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**CALGARY**

**PRE-FILING REPORT OF THE PROPOSED MONITOR  
DELOITTE RESTRUCTURING INC.**

**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, ENCHARIS  
COMMUNITY HOUSING AND SERVICES, ENCHARIS  
MANAGEMENT AND SUPPORT SERVICES AND  
LUTHERAN CHURCH – CANADA, THE ALBERTA –  
BRITISH COLUMBIA DISTRICT INVESTMENTS LTD.**

**DATED JANUARY 22, 2015**

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

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## SCHEDULES

Schedule 1	Overall Organization Structure of the Lutheran Church – Canada, The Alberta – British Columbia District Et. Al.
Schedule 2	Unsigned Statement of Projected Cash Flow for the Thirteen Week Period Ending April 18, 2015 for Lutheran Church – Canada, The Alberta – British Columbia District
Schedule 3	Unsigned Statement of Projected Cash Flow for the Thirteen Week Period Ending April 18, 2015 for Lutheran Church – Canada, The Alberta - British Columbia District Investments Ltd.
Schedule 4	Unsigned Statement of Projected Cash Flow for the Thirteen Week Period Ending April 18, 2015 for Encharis Community Housing and Services
Schedule 5	Unsigned Statement of Projected Cash Flow for the Thirteen Week Period Ending April 18, 2015 for Encharis Management and Support Services

# Introduction, Notice to Reader and Qualifications

## Introduction

1. Deloitte Restructuring Inc. (“Deloitte” or the “Proposed Monitor”) is advised that on January 23, 2015, 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”) will be making an application to the Court of Queen’s Bench of Alberta (the “Court”) for an Order (the “Initial Order”) seeking certain relief under the *Companies’ Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the “CCAA”), including a stay of proceedings until February 23, 2015 and appointing Deloitte as the CCAA Monitor (the “Monitor”). The proceedings to be commenced by the Applicants under the CCAA will be referred to herein as the “CCAA Proceedings”.
2. The purpose of this pre-filing report is to provide this Honourable Court with information regarding the following:
  - 2.1. Deloitte’s qualifications to act as Monitor (if appointed);
  - 2.2. The statements of projected cash flow prepared for each of the Applicants;
  - 2.3. The proposed funding of the CCAA Proceedings; and
  - 2.4. The Emergency Fund (as defined herein) proposed by the Applicants.

## Notice to Reader

3. In preparing this report, the Proposed 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 Proposed Monitor has not performed an independent review or audit of the information provided.
4. Certain of the information referred to herein consists of financial forecasts and/or projections. The financial forecasts included in the 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. The Proposed Monitor expresses no opinion or other form of assurance with respect to the accuracy of any financial information presented in the financial forecasts, or relied upon by it in reporting on the financial forecasts.

5. The Proposed 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.

## Deloitte's Qualifications to Act as Monitor

6. Deloitte and Deloitte LLP were previously retained by the Applicants to provide the following consulting services to the District on the following dates:
  - 6.1. February 6, 2014 – to provide an independent evaluation of the potential options relating to the Prince of Peace development (the “PoP Development”) and to create a plan for executing the option that was ultimately chosen;
  - 6.2. June 9, 2014 – to provide a work plan and approach to assist in the solicitation and qualification of experienced seniors care home management to assist in the optimization of the Harbour and the Manor (the senior’s facilities located within the PoP Development);
  - 6.3. June 30, 2014 – to provide an evaluation of the debt structure of the Church Extension Fund (“CEF”), as it related to the District, the members of the District, ECHS, EMSS and the PoP Development;
  - 6.4. July 25, 2014 – to act as a consultant regarding the informal or formal restructuring of the Applicants; and
  - 6.5. August 1, 2014 – to provide tax planning services in conjunction with developing a limited partnership structure, outlining the applicable tax and commercial issues and assisting with the implementation.
7. As a result of the prior consulting services provided by Deloitte and Deloitte LLP, the Proposed Monitor has a significant amount of background knowledge in respect of the Applicants’ operations and current financial difficulties.
8. Deloitte is a Trustee within the meaning of subsection 2(1) of the *Bankruptcy and Insolvency Act (Canada)*. Deloitte has not, during the preceding two years:
  - 8.1. Acted as a director, an officer or an employee of the Applicants;
  - 8.2. Acted as the auditor, accountant or legal counsel or a partner or an employee of the auditor, accountant or legal counsel of the Applicants; or
  - 8.3. Been related to the Applicants or to any director or officer of the Applicants.

9. Deloitte is related to Deloitte LLP, which is an independent international professional services firm that provides insolvency and restructuring services. The Deloitte engagement team includes senior professionals who are Chartered Accountants and/or Chartered Insolvency and Restructuring Professionals and Licensed Trustees in Bankruptcy (Canada).
10. Deloitte has consented to act as Monitor of the Applicants should this Honourable Court grant the request of the Applicants for an Initial Order in the CCAA Proceedings.

# Identification of the Applicants

11. Relief in the CCAA Proceedings is sought by all of the following Applicants:

Entity name	Type of entity	Year of incorporation	Nature of operations
Lutheran Church – Canada, The Alberta – British Columbia District	Registered charity	1944	To support public worship and member outreach into the community and to unite the 127 congregations and 26 schools and pre-schools of the Evangelical Lutheran Church in Alberta and British Columbia.
Church Extension Fund	Division of the District	N/A	Operates under the oversight of the District's Department of Stewardship and Financial Ministries. Created as an organization that offers District members the opportunity to invest their money, earn interest and support faith-based developments within and outside of the District.
Lutheran Church – Canada, The Alberta – British Columbia District Investments Ltd.	Not-for-profit	1996	Acts as a trust agent and investment manager of registered retirement savings plans, registered retirement income plans and tax-free savings accounts for annuitants. Concentra Trust acts as the bare trustee with respect to these investments.
Encharis Community Housing and Services	Not-for-profit	2005	Owns land and buildings within the PoP Development, including the Manor and the Harbour, the senior care facilities managed by EMSS.
Encharis Management and Support Services	Registered charity	2005	Operates as Prince of Peace Manor and Harbour for the purpose of providing integrated supportive living services at the Manor and the Harbour to seniors based on their assessed care needs, including spiritual care.

12. Attached as "Schedule 1" is a chart showing the overall organizational structure for those entities affiliated to the District, including the Applicants, which highlights the ownership structure and the flow of funds between those entities. The operations of the Applicants are further described in the Affidavit of Kurtis Robinson sworn on January 22, 2015.

# Cash Flow Forecast

## The District

13. Attached as "Schedule 2" is an unsigned copy of the Statement of Projected Cash Flow for the District for the thirteen week period ending April 18, 2015 (the "District Forecast", the "Forecast Period"). The District Forecast has been broken down to distinguish between cash flow related to the CEF and that related to other District operations. The District, including the CEF, estimates a total net cash outflow of \$312,660 over the Forecast Period and projects that it will have cash on hand of approximately \$6.0 million (including marketable securities) at the end of the Forecast Period. A summary of the District Forecast is included below.

**The Lutheran Church - Canada, The Alberta - British Columbia  
District (the "District") including the Church Extension Fund ("CEF")  
Statement of Projected Cash Flow  
For the Thirteen Week Period Ending April 18, 2015**

	<u><b>Total</b></u>
<b>Cash flow from CEF operations</b>	
<b>Receipts</b>	
Lease payments	\$ 84,000
Management fees from DIL	51,000
Loan interest and principal payments	91,000
<b>Total Receipts</b>	<u>226,000</u>
<b>Disbursements</b>	
Mortgage payments	(84,000)
CEF salaries and benefits	(39,000)
Operating expenses	(78,000)
Emergency Fund	(154,050)
Restructuring Fees	(97,500)
<b>Total disbursements</b>	<u>(452,550)</u>
<b>Net cash flow from CEF operations</b>	<u><b>(226,550)</b></u>

**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 April 18, 2015**

<b>Cash flow from other District operations</b>	<b>Total</b>
<b>Receipts</b>	
Wage recovery (Encharis Group)	31,500
Mission remittances	130,000
Rental income	4,500
<b>Total receipts</b>	<b>166,000</b>
<b>Disbursements</b>	
Salaries and benefits	(147,720)
Administrative expenses, travel and utilities	(24,050)
Outreach operating expenses	(44,500)
Parish and school services operating expenses	(13,250)
Department of Stewardship and Financial	
Ministries operating expenses	(10,500)
President's expenses	(2,340)
Plant fund expenses	(9,750)
<b>Total disbursements</b>	<b>(252,110)</b>
<b>Net cash flow from other District operations</b>	<b>(86,110)</b>
<b>Total net cash flow</b>	<b>\$ (312,660)</b>
<b>Cash and marketable securities on hand</b>	
Beginning balance	\$ 6,341,731
Total net cash flow	(312,660)
<b>Ending balance</b>	<b>\$ 6,029,071</b>

14. CEF is forecasting receipts of \$226,000 over the Forecast Period. We highlight the following with respect to these receipts:

- 14.1. CEF collects monthly lease payments of \$28,000 from the Golden Hill School Division for a lease on a property in Strathmore, Alberta (the "Golden Hill Property"). CEF granted a mortgage on the Golden Hill Property in favour of DIL and makes monthly mortgage payments to DIL in the amount of \$28,000 per month or \$84,000 over the Forecast Period;
- 14.2. CEF anticipates receiving \$51,000 for management fees from DIL related to administrative assistance provided by the District; and
- 14.3. The investments held within CEF are anticipated to generate other cash receipts from loan interest and principal payments of approximately \$91,000 over the Forecast Period.

15. CEF is forecasting disbursements of \$452,550 over the Forecast Period. We highlight the following with respect to these disbursements:
  - 15.1. Operating expenses of \$78,000, including building usage, utilities, postage and telephone, and salaries and benefits of \$39,000, including all corresponding Canada Revenue Agency ("CRA") payroll source deduction remittances, are estimated to be payable over the Forecast Period;
  - 15.2. Payments totalling \$154,050 over the Forecast Period have been projected to satisfy obligations due pursuant to the Emergency Fund, as defined herein; and
  - 15.3. CEF estimates disbursements of approximately \$97,500 to pay restructuring fees, including payments to the Applicant's legal counsel, the Proposed Monitor and other restructuring professionals over the Forecast Period.
16. The District is forecasting receipts from operations of \$166,000 over the Forecast Period. We highlight the following with respect to these receipts:
  - 16.1. The District anticipates receiving \$31,500 from ECHS to reimburse the District for wages paid to District management employees that perform services for ECHS; and
  - 16.2. The District anticipates receiving donations of approximately \$130,000 from its 127 member congregations over the Forecast Period (the "Donations").
17. The District is forecasting disbursements of approximately \$252,110 over the Forecast Period. We highlight the following with respect to these disbursements:
  - 17.1. The District's 8 full-time employees and one part-time employee are paid on a bi-weekly basis. Payroll and the corresponding CRA payroll source deduction remittances are anticipated to total approximately \$147,720 over the Forecast Period. Approximately three of the District's employees provide accounting and other support for EMSS. As such, approximately \$31,500 of these payroll costs are recoverable from EMSS over the Forecast Period;
  - 17.2. Operating expenses for outreach services, parish and school services and the department of stewardship and financial ministries are anticipated to total approximately \$44,500, \$13,250 and \$10,500 respectively over the Forecast Period; and
  - 17.3. Administrative expenses, travel and utilities are estimated to total approximately \$24,050 over the Forecast Period.
18. The District has an opening cash balance of approximately \$6.3 million consisting of a cash balance of approximately \$880,931 and marketable securities of approximately \$5.5 million which were held with FI Capital as at January 21, 2014. As noted above, the District, including the CEF, is projected to have a net cash outflow of approximately \$312,660 over the Forecast Period. Based on their opening cash balance; however, CEF appears to have more than sufficient liquidity to sustain its

ongoing operations during the Forecast Period. We note that the District placed a moratorium on depositor redemptions effective January 2, 2015.

## DIL

19. Attached as "Schedule 3" is an unsigned copy of the Statement of Projected Cash Flow for DIL for the thirteen week period ending April 18, 2015 (the "DIL Forecast"). DIL estimates a net decrease in cash of approximately \$93,903 over the Forecast Period and projects that it will have cash on hand of approximately \$17.7 million (including marketable securities) at the end of the Forecast Period. A summary of the DIL Forecast is included below.

<b>The Lutheran Church - Canada, The Alberta - British Columbia District Investments Ltd. ("DIL") Statement of Projected Cash Flow For the Thirteen Week Period Ending April 18, 2015</b>	
	<b>Total</b>
<b>Receipts</b>	
Loan payments	\$ 221,754
<b>Total receipts</b>	<u>221,754</u>
<b>Disbursements</b>	
Management fee	(59,500)
Restructuring fees	(65,000)
Emergency fund	(61,089)
Annual Minimum RRIF payments	(130,068)
<b>Total disbursements</b>	<u>(315,657)</u>
<b>Net cash flow</b>	<u><u>\$ (93,903)</u></u>
<b>Cash and marketable securities on hand</b>	
Beginning balance	\$ 17,763,583
Net cash flow	(93,903)
<b>Ending balance</b>	<u><u>\$17,669,680</u></u>

20. DIL is no longer accepting investments from depositors and as such the only projected receipts into the investment fund (the "DIL Fund") relate to payments received on lines of credit and mortgages held within the DIL Fund (the "DIL Loans"). Payments pursuant to the DIL Loans are anticipated to total approximately \$221,754 over the Forecast Period.

21. DIL is forecasting disbursements of \$315,657 over the Forecast Period. We highlight the following with respect to these disbursements:

21.1. DIL estimates disbursements of \$59,500 for a management fee payable to the District, who assists in administering the DIL Fund and to FI Capital, who acts as DIL's investment advisor;

21.2. DIL estimates disbursements of approximately \$65,000 to pay restructuring fees, including payments to the Applicant's legal counsel, the Proposed Monitor and other restructuring professionals over the Forecast Period; and

21.3. DIL estimates disbursements of \$130,068 over the Forecast Period related to required annual payments due pursuant to registered retirement income funds held within the DIL Fund.

22. DIL has an opening balance of approximately \$17.8 million including cash of \$220,161 and market investments of approximately \$17.6 million which were held with FI Capital as at January 16, 2015. As noted above, DIL is projected to have a net cash outflow from operations of approximately \$93,903 over the Forecast Period; however, based on their opening cash balance, DIL appears to have more than sufficient liquidity to sustain its ongoing operations during the Forecast Period.

## ECHS

23. Attached as "Schedule 4" is an unsigned copy of the Statement of Projected Cash Flow for ECHS for the thirteen week period ending April 18, 2015 (the "ECHS Forecast"). ECHS estimates a net decrease in cash of approximately \$19,975 over the Forecast Period and projects that it will have cash on hand of approximately \$201,028 at the end of the Forecast Period. A summary of the ECHS Forecast is included below.

**Encharis Community Housing and Services ("ECHS")  
Statement of Projected Cash Flow  
For the Thirteen Week Period Ending April 18, 2015**

	<b>Total</b>
<b>Receipts</b>	
Lease revenue	\$ 259,500
Water and sewage revenue	126,525
RV lot rental	3,000
<b>Total receipts</b>	<b>389,025</b>
<b>Disbursements</b>	
Operating expenses	(274,000)
Restructuring fees	(65,000)
Contingency	(70,000)
<b>Total disbursements</b>	<b>(409,000)</b>
<b>Net cash flow</b>	<b>\$ (19,975)</b>
<b>Cash on hand</b>	
Beginning balance	\$ 221,003
Net cash flow	(19,975)
<b>Ending balance</b>	<b>\$ 201,028</b>

24. ECHS is projecting receipts of approximately \$389,025 over the Forecast Period. We highlight the following with respect to these receipts:

24.1. ECHS leases land and buildings that they own within the PoP Development to EMSS. Monthly lease payments of \$86,500 are due on the 1st of each month from EMSS to ECHS with respect to this lease. These monthly lease payments are estimated to total \$259,500 over the Forecast Period; and

24.2. ECHS provides water and sewer services to EMSS and to the elementary school located in the PoP Development. Receipts for the provision of water and sewer services are estimated to total \$126,525 over the Forecast Period.

25. ECHS is projecting disbursements of approximately \$409,000 over the Forecast Period. We highlight the following with respect to these disbursements:

25.1. ECHS estimates disbursements of \$274,000 over the Forecast Period for ongoing operating expenses mainly consisting of payments to trade creditors;

25.2. Disbursements to pay restructuring fees, including payments to the Applicants' legal counsel, the Proposed Monitor and other restructuring professionals are estimated to total approximately \$65,000 over the Forecast Period; and

25.3. Contingency payments of approximately \$70,000 over the Forecast Period includes payments related to the repair of roadways and the master-site plan approval process for the PoP Development.

26. ECHS has an opening cash balance of approximately \$221,003. As noted above, ECHS is projected to have a net cash outflow of approximately \$19,975 over the Forecast Period; however, based on their opening cash balance, ECHS appears to have sufficient liquidity to sustain its ongoing operations during the Forecast Period.

## **EMSS**

27. Attached as “Schedule 5” is an unsigned copy of the Statement of Projected Cash Flow for EMSS for the thirteen week period ending April 18, 2015 (the “EMSS Forecast”). EMSS estimates a net decrease in cash of approximately \$203,323 over the Forecast Period and projects that it will have cash on hand of \$574,020 at the end of the Forecast Period. A summary of the EMSS Forecast is included below:

**Encharis Management and Support Services ("EMSS")  
Statement of Projected Cash Flow  
For the Thirteen Week Period Ending April 18, 2015**

	<b>Total</b>
<b>Receipts</b>	
Rent	\$ 1,290,000
Alberta Health Services ("AHS") funding	1,166,532
Wage recoveries	37,275
Miscellaneous revenue	26,000
<b>Total receipts</b>	<b>2,519,807</b>
<b>Disbursements</b>	
Payroll	(1,470,000)
RRSP's	(43,830)
Health Benefits	(84,000)
Administrative expenses	(171,375)
Food services expenses	(120,250)
Housekeeping expenses	(26,000)
Healthcare expenses	(3,250)
Maintenance expenses	(81,250)
Utility expenses	(230,175)
Diversicare	(66,000)
Lease payments	(259,500)
Restructuring fees	(97,500)
Contingency	(70,000)
<b>Total disbursements</b>	<b>(2,723,130)</b>
<b>Net cash flow</b>	<b>\$ (203,323)</b>
<b>Cash on hand</b>	
Beginning balance	\$ 777,343
Net cash flow	(203,323)
<b>Ending balance</b>	<b>\$ 574,020</b>

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

28.1. EMSS is estimated to receive \$1.3 million from rental revenue collected over the Forecast Period. The bulk of the rental revenue is paid by Alberta Health Services ("AHS") or individual residents of the Harbour and the Manor senior's care facilities; and

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

29. EMSS is projecting disbursements of approximately \$2.7 million over the Forecast Period. We highlight the following with respect to these disbursements:

29.1. EMSS' employees are paid on a bi-weekly basis. Payroll for EMSS employees is estimated to total \$1.5 million over the Forecast Period;

- 29.2. As noted above, EMSS makes monthly payments to ECHS related to leasing the land and buildings from which the Harbour and the Manor operate and for water and sewage services. These payments are anticipated to total \$259,500 and \$230,175, respectively, over the Forecast Period;
- 29.3. Disbursements to pay restructuring fees, including payments to the Applicants' legal counsel, the Proposed Monitor and other restructuring professionals are estimated to total approximately \$97,500 over the Forecast Period; and
- 29.4. Management has advised that EMSS is current with their suppliers and has historically rendered their accounts within agreed upon payment terms. EMSS would have sufficient funds to pay their suppliers on a cash-on-delivery basis. In addition, although their preference would be to continue to work with existing suppliers, there are alternate suppliers available for the bulk of EMSS' product and service requirements.
30. EMSS has an opening cash balance of approximately \$777,343. As noted above, EMSS is projected to have a net cash outflow from operations of approximately \$203,323 over the Forecast Period; however, based on their opening cash balance, EMSS appears to have sufficient liquidity to sustain its ongoing operations during the Forecast Period.

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

31. The District Forecast, the DIL Forecast, the ECHS Forecast and the EMSS Forecast will collectively be referred to as the "Applicants' Forecasts".
32. The Proposed Monitor reports as follows with respect to the Applicants' Forecasts:
- 32.1. 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 Notes;
- 32.2. The Proposed 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 Proposed Monitor's procedures with respect to them were limited to evaluating whether they were consistent with the purpose of each of the Applicants' Forecasts. We have also reviewed the support provided by Management for the probable assumptions, and the preparation and presentation of Applicants' Forecasts;
- 32.3. Based on its review, nothing has come to the attention of the Proposed Monitor that causes it to believe that, in all material respects:
- 32.3.1. The hypothetical assumptions are not consistent with the purpose of the each of the Applicants' Forecasts;

- 32.3.2. As at the date of this 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
- 32.3.3. Each of the Applicants' Forecasts does not reflect the probable and hypothetical assumptions.
- 32.4. 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 Proposed 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
- 32.5. 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.

# Emergency Fund

33. The Proposed Monitor is advised by the Applicants that certain of the depositors who hold investments within CEF and DIL rely on monthly withdrawals or interest payments from those investments for day-to-day living expenses. On January 2, 2015, the District placed a moratorium on depositor redemptions on investments held within the CEF (the “Moratorium”). The District then met with depositors from the CEF to consult with them regarding the restructuring of the Applicants. Concurrent with the Moratorium, the District implemented a program whereby high need individuals and congregations would still be able to access funds on a monthly basis (the “Emergency Fund”). The Emergency Fund was implemented in order to avoid a situation where depositors, many of whom are seniors, would not have funds to cover their basic necessities.
34. The Proposed Monitor has reviewed two applications made pursuant to the Emergency Fund since its implementation, which it understands to be the only applications approved to date by Management. Management has estimated that a maximum of approximately \$75,000 per month will be required to maintain the Emergency Fund on a go-forward basis.
35. The Proposed Monitor notes the following key characteristics of the Emergency Fund:
- 35.1. In order to access the Emergency Fund, depositors have to submit an application form which requests specific information on the applicant’s monthly income, expenses and assets;
  - 35.2. Management considers the applicant’s income needs using the guidelines set by the Office of the Superintendent of Bankruptcy Canada (the “OSB”) in Directive 11R2 (the “Directive”). The Directive provides guidance for Trustees in assessing what portion of a bankrupt’s income will be payable to the bankrupt’s estate. The OSB establishes standards (the “OSB Standards”) based on the low income cutoffs released by Statistics Canada for urban areas with 500,000 people or more. Applicants falling below the OSB Standards are eligible to receive payments pursuant to the Emergency Fund, which are at a minimum sufficient to top them up to the minimum available monthly income specified in the OSB Standards. In assessing applicant’s income vis a vis the OSB Standards, adjustments are made for non-discretionary expenses, such as child care and out-of-pocket medical expenses using the guidance set out in the Directive.
  - 35.3. Where applicants are determined to be eligible for the Emergency Fund based on income, the Proposed Monitor understands that Management will also review the assets disclosed by

those applicants with eligibility being considered based on the liquidity of those assets and the individual circumstances of the applicants.

- 35.4. In addition to considering the guidelines set-out above, Management may consider other information submitted by applicants in determining their eligibility for the Emergency Fund. Amounts paid out to applicants who are depositors in the CEF are or will be considered as an advance on the amount payable pursuant to any future dividends received pursuant to a plan of arrangement filed in the CCAA Proceedings and all payments made pursuant to the Emergency Fund will be reflected in the final distribution to those individuals. For depositors in the CEF, the amount available to each applicant pursuant to the Emergency Fund is being capped at 75% of the estimated dividend that would be payable to that applicant using estimated recoveries in a low liquidation scenario.
- 35.5. As noted above, investments within DIL are in the form of registered retirement savings plans, registered retirement income plans and tax-free savings accounts. As DIL is a pooled fund, any losses therein automatically flow through to the individual depositors. As such, amounts paid to depositors in DIL pursuant to the Emergency Fund will decrease the value of their investment in DIL.
- 35.6. In certain circumstances, individual congregations within the District, who are depositors in CEF, have also made applications pursuant to the Emergency Fund in order to fund necessary day to day operational expenses such as the wages of the congregation's pastor. We are advised by Management that these applications are being reviewed on a case by case basis. One of the two applications reviewed by the Proposed Monitor to date related to an individual congregation.
- 35.7. Should the Emergency Fund be approved by the Court, ongoing payments pursuant to the Emergency Fund will be subject to ongoing review by the Proposed Monitor.
- 35.8. The total amount payable pursuant to the Emergency fund is being capped at \$75,000 per month. As noted above, payments due pursuant to the Emergency Fund are included in the CEF Cash Flow and the DIL Cash Flow. Subject to the assumptions referenced herein, the Proposed Monitor advises that the CEF and DIL will have sufficient cash flow to fund their current operations and the Emergency Fund over the Forecast Period.

# Conclusion

36. This pre-filing report has been prepared to provide this Honourable Court with information regarding Deloitte's qualification to act as Monitor, the Applicants' Forecasts and the proposed funding of the CCAA Proceedings in conjunction with the Applicants' application on January 23, 2015 seeking an Initial Order under the CCAA.

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



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Jeff Keeble CA, CIRP, CBV  
Senior Vice-President

# Schedules

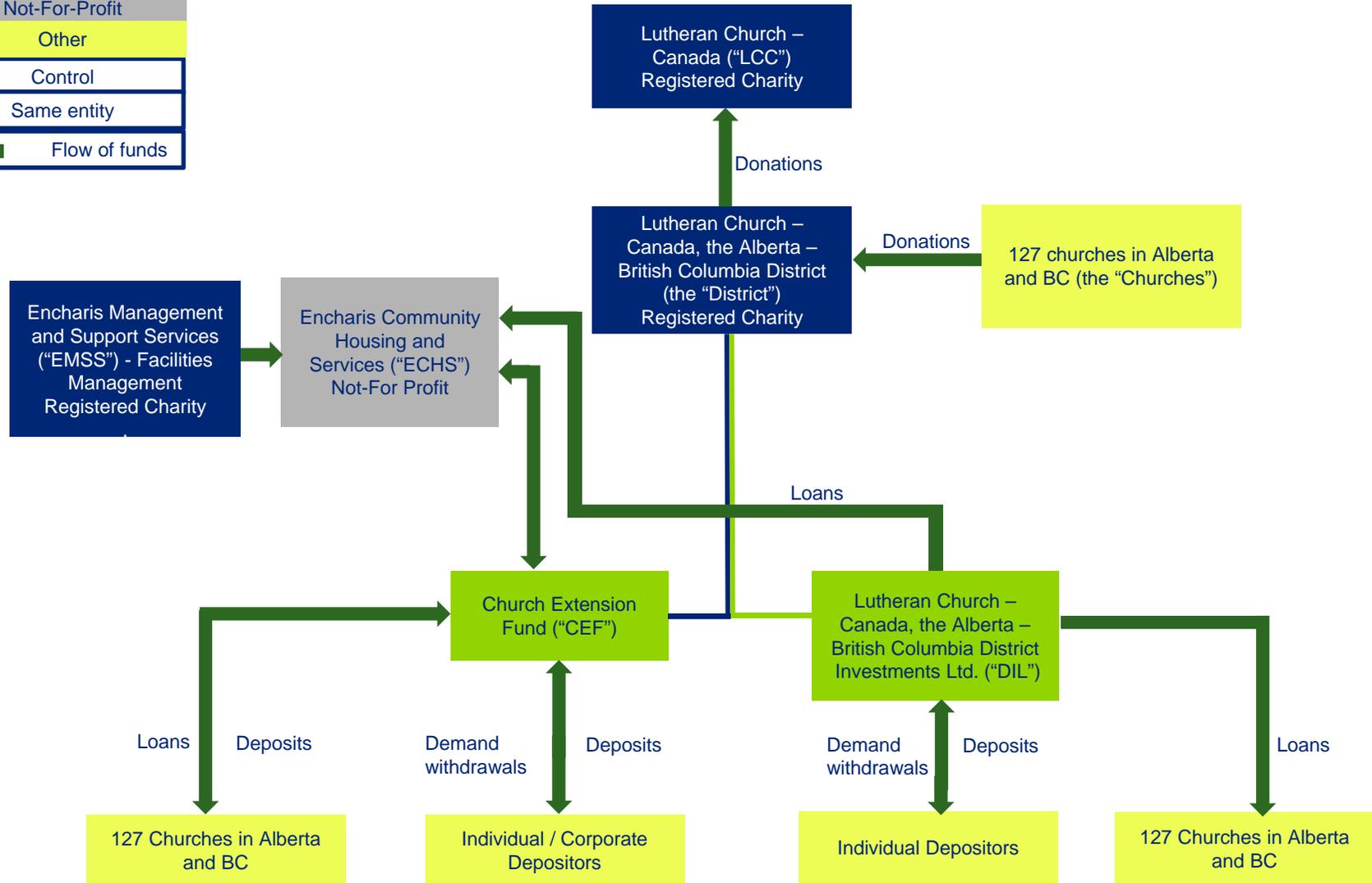
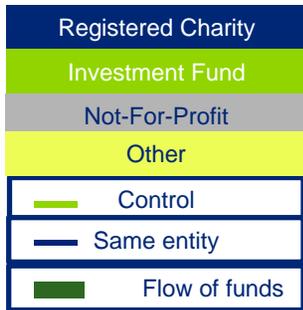
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# Schedule 1

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# Overview of the CEF and the District

## Flow chart



# Schedule 2

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**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 April 18, 2015**

Week ending	21-Jan-15 to 24-Jan-15	31-Jan-15	7-Feb-15	14-Feb-15	21-Feb-15	28-Feb-15	7-Mar-15	14-Mar-15	21-Mar-15	28-Mar-15	4-Apr-15	11-Apr-15	18-Apr-15	Total	Notes
<b>Cash flow from CEF operations</b>															
<b>Receipts</b>															
Lease payments		\$ 28,000					\$ 28,000				\$ 28,000			\$ 84,000	1
Management fees from DIL					17,000				17,000				17,000	51,000	2
Loan interest and principal payments	7,000	7,000	7,000	7,000	7,000	7,000	7,000	7,000	7,000	7,000	7,000	7,000	7,000	91,000	3
<b>Total Receipts</b>	<b>7,000</b>	<b>7,000</b>	<b>35,000</b>	<b>7,000</b>	<b>24,000</b>	<b>7,000</b>	<b>35,000</b>	<b>7,000</b>	<b>24,000</b>	<b>7,000</b>	<b>35,000</b>	<b>7,000</b>	<b>24,000</b>	<b>226,000</b>	
<b>Disbursements</b>															
Mortgage payments			(28,000)				(28,000)				(28,000)			(84,000)	4
CEF salaries and benefits					(13,000)				(13,000)				(13,000)	(39,000)	
Operating expenses	(6,000)	(6,000)	(6,000)	(6,000)	(6,000)	(6,000)	(6,000)	(6,000)	(6,000)	(6,000)	(6,000)	(6,000)	(6,000)	(78,000)	
Emergency fund	(1,100)	(2,320)	(4,535)	(13,025)	(31,555)	(700)	(5,795)	(13,025)	(33,785)	(700)	(13,025)	(3,785)	(30,700)	(154,050)	5
Restructuring Fees	(7,500)	(7,500)	(7,500)	(7,500)	(7,500)	(7,500)	(7,500)	(7,500)	(7,500)	(7,500)	(7,500)	(7,500)	(7,500)	(97,500)	6
<b>Total disbursements</b>	<b>(14,600)</b>	<b>(15,820)</b>	<b>(46,035)</b>	<b>(26,525)</b>	<b>(58,055)</b>	<b>(14,200)</b>	<b>(47,295)</b>	<b>(26,525)</b>	<b>(60,285)</b>	<b>(14,200)</b>	<b>(54,525)</b>	<b>(17,285)</b>	<b>(57,200)</b>	<b>(452,550)</b>	
<b>Net cash flow from CEF operations</b>	<b>(7,600)</b>	<b>(8,820)</b>	<b>(11,035)</b>	<b>(19,525)</b>	<b>(34,055)</b>	<b>(7,200)</b>	<b>(12,295)</b>	<b>(19,525)</b>	<b>(36,285)</b>	<b>(7,200)</b>	<b>(19,525)</b>	<b>(10,285)</b>	<b>(33,200)</b>	<b>(226,550)</b>	
<b>Cash flow from other District operations</b>															
<b>Receipts</b>															
Wage recovery (Encharis Group)			2,500		12,000		2,500		12,000		2,500			31,500	7
Mission remittances	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	130,000	8
Rental income			1,500				1,500				1,500			4,500	9
<b>Total receipts</b>	<b>10,000</b>	<b>10,000</b>	<b>14,000</b>	<b>10,000</b>	<b>22,000</b>	<b>10,000</b>	<b>14,000</b>	<b>10,000</b>	<b>22,000</b>	<b>10,000</b>	<b>14,000</b>	<b>10,000</b>	<b>10,000</b>	<b>166,000</b>	
<b>Disbursements</b>															
Salaries and benefits					(49,240)				(49,240)				(49,240)	(147,720)	10
Administrative expenses, travel and utilities	(1,850)	(1,850)	(1,850)	(1,850)	(1,850)	(1,850)	(1,850)	(1,850)	(1,850)	(1,850)	(1,850)	(1,850)	(1,850)	(24,050)	11
Outreach operating expenses	(14,500)				(10,000)				(10,000)				(10,000)	(44,500)	12
Parish and school services operating expenses	(1,250)	(1,250)	(1,250)	(950)	(950)	(950)	(950)	(950)	(950)	(950)	(950)	(950)	(950)	(13,250)	13
Department of Stewardship and Financial Ministries operating expenses		(7,500)				(1,000)			(1,000)				(1,000)	(10,500)	14
President's expenses	(180)	(180)	(180)	(180)	(180)	(180)	(180)	(180)	(180)	(180)	(180)	(180)	(180)	(2,340)	
Plant fund expenses	(750)	(750)	(750)	(750)	(750)	(750)	(750)	(750)	(750)	(750)	(750)	(750)	(750)	(9,750)	15
<b>Total disbursements</b>	<b>(18,530)</b>	<b>(11,530)</b>	<b>(4,030)</b>	<b>(3,730)</b>	<b>(62,970)</b>	<b>(4,730)</b>	<b>(3,730)</b>	<b>(3,730)</b>	<b>(63,970)</b>	<b>(3,730)</b>	<b>(3,730)</b>	<b>(3,730)</b>	<b>(63,970)</b>	<b>(252,110)</b>	
<b>Net cash flow from other District operations</b>	<b>(8,530)</b>	<b>(1,530)</b>	<b>9,970</b>	<b>6,270</b>	<b>(40,970)</b>	<b>5,270</b>	<b>10,270</b>	<b>6,270</b>	<b>(41,970)</b>	<b>6,270</b>	<b>10,270</b>	<b>6,270</b>	<b>(53,970)</b>	<b>(86,110)</b>	
<b>Total net cash flow</b>	<b>\$ (16,130)</b>	<b>\$ (10,350)</b>	<b>\$ (1,065)</b>	<b>\$ (13,255)</b>	<b>\$ (75,025)</b>	<b>\$ (1,930)</b>	<b>\$ (2,025)</b>	<b>\$ (13,255)</b>	<b>\$ (78,255)</b>	<b>\$ (930)</b>	<b>\$ (9,255)</b>	<b>\$ (4,015)</b>	<b>\$ (87,170)</b>	<b>\$ (312,660)</b>	
<b>Cash and marketable securities on hand</b>															
Beginning balance	\$ 6,341,731	\$ 6,325,601	\$ 6,315,251	\$ 6,314,186	\$ 6,300,931	\$ 6,225,906	\$ 6,223,976	\$ 6,221,951	\$ 6,208,696	\$ 6,130,441	\$ 6,129,511	\$ 6,120,256	\$ 6,116,241	\$ 6,341,731	16
Total net cash flow	(16,130)	(10,350)	(1,065)	(13,255)	(75,025)	(1,930)	(2,025)	(13,255)	(78,255)	(930)	(9,255)	(4,015)	(87,170)	(312,660)	
<b>Ending balance</b>	<b>\$ 6,325,601</b>	<b>\$ 6,315,251</b>	<b>\$ 6,314,186</b>	<b>\$ 6,300,931</b>	<b>\$ 6,225,906</b>	<b>\$ 6,223,976</b>	<b>\$ 6,221,951</b>	<b>\$ 6,208,696</b>	<b>\$ 6,130,441</b>	<b>\$ 6,129,511</b>	<b>\$ 6,120,256</b>	<b>\$ 6,116,241</b>	<b>\$ 6,029,071</b>	<b>\$ 6,029,071</b>	

Prepared as at the 21 day of January 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 April 18, 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*. It is being filed specifically for the purposes contemplated in that section and readers are cautioned that it may not be appropriate for other purposes. The Cash Flow has been prepared based on the hypothetical and probable assumptions described in the general and specific notes. In addition the Cash Flow has been prepared based on assumptions regarding future events; therefore actual results may vary from the estimates presented herein and these variances may be material.

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

**Per: Kurt Robinson, Executive Director of  
Stewardship and Finance**

**Notes & Assumptions - General:**

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

**Notes & Assumptions - Specific:**

1. Monthly lease payments made from Golden Hills School Division for lease of a portion of a property located in Strathmore, Alberta. The loan on Strathmore Property is held in the Lutheran Church - Canada, The Alberta - British Columbia District Investments Ltd. ("DIL"); therefore payments are transferred to DIL from CEF on a monthly basis (the "Golden Hill Payment").
2. Management fees payable for administrative support provided to the Lutheran Church - Canada, the Alberta - British Columbia District.
3. Loan payments made from various churches in the District average \$7,000 per week. The other mortgages and lines of credit left in the CEF pay on inconsistent dates and are not always kept current.
4. Represents the Golden Hill Payment.
5. Represents payments made pursuant to an emergency fund whereby high need individuals would still be able to access funds on a monthly basis during the CCAA proceedings.
6. Represents anticipated amounts payable to DIL's legal counsel, the proposed CCAA Monitor and other restructuring professionals providing assistance during the CCAA proceedings.
7. Encharis Management and Support Services makes monthly payments to the District for the use of selected management employees.
8. Represents the anticipated weekly amount of mission commitments received from the churches throughout the District.
9. Includes \$1,500 per month for rent on a condominium in Richmond, BC.
10. Includes monthly salary, benefits and pension amounts. The District is WCB exempt.
11. Includes information technology, general office expenses and travel.
12. Program funding given to churches within the District. Churches have accessed this program by applying for specific funding with all amounts being reviewed by the Outreach Department and approved by the District's board of directors.
13. Program funding given to churches within the District. Churches have accessed this program by applying for specific funding with all amounts being reviewed by the Parish and School Services Department and approved by the District's board of directors.
14. Monthly amount sent to the Lutheran Church Canada for use of the services of the LCC gift planner, who is assigned to the District.
15. Regular operating expenses such as grounds keeping and maintenance on District owned properties.
16. Includes marketable securities held with FI Capital with a fair market value of approximately \$5,460,800 as at January 16, 2015.

# Schedule 3

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**The Lutheran Church - Canada, The Alberta - British Columbia District Investments Ltd. ("DIL")**  
**Statement of Projected Cash Flow**  
**For the Thirteen Week Period Ending April 18, 2015**

Week ending	21-Jan-15 to													Total	Notes
	24-Jan-15	31-Jan-15	7-Feb-15	14-Feb-15	21-Feb-15	28-Feb-15	7-Mar-15	14-Mar-15	21-Mar-15	28-Mar-15	4-Apr-15	11-Apr-15	18-Apr-15		
<b>Receipts</b>															
Loan payments	\$ 3,000	\$ 16,000	\$ 48,518	\$ 5,000	\$ 3,400	\$ 16,000	\$ 48,518	\$ 5,000	\$ 3,400	\$ 16,000	\$ 48,518	\$ 5,000	\$ 3,400	\$ 221,754	1
<b>Total receipts</b>	<b>3,000</b>	<b>16,000</b>	<b>48,518</b>	<b>5,000</b>	<b>3,400</b>	<b>16,000</b>	<b>48,518</b>	<b>5,000</b>	<b>3,400</b>	<b>16,000</b>	<b>48,518</b>	<b>5,000</b>	<b>3,400</b>	<b>221,754</b>	
<b>Disbursements</b>															
Management fee					(17,000)	(8,500)			(17,000)				(17,000)	(59,500)	2
Restructuring fees	(5,000)	(5,000)	(5,000)	(5,000)	(5,000)	(5,000)	(5,000)	(5,000)	(5,000)	(5,000)	(5,000)	(5,000)	(5,000)	(65,000)	3
Emergency fund		(20,000)			(1,109)	(18,881)			(1,109)	(18,881)			(1,109)	(61,089)	4
Annual Minimum RRIF payments		(74,875)			(1,992)	(24,902)			(1,992)	(24,315)			(1,992)	(130,068)	5
<b>Total disbursements</b>	<b>(5,000)</b>	<b>(99,875)</b>	<b>(5,000)</b>	<b>(5,000)</b>	<b>(25,101)</b>	<b>(57,283)</b>	<b>(5,000)</b>	<b>(5,000)</b>	<b>(25,101)</b>	<b>(48,196)</b>	<b>(5,000)</b>	<b>(5,000)</b>	<b>(25,101)</b>	<b>(315,657)</b>	
<b>Net cash flow</b>	<b>\$ (2,000)</b>	<b>\$ (83,875)</b>	<b>\$ 43,518</b>	<b>\$ -</b>	<b>\$ (21,701)</b>	<b>\$ (41,283)</b>	<b>\$ 43,518</b>	<b>\$ -</b>	<b>\$ (21,701)</b>	<b>\$ (32,196)</b>	<b>\$ 43,518</b>	<b>\$ -</b>	<b>\$ (21,701)</b>	<b>\$ (93,903)</b>	
<b>Cash and marketable securities on hand</b>															
Beginning balance	\$ 17,763,583	\$ 17,761,583	\$ 17,677,708	\$ 17,721,226	\$ 17,721,226	\$ 17,699,525	\$ 17,658,242	\$ 17,701,760	\$ 17,701,760	\$ 17,680,059	\$ 17,647,863	\$ 17,691,381	\$ 17,691,381	\$ 17,763,583	6
Net cash flow	(2,000)	(83,875)	43,518	-	(21,701)	(41,283)	43,518	-	(21,701)	(32,196)	43,518	-	(21,701)	(93,903)	
<b>Ending balance</b>	<b>\$ 17,761,583</b>	<b>\$ 17,677,708</b>	<b>\$ 17,721,226</b>	<b>\$ 17,721,226</b>	<b>\$ 17,699,525</b>	<b>\$ 17,658,242</b>	<b>\$ 17,701,760</b>	<b>\$ 17,701,760</b>	<b>\$ 17,680,059</b>	<b>\$ 17,647,863</b>	<b>\$ 17,691,381</b>	<b>\$ 17,691,381</b>	<b>\$ 17,669,680</b>	<b>\$ 17,669,680</b>	

Prepared as at the 21 day of January 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*. It is being filed specifically for the purposes contemplated in that section and readers are cautioned that it may not be appropriate for other purposes. The Cash Flow has been prepared based on the hypothetical and probable assumptions described in the general and specific notes. In addition, the Cash Flow has been prepared based on assumptions regarding future events; therefore actual results may vary from the estimates presented herein and these variances may be material.

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

**Per: Kurt Robinson, Executive Director of  
Stewardship and Finance**

**Notes & Assumptions - General:**

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

**Notes & Assumptions - Specific:**

1. Includes loan payments from various churches within The Lutheran Church - Canada, the Alberta - British Columbia District for mortgages held by DIL.
2. Monthly management fees payable to CEF and quarterly portfolio fees paid to DIL's investment advisor at FI Capital.
3. Represents anticipated amounts payable to DIL's legal counsel, the proposed CCAA Monitor and other restructuring professionals providing assistance during the CCAA proceeding.
4. Represents payments made pursuant to an emergency fund whereby high need individuals would still be able to access funds on a monthly basis during the CCAA proceedings.
5. Represents minimum payments required to be paid out to depositors pursuant to their RRIF.
6. DIL held marketable securities with a fair market value of approximately \$17,543,422 with FI capital as at January 16, 2015.

# Schedule 4

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**Encharis Community Housing and Services ("ECHS")**  
**Statement of Projected Cash Flow**  
**For the Thirteen Week Period Ending April 18, 2015**

Week ending	21-Jan-15 to 24-													Total	Notes
	Jan-15	31-Jan-15	7-Feb-15	14-Feb-15	21-Feb-15	28-Feb-15	7-Mar-15	14-Mar-15	21-Mar-15	28-Mar-15	4-Apr-15	11-Apr-15	18-Apr-15		
<b>Receipts</b>															
Lease revenue			\$ 86,500				\$ 86,500				\$ 86,500			\$ 259,500	1
Water and sewage revenue			36,000	6,175			36,000	6,175			36,000	6,175		126,525	2
RV lot rental			1,000				1,000				1,000			3,000	3
<b>Total receipts</b>	-	-	123,500	6,175	-	-	123,500	6,175	-	-	123,500	6,175	-	389,025	
<b>Disbursements</b>															
Operating expenses	(48,000)	(1,500)	(7,500)	(19,500)	(17,500)	(45,500)	(7,500)	(19,500)	(17,500)	(45,500)	(7,500)	(19,500)	(17,500)	(274,000)	4
Restructuring fees	(5,000)	(5,000)	(5,000)	(5,000)	(5,000)	(5,000)	(5,000)	(5,000)	(5,000)	(5,000)	(5,000)	(5,000)	(5,000)	(65,000)	5
Contingency	(10,000)		(10,000)		(10,000)		(10,000)		(10,000)		(10,000)		(10,000)	(70,000)	6
<b>Total disbursements</b>	(63,000)	(6,500)	(22,500)	(24,500)	(32,500)	(50,500)	(22,500)	(24,500)	(32,500)	(50,500)	(22,500)	(24,500)	(32,500)	(409,000)	
<b>Net cash flow</b>	<b>\$ (63,000)</b>	<b>\$ (6,500)</b>	<b>\$ 101,000</b>	<b>\$ (18,325)</b>	<b>\$ (32,500)</b>	<b>\$ (50,500)</b>	<b>\$ 101,000</b>	<b>\$ (18,325)</b>	<b>\$ (32,500)</b>	<b>\$ (50,500)</b>	<b>\$ 101,000</b>	<b>\$ (18,325)</b>	<b>\$ (32,500)</b>	<b>\$ (19,975)</b>	
<b>Cash on hand</b>															
Beginning balance	\$ 221,003	\$ 158,003	\$ 151,503	\$ 252,503	\$ 234,178	\$ 201,678	\$ 151,178	\$ 252,178	\$ 233,853	\$ 201,353	\$ 150,853	\$ 251,853	\$ 233,528	\$ 221,003	
Net cash flow	(63,000)	(6,500)	101,000	(18,325)	(32,500)	(50,500)	101,000	(18,325)	(32,500)	(50,500)	101,000	(18,325)	(32,500)	(19,975)	
<b>Ending balance</b>	<b>\$ 158,003</b>	<b>\$ 151,503</b>	<b>\$ 252,503</b>	<b>\$ 234,178</b>	<b>\$ 201,678</b>	<b>\$ 151,178</b>	<b>\$ 252,178</b>	<b>\$ 233,853</b>	<b>\$ 201,353</b>	<b>\$ 150,853</b>	<b>\$ 251,853</b>	<b>\$ 233,528</b>	<b>\$ 201,028</b>	<b>\$ 201,028</b>	

Prepared as at the 21 day of January, 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*. It is being filed specifically for the purposes contemplated in that section and readers are cautioned that it may not be appropriate for other purposes. The Cash Flow has been prepared based on the hypothetical and probable assumptions described in the general and specific notes. In addition the Cash Flow has been prepared based on assumptions regarding future events; therefore actual results may vary from the estimates presented herein and these variances may be material.

Encharis Community Housing and Services

Per: Kurt Robinson, Executive Director of  
Stewardship and Finance

**Notes & Assumptions - General:**

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

**Notes & Assumptions - Specific:**

1. ECHS leases land and buildings that they own within the development known as Prince of Peace to Encharis Management and Support Services ("EMSS"), a related entity. EMSS operates as the Prince of Peace Manor and Harbour, providing integrated supportive living services to seniors based on their assessed care needs. Monthly lease payments of \$86,500 are due on the 1st of each month from EMSS to ECHS with respect to this lease.
2. ECHS provides water and sewer services to EMSS, to the elementary school located in the POP Development and to residents of a condominium complex known as the "POP Village". All POP Village residents have their water payments paid by EFT on the first of the month. EMSS transfers the funds to ECHS during the first week of each month. The elementary school makes payments each month as funds are available.
3. The RV lot rentals are for POP Village residents only and are paid by EFT on the first of each month.
4. Monthly accounts payable average approximately \$90,000 per month.
5. Represents anticipated amounts payable to DIL's legal counsel, the proposed 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 5

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**Encharis Management and Support Services ("EMSS")**  
**Statement of Projected Cash Flow**  
**For the Thirteen Week Period Ending April 18, 2015**

Week ending	21-Jan-15 to													Total	Notes	
	24-Jan-15	31-Jan-15	7-Feb-15	14-Feb-15	21-Feb-15	28-Feb-15	7-Mar-15	14-Mar-15	21-Mar-15	28-Mar-15	4-Apr-15	11-Apr-15	18-Apr-15			
<b>Receipts</b>																
Rent			\$ 430,000				\$ 430,000				\$ 430,000			\$ 1,290,000	1	
Alberta Health Services ("AHS") funding			388,844				388,844				388,844			1,166,532	2	
Wage recoveries				12,425				12,425				12,425		37,275	3	
Miscellaneous revenue	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	26,000	4	
<b>Total receipts</b>	<b>2,000</b>	<b>2,000</b>	<b>820,844</b>	<b>14,425</b>	<b>2,000</b>	<b>2,000</b>	<b>820,844</b>	<b>14,425</b>	<b>2,000</b>	<b>2,000</b>	<b>820,844</b>	<b>14,425</b>	<b>2,000</b>	<b>2,519,807</b>		
<b>Disbursements</b>																
Payroll	(210,000)		(210,000)		(210,000)		(210,000)		(210,000)		(210,000)		(210,000)	(1,470,000)	5	
RRSP's	(6,000)		(6,000)		(6,915)		(6,000)		(6,915)		(6,000)		(6,000)	(43,830)		
Health Benefits				(28,000)				(28,000)				(28,000)		(84,000)		
Administrative expenses	(13,875)	(13,875)	(13,875)	(13,875)	(12,875)	(12,875)	(12,875)	(12,875)	(12,875)	(12,875)	(12,875)	(12,875)	(12,875)	(171,375)	6	
Food services expenses	(9,250)	(9,250)	(9,250)	(9,250)	(9,250)	(9,250)	(9,250)	(9,250)	(9,250)	(9,250)	(9,250)	(9,250)	(9,250)	(120,250)		
Housekeeping expenses	(2,000)	(2,000)	(2,000)	(2,000)	(2,000)	(2,000)	(2,000)	(2,000)	(2,000)	(2,000)	(2,000)	(2,000)	(2,000)	(26,000)		
Healthcare expenses	(250)	(250)	(250)	(250)	(250)	(250)	(250)	(250)	(250)	(250)	(250)	(250)	(250)	(3,250)		
Maintenance expenses	(6,250)	(6,250)	(6,250)	(6,250)	(6,250)	(6,250)	(6,250)	(6,250)	(6,250)	(6,250)	(6,250)	(6,250)	(6,250)	(81,250)		
Utility expenses	(2,150)	(5,000)	(52,575)		(2,150)	(5,000)	(52,575)	(17,000)	(2,150)	(5,000)	(52,575)	(17,000)	(17,000)	(230,175)	7	
Diversicare			(22,000)				(22,000)				(22,000)			(66,000)	8	
Lease payments			(86,500)				(86,500)				(86,500)			(259,500)		
Restructuring fees	(7,500)	(7,500)	(7,500)	(7,500)	(7,500)	(7,500)	(7,500)	(7,500)	(7,500)	(7,500)	(7,500)	(7,500)	(7,500)	(97,500)	9	
Contingency	(10,000)		(10,000)		(10,000)		(10,000)		(10,000)		(10,000)		(10,000)	(70,000)	10	
<b>Total disbursements</b>	<b>(267,275)</b>	<b>(44,125)</b>	<b>(426,200)</b>	<b>(67,125)</b>	<b>(267,190)</b>	<b>(43,125)</b>	<b>(425,200)</b>	<b>(83,125)</b>	<b>(267,190)</b>	<b>(43,125)</b>	<b>(425,200)</b>	<b>(83,125)</b>	<b>(281,125)</b>	<b>(2,723,130)</b>		
<b>Net cash flow</b>	<b>\$ (265,275)</b>	<b>\$ (42,125)</b>	<b>\$ 394,644</b>	<b>\$ (52,700)</b>	<b>\$ (265,190)</b>	<b>\$ (41,125)</b>	<b>\$ 395,644</b>	<b>\$ (68,700)</b>	<b>\$ (265,190)</b>	<b>\$ (41,125)</b>	<b>\$ 395,644</b>	<b>\$ (68,700)</b>	<b>\$ (279,125)</b>	<b>\$ (203,323)</b>		
<b>Cash on hand</b>																
Beginning balance	\$ 777,343	\$ 512,068	\$ 469,943	\$ 864,587	\$ 811,887	\$ 546,697	\$ 505,572	\$ 901,216	\$ 832,516	\$ 567,326	\$ 526,201	\$ 921,845	\$ 853,145	\$ 777,343		
Net cash flow	(265,275)	(42,125)	394,644	(52,700)	(265,190)	(41,125)	395,644	(68,700)	(265,190)	(41,125)	395,644	(68,700)	(279,125)	(203,323)		
<b>Ending balance</b>	<b>\$ 512,068</b>	<b>\$ 469,943</b>	<b>\$ 864,587</b>	<b>\$ 811,887</b>	<b>\$ 546,697</b>	<b>\$ 505,572</b>	<b>\$ 901,216</b>	<b>\$ 832,516</b>	<b>\$ 567,326</b>	<b>\$ 526,201</b>	<b>\$ 921,845</b>	<b>\$ 853,145</b>	<b>\$ 574,020</b>	<b>\$ 574,020</b>		

Prepared as at the 21 day of January, 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*. 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: Kurt Robinson, 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.

**Notes & Assumptions - Specific:**

- Rents include all 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.
- Wage recovery to EMSS for EMSS employees who also provide services to Encharis Community Housing and Services ("ECHS") and Shepherd's Village Ministries Ltd.
- 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.
- Includes all administrative department expenses, contract accounting, contracted general manager, contracted pastor, 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 lease payments of \$86,500 are due on the 1st of each month from EMSS to ECHS with respect to this lease.
- Represents anticipated amounts payable to EMSS' legal counsel, the proposed CCAA Monitor and other restructuring professionals providing assistance during the CCAA proceedings.