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

JUDICIAL CENTRE                   **CALGARY**

**DOCUMENT**                           **TWENTY-FIFTH 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 DECEMBER 12, 2016

**ADDRESS FOR SERVICE AND  
CONTACT INFORMATION OF  
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# Introduction and Notice to Reader

## Introduction

1. On January 23, 2015 (the “Filing Date”), Lutheran Church – Canada, the Alberta – British Columbia District (the “District”), Encharis Community Housing and Services (“ECHS”), Encharis Management and Support Services (“EMSS”) and Lutheran Church – Canada, the Alberta – British Columbia District Investments Ltd. (“DIL”, collectively the “Applicants” or the “District Group”) obtained an Initial Order (the “Initial Order”) from the Court of Queen’s Bench of Alberta (the “Court”) under the *Companies’ Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the “CCAA”). Deloitte Restructuring Inc. (“Deloitte”) was appointed as Monitor (the “Monitor”) in the CCAA proceedings.
2. For clarity, the District includes the Church Extension Fund (“CEF”), which was originally created to allow District members to loan their money and earn interest in faith-based developments. CEF was operated under the purview of the District’s Department of Stewardship and Financial Ministries and was not created as a separate legal entity. As such, depositors to CEF are creditors of the District (the “District Depositors”). Depositors to DIL will be referred to as the “DIL Depositors”. The District Depositors and the DIL Depositors will collectively be referred to as the “Depositors”.
3. The Initial Order provided for an initial stay of proceedings (the “Stay”) until February 20, 2015. The Court has now granted nine extensions of the Stay. The most recent Order was granted at an application on September 2, 2016 (the “September 2 Hearing”) and extended the Stay until the earlier of December 31, 2016 or the date on which a Certificate of Plan Termination is filed signaling the completion of the plan of compromise and arrangement for the District as subsequently amended (the “District Plan”). On November 15, 2016 counsel for the Applicants wrote a letter to the Court noting that the Monitor would not be in a position to file the Certificate of Plan Termination by December 31, 2016 as several properties still needed to be dealt with and there was still one disputed claim that was unresolved. Counsel also noted in the letter that upon further review of the sanction orders granted by the Court for all of the plans, it was noted that each of the sanction orders granted an extension of the Stay period until the Certificates of Plan Termination were filed and that, as a result, another Court application was not necessary to extend the Stay. The Monitor understands that the Court has not disputed this position and the Stay remains in place until the Certificates of Plan Termination are filed.

4. Prior to the Initial Order being granted, Deloitte prepared a Pre-Filing Report of the Proposed Monitor dated January 22, 2015 (the "Pre-Filing Report"). The Monitor subsequently filed the following reports:
  - 4.1. the First Report of the Monitor dated February 17, 2015;
  - 4.2. the Second Report of the Monitor dated March 23, 2015 (the "Second Report");
  - 4.3. the Third Report of the Monitor dated June 16, 2015;
  - 4.4. the Fourth Report of the Monitor dated June 24, 2015 (the "Fourth Report");
  - 4.5. the Fifth Report of the Monitor dated August 24, 2015 (the "Fifth Report");
  - 4.6. the Sixth Report of the Monitor dated September 9, 2015;
  - 4.7. the Seventh Report of the Monitor dated October 20, 2015;
  - 4.8. the Eighth Report of the Monitor dated October 30, 2015;
  - 4.9. the Ninth Report of the Monitor dated November 26, 2015;
  - 4.10. the Tenth Report of the Monitor dated December 22, 2015;
  - 4.11. the Eleventh Report of the Monitor dated January 11, 2016;
  - 4.12. the Twelfth Report of the Monitor dated January 27, 2016;
  - 4.13. the Thirteenth Report of the Monitor dated February 4, 2016;
  - 4.14. the Fourteenth Report of the Monitor dated February 18, 2016;
  - 4.15. the Fifteenth Report of the Monitor dated February 25, 2016 (the "Fifteenth Report");
  - 4.16. the Sixteenth Report of the Monitor dated March 14, 2016;
  - 4.17. the Seventeenth Report of the Monitor dated March 18, 2016 (the "Seventeenth Report");
  - 4.18. the Eighteenth Report of the Monitor dated April 25, 2016;
  - 4.19. the Nineteenth Report of the Monitor dated May 27, 2016;
  - 4.20. the Twentieth Report of the Monitor dated June 14, 2016;
  - 4.21. the Twenty-First Report of the Monitor dated July 7, 2016;
  - 4.22. the Twenty-Second Report of the Monitor dated July 12, 2016;
  - 4.23. the Twenty-Third Report of the Monitor dated August 22, 2016; and
  - 4.24. the Twenty-Fourth Report of the Monitor dated October 17, 2016 (the "Twenty-Fourth Report," together with the Pre-Filing Report, the reports listed in 4.1 to 4.24 will collectively be referred to as the "Reports").

5. The Monitor also filed a confidential supplement to the Second Report dated March 25, 2015, a confidential supplement to the Fourth Report dated June 25, 2015, a confidential supplement to the Fifth Report dated August 26, 2015, a confidential supplement to the Fifteenth Report dated February 26, 2016 and a Confidential Supplement to the Seventeenth Report dated March 18, 2016 (collectively the "Supplements"). The Supplements have been sealed by the Court.
6. In addition to the Reports and the Supplements, the Monitor prepared a First Report to the Creditors of ECHS and EMSS dated November 10, 2015 (the "Encharis Report"), a First Report to the Creditors of DIL dated December 8, 2015 (the "DIL Report"), and a First Report to the Creditors of the District dated March 28, 2016 (the "District Report"). All of the Encharis Report, the DIL Report and the District Report were prepared for the purpose of providing creditors of the corresponding entities with specific information related to the respective plans of compromise and arrangement for ECHS, EMSS, DIL and the District (respectively the "ECHS Plan", the "EMSS Plan", the "DIL Plan" and the "District Plan", collectively the "Applicant Plans"), all as subsequently amended.
7. This report represents the Twenty-Fifth Report of the Monitor (the "Twenty-Fifth Report"). The Twenty-Fifth Report has been prepared to provide the Court with an update on the CCAA Proceedings and the Applicant Plans since the Twenty-Fourth Report as well as to provide an updated cash flow for the Applicants for the 13 week period ending February 11, 2017 along with a cash flow variance analysis for the Applicants for the twelve week period ended November 12, 2016.
8. Capitalized terms not otherwise defined herein shall have the meanings given to them in the Reports and in the Supplements.
9. Information on the CCAA proceedings can be accessed on Deloitte's website at [www.insolvencies.deloitte.ca](http://www.insolvencies.deloitte.ca) under the link entitled "Lutheran Church – Canada, the Alberta – British Columbia District et. al."

#### Notice to Reader

10. In preparing this report, the Monitor has relied on unaudited financial information, the books and records of the Applicants and discussions with the Applicant's employees, the Applicant's Chief Restructuring Officer (the "CRO"), interested parties and stakeholders. The Monitor has not performed an independent review or audit of the information provided.
11. 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.
12. All amounts included herein are in Canadian dollars unless otherwise stated.

# Status of Applicant Plans

## The District Plan

13. The District Plan was approved by the required majority of Eligible Affected Creditors, an Order sanctioning the District Plan was granted by the Court on August 2, 2016, and the District Plan became effective on August 23, 2016, immediately following the expiration of the appeal period.
14. As set out in the Twenty-Fourth Report, approximately 1,654 Eligible Affected Creditors were paid in full by the Convenience Payments. Following the Convenience Payments having been issued, 988 Eligible Affected Creditors remain (the "Remaining Affected Creditors"). Pursuant to the Initial Cash Distributions and taking into account payments made pursuant to the Emergency Fund, Remaining Affected Creditors have received distributions totalling approximately 12% of their proven claims after deducting the Convenience Payments.
15. As set out in the Distribution Letters, the following distributions will be made to Remaining Affected Creditors in the future:
  - 15.1. Cash distribution(s) from the proceeds of the remaining Non-Core Assets, which include cash and marketable securities, selected unsecured loans, any recovery from a guarantee from Shepherd of the Valley Ministries Ltd. granted in favour of the District, a property in Strathmore, Alberta, a property in Elkford, British Columbia and a mortgage on a property in Fort McMurray, Alberta. Pursuant to the District Plan, distributions are to be made each time the quantum of funds held in trust reaches \$3.0 million net of applicable holdbacks; and
  - 15.2. Remaining Affected Creditors who reside outside of Canada will receive a further cash distribution based on a discounted value for the NewCo Shares (as defined later herein) in lieu of the NewCo Shares, as further set out in the District Plan.
16. The District has implemented the tax structured transaction contemplated in the District Plan pursuant to which shares (the "NewCo Shares") in a new company called Sage Developments Inc. ("NewCo" or "Sage") were issued to Remaining Affected Creditors effective October 31 2016 (the "NewCo Transaction"). Certain assets and contracts of ECHS and EMSS, as outlined in the Twenty-Fourth Report, were transferred to NewCo along with the operations of the Harbour and Manor seniors' care facilities and the Prince of Peace Church and School effective the same date.
17. The Monitor provided a statement to the Remaining Affected Creditors on November 4, 2016 which included the following information:
  - 17.1. Depositors' net claim remaining after the Convenience Payment;
  - 17.2. Valuation of depositors' pro-rata share of NewCo;
  - 17.3. Emergency funds paid to depositors, if applicable;

- 17.4. Number of NewCo shares issued to depositors;
  - 17.5. Names of recipients for depositors' NewCo shares; and
  - 17.6. Convenience Payment and initial cash distributions previously paid to depositors.
18. The Monitor understands that the transfer agent for the NewCo Transaction also sent the actual share certificates and correspondence to the Remaining Affected Creditors in November 2016.
  19. The District Plan calls for a NewCo shareholder meeting to be called within six months of the NewCo closing date. The Monitor understands that a meeting date has not yet been set by NewCo management.

### The DIL Plan

20. The DIL Plan was approved by the required majority of DIL Depositors, an Order sanctioning the DIL Plan was granted by the Court on August 2, 2016 and the DIL Plan became effective on August 23, 2016, immediately following the expiration of the appeal period.
21. As previously reported, pursuant to an Order granted on August 28, 2015 and amended on November 5, 2015 and an Order granted on April 27, 2016, interim distributions totalling \$22.0 million have been released to DIL Depositors (the "DIL Distributions"). These distributions include payments made to DIL Depositors pursuant to the Emergency Fund and required annual minimum payments to holders of registered retirement income funds and locked in income funds. DIL Depositors have received distributions totalling approximately 61% of their original investments as recorded in DIL's books and records on the Filing Date.
22. The most valuable remaining asset held by DIL is a loan (the "Kelowna Loan") due from a congregation in Kelowna, British Columbia (the "Kelowna Congregation") which is secured by a registered mortgage on the property that houses the Kelowna Congregation (the "Kelowna Property"). The Monitor understands that DIL is in the process of commencing foreclosure proceedings with respect to the Kelowna Property. The Monitor does not anticipate that any further distributions will be made to DIL Depositors until such time as the Kelowna Loan can be realized upon.

### The Representative Actions

23. As outlined in the Twenty-Fourth Report the District Plan and the DIL Plan included provisions that would allow District Depositors and the DIL Depositors to participate in legal action(s) (respectively the "District Representative Action" and the "DIL Representative Action" and collectively the "Representative Actions") that may be undertaken against various parties by way of class proceedings or otherwise. The members making up the newly formed District and DIL subcommittees (the "District Subcommittee" and the "DIL Subcommittee") for the Representative Actions were detailed in the Twenty-Fourth Report and the subcommittees have now selected the following representative action counsel:
  - 23.1. Allan Garber at Garber Law has been retained by the District Subcommittee; and
  - 23.2. Errin Poyner at Sugden McFee & Roos LLP has been retained by the DIL Subcommittee.



24. Mr. Garber, with the consent of the District Subcommittee, has requested a \$100,000 representative action holdback and Ms. Poyner, with the consent of the DIL Subcommittee, has requested a \$150,000 representative action holdback. The holdback amounts are in the process of being paid to the representative action counsel and will be deducted on a pro-rata basis from any future distributions to participating depositors who have not opted out of the Representative Actions.
25. The Monitor understands that representative action counsel has sent introductory notices to all depositors who have not yet opted out of the Representative Actions and have provided the opt out forms if they still wish to do that.
26. The Representative Actions are expected to be filed on or before December 16, 2016.

#### The ECHS and EMSS Plans

27. As noted above, all of the ECHS Assets, EMSS Assets and ECHS' and EMSS' operations were transferred to NewCo effective October 31, 2016. The Monitor notes that ECHS and EMSS continue to hold funds in trust to satisfy outstanding trade creditor claims incurred after the Filing Date and to satisfy the professional fees and disbursements of the Monitor, the Monitor's legal counsel and ECHS' and EMSS' legal counsel required to complete the administration of the CCAA proceedings (the "Restructuring Claims"). Should ECHS or EMSS have additional funds beyond what is required to satisfy the Restructuring Claims, ECHS and EMSS will remit these funds to NewCo.
28. The Monitor will file Certificates of Plan Termination stating that it has completed all of its duties under the ECHS and EMSS Plans when the conditions in sections 6.1 and 6.2 of the respective plans have been satisfied. The Monitor will then have been deemed to have been discharged of its duties as Monitor of ECHS and EMSS pursuant to the ECHS and EMSS Plans.

# Cash Flow Forecast

## District

29. Attached as "Schedule 1" is the Statement of Projected Cash Flow for the District for the thirteen week period ending February 11, 2017 (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 \$936,700 over the Forecast Period and projects that it will have cash on hand of approximately \$1.8 million (including marketable securities) at the end of the Forecast Period.

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

The District Including CEF Statement of Projected Cash Flow For the Thirteen Week Period Ending February 11, 2017	
	<b>Total</b>
<b>Cash flow from CEF operations</b>	
<b>Receipts</b>	
Bank Interest Income	\$ 4,500
Management fees	51,500
<b>Total Receipts</b>	<b>56,000</b>
<b>Disbursements</b>	
CEF salaries and benefits	(57,600)
Distributions pursuant to the District Plan	(487,588)
Operating expenses	(12,350)
Restructuring fees	(344,965)
Representative Action Holdback	(100,000)
CRO	(30,870)
<b>Total disbursements</b>	<b>(1,033,373)</b>
<b>Net cash flow from CEF operations</b>	<b>(977,373)</b>

**The District Including CEF  
Statement of Projected Cash Flow  
For the Thirteen Week Period Ending February 11, 2017**

	<b>Total</b>
<b>Cash flow from other District operations</b>	
<b>Receipts</b>	
Mission remittances	\$ 110,250
<b>Total receipts</b>	<b>110,250</b>
<b>Disbursements</b>	
Salaries and benefits	(21,300)
Administrative expenses, travel and utilities	(6,500)
Outreach operating expenses	(18,750)
Department of Stewardship and Financial Ministries operating expenses	(3,000)
President's expenses	(6,500)
Mission Payments to LCC	(12,000)
Contingency	(1,500)
<b>Total disbursements</b>	<b>(69,550)</b>
<b>Net cash flow from other District operations</b>	<b>40,700</b>
<b>Total net cash flow</b>	<b>\$ (936,673)</b>
<b>Cash and marketable securities on hand</b>	
Beginning balance	\$ 2,723,763
Total net cash flow	(936,673)
<b>Ending balance</b>	<b>\$ 1,787,090</b>

**Cash Flow Related to CEF**

- 31. The District is forecasting receipts of approximately \$56,000 over the Forecast Period related to CEF. We highlight the following with respect to these receipts:
  - 31.1. The District anticipates receiving approximately \$51,500 from DIL for management fees related to administrative assistance provided to DIL by the District.
- 32. No receipts from other District asset sales are included, as the remaining sales are not anticipated to close prior to the end of the Forecast Period.

33. The District is forecasting disbursements of approximately \$1.0 million over the Forecast Period related to CEF. We highlight the following with respect to these disbursements:
- 33.1. Payments totalling approximately \$57,600 are due for salaries and benefits payable to employees of the District for CEF related activities;
  - 33.2. As at November 12, 2016, District has issued approximately \$16.3 million of the District distributions. As previously communicated, distribution amounts due to minors are to be released to the guardians of the affected minors. Distribution amounts due to the estates of deceased depositors are to be released to the estate beneficiaries. Certain forms are required to be returned to the District and/or the Monitor in order to facilitate these distributions, not all of which have yet been submitted. As such, approximately \$487,600 of the District distributions have not yet been issued, but are anticipated to be paid-out during the Forecast Period;
  - 33.3. The District estimates disbursements of approximately \$345,000 to pay restructuring fees, including payments to the Applicant's legal counsel, the Monitor, the Monitor's legal counsel, and legal counsel for the District Committee. Where appropriate, restructuring fees are allocated between the Applicants;
  - 33.4. A payment of \$100,000 is due for the District Representative Action holdback as approved by the District Representative Action Subcommittee; and
  - 33.5. The District estimates fees for the CRO of approximately \$30,900 over the Forecast Period. The fees of the CRO are allocated between the Applicants.

#### **Cash Flow Related to Other District Operations**

34. The District is forecasting receipts of approximately \$110,300 over the Forecast Period for mission remittances (the "Donations") from the District's 127 member congregations. Pursuant to the Order granted on June 26, 2015, a portion of the Donations are payable to Lutheran Church Canada (the "LCC Portion"). For the Forecast Period, the LCC Portion is estimated to be \$12,000.
35. The District is forecasting disbursements of approximately \$69,600 over the Forecast Period. We highlight the following with respect to these disbursements:
- 35.1. 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 \$21,300 over the Forecast Period; and
  - 35.2. Operating expenses for outreach services are anticipated to total approximately \$18,800 over the Forecast Period.

36. The District had an opening cash balance of approximately \$2.7 million consisting of a cash balance of approximately \$2.5 million, bonds of approximately \$61,300 as at October 31, 2016 which are held with FI Capital Ltd. (“FI Capital”), and an investment of approximately \$153,900 as at October 31, 2016, which is held with Richardson GMP. We note that the value of the bonds held by FI Capital decreased in value by approximately \$12,500 between June 30, 2016 and October 31, 2016 as certain investments matured. As noted above, the District, including CEF, is projected to have a net cash outflow of approximately \$936,700 over the Forecast Period. In addition, as at November 12, 2016, the District’s legal counsel is holding approximately \$1.4 million in trust for future distributions to District Depositors. Based on their opening cash balance, the District has sufficient liquidity to sustain its ongoing operations during the Forecast Period.

**DIL**

37. Attached as “Schedule 2” is the Statement of Projected Cash Flow for DIL for the thirteen week period ending February 11, 2017 (the “DIL Forecast”). DIL estimates a net cash outflow of approximately \$696,000 over the Forecast Period and projects that it will have cash on hand of approximately \$259,400 at the end of the Forecast Period. A summary of the DIL Forecast is included below:

<b>DIL</b> <b>Statement of Projected Cash Flow</b> <b>For the Thirteen Week Period Ending February 11, 2017</b>	
	<b>Total</b>
<b>Receipts</b>	
Bank Interest	\$ 1,050
<b>Total receipts</b>	1,050
<b>Disbursements</b>	
Management fee	(51,500)
Restructuring fees	(120,820)
Representative Action Holdback	(150,000)
CRO	(30,870)
DIL Distribution	(185,956)
Annual Minimum RRIF payments	(157,885)
<b>Total disbursements</b>	(697,031)
<b>Net cash flow</b>	<b>\$ (695,981)</b>
<b>Cash and marketable securities on hand</b>	
Beginning balance	\$ 955,371
Net cash flow	(695,981)
<b>Ending balance</b>	<b>\$ 259,390</b>

38. DIL is forecasting receipts of approximately \$1,100 over the Forecast Period for interest receivable from accounts that it holds with BMO Bank of Montreal.

39. No receipts from other DIL asset sales are included, as the remaining sales are not anticipated to close prior to the end of the Forecast Period.
40. DIL is forecasting disbursements of approximately \$697,000 over the Forecast Period. We highlight the following with respect to these disbursements:
  - 40.1. DIL is estimating the disbursement of \$51,500 for management fees payable to the District, who assists in administering the investment fund;
  - 40.2. DIL estimates disbursements of approximately \$120,800 to pay restructuring fees, including payments to the Applicant's legal counsel, the Monitor, the Monitor's legal counsel, and the DIL Committee's legal counsel over the Forecast Period. Where appropriate, restructuring fees are allocated between the Applicants;
  - 40.3. A payment of \$150,000 is due for the DIL Representative Action holdback as approved by the DIL Representative Action Subcommittee.
  - 40.4. DIL estimates fees for the CRO of approximately \$30,900 over the Forecast Period. The fees of the CRO are allocated between the Applicants;
  - 40.5. Based on remaining RRIF and LIF balances, DIL estimates statutory annual minimum payments of \$157,900 will be required over the Forecast period; and
  - 40.6. As at November 12, 2016, DIL had transferred approximately \$21.8 million of the DIL Distributions to DIL Depositors. As previously reported, pursuant to the DIL Distributions, amounts releasable to DIL Depositors, who were RRIF and LIF holders were available to be transferred to an alternative investment fund of the DIL Depositor's choosing. Selected RRIF and LIF holders have not yet requested the transfer of their share of the DIL Distribution. As such, approximately \$186,000 of the DIL Distributions have not yet been transferred by DIL but are anticipated to be paid-out during the Forecast Period.
41. DIL had an opening cash balance of approximately \$955,000. As noted above, DIL is projected to have a net outflow of cash of approximately \$696,000 over the Forecast Period. In addition, as at November 12, 2016, DIL's legal counsel is holding approximately \$1.9 million in trust for future distributions to District Depositors. Based on their opening cash balance, DIL has sufficient liquidity to sustain its ongoing operations during the Forecast Period.

**ECHS**

42. Attached as “Schedule 3” is the Statement of Projected Cash Flow for ECHS for the thirteen week period ending February 11, 2017 (the “ECHS Forecast”). ECHS estimates a net decrease in cash of approximately \$289,600 over the Forecast Period and projects that it will have cash on hand of approximately \$225,700 at the end of the Forecast Period. A summary of the ECHS Forecast is included below:

<b>ECHS</b>	
<b>Statement of Projected Cash Flow</b>	
<b>For the Thirteen Week Period Ending February 11, 2017</b>	
	<b>Total</b>
<b>Disbursements</b>	
Operating expenses	\$ (6,654)
Transfer to Sage	(20,635)
Transfer to EMSS	(139,017)
Restructuring fees	(110,000)
CRO	(13,230)
Contingency	-
<b>Total disbursements</b>	<b>(289,536)</b>
<b>Net cash flow</b>	<b>\$ (289,536)</b>
<hr/>	
<b>Cash on hand</b>	
Beginning balance	\$ 515,251
Net cash flow	(289,536)
<b>Ending balance</b>	<b>\$ 225,716</b>

43. As previously indicated, ECHS’ operations and assets were transferred to NewCo effective October 31, 2016.

44. ECHS is projecting disbursements of approximately \$289,500 over the Forecast Period. We highlight the following with respect to these disbursements:

- 44.1. November payments for Prince of Peace utility services of approximately \$20,600 were made to ECHS in error. All such payments will be transferred to Sage;
- 44.2. November lease and water payments from EMSS of approximately \$139,000 were made to ECHS in error. These payments will be returned to EMSS; and
- 44.3. 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 \$110,000 over the Forecast Period.

45. ECHS has an opening cash balance of approximately \$515,300. As noted above, ECHS is projected to have a net cash outflow of approximately \$289,600 over the Forecast Period. Based on their opening cash balance, ECHS has sufficient liquidity to sustain its ongoing operations during the Forecast Period.

**EMSS**

46. Attached as “Schedule 4” is the Statement of Projected Cash Flow for EMSS for the thirteen week period ending February 11, 2017 (the “EMSS Forecast”). EMSS estimates a net decrease in cash of approximately \$547,200 over the Forecast Period. EMSS projects that it will have cash on hand of approximately \$390,800 at the end of the Forecast Period. A summary of the EMSS Forecast is included below:

<b>EMSS</b> <b>Statement of Projected Cash Flow</b> <b>For the Thirteen Week Period Ending February 11, 2017</b>	
	<b>Total</b>
<b>Receipts</b>	
Transfer from ECHS	\$ 139,017
<b>Total receipts</b>	<b>139,017</b>
<b>Disbursements</b>	
Transfer to Sage	(463,853)
Health Benefits	(28,603)
Administrative expenses	(18,053)
Food services expenses	(11,044)
Healthcare expenses	(1,421)
Maintenance expenses	(6,050)
Utility expenses	(17,000)
Restructuring fees	(127,000)
CRO	(13,230)
<b>Total disbursements</b>	<b>(686,254)</b>
<b>Net cash flow</b>	<b>\$ (547,237)</b>
<hr/>	
<b>Cash on hand</b>	
Beginning balance	\$ 938,014
Net cash flow	(547,237)
<b>Ending balance</b>	<b>\$ 390,777</b>

47. As previously indicated, EMSS operations and assets were transferred to NewCo effective October 31, 2016.



48. EMSS is projecting receipts of approximately \$139,000 over the Forecast Period, for the return of November lease and water payments made to ECHS in error.
49. EMSS is projecting disbursements of approximately \$547,200 over the Forecast Period. We highlight the following with respect to these disbursements:
  - 49.1. November 1 rent and AHS funding payments were made to EMSS. All such payments will be transferred to Sage;
  - 49.2. EMSS estimates that employee benefit payments of approximately \$28,600 were incurred prior to October 31, 2016 and need to be paid; and
  - 49.3. 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 \$127,000 over the Forecast Period.
50. EMSS has an opening cash balance of approximately \$938,000. As noted above, EMSS is projected to have a net cash outflow of approximately \$547,200 over the Forecast Period. Based on their opening cash balance, EMSS has sufficient liquidity to sustain its ongoing operations during the Forecast Period.

#### Monitor's Report on Cash Flow

51. The District Forecast, the DIL Forecast, the ECHS Forecast and the EMSS Forecast will collectively be referred to as the "Applicants' Forecasts".
52. The Monitor reports as follows with respect to the Applicants' Forecasts:
  - 52.1. 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;
  - 52.2. 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;
  - 52.3. Based on our review, nothing has come to the attention of the Monitor that causes us to believe that, in all material respects:
    - 52.3.1. The hypothetical assumptions are not consistent with the purpose of each of the Applicants' Forecasts;

- 52.3.2. As at the date of the Twenty-Fifth 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
- 52.3.3. Each of the Applicants' Forecasts does not reflect the probable and hypothetical assumptions.
- 52.4. 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
- 52.5. 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

53. Attached as "Schedule 5" is a variance analysis (the "Variance Analysis") for the District for the thirteen week period ended November 12, 2016 (the "Variance Period"). The Variance Analysis for the District reflects an overall net positive variance of approximately \$677,900. The Variance Analysis is based on the Statement of Projected Cash Flow for the Thirteen Week Period Ending November 12, 2016 for the District, which was dated August 19, 2016.
54. The Variance Analysis includes information as to timing and permanent variances reported by the District over the Variance Period. The only permanent variances over \$25,000 reported during the Forecast Period was a positive variance of approximately \$31,400 as a result of interest accrued on funds held in trust by the District's legal counsel, and subsequently transferred to the District in order to fund the District Distributions.

## DIL

55. Attached as "Schedule 6" is the Variance Analysis for DIL for the Variance Period. The Variance Analysis for DIL reflects an overall net positive variance of approximately \$352,500. The Variance Analysis is based on the Statement of Projected Cash Flow for the Thirteen Week Period Ending November 12, 2016 for DIL, which was dated August 19, 2016.
56. The Variance Analysis includes information as to timing and permanent variances reported by DIL over the Variance Period. No permanent variance over \$25,000 were reported by DIL over the Variance Period.

## ECHS

57. Attached as "Schedule 7" is the Variance Analysis (the "Variance Analysis") for ECHS for the Variance Period. The Variance Analysis for EMSS reflects an overall net positive variance of approximately \$137,400. The Variance Analysis is based on the Statement of Projected Cash Flow for the Thirteen Week Period Ending November 12, 2016 for ECHS, which was dated August 19, 2016.
58. The Variance Analysis includes information as to timing and permanent variances reported by ECHS over the Variance Period. The following permanent variances over \$25,000 were reported during the Forecast Period:
  - 58.1. A negative variance of approximately \$38,100 for additional operating and administrative expenses in relation to the transfer of operations to Sage; and
  - 58.2. A negative variance of approximately \$37,400 for higher than expected employee severance costs.

## EMSS

59. Attached as “Schedule 8” is the Variance Analysis for EMSS for the Variance Period. The Variance Analysis for EMSS reflects an overall net positive variance of approximately \$584,900. The Variance Analysis is based on the Statement of Projected Cash Flow for the Thirteen Week Period Ending November 12, 2016 for EMSS, which was dated August 19, 2016.
60. The Variance Analysis includes information as to timing and permanent variances reported by EMSS over the Variance Period. The following permanent variances over \$25,000 were reported during the Variance Period:
  - 60.1. A positive variance of approximately \$52,100 as a result of rental increases during the Variance Period;
  - 60.2. A positive variance of approximately \$35,100 for increased Alberta Health Services funding;
  - 60.3. A positive variance of approximately \$32,400 as a result of increased catering revenue;
  - 60.4. A negative variance of approximately \$53,900 as a result of higher than expected payroll costs for various holiday coverage;
  - 60.5. A negative variance of approximately \$41,700 as a result of higher than expected employee health benefit spending prior to the transfer of benefits to Sage; and
  - 60.6. A negative variance of \$49,700 due to utility expenses incurred just prior to the transfer of operations to Sage that were not originally forecast.

# Conclusion

61. This report has been prepared to provide additional information with respect to the following:
- 61.1. The status of the Applicant Plans;
  - 61.2. Statements of projected cash flow for each of the Applicants for the thirteen week period ending February 11, 2017; and
  - 61.3. Variance analysis for the cash flow of each of the Applicants for the thirteen week period ended November 12, 2016.

**DELOITTE RESTRUCTURING INC.,**

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



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

# Schedule 1

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**The District Including CEF  
Statement of Projected Cash Flow  
For the Thirteen Week Period Ending February 11, 2017**

	19-Nov-16	26-Nov-16	3-Dec-16	10-Dec-16	17-Dec-16	24-Dec-16	31-Dec-16	7-Jan-17	14-Jan-17	21-Jan-17	28-Jan-17	4-Feb-17	11-Feb-17	Total	Specific Notes
<b>Cash flow from CEF operations</b>															
<b>Receipts</b>															
Bank Interest Income		\$ 1,500			\$ 1,500					7,460		\$ 1,500		\$ 4,500	1
Management fees		36,820			7,220					7,460		1,500		51,500	
<b>Total Receipts</b>		36,820	1,500		7,220			1,500		7,460		1,500		56,000	
<b>Disbursements</b>															
CEF salaries and benefits	(15,000)	(4,200)			(15,000)			(4,200)		(15,000)		(4,200)		(57,600)	2
Distributions pursuant to the District Plan	(487,588)													(487,588)	
Operating expenses	(950)	(950)	(950)	(950)	(950)	(950)	(950)	(950)	(950)	(950)	(950)	(950)	(950)	(12,350)	3
Restructuring fees	(244,965)				(50,000)					(50,000)				(344,965)	3
Representative Acton Holdback	(100,000)													(100,000)	3
CRO	(10,290)				(10,290)					(10,290)				(30,870)	4
<b>Total disbursements</b>	(748,503)	(111,240)	(5,150)	(950)	(15,950)	(61,240)	(950)	(5,150)	(15,950)	(61,240)	(950)	(5,150)	(950)	(1,033,373)	
<b>Net cash flow from CEF operations</b>	<b>(748,503)</b>	<b>(74,420)</b>	<b>(3,650)</b>	<b>(950)</b>	<b>(15,950)</b>	<b>(54,020)</b>	<b>(950)</b>	<b>(3,650)</b>	<b>(15,950)</b>	<b>(53,780)</b>	<b>(950)</b>	<b>(3,650)</b>	<b>(950)</b>	<b>(977,373)</b>	
<b>Cash flow from other District operations</b>															
<b>Receipts</b>															
Mission remittances	8,250	8,250	8,250	9,000	9,000	9,000	9,000	8,250	8,250	8,250	8,250	8,250	8,250	110,250	5
<b>Total receipts</b>	8,250	8,250	8,250	9,000	9,000	9,000	9,000	8,250	8,250	8,250	8,250	8,250	8,250	110,250	
<b>Disbursements</b>															
Salaries and benefits	(7,100)				(7,100)				(7,100)					(21,300)	6
Administrative expenses, travel and utilities	(500)	(500)	(500)	(500)	(500)	(500)	(500)	(500)	(500)	(500)	(500)	(500)	(500)	(6,500)	7
Outreach operating expenses	(5,250)	(500)	(1,000)	(1,000)	(5,250)	(1,000)	(1,000)	(1,000)	(5,250)	(1,000)	(1,000)	(1,000)	(1,000)	(18,750)	8
operating expenses	(1,000)				(1,000)				(1,000)					(3,000)	
President's expenses	(500)	(500)	(500)	(500)	(500)	(500)	(500)	(500)	(500)	(500)	(500)	(500)	(500)	(6,500)	9
Mission Payments to LCC	(3,000)				(3,000)				(3,000)					(12,000)	
Contingency	(9,100)								(9,100)					(1,500)	
<b>Total disbursements</b>	(9,100)	(9,250)	(1,500)	(2,000)	(11,100)	(7,250)	(1,000)	(2,500)	(11,100)	(7,250)	(1,000)	(2,500)	(4,000)	(69,550)	
<b>Net cash flow from other District operations</b>	<b>(850)</b>	<b>(1,000)</b>	<b>6,750</b>	<b>7,000</b>	<b>(2,100)</b>	<b>1,750</b>	<b>8,000</b>	<b>5,750</b>	<b>(2,850)</b>	<b>1,000</b>	<b>7,250</b>	<b>5,750</b>	<b>4,250</b>	<b>40,700</b>	
<b>Total net cash flow</b>	<b>(748,353)</b>	<b>(75,420)</b>	<b>(3,100)</b>	<b>6,050</b>	<b>(18,050)</b>	<b>(52,270)</b>	<b>(7,050)</b>	<b>(2,100)</b>	<b>(18,800)</b>	<b>(52,780)</b>	<b>(6,300)</b>	<b>(2,100)</b>	<b>3,300</b>	<b>(936,673)</b>	
<b>Cash and marketable securities on hand</b>															
Beginning balance	\$ 2,723,763	\$ 1,974,410	\$ 1,898,990	\$ 1,902,090	\$ 1,908,140	\$ 1,890,090	\$ 1,837,820	\$ 1,844,870	\$ 1,846,970	\$ 1,828,170	\$ 1,775,390	\$ 1,781,690	\$ 1,783,790	\$ 2,723,763	
Total net cash flow	(748,353)	(75,420)	3,100	6,050	(18,050)	(52,270)	7,050	2,100	(18,800)	(52,780)	6,300	2,100	3,300	(936,673)	
<b>Ending balance</b>	<b>\$ 1,974,410</b>	<b>\$ 1,898,990</b>	<b>\$ 1,902,090</b>	<b>\$ 1,908,140</b>	<b>\$ 1,890,090</b>	<b>\$ 1,837,820</b>	<b>\$ 1,844,870</b>	<b>\$ 1,846,970</b>	<b>\$ 1,828,170</b>	<b>\$ 1,775,390</b>	<b>\$ 1,781,690</b>	<b>\$ 1,783,790</b>	<b>\$ 1,787,090</b>	<b>\$ 1,787,090</b>	10

Prepared as at the 23rd day of November, 2016.

**The District Including CEF  
Statement of Projected Cash Flow  
For the Thirteen Week Period Ending February 11, 2017**

**Purpose:**

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

**The Lutheran Church - Canada - The Alberta British  
Columbia District**



**Per: Cameron Sherban, Chief Restructuring Officer**

**Notes & Assumptions - General:**

1. Unless otherwise stated, amounts are based on historical data and management estimates.
2. All amounts include applicable GST.
3. CEF placed a moratorium on depositors redemptions effective January 2, 2015.
4. The sale of a property in Strathmore, Alberta closed in September 2016 with net sale proceeds of approximately \$2.9M to be divided between the District and Lutheran Church - Canada, the Alberta British-Columbia District Investments Ltd. Funds are currently being held in trust for future District Distributions by the District's legal counsel.
5. No receipts from other asset sales are included, as the remaining sales are not anticipated to close prior to the end of the Forecast Period.
6. The District filed a plan of compromise and arrangement (the "District Plan") in the CCAA proceedings, which was approved by the Court pursuant to an Order granted on August 2, 2016.

**Notes & Assumptions - Specific:**

1. Represents a monthly management fee payable from DIL to the District, which is based on 1% of the assets under management.
2. Represents remaining initial distributions to the District's creditors pursuant to the District Plan.
3. Represents anticipated amounts payable to the District's legal counsel, the CCAA Monitor, the CCAA Monitor's legal counsel, representative counsel for the creditors' committee that was established for the District, and the District Representative Action holdback, as approved by the District Representative Action Subcommittee in the amount of \$100,000.
4. Includes amounts payable to Klutane Partners as the Chief Restructuring Officer.
5. Represents the anticipated weekly amount of mission commitments received from the churches throughout the District a portion of which is payable to Lutheran Church-Canada as set out in the Order granted by the Court of Queen's Bench of Alberta on June 26, 2015.
6. Includes monthly salary, benefits and pension amounts. The District is WCB exempt.
7. Includes information technology, general office expenses and travel.
8. Program funding given to churches within the District. Churches can access this program by applying for specific funding with all amounts being reviewed by the Outreach Department and approved by the District's board of directors.
9. Monthly amount sent to the Lutheran Church Canada for use of the services of the LCC gift planner, who is assigned to the District.
10. This amount includes cash held by the District in various accounts with Bank of Montreal, including approximately \$2,862 held in a U.S. dollar account, which has been converted at an exchange rate of \$1.00 US : 1.3551 CDN. This amount also includes marketable securities held with F.I. Capital and Richardson GMP with a fair market value of approximately \$215,721 as at October 31, 2016.



# Schedule 2

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**DIL**  
**Statement of Projected Cash Flow**  
**For the Thirteen Week Period Ending February 11, 2017**

	19-Nov-16	26-Nov-16	3-Dec-16	10-Dec-16	17-Dec-16	24-Dec-16	31-Dec-16	7-Jan-17	14-Jan-17	21-Jan-17	28-Jan-17	4-Feb-17	11-Feb-17	Total	Specific Notes
<b>Receipts</b>															
Bank Interest			\$ 350					\$ 350				\$ 350		1,050	
<b>Total receipts</b>			350					350				350		1,050	
<b>Disbursements</b>															
Management fee		(36,820)				(7,220)				(7,480)				(51,500)	1
Restructuring fees		(80,820)				(20,000)				(20,000)				(120,820)	2
Representative Action Holdback			(150,000)											(150,000)	3
CRO						(10,290)				(10,290)				(30,870)	3
DIL Distribution		(10,290)												(185,956)	4
Annual Minimum RRIIF payments		(185,956)												(157,885)	4
<b>Total disbursements</b>		(196,246)	(117,640)	(150,000)	(37,510)	(37,510)				(37,750)			(157,885)	(697,031)	5
<b>Net cash flow</b>		<b>(196,246)</b>	<b>(117,640)</b>	<b>(149,850)</b>	<b>(37,510)</b>	<b>(37,510)</b>	<b>(37,510)</b>	<b>350</b>	<b>350</b>	<b>(37,750)</b>	<b>350</b>	<b>350</b>	<b>(157,885)</b>	<b>(695,981)</b>	
<b>Cash and marketable securities on hand</b>															
Beginning balance	\$ 955,371	\$ 759,125	\$ 641,485	\$ 491,835	\$ 491,835	\$ 491,835	\$ 454,325	\$ 454,325	\$ 454,675	\$ 454,675	\$ 416,925	\$ 416,925	\$ 417,275	\$ 955,371	
Net cash flow	(196,246)	(117,640)	(149,850)	(37,510)	(37,510)	(37,510)	350	350	(37,750)	350	350	(157,885)	(157,885)	(695,981)	
<b>Ending balance</b>	<b>\$ 759,125</b>	<b>\$ 641,485</b>	<b>\$ 491,835</b>	<b>\$ 491,835</b>	<b>\$ 491,835</b>	<b>\$ 454,325</b>	<b>\$ 454,675</b>	<b>\$ 454,675</b>	<b>\$ 454,675</b>	<b>\$ 416,925</b>	<b>\$ 416,925</b>	<b>\$ 417,275</b>	<b>\$ 259,390</b>	<b>\$ 259,390</b>	6 & 7

Prepared as at the 23rd day of November, 2016.

**Purpose:**

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

Alberta British Columbia District  
 Investments Ltd.  
  
 Per: Cameron Sherban, Chief  
 Restructuring Officer

**Notes & Assumptions - General:**

1. Unless otherwise stated, amounts are based on historical data and management estimates.
2. All amounts include applicable GST.
3. DIL has not processed any depositors redemptions since January 2, 2015.
4. The sale of a property in Strathmore, Alberta closed in September 2016 with net sale proceeds of approximately \$2.9M to be divided between the the Lutheran Church - Canada, the Alberta British-Columbia District and DIL. Funds are currently being held in trust for future DIL Distributions by DIL's legal counsel.
5. No receipts from other asset sales are included, as the remaining sales are not anticipated to close prior to the end of the Forecast Period.
6. DIL filed a plan of compromise and arrangement (the "DIL Plan") in the CCAA proceedings, which was approved by the Court pursuant to an Order granted on August 2, 2016.

**Notes & Assumptions - Specific:**

1. Represents a monthly management fee payable to the District, which is based on 1% of the assets under management.
2. Represents anticipated amounts payable to DIL's legal counsel, the CCAA Monitor, the CCAA Monitor's legal counsel and representative counsel for the creditors' committee that was established for DIL, and the DIL Representative Action holdback as approved by the DIL Representative Action Subcommittee in the amount of \$150,000.
3. Includes amounts payable to Klumane Partners as the Chief Restructuring Officer.
4. Pursuant to an Order granted on August 28, 2015 and amended on November 5, 2015 and an Order granted on April 27, 2016, interim distributions totaling \$22.0 million have been released to DIL's creditors (the "Interim Distributions"). Not all RRIIF and LIF holders have requested the transfer of funds and \$185,956 remains to be distributed from the Interim Distributions.
5. 2017 AMP Based on 80% valuation less all distributions to date.
6. Includes amounts held by DIL in accounts with Bank of Montreal.
7. Bishop & McKenzie LLP, legal counsel to DIL, is holding approximately \$1.9M in trust generated by net realizations from the sale of DIL's assets and funds payable from ECHS pursuant to their plan of compromise and arrangement which is not reflected herein.

# Schedule 3

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**Encharis Community Housing and Services ("ECHS")**  
**Statement of Projected Cash Flow**  
**For the Thirteen Week Period Ending February 11, 2017**

Week ending	19-Nov-16	26-Nov-16	3-Dec-16	10-Dec-16	17-Dec-16	24-Dec-16	31-Dec-16	7-Jan-17	14-Jan-17	21-Jan-17	28-Jan-17	4-Feb-17	11-Feb-17	Total	Specific Notes
<b>Disbursements</b>															
Operating expenses	\$ (218) \$	(6,000)		\$	(218)				\$	(218)				\$	(6,654)
Transfer to Sage			(20,635)												(20,635)
Transfer to EMSS		(139,017)													(139,017)
Restructuring fees			(35,000)	(50,000)		(25,000)	(4,410)				(4,410)				(110,000)
CRO			(4,410)												(13,230)
Contingency	(218)	(145,017)	(60,045)	(50,000)	(218)	(25,000)	(4,410)		(218)			(4,410)			(289,536)
<b>Total disbursements</b>	<b>\$ (218) \$</b>	<b>(145,017) \$</b>	<b>(60,045) \$</b>	<b>(50,000) \$</b>	<b>(218) \$</b>	<b>(25,000) \$</b>	<b>(4,410) \$</b>	<b>- \$</b>	<b>(218) \$</b>	<b>(4,410) \$</b>	<b>- \$</b>	<b>(4,410) \$</b>	<b>- \$</b>	<b>- \$</b>	<b>(289,536)</b>

<b>Cash on hand</b>															
Beginning balance	\$ 515,251 \$	515,033 \$	370,017 \$	309,972 \$	259,972 \$	259,754 \$	234,754 \$	230,344 \$	230,344 \$	230,126 \$	230,126 \$	225,716 \$	225,716 \$	515,251	
Net cash flow	(218)	(145,017)	(60,045)	(50,000)	(218)	(25,000)	(4,410)		(218)			(4,410)		(289,536)	
<b>Ending balance</b>	<b>\$ 515,033 \$</b>	<b>370,017 \$</b>	<b>309,972 \$</b>	<b>259,972 \$</b>	<b>259,754 \$</b>	<b>234,754 \$</b>	<b>230,344 \$</b>	<b>230,344 \$</b>	<b>230,126 \$</b>	<b>230,126 \$</b>	<b>225,716 \$</b>	<b>225,716 \$</b>	<b>225,716 \$</b>	<b>225,716 \$</b>	

Prepared as at the 23rd day of November, 2016.

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

Encharis Community Housing and Services

  
 Per: Cameron Sherban, Chief Restructuring Officer

**Notes & Assumptions - General:**

1. Unless otherwise stated, amounts are based on historical data and management estimates.
2. All amounts include applicable GST.
3. ECHS' plan of compromise and arrangement (the "ECHS Plan") was approved by the Court of Queen's Bench of Alberta on January 20, 2016.
4. The Lutheran Church - Canada, the Alberta - British Columbia Districts (the "District") plan of compromise and arrangement (the "District Plan") was approved by the Court of Queen's Bench of Alberta on August 2, 2016. ECHS operations and assets were transferred to a new company effective Oct 31, 2016.

**Notes & Assumptions - Specific:**

1. Reflects accounts payable to NewCo - November Village water and sewer EFTs were brought into ECHS BMO and will now be paid out to Newco
2. Reflects amount payable to EMSS - Nov 1st Manor Harbour lease and water payments were transferred to ECHS in error and will be returned to EMSS BMO
3. Represents anticipated amounts payable to ECHS' legal counsel, the CCAA Monitor and the CCAA Monitor's legal counsel.
4. Includes amounts payable to Klumane Partners as the Chief Restructuring Officer.

# Schedule 4

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**EMSS**  
Statement of Projected Cash Flow  
For the Thirteen Week Period Ending February 11, 2017

Week ending	19-Nov-16	26-Nov-16	3-Dec-16	10-Dec-16	17-Dec-16	24-Dec-16	31-Dec-16	7-Jan-17	14-Jan-17	21-Jan-17	28-Jan-17	4-Feb-17	11-Feb-17	Total	Specific Notes
<b>Receipts</b>															
Transfer from ECHS		\$ 139,017												\$ 139,017	1
<b>Total receipts</b>		139,017												139,017	
<b>Disbursements</b>															
Transfer to Sage		(463,853)												(463,853)	2
Health Benefits		(4,000)												(28,603)	
Administrative expenses	(24,603)		(2,500)											(18,053)	3
Food services expenses	(15,553)													(11,044)	
Healthcare expenses	(5,544)													(1,421)	
Maintenance expenses	(1,421)													(6,050)	
Utility expenses	(6,050)			(15,000)										(17,000)	4
Restructuring fees	(2,000)			(50,000)										(127,000)	5
CRO		(37,000)		(4,410)							(4,410)			(13,230)	6
<b>Total disbursements</b>	(55,171)	(514,763)	(67,500)	(67,500)			(44,410)				(4,410)			(686,234)	
<b>Net cash flow</b>	<b>\$ (55,171)</b>	<b>\$ (375,746)</b>	<b>\$ (67,500)</b>	<b>\$ (67,500)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (44,410)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (4,410)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (547,237)</b>	

<b>Cash on hand</b>															
Beginning balance	\$ 938,014	\$ 882,843	\$ 507,097	\$ 439,597	\$ 439,597	\$ 439,597	\$ 395,187	\$ 395,187	\$ 395,187	\$ 395,187	\$ 395,187	\$ 390,777	\$ 390,777	\$ 938,014	
Net cash flow	(55,171)	(375,746)	(67,500)			(44,410)					(4,410)			(547,237)	7
<b>Ending balance</b>	<b>\$ 882,843</b>	<b>\$ 507,097</b>	<b>\$ 439,597</b>	<b>\$ 439,597</b>	<b>\$ 439,597</b>	<b>\$ 395,187</b>	<b>\$ 395,187</b>	<b>\$ 395,187</b>	<b>\$ 395,187</b>	<b>\$ 395,187</b>	<b>\$ 390,777</b>	<b>\$ 390,777</b>	<b>\$ 390,777</b>	<b>\$ 390,777</b>	

Prepared as at the 23rd day of November, 2016.

**Purpose:**

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

**Encharis Management and Support Services**



Per: Cameron Sherban, Chief Restructuring Officer

**Notes & Assumptions - General:**

1. Unless otherwise stated, amounts are based on historical data and management estimates.
2. All amounts include applicable GST.
3. EMSS holds security deposits for PAL and independent residents in a separate trust account, which is not reflected herein.
4. EMSS' plan of compromise and arrangement (the "EMSS Plan") was approved by the Court of Queen's Bench of Alberta on January 20, 2016.
5. The Lutheran Church - Canada, the Alberta - British Columbia Districts (the "District") plan of compromise and arrangement (the "District Plan") was approved by the Court of Queen's Bench of Alberta on August 2, 2016. EMSS' operations and assets were transferred to new company effective October 31, 2016.

**Notes & Assumptions - Specific:**

1. Reflects amounts paid to ECHS for Lease on November in error. ECHS to repay.
2. Reflects November rents deposited into the old EMSS bank account which are to be properly paid to Sage.
3. Includes all administrative department expenses, payments to contractors who provide accounting, management and pastoral services, WCB, information technology and cable up to October 31, 2016.
4. Amounts paid to ECHS for water and sewer services for November are to be reimbursed by ECHS.
5. Represents anticipated amounts payable to EMSS' legal counsel, the CCAA Monitor and the CCAA Monitor's legal counsel.
6. Includes amounts payable to Klauene Partners as the Chief Restructuring Officer.
7. Includes amounts held by EMSS in their operating account with Bank of Montreal.

# Schedule 5

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**The Lutheran Church - Canada, The Alberta - British Columbia District (the "District") including the Church Extension Fund ("CEF")**  
**Variance Analysis**  
**For the period from August 14, 2016 to November 12, 2016**

	Forecast (F)	Actual (A)	Variance (A-F)	Notes
<b>Cash flow from CEF operations</b>				
<b>Receipts</b>				
Transfer from Bishop & McKenzie LLP ("Bishop")	\$ 14,807,441	\$ 14,838,819	\$ 31,378	1
Bank Interest Income	1,250	5,624	4,374	2
Management fees from DIL	33,320	-	(33,320)	3
Loan interest and principal payments	14,910	14,545	(365)	
<b>Total Receipts</b>	<b>14,856,921</b>	<b>14,858,988</b>	<b>2,067</b>	
<b>Disbursements</b>				
Distributions Pursuant to the District Plan	(16,673,855)	(16,322,267)	351,588	3
CEF salaries and benefits	(57,600)	(42,600)	15,000	3
Operating expenses	(12,350)	(5,572)	6,778	2
Plant Fund	-	(381)	(381)	
Restructuring Fees	(300,000)	(78,140)	221,860	4
CRO	(30,870)	(20,580)	10,290	3
<b>Total disbursements</b>	<b>(17,074,675)</b>	<b>(16,469,539)</b>	<b>605,136</b>	
	-	-	-	
<b>Net cash flow from CEF operations</b>	<b>(2,217,754)</b>	<b>(1,610,552)</b>	<b>607,203</b>	
<b>Cash flow from other District operations</b>				
<b>Receipts</b>				
Donations	-	1,515	1,515	5
Miscellaneous	-	9,147	9,147	2
Agency Funds/Restricted Funds	-	37,735	37,735	3
Mission remittances	106,500	106,961	461	
<b>Total receipts</b>	<b>106,500</b>	<b>155,358</b>	<b>48,858</b>	
<b>Disbursements</b>				
Salaries and benefits	(23,685)	(19,164)	4,521	3
Administrative expenses, travel and utilities	(22,000)	(18,971)	3,029	3
Outreach operating expenses	(22,999)	(18,038)	4,961	3
Parish and school services operating expenses	-	(3,428)	(3,428)	2
Department of Stewardship and Financial Ministries operating expenses	(3,000)	(1,000)	2,000	3
President's expenses	(13,700)	(5,383)	8,317	3
Mission to LCC	(19,207)	(18,301)	906	
Contingency	(1,500)	-	1,500	3
<b>Total disbursements</b>	<b>(106,091)</b>	<b>(84,285)</b>	<b>21,806</b>	
	-	-	-	
<b>Net cash flow from other District operations</b>	<b>409</b>	<b>71,073</b>	<b>70,664</b>	
	-	-	-	
<b>Total net cash flow</b>	<b>\$ (2,217,345)</b>	<b>\$ (1,539,479)</b>	<b>\$ 677,867</b>	
<b>Cash and marketable securities on hand</b>				
<b>Beginning balance</b>	<b>\$ 4,306,896</b>	<b>\$ 4,306,896</b>	<b>\$ -</b>	
Total net cash flow	(2,217,345)	(1,539,479)	677,867	
Net Change in value of marketable securities/ adjustment to exchange rate	-	(29,015)	(29,015)	
<b>Ending Balance</b>	<b>\$ 2,089,551</b>	<b>\$ 2,738,402</b>	<b>\$ 648,852</b>	

**Notes:**

1. Permanent variance due to interest accrued on funds held in trust with Bishop & McKenzie
2. Permanent variances as a result of receipts/ disbursements being higher/ lower than originally forecast.
3. Timing related variances, which are expected to reverse themselves in future weeks.
4. Timing variance, as not all restructuring invoices have been paid. As at November 12, \$244,500 of District restructuring invoices remain outstanding.
5. Permanent variances as a result of donations being received from congregations, which were not originally forecast.



# Schedule 6

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

Variance Analysis

For the period from August 14, 2016 to November 12, 2016

	Total Forecast	Total Actual	Variance (A-F)	Notes
<b>Receipts</b>				
Bank Interest Income	\$ 3,000	\$ 1,285	\$ (1,715)	1
Loan Payoff	-	-	-	
Loan payments	-	-	-	
<b>Total receipts</b>	<b>3,000</b>	<b>1,285</b>	<b>(1,715)</b>	
<b>Disbursements</b>				
Management fee	(33,320)	-	33,320	2
Restructuring fees	(100,000)	(63,934)	36,066	3
Operating Expenses	-	(4,336)	(4,336)	1
CRO	(20,580)	(10,290)	10,290	2
GWL Distribution	(642,140)	(363,270)	278,870	2
<b>Total disbursements</b>	<b>(796,040)</b>	<b>(441,830)</b>	<b>354,210</b>	
<b>Net cash flow</b>	<b>\$ (793,040)</b>	<b>\$ (440,545)</b>	<b>\$ 352,495</b>	
<b>Cash and marketable securities on hand</b>				
<b>Beginning balance</b>	<b>\$ 1,395,916</b>	<b>\$ 1,395,916</b>	<b>\$ -</b>	
Total net cash flow	(793,040)	(440,545)	352,495	
<b>Ending Balance</b>	<b>\$ 602,876</b>	<b>\$ 955,371</b>	<b>\$ 352,495</b>	

**Notes:**

1. Permanent variances as a result of receipts/ disbursements being higher/ lower than originally forecast.
2. Timing related variances, which are expected to reverse themselves in future weeks.
3. Timing variance, as not all restructuring invoices have been paid. As at November 12, \$80,800 of DIL restructuring invoices remain outstanding.

# Schedule 7

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**Encharis Community Housing and Services ("ECHS")**  
**Variance Analysis**  
**For the period from August 14, 2016 to November 12, 2016**

	<b>Total Forecast</b>	<b>Total Actual</b>	<b>Variance (A-F)</b>	<b>Notes</b>
<b>Receipts</b>				
Lease revenue	\$ 240,000	\$ 240,000	\$ -	
Intercompany	-	139,017	139,017	1
Water and sewage revenue	102,344	98,935	(3,409)	2
RV lot rental	2,000	2,000	-	
<b>Total receipts</b>	<b>344,344</b>	<b>479,952</b>	<b>135,608</b>	
<b>Disbursements</b>				
Operating expenses	(205,233)	(243,376)	(38,143)	3
Employee Related expenses	(13,000)	(50,350)	(37,350)	4
Restructuring fees	(135,350)	(72,437)	62,913	5
Transfer to Sage	(749,997)	(749,997)	-	
CRO	(17,640)	(13,230)	4,410	2
Contingency	(10,000)	-	10,000	3
<b>Total disbursements</b>	<b>(1,131,220)</b>	<b>(1,129,389)</b>	<b>1,831</b>	
<b>Net cash flow</b>	<b>\$ (786,876)</b>	<b>\$ (649,437)</b>	<b>\$ 137,439</b>	
<b>Cash on hand</b>				
Beginning balance	\$ 1,164,688	\$ 1,164,688	\$ -	
Net cash flow	(786,876)	(649,437)	137,439	
<b>Ending balance</b>	<b>\$ 377,812</b>	<b>\$ 515,251</b>	<b>\$ 137,439</b>	

**Notes:**

1. Timing variance from receipt of November lease payment and utility revenue from EMSS sent in error, as Sage transaction has now closed. Funds will be returned to EMSS.
2. Timing related variances, which are expected to reverse themselves in future weeks.
3. Permanent variances as a result of receipts/ disbursements being higher/ lower than originally forecast.
4. Permanent Variance due to employee termination costs being higher than originally forecast.
5. Timing variance, as not all restructuring invoices have been paid. As at November 12, \$68,300 of ECHS restructuring invoices remain outstanding.

# Schedule 8

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**Encharis Management and Support Services ("EMSS")**  
**Variance Analysis**  
**For the period from August 14, 2016 to November 12, 2016**

	<b>Total Forecast</b>	<b>Total Actual</b>	<b>Variance (A-F)</b>	<b>Notes</b>
<b>Receipts</b>				
Rent	\$ 900,000	\$ 952,061	\$ 52,061	1
Alberta Health Services ("AHS") funding	786,346	821,473	35,127	2
Operating receipts		463,854	463,854	3
Miscellaneous revenue	11,000	43,356	32,356	1
<b>Total receipts</b>	<b>1,697,346</b>	<b>2,280,744</b>	<b>583,398</b>	
<b>Disbursements</b>				
Payroll	(1,280,000)	(1,333,893)	(53,893)	4
RRSP's	(18,500)	(18,427)	73	
Employee related Expenses	(155,500)	-	155,500	5
Health Benefits	(71,000)	(112,679)	(41,679)	6
Administrative expenses	(162,000)	(139,999)	22,001	1
Food services expenses	(120,000)	(137,228)	(17,228)	1
Housekeeping expenses	(15,000)	(14,471)	529	
Healthcare expenses	(8,400)	(6,834)	1,566	
Maintenance expenses	(109,000)	(124,746)	(15,746)	1
Utility expenses	(110,000)	(159,672)	(49,672)	7
Diversicare	(88,000)	(97,514)	(9,514)	1
Lease payments	(240,000)	(240,000)	-	
Capital Costs	-	(24,845)	(24,845)	1
Transfer to Sage Properties	(180,000)	(169,492)	10,508	8
Restructuring fees	(150,000)	(36,500)	113,500	9
CRO	(17,640)	(13,230)	4,410	5
Intercompany	-	(139,017)	(139,017)	10
Contingency	(45,000)	-	45,000	1
<b>Total disbursements</b>	<b>(2,770,040)</b>	<b>(2,768,548)</b>	<b>1,492</b>	
<b>Net cash flow</b>	<b>\$ (1,072,694)</b>	<b>\$ (487,804)</b>	<b>\$ 584,890</b>	
<b>Cash on hand</b>				
<b>Beginning Balance</b>	<b>\$ 1,425,818</b>	<b>\$ 1,425,818</b>	<b>\$ -</b>	
Net cash flow	(1,072,694)	(487,804)	584,890	
<b>Ending Balance</b>	<b>\$ 353,124</b>	<b>\$ 938,014</b>	<b>\$ 584,890</b>	

**Notes:**

1. Permanent variances as a result of receipts/ disbursements being higher/ lower than originally forecast.
2. Permanent variances as a result of increase in AHS funding.
3. Timing variance from receipt of AHS funding which Sage is now entitled to. Funds will be transferred to Sage in the near future.
4. Permanent variance due to additional wage costs for various holiday coverage.
5. Timing related variances, which are expected to reverse themselves in future weeks.
6. Permanent variance due to increase in employee health spending benefits prior to transfer of benefits to Sage.
7. Permanent variance due to utility costs incurred prior to transfer to Sage not originally forecast.
8. Permanent variance due to revenue receipts by EMSS to which Sage is now entitled.
9. Timing variance, as not all restructuring invoices have been paid. As at November 12, \$63,100 of EMSS restructuring invoices remain outstanding.
10. Timing variance from payment of November lease payment and utility revenue to ECHS sent in error, as Sage transaction has now closed. Funds will be returned to EMSS.