented the Life Lease Group. On April 20 2015, the Monitor received a Dispute Notice from the Life Lease Group (the “Life Lease Dispute Notice”), which listed the following reasons for the dispute, among others:

48.1. The Residents objected to the Claims Process and indicated that the Life Lease Dispute Notice was being filed without prejudice to such objection; and

48.2. The Residents indicated that they were not creditors, contingent or otherwise, of the Applicants.

49. Both the Monitor and the Applicants have met with the Residents and are continuing to negotiate with the Residents with respect to their inclusion in a Plan. The Monitor remains hopeful that the Life Lease Dispute Notice will be resolved consensually.

Trade Creditors

50. As described above, the Monitor has admitted the following claims for claimants, other than the Depositors and the Residents:

Applicant	Admitted claims against each of the Applicants		
	Type of claim		
	Unsecured	Unsecured related party	Secured related party
District	\$ 12,869	\$ -	\$ -
ECHS	25,739	26,440,798	63,376,909
EMSS	78,056	2,113,870	-
	\$ 116,664	\$ 28,554,668	\$ 63,376,909

51. Approximately seven claims are still subject to disallowance and/ or dispute notices and are still being reviewed by the Monitor. The most significant of these claims are described below:

51.1. Three placeholder claims against the current and former directors, officers and management of the District and DIL;

- 51.2. A contingent claim by Her Majesty the Queen in right of the Province of Alberta as represented by the “Minister of Seniors” against ECHS in the amount of \$9.1 million, which relates to two affordable supportive living grant funding agreements (the “Grant Agreements”) between ECHS and Alberta Health Services (“AHS”). The treatment of the Grant Agreements pursuant to the Plans remains uncertain;
- 51.3. A claim by DIL against the District in the amount of approximately \$6.1 million related to the Strathmore Mortgage, the validity of which is the subject of negotiations between the Committees;
- 51.4. A claim by Lutheran Church – Canada against the District in the amount of approximately \$627,600 related to an unfunded pension liability (the “Pension Claim”). Whether the Pension Claim will be affected by the Plan remains uncertain; and
- 51.5. A claim by the District against DIL in the amount of approximately \$863,000 related to management fees, which claim is still being reviewed by the Monitor.

Creditors' Committee Selection Process

52. The Committee Order granted at the February 20 Hearing approved the Committee Process whereby creditors' committees would be appointed for each of the District and DIL (the "Committee(s)"). The mandate and duties of the Committees are outlined in the First Report.
53. The maximum number of Depositors to be appointed for each Committee was five. Pursuant to the Committee Process, the Monitor was to fill three of the five positions on the Committees with those Depositors who had three of the ten largest known claims against either the District or DIL and who were willing to serve on the Committees, while using reasonable efforts to ensure geographic representation (the "Reserved Positions"). The Reserved Positions for both of the Committees were filled with two members from Alberta and one from British Columbia. Only two of the Reserved Positions on each of the Committees were drawn from those Depositors with the ten largest known claims in order to achieve the desired geographic representation.
54. Subsequent to the Committee Order being granted, the Monitor became aware that many of those Depositors who were eligible to serve in Reserved Positions had significant investments in both CEF and DIL. Should any of those Depositors serve on one of the Committees they would have an inherent conflict of interest in deciding issues where the interests of the District and DIL are divergent. In order to avoid a situation where many of the members of the Committees may have to recuse themselves from voting on key issues, the Monitor determined that the Depositors chosen to fill the Reserved Positions would be restricted to those who had individual deposits, and deposits of family members living within the same household, in only one of the two funds. On March 16, 2015, the names of those parties filling the Reserved Positions on each Committee were posted on the Monitor's website.
55. The remaining two positions on each Committee were to be filled from the general population of creditors pursuant to the Committee Process (the "Vacant Positions"). Those parties who had known conflicts of interest were allowed to put their names forward for the Vacant Positions, with all known conflicts of interest being disclosed to Depositors. The two parties with the largest number of votes (without consideration to the dollar value of the claims of the voting Depositors) were to be selected to fill the Vacant Positions on each Committee. Parties would only be eligible to act on one of the two Committees. The Monitor notes as follows with respect to the Vacant Positions for the District:

- 55.1. Seven individuals put forward their names to act on the District Committee;
- 55.2. Five of the seven individuals who put their names forward to act on the District Committee were conflicted from voting on matters where the interests of the District and DIL are divergent due to the individual or an immediate family member being a depositors in DIL;
- 55.3. Correspondence inviting Depositors to vote on who they wished to fill the Vacant Positions on the District Committee was sent on March 19, 2015 (the "March 19 Letter"). Subsequent to the March 19 Letter being issued, it came to the Monitor's attention that one application form received by Deloitte had been erroneously excluded from the March 19 Letter. As such, an updated listing of those parties, who had expressed an interest in participating on the District Committee, was re-sent to Depositors on March 27, 2015, which date was still within the time frame set out in the Committee Order;
- 55.4. The Monitor received votes from 414 District Depositors with respect to filing the Vacant Positions on the District Committee. This represents 16% of the District Depositors;
- 55.5. Based on the votes received, the Vacant Positions were filled and a list of the names of the representatives for the District Committee were posted on the Monitor's Website on April 22, 2015 (the "April 22 Letter") and mailed to all known District Depositors shortly thereafter. A copy of the April 22 Letter is attached as "Schedule 2". The Monitor notes that due to the voting results being extremely close for two of the potential representatives, the Monitor was of the view that a sixth person should be added to the District Committee, subject to Court approval. The Monitor was further of the view that it would be appropriate to have a larger Committee for the District given that there are approximately 2,627 District Depositors (as opposed to 897 DIL Depositors). The names of the District Committee representatives are as follows:
 - 55.5.1. Sandra Jory;
 - 55.5.2. Phil Lemke;
 - 55.5.3. Dieter Steinruck;
 - 55.5.4. Clinton Ziegler;
 - 55.5.5. Tom Lademann; and
 - 55.5.6. Terry Georz.
- 55.6. The Monitor notes that Mr. Tom Lademann and Mr. Terry Georz are conflicted from voting on matters where the interests of the District and DIL are divergent due to the fact that either they or their immediate family member are DIL Depositors; and
- 55.7. As reported above, at the June 26 Hearing, the Monitor is seeking an Order amending the Committee Order on a *nunc pro tunc* basis to increase the maximum number of positions on the District Committee (as defined below) from five to six members.

- 55.8. The Monitor notes as follows with respect to the Vacant Positions for DIL:
- 55.8.1. Seven individuals put forward their names to act on the DIL Committee;
 - 55.8.2. Five of the seven individuals who put their names forward to act on the DIL Committee were conflicted from voting on matters where the interests of the District and DIL are divergent due to the individual, an immediate family member, or a congregation for which they acted as a pastor or an elected representative being a depositors in CEF;
 - 55.8.3. The Monitor received votes from 210 DIL Depositors (23% of the DIL Depositors) for the individuals to fill the two positions on the DIL Committee. Based on the votes received, the Vacant Positions were filled and a list of the names of the representatives for the DIL Committee were posted on the Monitor's Website on April 20, 2015 and mailed to all known DIL Depositors shortly thereafter (the "April 20 Letter"). A copy of the April 20 Letter is attached as "Schedule 3". The names of the DIL Committee representatives are as follows:
 - 55.8.3.1. Gary Clements;
 - 55.8.3.2. Reid Glenn,;
 - 55.8.3.3. Esther Borger;
 - 55.8.3.4. Holly Drinkle; and
 - 55.8.3.5. Gerry Kruger.
 - 55.8.4. The Monitor notes that Ms. Holly Drinkle is conflicted from voting on matters where the interests of the District and DIL are divergent due to the fact that both Ms. Drinkle and her immediate family members are District Depositors.
56. Each of the members of the Committees have been asked to sign confidentiality agreements. To date, the Monitor has had three meetings with the DIL Committee and four meetings with the District Committee to address the following issues:
- 56.1. The filing of placeholder claim(s) in the Claims Process for potential claims against the current and former D&Os of the Applicants on behalf of the District Depositors (Concentra Trust, the bare trustee for DIL, filed similar placeholder claims on behalf of the DIL Depositors);
 - 56.2. The role and mandate of each of the Committees;
 - 56.3. Updates on the CCAA proceedings and the formulation of the Plans;
 - 56.4. Summaries of current issues to be considered by each of the Committees;
 - 56.5. Issues related to the Monitor's review of the expenditures related to the Prince of Peace Development;

- 56.6. A review of the assets held by each of the District and DIL; and
 - 56.7. The hiring of Representative Counsel.
57. Pursuant to the Committee Order, Representative Counsel were to be retained and funded by the Applicants to advise both of the Committees with respect to select issues where independent legal advice was warranted or required. The Monitor approached several law firms and asked them to submit *curriculum vitae* and confirm whether they would have any conflicts which would preclude them from acting for either of the Committees. The Committees were each provided with the names of five potential Representative Counsel. Each of the Committees subsequently appointed a two person subcommittee (the "Subcommittees") to make a recommendation to the Committee with respect to selecting Representative Counsel. The Subcommittees shortlisted two to three potential Representative Counsel, conducted interviews with those individuals and then made recommendations to the larger Committees. Each of the Committees passed formal resolutions appointing Representative Counsel. Chris Simard of Bennett Jones LLP was selected by the District Committee as their Representative Counsel and Doug Nishimura of Field Law was selected by DIL as their Representative Counsel.
58. The Monitor's legal counsel prepared a memorandum for each of the Representative Counsel to provide them with additional background on some of the issues to be considered by the Committees. At present, the focus of the Committees is as follows:
- 58.1. To attempt to negotiate the Potential Settlements;
 - 58.2. To provide input into the Plans; and
 - 58.3. To provide input into other issues related to the CCAA proceedings.

Convention

59. As reported in the Affidavit of Kurtis Robinson filed on June 22, 2015 (the “Robinson Affidavit”), the District’s Convention was held from May 22 to 24, 2015 (the “Convention”). A new board of directors was elected at the Convention with Pastor Glenn Schaeffer being elected as the new president of the District. The Monitor has been advised that the transition of responsibility from the old board of directors to the new board of directors will not be finalized until September 2015 to ensure that there is consistency during the CCAA proceedings.
60. The Monitor has further been advised that a resolution was passed at the Convention whereby in addition to the District president, an interim pastoral leader for the District would be appointed by LCC. The Monitor has been assured that there will not be any additional costs associated with this appointment and understands that LCC intends to pay the salary of the interim pastoral leader.

ASC Investigation

61. As previously reported, the Monitor's legal counsel reviewed certain documentation governing the relationship between the District and DIL and the District Depositors and the DIL Depositors in order to determine whether there may be potential claims against the District and DIL and their respective directors and officers arising out of any potential compliance requirements of the *Securities Act of Alberta* (the "*Alberta Securities Act*") and the *Securities Act of British Columbia* (collectively the "Securities Acts"). The Monitor's legal counsel has determined, on a preliminary basis, that:
 - 61.1. The activities of the District and DIL are subject to the Securities Acts;
 - 61.2. That there was an exemption that appeared to not require that the District and DIL be registered as licensed securities dealers; and
 - 61.3. That this exemption was amended in 2010, pursuant to which amendment the exemption may have no longer been available.
62. Based on the Monitor's legal counsel's preliminary review, they advised the Applicant's legal counsel of their findings. The Applicants are in ongoing discussions with the ASC and the BCSC.
63. The Monitor has been advised that the ASC has commenced an investigation in relation to the District Group.

The Lutheran Church – Canada

Payments

64. As previously reported, the District receives revenue in the form of donations from member congregations (the “Donations”). Prior to the CCAA proceedings, the Donations were estimated to total approximately \$1.3 million on an annual basis. The LCC Portion has historically been paid by the District to LCC on a monthly basis. Although payment of the LCC Portion is not the result of any legal obligation, Management has advised that those individuals and congregations who donate funds have historically done so on the understanding that a portion of their Donations will be paid to LCC.
65. At the February 20 Hearing, the District Group made an application to pay the LCC Portion of approximately \$40,300 for the pre-filing period from January 1 to 22, 2015 and to continue to provide 35% of post-filing Donations to LCC on a go-forward basis (the “LCC Application”). At the time, the Monitor supported the LCC Application based on Management’s concerns that a failure of the District to pay the LCC Portion may result in member congregations sending the entirety of their Donations directly to LCC and withdrawing their financial support for the District.
66. Legal counsel for LCC attended the February 20 Hearing in support of the LCC Application. After hearing submissions, the Court expressed a preference that this issue be decided after having the benefit of consultation with the Committees. As such, the LCC Application was adjourned *sine die* and the District was directed to record the Donations it received and was ordered to not disburse the LCC Portion of such Donations until it was otherwise directed to do so.
67. The Robinson Affidavit reports that, since the Filing Date, the District has collected approximately \$207,800 in Donations of which the LCC Portion would be approximately \$43,900 (for approximately \$82,300 in Donations, the congregation donating the funds indicated that they had already forwarded the LCC Portion directly to LCC). Management advises that certain member congregations have discontinued Donations as a result of uncertainty surrounding whether the LCC Portion will be paid by the District to LCC. Other parties have either continued to provide Donations in the ordinary course or have provided Donations to the District, net of the LCC Portion which they have paid directly to LCC. Since the date of the Second Report, Donations have declined with Donations received during the thirteen week period ended June 13, 2015 being approximately 34% lower than originally forecast.

68. On May 13, 2015, the District Committee approved the District paying the LCC Portion collected for the pre-filing period and on a go-forward basis. Based on the fact that the District Committee is supportive of the LCC Portion being paid to LCC, the Monitor is supportive of the LCC Application.

Sale of Assets

69. As reported above, the District is seeking Court approval for the sale of a property defined above as the Richmond Condo at the June 26 Hearing.
70. The Monitor will provide the Second Confidential Supplement to the Court in advance of the June 26 Hearing. The Second Confidential Supplement will provide further detail as to the sale of the Richmond Condo. The Monitor will be requesting that the Second Confidential Supplement be sealed by the Court in order to avoid tainting any future sale process that may be required should the sale of the Richmond Condo fail to close.
71. The Monitor understands that the proceeds from the Richmond Condo will be held in trust for the purpose of being included in any Plan that is filed by the District Group.

The Richmond Condo

72. The Richmond Condo is municipally known as 23, 9280 Glenallan Drive, Richmond, British Columbia. The Richmond Condo was originally listed for sale on May 4, 2015 with RE/MAX Westcoast acting as the listing agent.
73. An initial deposit has been paid with respect to the sale of the Richmond Condo and is being held in trust. The buyer waived their conditions effective June 15, 2015 but the sale still remains subject to the approval of the District Committee and the Court. The Monitor will be seeking the District Committee's formal approval of the sale of the Richmond Condo at a meeting scheduled for June 25, 2015. The sale of the Richmond Condo has an anticipated closing date of July 16, 2015.
74. The Monitor has reviewed the documents associated with the sale of the Richmond Condo, including the listing agreement and the contract of purchase and sale, as further described in the Second Confidential Supplement. The Monitor has also consulted with Deloitte's real estate advisory group with respect to the sale of the Richmond Condo.
75. Based on the Monitor's review, it is satisfied that the proposed sale of the Richmond Condo is commercially reasonable and would likely be more beneficial to the District Depositors than a sale or disposition in a liquidation scenario.

Sale of future Life Lease Condos

76. As previously reported, ECHS owns 60 units within the Prince of Peace Village (the “Life Lease Condos”). These units are subject to life leases with the majority of Residents being seniors. At the March 27 Hearing, ECHS made an application for the approval of future sales of the Life Lease Condos, where the Resident’s life lease interest was surrendered or terminated in the ordinary course, to be completed without any requirement for further Court approval. This was subject to the Monitor’s approval of each transaction and the sale price being in excess of the fair market value of the Life Lease Condo (as set out in the provisions of the corresponding life lease). The conversion fee payable to ECHS by a Resident upon the surrender of a life lease is 5% (the “Surrender Fee(s)”), net of selling costs. The Surrender Fees are payable, in many cases, to DIL who holds registered mortgages against 46 of the Life Lease Condos, subject to the Residents’ leasehold interests. The Monitor understands that any amounts collected from the Surrender Fees will be held in trust for the purpose of being included in the Plans.
77. The Monitor is supportive of the District Group’s application for approval of the future sale of Life Lease Condos as outlined above. The Monitor believes that this process will help to streamline these sales and minimize any associated legal costs.

Other Relief Requested by the Applicants

The Extension of the Administration Charge

78. The Applicants are seeking confirmation that the legal costs incurred by the District and DIL in dealing with the ASC and the BCSC will be included as part of the Administration Charge. At the March 27 Hearing, the Court expressed that such approval should be limited such that the costs to defend individual directors and officers of the District would not be borne by the estate. The Monitor is supportive of the proposed relief, subject to this limitation.
79. As reported above, the Monitor is also making an application at the June 26 Hearing to expand the Administration Charge to secure the remuneration of the Representative Counsel.

Access to the Records held by Fiserv

80. The Monitor understands that Fiserv, the Applicants' fund management software provider, is discontinuing the ISpectrum software system that is currently in use by the District and DIL and has advised Management that they will only have access to the system until June 30, 2015 with viewing access being extended until August 31, 2015. As reported in the Robinson Affidavit, Management has exported key information, including Depositor contact information and account balances into Microsoft Excel but may still require transactional history for Depositor accounts from 2008 (when the software system came into use) until 2015. Management has advised that they have attempted to negotiate ongoing access to the system with Fiserv, without success. As such, the Monitor is supportive of the Fiserv Application, as defined above, on the basis that it may facilitate the CCAA proceedings by allowing additional access to historical Depositors information.

Cash Flow Forecast

District

81. Attached as “Schedule 4” is the Statement of Projected Cash Flow for the District for the thirteen week period ending September 12, 2015 (the “District Forecast”, the “Forecast Period”). The District Forecast has been broken down to distinguish between cash flow related to CEF and that related to other District operations. The District, including CEF, estimates a total net cash outflow of approximately \$350,700 over the Forecast Period and projects that it will have cash on hand of approximately \$5.4 million (including marketable securities) at the end of the Forecast Period. A summary of the District Forecast is included below.

The District including CEF Statement of Projected Cash Flow For the Thirteen Week Period Ending September 12, 2015	
	Total
Cash flow from CEF operations	
Receipts	
Lease payments	\$ 87,053
Bank interest	450
Management fees	75,750
Loan interest and principal payments	112,441
Total Receipts	275,694
Disbursements	
Mortgage payments	(84,567)
CEF salaries and benefits	(42,000)
Operating expenses	(39,000)
Plant Fund	(4,550)
Emergency fund	(125,745)
Restructuring fees	(300,000)
CRO	(30,870)
Total disbursements	(626,732)
Net cash flow from CEF operations	\$ (351,037)

The District including CEF
Statement of Projected Cash Flow
For the Thirteen Week Period Ending September 12, 2015

Cash flow from other District operations

Receipts	
Wage recovery	\$ 40,950
Mission remittances	110,500
Rental income	500
Total receipts	<u>151,950</u>
Disbursements	
Salaries and benefits	(99,200)
Administrative expenses, travel and utilities	(16,250)
Outreach operating expenses	(24,667)
Department of Stewardship and Financial	
Ministries operating expenses	(3,000)
President's expenses	(8,450)
Total disbursements	<u>(151,567)</u>
Net cash flow from other District operations	<u><u>383</u></u>
Total net cash flow	<u><u>\$ (350,654)</u></u>
Cash and marketable securities on hand	
Beginning balance	\$ 5,706,360
Total net cash flow	(350,654)
Ending balance	<u><u>\$ 5,355,706</u></u>

Cash Flow Related to CEF

82. The District is forecasting receipts of approximately \$275,700 over the Forecast Period related to CEF. We highlight the following with respect to these receipts:

- 82.1. The District collects monthly lease payments of approximately \$29,000 per month, or approximately \$87,100 over the forecast period, from the Golden Hill School Division for a lease on the Strathmore Property. The District granted a mortgage on the Strathmore Property in favour of DIL and makes monthly mortgage payments to DIL in the amount of approximately \$28,200 per month, or approximately \$84,600 over the Forecast Period;
- 82.2. The District anticipates receiving approximately \$75,800 from DIL for a management fee related to administrative assistance provided by the District; and
- 82.3. The investments held within CEF are anticipated to generate other cash receipts from loan interest and principal payments of approximately \$112,400 over the Forecast Period. This includes a loan repayment from Redeemer Lutheran Church in Victoria in the amount of approximately \$40,500, which is anticipated to be received in August 2015.

83. The District is forecasting disbursements of approximately \$626,700 over the Forecast Period related to CEF. We highlight the following with respect to these disbursements:
- 83.1. Operating expenses of \$39,000 and salaries and benefits of \$42,000 (including all corresponding CRA payroll source deduction remittances) are estimated to be payable over the Forecast Period.
 - 83.2. Payments totalling approximately \$125,700 over the Forecast Period have been projected to satisfy obligations due pursuant to the Emergency Fund (as defined herein);
 - 83.3. 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 the newly appointed Representative Counsel; and
 - 83.4. The District estimates fees associated with retaining 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

84. The District is forecasting receipts from non-CEF operations of approximately \$152,000 over the Forecast Period. We highlight the following with respect to these receipts:
- 84.1. The District anticipates receiving approximately \$41,000 from EMSS to reimburse the District for wages paid to District management employees that perform services for EMSS; and
 - 84.2. The District anticipates receiving Donations of approximately \$110,500 from its 127 member congregations over the Forecast Period, including the LCC Portion. As further described below, Management has reported a marked decline in Donations since the March 27 Hearing, which is anticipated to continue over the Forecast Period.
85. The District is forecasting disbursements of approximately \$151,600 over the Forecast Period. We highlight the following with respect to these disbursements:
- 85.1. 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 \$99,200 over the Forecast Period. Approximately three of these employees provide accounting and other support for EMSS, which costs are recoverable from EMSS. The District has recently eliminated four positions and salaries and benefits have been reallocated between CEF and other District operations.
 - 85.2. Administrative expenses, travel and utilities are estimated to total approximately \$16,300 over the Forecast Period; and

- 85.3. Operating expenses for outreach services and the department of stewardship and financial ministries are anticipated to total approximately \$24,600 and \$3,000, respectively, over the Forecast Period. The employee who previously managed parish and school services is no longer employed with the District and no further costs are attributed to this department during the Forecast Period.
86. The District had an opening cash balance of approximately \$5.7 million consisting of a cash balance of approximately \$514,500 and marketable securities of approximately \$5.2 million, as at June 13, 2015, which are held with FI Capital Ltd. We note that the value of the marketable securities held by FI Capital Ltd. decreased in value by approximately \$53,800 between March 15, 2015 and June 13, 2015 as certain investments matured. As noted above, the District, including CEF, is projected to have a net cash outflow of approximately \$350,700 over the Forecast Period. Based on their opening cash balance; however, the District appears to have sufficient liquidity to sustain its ongoing operations during the Forecast Period.

Lutheran Historical Institute

87. Lutheran Historical Institute (“LHI”) maintains an archive for the District and operates out of the District’s head office. Following the commencement of the CCAA proceedings, the Monitor had inquired about LHI and had been informed that it was a separate legal entity from the District. The Applicants have recently advised that this is not the case and that LHI, much like CEF, is a part of the District and has a separate bank account. Upon being informed that LHI is part of the District, the Monitor requested information to enable them to review LHI’s operations and cash flow. The Monitor is still waiting for a portion of the requested information but notes that LHI has minimal cash flow with \$42,200 in revenues being reported for the period from January 1 to May 31, 2015. LHI’s most significant expenses are for salaries and benefits payable to an archivist. The Monitor understands LHI’s operations will likely be discontinued. No cash receipts or disbursements for LHI are included in the District Forecast at this time; however, the Monitor does not believe that the inclusion of LHI in the District Forecast would have a material impact on the District.

DIL

88. Attached as “Schedule 5” is the Statement of Projected Cash Flow for DIL for the thirteen week period ending September 12, 2015 (the “DIL Forecast”). DIL estimates a net inflow of cash of approximately \$651,300 over the Forecast Period and projects that it will have cash on hand of \$19.1 million (including marketable securities) at the end of the Forecast Period. A summary of the DIL Forecast is included below.

District Investments
Statement of Projected Cash Flow
For the Thirteen Week Period Ending September 12, 2015

	Total
Receipts	
Loan payments	\$ 988,845
Total receipts	988,845
Disbursements	
Management fee	(75,750)
Restructuring fees	(225,000)
CRO	(30,870)
Emergency fund	(3,666)
Annual minimum RRIF payments	(2,250)
Total disbursements	(337,536)
Net cash flow	\$ 651,309
Cash and marketable securities on hand	
Beginning balance	\$ 18,496,480
Net cash flow	651,309
Ending balance	\$ 19,147,789

89. The only projected receipts for DIL relate to payments received on lines of credit and mortgages held within the investment fund which are anticipated to total approximately \$988,800 over the Forecast Period, which includes the payout of loans from Trinity Lutheran Church in Lacombe and Trinity Lutheran Church in Richmond (the "DIL Payouts").
90. DIL is forecasting disbursements of approximately \$337,500 over the Forecast Period. We highlight the following with respect to these disbursements:
- 90.1. DIL estimates disbursements of \$75,800 for a management fee payable to the District, who assists in administering the investment fund;
 - 90.2. DIL estimates disbursements of approximately \$225,000 to pay restructuring fees, including payments to the Applicant's legal counsel, the Monitor, the Monitor's legal counsel and the Representative Counsel over the Forecast Period;
 - 90.3. DIL estimates fees associated with retaining the CRO of approximately \$30,900 over the Forecast Period. The fees of the CRO are allocated between the Applicants; and
 - 90.4. DIL estimates disbursements of \$2,300 over the Forecast Period related to the statutory annual minimum payments (the "Minimum Payments") due pursuant to RRIFs. The bulk of the Minimum Payments were paid in May 2015; however, a small number of individuals who are currently receiving payments through the emergency fund are continuing to receive their Minimum Payments on a monthly basis.
91. DIL had an opening balance of approximately \$18.5 million including cash of \$1.1 million and market investments of approximately \$17.4 million as at June 14, 2015, which were held with FI Capital Ltd.

We note that the value of the marketable securities held by FI Capital Ltd. decreased in value by approximately \$215,000 between March 15 and June 13, 2015 as certain investments matured. DIL is projected to have a net cash inflow of approximately \$651,300 over the Forecast Period, including the DIL Payouts, and has sufficient liquidity to sustain its ongoing operations during the Forecast Period.

ECHS

92. Attached as "Schedule 6" is the Statement of Projected Cash Flow for ECHS for the thirteen week period ending September 12, 2015 (the "ECHS Forecast"). ECHS estimates a net increase in cash of approximately \$183,900 over the Forecast Period and projects that it will have cash on hand of approximately \$495,800 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 September 12, 2015	
	Total
Receipts	
Lease revenue	\$ 360,000
Water and sewage revenue	130,050
RV lot rental	3,000
Total receipts	493,050
Disbursements	
Operating expenses	(186,609)
Restructuring fees	(82,500)
Contingency	(40,000)
Total disbursements	(309,109)
Net cash flow	\$ 183,941
Cash on hand	
Beginning balance	\$ 311,844
Net cash flow	183,941
Ending balance	\$ 495,785

93. ECHS is projecting receipts of approximately \$493,100 over the Forecast Period. We highlight the following with respect to these receipts:

93.1. ECHS leases land and buildings that they own within the Prince of Peace Development to EMSS. Monthly lease payments of \$120,000 (we note that these payments were originally reported as being \$125,000 in error) are payable from EMSS to ECHS with respect to this lease. These monthly lease payments are estimated to total \$360,000 over the Forecast Period; and

- 93.2. 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 \$130,100 over the Forecast Period.
94. ECHS is projecting disbursements of approximately \$309,100 over the Forecast Period. We highlight the following with respect to these disbursements:
- 94.1. ECHS estimates disbursements of \$186,600 over the Forecast Period for ongoing operating expenses, which include payments to trade creditors such as for the provision of water and sewer services;
- 94.2. 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 \$82,500 over the Forecast Period; and
- 94.3. Contingency payments of approximately \$40,000 over the Forecast Period include payments related to the repair of roadways for the Prince of Peace Development.
95. ECHS has an opening cash balance of approximately \$311,800. As noted above, ECHS is projected to have a net cash inflow of approximately \$183,900 over the Forecast Period and has sufficient liquidity to sustain its ongoing operations during the Forecast Period.

EMSS

96. Attached as "Schedule 7" is the Statement of Projected Cash Flow for EMSS for the thirteen week period ending September 12, 2015 (the "EMSS Forecast"). EMSS estimates a net increase in cash of approximately \$126,000 over the Forecast Period. EMSS projects that it will have cash on hand of approximately \$1.2 million 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 September 12, 2015

	Total
Receipts	
Rent	\$ 1,306,000
AHS funding	1,166,532
Miscellaneous revenue	26,000
Total receipts	2,498,532
Disbursements	
Payroll	(1,170,000)
RRSP's	(63,000)
Health benefits	(93,000)
Administrative expenses	(140,000)
Food services expenses	(126,000)
Housekeeping expenses	(17,500)
Healthcare expenses	(14,000)
Maintenance expenses	(108,500)
Utility expenses	(153,000)
Diversicare	(45,000)
Lease payments	(360,000)
Restructuring fees	(82,500)
Total disbursements	(2,372,500)
Net cash flow	\$ 126,032
Cash on hand	
Beginning balance	\$ 1,093,070
Net cash flow	126,032
Ending balance	\$ 1,219,102

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

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

97.2. EMSS' other main source of revenue is the Grant Agreements pursuant to which funding is received in monthly installments at the beginning of each month (the "AHS Payments"). The AHS Payments are anticipated to total approximately \$1.2 million over the Forecast Period.

98. EMSS is projecting disbursements of approximately \$2.4 million over the Forecast Period. We highlight the following with respect to these disbursements:

98.1. EMSS' employees are paid on a bi-weekly basis. Payroll for EMSS employees is estimated to total approximately \$1.2 million over the Forecast Period, including CRA payroll source deductions. Additional RRSP and health benefits for EMSS employees in the respective amounts of \$63,000 and \$93,000 are anticipated to be payable over the Forecast Period;

- 98.2. Administrative expenses, food expenses and maintenance expenses are anticipated to total \$140,000, \$126,000 and \$108,500 respectively over the Forecast Period;
 - 98.3. 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 \$360,000 and \$153,000, respectively, over the Forecast Period; and
 - 98.4. Disbursements to pay restructuring fees, including payments to the Applicants' legal counsel, the Monitor and the Monitor's legal counsel are estimated to total approximately \$82,500 over the Forecast Period.
99. EMSS has an opening cash balance of approximately \$1.1 million. As noted above, EMSS is projected to have a net cash inflow from operations of approximately \$126,000 over the Forecast Period and appears to have sufficient liquidity to sustain its ongoing operations during the Forecast Period.

Monitor's Report on Cash Flow Statements

100. The District Forecast, the DIL Forecast, the ECHS Forecast and the EMSS Forecast will collectively be referred to as the "Applicants' Forecasts".
101. The Monitor reports as follows with respect to the Applicants' Forecasts:
- 101.1. 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;
 - 101.2. 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;
 - 101.3. Based on our review, nothing has come to the attention of the Monitor that causes us to believe that, in all material respects:
 - 101.3.1. The hypothetical assumptions are not consistent with the purpose of each of the Applicants' Forecasts;
 - 101.3.2. As at the date of the Fourth 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

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

101.4. 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

101.5. 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

102. Attached as “Schedule 8” is a variance analysis (the “Variance Analysis”) for the District for the period from March 15, 2015 to June 13, 2015 (the “Variance Period”). The Variance Analysis for the District reflects an overall net negative variance of approximately \$230,800. The Variance Analysis is based on the Statement of Projected Cash Flow for the Fifteen Week Period Ending June 27, 2015 for the District, which was dated March 20, 2015 (the “March District Forecast”).
103. The following is a summary of the permanent variances over \$10,000 reported during the Variance Period:
- 103.1. A negative variance of approximately \$12,300 was reported as a result of payments required pursuant to the Emergency Fund being higher than originally forecast;
 - 103.2. A negative variance of approximately \$33,200 was reported as a result of plant fund expenses being higher than originally forecast. Plant funds expenses relate to maintaining real estate properties owned by the District and include payment of 2015 property taxes for those properties.
 - 103.3. A negative variance of approximately \$118,000 was reported as a result of restructuring fees being higher than originally forecast;
 - 103.4. Receipts and expenses related to the Convention were not included in the March District Forecast. During the Variance Period, approximately \$36,400 was received from member congregations to fund Convention and invoices totaling approximately \$20,900 were paid with additional invoices still being received;
 - 103.5. A negative variance of approximately \$24,300 was reported for salaries and benefits, largely as a result of downsizing at the District; and
 - 103.6. A negative variance of \$57,800 was reported due to mission remittances from congregations being significantly lower than projected. This amount includes the LCC Portion. As reported above, Management is hopeful that should the Court approve payment of the LCC Portion to LCC, it may encourage member congregations to increase their support to the District; and

DIL

104. Attached as "Schedule 9" is a Variance Analysis for the Variance Period for DIL. The Variance Analysis reflects an overall net positive variance of \$860,700. The Variance Analysis is based on the Statement of Projected Cash Flow for the fifteen week period ending June 27, 2015 for DIL, which was dated March 20, 2015 (the "March DIL Forecast")

105. The following is a summary of the permanent variances over \$10,000 reported over the Variance Period:

105.1. A positive variance of \$957,000 for loan payments was reported due to the repayment of loans by Redeemer Lutheran Church, High Prairie and Hope Lutheran Church, Port Coquitlam; and

105.2. A negative variance of approximately \$109,000 was reported as a result of restructuring fees being higher than originally projected.

ECHS

106. Attached as "Schedule 10" is a Variance Analysis for the Variance Period for ECHS. The Variance Analysis reflects an overall net negative variance of approximately \$43,500. The Variance Analysis is based on the Statement of Projected Cash Flow for the fifteen week period ending June 27, 2015 for ECHS, which was dated March 20, 2015.

107. The following permanent variances over \$10,000 were reflected during the Variance Period:

107.1. A negative variance of \$15,000 was reported for lease revenue payable from EMSS to ECHS with respect to the lease for the Prince of Peace Manor and Harbour. These monthly payments were erroneously forecast to be \$125,000 per month but are actually \$120,000 per month; and

107.2. Negative variances of approximately \$35,500 and \$27,300 were reported for operating expenses and restructuring fees respectively as a result of these disbursements being higher than originally projected.

EMSS

108. Attached as "Schedule 11" is a Variance Analysis for the Variance Period for EMSS. The Variance Analysis reflects an overall net positive variance of \$163,200. The Variance Analysis is based on the Statement of Projected Cash Flow for the fifteen week period ending June 27, 2015 for EMSS, which was dated March 20, 2015 (the "March EMSS Forecast").

109. The following is a summary of the permanent variances over \$10,000 reflected during the Variance Period:

- 109.1. A positive variance of approximately \$32,800 was reported for rental income due to occupancy at the Harbour and the Manor seniors' care facilities being higher than what was projected in the March EMSS Forecast;
- 109.2. A positive variance of approximately \$19,900 for payroll was reported due to the subsidy payable by AHS, based on employee hours, being higher than originally projected;
- 109.3. A negative variance of approximately \$16,100 was reported as a result of increased employee retention pursuant to which more employees have become eligible for health benefits;
- 109.4. A positive variance of approximately \$22,000 for administrative expenses, a positive variance of approximately \$26,900 for maintenance expenses and a negative variance of \$10,300 for utility expenses were reported as a result of these expenditures being higher or lower than originally forecast;
- 109.5. A positive variance of approximately \$37,700 was reported for payments due to Diversicare as a result of the Applicant's employees continuing to perform accounting functions that were originally going to be transitioned to Diversicare;
- 109.6. A positive variance of \$15,000 was reported for lease revenue payable from EMSS to ECHS with respect to the lease for the Prince of Peace Manor and Harbour. These monthly payments were erroneously forecast to be \$125,000 per month but are actually \$120,000 per month; and
- 109.7. A negative variance of \$28,600 was reported for restructuring fees as a result of payments being higher than originally projected in the March EMSS Forecast.

Emergency Fund

110. As previously reported, prior to the Filing Date an emergency fund was implemented in order to avoid a situation where Depositors, many of whom are seniors, would not have sufficient funds to cover their basic necessities (the “Emergency Fund”). The Emergency Fund was approved by the Court pursuant to the Initial Order.

111. Since the implementation of the Emergency Fund, the Monitor has approved 43 applications. We note that all applications are reviewed by the Applicants prior to them being provided to the Monitor. Management previously estimated that approximately \$75,000 per month would be required to maintain the Emergency Fund on a go-forward basis. Based on the Applicants’ Forecasts, approximately \$42,000 per month for the District and approximately \$1,200 per month for DIL are required pursuant to the Emergency Fund.

Conclusion

112. 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:
- 112.1. The District Group appears to be acting in good faith and with due diligence;
 - 112.2. The District Group is cooperating with the Monitor and is making efforts to formulate a Plan; and
 - 112.3. The Monitor is of the view that the District Group's creditors will not be materially prejudiced by the Extension.
113. The Monitor is supportive of the following relief being sought by the District Group at the June 26 Hearing:
- 113.1. Approving the Extension;
 - 113.2. Approving the sale of the Richmond Condo and approving the future sale of the Life Lease Condos as set out herein;
 - 113.3. Compelling Fiserv, and any of its related corporations to permit the District and DIL to access, view and retrieve all records and information of the District and DIL that is in the possession or control of Fiserv, and to use any and all computer programs offered by Fiserv and currently used by the District or DIL in order to access, view and retrieve such records and information for the District and DIL;
 - 113.4. Confirming the legal costs incurred by the Applicants in dealing with the ASC and the BCSC are included as part of the Administration Charge granted in the Initial Order provided such approval is limited such that the costs to defend individual D&Os of the District would not be funded by the estate;
 - 113.5. Authorizing the District to pay the LCC Portion to LCC for amounts collected for the pre-filing period up to January 23, 2015 and on a go-forward basis; and
 - 113.6. Sealing the Confidential Affidavit of Mr. Kurtis Robinson, which has been provided to the Court in advance of the June 26 Hearing.
114. In addition to the relief being sought by the Applicants, the Monitor is seeking the following additional relief at the June 26 Hearing:

- 114.1. Amending the Committee Order on a *nunc pro tunc* basis to increase the maximum number of positions on the District Committee from five to six members; and
- 114.2. Securing the remuneration of the Representative Counsel as part of the Administration Charge.
115. The Monitor will also be making an application to have the Second Confidential Supplement sealed by the Court in order to avoid tainting any future sale process that may be required should any of the transactions involving the Sale Lands fail to be completed.

DELOITTE RESTRUCTURING INC.,

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



Jeff Keeble CA, CIRP, CBV
Senior Vice-President

Schedules

Schedule 1

I hereby certify this to be a true copy of
the original order

Dated this 18 day of June 2015

ABZ
for Clerk of the Court



Clerk's Stamp

COURT FILE NUMBER: 1501 00955

COURT: COURT OF QUEEN'S BENCH OF ALBERTA
IN BANKRUPTCY AND INSOLVENCY

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

APPLICANTS: 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.

DOCUMENT: Order Preservation of Records

ADDRESS FOR SERVICE
AND CONTACT INFORMATION
OF PARTY FILING THIS
DOCUMENT:

Terry L. Czechowskyj
Miles Davison LLP
900, 517 – 10th Ave. S.W.
Calgary, Alberta T2R 0A5
Telephone: (403)298-0326
Facsimile: (403)263-6840

DATE ON WHICH ORDER WAS PRONOUNCED Thursday June 18, 2015

LOCATION WHERE ORDER WAS PRONOUNCED: Calgary, Alberta

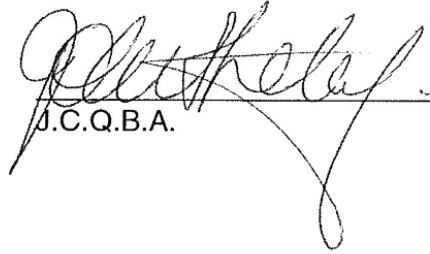
NAME OF JUSTICE WHO MADE THIS ORDER: Justice J. Streckf

UPON THE APPLICATION of Randy Kellen and upon noting the consent of counsel and upon hearing from counsel for the Applicant Randy Kellen:

IT IS HEREBY ORDERED AND DECLARED THAT:

1. 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. (the "District Group") and all of their current and former directors, officers, employees, agents, accountants, legal counsel and shareholders, and all other persons acting on their instructions or behalf shall forthwith advise of the location of their records in relation to the District Group excluding any personal records held by any individual to the Monitor appointed herein and refrain from destroying or altering in any manner any of the books, documents, securities, contracts, orders, corporate and accounting records, and or any other papers records and information of any kind related to the business or affairs of the District Group and any computer programs, computer tapes, computer disks , or other data storage media containing any such information, including computer hard drive. Any third party being served with a copy of this order shall make reasonable commercial efforts to assist the Applicants in preserving such records in a format that can be accessed by the Applicants as needed.
2. If any records are stored or otherwise contained on a computer or other electronic system of information storage, whether be independent service provider or otherwise the District Group shall not alter, erase or destroy any such records. The Monitor shall be provided with all access codes, account names and account numbers as may be required.
3. Any interested party may apply to the court to vary or set aside the terms of the within order on notice .
4. The consent of any party to this order shall not be deemed as an admission or judicial determination that there has been a destruction or alteration of any documents by the District Group.
5. The within order shall be effective and binding upon third parties and upon current and former officers, directors, employees and volunteers of the District Group upon service of this order upon the such parties.
6. Notwithstanding paragraphs 1 and 2 of this Order, the District Group shall be entitled to update and modify their records to allow for the ordinary course of business and day to day operations to continue and deal with preparations for the plans to be submitted pursuant to the CCAA, on condition that the original and historical records of any documents from the period prior to the commencement of this Action are maintained and can be reviewed if necessary.
7. This Order may be served upon third parties and upon current and former officers, directors, employees and volunteers of the District Group by courier, facsimile or in Portable Document Format ("PDF") by electronic means, provided that service for a PDF

copy by electronic means shall only be deemed effective if the party serving the Order receives an email or other written response from the party being served confirming service of this Order. Section 47 of the Order of Mr. Justice K. D. Yamauchi granted January 23, 2015 shall not apply to the service of this Order.


J.C.Q.B.A.

Schedule 2

April 22, 2015

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

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

Pursuant to an Order granted on February 20, 2015 (the “Committee Order”), a process (the “Committee Process”) was approved for the establishment of two creditors’ committees (the “Committee(s)”), one for the District and one for Lutheran Church – Canada, the Alberta – British Columbia District Investments Ltd.

Pursuant to the Committee Process, the positions on the District’s Committee have now been filled by the following individuals:

1. Sandra Jory (put forward by St. Peter’s Evangelical Lutheran Church);
2. Phil Lemke (put forward by Foothills Lutheran Church);
3. Dieter Steinruck;
4. Clinton Ziegler;
5. Tom Lademann; and
6. Terry Georz.

The Committee Order establishing the District’s Committee limited the members on the District’s Committee to five. Due to the voting results being extremely close, however, the Monitor is of the view that a sixth person should be added to the District’s Committee. The Monitor will seek approval for this at the next Court hearing; although, all six members will begin serving on the District’s Committee immediately.

Additional information on the role of the various parties in the CCAA proceedings, including the Committees, is available on the Monitor’s website at the following link:

http://www.insolvencies.deloitte.ca/en-ca/Pages/lutheran_church_canada_the_alberta_british_columbia_district_et_al.aspx

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

Yours truly,

DELOITTE RESTRUCTURING INC.

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



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

Schedule 3

April 20, 2015

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

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

Pursuant to an Order granted on February 20, 2015, a process (the “Committee Process”) was approved for the establishment of two creditors’ committees (the “Committee(s)”), one for Lutheran Church – Canada, the Alberta – British Columbia District and one for District Investments

Pursuant to the Committee Process, the positions on the District Investments’ Committee have now been filled by the following individuals:

1. Gary Clements;
2. Reid Glenn;
3. Esther Borger;
4. Holly Drinkle; and
5. Gerry Kruger.

Additional information on the role of the various parties in the CCAA proceedings, including the Committees is available on the Monitor’s website at the following link:

http://www.insolvencies.deloitte.ca/en-ca/Pages/lutheran_church_canada_the_alberta_british_columbia_district_et_al.aspx

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

Yours truly,

DELOITTE RESTRUCTURING INC.

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


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

Schedule 4

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 September 12, 2015

Week ending	20-Jun-15	27-Jun-15	4-Jul-15	11-Jul-15	18-Jul-15	25-Jul-15	1-Aug-15	8-Aug-15	15-Aug-15	22-Aug-15	29-Aug-15	5-Sep-15	12-Sep-15	Total	Notes
Cash flow from CEF operations															
Receipts															
Lease payments			\$ 29,018				\$ 29,018					\$ 29,018		\$ 87,053	1
Bank interest			150				150					150		450	
Management fees		25,250				25,250				25,250				75,750	2
Loan interest and principal payments	21,001	1,150	996		21,001	1,150	996	43,000	21,001	1,150		996		112,441	3
Total Receipts	21,001	26,400	30,164	-	21,001	26,400	30,164	43,000	21,001	26,400	-	30,164	-	275,694	
Disbursements															
Mortgage payments			(28,189)				(28,189)					(28,189)		(84,567)	4
CEF salaries and benefits			(4,000)		(15,000)		(4,000)		(15,000)			(4,000)		(42,000)	
Operating expenses	(3,000)	(3,000)	(3,000)	(3,000)	(3,000)	(3,000)	(3,000)	(3,000)	(3,000)	(3,000)	(3,000)	(3,000)	(3,000)	(39,000)	
Plant Fund	(350)	(350)	(350)	(350)	(350)	(350)	(350)	(350)	(350)	(350)	(350)	(350)	(350)	(4,550)	
Emergency fund			(41,915)				(41,915)					(41,915)		(125,745)	5
Restructuring fees		(100,000)				(100,000)					(100,000)			(300,000)	6
CRO		(10,290)				(10,290)				(10,290)				(30,870)	7
Total disbursements	(3,350)	(113,640)	(77,454)	(3,350)	(18,350)	(113,640)	(77,454)	(3,350)	(18,350)	(13,640)	(103,350)	(77,454)	(3,350)	(626,732)	
Net cash flow from CEF operations	17,651	(87,240)	(47,290)	(3,350)	2,651	(87,240)	(47,290)	39,650	2,651	12,760	(103,350)	(47,290)	(3,350)	(351,037)	
Cash flow from other District operations															
Receipts															
Wage recovery	11,000			5,475	9,500					14,975				40,950	8
Mission remittances	8,500	8,500	8,500	8,500	8,500	8,500	8,500	8,500	8,500	8,500	8,500	8,500	8,500	110,500	9
Rental income			500											500	10
Total receipts	19,500	8,500	9,000	13,975	18,000	8,500	8,500	8,500	23,475	8,500	8,500	8,500	8,500	151,950	
Disbursements															
Salaries and benefits	(19,500)		(2,100)		(46,650)		(2,100)		(26,750)			(2,100)		(99,200)	11
Administrative expenses, travel and utilities	(1,250)	(1,250)	(1,250)	(1,250)	(1,250)	(1,250)	(1,250)	(1,250)	(1,250)	(1,250)	(1,250)	(1,250)	(1,250)	(16,250)	12
Outreach operating expenses	(6,000)	(500)	(500)	(500)	(6,833)	(500)	(500)	(500)	(6,833)	(500)	(500)	(500)	(500)	(24,667)	13
Department of Stewardship and Financial Ministries operating expenses	(1,000)				(1,000)					(1,000)				(3,000)	
President's expenses	(650)	(650)	(650)	(650)	(650)	(650)	(650)	(650)	(650)	(650)	(650)	(650)	(650)	(8,450)	
Total disbursements	(28,400)	(2,400)	(4,500)	(2,400)	(56,383)	(2,400)	(4,500)	(2,400)	(35,483)	(3,400)	(2,400)	(4,500)	(2,400)	(151,567)	
Net cash flow from other District operations	(8,900)	6,100	4,500	11,575	(38,383)	6,100	4,000	6,100	(12,008)	5,100	6,100	4,000	6,100	383	
Total net cash flow	\$ 8,751	\$ (81,140)	\$ (42,790)	\$ 8,225	\$ (35,732)	\$ (81,140)	\$ (43,290)	\$ 45,750	\$ (9,357)	\$ 17,860	\$ (97,250)	\$ (43,290)	\$ 2,750	\$ (350,654)	
Cash and marketable securities on hand															
Beginning balance	\$ 5,706,360	\$ 5,715,111	\$ 5,633,971	\$ 5,591,181	\$ 5,599,406	\$ 5,563,674	\$ 5,482,534	\$ 5,439,243	\$ 5,484,993	\$ 5,475,636	\$ 5,493,496	\$ 5,396,246	\$ 5,352,956	\$ 5,706,360	15
Total net cash flow	8,751	(81,140)	(42,790)	8,225	(35,732)	(81,140)	(43,290)	45,750	(9,357)	17,860	(97,250)	(43,290)	2,750	(350,654)	
Ending balance	\$ 5,715,111	\$ 5,633,971	\$ 5,591,181	\$ 5,599,406	\$ 5,563,674	\$ 5,482,534	\$ 5,439,243	\$ 5,484,993	\$ 5,475,636	\$ 5,493,496	\$ 5,396,246	\$ 5,352,956	\$ 5,355,706	\$ 5,355,706	

Prepared as at the 18 day of June 2015

The Lutheran Church - Canada, The Alberta - British Columbia District (the "District") including the Church Extension Fund ("CEF")
Statement of Projected Cash Flow
For the Thirteen Week Period Ending September 12, 2015

Purpose:

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

The Lutheran Church - Canada - The Alberta
British Columbia District

Per: Kurt Robinson, Executive Director of
Stewardship and Finance

Notes & Assumptions - General:

1. Unless otherwise stated, amounts are based on historical data and management estimates.
2. All amounts include applicable GST.
3. CEF placed a moratorium on depositors redemptions effective January 2, 2015.
4. Does not include proceeds from property sales for a condominium in Richmond, BC, vacant land known as the Faith School property and land, which currently houses the King of Kings congregation in St. Albert. The details of these transactions will not be released until the closing of these transactions.

Notes & Assumptions - Specific:

1. Monthly lease payments made from Golden Hills School Division for lease of a portion of a property located in Strathmore, Alberta. The loan on Strathmore Property is held in the Lutheran Church - Canada, The Alberta - British Columbia District Investments Ltd. ("DIL"); therefore payments are transferred to DIL from CEF on a monthly basis (the "Golden Hill Payment").
2. Management fee paid from DIL.
3. Includes loan payments from various churches in the District. Payments are sometimes inconsistent or are not kept current. Includes a loan repayment from Reeeemer Lutheran Church in Victoria, which is anticipated to be received in August 2015.
4. Represents the Golden Hill Payment.
5. Represents payments made pursuant to an emergency fund whereby high needs individuals would still be able to access funds on a monthly basis during the CCAA proceedings.
6. Represents anticipated amounts payable to the District's legal counsel, the CCAA Monitor, Representative Counsel for the District Committee and other restructuring professionals providing assistance during the CCAA proceedings.
7. Includes amounts payable to Klwane and Partners as CRO.
8. Encharis Management and Support Services makes monthly payments to the District for the use of selected management employees.
9. Represents the anticipated weekly amount of mission commitments received from the churches throughout the District.
10. \$1,500 per month was being paid for rent on a condominium in Richmond, BC. Rent will be discontinued following the sale of this property in July 2015.
11. Includes monthly salary, benefits and pension amounts. The District is WCB exempt.
12. Includes information technology, general office expenses and travel.
13. Program funding given to churches within the District. Churches 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.
14. Regular operating expenses such as grounds keeping and maintenance on District owned properties.
15. Includes marketable securities held with FI Capital with a fair market value of approximately \$5,191,841 as at June 14, 2015. \$1,564 was held in a US account, which has been converted at an exchange rate of \$1.00 US: \$1.22 CDN. Also includes various amounts held in trust such as related to the mileage reserve fund.

Schedule 5

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

Statement of Projected Cash Flow

For the Thirteen Week Period Ending September 12, 2015

Week ending	20-Jun-15	27-Jun-15	4-Jul-15	11-Jul-15	18-Jul-15	25-Jul-15	1-Aug-15	8-Aug-15	15-Aug-15	22-Aug-15	29-Aug-15	5-Sep-15	12-Sep-15	Total	Notes
Receipts															
Loan payments	\$ 1,000	\$ 127,000	\$ 55,605	\$ 615	\$ 4,400	\$ 685,000	\$ 55,605		\$ 4,015			\$ 55,605		\$ 988,845	1
Total receipts	1,000	127,000	55,605	615	4,400	685,000	55,605	-	4,015	-	-	55,605	-	988,845	
Disbursements															
Management fee		(25,250)				(25,250)				(25,250)				(75,750)	2
Restructuring fees	(75,000)				(75,000)				(75,000)					(225,000)	3
CRO		(10,290)				(10,290)				(10,290)				(30,870)	4
Emergency fund			(1,222)				(1,222)				(1,222)			(3,666)	5
Annual minimum RRIF payments			(750)				(750)				(750)			(2,250)	6
Total disbursements	(75,000)	(35,540)	(1,972)	-	(75,000)	(35,540)	(1,972)	-	(75,000)	(35,540)	(1,972)	-	-	(337,536)	
Net cash flow	\$ (74,000)	\$ 91,460	\$ 53,633	\$ 615	\$ (70,600)	\$ 649,460	\$ 53,633	\$ -	\$ (70,985)	\$ (35,540)	\$ (1,972)	\$ 55,605	\$ -	\$ 651,309	
Cash and marketable securities on hand															
Beginning balance	\$ 18,496,480	\$ 18,422,480	\$ 18,513,940	\$ 18,567,573	\$ 18,568,188	\$ 18,497,588	\$ 19,147,048	\$ 19,200,681	\$ 19,200,681	\$ 19,129,698	\$ 19,094,158	\$ 19,092,184	\$ 19,147,789	\$ 18,496,480	7
Net cash flow	(74,000)	91,460	53,633	615	(70,600)	649,460	53,633	-	(70,985)	(35,540)	(1,972)	55,605	-	651,309	
Ending balance	\$ 18,422,480	\$ 18,513,940	\$ 18,567,573	\$ 18,568,188	\$ 18,497,588	\$ 19,147,048	\$ 19,200,681	\$ 19,200,681	\$ 19,129,698	\$ 19,094,158	\$ 19,092,184	\$ 19,147,789	\$ 19,147,789	\$ 19,147,789	

Prepared as at the 18 day of June, 2015

Purpose:

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

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

Per: Kurt Robinson, Executive Director of Stewardship and Finance

Notes & Assumptions - General:

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

Notes & Assumptions - Specific:

1. Includes monthly loan payments from various churches within Lutheran Church - Canada, the Alberta - British Columbia District for mortgages held by DIL as well as payouts that are anticipated being received from Trinity Lutheran Church in Lacombe and Trinity Lutheran Church in Richmond.
2. Monthly management fees payable to CEF and quarterly portfolio fees paid to DIL's investment advisor at FI Capital.
3. Represents anticipated amounts payable to DIL's legal counsel, the CCAA Monitor, Representative Counsel for the DIL Committee and other restructuring professionals providing assistance during the CCAA proceedings.
4. Includes amounts payable to Kiuane Partners as CRO.
5. Represents payments made pursuant to an emergency fund whereby high need individuals can access funds on a monthly basis during the CCAA proceedings.
6. Represents required statutory minimum payments to be issued to depositors pursuant to their RRIFs. The bulk of the Minimum Payments were paid out in May 2015, however, a small number of individuals who are currently receiving payments through the emergency fund are continuing to receive their Minimum Payments on a monthly basis.
7. The opening balance includes marketable securities with a fair market value of approximately \$17,356,901 held by FI Capital Ltd. as at June 14, 2015. It also includes approximately \$1.0 million, which is being held in trust following the repayment of the principle balance of loans due from Redeemer Lutheran Church in High Prairie, Faith Lutheran Church in Grande Prairie and Hope Lutheran Church in Port Couillard.

Schedule 6

**Encharis Community Housing and Services ("ECHS")
Statement of Projected Cash Flow
For the Thirteen Week Period Ending September 12, 2015**

Week ending	20-Jun-15	27-Jun-15	4-Jul-15	11-Jul-15	18-Jul-15	25-Jul-15	1-Aug-15	8-Aug-15	15-Aug-15	22-Aug-15	29-Aug-15	5-Sep-15	12-Sep-15	Total	Notes
Receipts															
Lease revenue			\$ 120,000				\$ 120,000				\$ 120,000			\$ 360,000	1
Water and sewage revenue			37,000	6,350			37,000	6,350			37,000	6,350		130,050	2
RV lot rental			1,000				1,000				1,000			3,000	3
Total receipts			158,000	6,350			158,000	6,350			158,000	6,350		493,050	
Disbursements															
Operating expenses	(12,500)	(4,087)	(1,500)	(4,087)	(47,500)	(4,087)	(1,500)	(4,087)	(47,500)	(4,087)	(1,500)	(4,087)	(50,087)	(186,609)	4
Restructuring fees		(27,500)				(27,500)				(27,500)				(82,500)	5
Contingency	(10,000)				(10,000)				(10,000)				(10,000)	(40,000)	6
Total disbursements	(22,500)	(31,587)	(1,500)	(4,087)	(57,500)	(31,587)	(1,500)	(4,087)	(57,500)	(31,587)	(1,500)	(4,087)	(60,087)	(309,109)	
Net cash flow	\$ (22,500)	\$ (31,587)	\$ 156,500	\$ 2,263	\$ (57,500)	\$ (31,587)	\$ 156,500	\$ 2,263	\$ (57,500)	\$ (31,587)	\$ (1,500)	\$ 153,913	\$ (53,737)	\$ 183,941	
Cash on hand															
Beginning balance	\$ 311,844	\$ 289,344	\$ 257,757	\$ 414,257	\$ 416,520	\$ 359,020	\$ 327,433	\$ 483,933	\$ 486,196	\$ 428,696	\$ 397,109	\$ 395,609	\$ 549,522	\$ 311,844	
Net cash flow	(22,500)	(31,587)	156,500	2,263	(57,500)	(31,587)	156,500	2,263	(57,500)	(31,587)	(1,500)	153,913	(53,737)	183,941	
Ending balance	\$ 289,344	\$ 257,757	\$ 414,257	\$ 416,520	\$ 359,020	\$ 327,433	\$ 483,933	\$ 486,196	\$ 428,696	\$ 397,109	\$ 395,609	\$ 549,522	\$ 495,785	\$ 495,785	

Prepared as at the 18 day of June, 2015

Purpose:

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

Encharis Community Housing and Services

Per: Kurt Robinson, Executive Director of Stewardship and Finance

Notes & Assumptions - General:

1. Unless otherwise stated, amounts are based on historical data and management estimates.
2. All amounts include applicable GST.
3. Does not include sale proceeds that are anticipated to be received from the sale of a property in Chestermere, Alberta as the details of this transaction will not be released until following the closing of the transaction.

Notes & Assumptions - Specific:

1. ECHS leases land and buildings that they own within the development known as Prince of Peace to Encharis Management and Support Services ("EMSS"), a related entity. EMSS operates as the Prince of Peace Manor and Harbour, providing integrated supportive living services to seniors based on their assessed care needs. Monthly payments of \$120,000 are due on the 1st of each month from EMSS to ECHS with respect to this lease (we note that these payments were originally reported as \$125,000 in error).
2. ECHS provides water and sewer services to EMSS, to the elementary school located in the POP Development and to residents of a condominium complex known as the "POP Village". All POP Village residents have their water payments paid by EFT on the first of the month. EMSS transfers the funds to ECHS during the first week of each month. The elementary school makes payments each month as funds are available.
3. The RV lot rentals are for POP Village residents only and are paid by EFT on the first of each month.
4. Monthly accounts payable average approximately \$57,200 per month. Includes amounts payable to contractors.
5. Represents anticipated amounts payable to ECHS' legal counsel, the CCAA Monitor and other restructuring professionals providing assistance during the CCAA proceedings.
6. Includes payments related to the repair of roadways and the master-site plan approval process.

Schedule 7

Encharis Management and Support Services ("EMSS")
Statement of Projected Cash Flow
For the Thirteen Week Period Ending September 12, 2015

Week ending	20-Jun-15	27-Jun-15	4-Jul-15	11-Jul-15	18-Jul-15	25-Jul-15	1-Aug-15	8-Aug-15	15-Aug-15	22-Aug-15	29-Aug-15	5-Sep-15	12-Sep-15	Total	Notes
Receipts															
Rent	\$ 1,000		\$ 435,000				\$ 435,000					\$ 435,000		\$ 1,308,000	1
Alberta Health Services ("AHS") funding			388,844				388,844					388,844		1,188,532	2
Miscellaneous revenue	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	28,000	3
Total receipts	3,000	2,000	825,844	2,000	2,000	2,000	825,844	2,000	2,000	2,000	2,000	825,844	2,000	2,488,532	
Disbursements															
Payroll		(195,000)		(195,000)		(195,000)		(195,000)		(195,000)		(195,000)		(1,170,000)	4
RRSP's		(10,500)		(10,500)		(10,500)		(10,500)		(10,500)		(10,500)		(83,000)	5
Health benefits		(3,000)			(28,000)	(3,000)			(28,000)		(3,000)		(28,000)	(93,000)	6
Administrative expenses	(20,000)		(20,000)		(20,000)		(20,000)		(20,000)		(20,000)		(20,000)	(140,000)	6
Food services expenses	(18,000)		(18,000)		(18,000)		(18,000)		(18,000)		(18,000)		(18,000)	(128,000)	
Housekeeping expenses	(2,500)		(2,500)		(2,500)		(2,500)		(2,500)		(2,500)		(2,500)	(17,500)	
Healthcare expenses	(2,000)		(2,000)		(2,000)		(2,000)		(2,000)		(2,000)		(2,000)	(14,000)	
Maintenance expenses	(15,500)		(15,500)		(15,500)		(15,500)		(15,500)		(15,500)		(15,500)	(108,500)	
Utility expenses	(15,000)		(38,000)		(15,000)			(38,000)	(15,000)			(38,000)		(153,000)	7
Diversicare	(15,000)				(15,000)					(15,000)				(45,000)	8
Lease payments			(120,000)					(120,000)				(120,000)		(380,000)	9
Restructuring fees		(27,500)				(27,500)				(27,500)				(82,500)	10
Total disbursements	(88,000)	(236,000)	(214,000)	(205,500)	(118,000)	(236,000)	(58,000)	(361,500)	(101,000)	(248,000)	(81,000)	(361,500)	(88,000)	(2,372,500)	
Net cash flow	\$ (85,000)	\$ (234,000)	\$ 611,844	\$ (203,500)	\$ (114,000)	\$ (234,000)	\$ 767,844	\$ (359,500)	\$ (89,000)	\$ (246,000)	\$ (59,000)	\$ 464,344	\$ (84,000)	\$ 126,032	
Cash on hand															
Beginning balance	\$ 1,093,070	\$ 1,008,070	\$ 774,070	\$ 1,385,914	\$ 1,182,414	\$ 1,068,414	\$ 834,414	\$ 1,602,258	\$ 1,242,758	\$ 1,143,758	\$ 897,758	\$ 838,758	\$ 1,303,102	\$ 1,093,070	
Net cash flow	(85,000)	(234,000)	611,844	(203,500)	(114,000)	(234,000)	767,844	(359,500)	(89,000)	(246,000)	(59,000)	464,344	(84,000)	126,032	
Ending balance	\$ 1,008,070	\$ 774,070	\$ 1,385,914	\$ 1,182,414	\$ 1,068,414	\$ 834,414	\$ 1,602,258	\$ 1,242,758	\$ 1,143,758	\$ 897,758	\$ 838,758	\$ 1,303,102	\$ 1,219,102	\$ 1,219,102	

Prepared as at the 18 day of June, 2015

Purpose:

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

Encharis Management and Support Services

Per:  Executive Director of Stewardship and Finance

Notes & Assumptions - General:

- Unless otherwise stated, amounts are based on historical data and management estimates.
- All amounts include applicable GST.
- EMSS holds security deposits for PAL and independent residents in a trust account. As at June 13, 2015, the balance held in that trust account was \$303,877.16.

Notes & Assumptions - Specific:

- Rents include all Alberta Health Services ("AHS") beds, independent beds and small rental amounts for the drug store and hair salon.
- Annual funding revenue taken from the funding advice received from AHS on July 23, 2014.
- Includes food services revenue, damage repair revenue and miscellaneous revenue (stamps, photocopying, etc.).
- Payroll is withdrawn every second Friday by ADP and includes Canada Revenue Agency payroll source deductions.
- Due to improved employee retention, an increased number of employees have become eligible for health benefits.
- Includes all administrative department expenses, contractors, WCB, information technology and cable.
- EMSS obtains water and sewer services from ECHS.
- A contract with an outside management group has been concluded with Diversicare Canada Management Services Co., Inc. ("Diversicare"), and operations of the Manor and Harbour have been taken over by Diversicare as at January 5, 2015.
- ECHS, a related entity, leases land and buildings that they own within the development known as Prince of Peace to EMSS. EMSS operates as the Prince of Peace Manor and Harbour, providing integrated supportive living services to seniors based on their assessed care needs. Monthly payments of \$120,000 are due on the 1st of each month from EMSS to ECHS with respect to this lease (we note that these payments were originally reported as \$125,000 in error).
- Represents anticipated amounts payable to EMSS' legal counsel, the CCAA Monitor and other restructuring professionals providing assistance during the CCAA proceedings.

Schedule 8

The Lutheran Church - Canada, The Alberta - British Columbia District (the "District") including the Church Extension Fund ("CEF")
Variance Analysis
For the period from March 15, 2015 to June 13, 2015

	Forecast (F)	Actual (A)	Variance (A-F)	Notes
Cash flow from CEF operations				
Receipts				
Lease payments	\$ 87,051	\$ 87,053	\$ 2	
Bank interest	-	1,112	1,112	1
Management fees from DIL	72,000	53,746	(18,254)	2
Loan interest and principal payments	65,446	78,046	12,600	2
Total receipts	224,497	219,957	(4,540)	
Disbursements				
Mortgage payments	(84,564)	(84,566)	(2)	
CEF salaries and benefits	(90,300)	(136,923)	(46,623)	2
Operating expenses	(60,000)	(29,585)	30,415	2
Emergency fund	(120,688)	(133,008)	(12,320)	3
Plant fund expenses	(6,500)	(39,666)	(33,166)	
Restructuring fees	(109,500)	(227,508)	(118,008)	4
Communications fees	(12,000)	(18,556)	(6,556)	5
CRO	(17,500)	(10,290)	7,210	6
Total disbursements	(501,052)	(680,103)	(179,051)	
Net cash flow from CEF operations	(276,555)	(460,146)	(183,591)	
Cash flow from other District operations				
Receipts				
Wage recovery	48,950	55,927	6,977	1
Convention invoices	-	36,418	36,418	7
Account receivable	-	1,136	1,136	1
Mission remittances	169,000	111,178	(57,822)	8
Rental income	4,500	4,500	-	
Total receipts	222,450	209,159	(13,291)	
Disbursements				
Salaries and benefits	(95,780)	(120,058)	(24,278)	9
Convention expenses	-	(20,927)	(20,927)	7
Restricted funds	-	(3,850)	(3,850)	10
Administrative expenses, travel and utilities	(18,500)	(13,640)	4,860	1
Outreach operating expenses	(40,500)	(32,733)	7,767	2
Parish and school services operating expenses	(5,850)	(2,808)	3,042	1
Ministries operating expenses	(3,000)	(3,000)	-	
President's expenses	(2,340)	(2,909)	(569)	1
Total disbursements	(165,970)	(199,925)	(33,955)	
Net cash flow from other District operations	56,480	9,234	(47,246)	
Total net cash flow	\$ (220,075)	\$ (450,912)	\$ (230,837)	
Cash and marketable securities on hand				
Beginning balance as per Bank & FI Cap	\$ 6,211,093	\$ 6,211,093	-	
Total net cash flow	(220,075)	(450,912)	(230,837)	
Net change in value of marketable securities/ adjustment to exchange rate	-	(53,821)	(53,821)	11
Ending Balance as per bank & FI Capital	\$ 5,991,018	\$ 5,706,360	\$ (284,658)	

Notes:

1. Permanent variances as a result of receipts / expenses being higher / lower than originally forecast.
2. Timing related variances, which are expected to reverse themselves in future weeks.
3. Permanent variance as a result of a greater amount of requests for emergency funding being received than originally forecast.
4. Permanent variance as a result of professional fees attributable to the District being higher than originally forecast.
5. Permanent variance as a result of communications fees being higher than originally forecast. The communications function has now been taken over by the CRO and, as such, any further communications fees are anticipated to be nominal.
6. Permanent variance as a result of the amounts payable to the CRO being allocated between all of the District Group entities.
7. Receipts and expenses related to the District's leadership convention (the "Convention") were not originally forecast. Contributions were invoiced to member congregations and invoices were paid from those funds paid specifically for that purpose. There are still some invoices to be received in respect of Convention.
8. Permanent variance as a result of mission remittances being lower than originally forecast.
9. Permanent variance related to staffing related expenses being higher than originally forecast, due to organizational changes.
10. Timing variance in the collection/ donation of funds to designated charities.
11. Permanent variance as a result of a decrease in the value of marketable securities held by FI Capital during the period from March 15, 2015 to June 13, 2015.

Schedule 9

The Lutheran Church - Canada, The Alberta - British Columbia District Investments Ltd. ("DIL")
Variance Analysis
For the period from March 15, 2015 to June 13, 2015

	Forecast (F)	Actual (A)	Variance (A-F)	Notes
Receipts				
Bank interest income	\$ -	\$ 935	\$ 935	1
Loan payments	210,254	1,167,291	957,037	2
Total receipts	210,254	1,168,226	957,972	
Disbursements				
Management fee	(72,000)	(57,993)	14,007	3
CRO	(17,500)	(10,290)	7,210	4
Operating expenses	-	(5,228)	(5,228)	1
Restructuring fees	(94,250)	(203,341)	(109,091)	5
Communications fees	(8,000)	(12,371)	(4,371)	6
Emergency fund	(1,862)	(8,494)	(6,632)	7
Annual Minimum RRIF payments	(487,317)	(480,507)	6,810	1
Total disbursements	(680,929)	(778,224)	(97,295)	
Net cash flow	\$ (470,675)	\$ 390,003	\$ 860,678	
Cash and marketable securities on hand				
Beginning balance	\$ 18,321,521	\$ 18,321,521	-	
Net cash flow	(470,675)	390,003	860,678	
Net change in value of marketable securities		(215,044)	(215,044)	8
Ending balance	\$ 17,850,846	\$ 18,496,480	\$ 645,634	

Notes:

1. Permanent variances as a result of receipts / expenses being higher / lower than originally forecast.
2. Permanent variance due to repayment of loans by Redeemer Lutheran Church in High Prairie and Hope Lutheran Church in Port Coquitlam.
3. Timing related variances, which are expected to reverse themselves in future weeks.
4. Permanent variance as a result of the amounts payable to the CRO being allocated between all of the District Group entities.
5. Permanent variance as a result of professional fees attributable to the DIL being higher than originally forecast.
6. Permanent variance as a result of communications fees being higher than originally forecast. The communications function has now been taken over by the CRO and, as such, any further communications fees are anticipated to be nominal.
7. Permanent variance due to a larger number of requests for emergency funding being received than were originally forecast.
8. Permanent variance as a result of a decrease in the value of marketable securities held by FI capital during the period from March 15, 2015 to June 13, 2015.

Schedule 10

Encharis Community Housing and Services ("ECHS")
Variance Analysis
For the period from March 15, 2015 to June 13, 2015

	Forecast (F)	Actual (A)	Variance (A-F)	Notes
Receipts				
Lease revenue	\$ 375,000	\$ 360,000	\$ (15,000)	1
Water and sewage revenue	126,525	125,818	(707)	2
RV lot rental	3,000	3,000	-	
Total receipts	504,525	488,818	(15,707)	
Disbursements				
Operating expenses	(398,000)	(433,500)	(35,500)	3
Restructuring fees	(29,750)	(57,064)	(27,314)	4
Communication fees	-	-	-	
Contingency	(35,000)	-	35,000	2
Total disbursements	(462,750)	(490,563)	(27,813)	
Net cash flow	\$ 41,775	\$ (1,745)	\$ (43,520)	
Cash on hand				
Beginning balance	\$ 313,589	\$ 313,589	-	
Net cash flow	41,775	(1,745)	(43,520)	
Ending balance	\$ 355,364	\$ 311,844	\$ (43,520)	

Notes:

1. ECHS, a related entity, leases land and buildings that they own within the development known as Prince of Peace to Encharis Management and Support Services ("EMSS"). Monthly payments of \$120,000 are due on the 1st of each month from EMSS to ECHS with respect to this lease; however, these payments were originally reported as \$125,000.
2. Timing related variances, which are expected to reverse themselves in future weeks.
3. Permanent variance due to a one time capital expenditure required to repair woodpecker damage at the Harbour and the Manor being higher than originally forecast.
4. Permanent variance as a result of professional fees attributable to ECHS being higher than originally forecast.

Schedule 11

Encharis Management and Support Services ("EMSS")
Variance Analysis
For the period from March 15, 2015 to June 13, 2015

	Forecast (F)	Actual (A)	Variance (A-F)	Notes
Receipts				
Rent	\$ 1,312,000	\$ 1,344,755	\$ 32,755	1
Alberta Health Services ("AHS") funding	1,166,532	1,166,533	-	
Wage recoveries	10,200	12,145	1,945	2
Miscellaneous revenue	26,000	45,182	19,182	2
Total receipts	2,514,732	2,568,615	53,882	
Disbursements				
Payroll	(1,381,000)	(1,361,114)	19,886	3
RRSP's	(76,300)	(71,552)	4,748	3
Health Benefits	(81,750)	(97,804)	(16,054)	3
Administrative expenses	(167,000)	(144,982)	22,018	4
Food services expenses	(120,250)	(113,900)	6,350	4
Housekeeping expenses	(26,000)	(21,209)	4,791	4
Healthcare expenses	(4,550)	(12,665)	(8,115)	4
Maintenance expenses	(127,000)	(100,066)	26,934	4
Utility expenses	(173,051)	(183,382)	(10,330)	4
Chargeback	-	-	-	
Diversicare	(66,000)	(28,254)	37,746	5
Lease payments	(375,000)	(360,000)	15,000	6
Restructuring fees	(27,500)	(56,130)	(28,630)	7
Communications	-	-	-	
Contingency	(35,000)	-	35,000	2
Total disbursements	(2,660,401)	(2,551,058)	109,343	
Net cash flow	\$ (145,669)	\$ 17,557	\$ 163,225	
Cash on hand				
Beginning Balance	\$ 1,075,513	\$ 1,075,513	\$ -	
Net cash flow	(145,669)	17,557	163,225	
Ending Balance	\$ 929,844	\$ 1,093,070	\$ 163,225	

Notes:

1. Permanent variance due to occupancy being higher than originally forecast.
2. Timing related variances, which are expected to reverse themselves in future weeks.
3. Permanent variance due to the AHS subsidy of employee hours being larger than originally forecast.
4. Permanent variances as a result of expenses being higher / lower than originally forecast.
5. Permanent variance due to EMSS staff continuing to perform accounting functions, which were originally going to be transitioned to Diversicare Canada Management Services Co., Inc.
6. Encharis Community Housing Services ("ECHS"), a related entity, leases land and buildings that they own within the development known as Prince of Peace to EMSS. Monthly payments of \$120,000 are due on the 1st of each month from EMSS to ECHS with respect to this lease; however, these payments were originally reported as \$125,000.
7. Permanent variance as a result of the professional fees attributable to EMSS being higher than originally forecast.