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

**JUDICIAL CENTRE** CALGARY

**DOCUMENT** TENTH 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 22, 2015

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- Schedule 3 Statement of Projected Cash Flow for the Thirteen Week Period Ending March 12, 2016 for Encharis Community Housing and Services
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- Schedule 5 Variance Analysis for the Period from October 11 to December 12, 2015 for the Lutheran Church – Canada, the Alberta – British Columbia District
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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 five extensions of the Stay. The most recent Order was granted at an application on October 23, 2015 (the “October 23 Hearing”) and extended the Stay until January 29, 2016.
4. Prior to the Initial Order being granted, Deloitte prepared a Pre-Filing Report of the Proposed Monitor dated January 22, 2015 (the “Pre-Filing Report”). The Monitor subsequently filed the following reports:
  - 4.1. the First Report of the Monitor dated February 17, 2015;
  - 4.2. the second report of the Monitor dated March 23, 2015 (the “Second Report”);
  - 4.3. the Third Report of the Monitor dated June 16, 2015;
  - 4.4. the Fourth Report of the Monitor dated June 24, 2015 (the “Fourth Report”);
  - 4.5. the Fifth Report of the Monitor dated August 24, 2015 (the “Fifth Report”);
  - 4.6. the Sixth Report of the Monitor dated September 9, 2015;
  - 4.7. the Seventh Report of the Monitor dated October 20, 2015;
  - 4.8. the Eighth Report of the Monitor dated October 30, 2015; and

- 4.9. the Ninth Report of the Monitor dated November 26, 2015 (the “Ninth Report”, collectively 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 and a confidential supplement to the Fifth Report dated August 26, 2015 (collectively the “Supplements”). The Supplements provided the Court with additional detail with respect to the District Group’s applications for the approval of the sales of six parcels of land (the “Sale Lands”). The Supplements were sealed by the Court in order to avoid tainting any future sale processes that would be required if any of the transactions involving the Sale Lands failed to be completed.
6. In addition to the Pre-Filing Report, 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”) and a First Report to the Creditors of DIL dated December 8, 2015 (the “DIL Report”). Both the Encharis Report and the DIL Report were prepared for the purpose of providing creditors of those entities with specific information related to the respective plans of compromise and arrangement for ECHS and EMSS (respectively the “ECHS Plan” and the “EMSS Plan, collectively the “Encharis Plans”) and for DIL (the “DIL Plan”).
7. Capitalized terms not otherwise defined herein shall have the meanings given to them in the Reports and in the Supplements.
8. Information on the CCAA proceedings can be accessed on Deloitte’s website at [www.insolvencies.deloitte.ca](http://www.insolvencies.deloitte.ca) under the link entitled “Lutheran Church – Canada, the Alberta – British Columbia District et. al.” (the “Monitor’s Website”).

### Notice to Reader

9. In preparing this report, the Monitor has relied on unaudited financial information, the books and records of the Applicants and discussions with the Applicant’s employees, the Applicant’s Chief Restructuring Officer (the “CRO”), interested parties and stakeholders. The Monitor has not performed an independent review or audit of the information provided.
10. The Monitor assumes no responsibility or liability for any loss or damage occasioned by any party as a result of the circulation, publication, reproduction, or use of this report.
11. All amounts included herein are in Canadian dollars unless otherwise stated.

# Court Applications

12. The activities of both the Monitor and the Applicants leading up to the most recent Court application on November 30, 2015 (the “November 30 Hearing”) are detailed in the Reports.
13. At the November 30 Hearing, the Court granted the following relief:
  - 13.1. Authorizing and directing DIL to present its plan of compromise and arrangement to the DIL Depositors for approval;
  - 13.2. Approving the sale of lands in St. Albert, Alberta (the “St. Albert Lands”);
  - 13.3. Approving the transfer of a condominium located within the Prince of Peace Village to the holders of the corresponding leasehold interest;
  - 13.4. Sealing the Second Confidential Affidavit of Cameron Sherban sworn on November 23, 2015, which contained specific information related to the sale of the St. Albert Lands in order to avoid tainting any future sale process that may have been required had the sale of the St. Albert Lands not been completed.
14. This report constitutes the Tenth Report of the Monitor (the “Tenth Report”). The Tenth Report provides additional information with respect to the following:
  - 14.1. Relief sought by the District and DIL creditors’ committees (respectively, the “District Committee” and the “DIL Committee”, collectively the “Committees”) at a hearing on January 4, 2016 (the “January 4 Hearing”) seeking approval for a Settlement Agreement and Mutual Release Term Sheet (the “Settlement”) and authorizing the District and DIL to take such additional steps and execute such additional documents as may be necessary or desirable for the completion of the Settlement;
  - 14.2. Statements of projected cash flow for each of the Applicants for the thirteen week period ending March 12, 2016; and
  - 14.3. Variance analysis for each of the Applicants for the period from October 11 to December 12, 2015.

# The Settlement

15. On February 20, 2015, the Court granted an Order approving a process pursuant to which the Committees were formed (the “Committee Order”). Pursuant to the Committee Order, each of the Committees retained representative legal counsel to advise them with respect to select issues where independent legal advice was warranted or required.
16. The following two matters (the “Settlement Matters”), among others, were referred to the Committees so that they could each consult with their respective legal counsel and determine if acceptable resolutions to the Settlement Matters could be achieved outside of litigation:
  - 16.1. The District’s potential challenge of a mortgage (the “Strathmore Mortgage”) held by DIL on a District-owned property (the “Strathmore Property”) located in Strathmore, Alberta, which houses the Trinity Christian Academy (the “Strathmore Matter”); and
  - 16.2. DIL’s potential claim that two mortgages granted to DIL by ECHS (the “DIL – ECHS Mortgages”) have priority to a mortgage (the “District – ECHS Mortgage”) registered on many of the same properties in favour of the District (the “Priority Matter”).
17. How the Settlement Matters were decided would have a significant impact on the realization to the respective District and DIL Depositors with a higher realization for one group of Depositors resulting in a lower realization for the other group of Depositors. As such, it was determined that the Settlement Matters should be determined by the Committees, on behalf of the respective District and DIL Depositors and with the benefit of independent legal counsel, as opposed to by the District Group or by the Monitor.

## The Strathmore Matter

18. In early 2009, DIL granted a loan to the District which, as at the Filing Date, had an outstanding balance of approximately \$6.1 million (the “Strathmore Loan”). Management advised that it was the original intention for DIL to secure the Strathmore Loan to the District via a registered mortgage on the Strathmore Property. Although a mortgage was drafted at the time that the Strathmore Loan was granted, the Strathmore Mortgage was only executed and registered in December 2014. The Monitor’s legal counsel, Gowling Lafleur Henderson LLP (“Gowlings”) reviewed the Strathmore Mortgage and advised that the enforceability of the Strathmore Mortgage was uncertain because of the delay in the execution and registration of the Strathmore Mortgage. Gowlings further advised that, in order to determine this issue, evidence that was extrinsic to the Strathmore Mortgage would need to be considered and weighed against other evidence. As the District owns the Strathmore Property

and DIL holds the Strathmore Mortgage, any decision as to the enforceability of the Strathmore Mortgage would have a significant impact on the realization to the respective District and DIL Depositors.

### **The Priority Matter**

19. In 2006, the District granted a loan to ECHS, which as at the Filing Date, had an outstanding balance of approximately \$82.1 million (the “District – ECHS Loan”). The District – ECHS Loan was secured by a mortgage for \$45 million plus accrued interest registered against selected properties within the Prince of Peace development, including the lands that house the Harbour and Manor seniors’ care facilities, the surrounding development and expansion lands and vacant land in Chestermere, Alberta (the “Prince of Peace Properties”).
20. In 2011, DIL granted two loans to ECHS, which as at the Filing Date had outstanding balances of approximately \$3.7 million and approximately \$4.0 million, respectively (the “DIL – ECHS Loans”). The DIL – ECHS Loans were secured by registered mortgages over the Prince of Peace Properties and various condominium units and a residential lot within the complex known as the Prince of Peace Village (the “DIL – ECHS Mortgages”).
21. The DIL – ECHS Mortgages were registered in second position behind the District – ECHS Mortgage. Management advised that the original intention was that the District – ECHS Mortgage would be postponed to the DIL – ECHS Mortgages; however, no postponement was ever executed. Gowlings reviewed DIL’s potential priority claim and advised that, in order to determine this issue, considerable evidence extrinsic to the DIL – ECHS Mortgages would have to be considered and weighed. Any decision as to the priority of the DIL – ECHS Mortgages vis a vis the District – ECHS Mortgage would have a significant impact on the realizations to the respective District and DIL Depositors.

### **The Settlement**

22. Since their formation, the Committees have been considering the Settlement Matters and have each had the opportunity to consult with their legal counsel in respect of the Settlement Matters. At the January 4 Hearing, the Committees are seeking approval for the Settlement.
23. Pursuant to the Settlement, the Strathmore Matter will be resolved as follows:
  - 23.1. Upon the sale of the Strathmore Property, each of the District and DIL will receive 50% of the net sale proceeds. The Monitor notes that any sale of the Strathmore Property will be subject to the approval of the Committees and the Court; and
  - 23.2. DIL will not be able to pursue the District with respect to any deficiency in the repayment of the Strathmore Loan following the sale of the Strathmore Property.
24. Also pursuant to the Settlement, the Priority Matter will be resolved by the District paying the all-inclusive sum of \$4,114,006 to DIL in full satisfaction of DIL’s claim against the Prince of Peace Properties.

25. The District has a further unsecured claim against DIL in the amount of \$863,022 related to outstanding management fees (the "District Claim"). Gowlings reviewed the District Claim and advised that they were of the view that DIL's assets are effectively held in trust by DIL for the benefit of DIL Depositors. As such, no funds would be available to satisfy the District Claim. Pursuant to the Settlement, the District Claim will be withdrawn.
26. The Monitor is supportive of the Settlement for the following reasons:
  - 26.1. Both the District Committee and the DIL Committee have had the opportunity to review material related to the Settlement Matters and have had the benefit of independent legal advice with respect to the Settlement Matters;
  - 26.2. In the absence of the Settlement, the Settlement Matters may be litigated. Additional professional fees would be incurred related to litigating the Settlement Matters as well as any corresponding delay in the CCAA proceedings;
  - 26.3. Should the Settlement Matters be litigated, it would likely result in division within the larger body of Depositors as a result of litigation between groups that include members of the same family or from the same or related congregations; and
  - 26.4. Both of the Committees have approved the Settlement.

# The Plans of Compromise and Arrangement

27. The following is a brief update as to the status of the Plan of Compromise and Arrangement being advanced for each of the Applicants.

## The District

28. The Monitor is continuing to support the District in their efforts to formulate a plan of compromise and arrangement (the “District Plan”). The Monitor, the Monitor’s legal counsel, the Applicants, the CRO, the Applicant’s legal counsel, the District, the District Committee and legal counsel for the District Committee have had the opportunity to review and comment on drafts of the District Plan. In addition, several meetings have been held between variations of these parties related to the content of the District Plan.

29. As previously reported, the key elements of the District Plan appear to have been substantially agreed to, although, the drafting of selected provisions of the District Plan are still the subject of ongoing discussions.

30. At a hearing scheduled for January 20, 2016 (the “January 20 Hearing”), the District will be seeking a further extension of the Stay. The Monitor believes that the District will be in a position to seek an Order authorizing the District to present the District Plan to the District Depositors for approval at the January 20 Hearing or shortly thereafter.

## DIL

31. As noted above, on November 30, 2015, the Court granted an Order authorizing and directing DIL to present the DIL Plan to the DIL Depositors for approval. A meeting for DIL Depositors to consider the DIL Plan has been scheduled for January 23, 2016.

32. Both the Ninth Report and the DIL Report provided additional information with respect to the DIL Plan. At the time that the Ninth Report and the DIL Report were prepared, the Monitor did not provide a range of the estimated realizations to DIL Depositors pursuant to the DIL Plan. This was due to the fact that the Settlement had not been finalized and would have a significant impact on the estimated realizations for DIL Depositors. As the Settlement has now been finalized, subject to Court approval and several assumptions, the Monitor now estimates that, should the DIL Plan be accepted by the DIL Depositors, the estimated realizations to DIL Depositors will be approximately 77% to 83% of their

original investment as at the Filing Date, without taking into account any estimated write-down in the value of the assets held by DIL. The Monitor notes that the estimated realizations are based on assumptions regarding future events as not all of DIL's assets have been realized and, as such, realizations will vary and the variances could be material. In particular, the estimated realizations will be impacted by the repayment of a mortgage due from a member congregation and the net sale proceeds generated by the Strathmore Property.

## **ECHS and EMSS**

33. As previously reported, on November 5, 2015, the Court granted an Order authorizing and directing ECHS and EMSS to present the Encharis Plans to their respective creditors for approval. Meetings for the creditors of ECHS and EMSS to consider the Encharis Plans occurred on December 11, 2015 (the "Encharis Meetings"). At the Encharis Meetings, each of the Encharis Plans was approved by those creditors voting in each class. The Monitor will report further on the Encharis Meetings in advance of a future hearing where the District Group will seek an Order sanctioning the Encharis Plans.

# Cash Flow Forecast

## District

34. Attached as "Schedule 1" is the Statement of Projected Cash Flow for the District for the thirteen week period ending March 12, 2016 (the "District Forecast", the "Forecast Period"). The District Forecast has been broken down to distinguish between cash flow related to CEF and that related to other District operations. The District, including CEF, estimates a total net cash inflow of approximately \$429,100 over the Forecast Period and projects that it will have cash on hand of approximately \$5,321,800 (including marketable securities) at the end of the Forecast Period.

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

<b>The Lutheran Church - Canada, The Alberta - British Columbia District including the Church Extension Fund Statement of Projected Cash Flow For the Thirteen Week Period Ending March 12, 2016</b>	
	<b>Total</b>
<b>Cash flow from CEF operations</b>	
<b>Receipts</b>	
Lease payments	\$ 87,053
Bank Interest Income	1,500
Management fees	38,685
Loan Payout	810,000
Loan interest and principal payments	47,436
<b>Total Receipts</b>	<b>984,674</b>
<b>Disbursements</b>	
Mortgage payments	(84,567)
CEF salaries and benefits	(63,600)
Operating expenses	(15,600)
Plant Fund	(4,650)
Emergency fund	(105,000)
Restructuring fees	(295,000)
CRO	(30,870)
<b>Total disbursements</b>	<b>(599,287)</b>
<b>Net cash flow from CEF operations</b>	<b>385,388</b>

**The Lutheran Church - Canada, The Alberta - British Columbia District  
including the Church Extension Fund  
Statement of Projected Cash Flow  
For the Thirteen Week Period Ending March 12, 2016**

	<b>Total</b>
<b>Cash flow from other District operations</b>	
<b>Receipts</b>	
Mission remittances	\$ 162,000
<b>Total receipts</b>	162,000
<b>Disbursements</b>	
Salaries and benefits	(30,000)
Administrative expenses, travel and utilities	(22,000)
Outreach operating expenses	(27,374)
Department of Stewardship and Financial	
Ministries operating expenses	(3,000)
President's expenses	(9,750)
Mission Payments to LCC	(21,200)
Contingency	(5,000)
<b>Total disbursements</b>	(118,324)
<b>Net cash flow from other District operations</b>	<b>43,676</b>
<b>Total net cash flow</b>	<b>\$ 429,063</b>
<b>Cash and marketable securities on hand</b>	
Beginning balance	\$ 4,892,768
Total net cash flow	429,063
<b>Ending balance</b>	<b>\$ 5,321,831</b>

### **Cash Flow Related to CEF**

36. The District is forecasting receipts of approximately \$984,700 over the Forecast Period related to CEF. We highlight the following with respect to these receipts:

- 36.1. The District collects monthly lease payments of approximately \$29,000 per month, or approximately \$87,100 over the Forecast Period, from the Golden Hill School Division for a lease on the Strathmore Property. The District makes monthly mortgage payments to DIL in respect of the Strathmore Mortgage in the amount of approximately \$28,200 per month, or approximately \$84,600 over the Forecast Period;
- 36.2. The District anticipates receiving approximately \$38,700 from DIL for a management fee related to administrative assistance provided by the District; and
- 36.3. Concordia Lutheran Church in Edmonton and Trinity Lutheran Church in Fort McMurray have indicated that they will be repaying their loans in full over the Forecast Period, which is anticipated to generate receipts of approximately \$810,000; and
- 36.4. Other loans and mortgages held within CEF are anticipated to generate cash receipts from loan interest and principal payments totalling approximately \$47,400 over the Forecast Period.

37. The District is forecasting disbursements of approximately \$599,300 over the Forecast Period related to CEF. We highlight the following with respect to these disbursements:
  - 37.1. Payments totalling approximately \$105,000 have been projected to satisfy obligations due pursuant to an emergency fund, approved in the Initial Order, whereby high needs Depositors can access funds to cover their basic necessities;
  - 37.2. The District estimates disbursements of approximately \$295,000 to pay restructuring fees, including payments to the Applicant's legal counsel, the Monitor, the Monitor's legal counsel and legal counsel for the District Committee. Where appropriate, restructuring fees are allocated between the Applicants; and
  - 37.3. 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**

38. The District is forecasting receipts of approximately \$162,000 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 \$21,200.
39. The District is forecasting disbursements of approximately \$118,300 over the Forecast Period. We highlight the following with respect to these disbursements:
  - 39.1. 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 \$30,000 over the Forecast Period;
  - 39.2. Administrative expenses, travel and utilities are estimated to total approximately \$22,000 over the Forecast Period; and
  - 39.3. Operating expenses for outreach services are anticipated to total approximately \$27,400 over the Forecast Period.
40. The District had an opening cash balance of approximately \$4.9 million consisting of a cash balance of approximately \$2.6 million and bonds of approximately \$2.3 million, as at December 11, 2015, which are held with FI Capital Ltd. ("FI Capital"). We note that the value of the bonds held by FI Capital increased by approximately \$10,100 between October 11 and December 12, 2015 as certain investments matured or were liquidated. An additional exchange rate adjustment of approximately \$100 was also recorded during that time. As noted above, the District, including CEF, is projected to have a net cash inflow of approximately \$429,100 over the Forecast Period. As such, the District appears to have sufficient liquidity to sustain its ongoing operations during the Forecast Period.

## DIL

41. Attached as "Schedule 2" is the Statement of Projected Cash Flow for DIL for the thirteen week period ending March 12, 2016 (the "DIL Forecast"). DIL estimates a net outflow of cash of approximately \$2.0 million over the Forecast Period and projects that it will have cash on hand of approximately \$3.4 million at the end of the Forecast Period. A summary of the DIL Forecast is included below:

<b>Lutheran Church - Canada, The Alberta - British Columbia District Investments Ltd. Statement of Projected Cash Flow For the Thirteen Week Period Ending March 12, 2016</b>	
	<b>Total</b>
<b>Receipts</b>	
Loan Payouts	\$ 365,000
Bank Interest	3,750
Loan payments	138,377
<b>Total receipts</b>	<b>507,127</b>
<b>Disbursements</b>	
Management fee	(38,685)
Restructuring fees	(225,000)
CRO	(30,870)
DIL Distribution	(1,771,000)
Annual minimum RRIF payments	(425,000)
<b>Total disbursements</b>	<b>(2,490,555)</b>
<b>Net cash flow</b>	<b>\$ (1,983,428)</b>
<b>Cash and marketable securities on hand</b>	
Beginning balance	\$ 5,417,862
Net cash flow	(1,983,428)
<b>Ending balance</b>	<b>\$ 3,434,434</b>

42. Total projected receipts of approximately \$507,100 for DIL include regular monthly payments received on lines of credit and mortgages, which are estimated to total approximately \$138,400 over the Forecast Period. A loan pay-out from Good Shepherd Lutheran Church in Calgary in the amount of \$365,000 is also anticipated to be received during the Forecast Period.
43. DIL is forecasting disbursements of approximately \$2.5 million over the Forecast Period. We highlight the following with respect to these disbursements:
- 43.1. DIL estimates a disbursement of \$38,700 for management fees payable to the District, who assists in administering the investment fund;
- 43.2. DIL estimates disbursements of approximately \$225,000 to pay restructuring fees, including payments to the Applicant's legal counsel, the Monitor, the Monitor's legal counsel and the DIL Committee's legal counsel over the Forecast Period. Where appropriate, these fees are allocated between the Applicants;

- 43.3. DIL estimates fees for the CRO of approximately \$30,900 over the Forecast Period. The fees of the CRO are allocated between the Applicants;
  - 43.4. Pursuant to the Order granted by the Court of Queen's Bench of Alberta on August 28, 2015 and amended on November 5, 2015, DIL was authorized to transfer up to \$15.0 million held in registered retirement savings plans on behalf of DIL Depositors to alternate registered retirement savings plans (the "DIL Distribution"). As at December 12, 2015, DIL had transferred approximately \$13.2 million pursuant to the DIL Distribution and approximately \$1.8 million was anticipated to be transferred during the Forecast Period; and
  - 43.5. DIL estimates disbursements totalling \$425,000 over the Forecast Period related to the statutory annual minimum payments due pursuant to DIL Depositors' registered retirement income funds for 2016.
44. DIL had an opening cash balance of approximately \$5.4 million. As noted above, DIL is projected to have a net outflow of cash of approximately \$2.0 million over the Forecast Period. Based on their opening cash balance, DIL has sufficient liquidity to sustain its ongoing operations during the Forecast Period.

## **ECHS**

45. Attached as "Schedule 3" is the Statement of Projected Cash Flow for ECHS for the thirteen week period ending March 12, 2016 (the "ECHS Forecast"). ECHS estimates a net increase in cash of approximately \$93,200 over the Forecast Period and projects that it will have cash on hand of approximately \$731,800 at the end of the Forecast Period. A summary of the ECHS Forecast is included below:

**Encharis Community Housing and Services**  
**Statement of Projected Cash Flow**  
**For the Thirteen Week Period Ending March 12, 2016**

	<b>Total</b>
<b>Receipts</b>	
Lease revenue	\$ 360,000
Water and sewage revenue	126,700
RV lot rental	3,000
<b>Total receipts</b>	<b>489,700</b>
<b>Disbursements</b>	
Operating expenses	(167,000)
Plan Payments	(57,534)
Restructuring fees	(128,770)
CRO	(13,230)
Contingency	(30,000)
<b>Total disbursements</b>	<b>(396,534)</b>
<b>Net cash flow</b>	<b>\$ 93,166</b>
<b>Cash on hand</b>	
Beginning balance	\$ 638,670
Net cash flow	93,166
<b>Ending balance</b>	<b>\$ 731,836</b>

46. ECHS is projecting receipts of approximately \$489,700 over the Forecast Period. We highlight the following with respect to these receipts:
- 46.1. ECHS leases land and buildings that they own within the Prince of Peace development to EMSS. Monthly lease payments of \$120,000 are payable from EMSS to ECHS with respect to this lease. These monthly lease payments are estimated to total \$360,000 over the Forecast Period; and
  - 46.2. ECHS provides water and sewer services to EMSS and to the elementary and junior high school located in the Prince of Peace Development. Receipts for the provision of water and sewer services are estimated to total \$126,700 over the Forecast Period.
47. ECHS is projecting disbursements of approximately \$396,500 over the Forecast Period. We highlight the following with respect to these disbursements:
- 47.1. ECHS estimates disbursements of \$167,000 over the Forecast Period for ongoing operating expenses;
  - 47.2. Pursuant to the ECHS Plan, the trade creditors of ECHS are to be paid in full (the "ECHS Plan Payments"). The timing of the sanction of the ECHS Plan is uncertain, however, the ECHS Plan Payments in the amount of approximately \$57,500 have been included in the ECHS Forecast;

- 47.3. 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 \$128,800 over the Forecast Period; and
- 47.4. Contingency payments of approximately \$30,000 over the Forecast Period include payments related to the repair of roadways for the Prince of Peace Development.
48. ECHS has an opening cash balance of approximately \$638,700. As noted above, ECHS is projected to have a net cash inflow of approximately \$93,200 over the Forecast Period and has sufficient liquidity to sustain its ongoing operations during the Forecast Period.

## EMSS

49. Attached as "Schedule 4" is the Statement of Projected Cash Flow for EMSS for the thirteen week period ending March 12, 2016 (the "EMSS Forecast"). EMSS estimates a net decrease in cash of approximately \$206,300 over the Forecast Period. EMSS projects that it will have cash on hand of approximately \$963,800 at the end of the Forecast Period. A summary of the EMSS Forecast is included below:

<b>Encharis Management and Support Services</b>	
<b>Statement of Projected Cash Flow</b>	
<b>For the Thirteen Week Period Ending March 12, 2016</b>	
	<b>Total</b>
<b>Receipts</b>	
Rent	\$ 1,320,000
Alberta Health Services funding	1,166,532
Miscellaneous revenue	13,000
<b>Total receipts</b>	<b>2,499,532</b>
<b>Disbursements</b>	
Payroll	(1,179,000)
RRSP's	(60,750)
Health Benefits	(90,000)
Administrative expenses	(208,000)
Food services expenses	(115,400)
Housekeeping expenses	(19,900)
Healthcare expenses	(8,500)
Maintenance expenses	(205,000)
Utility expenses	(182,000)
Diversicare	(44,000)
Lease payments	(360,000)
Plan Payments	(78,056)
Restructuring fees	(142,000)
CRO	(13,230)
<b>Total disbursements</b>	<b>(2,705,836)</b>
<b>Net cash flow</b>	<b>\$ (206,304)</b>
<b>Cash on hand</b>	
Beginning balance	\$ 1,170,066
Net cash flow	(206,304)
<b>Ending balance</b>	<b>\$ 963,762</b>

50. EMSS is projecting receipts of approximately \$2.5 million over the Forecast Period. We highlight the following with respect to these receipts:
  - 50.1. EMSS is estimated to receive \$1.3 million from rental revenue collected over the Forecast Period. The rental revenue is paid by individual residents of the Harbour and the Manor seniors' care facilities; and
  - 50.2. EMSS' other main source of revenue is funding from Alberta Health Services pursuant to various grant agreements, which is received in monthly installments at the beginning of each month (the "AHS Payments"). The AHS Payments are anticipated to total approximately \$1.2 million over the Forecast Period.
51. EMSS is projecting disbursements of approximately \$2.7 million over the Forecast Period. We highlight the following with respect to these disbursements:
  - 51.1. EMSS employees are paid on a bi-weekly basis. Payroll for EMSS employees is estimated to total approximately \$1.2 million over the Forecast Period, including CRA payroll source deductions. Additional RRSP and health benefits for EMSS employees in the respective amounts of \$60,800 and \$90,000 are anticipated to be payable over the Forecast Period;
  - 51.2. Administrative expenses, food expenses and maintenance expenses are anticipate to total \$208,000, \$115,400 and \$205,000 respectively over the Forecast Period. Maintenance expenses include a capital expenditure of approximately \$70,000 related to a required flooring repair;
  - 51.3. As noted above, EMSS makes monthly lease payments to ECHS for use of the land and buildings from which the Harbour and the Manor seniors' care facilities operate, which are estimated to total 360,000 over the Forecast Period;
  - 51.4. EMSS estimates payments for utilities, including for water and sewage services, of \$182,000 over the Forecast Period;
  - 51.5. Pursuant to the EMSS Plan, the trade creditors of EMSS are to be paid in full (the "EMSS Plan Payments"). The timing of the sanction of the EMSS Plan is uncertain, however, the EMSS Plan Payments in the amount of approximately \$78,100 are included in the EMSS Forecast; and
  - 51.6. Disbursements to pay restructuring fees, including payments to the Applicants' legal counsel, the Monitor and the Monitor's legal counsel are estimated to total approximately \$142,000 over the Forecast Period.
52. EMSS has an opening cash balance of approximately \$1.2 million. As noted above, EMSS is projected to have a net cash outflow from operations of approximately \$206,300 over the Forecast Period;

however, based on their opening cash balance, EMSS appears to have sufficient liquidity to sustain its ongoing operations during the Forecast Period.

## Monitor's Report on Cash Flow Statements

53. The District Forecast, the DIL Forecast, the ECHS Forecast and the EMSS Forecast will collectively be referred to as the "Applicants' Forecasts".
54. The Monitor reports as follows with respect to the Applicants' Forecasts:
  - 54.1. 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;
  - 54.2. 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;
  - 54.3. Based on our review, nothing has come to the attention of the Monitor that causes us to believe that, in all material respects:
    - 54.3.1. The hypothetical assumptions are not consistent with the purpose of the each of the Applicants' Forecasts;
    - 54.3.2. As at the date of the Tenth 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
    - 54.3.3. Each of the Applicants' Forecasts does not reflect the probable and hypothetical assumptions.
  - 54.4. 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
  - 54.5. 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

55. Attached as “Schedule 5” is a variance analysis (the “Variance Analysis”) for the District for the period from October 11 to December 12, 2015 (the “Variance Period”). The Variance Analysis for the District reflects an overall net negative variance of approximately \$144,400. The Variance Analysis is based on the Statement of Projected Cash Flow for the Thirteen Week Period Ending January 9, 2015 for the District, which was dated October 14, 2015.
56. The following permanent negative variances over \$25,000 were reported during the Forecast Period:
  - 56.1. salaries and benefits attributable to CEF of approximately \$30,500, which were erroneously excluded from the October District Forecast; and
  - 56.2. Restructuring fees of approximately \$176,300 as a result of professional fees being higher than originally anticipated over the Forecast Period, partly due to additional work that has been undertaken to formulate the District Plan.
57. As noted above, the value of the marketable securities held by FI Capital increased in value by approximately \$10,100 during the Variance Period as certain investments matured or were liquidated. An additional exchange rate adjustment of approximately \$100 was also recorded during that time.

## DIL

58. Attached as “Schedule 6” is a Variance Analysis for the Variance Period for DIL. The Variance Analysis reflects an overall net positive variance of approximately \$489,000. The Variance Analysis is based on the Statement of Projected Cash Flow for the Thirteen Week Period Ending January 9, 2015 for DIL, which was dated October 14, 2015.
59. The following permanent variances over \$25,000 were reported during the Variance Period:
  - 59.1. A negative variance of approximately \$898,800 was reported due to selected loan payouts being provided to DIL’s legal counsel instead of to DIL directly. For greater clarity, although they were not received by DIL directly, these funds will be made available for distribution to DIL Depositors pursuant to the DIL Plan. A further negative variance of approximately \$380,800 reported during this period was timing related; and
  - 59.2. A permanent negative variance of approximately \$48,000, which related to restructuring fees being higher than originally forecast. This was likely due in part to the fact that the DIL Plan was finalized and filed during the Variance Period.

## ECHS

60. Attached as “Schedule 7” is a Variance Analysis for the Variance Period for ECHS. The Variance Analysis reflects an overall net positive variance of approximately \$48,100. The Variance Analysis is based on the Statement of Projected Cash Flow for the thirteen week period ending January 9, 2015 for ECHS, which was dated October 14, 2015. No permanent variances over \$25,000 were reported during the Variance Period.

## EMSS

61. Attached as “Schedule 8” is a Variance Analysis for the Variance Period for EMSS. The Variance Analysis reflects an overall net positive variance of \$135,400. The Variance Analysis is based on the Statement of Projected Cash Flow for the thirteen week period ending January 9, 2015 for EMSS, which was dated October 14, 2015. No permanent variances over \$25,000 were reported during the Variance Period.

# Conclusion

62. The Monitor supports the application of the Committees for approval of the Settlement as described herein based on the following:
- 62.1. Both the District Committee and the DIL Committee have had the opportunity to review material related to the Settlement Matters and have had the benefit of independent legal advice with respect to the Settlement Matters;
  - 62.2. In the absence of the Settlement, the Settlement Matters may be litigated. Additional professional fees would be incurred related to litigating the Settlement Matters as well as any corresponding delay in the CCAA proceedings;
  - 62.3. Should the Settlement Matters be litigated, it would likely result in division within the larger body of Depositors as a result of litigation between groups that include members of the same family or from the same or related congregations; and
  - 62.4. Both of the Committees have approved the Settlement.
63. Subject to Court approval of the Settlement, the quantum available to both District and DIL Depositors pursuant to District Plan and the DIL Plan can be estimated. As such, the resolution of the Settlement Matters allows useful information to be made available to DIL Depositors in considering the DIL Plan and facilitates the District finalizing the District Plan.

**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, CBV  
Senior Vice-President

# Schedules

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# Schedule 1

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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 March 12, 2016

Week ending	19-Dec-15	26-Dec-15	2-Jan-16	9-Jan-16	16-Jan-16	23-Jan-16	30-Jan-16	6-Feb-16	13-Feb-16	20-Feb-16	27-Feb-16	6-Mar-16	12-Mar-16	Total	Notes
<b>Cash flow from CEF operations</b>															
<b>Receipts</b>															
Lease payments			\$ 29,018					\$ 29,018				\$ 29,018		\$ 87,053	1
Bank Interest Income			500					500				500		1,500	
Management fees		12,865					12,865				12,865			38,685	2
Loan Payout		210,000				600,000								810,000	3
Loan interest and principal payments	16,717		385		14,782			385		14,782		385		47,436	4
<b>Total Receipts</b>	<b>16,717</b>	<b>222,865</b>	<b>29,903</b>	<b>-</b>	<b>14,782</b>	<b>600,000</b>	<b>12,865</b>	<b>29,903</b>	<b>-</b>	<b>14,782</b>	<b>12,865</b>	<b>29,903</b>	<b>-</b>	<b>984,674</b>	
<b>Disbursements</b>															
Mortgage payments			(28,189)					(28,189)				(28,189)		(84,567)	1
CEF salaries and benefits	(15,000)		(4,200)	(3,000)	(15,000)			(4,200)	(3,000)	(15,000)		(4,200)		(83,600)	
Operating expenses	(1,200)	(1,200)	(1,200)	(1,200)	(1,200)	(1,200)	(1,200)	(1,200)	(1,200)	(1,200)	(1,200)	(1,200)	(1,200)	(15,600)	
Plant Fund	(250)	(250)	(2,500)	(250)	(250)	(250)	(250)	(250)	(650)					(4,650)	
Emergency fund			(35,000)					(35,000)				(35,000)		(105,000)	5
Restructuring fees				(110,000)					(110,000)			(75,000)		(295,000)	6
CRD				(10,290)					(10,290)			(10,290)		(30,870)	7
<b>Total disbursements</b>	<b>(16,450)</b>	<b>(1,450)</b>	<b>(71,089)</b>	<b>(124,740)</b>	<b>(16,450)</b>	<b>(1,450)</b>	<b>(1,450)</b>	<b>(68,589)</b>	<b>(125,140)</b>	<b>(16,200)</b>	<b>(1,200)</b>	<b>(153,879)</b>	<b>(1,200)</b>	<b>(650,287)</b>	
<b>Net cash flow from CEF operations</b>	<b>267</b>	<b>221,415</b>	<b>(41,186)</b>	<b>(124,740)</b>	<b>(1,668)</b>	<b>698,550</b>	<b>11,415</b>	<b>(38,686)</b>	<b>(125,140)</b>	<b>(1,418)</b>	<b>11,665</b>	<b>(122,976)</b>	<b>(1,200)</b>	<b>334,387</b>	
<b>Cash flow from other District operations</b>															
<b>Receipts</b>															
Mission remittances	30,000	11,000	11,000	11,000	11,000	11,000	11,000	11,000	11,000	11,000	11,000	11,000	11,000	162,000	8
<b>Total receipts</b>	<b>30,000</b>	<b>11,000</b>	<b>11,000</b>	<b>11,000</b>	<b>11,000</b>	<b>11,000</b>	<b>11,000</b>	<b>11,000</b>	<b>11,000</b>	<b>11,000</b>	<b>11,000</b>	<b>11,000</b>	<b>11,000</b>	<b>162,000</b>	
<b>Disbursements</b>															
Salaries and benefits	(10,000)				(10,000)				(10,000)					(30,000)	9
Administrative expenses, travel and utilities	(1,000)	(1,000)	(4,000)	(1,000)	(1,000)	(1,000)	(1,000)	(4,000)	(1,000)	(1,000)	(1,000)	(4,000)	(1,000)	(22,000)	10
Outreach operating expenses	(7,458)	(500)	(500)	(500)	(7,458)	(500)	(500)	(500)	(500)	(7,458)	(500)	(500)	(500)	(27,374)	11
Department of Stewardship and Financial Ministries operating expenses			(1,000)	(1,000)				(1,000)					(1,000)	(3,000)	12
President's expenses	(750)	(750)	(750)	(750)	(750)	(750)	(750)	(750)	(750)	(750)	(750)	(750)	(750)	(9,750)	
Mission Payments to LCC	(4,700)			(8,500)				(4,000)						(12,200)	8
Contingency							(2,500)					(2,500)		(5,000)	
<b>Total disbursements</b>	<b>(23,908)</b>	<b>(2,250)</b>	<b>(5,250)</b>	<b>(3,250)</b>	<b>(27,708)</b>	<b>(2,250)</b>	<b>(4,750)</b>	<b>(6,250)</b>	<b>(8,250)</b>	<b>(16,208)</b>	<b>(4,750)</b>	<b>(6,250)</b>	<b>(6,250)</b>	<b>(118,324)</b>	
<b>Net cash flow from other District operations</b>	<b>6,092</b>	<b>8,750</b>	<b>5,750</b>	<b>7,750</b>	<b>(16,708)</b>	<b>8,750</b>	<b>6,250</b>	<b>4,750</b>	<b>4,750</b>	<b>(6,208)</b>	<b>6,250</b>	<b>4,750</b>	<b>4,750</b>	<b>43,676</b>	
<b>Total net cash flow</b>	<b>\$ 6,359</b>	<b>\$ 230,165</b>	<b>\$ (35,436)</b>	<b>\$ (116,990)</b>	<b>\$ (18,376)</b>	<b>\$ 807,300</b>	<b>\$ 17,665</b>	<b>\$ (33,936)</b>	<b>\$ (120,390)</b>	<b>\$ (6,208)</b>	<b>\$ 17,915</b>	<b>\$ (118,226)</b>	<b>\$ 3,560</b>	<b>\$ 428,063</b>	
<b>Cash and marketable securities on hand</b>															
Beginning balance	\$ 4,892,768	\$ 4,899,127	\$ 5,129,322	\$ 5,093,886	\$ 4,976,896	\$ 4,958,520	\$ 5,595,820	\$ 5,583,515	\$ 5,549,578	\$ 5,429,188	\$ 5,419,562	\$ 5,437,507	\$ 5,318,281	\$ 4,892,768	13
Total net cash flow	6,359	230,165	(35,436)	(116,990)	(18,376)	807,300	17,665	(33,936)	(120,390)	(6,208)	17,915	(118,226)	3,560	428,063	
Ending balance	\$ 4,899,127	\$ 5,129,322	\$ 5,093,886	\$ 4,976,896	\$ 4,958,520	\$ 5,665,820	\$ 5,603,515	\$ 5,549,578	\$ 5,429,188	\$ 5,419,562	\$ 5,437,507	\$ 5,318,281	\$ 5,321,831	\$ 5,321,831	14

Prepared as at the 21 day of December 2015



# Schedule 2

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

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

Week ending	19-Dec-15	26-Dec-15	2-Jan-16	9-Jan-16	16-Jan-16	23-Jan-16	30-Jan-16	6-Feb-16	13-Feb-16	20-Feb-16	27-Feb-16	6-Mar-16	12-Mar-16	Total	Notes
<b>Receipts</b>															
Loan Payments	\$	365,000												\$ 365,000	1
Bank Interest			2,000					1,000				750		3,750	
Loan payments		48,128	48,128					48,128				48,128		138,377	2
<b>Total receipts</b>		365,000	48,128					47,128				48,878		507,127	
<b>Disbursements</b>															
Management fee		(12,895)						(12,895)				(12,895)		(38,685)	3
Restructuring fees			(75,000)					(75,000)				(75,000)		(225,000)	4
CRO				(10,290)					(10,290)				(10,290)	(30,870)	5
DIL Distribution				(40,000)	(40,000)	(40,000)	(40,000)	(40,000)	(1,811,000)					(1,771,000)	6
Annual RRIF payments				(50,290)	(425,000)	(40,000)	(127,895)	(1,621,290)						(425,000)	7
<b>Total disbursements</b>		(12,895)	(75,000)	(50,290)	(465,000)	(40,000)	(127,895)	(1,621,290)			(87,895)	(10,290)		(2,400,555)	
<b>Net cash flow</b>	\$	\$ 252,105	\$ (26,874)	\$ (50,290)	\$ (445,000)	\$ (40,000)	\$ (127,895)	\$ (1,574,164)	\$ -	\$ -	\$ (87,895)	\$ (10,290)	\$ -	\$ (1,993,428)	
<b>Cash and marketable securities on hand</b>															
Beginning balance	\$	5,417,862	\$ 5,769,967	\$ 5,743,693	\$ 5,092,803	\$ 5,227,803	\$ 5,187,803	\$ 5,009,808	\$ 3,485,743	\$ 3,485,743	\$ 3,485,743	\$ 3,387,848	\$ 3,434,434	\$ 5,417,862	8
Net cash flow		352,105	(26,874)	(50,290)	(465,000)	(40,000)	(127,895)	(1,574,164)			(87,895)	38,436		(1,653,428)	
Ending balance	\$	\$ 6,417,862	\$ 6,749,967	\$ 6,743,693	\$ 6,692,803	\$ 6,227,803	\$ 6,187,803	\$ 6,069,908	\$ 3,485,743	\$ 3,485,743	\$ 3,397,848	\$ 3,434,434	\$ 3,434,434	\$ 3,434,434	

Prepared as at the 21 day of December, 2015

Purpose:

This Statement of Projected Cash Flow (the "Cash Flow") has been prepared by management pursuant to section 10(2)(a) of the Companies' Creditors' Arrangement Act ("CCAA"). It is being filed specifically for the purposes contemplated in that section and readers are cautioned that it may not be appropriate for other purposes. The Cash Flow has been prepared based on 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.

Paul Charles Iovaglia  
Kluane Partners, 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. DL has not processed any depositor redemptions since January 2, 2015.
4. DL has filed a plan of compromise and arrangement (the "DL Plan") in the CCAA proceedings, which is subject to creditor and Court approval.

Notes & Assumptions - Specific:

1. Includes anticipated loan payout for the Good Shepherd Lutheran Church in Calgary, AB.
2. Includes mortgage payments related to properties in Kelowna, BC and in Strathmore, AB.
3. Represents a monthly management fee payable to the District.
4. Represents anticipated amounts payable to DL's legal counsel, the CCAA Monitor, the CCAA Monitor's legal counsel and representative counsel for the creditors' committee that was established for DL.
5. Includes amounts payable to Kluane Partners as the Chief Restructuring Officer.
6. On August 28, the Court granted an Order (as subsequently amended) approving the transfer of \$15.0 million from the registered retirement savings plans currently held by DL to new registered retirement savings plans held by Great West Life Assurance Company.
7. Represents required statutory annual minimum payments for 2016 (the "RRIF Payments") to be issued to depositors pursuant to their RRIFs.
8. Includes amounts held by DL in their accounts with Bank of Montreal, Bishop & McKenzie LLP, legal counsel to DL, as also holding approximately \$356,800 in trust related to the payout of loans from Faith Lutheran Church in Surrey BC, and from Walnut Grove Lutheran Church in Walnut Grove B.C. and approximately \$12,100 related to the proceeds from the mortgage lease on a residence within the Prince of Peace Village on which DL had a registered mortgage. These amounts are being held in trust to be distributed pursuant to the DL Plan.

# Schedule 3

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

Week ending	19-Dec-15	26-Dec-15	2-Jan-16	9-Jan-16	16-Jan-16	23-Jan-16	30-Jan-16	6-Feb-16	13-Feb-16	20-Feb-16	27-Feb-16	5-Mar-16	12-Mar-16	Total	Notes
<b>Receipts</b>															
Lease revenue			\$ 120,000					\$ 120,000				\$ 120,000		\$ 360,000	1
Water and sewage revenue			38,000	6,350				38,000	6,350			38,000		126,700	2
RV lot rental			1,000					1,000				1,000		3,000	
<b>Total receipts</b>			159,000	6,350				159,000	6,350			159,000		489,700	
<b>Disbursements</b>															
Operating expenses	(5,000)	(6,500)	(5,000)	(6,500)	(42,000)	(2,000)	(5,000)	(2,000)	(42,000)	(2,000)	(5,000)	(2,000)	(42,000)	(167,000)	3
Plan Payments					(57,534)									(57,534)	4
Restructuring fees	(67,590)				(30,590)				(30,590)					(128,770)	5
CRO	(4,410)				(4,410)				(4,410)					(13,230)	
Contingency			(10,000)					(10,000)				(10,000)		(30,000)	6
<b>Total disbursements</b>	(77,000)	(6,500)	(15,000)	(6,500)	(134,534)	(2,000)	(5,000)	(12,000)	(77,000)	(2,000)	(5,000)	(12,000)	(42,000)	(396,534)	
<b>Net cash flow</b>	\$ (77,000)	\$ (6,500)	\$ 144,000	\$ (150)	\$ (134,534)	\$ (2,000)	\$ (5,000)	\$ 147,000	\$ (70,650)	\$ (2,000)	\$ (5,000)	\$ 147,000	\$ (42,000)	\$ 93,166	
<b>Cash on hand</b>															
Beginning balance	\$ 638,870	\$ 561,870	\$ 555,170	\$ 699,170	\$ 699,020	\$ 564,486	\$ 562,486	\$ 557,486	\$ 704,486	\$ 633,836	\$ 631,836	\$ 626,836	\$ 773,836	\$ 638,870	7
Net cash flow	(77,000)	(6,500)	144,000	(150)	(134,534)	(2,000)	(5,000)	147,000	(70,650)	(2,000)	(5,000)	147,000	(42,000)	93,166	
<b>Ending balance</b>	\$ 561,870	\$ 555,170	\$ 699,170	\$ 699,020	\$ 564,486	\$ 562,486	\$ 557,486	\$ 704,486	\$ 633,836	\$ 631,836	\$ 626,836	\$ 773,836	\$ 731,836	\$ 731,836	

Prepared as at the 21 day of December, 2015

**Purpose:**

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

**Encharis Community Housing and Services**



Per: Charles Bougie  
Kluane Partners, 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 affected creditors of ECHS on December 11, 2015. An application for Court of Queen's Bench (the "Court") approval of the ECHS Plan will follow.

**Notes & Assumptions - Specific:**

1. ECHS owns land and buildings within the development known as the Prince of Peace to Encharis Management and Support Services ("EMSS"), a related entity. EMSS operates as the Prince of Peace Manor and Harbour, providing integrated supportive living services to seniors based on their assessed care needs. Monthly lease payments are \$120,000. Monthly payments are due on the 1st of each month from EMSS to ECHS with respect to this lease.
2. ECHS provides water and sewer services to EMSS, to the elementary school located in the Prince of Peace development and to residents of a condominium complex known as the Prince of Peace Village (the "Residents"). All Residents have their payments processed by EFT on the first of the month. EMSS makes their payment to ECHS during the first week of each month. The elementary school makes payments each month as funds are available.
3. Monthly accounts payable average approximately \$51,000 per month.
4. Subject to the ECHS Plan being approved by the Court, this represents the required payments to eligible affected creditors pursuant to the ECHS Plan.
5. Represents anticipated amounts payable to ECHS' legal counsel, the CCAA Monitor and the CCAA Monitor's legal counsel.
6. Includes payments related to the repair of roadways and the master-site plan approval process.
7. Includes amounts held by ECHS with Bank of Montreal. Bishop & McKenzie LLP, legal counsel to ECHS are holding approximately \$8.2 million from the sale of lands in Chestermere, Alberta in trust (the "Sale Proceeds"). The Sale Proceeds are not reflected herein but are being held in trust for inclusion in a plan or compromise and arrangement to be filed by the District.

# Schedule 4

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Encharis Management and Support Services ("EMSS")

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

Week ending	19-Dec-15	26-Dec-15	2-Jan-16	9-Jan-16	16-Jan-16	23-Jan-16	30-Jan-16	6-Feb-16	13-Feb-16	20-Feb-16	27-Feb-16	5-Mar-16	12-Mar-16	Total	Notes
<b>Receipts</b>															
Rent			\$ 440,000					\$ 440,000				\$ 440,000		\$ 1,320,000	1
Alberta Health Services ("AHS") funding			388,844					388,844				388,844		1,166,532	2
Miscellaneous revenue	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	13,000	3
<b>Total receipts</b>	<b>1,000</b>	<b>1,000</b>	<b>829,844</b>	<b>1,000</b>	<b>1,000</b>	<b>1,000</b>	<b>1,000</b>	<b>829,844</b>	<b>1,000</b>	<b>1,000</b>	<b>1,000</b>	<b>829,844</b>	<b>1,000</b>	<b>2,499,532</b>	
<b>Disbursements</b>															
Payroll		(196,500)		(196,500)		(196,500)		(196,500)		(196,500)		(196,500)		(1,179,000)	4
RRSPs		(10,125)		(10,125)		(10,125)		(10,125)		(10,125)		(10,125)		(60,750)	
Health Benefits	(3,000)				(29,000)				(29,000)				(29,000)	(90,000)	
Administrative expenses	(28,000)	(2,000)	(28,000)	(2,000)	(28,000)	(2,000)	(28,000)	(2,000)	(28,000)	(2,000)	(28,000)	(2,000)	(28,000)	(208,000)	5
Food services expenses	(14,000)	(5,000)	(14,000)	(5,000)	(14,000)	(5,000)	(14,000)	(5,000)	(14,000)	(5,000)	(14,000)	(5,000)	(14,000)	(115,400)	
Housekeeping expenses	(2,200)	(750)	(2,200)	(750)	(2,200)	(750)	(2,200)	(750)	(2,200)	(750)	(2,200)	(750)	(2,200)	(19,900)	
Healthcare expenses	(1,000)	(250)	(1,000)	(250)	(1,000)	(250)	(1,000)	(250)	(1,000)	(250)	(1,000)	(250)	(1,000)	(8,500)	
Maintenance expenses	(12,000)	(2,500)	(12,000)	(2,500)	(12,000)	(4,000)	(12,000)	(4,000)	(12,000)	(4,000)	(44,000)	(4,000)	(44,000)	(205,000)	6
Utility expenses	(5,000)		(17,000)	(40,000)	(2,500)	(2,500)	(2,500)	(50,000)	(2,500)	(5,000)	(2,500)	(50,000)	(2,500)	(182,000)	7
Diversicare					(22,000)				(22,000)					(44,000)	8
Lease payments			(120,000)					(120,000)				(120,000)		(360,000)	9
Plan Payments						(78,056)								(78,056)	10
Restructuring fees	(72,000)					(35,000)					(35,000)			(142,000)	11
CRO	(4,410)					(4,410)					(4,410)			(13,230)	
<b>Total disbursements</b>	<b>(141,610)</b>	<b>(217,125)</b>	<b>(194,200)</b>	<b>(257,125)</b>	<b>(110,700)</b>	<b>(338,591)</b>	<b>(59,700)</b>	<b>(424,625)</b>	<b>(110,700)</b>	<b>(223,625)</b>	<b>(131,110)</b>	<b>(388,625)</b>	<b>(108,100)</b>	<b>(2,705,836)</b>	
<b>Net cash flow</b>	<b>\$ (140,610)</b>	<b>\$ (216,125)</b>	<b>\$ 635,644</b>	<b>\$ (256,125)</b>	<b>\$ (109,700)</b>	<b>\$ (337,591)</b>	<b>\$ (58,700)</b>	<b>\$ 405,219</b>	<b>\$ (109,700)</b>	<b>\$ (222,625)</b>	<b>\$ (130,110)</b>	<b>\$ 441,219</b>	<b>\$ (107,100)</b>	<b>\$ (206,304)</b>	

<b>Cash on hand</b>															
Beginning balance	\$ 1,170,066	\$ 1,029,456	\$ 813,331	\$ 1,448,975	\$ 1,192,850	\$ 1,083,150	\$ 745,559	\$ 686,859	\$ 1,092,078	\$ 982,378	\$ 759,753	\$ 629,643	\$ 1,070,862	\$ 1,170,066	
Net cash flow	(140,610)	(216,125)	635,644	(256,125)	(109,700)	(337,591)	(58,700)	405,219	(109,700)	(222,625)	(130,110)	441,219	(107,100)	(206,304)	
<b>Ending balance</b>	<b>\$ 1,029,456</b>	<b>\$ 813,331</b>	<b>\$ 1,448,975</b>	<b>\$ 1,192,850</b>	<b>\$ 1,083,150</b>	<b>\$ 745,559</b>	<b>\$ 686,859</b>	<b>\$ 1,092,078</b>	<b>\$ 982,378</b>	<b>\$ 759,753</b>	<b>\$ 629,643</b>	<b>\$ 1,070,862</b>	<b>\$ 963,762</b>	<b>\$ 963,762</b>	

Prepared as at the 21 day of December, 2015

**Purpose:**

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

Encharis Management and Support Services



Per: Charles Bougie  
Kluane Partners, 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.
4. EMSS' plan of compromise and arrangement (the "EMSS Plan") was approved by the affected creditors of EMSS on December 11, 2015. An application for Court of Queen's Bench (the "Court") approval of the EMSS Plan will follow.

**Notes & Assumptions - Specific:**

1. Rents include all Alberta Health Services ("AHS") beds, independent beds and small rental amounts for the drug store and hair salon.
2. Annual funding revenue taken from the funding advice received from AHS on July 23, 2014.
3. Includes food services revenue, damage repair revenue and miscellaneous revenue (stamps, photocopying, etc.).
4. Payroll is withdrawn every second Friday and includes Canada Revenue Agency payroll source deductions.
5. Includes all administrative department expenses, payments to contractors who provide accounting, management and pastoral services, WCB, information technology and cable.
6. Includes a \$70,000 capital expense for a required flooring replacement.
7. EMSS obtains water and sewer services from ECHS.
8. A contract is in place with Verve, formerly known as Diversicare Canada Management Services Co., Inc. related to the operations of the Harbour and the Manor seniors' care facilities.
9. ECHS, a related entity owns land and buildings within the development known as Prince of Peace, which they lease to EMSS. EMSS operates as the Prince of Peace Manor and Harbour, providing integrated supportive living services to seniors based on their assessed care needs. Monthly lease payments are \$120,000. Monthly payments are due on the 1st of each month from EMSS to ECHS with respect to this lease.
10. Subject to the EMSS Plan being approved by the Court, this represents the required payments to affected creditors pursuant to the EMSS Plan.
11. Represents anticipated amounts payable to EMSS' legal counsel, the CCAA Monitor and the CCAA Monitor's legal counsel.

# Schedule 5

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**The Lutheran Church - Canada, The Alberta - British Columbia District including the Church Extension Fund  
Variance Analysis**

For the period from October 11, 2015 to December 12, 2015

Week ending	Forecast (F)	Actual (A)	Variance (A-F)	Notes
<b>Cash flow from CEF operations</b>				
<b>Receipts</b>				
Lease payments	\$ 58,036	\$ 58,036	\$ -	
Loan payouts	80,625	80,544	(81)	1
Bank interest	125	1,893	1,768	2
Management fees from DIL	38,685	50,767	12,082	3
Loan interest and principal payments	35,425	34,717	(708)	1
<b>Total Receipts</b>	<b>212,896</b>	<b>225,956</b>	<b>13,060</b>	
<b>Disbursements</b>				
Mortgage payments	(56,378)	(56,377)	0	
CEF salaries and benefits	(23,400)	(53,925)	(30,525)	4
Operating expenses	(17,500)	(10,650)	6,850	1
Plant fund	(6,500)	(11,284)	(4,784)	1
Emergency fund	(90,250)	(82,956)	7,294	5
Restructuring fees	(150,000)	(326,303)	(176,303)	5
CRO	(20,580)	(10,290)	10,290	1
<b>Total disbursements</b>	<b>(364,608)</b>	<b>(551,786)</b>	<b>(187,179)</b>	
	-	-	-	
<b>Net cash flow from CEF operations</b>	<b>(151,712)</b>	<b>(325,830)</b>	<b>(174,118)</b>	
<b>Cash flow from other District operations</b>				
<b>Receipts</b>				
Wage recovery	19,000	19,000	-	
Miscellaneous	-	883	883	1
Mission remittances	99,000	90,600	(8,400)	5
<b>Total receipts</b>	<b>118,000</b>	<b>110,483</b>	<b>(7,517)</b>	
<b>Disbursements</b>				
Salaries and benefits	(30,000)	(25,660)	4,340	1
Net restricted donations	-	12,981	12,981	6
Administrative expenses, travel and utilities	(18,250)	(10,390)	7,860	1
Outreach operating expenses	(18,416)	(15,779)	2,638	1
Department of Stewardship and Financial Ministries operating expenses	(3,000)	(1,000)	2,000	1
President's expenses	(6,400)	(5,223)	1,177	1
Mileage Reserve Payout	-	(816)	(816)	1
Mission to LCC	(5,500)	(8,614)	(3,114)	5
<b>Total disbursements</b>	<b>(81,566)</b>	<b>(54,501)</b>	<b>27,065</b>	
<b>Net cash flow from other District operations</b>	<b>36,434</b>	<b>55,982</b>	<b>19,548</b>	
	-	-	-	
<b>Total net cash flow</b>	<b>\$ (115,279)</b>	<b>\$ (269,848)</b>	<b>\$ (154,570)</b>	
<b>Cash and marketable securities on hand</b>				
<b>Beginning balance as per bank &amp; FI Capital Ltd.</b>	<b>\$ 5,152,419</b>	<b>\$ 5,152,419</b>	<b>\$ -</b>	
Total net cash flow	(115,279)	(269,848)	(154,570)	
Net Change in value of marketable securities/ adjustment to USD exchange rate		10,198	10,198	7
<b>Ending balance as per bank &amp; FI Capital Ltd.</b>	<b>\$ 5,037,140</b>	<b>\$ 4,892,768</b>	<b>\$ (144,372)</b>	

**Notes:**

1. Timing variances, which are expected to reverse themselves in future weeks.
2. Bank interest income higher than forecasted due to a higher than expected bank balance
3. Permanent variance due to management fees due to the District being higher than forecasted as the interim distribution to DIL depositors, approved pursuant to an Order of the Court of Queen's Bench of Alberta on August 28, 2015, as amended, took place later than anticipated.
4. October salaries were erroneously excluded from original forecast. In addition, worker benefits were higher than forecast.
5. Permanent variances are a result of receipts/ expenses being higher/ lower than originally forecast.
6. Represents net donations as at December 11, 2015, which have been provided for a dedicated third-party ministry.
7. Permanent variance as a result of a decrease in the value of marketable securities held by FI Capital Ltd. and an exchange rate adjustment.

# Schedule 6

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**The Lutheran Church - Canada, The Alberta - British Columbia District Investments Ltd.**  
**Variance Analysis**  
**For the period from October 11, 2015 to December 12, 2015**

Week ending	Forecast (F)	Actual (A)	Variance (A-F)	Notes
<b>Receipts</b>				
Bank interest	750	4,162	3,412	1
Loan payouts	2,265,926	986,368	(1,279,558)	2
Loan payments	\$ 92,252	107,898	\$ 15,647	3
<b>Total receipts</b>	<b>2,358,928</b>	<b>1,098,429</b>	<b>(1,260,499)</b>	
<b>Disbursements</b>				
Management fee	(38,685)	(50,747)	(12,062)	4
Restructuring fees	(130,000)	(178,037)	(48,037)	1
Operating expenses	-	(5,084)	(5,084)	1
CRO	(30,870)	(10,290)	20,580	3
DIL distribution	(15,000,000)	(13,205,962)	1,794,038	3
Emergency fund	(8,400)	(8,442)	(42)	3
Annual minimum RRIF payments	(1,100)	(1,098)	2	3
<b>Total disbursements</b>	<b>(15,209,055)</b>	<b>(13,459,661)</b>	<b>1,749,394</b>	
<b>Net cash flow</b>	<b>\$ (12,850,127)</b>	<b>\$ (12,361,232)</b>	<b>\$ 488,896</b>	
<b>Cash and marketable securities</b>				
<b>Beginning balance</b>	<b>\$ 17,779,003</b>	<b>\$ 17,779,003</b>	<b>\$ -</b>	
Total net cash flow	(12,850,127)	(12,361,232)	488,896	
Net change FI Capital Ltd.		90	90	5
<b>Ending Balance as per bank &amp; FI Capital</b>	<b>\$ 4,928,876</b>	<b>\$ 5,417,862</b>	<b>\$ 488,986</b>	

**Notes:**

1. Permanent variances due to revenue/ expenses being higher/ lower than originally forecast.
2. A portion of this variance is permanent due to the fact that selected loan payouts were paid directly into trust with DIL's legal counsel and a portion of this variance is timing related due to delays in the receipt of selected loan payouts.
3. Timing related variances, which are expected to reverse themselves in future weeks.
4. Permanent variance due to management fees due to the District being higher than forecasted as the interim distribution to DIL depositors, approved pursuant to an Order of the Court of Queen's Bench of Alberta on August 28, 2015, as amended, took place later than anticipated.
5. Permanent variance as a result of the receipt of a final interest payment for marketable securities held by FI Capital Ltd., which previously matured or were redeemed.

# Schedule 7

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**Encharis Community Housing and Services**  
**Variance Analysis**  
For the period from October 11, 2015 to December 12, 2015

Week ending	Forecast (F)	Actual (A)	Variance (A-F)	Notes
<b>Receipts</b>				
Lease revenue	\$ 240,000	\$ 240,000	\$ -	
Water and sewage revenue	88,700	89,958	1,258	1
RV lot rental	2,000	2,000	-	
<b>Total receipts</b>	330,700 -	331,958	1,258	
<b>Disbursements</b>				
Operating expenses	(151,500)	(109,068)	42,432	2
Restructuring fees	(85,590)	(105,556)	(19,966)	1
CRO	(17,640)	(13,230)	4,410	2
Contingency	(20,000)	-	20,000	2
<b>Total disbursements</b>	(274,730)	(227,854)	46,876	
<b>Net cash flow</b>	<b>\$ 55,970</b>	<b>\$ 104,103</b>	<b>\$ 48,133</b>	
<b>Cash on hand</b>				
Beginning balance	\$ 534,567	\$ 534,567	\$ -	
Net cash flow	55,970	104,103	48,133	
<b>Ending balance</b>	<b>\$ 590,537</b>	<b>\$ 638,670</b>	<b>\$ 48,133</b>	

**Notes:**

1. Permanent variance as a result of revenue/ expenses being higher/lower than originally forecast.
2. Timing related variances, which are expected to reverse themselves in future weeks.

# Schedule 8

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**Encharis Management and Support Services**  
**Variance Analysis**  
**For the period from October 11, 2015 to December 12, 2015**

Week ending	Forecast (F)	Actual (A)	Variance (A-F)	Notes
<b>Receipts</b>				
Rent	\$ 880,000	\$ 903,625	\$ 23,625	1
Alberta Health Services ("AHS") funding	777,688	777,688	-	
Miscellaneous revenue	9,000	28,018	19,018	1
<b>Total receipts</b>	<u>1,666,688</u>	<u>1,709,332</u>	<u>42,643</u>	
<b>Disbursements</b>				
Payroll	(982,500)	(945,683)	36,817	2
RRSP's	(50,625)	(50,361)	264	2
Health benefits	(94,000)	(82,873)	11,127	2
Administrative expenses	(128,000)	(110,949)	17,051	2
Food services expenses	(92,000)	(83,136)	8,864	1
Housekeeping expenses	(13,750)	(13,434)	317	2
Healthcare expenses	(10,500)	(5,535)	4,965	1
Maintenance expenses	(60,500)	(78,501)	(18,001)	3
Utility expenses	(122,000)	(119,137)	2,863	2
Diversicare	(52,000)	(52,265)	(265)	2
Lease payments	(240,000)	(240,000)	-	
Restructuring fees	(90,000)	(61,244)	28,756	2
CRO	(13,230)	(13,230)	-	
<b>Total disbursements</b>	<u>(1,949,105)</u>	<u>(1,856,347)</u>	<u>92,758</u>	
<b>Net cash flow</b>	<u>\$ (282,417)</u>	<u>\$ (147,015)</u>	<u>\$ 135,402</u>	
<b>Cash on hand</b>				
<b>Beginning Balance</b>	<u>\$ 1,317,081</u>	<u>\$ 1,317,081</u>	<u>\$ -</u>	
Net cash flow	(282,417)	(147,015)	135,402	
<b>Ending Balance</b>	<u>\$ 1,034,664</u>	<u>\$ 1,170,066</u>	<u>\$ 135,402</u>	

**Notes:**

1. Permanent variance due to revenue/ expenses being higher/ lower than originally forecast.
2. Timing related variances, which are expected to reverse themselves in future weeks.
3. Permanent variance due to a required flooring repair, which was erroneously excluded from the original forecast.