

COURT FILE NUMBER: 1501-00955

COURT: COURT OF QUEEN'S BENCH OF ALBERTA

JUDICIAL CENTRE: CALGARY

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

DOCUMENT: AFFIDAVIT

ADDRESS FOR SERVICE Sugden, McFee & Roos LLP
AND CONTACT Barristers & Solicitors
INFORMATION OF PARTY #700 – 375 Water Street
FILING THIS DOCUMENT Vancouver, B.C. V6B 5C6

Attention: Errin A. Poyner

Telephone: 604-687-7700

Fax: 604-687-5596

File No. K-5820(1)

AFFIDAVIT OF COURTNEY CLARK

Sworn on February 23, 2016

I, COURTNEY CLARK, of Vancouver, British Columbia, SWEAR AND SAY THAT:

1. I am a legal assistant with the law firm of Sugden, McFee & Roos LLP, and solicitors for Elvira Kroeger and Randy Kellen herein, and as such have personal knowledge of the facts and matters hereinafter deposed to, except where stated to be based on information and belief and where so stated I verily believe the same to be true.
2. Attached hereto and marked as **Exhibit "A"** to my affidavit is a true copy of a letter dated November 27, 2015 from Errin Poyner of Sugden, McFee & Roos LLP addressed to Chris Simard of Bennett Jones LLP and Doug Nishimura of Field LLP.

3. Attached hereto and marked as **Exhibit "B"** to my affidavit is a true copy of a letter dated December 10, 2015 from Errin Poyner of Sugden, McFee & Roos LLP addressed to Doug Nishimura of Field LLP and Francis Taman of Bishop & McKenzie LLP.
4. Attached hereto and marked as **Exhibit "C"** to my affidavit is a true copy of a letter dated December 21, 2015 from Francis Taman of Bishop & McKenzie LLP to Errin Poyner of Sugden McFee & Roos LLP.
5. Attached hereto and marked as **Exhibit "D"** to my affidavit is a true copy of a letter dated January 11, 2015 from Errin Poyner of Sugden, McFee & Roos LLP addressed to Doug Nishimura of Field LLP and Francis Taman of Bishop & McKenzie LLP. The date on the letter is a typographical error; the correct date of the letter is January 11, 2016.
6. Attached hereto and marked as **Exhibit "E"** to my affidavit is a true copy of a letter dated January 20, 2016 from Errin Poyner of Sugden, McFee & Roos LLP addressed to Doug Nishimura of Field LLP and Francis Taman of Bishop & McKenzie LLP, with attachment.
7. Attached hereto and marked as **Exhibit "F"** to my affidavit is a true copy of a letter dated February 1, 2015 from Errin Poyner of Sugden, McFee & Roos LLP addressed to Francis Taman of Bishop & McKenzie LLP with attachments. The date on the letter is a typographical error; the correct date of the letter is February 1, 2016.
8. Attached hereto and marked as **Exhibit "G"** to my affidavit is a true copy of a letter dated February 4, 2016 from Francis Taman of Bishop & McKenzie LLP addressed to Errin Poyner of Sugden, McFee & Roos LLP.
9. Attached hereto and marked as **Exhibit "H"** to my affidavit is a true copy of a letter dated February 9, 2016 from Errin Poyner of Sugden, McFee & Roos LLP addressed to Francis Taman of Bishop & McKenzie LLP. I have reviewed our file in this matter and it does not appear that Mr. Taman provided a response to Ms. Poyner's letter of February 9, 2016.
10. Attached hereto and marked as **Exhibit "I"** to my affidavit is a true copy of an email exchange between Errin Poyner of Sugden, McFee & Roos LLP, Vanessa Allen, Senior Manager of Deloitte Restructuring Inc. and Mr. Francis Taman of Bishop & McKenzie LLP dated January 26, 2016. I have reviewed our file in this matter and it does not appear that Mr. Taman provided a response to Ms. Poyner's email to him of that date.

11. Attached hereto and marked as **Exhibit "J"** to my affidavit is a true copy of an email exchange between Errin Poyner of Sugden, McFee & Roos LLP and Vanessa Allen, Senior Manager of Deloitte Restructuring Inc. and Mr. Tom Cumming of Gowlings LLP dated January 25, 2016. I have reviewed our file in this matter and it does not appear that Mr. Cumming provided a response to Ms. Poyner's email to him of that date.
12. Attached hereto and marked as **Exhibit "K"** to this my affidavit is a true copy of the Notice of Civil Claim filed in the British Columbia Supreme Court in the matter of Kroeger et al v. Lutheran Church – Canada et al under BCSC No. S161737 on February 23, 2016.
13. Attached hereto and marked as **Exhibit "L"** to this my affidavit is a true copy of the Auditors' Report dated April 6, 1990 from Deloitte & Touche, Chartered Accountants to the Board of Directors of The Lutheran Church – Canada Alberta – British Columbia District.
14. Attached hereto and marked as **Exhibit "M"** to this my affidavit is a true copy of the Auditors' Report dated April 6, 1991 from Deloitte & Touche, Chartered Accountants to the Board of Directors of The Lutheran Church – Canada Alberta – British Columbia District.
15. Attached hereto and marked as **Exhibit "N"** to this my affidavit is a true copy of the Financial Statements dated January 31, 1992 from Deloitte & Touche, Chartered Accountants to the Board of Directors of The Lutheran Church – Canada Alberta – British Columbia District.
16. Attached hereto and marked as **Exhibit "O"** to this my affidavit is a true copy of the Financial Statements dated January 31, 1993 from Deloitte & Touche, Chartered Accountants to the Board of Directors of The Lutheran Church – Canada Alberta – British Columbia District.
17. Attached hereto and marked as **Exhibit "P"** to this my affidavit is a true copy of the Auditors' Report dated April 28, 1994 from Deloitte & Touche, Chartered Accountants to the Board of Directors of The Lutheran Church – Canada Alberta – British Columbia District.
18. Attached hereto and marked as **Exhibit "Q"** to this my affidavit is a true copy of the Financial Statements dated January 31, 1995 from Deloitte & Touche, Chartered Accountants to the Board of Directors of The Lutheran Church – Canada Alberta – British Columbia District.

- 19. Attached hereto and marked as **Exhibit "R"** to this my affidavit is a true copy of the Financial Statements dated January 31, 1996 from Deloitte & Touche, Chartered Accountants to the Board of Directors of The Lutheran Church – Canada Alberta – British Columbia District.
- 20. Attached hereto and marked as **Exhibit "S"** to this my affidavit is a true copy of the Financial Statements dated January 31, 1997 from Deloitte & Touche, Chartered Accountants to the Board of Directors of The Lutheran Church – Canada Alberta – British Columbia District.
- 21. Attached hereto and marked as **Exhibit "T"** to this my affidavit is a true copy of the Financial Statements dated January 31, 1998 from Deloitte & Touche, Chartered Accountants to the Board of Directors of The Lutheran Church – Canada Alberta – British Columbia District.
- 22. Attached hereto and marked as **Exhibit "U"** to this my affidavit is a true copy of the Financial Statements dated January 31, 1999 from Deloitte & Touche, Chartered Accountants to the Board of Directors of The Lutheran Church – Canada Alberta – British Columbia District.
- 23. Attached hereto and marked as **Exhibit "V"** to this my affidavit is a true copy of the Annual Returns of Shepherd's Village Ministries Ltd. for the years 2005 to 2013.

SWORN BEFORE ME at the)
 City of Vancouver, in the)
 Province of British Columbia, this)
 23rd day of February, 2016.)
 _____)
 Errin A. Poyner)
 A Commissioner for taking)
 Affidavits within the Province of)
 British Columbia.)



COURTNEY CLARK

ERRIN A. POYNER
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ERRIN A. POYNER
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This is Exhibit "A" referred to in the
Affidavit of Courtney Clark
sworn before me at Vancouver
this 23 day of February 2016

*A Commissioner for taking Affidavits
within British Columbia*

File No.: K-5280(1)

Email: epoyner@smrlaw.ca

November 27, 2015

VIA EMAIL

Bennett Jones LLP
4500 Bankers Hall East
855 2nd Street SW
Calgary, AB T2P 4K7

Field LLP
#400 - 604 - 1st Street SW
Calgary, AB T2P 1M7

Attention: Doug Nishimura

Attention: Chris D. Simard

Dear Sirs:

Re: Lutheran Church of Canada – Alberta and British Columbia District (the "ABC District")

As you are aware, I have been retained by Randy Kellen and Elvira Kroeger to pursue recovery on a class-wide basis for depositors to the CEF and the DIL.

Further to my telephone conversation with Mr. Nishimura of today's date, I confirm that I have reviewed the proposed Plan of Arrangement filed by DIL and have several concerns regarding Articles 5 ("Representative Action") and 8.2 ("Limitations on Releases"). I will endeavour to set them out below.

1. Art. 8.2(d) ("Limitations on Releases")

This clause contemplates that "any Representative Action Claims that are advanced solely as part of the Representative Action" are not released.

Therefore, in order to understand what claims have not been released, one must understand what a Representative Action Claim is.

A Representative Action Claim is defined as "any and all claims of DIL Depositors that seek recovery of the amounts of their Claims not paid under this Plan and are not released under this Plan". The definition then goes on to provide a non-exclusive list of five different types of claims, three of which (a-c) are claims made against a Representative Action Defendant.

Accordingly, one must understand who is a Representative Action Defendant in order to know what claims are included in the non-released Representative Action Claims.

A Representative Action Defendant is defined as “the D&O Party(ies) and any other parties against whom Representative Action Claim(s) may be brought.”

So, in order to know who a Representative Action Defendant is, we must understand what a Representative Action Claim is. That is the same question that we started with. Accordingly, the definition of Representative Action Claim is circular and should be revised.

I would suggest that the definition should be revised by defining a Representative Action Defendant as any of the Released Parties. It is only the Released Parties who are entitled to the benefit of the plan. As the definition of Representative Action Defendant currently stands, it could arguably include third party co-obligators and independent tortfeasors who have not been released (pursuant to Art. 8.1), are not entitled to the benefit of the plan, and are not bound by its terms.

2. Art. 5.1 (“Representative Action”)

This article contemplates that a subcommittee will retain and instruct Representative Action Counsel, and that one member of the subcommittee will be the Representative Plaintiff.

First, Representative Action Counsel cannot take instructions from a committee whose interest in the Representative Action is not aligned with those of the Representative Plaintiff. The Representative is personally exposed to liability for costs in excess of the Representative Action Holdback. This creates a conflict of interest as between the subcommittee and the Representative Plaintiff which will impede counsel’s ability to take instructions.

Second, the clause contemplates that there will be only one Representative Plaintiff. There is some authority for the proposition (and indeed it is considered to be a conservative safeguard) that there be two Representative Plaintiffs to satisfy the numerosity test under class proceedings legislation. I appreciate that the Article contemplates that class proceedings legislation will not apply, but I raise that issue for your information.

To the extent that the intent of this Article may be a desire to protect the depositors from unscrupulous class counsel, it is important to remember that under class proceedings legislation any fees payable to class counsel must be approved by the Court as reasonable and fair. The terms of the retainer agreement between class counsel and the representative plaintiff are relevant to, but not determinative of, that issue. The Court retains a supervisory jurisdiction over class proceedings to ensure that class members are treated fairly; it would appear that the provisions of this Article attempt to do the same. One could reasonably anticipate that conflicts will occur.

3. Art. 5.4 (“Electing Not to Participate in a Representative Action in Election Letter”)

This clause contemplates that any depositor who elects not to participate in the Representative Action is not eligible to be a member of any “class” under provincial class proceedings legislation.

This limitation is overbroad. If the definition of Representative Action Claim is narrowed to include only claims against the Released Parties (including the D & O Parties), then depositors should be able to participate in class proceedings against non-released parties such as co-obligators and independent tortfeasors, regardless of whether they elect to participate in the Representative Action or not.

4. Art 5.5 (“Electing to Participate or Deemed Election to Participate in Representative Action in Election Letter”)

This clause requires depositors to elect to participate in the Representative Action by returning the election letter on or before the last business day before the Creditors’ Meeting. As you have stated, the intent of the clause is that failure to return the letter will result in the depositor being deemed to elect to participate; however, this is not clear on the face of the clause.

My concern here is that the wording of Art 5 may be revised through discussion and negotiation with the debtor between the date of the Meeting Order and the date of the meeting itself. The depositors should not be required to make a decision about whether or not to participate before they know what the final version of the plan will be, and are in a position to consider the plan in its entirety. I would suggest that the opt-in date be extended to 30-60 days after the plan is approved by the Court.

5. Art. 5.6 (“No Claims other than Representative Action”)

This Article contemplates that the Representative Action shall be the sole recourse of the depositors with respect to a Representative Action Claim, and that provincial class proceedings legislation does not apply.

In British Columbia, class members have the advantage of the “no costs” provisions of s.37 of the BC Class Proceedings Act. Absent unusual circumstances, the Court may not make costs awards to any party for any step in the proceeding, commencing with certification and concluding with the determination of common issues. Class members are only liable for costs in relation to the determination of their own individual issues (ie. assessment of quantum on an individual basis).

To the extent that the Article excludes the application of this valuable provision, the Representative Plaintiff will be deprived of an important piece of financial protection. As this Article stands, the Representative Plaintiff is exposed to the costs of the proceeding in excess of the Holdback. It is simply not reasonable to expect that any of the depositors will be willing to court that risk.

Further, by limiting the Representative Action to one action and excluding the operation of provincial class proceedings legislation, the depositors are deprived of important strategic advantages. For example, it would be advantageous to commence a class proceeding in both BC and Alberta, and to advance the BC action (leaving the Alberta action in abeyance) with the goal of achieving success in BC (without the risk of a costs award) and then utilizing those precedents to achieve similar success in Alberta where the risk of an adverse costs award is greater.

This would not result in any greater exposure to the debtor, and would protect the Representative Plaintiff from an adverse costs award.

6. Art 5.7 (“Opting Out of the Representative Action”)

This clause contemplates that depositors can opt-out of the Representative Action at any time.

While provincial class proceedings legislation do contain opt-out provisions, there is typically a deadline. In this case, a deadline is even more important, and it should be

relatively early. If by opting-out the depositor is entitled to be paid his/her share of the Holdback, this increases the personal financial exposure of the Representative Plaintiff to a costs order in excess of the Holdback. It is unfair to the Representative Plaintiff to allow other depositors to elect to participate in the benefits of the Representative Action, and then to withdraw their support up to and including the last minute.

Further, the Proportionate Share of Costs should be calculated by reference to the number of people who have elected to participate in the Representative Action, and not by the number of DIL depositors, some of whom may not elect to participate.

7. Art. 5.8 ("Indemnity for Representative Plaintiff")

This article contemplates that the Representative Plaintiff will be indemnified for any liability for a costs order that exceeds the Holdback. This result is that the Representative Plaintiff will be personally exposed to any costs award that exceeds the Holdback. This is an untenable situation and one that is sure to discourage any potential Representative Plaintiff from assuming the role.

If the plan is to exclude the operation of the "no costs" provisions of the BC Class Proceedings Act (and in my view it should not), then the Representative Action Defendants (who in my view should be limited to the Released Parties, including the D & O Parties) should agree not to seek an award of costs greater than the Holdback.

This is not an exhaustive list. In my view, Articles 8.2 and 5.1 of the plan require careful consideration and re-negotiation. To that end, I intend to appear by telephone at Monday's application and request a one-week adjournment so that these matters might be addressed. I hope that the DIL Depositors and the District Depositors will support that application.

Yours truly,

SUGDEN, McFEE & ROOS LLP

PER:

ERRIN A. POYNER

EAP/cc

cc: Mr. Jeffrey Oliver
Clients

SUGDEN, MCFEE & ROOS LLP
BARRISTERS & SOLICITORS

6

RICHARD R. SUGDEN, Q.C. (2009)

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TELEPHONE 604-687-7700
FAX 604-687-5596

This is Exhibit (A) referred to in the
Affidavit of Courtney Clark
sworn before me at Vancouver
this 23 day of February 2016

File No.: K-5280(1)

Email: epoyner@smrlaw.ca

December 10, 2015

VIA EMAIL

Field LLP
#400 - 604 - 1st Street SW
Calgary, AB T2P 1M7

A Commissioner for taking Affidavits
within British Columbia

Bishop & McKenzie LLP
#1700 - 530 8th Avenue SW
Calgary, AB T2P 3S8

Attention: Doug Nishimura

Attention: Francis Tamman

Dear Sirs:

Re: Lutheran Church of Canada – Alberta and British Columbia District (the “ABC District”)

I write further to my letter dated November 27, 2015 and the final draft of the DIL Plan (the “Plan”) which was released on December 7, 2015.

As you know, my clients are of the view that Art. 5 (“Representative Action”) is unfair and unreasonable, and not in the best interests of the DIL depositors.

However, in the event that the Plan is ultimately approved, my clients will be bound by it and accordingly wish it to be as effective as it can be in the circumstances. Accordingly, I reiterate the concerns outlined in my letter of November 27, 2015, and add the following additional comments about the wording of the Plan.

(a) Art. 5.1 (“Representative Action”)

The definition of “Representative Action” includes actions which “may be advanced as a class proceeding for the benefit of the Representative Action Class pursuant to the terms of the Plan.” However, Art. 5.1 provides that “Except as ordered by this Court within the CCAA Proceedings and only to the extent so ordered, the Representative Action shall not be governed by [provincial class proceeding legislation]”.

It would appear, therefore, that even if the Subcommittee wished to commence a class proceeding, it would require leave of the Court to do so; presumably, the Applicants would be entitled to oppose that application. This is an unwarranted limitation on the depositors’ right of recovery.

(b) Art. 5.2 (“Establishment of Subcommittee”)

This Article provides that “One member of the Subcommittee shall be the Representative Plaintiff”. Given that “Representative Action” is defined as “that legal action or actions undertaken in respect of the Representative Action Claims”, it would appear that Art 5.2 should be reworded as follows: “One or more member(s) of the Subcommittee shall be the Representative Plaintiff(s).”

(c) Art. 5.5 (“Electing to Participate”) and Art. 5.7 (“Opting Out”)

The present version of the Plan requires depositors to elect to opt-in to the Representative Action no later than the day prior to the commencement of the application for the Sanction Order. In my view, this deadline is not supportable.

Until the Plan has been approved by the Court, the Subcommittee cannot be formed, nor can it retain or instruct counsel. Accordingly, there will be no Representative Action to opt in to on the day before the Sanction Order hearing. Given that the number of opt-ins will determine the size of the Representative Action Holdback and therefore the funds available for distribution to each depositor, it is not reasonable to ask depositors to opt into legal proceedings until those proceedings have been commenced and depositors can make an informed choice about whether or not to participate.

This is particularly the case given the impenetrable wording of Arts. 8.4 and the definitions of Representative Action Claim and Representative Action Defendant in Article 1. To the ordinary reader, it is virtually impossible to understand which claims are and are not included in the definition of Representative Action Claim(s).

Further, Art. 5.7 sets the opt-out deadline as “any time prior to the commencement of the Representative Action”. Again, this is not supportable. First, the deadline is uncertain; the depositors will not know when a Representative Action has been commenced until after that event has occurred. Second, depositors will not have an opportunity to make an informed decision about their desire to participate in the Representative Action if they are not in a position to read and consider the pleadings (and take advice, if necessary) before the opt-out deadline.

These issues do not arise under the BC *Class Proceedings Act*. In a class proceeding, all class members are automatically members of the class (with the exception of out-of-province class members, who must opt in) unless and until they opt out. Opt-out notices are provided to class members (and opt-in notices are provided to out-of-province class members) following certification, and class members typically have 60-90 days to return them. This ensures that class members have ample opportunity to familiarize themselves with the pleadings and decide whether to remain a member of the class. If they choose to opt-out, they may pursue an individual claim. If an out-of-province class member chooses not to opt in, they may pursue an individual claim in their own jurisdiction.

Arts. 5.5 and 5.7 do not allow depositors to make an informed choice about participating in a Representative Action. Further, Art. 5.6 deprives depositors of the ability to pursue individual claims if, in the absence of an ability to make an informed choice, they decide to opt out of the Representative Action. This represents a substantial unfairness to depositors.

(d) Art. 5.6 (“No Claims Other than Representative Action”)

This Article prohibits any depositor who has elected or is deemed to have elected to participate in a Representative Action from being a member of any “class” certified under provincial class action legislation, “in any other legal proceeding(s) other than the Representative Action”.

This would appear to limit a person who is both a DIL depositor and also a District depositor to participation in only the DIL Representative Action. This would appear to be an oversight in the drafting process, and would benefit from the insertion of wording that ensures that a depositor may participate in any Representative Action commenced under any one or more of the District, DIL, EMSS and/or ECHS plans.

(e) Art. 5.8 (“Indemnity for Representative Plaintiff”)

In my November 27, 2015 letter, I expressed my view that counsel retained to prosecute a Representative Action could not take instructions from a subcommittee whose interests are not 100% aligned with those of the Representative Plaintiff, who faces an indeterminate financial risk.

I have had the opportunity to obtain the views of the Law Society of British Columbia in regards to this issue. I am advised that if the Representative Plaintiff executes a Power of Attorney in favour of the subcommittee, counsel may take its instructions. However, counsel must also be satisfied that the Representative Plaintiff has received independent legal advice prior to executing the Power of Attorney. In the circumstances, where the Representative Plaintiff’s indemnification is limited to the funds in the Representative Action Holdback (Art. 5.8), I would expect that any potential Representative Plaintiff would decline the role after having been advised of his or her potential financial exposure to an adverse costs award which exceeds the amount of the Holdback.

If the Subcommittee is unable to identify a potential Representative Plaintiff who is willing to accept the risk of an adverse costs award (having already lost his or her life savings as a result of these insolvencies), then no Representative Action may be advanced.

These observations, as with the comments made in my November 27, 2015, go to the fairness and reasonableness of the Plan.

Thank you for your attention to and consideration of my comments.

Yours truly,

SUGDEN, McFEE & ROOS LLP

PER:

ERRIN A. POYNER

EAP/cc

cc: Mr. Jeffrey Oliver
Mr. Chris Simard
Clients



Francis N. J. Taman
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OUR FILE NO. 103,007-003.0036
YOUR FILE NO. K-5280(1)

December 21, 2015

This is Exhibit "C" referred to in the
Affidavit of COURTNEY CLARK
sworn before me at VANCOUVER
this 23 day of FEBRUARY 2016

VIA FACSIMILE

Sugden, McFee & Roos LLP
Barristers & Solicitors
700 – 375 Water Street
Vancouver, BC V6B 5C6

[Signature]
A Commissioner for taking Affidavits
within British Columbia

Attention: Errin A. Poyner

Dear Ms. Poyner:

**Re: Plan of Arrangement and Compromise of Lutheran Church – Canada, the Alberta
– British Columbia District Investments Ltd. ("DIL")**

Further to your correspondence of December 10, 2015, we have taken an opportunity to review your comments with respect to the DIL plan of compromise and arrangement (the "DIL Plan"). We appreciate your comments and have the following response:

A. Article 5.1

The Representative Action is set up to permit the Depositors to pursue actions as a non-class proceeding if that is determined to be advisable by Representative Counsel. It does, however, provide the ability for Representative Counsel to choose to pursue a Class Action should it be deemed advisable. One of the concerns, obviously, is there is case law suggesting that there is a number of causes of action that cannot be pursued through a class action proceeding that might be necessary or desirable to pursue through the Representative Action.

While we acknowledge that there would be a requirement to make an application to permit the Representative Action to proceed as a class action, that is no different than the requirements to begin a class action. Class actions require certification orders, which can also be opposed. Therefore, respectfully, there is no additional burden as a court application can include the certification step in it. As such, there is no prejudice to the depositors right of recovery.

● Page 2

December 21, 2015

B. Article 5.2

We agree with your suggested change in wording and will be incorporating it in the next version of the DIL Plan.

C. Article 5.5

We appreciate your comments, but they fail to take into account religious beliefs of the individuals involved in this particular CCAA Proceeding. There are a material number of individuals who based on their religious beliefs, including their understanding of 1 Corinthians 6, do not believe in pursuing law suits against the Church. It is a desire to be responsive to these people's desires to not in any way be involved in the organization or pursuit of such a law suit that we have set an early date for the initial election as to whether or not they wish to participate in the law suit. While from a purely secular perspective this would seem early, the initial opt out respects the individual's desire not to be in any way involved in the law suit. When combined with the ability to opt out later on, we believe that it provides an ability for individuals who have a differing interpretation of scripture to be able to pursue the action if they believe that it is in their best interests.

With regarding to the opt out date, our initial proposal, as you may recall, was for individuals to be able to opt out at any time. We believe that this provides the most protection for the individual depositors. However, the points you raise with regard to more certainty for class action counsel lead to additional discussions with the Monitor and counsel for the creditors committee. We made these amendments as a result of those discussions.

The current deadline of the commencement of the Representative Action was based on feedback from the Monitor and Creditors Committee counsel. It was suggested that either the Monitor or the Representative Counsel would be circulating draft pleadings prior to such pleadings being filed. We believe that this would provide the opportunity that individuals need to make a judgment as to whether or not they wish to continue as part of the action. However, we still remain open to amending the DIL Plan to permit depositors to opt out at any time which, we agree, would give individuals the maximum ability to determine whether or not they wish to participate in what is being carried forward by the sub-committee.

D. Article 5.6

We appreciate your feedback with regard to clarifying the wording. We will also be making this change to the revision of the DIL Plan.

E. Article 5.8

We appreciate the extra step that you have taken to confirm that having the sub-committee give instructions to counsel will in fact work. In designing the Representative Action, we attempted to balance everyone's interests to the extent possible. In this instance, the sub-committee represents the interests of all of the depositors, on whose behalf this action is being pursued. This is the reason why the sub-committee provides instructions.

● Page 3

December 21, 2015

With respect to the protection of the individual plaintiff, that is the reason for the indemnity. What your comments do highlight, however, is the need for a experienced counsel to be retained who will be able to realistically assess the likely costs risks and provide a proper estimate to the Monitor and the sub-committee.

We trust the above is in order and thank you for your ongoing feedback with regard to the DIL Plan.

Yours truly,

BISHOP & MCKENZIE LLP

Per: 

Francis N. J. Taman

FNJT/ce

cc: Monitor
Jeff Oliver, counsel for Monitor
Chris Simard, counsel for District Creditors' Committee
Doug Nishimura, counsel for DIL Creditors' Committee
Client

SUGDEN, McFEE & ROOS LLP
BARRISTERS & SOLICITORS

12

RICHARD R. SUGDEN, Q.C.(2009)

E. DAVID CROSSIN, Q.C.*
ALBERT M. ROOS, Q.C.*
ERRIN A. POYNER
MICHAEL D. SHIRREFF
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FAX 604-687-5596

This is Exhibit "D" referred to in the
Affidavit of Courtney Clark
sworn before me at Vancouver
this 23 day of February 2016

File No.: K-5280(1)

Email: epoyner@smrlaw.ca

January 11, 2015

VIA EMAIL

Field LLP
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Calgary, AB T2P 1M7

A Commissioner for taking Affidavits
within British Columbia

Bishop & McKenzie LLP
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Calgary, AB T2P 3S8

Attention: Doug Nishimura

Attention: Francis Taman

Dear Sirs:

Re: Lutheran Church of Canada – Alberta and British Columbia District (the “ABC District”)

I write in response to Mr. Taman’s letter of December 21, 2015 concerning my comments on the proposed DIL Plan. Before responding to Mr. Taman’s comments, I will make some general comments about the DIL Plan, and particularly concerning Articles 5 (the “Representative Action”) and 8 (“Releases”).

As you are aware, it is the position of my clients that the Representative Action process that has been incorporated into the DIL Plan is overbroad, and represents an unwarranted compromise of the DIL Depositors’ procedural rights. Accordingly, I have enclosed a revised and red-lined draft of the DIL Plan which narrows the scope of the Representative Action to those claims against the Partially Released Parties which would otherwise be legitimately subject to compromise within the CCAA Proceedings. However, even this revised Plan does not satisfy all of my concerns about the fairness and reasonableness of Art. 5.

As you will note, I have revised the definition of “Representative Action Defendant” to mean only the Partially Released Parties. Further, I have revised the definition of “Representative Action Claims” to only include claims against the Partially Released Parties, including (but not limited to) the D & O Claims and any claims against DIL for the proceeds of any claims brought by DIL for causes of action arising before the making of the Initial Order. I have revised Art. 5.6 to indicate that the Representative Action represents the DIL Depositors’ sole recourse against the Partially Released Parties for the Representative Claims only.

The following claims are excluded from the definition of Representative Action Claims:

- (a) Claims against Directors falling within the scope of s.5.1(2) of the CCAA, as those claims are subject to a statutory prohibition against compromise;
- (b) Claims against the Released Representatives as set out in Art. 8.2;
- (c) The regulatory claims set out in Arts. 8.4(b) and (c), which would not be prosecuted by the DIL Depositors in any event; and

(d) Derivative claims.

Given that derivative claims have been excluded from the definition of Representative Action Claims, DIL has been excluded from the definition of Representative Action Plaintiff.

As you will note, I have inserted a requirement at para. 5.3 that the Subcommittee draft a Representative Action Plan (including a litigation budget) in consultation with counsel which will subsequently be distributed to the DIL Depositors. It is only after having an opportunity to review the Representative Action Plan that the Depositors can fairly and reasonably be asked to elect to participate in the Representative Action or not (see revised Art. 5.5). A new opt-out date which is the later of the commencement of the Representative Action (a date which should be included in the Representative Action Plan) and any opt-out date set by court order in any class proceedings commenced pursuant to the Plan has also been suggested (see revised Art. 5.7).

The DIL Plan must also provide the Subcommittee with the ability to request additional funds from the opted-in Depositors in the event that the Representative Action Holdback is not sufficient to finance the litigation or to fund the indemnity of the Representative Plaintiff (see new Art. 5.9). As presently drafted, DIL Depositors may well believe that the Holdback calculated at the outset of the Representative Action represents their total obligation for litigation costs. However, even the most well-informed estimate provided at the outset of litigation may be overtaken by unanticipated events and rendered inaccurate. DIL Depositors must be made aware that additional funds may be needed to carry the Representative Action(s) through to conclusion.

However, new Art. 5.9 does not address the circumstance which may arise if an adverse costs award exceeds the amount of money collected from the depositors by way of the Representative Action Holdback, as that amount may be increased from time to time pursuant to new Art. 5.9. In the event that the representative plaintiff(s) are not fully indemnified against an adverse costs order, what recourse will they have? Further, in the event that a conflict arises between the subcommittee and the representative plaintiff(s) and the representative plaintiff(s) revokes the instrument whereby he/she permits the representative counsel to take instructions from the subcommittee, what is the status of the representative action vis-à-vis the depositors and the Plan? There are no satisfactory answers to these questions, which go to the underlying fairness and reasonableness of Article 5.

You will also note that I have included simple negligence and breach of fiduciary duty in the claims for which the Released Representatives are not released pursuant to Art. 8.2. I do not see any rationale for releasing the Released Representatives from such potential claims. The releases given to the Applicants are part of a compromise of the DIL Depositors' claims; in contrast, no claims have yet been advanced against the Released Representatives and therefore there is nothing to compromise by way of a release. Claims for simple negligence and breach of fiduciary duty would likely be insured claims in any event.

I will now respond to Mr. Taman's December 21, 2015 letter regarding my comments on the current DIL Plan.

Art. 5.1 ("Representative Action")

To the extent that the Representative Action process contemplates the commencement of class proceedings by the Representative Plaintiff, those class proceedings will not be brought within the CCAA proceedings. Accordingly, the CCAA Court will not hear any applications to certify any proposed class proceedings and therefore the reference in Art. 5.1 to subsequent orders of "this Court within the CCAA Proceedings" should be removed.

Further, if the intent of including this wording is to simply indicate that class proceedings legislation will not apply in the absence of a certification order, then the wording is unnecessary and should be removed in any event.

(a) Art. 5.5 ("Electing to Participate") and Art. 5.7 ("Opting Out")

I appreciate that most if not all of the DIL (and District) depositors are members of the Lutheran faith, and that there are passages from scripture that may be interpreted as discouraging litigation against the Church. However, DIL is not a "church" at all, and other co-obligators and/or independent tortfeasors who may have caused or contributed to the DIL depositors' losses may not be church entities. Accordingly, to suggest to DIL depositors that they may not want to participate in the Representative Action for religious reasons may be inaccurate.

Individual DIL depositors may have any number of valid reasons (religious or secular) for electing to participate in the Representative Action or not. However, unless and until they have been informed as to the nature and scope of the Representative Action, DIL depositors will not be in a position to apply their personal beliefs and priorities to the decision-making process.

If the DIL depositors are going to be asked to opt in to the Representative Action, they should first know what they are opting in to. As noted above, I have revised the DIL Plan to allow Depositors to opt in to the Representative Action only after receiving the Representative Action Plan, and to opt-out at the later of the commencement of the Representative Action (which date should be included in the Representative Action Plan) and any opt-out date set by court order in a class proceeding commenced under the Representative Action Plan.

Further, as the Plan is currently drafted the DIL depositors are being asked to opt in to a representative action process run by a subcommittee that has not yet been appointed. Depositors should have an opportunity to know who will be instructing counsel before being asked to opt in. However, and more fundamentally, given the pre-existing religious affiliations between the depositors and the Applicants, it is reasonable to question whether members of the subcommittee may have interests that conflict with those of the other depositors. However, unlike the representative plaintiff in a class proceeding who must satisfy the Court that he or she has no

disqualifying conflict of interest, the members of the subcommittee are not accountable to the depositors.

(b) Art. 5.6 (“No Claims Other than Representative Action”)

As noted above, I have revised Art. 5.6 to indicate that the Representative Action is the DIL Depositors’ sole recourse against the Partially Released Parties in respect of the Representative Action Claims only.

(c) Art. 5.8 (“Indemnity for Representative Plaintiff”)

As noted above, even the best-informed litigation estimate may be exceeded as a result of unanticipated events. Accordingly, the Subcommittee must have the ability to replenish the Representative Action Holdback through additional calls upon the DIL Depositors, and the power to compromise or discontinue the Action in the event that there are insufficient funds available to continue litigation.

In the event that the DIL Plan is approved by a majority vote of the DIL Depositors, I intend to raise these points in my submissions at the sanction hearing.

Yours truly,

SUGDEN, McFEE & ROOS LLP

PER:

ERRIN A. POYNER

EAP/cc

cc: Mr. Jeffrey Oliver
Mr. Chris Simard
Clients

COURT FILE NUMBER 1501-00955

COURT COURT OF QUEEN'S BENCH OF ALBERTA

JUDICIAL CENTRE CALGARY

DOCUMENT AMENDED PLAN OF COMPROMISE AND ARRANGEMENT OF LUTHERAN CHURCH-CANADA, THE ALBERTA-BRITISH COLUMBIA DISTRICT INVESTMENTS LTD.

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, ENCHARIS COMMUNITY HOUSING AND SERVICES, ENCHARIS MANAGEMENT AND SUPPORT SERVICES, AND THE ALBERTA – BRITISH COLUMBIA DISTRICT, LUTHERAN CHURCH – CANADA, THE ALBERTA – BRITISH COLUMBIA DISTRICT INVESTMENTS LTD. DATED NOVEMBER 21, 2015

ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT Bishop & McKenzie LLP
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WHEREAS:

- I. Lutheran Church – Canada, the Alberta British Columbia District (defined herein as the "District"), Encharis Community Housing and Services (defined herein as "ECHS"), Encharis Management and Support Services (defined herein as "EMSS") and Lutheran Church – Canada, the Alberta – British Columbia District Investments Ltd. (defined herein as "District Investments" or "DIL", collectively, the "Applicants" or the "District Group") are debtor companies under the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (defined herein as the "CAA") pursuant to the Initial Order (defined herein as the "Initial Order") granted by the Honourable Justice K. D. Yamauchi of the Court of Queen's Bench of Alberta (the "Court") on January 23, 2015 (defined herein as the "Filing Date").
- II. Pursuant to the Initial Order, Deloitte Restructuring Inc. was appointed as Monitor (defined herein as the "Monitor") of the Applicants.
- III. Pursuant to an Order granted on February 20, 2015, the Court approved a process to select creditors' committees for each of the District and District Investments (respectively the "District Committee" and the "DIL Committee"). The District Committee was fully formed on April 22, 2015. The DIL Committee was fully formed on April 20, 2015. Pursuant to an Order granted on March 27, 2015, Kluaue Financial Services Inc. was appointed as the Chief Restructuring Officer (defined herein as the "CRO") of the Applicants.
- IV. Under the supervision of the Monitor and the Court, and in consultation with the DIL Committee and the CRO, the Applicants have formulated a plan of arrangement (defined herein as the "Plan") for Affected Creditors (as defined below) of District Investments.

ARTICLE 1
DEFINITIONS AND INTERPRETATION

1.1 Definitions

In this Plan, unless otherwise stated or unless the subject matter or context otherwise requires, the following terms are defined as follows:

A

"**Administration Charge**" means the charge granted pursuant to the Initial Order, and subsequently amended in the Order granted on June 26, 2015, in favour of the Monitor, counsel to the Monitor, the Applicants' Counsel and legal counsel for the District Committee and the DIL Committee as security for the professional fees and disbursements incurred both before and after the granting of the Initial Order, which charge shall not exceed an aggregate amount of \$300,000.

"**Affected Claims**" means the Claim(s) of Affected Creditors.

"**Affected Creditors**" means the DIL Depositors.

"**Agreements**" means agreements to which DIL is a Party.

"**Applicable Law**" means, with respect to any Person, property, transaction, event or other matter; any law, rule, statute, regulation, order, judgment, decree, treaty or other requirement having the force of law relating or applicable to such Person, property, transacting event or other matter. Applicable Law also includes, where appropriate, any interpretation of the law (or any part) by any Person having jurisdiction over it or charged with its administration or interpretation.

"**Applicants**" means the District, ECHS, EMSS and District Investments.

"**Applicants' Counsel**" means Bishop & McKenzie LLP, and such other solicitors as Bishop & McKenzie LLP may directly engage to assist in the CCAA Proceedings.

B

"**BIA**" means the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended.

"**Borrowers**" mean those Persons who have borrowed funds from the Registered Plans.

"**Business Day**" means a day on which banks are generally open for the transaction of commercial business in Calgary, Alberta, but does not in any event include a Saturday, Sunday or a bank holiday under Applicable Law.

C

"CCAA" means *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended.

"CCAA Proceedings" mean the proceedings commenced by the Applicants under the CCAA in the Court as Action No. 1501-00955.

"CEF" means the Church Extension Fund, a fund that was created and administered by the District for the purpose of allowing Persons to loan money to the District and earn interest in support of faith-based developments.

"Chair" means the chair of the Creditors' Meeting.

"Charge" means a valid and enforceable security interest (including a lease which creates a security interest as contemplated by the *Personal Property Security Act*, R.S.A. 2000 c. P-7, as amended), lien, charge, pledge, encumbrance, mortgage, hypothec, adverse claim, title retention agreement or trust agreement of any nature or kind (but excluding any statutory deemed or implied charge, condition, claim, trust or lien for or with respect to any taxes or levies), on any assets, property or proceeds of sale of DIL.

"Claim(s)" means any right or claim of any Person that may be asserted or made in whole or in part against DIL at the Claims Bar Date, whether or not asserted or made, in connection with any indebtedness, liability or obligation of any kind whatsoever, and any interest accrued thereon or costs payable in respect thereof, including without limitation, by reason of the commission of a tort (intentional or unintentional), by reason of any breach of contract or other agreement (oral or written), by reason of any breach of duty (including, without limitation, any legal, statutory, equitable or fiduciary duty) or by reason of any right of ownership or title to property or assets or right to a trust or deemed trust (statutory, express, implied, resulting, constructive or otherwise), including without limitation any claim based on adverse possession, and whether or not any indebtedness, liability or obligation is reduced to judgment, liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, legal, equitable, secured, unsecured, present or future, known or unknown, by guarantee, surety or otherwise, and whether or not any right or claim is executory or anticipatory in nature including, without limitation, any right or ability of any Person to advance a claim for contribution or indemnity or otherwise with respect to any matter, action, cause or chose in action whether existing at present or commenced in the future based in whole or in part on facts or events which exist prior to or at the Filing Date, together with any other rights or claims of any kind that, is a debt provable within the meaning of Section 2 of the BIA.

"Claims Bar Date" means 4:00 p.m. Mountain Time on April 20, 2015, or such later date on which a Proof of Claim may be accepted for filing by the Applicants and the Monitor or the Court prior to the granting of the Sanction Order.

"Claims Process" means the process for determining the Claims of the Affected Creditors as at the Filing Date, as established in the Claims Process Order.

"**Claims Process Order**" means the Order of the Court, granted on February 20, 2015, as may be subsequently amended, establishing the Claims Process.

"**Completion Date**" means the date on which all of the actions required to satisfy the obligations under this Plan have been completed and the Monitor delivers to DIL a certificate confirming the same.

"**Concentra**" means Concentra Trust, who acts as the trustee for the DIL Depositors.

"**Court**" means the Court of Queen's Bench of Alberta.

"**Creditors' Meeting(s)**" means the meeting of the Eligible Affected Creditors with Proven Claims, which meetings shall be scheduled and pursuant to the terms of the Meeting Order and shall be conducted for the purpose of considering and voting upon this Plan, and includes any adjournment of such meeting.

"**Creditors' Meeting Order**" or "**Meeting Order**" means the Order in the CCAA Proceedings which, among other things, approves the filing of the Plan and establishes the date, time and location of the Creditors' Meetings, prescribing the process by which Eligible Affected Creditors shall be notified of the Creditors' Meetings and the conduct of such Creditors' Meetings.

"**Critical Supplier Charge**" means a Charge of up to a maximum of \$100,000 to secure the goods, services and professional fees and disbursements incurred before and after the Filing Date for those Persons designated as critical suppliers under the Initial Order or any subsequent Orders.

"**CRO**" means the Chief Restructuring Officer, Kluane Financial Services Inc.

"**Crown Claims**" means Claims of Her Majesty in right of Canada or a province, for all amounts that were outstanding at the Effective Date and are of a kind that could be subject to a demand under:

- a. Subsection 224(1.2) of the *Income Tax Act*, R.S.C. 1985, c. 1 (5th Supp), as amended.
- b. Any provision of the *Canada Pension Plan*, R.S.C. 1985, c. C-8, as amended or of the *Employment Insurance Act*, S.C. 1996, c. 23, as amended, that refers to subsection 224(1.2) of the *Income Tax Act* and provides for the collection of a contribution, as defined in the *Canada Pension Plan*, or an employee's premium, or employer's premium, as defined in the *Employment Insurance Act* and of any related interest, penalties or other amounts.
- c. Any provision of provincial legislation that has a similar purpose to subsection 224(1.2) of the *Income Tax Act*, or that refers to that subsection, to the extent that it provides for the collection of a sum, and of any related interest, penalties or other amounts, where the sum has been withheld or deducted by a Person from a payment to another Person and is:
 - i. In respect of a tax similar in nature to the income tax imposed on individuals under the *Income Tax Act*.
 - ii. Of the same nature as a contribution under the *Canada Pension Plan*, if the province is a "province providing a comprehensive pension plan" as defined in subsection 3(1) of the

Canada Pension Plan and the provincial legislation establishes a "provincial pension plan" as defined in that subsection.

D

"DIL Assets" means the registered mortgages, loans and personal property which FI Capital, DIL, Concentra, or the Applicants' Counsel is holding on behalf of the DIL Depositors and, for greater clarity, shall include all cash or other proceeds received or to be received by DIL

- a. from the sale or repayment of any of the registered mortgages or loans;
- b. -pursuant to the plans of compromise and arrangement filed by the other Applicants; and
- c. pursuant to the Settlements.

"DIL Committee" means the creditors' committee established for the DIL Depositors.

"DIL Depositor(s)" means those Persons having accounts in the Registered Plans.

"DIL – ECHS Mortgages" means two mortgages granted by ECHS to Concentra, on behalf of the DIL Depositors, which are secured against the Prince of Peace Development.

"Director(s)" mean the past and present directors of DIL.

"Directors' Charge" means the provision of the Initial Order providing for a Charge up to a maximum of \$5.0 million for the purpose of indemnifying the Directors of the Applicants against obligations and liabilities that they may incur as Directors of the Applicants after the commencement of the CCAA Proceedings except to the extent that, with respect to any Director, the obligation was incurred as a result of the Director's gross negligence or wilful misconduct.

"Disputed Claim" means the Claim of an Affected Creditor that is subject to a Dispute Notice and is not yet a Proven Claim.

"Disputed Claim Reserve" means funds held by DIL in a designated trust account in an amount sufficient to pay those Affected Creditors whose Claims are still subject to a Dispute Notice which has not yet been settled or fully adjudicated.

"Dispute Notice" means a written notice delivered to the Monitor by a DIL Depositor who intends to dispute the amount of their Claim.

"Distribution" means a transfer or transfers of the Net Balance of the Transfer Fund to the New Registered Plan to be distributed to the DIL Depositors on a Pro Rata basis by way of deposits to the New Registered Accounts. For greater clarity, if a DIL Depositor has a New Registered Account in more than one New Registered Plan, the Distribution shall be allocated between the New Registered Accounts for such DIL Depositor on a Pro Rata basis.

"District" means Lutheran Church – Canada, the Alberta – British Columbia District.

"District Claim" means the Proven Claim held by the District against DIL pursuant to the Claims Process in the amount of \$863,022.24.

"District Committee" means the creditors' committee established for those creditors of the District who have provided loans to the District through CEF.

"District – ECHS Mortgage" means the mortgage held by District, which is secured against properties within the Prince of Peace Development.

"District Investments" or "DIL" means Lutheran Church – Canada, the Alberta – British Columbia District Investments Ltd.

"D&O Claim" means (i) any right or claim of any Person that may be asserted or made in whole or in part against one or more of the D&O Parties that relates to a Claim which such D&O Party(ies) is by law liable to pay, whether or not asserted or made, in connection with any indebtedness, liability or obligation of any kind whatsoever, and any interest accrued thereon or costs payable in respect thereof, including by reason of the commission of a tort (intentional or unintentional), by reason of any breach of contract or other agreement (oral or written), by reason of any breach of duty (including any legal, statutory, equitable or fiduciary duty and including, for greater certainty, any right to a trust or deemed trust (statutory, express, implied, resulting, constructive or otherwise)), and whether or not any indebtedness, liability or obligation, and any interest accrued thereon or costs payable in respect thereof, is reduced to judgment, liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, legal, equitable, secured, unsecured, present or future, known or unknown, by guarantee, surety or otherwise, and whether or not any right or claim is executory or anticipatory in nature, including any right or ability of any Person to advance a claim for contribution or indemnity from any such D&O Party(ies) or otherwise with respect to any matter, action, cause or chose in action, whether existing at present or commenced in the future, which indebtedness, liability or obligation, and any interest accrued thereon or costs payable in respect thereof (A) is based in whole or in part on facts prior to the Filing Date, or (B) relates to a time period prior to the Filing Date. For clarity, the Directors' Charge shall not be used to pay any D&O Claims.

"D&O Insurance" means that policy of insurance issued by the D&O Insurers, namely policy number NP-428530, as extended from time to time, by Encon Group Inc., and policy number CBC 1928469 04, as extended from time to time, by Northridge Financial Corporation.

"D&O Insured Claim" means all or that portion of any D&O Claim against any D&O Party that is insured by the D&O Insurer(s) pursuant to the D&O Insurance.

"D&O Insurer(s)" means Encon Group Inc. and Northridge Financial Corporation.

"D&O Party(ies)" means current or former Directors, officers, trustees, employees, volunteers of DIL, or members of any duly constituted committee of DIL, being parties who are insured parties under the D&O Insurance.

E

"ECHS" means Encharis Community Housing Services.

"Effective Date" subject to the satisfaction of the conditions precedent outlined in Article 7.1 means the date the Plan takes effect and shall be the day following the expiry of the appeal period of all Sanction Orders granted in the CCAA Proceedings or such other date as may be agreed upon in writing between the Monitor and DIL.

"Election Letter" means the letter attached hereto as Schedule "1" provided to the Eligible Affected Creditors pursuant to the Meeting Order, whereby they can vote on the Plan.

"Eligible Affected Creditors" means Affected Creditors with Proven Claims and Affected Creditors with Disputed Claims which have not been settled or adjudicated.

"Emergency Fund" means the fund approved in the Initial Order to allow eligible DIL Depositors to access sufficient funds to cover their basic necessities.

"EMSS" means Encharis Management and Support Services.

F

"FI Capital" means FI Capital Ltd.

"FI Capital Investments" means that portion of the DIL Assets which are held in the form of cash or short-term investments with FI Capital.

"Filing Date" means January 23, 2015, the date on which the Initial Order was granted.

I

"Initial Order" means the Initial Order granted by the Court in the CCAA Proceedings on January 23, 2015.

"Initial Payment" means the payment made pursuant to an Order granted by the Court of Queen's Bench of Alberta on August 28, 2015, as amended by the Order granted November 5, 2015 whereby funds held by DIL are in the process of being transferred to the Replacement Fund Manager or an alternative fund manager for holders of accounts in selected Registered Plans to be distributed to the DIL Depositors.

M

"Monitor" means Deloitte Restructuring Inc., in its capacity as proposed CCAA Monitor and as CCAA Monitor.

"Monitor's Legal Counsel" means Gowling Lafleur Henderson LLP.

N

"**Net Balance**" means the balance of the Transfer Fund less such reasonable reserves as the Monitor, in its sole discretion, may deem appropriate for the purposes of ensuring that this Plan is successfully implemented and carried out to conclusion, including, without limitation, the Restructuring Holdback .

"**New Registered Accounts**" means account(s) set up for DIL Depositors in the New Registered Plans, which will be held in the same type of registered plan (i.e. Tax Free Savings Accounts, Registered Retirement Savings Plans, Registered Retirement Income Funds, or Locked-In Income Funds) as the Registered Accounts.

"**New Registered Plans**" means those Registered Retirement Savings Plans, Registered Retirement Income Funds, Tax Free Savings Accounts, and Locked-In Income Funds (as those terms are defined in the *Income Tax Act* (Canada)) which are held by the Replacement Fund Manager as trustee for the DIL Depositors and which will be the same type as the Registered Plans (i.e. Tax Free Savings Accounts, Registered Retirement Savings Plans, Registered Retirement Income Funds, or Locked-In Income Funds).

"**Notice of Revision or Disallowance**" means the notice referenced in paragraph 19 of the Claims Process Order advising an Affected Creditor that the Monitor disputes the amount of their Claim as set out in a Proof of Claim.

O

"**Order**" means any order of the Court in the CCAA Proceedings.

P

"**Partially Released Parties**" means DIL, the D&O Party(ies), the directors and officers, volunteers and employees of the District, DIL, ECHS, and EMSS, and any independent contractors of DIL who are individuals and who were employed three days or more a week on a regular basis.

"**Person(s)**" is to be broadly interpreted and includes an individual, a corporation, a partnership, a trust, and an unincorporated organization, the government of a country or any political subdivision thereof, or any agency or department of any such government, and the executors, administrators or other legal representatives of an individual in such capacity.

"**Plan(s)**" means this plan of arrangement and any other plans of arrangement filed by DIL pursuant to the CCAA Proceedings.

"**Plan Payments**" means those payments to be made by DIL pursuant to this Plan.

"**Post-Filing Claim(s)**" means any Claim(s) that may be asserted or made in whole or in part against DIL in connection with any indebtedness, liability or obligation of any kind which arose in respect of

obligations first incurred on or after the Filing Date, other than the Restructuring Claims, and any interest thereon, including any obligations of DIL towards Persons, who have supplied or shall supply services, utilities, goods or materials or who have or shall have advanced funds to DIL on or after the Filing Date.

“**Prince of Peace Development**” means the properties located in Rocky View County, Alberta as set out in Schedule “3” to this Plan.

“**Pro Rata**” means that fraction which has as its numerator the amount of a particular DIL Depositor’s Proven Claim and as its denominator the sum of all of the Proven Claims of all of the DIL Depositors. For greater clarity, the calculation shall be as follows:

$$\left(\frac{\text{DIL Depositor's Proven Claim}}{\text{total Proven Claims}} \times (\text{DIL Transfer Fund} + \text{total amount received by all DIL Depositors from the Emergency Fund} + \text{total amount received by all DIL Depositors as RRIF or LIF Minimum Payments} + \text{the total amount of the Initial Payment}) \right) - \text{any amount the DIL Depositor has received from the Emergency Fund} - \text{any amount the DIL Depositor has received as a RRIF or LIF Minimum Payment} - \text{any amount the DIL Depositor has received from the Initial Payment.}$$

“**Proportionate Share of Costs**” means a DIL Depositor’s proportionate share of the out-of-pocket costs associated with the Representative Action(s), including any costs that may be incurred by the Representative Counsel, the Monitor or the Monitor’s Counsel in relation to the Representative Action(s) together with such additional amount as the Monitor, acting reasonably, determines represents a reasonable reserve for the indemnity granted in Article 5.8. For greater clarity, but without otherwise limiting the generality of the foregoing, the proportionate share of the out-of-pocket costs shall be calculated based upon the number of members of the Representative Action Class.

“**Proven Claim(s)**” means a Claim of an Affected Creditor proven in accordance with the Claims Process Order, which is not the subject of a Dispute Notice or a Notice of Revision or Disallowance, or was the subject of a Dispute Notice or Notice of Revision or Disallowance, which has been resolved, either before or after the Sanction Order, in accordance with the terms of the Claims Process Order, the Meeting Order and this Plan.

“**Proxy**” means the form attached hereto as Schedule “4” authorizing a Person to vote on behalf of an Eligible Affected Creditor.

R

“**Registered Accounts**” means those accounts held by DIL Depositors in the Registered Plans.

“**Registered Plans**” means those Registered Retirement Savings Plans, Registered Retirement Income Funds, Locked-In Income Funds, and Tax Free Savings Accounts (as those terms are defined in the *Income Tax Act* (Canada)) which were administered by DIL on behalf of Concentra.

“Related Creditor(s)” means Persons who meet the definition of Related Person(s) set out in Section 4(2) of the BIA.

“Released Representatives” means the Monitor, the Monitor’s Counsel, the Applicants’ Counsel, the CRO, DIL, legal counsel for the DIL Committee, and the DIL Committee members.

“Replacement Fund Manager” means Great-West Life Assurance Company or such other fund manager as may be designated by a DIL Depositor pursuant to the Order granted on November 5, 2015.

“Representative Action(s)” means that legal action or actions undertaken in respect of the Representative Action Claims, which action may be advanced as a class proceeding for the benefit of the Representative Action Class pursuant to the terms of the Plan. ~~and which shall not include any legal action against the Monitor, the Monitor’s Counsel, the Applicants’ Counsel, the CRO, legal counsel for the DIL Committee, and members of the DIL Committee in relation to any duties performed by such parties directly or indirectly related to the CCAA Proceedings.~~

“Representative Action Claim(s)” means any and all potential claims of DIL Depositors ~~against the Partially Released Parties, whether such claims are pursued as part of the Representative Action or not~~ that seek or could seek, directly or indirectly, to recovery of the amounts of their Claims not paid under this Plan and are ~~not otherwise~~ released by this Plan under Articles 8.1 and 8.3. For greater certainty, such potential claims

~~(a) include but are not limited to:~~

- ~~a. those claims or potential claims specifically mentioned in Articles 8.2 and 8.4(d), (e) and (f).~~

~~(b) and do not include:~~

- ~~a. those claims or potential claims specifically mentioned in Article 8.2;~~
- ~~b. those claims or potential claims specifically mentioned in Article 8.4(a), (b), (c) and (d).~~

~~and also includes the following claims:~~

- ~~a. claim(s) related to a contractual right of one or more of the DIL Depositors entered into personally by a Representative Action Defendant;~~
- ~~b. claim(s) based on allegations of misrepresentations made by a Representative Action Defendant to DIL Depositors or of wrongful or oppressive conduct by a Representative Action Defendant;~~
- ~~c. claim(s) of DIL against a Representative Action Defendant, including but not limited to claims for breach of any legal, equitable, contractual or other duty;~~
- ~~d. (c) claim(s) that are a D&O Claim, including a D&O-Insured Claim; and~~
- ~~e. any claim(s) which one or more of the DIL Depositors could have pursued in the name of DIL, including without limitation, any derivative action (whether statutory or otherwise) or any Claim(s)~~

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which could be assigned to a creditor pursuant to s. 38 of the BIA, if such legislation were applicable.

“Representative Action Class” shall mean those DIL Depositors who elect to participate in the Representative Action by completing and returning the Election Letter or who are deemed to participate in the Representative Action in accordance with the terms of this Plan.

“Representative Action Defendants” means the Partially Released Parties, ~~and any other parties against whom Representative Action Claim(s) may be brought, but excludes the Released Representatives except to the extent permitted pursuant to Article 8.2~~

“Representative Action Holdback” means an amount withheld from the amounts payable to members of the Representative Action Class pursuant to the Plan to fund the out-of-pocket costs associated with the Representative Action, including any costs that may be incurred by the Monitor or the Monitor’s Counsel in relation to the Representative Action, together with a reasonable reserve to cover the indemnity granted in Article 5.8, the amount of which is to be determined by the Subcommittee once appointed.

“Representative Action Letter” means the letter attached hereto as Schedule “2” provided to the DIL Depositors pursuant to the Meeting Order, whereby they can choose whether to participate in the Representative Action.

“Representative Action Plan” means a written litigation plan prepared by the Subcommittee in conjunction with the Representative Counsel, and which shall include a description of and budget for the proposed Representative Action(s), and the date upon which the Representative Action(s) shall be commenced, as it may be revised from time to time.

“Representative Action Pool” means any pool of funds that is generated by the Representative Action, which will be payable to members of the Representative Action Class and shall be deemed to include any unused portion of the Representative Action Holdback upon the conclusion of the Representative Action.

“Representative Counsel” means legal counsel selected by the Subcommittee to pursue the Representative Action.

“Representative Plaintiff(s)” means that DIL Depositor(s), chosen by the Subcommittee, who agrees to act as representative plaintiff(s) in the Representative Action, ~~provided always that should all or a portion~~

~~of the causes of action which make up the Representative Action require DIL to be a plaintiff in the Representative Action, then the Representative Plaintiff shall be deemed to include DIL.~~

"Required Majority" means an affirmative vote of two-thirds in value and a majority in number of all Proven Claim(s) of Eligible Affected Creditors, who voted in accordance with the voting procedures established under the Meeting Order (whether in person or by Proxy at the Creditors' Meeting, or by Election Letter).

"Restructuring Claim(s)" means any claims with respect to reasonable fees and disbursements of the Monitor, the Monitor's Counsel, the Applicants' Counsel and legal counsel for the DIL Committee.

"Restructuring Holdback" means the amount to be held by DIL in an amount sufficient to satisfy the Restructuring Claims.

"RRIF Minimum Payment" means a statutory annual minimum payment made after January 23rd, 2015 from a Registered Plan which was a Registered Retirement Income Fund (as that term is defined in the *Income Tax Act* (Canada)).

S

"Sanction Order" means an order or orders of the Court which, among other things, shall approve and sanction this Plan and the plans of compromise and arrangement filed by the other Applicants under the CCAA and shall include provisions as may be necessary or appropriate to give effect to this Plan and the plans of compromise and arrangement filed by the other Applicants, including provisions in substance similar to those set out in Article 9.

"Settlements" means the settlement of all matters between the District Committee and the DIL Committee, including regarding the District – ECHS Mortgage and the DIL – ECHS Mortgages (as further set out in paragraph 27.3.2 of the First Report of the Monitor dated February 7, 2015), the Strathmore Mortgage (as further set out in paragraph 24.6.3 of the First Report of the Monitor dated February 17, 2015) and the District Claim.

"Strathmore Mortgage" means a mortgage held by Concentra on the Strathmore Property.

"Strathmore Property" means a property, of which the District is the registered owner, located in Strathmore, Alberta, which is legally described as Plan 8010862, Block 10, Excepting thereout all mines and minerals.

"Subcommittee" means a subcommittee established by the Sanction Order of between three and five individuals, including initially at least one member of the DIL Committee, all of whom are elected by the DIL Committee, which will be established to choose a Representative Counsel and provide direction and instructions to Representative Counsel in the Representative Action, and for greater certainty shall include a member of the DIL Committee appointed pursuant to Article 5.2 of this Plan.

T

"Transfer Fund" means the pool of funds used to make Distributions to the DIL Depositors established pursuant to Article 4.3 of this Plan.

U

"Unaffected Creditor(s)" includes Persons with the following Claims:

- a. Crown Claims;
- b. Post- Filing Claims;
- c. Restructuring Claims;
- d. All Claims of current employees, officers and directors for all amounts owing to them in their capacity as such, by statute or otherwise for, or in connection with accrued salary, accrued wages, accrued bonuses, accrued retention payments, fees and expenses, reimbursement obligations, accrued vacation leave and accrued vacation pay, as applicable, which obligations

are prescribed by the *Employment Standards Code*, R.S.A. 2000, c. E-9, and any similar provincial or federal legislation;

- e. Amounts due to Person(s) classified as critical suppliers in the Initial Order or any subsequent Orders;
- f. Claims against Directors excluded from being compromised pursuant to section 5.1(2) of the CCAA;
- g. Claims related to Agreements that have not been disclaimed or resiliated by DIL pursuant to this Plan;
- h. Claims against the Partially Released Parties ~~Representative Action Defendants~~ in the Representative Action(s); and
- i. The District Claim.

1.2 Article and Section Reference

The terms "this Plan", "hereof" and "hereunder", "herein" and similar expressions refer to this Plan, amendments to this Plan and not to any particular article, section, subsection, paragraph or clause of this Plan and include any instrument supplemental hereto. In this Plan, a reference to an article, section, subsection, clause or paragraph shall, unless otherwise stated, refer to an article, section, subsection, paragraph or clause of this Plan.

1.3 Extended Meanings

In this Plan, where the context so requires, any word importing the singular number shall include the plural and vice-versa; and any word or words importing gender shall include all genders.

1.4 Interpretation Not Affected by Headings

The division of this Plan into articles, sections, subsections, paragraphs and clauses and the insertion of a table of contents and headings are for convenience of reference and shall not affect the construction or interpretation of the Plan.

1.5 Date of any Action

In the event that any date on which any action is required to be taken hereunder by any Person is not a Business Day, such action shall be required to be taken on the next succeeding day that is a Business Day.

1.6 Currency

Unless otherwise stated herein, all references to currency in this Plan are to Canadian currency. For the purposes of voting or distribution(s) pursuant to this Plan, a Claim shall be denominated in Canadian Dollars. Any Claim in a currency other than Canadian Dollars must be converted to Canadian Dollars, and such amount shall be regarded as having been converted at the exchange rate quoted by the Bank of Canada for exchanging such currency to Canadian dollars at noon on the Filing Date.

1.7 Statutory References

Any reference in this Plan to a statute includes all regulations made thereunder, all amendments to such statute or regulations in force from time to time and any statute or regulation that supplements or supersedes such statute or regulation.

1.8 Successors and Assigns

This Plan shall be binding upon and shall ensure to the benefit of the heirs, administrators, executors, legal and personal representatives, successors and assigns, as the case may be, of any Person named or referred to in this Plan.

1.9 Governing Law

This Plan shall be governed by, and construed in accordance with the laws of Alberta and the federal laws of Canada applicable therein. All questions as to the interpretation or application of this Plan and all proceedings taken in connection with this Plan and its revisions shall be subject to the exclusive jurisdiction of the Court.

ARTICLE 2 PURPOSE OF THE PLAN

2.1 Purpose

The purpose of this Plan is to affect a compromise and settlement of Affected Claims in order to enable the Applicants to liquidate the DIL Assets in an orderly manner to maximize the recovery to the Affected Creditors compared to that, which would result from the bankruptcy of one or more of the Applicants and to provide a streamlined process for the DIL Depositors to participate in the Representative Action. Affected Creditors should review this Plan and the Report of the Monitor before voting to accept or reject the Plan. The transactions contemplated by the Plan are to be implemented pursuant to the CCAA Proceedings.

2.2 Affected Creditors

This Plan provides for the compromise and settlement of the Claims of the Affected Creditors. If this Plan is accepted by the Eligible Affected Creditors and approved by the Court, and the transactions set out in this Plan occur, this Plan shall be binding upon each Affected Creditor and its heirs, executors, administrators, legal representatives, successors and assigns.

2.3 Unaffected Creditors

This Plan does not compromise the Claims of Unaffected Creditors.

ARTICLE 3
CLASSIFICATION OF AFFECTED CREDITORS

3.1 Classes of Affected Creditors

For the purpose of considering and voting upon the Plan, Eligible Affected Creditors shall constitute a single class.

ARTICLE 4
STRUCTURE OF THE PLAN

4.1 Overview

This Plan contemplates an orderly transition of the value of the Registered Plans to the Replacement Fund Manager the proceeds of which shall be paid into the New Registered Accounts on a Pro-Rata basis as well as the resolution of Claims of Related Parties. The successful implementation of this Plan should provide a more timely recovery to all Persons with an economic interest in District Investments than would result from the bankruptcy of DIL. ~~The Plan will further allow for the resolution of the matters described in Article 7.1 of the Plan.~~ The operations of DIL will cease immediately following the Completion Date.

4.2 Non-Renewal of Mortgages

That portion of the DIL Assets consisting of cash and short-term investments held by DIL on the Effective Date shall be paid into the Transfer Fund, distributed to the Replacement Fund Manager and paid into the New Registered Accounts as set out herein. That portion of the DIL Assets consisting of loans and registered mortgages shall be converted to cash over time through the repayment or sale of these loans and registered mortgages. Borrowers are being encouraged to refinance their existing loans and as the loans mature, they will not be renewed. To the extent that some loans are demand loans, the CRO will work with the Borrowers to find alternative financing with a third party lender before demanding on the loan. The CRO may, in its sole and unfettered discretion and on behalf of DIL, demand repayment of any loan or proceed with enforcement steps against any Borrower.

4.3 Transfer Fund

As the DIL Assets are converted to cash, ~~they will be paid to the Monitor and~~ held in trust in the Transfer Fund, which will be administered and distributed to DIL Depositors, through the Replacement Fund Manager, in accordance with the Plan. The Transfer Fund will maintained in a separate, interest bearing trust account to hold the Transfer Fund. For greater clarity, but without limiting the generality of the foregoing, the Transfer Fund or any portion thereof may be held by Applicants' Counsel and when so held shall be deemed to be held by DIL for all purposes including, without limitation, the *Income Tax Act*, RSC 1985, c.1 (5th Supp) and any reference to funds being held by DIL in the Plan shall be deemed to include

held by Applicants Counsel. Any authorization or requirement in the Plan or the Sanction Order for DIL to hold funds shall include and may be fulfilled by the Applicants' Counsel holding such funds..

4.4 Treatment of Affected Creditors

Affected Creditors shall receive distributions as set forth below only to the extent that such Claims are Proven Claims and have not been paid, released or otherwise satisfied prior to the Effective Date. Each Affected Creditor will have their Proven Claim compromised as follows:

- a. Prior to or as soon as possible following the Effective Date, the Replacement Fund Manager will establish one or more New Registered Plans and New Registered Accounts for each DIL Depositor.
- b. Upon the Effective Date or at such later date as may be determined by the Monitor, acting reasonably, DIL will make a Distribution of the Net Balance of the Transfer Fund.
- c. From time to time thereafter, upon the Monitor making a determination that it is appropriate to make a Distribution of the Net Balance of the Transfer Fund or upon the Net Balance of the Transfer Fund reaching \$3.0 million, DIL shall make a Distribution of the Net Balance of the Transfer Fund to the Replacement Plan Manager to be distributed to the DIL Depositors, subject to the New Registered Accounts having been established, by way of Pro-Rata payments to the New Registered Accounts.
- d. Payments to Affected Creditors will be net of the Representative Action Holdback, which will only be applied to distributions to the Representative Action Class.

4.5 Timing of Payments to Affected Creditors

Provided that the Net Balance of the Transfer Fund is at least \$3.0 million, net of the Representative Action Holdback, all DIL Depositors will receive an initial Distribution of the Net Balance, subject to the Representative Action Holdback, which will only be applied to distributions to the Representative Action Class, from the Transfer Fund immediately following the Effective Date. Each time after the Initial Distribution that the Net Balance of the Transfer Fund reaches \$3.0 million, net of any Representative Action Holdback still to be paid, DIL, as directed by the Monitor, will make a further Distribution of the Net Balance, subject to any Representative Action Holdback still to be paid, which will only be applied to distributions to the Representative Action Class, from the Transfer Fund to the Replacement Fund Manager.

4.6 Interest

No interest or penalties shall accrue or be paid on the Proven Claims of Affected Creditors from and after the Filing Date but shall be released in accordance with the Plan.

ARTICLE 5
REPRESENTATIVE ACTION

5.1 Representative Action

Pursuant to the Plan and the Sanction Order, the Subcommittee shall be authorized and enabled to take any and all such steps as they deem necessary and desirable to commence and prosecute the Representative Action on behalf of the Representative Action Class. The Representative Action shall be governed by the terms of the Plan, the Class Proceedings Act, R.S.B.C. 1996, c. 50 (British Columbia) and Class Proceedings Act, S.A. 2003, c. C-16.5, as amended by the Class Proceedings Amendment Act, 2010, c. 15 (Alberta), or any legislation of similar purpose or intent in any Canadian Province or Territory, or State of the United States, and subject to any subsequent Order within the CCAA Proceedings. ~~Except as subsequently ordered by this Court within the CCAA Proceedings and only to the extent so ordered, the Representative Action shall not be governed by the Class Proceedings Act, R.S.B.C. 1996, c. 50 (British Columbia) and Class Proceedings Act, S.A. 2003, c. C-16.5, as amended by the Class Proceedings Amendment Act, 2010, c. 15 (Alberta), or any legislation of similar purpose or intent in any Canadian Province or Territory, or State of the United States.~~

5.2 Establishment of Subcommittee

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The Subcommittee shall have between three and five members, of which at least one member will initially be from the DIL Committee and the other members shall be appointed by the DIL Committee. One or more member(s) of the Subcommittee shall be the Representative Plaintiff(s). Persons who are not currently members of the DIL Committee may be added to the Subcommittee upon being voted on to the Subcommittee by representatives of the DIL Committee.

5.3 Responsibilities of Subcommittee

The duties and responsibilities of the Subcommittee shall include but are not limited to the following:

- a. The Subcommittee shall review the qualifications of at least three lawyers who will be considered to act as Representative Counsel, and shall select Representative Counsel on behalf of the Representative Action Class;
- b. The Subcommittee shall, in conjunction with Representative Counsel, identify a Representative Plaintiff willing to serve in such capacity;
- c. The Subcommittee shall remain in place throughout the Representative Action and shall have the mandate, powers and duties described in the Sanction Order, including but not limited to:
 - i. Preparing a Representative Action Plan, in conjunction with the Representative Counsel;
 - i-ii. Assisting in maximizing the amount that is ultimately available for distribution to the Representative Class pursuant to the Representative Action;

- ii-iii. Consulting with and instructing the Representative Counsel on behalf of the Representative Class, including but not limited to the power to settle all or a portion of the Representative Action pursuant to the Sanction Order;
- iii-iv. Replacing Representative Counsel;
- iv-v. Serving in a fiduciary capacity in representing the Representative Class;
- v-vi. Establishing the amount of the Representative Action Holdback and directing that the amount of the Representative Action Holdback be paid to the Representative Counsel; and
- vi-vii. Bringing any matter before the Court by way of application for advice and direction.

5.4 Electing Not to Participate in Representative Action in Representative Action Letter

Those DIL Depositors who elect to not participate in the Representative Action or who opt out of the Representative Action pursuant to Article 5.7:

- a. are forever barred from participating in the Representative Action;
- b. are not entitled to receive any recovery of any kind, including but not limited to a dividend or distribution under the Plan, that is payable out of proceeds recovered pursuant to the Representative Action;
- c. shall have no liability for any costs in the Representative Action; and
- d. are not eligible to be members of any "class" pursuant to the *Class Proceedings Act*, R.S.B.C. 1996, c. 50 (British Columbia) and *Class Proceedings Act*, S.A. 2003, c C-16.5, as amended by the *Class Proceedings Amendment Act, 2010*, c. 15. (Alberta), or any legislation of similar purpose or intent in any Canadian Province or Territory, or State of the United States.

5.5 Electing to Participate or Deemed Election to Participate in Representative Action in Representative Action Letter

DIL Depositors may elect to participate or elect not to participate in the Representative Action by marking the appropriate box on the Representative Action Letter attached hereto as Schedule "2" and delivering the Representative Action Letter to the Monitor on or before 5:00 p.m. (Calgary time) 30 days after the distribution of the Representative Action Plan by the Subcommittee ~~on the last Business Day preceding the date of the commencement of the application for the Sanction Order~~. Alternatively, DIL Depositors who fail to mark any box with respect to the Representative Action on the Representative Action Letter attached hereto as Schedule "2" and deliver it to the Monitor in accordance with this Article 5.5, shall be deemed to have elected to participate in the Representative Action. Following the selection of Representative Counsel by the Subcommittee, the Monitor will provide to all the DIL Depositors who have elected or are deemed to have elected to participate in the Representative Action with an estimate of the amount of the Representative Action Holdback together with information regarding opting out of the Representative Action.

5.6 No Claims Against Partially Released Parties for Representative Action Claims Other than Representative Action

The Representative Action shall represent the sole recourse of any DIL Depositor with respect to a Representative Action Claim against the Partially Released Parties. No legal proceedings shall be commenced by any DIL Depositor or any other Person for a claim that is an actual or potential Representative Action Claim. Without limiting the generality of the foregoing, but for greater clarity, those DIL Depositors who elect or are deemed to have elected to participate in the Representative Action are not eligible to be members of any "class" for purposes of the *Class Proceedings Act*, R.S.B.C. 1996, c. 50 (British Columbia) and *Class Proceedings Act*, S.A. 2003, c C-16.5, as amended by the *Class Proceedings Amendment Act, 2010*, c. 15. (Alberta), or any legislation of similar purpose or intent in any Canadian Province or Territory, or State of the United States in any other legal proceeding(s) other than the Representative Action in respect of the Representative Action Claims.

5.7 Opting Out of Representative Action

A DIL Depositor who has elected or is deemed to have elected to participate in the Representative Action may, at any time prior to the later of the commencement of any Representative Action or any opt-out deadline ordered by any court in any class proceeding commenced by the Representative Plaintiff(s) pursuant to the Representative Action Plan, opt out of the Representative Action by providing notice to the Representative Counsel, or in the event that Representative Counsel has not been retained, to the Monitor. Notice of opting out of the Representative Action must be written, dated, and signed on the Notice of Opting Out form attached hereto as Schedule "5". Upon receipt of the Notice of Opting Out form by the Representative Counsel or the Monitor, the DIL Depositor shall have their status changed from participating in the Representative Action to not participating in the Representative Action. Within a reasonable period of time of receiving the Notice of Opting Out, the Representative Counsel or the Monitor, as the case may be, shall calculate such DIL Depositor's Proportionate Share of Costs. The Representative Counsel or the Monitor, as the case may be, shall deduct the Proportionate Share of Costs from the amount which was contributed by such DIL Depositor as his or her share of the Representative Action Holdback and shall remit the balance to the DIL Depositor.

5.8 Indemnity for Representative Plaintiff

The Representative Plaintiff is entitled to be indemnified for any liability for any costs award issued in any Representative Action from the Representative Action Holdback, up to the maximum amount of funds remaining in the Representative Action Holdback at the time of such costs award.

5.9 Increase in Representative Action Holdback

If, in the view of the Subcommittee in consultation with the Representative Counsel from time to time the Representative Action Holdback is insufficient to fund the out-of-pocket costs of the Representative Action(s) and/or the indemnity of the Representative Plaintiff pursuant to Art. 5.8 herein, the

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Subcommittee shall prepare a revised Representative Action Plan and distribute it to the DIL Depositors who have opted in or who are deemed to have opted in to the Representative Action(s) along with a request for additional funds as the Subcommittee deems necessary to supplement the Representative Action Holdback. Any DIL Depositor who fails to provide the requested funds to the Subcommittee within 30 days of receiving the revised Representative Action Plan shall be deemed to have opted out of the Representative Action(s) and shall not be entitled to a return of his/her Proportionate Share of Costs. In the event that the Subcommittee does not receive from the DIL Depositors the funds necessary to execute the Representative Action Plan (as that Plan may be revised from time to time), the Subcommittee may take those steps that it deems appropriate and necessary, including but not limited to the compromise and/or discontinuance of the Representative Action(s).

ARTICLE 6

PROCEDURAL MATTERS

6.1 Creditors' Meeting

The following procedure will be followed at the Creditors' Meeting:

- a. Following the filing of the Plan with the Court, DIL will seek the Creditors' Meeting Order authorizing DIL to hold the Creditors' Meeting on the date set by the Creditors' Meeting Order at which Eligible Affected Creditors shall consider and vote upon the Plan. The Creditors' Meeting shall be held in accordance with this Plan, the Creditors' Meeting Order and any other applicable Order in respect of the process governing the Creditors' Meeting.
- b. The Monitor or its designee shall preside as the Chair of the Creditors' Meeting and shall decide all matters related to the conduct of the Creditors' Meeting. The only Persons entitled to attend the Creditors' Meeting are Eligible Affected Creditors (including the holders of Proxies), their legal counsel and financial advisors, the Directors, members of the DIL Committee, the Applicants' Counsel, the Monitor's Counsel and legal counsel for the District Committee and the DIL Committee. Any other Person may be admitted on invitation of the Chair.
- c. The quorum required at any Creditors' Meeting or any adjournment thereof shall be two Eligible Affected Creditors present in person or by Proxy. If the requisite quorum is not present at the Creditors' Meeting or if the Chair determines that the Creditors' Meeting has to be postponed for any reason, then the Creditors' Meeting shall be adjourned by the Chair to such date, time and place as determined by the Chair.
- d. The Monitor may designate Person(s) of their choosing to supervise and tabulate attendance and votes cast at the Creditors' Meeting or to act as the secretary of the Creditors' Meeting.
- e. The entitlement of an Affected Creditor with a Disputed Claim to vote at the Creditors' Meeting shall not be construed as an admission that its Claim is a Proven Claim.

- f. The Monitor shall have the right to seek the assistance of the Court in valuing any Claim for voting purposes in accordance with the Plan and the Meeting Order, if required, and to ascertain the result of any vote on the Plan.

6.2 Voting Procedures

Each Eligible Affected Creditor may vote their Claim in person by attending the Creditors' Meeting, by submitting an Election Letter in the form set out in the Creditors' Meeting Order, or by Proxy by submitting their duly completed Proxy in accordance with the provisions included herein and in the Creditors' Meeting Order. Each Eligible Affected Creditor is entitled to one vote, which vote shall have the value of such Eligible Affected Creditors' Proven Claim as determined in accordance with the Claims Process Order or this Plan. The results of any and all votes conducted at the Creditors' Meeting shall be binding on all Affected Creditors, whether or not any such Affected Creditor is present or voting at the Creditors' Meeting.

6.3 Voting by Letter

An Eligible Affected Creditor may vote by filling out the Election Letter attached hereto as Schedule "1", which must be delivered to the Monitor at the address set out in Article 11.8 below. An Election Letter shall be voted in accordance with the instructions stated in the Election Letter notwithstanding any modification of or amendment to the Plan that may be made in accordance with Article 11.7. An Election Letter must be delivered to the Monitor on or before 5:00 p.m. (Calgary time) before the last Business Day preceding the date of the commencement of the Creditors' Meeting or any adjournment thereof.

Failure to deliver such Election Letter as set out herein shall result in the invalidation of such Election Letter.

The Election Letter must be executed by an Eligible Affected Creditor or their duly authorized legal counsel. If the Eligible Affected Creditor is not an individual, the Election Letter must be signed in its name by an authorized officer or director whose title should be indicated. If a Person is acting in a representative capacity for the Eligible Affected Creditor, the Election Letter must be accompanied by the appropriate instrument evidencing qualification and authority to act unless such instrument had previously been filed with the Monitor. Failure to sign the Election Letter and provide evidence of qualification and authority to act in accordance with this Article shall invalidate such Election Letter.

6.4 Appointment and Revocation of Proxies

An Eligible Affected Creditor may vote in person by attending the Creditors' Meeting. Eligible Affected Creditors may also vote by indicating such Person's name in the blank space provided in the form of Proxy, attached hereto as Schedule "4", which must be delivered to the Monitor at the address set out in Article 11.8 below.

A Proxy must be delivered to the Monitor by email, mail, facsimile transmission or courier on or before 5:00 p.m. (Calgary time) on the last Business Day prior to the date of the Creditors' Meeting or any adjournment thereof, or by hand to the Chair of the Creditors' Meeting prior to the commencement of the Creditors' Meeting or any adjournment thereof.

Failure to sign and deliver the Proxy as set out herein shall result in the invalidation of such Proxy.

An Eligible Affected Creditor who has signed and delivered a Proxy may revoke it (as to any matter on which a vote has not already been cast pursuant to its authority) by an instrument in writing executed by such Eligible Affected Creditor or by its legal counsel, duly authorized in writing, or if an Eligible Affected Creditor is not an individual, by a director, officer or legal counsel thereof duly authorized, and deposited either at the offices of the Monitor above mentioned on or before the last Business Day preceding the date of the meeting or any adjournment thereof, or with the Chair of the Creditors' Meeting prior to the time of commencement of the Creditors' Meeting, or any adjournment thereof. Failure to complete and deliver a revocation of Proxy and provide evidence of qualification and authority as set out herein shall result in the invalidation of such revocation of Proxy.

6.5 Signature on Proxy

The Proxy must be executed by an Eligible Affected Creditor or their duly authorized legal counsel. If the Eligible Affected Creditor is not an individual, the Proxy must be signed in its name by an authorized officer or director whose title should be indicated. If a Person is acting in a representative capacity for the Eligible Affected Creditor, the Proxy must be accompanied by the appropriate instrument evidencing qualification and authority to act unless such instrument had previously been filed with the Monitor. Failure to sign the Proxy in accordance with this Article shall invalidate such Proxy.

6.6 Voting of Proxy

The Person named in the Proxy shall vote on the Claim(s) of the Eligible Affected Creditor(s) in accordance with the direction of the Eligible Affected Creditor appointing them on any ballot that may be called for and where the Eligible Affected Creditor giving the Proxy specifies a choice with respect to any matter to be voted upon, the Claim shall be voted in accordance with the direction of the Eligible Affected Creditor.

6.7 Exercise and Discretion of Proxy

The Proxy confers a discretionary authority upon the Persons named therein with respect to amendments or variations of the matters that are identified at the Creditors' Meeting and in this Plan and with respect to any other matters that may properly come before the Creditors' Meeting.

6.8 Disputed Claims

The Monitor shall keep separate records and tabulations of votes cast in respect of: (i) Proven Claims, and (ii) Disputed Claims. If approval or non-approval of this Plan by the Eligible Affected Creditors shall

prove to be determined by the votes cast in respect of Disputed Claims, such result shall be reported to the Court as soon as reasonably possible with a request to the Court for directions regarding an expedited determination of any material Disputed Claims and an appropriate deferral of the application for the Sanction Order and any other applicable dates. The fact that a Claim is allowed for voting purposes shall not preclude the Monitor from disputing the Claim for distribution purposes. The Disputed Claims Reserve will be held pending settlement or final determination of the Disputed Claim. To the extent that a final determination or settlement is made in respect of a Disputed Claim in an amount less than the Disputed Claims Reserve, such surplus funds shall be paid into the Transfer Fund.

6.9 Acceptance of Plan

Votes cast by Eligible Affected Creditors with Proven Claims or with Disputed Claims which are eventually allowed as Proven Claims shall be binding upon the Affected Creditors and shall be recorded at the time of the Creditors' Meeting. If the Required Majority is achieved, this Plan shall be approved and shall be, subject to Court approval, deemed to have been agreed to, accepted and approved by the Affected Creditors.

6.10 Confirmation of Plan

In the event that this Plan is agreed to, accepted and approved by the Required Majority pursuant to the terms of the Plan, DIL shall, within a reasonable period of time, apply to the Court for the Sanction Order.

Subject to the Sanction Order being granted and the satisfaction or waiver of those conditions of this Plan set forth in Article 7.2, this Plan will be implemented in accordance with the terms hereof.

In the event that the Plan is not agreed to, accepted and approved as set out herein, the Sanction Order is not granted or the conditions set forth in Article 7.2 are not satisfied or waived in accordance with the terms of this Plan, this Plan shall automatically terminate and in which case DIL shall not be under any further obligation to implement this Plan.

6.11 Court Assistance

DIL reserves the right to seek the assistance and/or direction of the Court regarding any matters relating to this Plan, including the resolution of any disputes arising between the Monitor and any other parties.

ARTICLE 7

CONDITIONS PRECEDENT AND PLAN IMPLEMENTATION

7.1 Sequence of Events

Following the Effective Date, the following events will occur in substantially the following sequence:

- a. If they have not already been established, the New Registered Plans and the New Registered Accounts will be set up by the Replacement Fund Manager.

- b. All cash and short-term investments will be liquidated and transferred to the Transfer Fund.
- c. The Settlements will have been completed.
- d. The DIL Assets will be converted to cash by sale, demand, enforcement or non-renewal and such cash will be transferred to the Transfer Fund.
- e. From time to time, Distributions will be made by DIL from the Transfer Fund in accordance with Article 4 of the Plan.
- f. The Replacement Fund Manager will be responsible for all required reporting related to the Distributions, including all reporting required by Canada Revenue Agency.
- g. DIL will cease to operate.

7.2 Conditions to Implementation of Plan

The implementation of the Plan shall be conditional upon the fulfillment of the following conditions on or prior to the Completion Date, as the case may be:

- a. All applicable governmental, regulatory and judicial consents, orders and any and all filings with all governmental and regulatory authorities having jurisdiction, in each case to the effect deemed necessary or desirable for the completion of the transactions contemplated by the Plan or any aspect thereof shall have been obtained.
- b. The Restructuring Holdback shall have been funded in an amount sufficient to satisfy the Restructuring Costs.
- c. The Representative Action Holdback shall have been established in an amount sufficient to satisfy the anticipated out-of-pocket costs associated with the Representative Action(s).
- d. Arrangements for payment of the Unaffected Creditors, excluding any claims against Directors which are excluded from being compromised pursuant to section 5.1(2) of the CCAA, shall have been made in a manner satisfactory, to the Courts.
- e. DIL shall have taken all necessary corporate actions and proceedings to approve this Plan to enable DIL to execute, deliver and perform its obligations under this Plan and any agreements, indentures, documents and other instruments to be executed or delivered pursuant to, or required to give effect to, the terms of this Plan.
- f. This Plan shall have been approved by the Required Majority.
- g. The Sanction Order, in form and substance satisfactory to DIL and the Monitor, acting reasonably, shall have been granted by the Court and the Sanction Order as at the Completion Date shall be in full force and effect, not stayed or amended.
- h. The stay of proceedings under the Initial Order shall have been extended to at least the Completion Date and the Initial Order shall, as at the Completion Date, be in full force and effect, not stayed or amended after the date hereof (except with the consent of DIL and the Monitor acting reasonably).

7.3 Certificate

Immediately following the satisfaction of the conditions set out in Article 7.1 and the occurrence of the events set out in Article 7.2, the Monitor shall deliver to DIL a certificate stating that the Completion Date has occurred. Following the Completion Date, the Monitor shall file such certificate with the Court.

ARTICLE 8 RELEASES

8.1 General Releases to Released Representatives

Subject to Article 8.2 below, on the Completion Date the Released Representatives (and only the Released Representatives) shall be released and discharged from any and all demands, claims, actions, causes of action, counterclaims, suits, debts, sums of money, accounts, covenants, damages, judgments, orders, including for injunctive relief or specific performance and compliance orders, expenses, executions, liens and other recoveries on account of any liability, obligation, demand or cause of action of whatever nature which any Affected Creditor or other Person may be entitled to assert (other than for any Unaffected Creditors), including any and all Claims in respect of any alleged fiduciary or other duty, whether known or unknown, matured or unmatured, foreseen or unforeseen, existing or hereafter arising, based in whole or in part on any act or omission, transaction, duty, responsibility, indebtedness, liability, obligation, dealing or other occurrence existing or taking place prior to the Completion Date in any way relating to, arising out of or in connection with the Claims, the arrangement and restructuring provided for herein or otherwise, the business and affairs of DIL (whenever and however conducted) and in connection with the arrangement and restructuring provided for herein, the administration and/or management of this Plan, the CCAA Proceedings, any Claim that has been barred or extinguished by the Claims Procedure Order and all Claims arising out of such actions or omissions shall be forever waived and released, all to the full extent permitted by law. For greater clarity, but without otherwise limiting the generality of the foregoing, the release set out in this Article 8.1 is not intended to release and shall not have the effect of releasing any co-obligator or any Person who is not a Released Representative or Partially Released Party and specifically shall not release any joint obligator or any Person who is jointly or jointly and severally liable with a Released Representative or Partially Released Party (a "Non-Released Person") and the Affected Creditor or other Person bound by this release (a "Releasing Person") shall retain the right to sue such Non-Released Person for any and all demands, claims, actions, causes of action, counterclaims, suits, debts, sums of money, accounts, covenants, damages, judgments, orders, including for injunctive relief or specific performance and compliance orders, expenses, executions, liens and other recoveries on account of any liability, obligation, demand or cause of action of whatever nature which the Releasing Person may have had against a Released Representative or Partially Released Party but for this Article 8.1 PROVIDED ALWAYS that this Article 8.1 may be relied upon and raised or pled by a Released Representative in defence or estoppel of or to enjoin any claim,

action or proceeding brought by a Non-Released Person respecting any action relating to the Claims released by this Article 8.1.

8.2 Exceptions to Release of Released Representatives

Notwithstanding Article 8.1 of this Plan, the following matters are not released by this Plan as against Released Representatives:

- a. any liability arising out of any fraud, negligence, breach of fiduciary duty, gross negligence or willful misconduct on the part of the Released Representatives; and
- b. any actions or omissions of the Released Representatives which are not directly or indirectly related to the CCAA Proceedings or their commencement.

For greater certainty, the release of Released Representatives pursuant to Article 8.1 of this Plan shall release the Released Representatives from any and all matters that may or could be alleged as against the Released Representatives in the Representative Action Claims advanced pursuant to any Representative Action(s), save and except for any matters referenced within Article 8.2.

8.3 Releases to Partially Released Parties

Subject to Article 8.4 below, the Partially Released Parties shall be released and discharged from any and all demands, claims, actions, causes of action, counterclaims, suits, debts, sums of money, accounts, covenants, damages, judgments, orders, including for injunctive relief or specific performance and compliance orders, expenses, executions, liens and other recoveries on account of any liability, obligation, demand or cause of action of whatever nature which any Affected Creditor or other Person may be entitled to assert (other than for any Unaffected Creditors), including any and all Claims in respect of any alleged fiduciary or other duty, whether known or unknown, matured or unmatured, foreseen or unforeseen, existing or hereafter arising, based in whole or in part on any act or omission, transaction, duty, responsibility, indebtedness, liability, obligation, dealing or other occurrence existing or taking place prior to the Completion Date in any way relating to, arising out of or in connection with the Claims, the arrangement and restructuring provided for herein or otherwise, the business and affairs of DIL (whenever and however conducted) and in connection with the arrangement and restructuring provided for herein, the administration and/or management of this Plan, the CCAA Proceedings, any Claim that has been barred or extinguished by the Claims Procedure Order and all Claims arising out of such actions or omissions shall be forever waived and released, all to the full extent permitted by law. For greater clarity, but without otherwise limiting the generality of the foregoing, the release set out in this Article 8.3 is not intended to release and shall not have the effect of releasing any co-obligator or any Person who is not a Released Representative or Partially Released Party and specifically shall not release a Non-Released Person and a Releasing Person shall retain the right to sue such Non-Released

Person for any and all demands, claims, actions, causes of action, counterclaims, suits, debts, sums of money, accounts, covenants, damages, judgments, orders, including for injunctive relief or specific performance and compliance orders, expenses, executions, liens and other recoveries on account of any liability, obligation, demand or cause of action of whatever nature which the Releasing Person may have had against a Partially Released Party or Released Representative but for this Article 8.3 PROVIDED ALWAYS that this Article 8.3 may be relied upon and raised or pled by a Partially Released Party in defence or estoppel of or to enjoin any claim, action or proceeding brought by a Non-Released Person respecting any action relating to the Claims released by this Article 8.3.

8.4 Limitations on Releases to Partially Released Parties

Notwithstanding Article 8.3 of this Plan, the following claims as against Partially Released Parties are not released by this Plan:

- a. claims against the Directors set out in Section 5.1(2) of the CCAA;
- b. claims prosecuted by the Alberta Securities Commission or the British Columbia Securities Commission arising from compliance requirements of the *Securities Act* of Alberta and the *Financial Institutions Act* of British Columbia;
- c. claims made by the Superintendent of Financial Institutions arising from compliance requirements of the *Loan and Trust Corporations Acts* of Alberta and British Columbia;
- d. any Representative Action Claims that are advanced solely as part of the Representative Action(s);
- e. any D&O Insured Claim that is advanced solely as part of the Representative Action(s), subject to the following:
 - i. nothing in this Plan shall prejudice, compromise, release or otherwise affect any right or defence of any such insurer in respect of the D&O Insurance; and
 - ii. DIL and the D&O Party(ies) shall make all reasonable efforts to meet all obligations under the D&O Insurance. The D&O Insurers shall be obliged to pay any loss payable pursuant to the terms and conditions of the D&O Insurance notwithstanding the releases granted to the Released Representatives and Partially Released Parties (including DIL and the D&O Party(ies)) under this Plan, and the D&O Insurers shall not rely on any provisions of the D&O Insurance to argue, or otherwise assert, that such releases excuse them from, or relieve them of, the obligation to pay any loss that otherwise would be payable under the terms of the D&O Insurance.

f. any claim by the DIL Depositors against the proceeds of any claim by DIL against any person for any cause of action whatsoever arising prior to the granting of the Initial Order on January 23, 2015.

ii. g. any claim(s) which one or more of the DIL Depositors could pursue in the name of DIL against any person whatsoever arising on or before January 2 for any cause whatsoever arising prior to the granting of the Initial Order on January 23, 2015.

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8.5 Sections That Do Not Apply

Pursuant to section 36.1 of the CCAA, sections 38 and 95 to 101 of the BIA shall not apply to DIL.

ARTICLE 9 PLAN SANCTION ORDER

If the Required Majority approves the Plan, DIL shall apply for the Plan Sanction Order. The Application for the Plan Sanction Order may, among other things request that the Court:

- a. Declare that the Plan is fair and reasonable.
- b. Declare that as of the Effective Date, the Plan and all associated steps, compromises, transactions, arrangements, assignments, releases and reorganizations effected thereby are approved, binding and effective as set out herein upon DIL, all Affected Creditors and all other Persons affected by the Plan.
- c. Declare that the steps to be taken and the compromises and releases to be effected prior to the Completion Date are deemed to occur and be effected in the sequential order contemplated by Article 7.1 of the Plan on the Effective Date.
- d. Declare that, as of the Completion Date, the releases referred to in Article 8.1 and the other provisions of this Plan shall become effective in accordance with the Plan.
- e. Terminate and discharge the Administration Charge, the Critical Supplier Charge and the Directors' Charge be terminated and discharged on the Completion Date.
- f. Declare that as of the Completion Date DIL has been discharged and released from any and all Affected Claims of any nature in accordance with the Plan, and declare that the ability of any Person to proceed against DIL in respect of or relating to any Affected Claims shall be forever discharged and restrained, and all proceedings with respect to, in connection with or relating to such Affected Claims be permanently stayed, subject only to the right of Affected Creditors to receive distributions pursuant to the Plan in respect of their Affected Claims.
- g. Discharge and extinguish all liens, mortgages, charges, security interests and other encumbrances including all security registrations against DIL, in favour of any Affected Creditor in respect of an Affected Claim are discharged and extinguished.
- h. Discharge and extinguish all liens, including all security registrations against DIL, in favour of any Affected Creditor in respect of a Disputed Claim are discharged and extinguished.
- i. Declare that any Affected Claims, in respect of which a proof of claim has not been filed by the Claims Bar Date shall be forever barred and extinguished.
- j. Declare that the stay of proceedings under the Initial Order is extended in respect of DIL to and including the Completion Date.
- k. Authorize the Monitor be authorized to perform its functions and fulfil its obligations under the Plan to facilitate the implementation of the Plan.

- I. Declare that, subject to the performance by DIL of its obligations under the Plan, all obligations, or agreements to which DIL is a party shall be and remain in full force and effect, unamended, as at the Effective Date, unless repudiated or deemed to be repudiated by DIL pursuant to the Initial Order, and no party to any such obligation or agreement shall on or following the Completion Date, accelerate, terminate, refuse to renew, rescind, refuse to perform or to otherwise repudiate its obligations thereunder, or enforce or exercise (or purport to enforce or exercise) any right or remedy under or in respect of any such obligation or agreement, by reason:
 - i. Of any event which occurred prior to, and not continuing after, the Effective Date or which is or continues to be suspended or waived under the Plan, which would have entitled any other party thereto to enforce those rights or remedies.
 - ii. That DIL has sought or obtained relief or have taken steps as part of the Plan or under the CCAA.
 - iii. Of any default or event of default arising as a result of the financial condition or insolvency of DIL.
 - iv. Of the effect upon DIL of the completion of any of the transactions contemplated under the Plan.
 - v. Of any compromises, settlements, restructurings or reorganizations effected pursuant to the Plan.
- m. Declare that upon completion by the Monitor of its duties in respect of DIL pursuant to the CCAA and the Orders, including, without limitation, the Monitor's duties in respect of the Claims Process and the distributions made by DIL in accordance with this Plan, the Monitor may file with the Court following the Completion Date a certificate of Plan termination stating that all of its duties in respect of DIL have been completed and thereupon the Monitor shall be deemed to be discharged from its duties as Monitor of DIL.
- n. Declare that DIL and the Monitor may apply to the Court for advice and direction in respect of any matter arising from or under the Plan.

ARTICLE 10

PROCEDURE FOR RESOLVING DISTRIBUTIONS TO AFFECTED CREDITORS WITH DISPUTED CLAIMS

10.1 No Distributions Pending Allowance

Notwithstanding any other provision of the Plan, no payments or distributions shall be made with respect to all or any portion of a Disputed Claim unless and to the extent it has become a Proven Claim.

10.2 Disputed Claims Reserve

On the Effective Date, DIL will hold those funds required to establish the Disputed Claims Reserve in a separate trust account until the Disputed Claims have either been admitted or finally disallowed.

10.3 Distributions After Disputed Claims Resolved

Affected Creditors with Disputed Claims shall complete Election Letters and deliver such Election Letters to the Monitor (as required) prior to the Creditors' Meeting, or attend the Creditors' Meeting and vote in person or by Proxy, and upon resolution of the Disputed Claims, DIL shall make distributions from the Disputed Claim Reserve to each holder of a Disputed Claim which has become a Proven Claim in accordance with the provisions of the Plan. DIL or the Monitor shall not be required, however, to make or authorize, as the case may be, distributions more frequently than as required under the terms of this Plan.

10.4 Balance of Reserves and Holdbacks

Any balance of the Disputed Claim Reserve after the resolution of the Disputed Claims will be paid to and form part of the Transfer Fund. Any balance of the Restructuring Holdback after payment of the Restructuring Claims will be paid to and form part of the Transfer Fund.

ARTICLE 11 GENERAL PROVISIONS

11.1 Further Assurances

Notwithstanding that the transactions and events set out in this Plan may be deemed to occur without any additional act of formality other than as may be expressly set out herein, each of the Persons affected hereto shall make, do, execute or cause to be made, all such further acts, deeds, agreements, assignments, transfers, conveyances, discharges, discontinuances of any suit or proceeding, assurances, instruments, documents, elections, consents or filings as may be reasonably required by DIL to implement the Plan.

11.2 Paramourty

Without limiting any other provision hereof, from and after the Effective Date, in the event of any conflict between this Plan and the covenants, warranties, representations, terms, conditions, provisions or obligations, expressed or implied, of any contract, mortgage, security agreement, indenture, trust indenture, loan agreement, commitment letter, agreement for sale, lease or other agreement, written or oral and any and all amendments or supplements thereto existing between any Affected Creditor or other Persons affected by the Plan, and DIL as at the Effective Date, the terms, conditions and provisions of this Plan shall govern and take precedence and priority.

11.3 Waiver of Defaults

From and after the Effective Date, all Persons shall be deemed to have waived any and all defaults by DIL arising on or prior to the Effective Date in respect of any covenant, warranty, representation, term, provision, condition or obligation, express or implied, in every contract, agreement, mortgage, security agreement, indenture, trust indenture, loan agreement, commitment letter, agreement for sale, lease or

other agreement, written or oral (except any defaults comprising or related to those Claims that are not released described in Article 8.2 of this Plan). Any and all notices of default, acceleration of payments and demands for payment under any instrument, or notices given under the CCAA, including without limitation, any notices of intention to proceed to enforce security, shall be deemed to have been rescinded and withdrawn.

11.4 Binding Effect

On the Effective Date, this Plan will become effective and be binding on and enure to the benefit of DIL, all Affected Creditors, the Directors and all other Persons named or referred to in, or subject to, this Plan and their respective heirs, executors, administrators and other legal representatives, successors and assigns. Each Affected Creditor will be deemed to have consented and agreed to all of the provisions of this Plan, in its entirety.

11.5 Compromise Effective for all Purposes

The payment, compromise or satisfaction of any Claim under this Plan, if sanctioned and approved by the Court, shall be binding upon the Affected Creditors and each of their heirs, executors, administrators, legal and personal representatives, successors and assigns, as the case may be, for all purposes.

11.6 Payment of Taxes

Notwithstanding any provisions of this Plan, each Affected Creditor that is to receive a distribution pursuant to the Plan shall have sole and exclusive responsibility for the satisfaction and payment of any tax obligations imposed by any governmental authority, including, without limitation of the foregoing, income, withholding and other tax obligations, on account of such distribution.

11.7 Modification of the Plan

Subject to the consent of the Monitor, DIL reserves the right to file any modification of or amendment to this Plan by way of a supplementary plan or plans of compromise or arrangement, or both, filed with the Court at any time or from time to time prior to the Creditors' Meeting, in which case any such supplementary plan or plans of compromise or arrangement, or both, shall, for all purposes, be and be deemed to be a part of and incorporated into this Plan provided no such amendment or modification that materially and adversely affects the rights or treatment hereunder of the Affected Creditors shall be so filed without first obtaining the approval of the Court. DIL shall give notice by publication on the Monitor's website, or otherwise, to all Affected Creditors with details of any modifications or amendments prior to the vote being taken to approve this Plan, as modified or amended. Subject to the foregoing proviso, DIL may propose an alteration or modification to the Plan at the Creditors' Meeting. After the Creditors' Meeting, DIL may at any time and from time to time vary, amend, modify or supplement the Plan if the Court determines that such variation, amendment, modification or supplement is of a minor, immaterial or technical nature that would not be materially prejudicial to the interest of any of the Affected Creditors and is necessary in order to give effect to the substance of the Plan or the Sanction Order.

11.8 Notices

Any notice of other communication to be delivered hereunder must be in writing and reference this Plan and may, subject as hereinafter provided, be made or given by personal delivery, ordinary mail, facsimile or email addressed to the respective parties as follows:

a. If to DIL:

Bishop & McKenzie LLP
1700, 530 8th Avenue SW
Calgary, AB T2P 3S8
Attention: Francis Taman/Ksena Court
Fax: 403-263-3423
Email: Francis Taman FTaman@bmlp.ca
Ksena Court KCourt@bmlp.ca

b. If to an Affected Creditor, to the last known address (including fax number or email address) for such Affected Creditor specified in the Proof of Claim filed by such Affected Creditor, or in the absence of such Proof of Claim, to the last known address for such Affected Creditor set out in the books and records of DIL or such other address as the Affected Creditor may from time to time provide to the Monitor in accordance with this Article.

c. If to the Monitor:

Deloitte Restructuring Inc.
700 Bankers Court
850 2nd Street SW
Calgary, AB T2P 0R8
Attention: Vanessa Allen
Fax: 403-718-3681
Email: vanallen@deloitte.ca

Copy to:

Gowling Lafleur Henderson LLP
1600 421 7th Avenue SW
Calgary, AB T2P 4K9
Attention: Jeffrey Oliver
Fax: 403-695-3558
Email: jeffrey.oliver@gowlings.com

or to such other address as any party may from time to time notify the others in accordance with this Article. All such notices and communications which are delivered will be deemed to have been received on the date of delivery. All such notices and communications which are faxed or emailed will be deemed to be received on the date faxed or emailed if sent before 5:00 p.m. Calgary time on a Business Day and otherwise will be deemed to be received on the Business Day next following the day upon which such fax or email was sent. Any notice or other communication sent by mail will be deemed to have been received on the third Business Day after the date of mailing.

11.9 Severability of Plan Provisions

If, prior to the date of the Sanction Order, any term or provision of the Plan is held by the Court to be invalid, void or unenforceable, the Court, shall have the power to alter and interpret such term or provision to make it valid or enforceable to the maximum extent practicable, consistent with the original purpose of the term or provision held to be invalid, void or unenforceable, and such term or provision shall then be applicable as altered or interpreted. In the event that any term or provision of the Plan is held by the Court to be invalid, void or unenforceable, then at the election of DIL, notwithstanding any such holding, alteration or interpretation, the remainder of the terms and provisions of the Plan shall remain in full force and effect and shall in no way be affected, impaired or invalidated by such holding, alteration or interpretation.

11.10 Non-Consummation

If the Sanction Order is not issued in respect of this Plan or the plans of arrangement filed by the other Applicants, this Plan shall be null and void in all respects, including (i) any settlement or compromise embodied in the Plan including the fixing or limiting of an amount and any document or agreement executed pursuant to the Plan shall be deemed null and void, and (ii) nothing contained in the Plan, and no acts taken in preparation for consummation of the Plan, shall (a) constitute or be deemed to constitute a waiver or release of any Claims by or against DIL or any other Person; (b) prejudice in any manner the rights of DIL in any further proceedings involving DIL, including without limitation the right to assert any facts or defences it might otherwise have; or (c) constitute an admission of any sort by DIL or any other Person.

11.11 Different Capacities

Persons who are affected by this Plan may be affected in more than one capacity. Unless expressly provided herein to the contrary, a Person will be entitled to participate hereunder in each such capacity. Any action taken by a Person in one capacity will not affect such Person in any other capacity, unless expressly agreed by the Person in writing or unless their Claims overlap or are otherwise duplicative.

ARTICLE 12
EXECUTION

12.1 Execution

This Plan has been executed by DIL in the City of Calgary in the Province of Alberta effective December _____, 2015 and is binding and effective on DIL.

Legal representative of DIL

Name and title of legal representative of DIL

Schedule "1" – Election Letter

COURT FILE NUMBER 1501-00955

COURT COURT OF QUEEN'S BENCH OF ALBERTA

JUDICIAL CENTRE CALGARY

DOCUMENT ELECTION LETTER

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

THIS ELECTION LETTER SHALL BE VOTED IN ACCORDANCE WITH THE INSTRUCTIONS STATED BELOW EVEN THOUGH THE PLAN PRESENTED BY DISTRICT INVESTMENTS MAY BE MODIFIED OR AMENDED IN ACCORDANCE WITH THE TERMS OF THE DISTRICT INVESTMENTS PLAN BEFORE OR AT THE CREDITORS' MEETING, OR AFTER THE CREDITORS' MEETING WITH THE APPROVAL OF THE COURT.

Voting

I, _____ a creditor (or I _____, representative of _____, a creditor), in the above matter for the sum of \$ _____

hereby request the Monitor to record my vote respecting the District Investments Plan as made on the November 21, 2015 as follows:

(mark one only):

- Vote FOR approval of the resolution to accept the Plan; or
- Vote AGAINST approval of the resolution to accept the Plan.

IF A BOX IS NOT MARKED AS A VOTE FOR OR AGAINST APPROVAL OF THE PLAN, YOUR VOTE SHALL BE DEEMED TO BE A VOTE FOR APPROVAL OF THE PLAN.

Dated at _____ this _____ day of _____, 201_____.

Witness

Individual Creditor

Witness

Name of Corporate Creditor

Name and Title of Signing Officer

Return to:

Deloitte Restructuring Inc., Monitor
700 Bankers Court, 850 – 2nd Street SW
Calgary, AB T2P 0R8
Phone: (403) 267-1777 Fax: (403) 718-3681
Email: CalgaryRestructuring@deloitte.ca

Schedule "2" – Representative Action Letter

COURT FILE NUMBER 1501-00955

COURT COURT OF QUEEN'S BENCH OF ALBERTA

JUDICIAL CENTRE CALGARY

DOCUMENT REPRESENTATIVE ACTION LETTER

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

Representative Action Election (For District Investment Depositors Only)

I, _____ a creditor (or I _____, representative of _____, a creditor), hereby request the Monitor to record my election respecting the Representative Action(s) as follows:

(mark one only):

Record my election TO PARTICIPATE in the Representative Action(s); or

Record my election NOT TO PARTICIPATE in the Representative Action(s).

IF A BOX IS NOT MARKED FOR AN ELECTION, YOUR ELECTION SHALL BE RECORDED AS AN ELECTION TO PARTICIPATE IN THE REPRESENTATIVE ACTION(S).

~~IF YOU ELECT NOT TO PARTICIPATE IN THE REPRESENTATIVE ACTION(S), YOU ARE OR THE CREDITOR IS; YOU WILL BE FOREVER BARRED FROM PURSUING ANY CLAIM AGAINST THE DIL, ITS CURRENT OR FORMER DIRECTORS, OFFICERS, TRUSTEES, EMPLOYEES, VOLUNTEERS OF DIL, OR MEMBERS OF ANY DULY CONSTITUTED COMMITTEE OF DIL OR ANY OF THE OTHER RELEASED PARTIES UNDER THE PLAN.~~

- a. WAIVING ALL RIGHTS AS A PARTICIPANT WITHIN THE REPRESENTATIVE ACTION CLAIM(S);
- b. NOT ENTITLED TO ANY FURTHER NOTICE OF OR INFORMATION REGARDING THE REPRESENTATIVE ACTION(S), SAVE WHAT IS AVAILABLE ON THE PUBLIC RECORD;
- c. FOREVER BARRED FROM PARTICIPATING IN THE REPRESENTATIVE ACTION(S);
- d. NOT ENTITLED TO RECEIVE ANY RECOVERY OF ANY KIND, INCLUDING BUT NOT LIMITED TO A DIVIDEND OR DISTRIBUTION UNDER THE PLAN, THAT IS PAYABLE OUT OF PROCEEDS RECOVERED PURSUANT TO THE REPRESENTATIVE ACTION(S); AND
- e. NOT ELIGIBLE TO BE A MEMBER OF ANY "CLASS" PURSUANT TO THE CLASS PROCEEDINGS ACT, R.S.B.C. 1996, C. 50 (BRITISH COLUMBIA) AND CLASS

PROCEEDINGS ACT, S.A. 2003, C C-16.5, AS AMENDED BY THE CLASS PROCEEDINGS AMENDMENT ACT, 2010, C. 15. (ALBERTA), OR ANY LEGISLATION OF SIMILAR PURPOSE OR INTENT IN ANY CANADIAN PROVINCE OR TERRITORY, OR STATE OF THE UNITED STATES.

IF YOU ELECT TO PARTICIPATE IN THE REPRESENTATIVE ACTION(S), ANY PAYMENTS YOU ARE UNTITLED TO UNDER THE PLAN WILL BE SUBJECT TO THE REPRESENTATIVE ACTION HOLDBACK.

THIS ELECTION LETTER, ONCE DULY COMPLETED, DATED AND SIGNED, MUST BE SENT TO THE MONITOR BY EMAIL, MAIL, FACSIMILE TRANSMISSION OR COURIER, AND RECEIVED BY THE MONITOR BY NO LATER THAN 5:00 P.M. (CALGARY TIME) ON _____, 201__ OR SUCH LATER DATE AS MAY BE THE LAST BUSINESS DAY PRIOR TO THE DATE THE CREDITORS' MEETING HAS BEEN ADJOURNED TO. AFTER SUCH TIME, NO ELECTION LETTER CAN BE ACCEPTED BY THE MONITOR.

Dated at _____ this _____ day of _____, 201__.

Witness

Individual Creditor

Witness

Name of Corporate Creditor

Name and Title of Signing Officer

Return to:
Deloitte Restructuring Inc., Monitor
700 Bankers Court, 850 – 2nd Street SW
Calgary, AB T2P 0R8
Phone: (403) 267-1777 Fax: (403) 718-3681
Email: CalgaryRestructuring@deloitte.ca

Schedule "3" – Legal Description of Prince of Peace Development

Development, Harbour and Expansion Lands

PLAN 9712096

BLOCK 1

CONTAINING 22.29 HECTARES (55.08 ACRES) MORE OR LESS

EXCEPTING THEREOUT: SUBDIVISION 0311251

AREA: 1.90 HECTARES (4.70 ACRES)

EXCEPTING THEREOUT ALL MINES AND MINERALS

Manor

PLAN 0311251

BLOCK 4

LOT 1

EXCEPTING THEREOUT ALL MINES AND MINERALS

AREA: 1.9 HECTARES (4.7 ACRES) MORE OR LESS

Lake and Green Space

PLAN 9712096

BLOCK 2

EXCEPTING THEREOUT ALL MINES AND MINERALS

AREA: 12.88 HECTARES (31.83 ACRES) MORE OR LESS

Schedule "4" – Form of Proxy

COURT FILE NUMBER 1501-00955
 COURT COURT OF QUEEN'S BENCH OF ALBERTA
 JUDICIAL CENTRE CALGARY
 DOCUMENT PROXY
 APPLICANTS LUTHERAN CHURCH – CANADA, THE ALBERTA – BRITISH COLUMBIA DISTRICT, ENCHARIS COMMUNITY HOUSING AND SERVICES, ENCHARIS MANAGEMENT AND SUPPORT SERVICES, AND LUTHERAN CHURCH – CANADA, THE ALBERTA – BRITISH COLUMBIA DISTRICT INVESTMENTS LTD.

I, _____ of _____, a creditor in the above matter, hereby appoint _____ of _____, (person you want to appoint) to be my proxyholder in the above matter, except as to the receipt of any distributions pursuant to this Plan (with or without) power to appoint another proxyholder in his or her place.

The above named proxyholder shall attend on behalf of and act for me at the Creditors' Meeting to be held in connection with the DIL Plan and at any and all adjournments, postponements or other rescheduling of the Creditors' Meeting, and vote the amount of my Claim(s) as follows:

- 1. (mark one only):
 Vote FOR approval of the resolution to accept the Plan; or
 Vote AGAINST approval of the resolution to accept the Plan.

IF A BOX IS NOT MARKED AS A VOTE FOR OR AGAINST APPROVAL OF THE PLAN, THEN THE PROXYHOLDER SHALL VOTE AT HIS/HER DISCRETION.

and

- 2. Vote at his/her discretion and otherwise act for and on behalf of me with respect to any amendments or variations to the matters identified in the notice of the Creditors' Meeting and in this Plan, and with respect to other matters that may properly come before the Creditors' Meeting.

THIS PROXY, ONCE DULY COMPLETED, DATED AND SIGNED, MUST BE SENT TO THE MONITOR BY EMAIL, MAIL, FACSIMILE TRANSMISSION OR COURIER, AND RECEIVED BY THE MONITOR BY NO LATER THAN 5:00 P.M. (CALGARY TIME) ON _____, 201__ OR SUCH LATER DATE AS MAY BE THE LAST BUSINESS DAY PRIOR TO THE DATE THE CREDITORS' MEETING HAS BEEN ADJOURNED TO, OR DELIVERED BY HAND TO THE CHAIR OF THE CREDITORS' MEETING PRIOR THE COMMENCEMENT OF THE CREDITORS' MEETING. AFTER

COMMENCEMENT OF THE CREDITORS' MEETING (OR ANY ADJOURNMENT THEREOF), NO PROXIES CAN BE ACCEPTED BY THE MONITOR.

Dated at _____ this _____ day of _____, 201____.

Witness

Individual Creditor

Witness

Name of Corporate Creditor

Name and Title of Signing Officer

Return to:

Deloitte Restructuring Inc., Monitor
700 Bankers Court, 850 – 2nd Street SW
Calgary, AB T2P 0R8
Phone: (403) 267-1777 Fax: (403) 718-3681
Email: CalgaryRestructuring@deloitte.ca

Schedule "5" – Notice of Opting Out

COURT FILE NUMBER 1501-00955

COURT COURT OF QUEEN'S BENCH OF ALBERTA

JUDICIAL CENTRE CALGARY

DOCUMENT NOTICE OF OPTING OUT

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

I, _____ a creditor (or I _____, representative of _____, a creditor), in the above matter hereby request Representative Counsel (or in the event that Representative Counsel is not retained, the Monitor) take notice that I shall no longer participate in the Representative Action(s).

I acknowledge that by signing this document, I am or the creditor is:

- f. waiving all rights as a participant within the Representative Action Claim(s);
- g. to be removed from the members of the Representative Action Class;
- h. not entitled to any further notice of or information regarding the Representative Action(s), save what is available on the public record;
- i. forever barred from participating in the Representative Action(s);
- j. not entitled to receive any recovery of any kind, including but not limited to a dividend or distribution under the Plan, that is payable out of proceeds recovered pursuant to the Representative Action(s); and
- k. not eligible to be a member of any "class" pursuant to the *Class Proceedings Act*, R.S.B.C. 1996, c. 50 (British Columbia) and *Class Proceedings Act*, S.A. 2003, c C-16.5, as amended by the *Class Proceedings Amendment Act, 2010*, c. 15. (Alberta), or any legislation of similar purpose or intent in any Canadian Province or Territory, or State of the United States.

THIS NOTICE, ONCE DULY COMPLETED, DATED AND SIGNED, MUST BE SENT TO THE REPRESENTATIVE COUNSEL, OR IF THERE IS NO REPRESENTATIVE COUNSEL THEN TO THE MONITOR, BY MAIL, FACSIMILE TRANSMISSION OR COURIER, AND UPON THE DATE OF RECEIPT SHALL BE DEEMED ACCEPTED AND ENFORCEABLE.

Dated at _____ this _____ day of _____,
20____.

Witness

Individual Creditor

Witness

Name of Corporate Creditor

Name and Title of Signing Officer

Return to:
Representative Counsel

Or:
Deloitte Restructuring Inc., Monitor
700 Bankers Court, 850 – 2nd Street SW
Calgary, AB T2P 0R8
Phone: (403) 267-1777 Fax: (403) 718-3681
Email: CalgaryRestructuring@deloitte.ca

RICHARD R. SUGDEN, Q.C.(2009)

E. DAVID CROSSIN, Q.C.*
ALBERT M. ROOS, Q.C.*
ERRIN A. POYNER
MICHAEL D. SHIRREFF
EMILIE E.A. LEDUC
JESSIE I. MEIKLE-KÄHS

ROBIN N. MCFEE, Q.C.*
PATRICK F. LEWIS*
ROBYN A. JARVIS
ALLISON E. JACKSON
ELIZABETH T.W. FRANCE

THE LANDING
700 - 375 WATER STREET
VANCOUVER, BRITISH COLUMBIA
CANADA V6B 5C6

TELEPHONE 604-687-7700
FAX 604-687-5596

*DENOTES LAW CORPORATION

This is Exhibit "E" referred to in the
Affidavit of Courtney Clark
sworn before me at Vancouver
this 23 day of February 2016

File No.: K-5280(1)

Email: epoyner@smrlaw.ca

January 20, 2016

VIA EMAIL

Field LLP
#400 - 604 - 1st Street SW
Calgary, AB T2P 1M7

A Commissioner for taking Affidavits
within British Columbia

Shop & McKenzie LLP
#1700 - 530 8th Avenue SW
Calgary, AB T2P 3S8

Attention: Doug Nishimura

Attention: Francis Taman

Dear Sirs:

Re: Lutheran Church of Canada – Alberta and British Columbia District (the “ABC District”)

I write with respect to the Amended Amended DIL Plan filed on January 11, 2016.

I note at cl. 5.5 that the deadline for electing into or out of the Representative Action has been moved back from the day prior to the commencement of the Sanction Hearing to the day before the commencement of the Representative Action. I agree that the election deadline should be moved back in order to give depositors an opportunity to become informed about the Representative Action before being put to an election as to whether to participate. However, moving the election deadline back to the day before the commencement of the Representative Action, without providing a mechanism to provide that information, does not address the issue.

In an email exchange with Ms. Allen dated December 18, 2015 and January 5, 2016 (during the currency of the Amended DIL Plan), I inquired as to how the DIL Depositors would be provided with information about the Representative Action prior to the opt-out deadline. Ms. Allen replied that my concern was addressed under Art. 5.5. That article contemplates that the Monitor will notify the depositors concerning the amount of the Representative Action Holdback following selection of the Representative Counsel. It does not contemplate that any additional information about the Representative Action will be provided to Depositors.

Based upon Ms. Court’s email of earlier today, it would appear that there will be no requirement that Depositors will be given further information about the Representative Action; rather, it is assumed that Depositors will be “generally aware” of the types of claims being contemplated by the Subcommittee at the time that the Representative Holdback is calculated. This is simply not sufficient in circumstances where the Depositors are being asked to contribute money to the Holdback fund. Further, given that the Depositors’ personal religious beliefs may affect their willingness to participate in the Representative Action, they must be given sufficient information upon which to exercise those principles.

As I stated in my email to Ms. Court, any client embarking upon litigation is entitled to a reasonably detailed litigation plan before paying a retainer. The Representative Action Holdback is in the nature

of a retainer, and the DIL depositors are entitled to know the scope of the Action and how their Holdback monies will be spent before being put to their election. Allowing the Holdback monies to be spent without a litigation plan is simply not responsible.

Furthermore, the election deadline has been moved after many DIL Depositors would have already made their election. Any depositor making their election on the understanding that the election deadline was the day prior to the commencement of the Sanction Hearing would have been under the understanding that there would be no additional information forthcoming about the Representative Action before the election date, and that lack of information may have affected their decisions. Had the Depositors known that more information would be available, they might have delayed making their elections until a later date, and that additional information may have caused them to come to a different decision.

This is not an administrative change to the Amended DIL Plan. It is a change which impacts the DIL Depositors' financial or economic interests. Accordingly, the amendment is not sanctioned under the Meeting Order.

A reasonable solution to this issue is for the Monitor to bring the change in the election date to the attention of all of the DIL Depositors by mail, and to allow all of the DIL Depositors who have exercised their election prior to the date upon which they could reasonably be expected to receive notice of the change to re-elect prior to the new deadline.

I look forward to hearing from you.

Yours truly,

SUGDEN, McFEE & ROOS LLP
PER:

ERRIN A. POYNER
EAP/cc

cc: Mr. Jeffrey Oliver
Mr. Chris Simard
Clients

SUGDEN, McFEE & ROOS LLP
BARRISTERS & SOLICITORS

66

RICHARD R. SUGDEN, Q.C.(2009)

E. DAVID CROSSIN, Q.C.*
ALBERT M. ROOS, Q.C.*
ERRIN A. POYNER
MICHAEL D. SHIRREFF
EMILIE E.A. LEDUC
JESSIE I. MEIKLE-KÄHS

ROBIN N. MCFEE, Q.C.*
PATRICK F. LEWIS*
ROBYN A. JARVIS
ALLISON E. JACKSON
ELIZABETH T.W. FRANCE
MIRIAM ISMAN

THE LANDING
700 - 375 WATER STREET
VANCOUVER, BRITISH COLUMBIA
CANADA V6B 5C6

TELEPHONE 604-687-7700
FAX 604-687-5596

*DENOTES LAW CORPORATION

File No.: K-5280(1)

Email: epoyner@smrlaw.ca

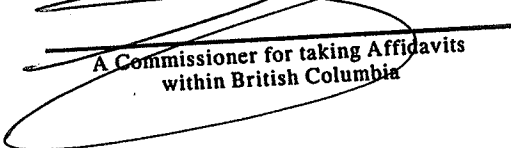
February 1, 2015

VIA EMAIL

Bishop & McKenzie LLP
#1700 – 530 8th Avenue SW
Calgary, AB T2P 3S8

Attention: Francis Taman

Dear Sir:

This is Exhibit "F" referred to in the
Affidavit of Courtnes Clark
sworn before me at Vancouver
this 23 day of February, 2016

A Commissioner for taking Affidavits
within British Columbia

Re: Lutheran Church of Canada – Alberta and British Columbia District (the “ABC District”)

At the DIL Creditors’ meeting which took place in Calgary on January 23, 2016, DIL Depositor Pastor Greg Kjos stood during the question period to ask you whether any of the terms of the Amended Amended DIL Plan shielded you or your law firm from liability for any acts or omissions occurring in the course of your representation of the ABC District. Your exchange with Pastor Kjos is recorded in the Minutes of the meeting as follows:

An attendee asked Francis Taman if legal counsel for the District was protected from the Representative Action pursuant to the DIL Plan. Francis Taman indicated that the only releases provided to professionals in the DIL Plan were with respect to activities undertaken related to the CCAA proceedings or their commencement. He further noted that Bishop & McKenzie LLP had not been the District’s legal counsel prior to the CCAA proceedings. When asked who had been the District’s legal counsel prior to the CCAA proceedings, Francis Taman indicated that it had been Prowse Chowne LLP.

Your response to Pastor Kjos was not correct. I am attaching a caveat and affidavit in support of the caveat, both of which are dated September 11, 2007, and which appear to relate to the District mortgage placed on the Strathmore Property. You have signed both documents as solicitor and agent for the Lutheran Church of Canada, the Alberta British Columbia District.

Further, I am attaching the first, last and backing pages of life leases between: 1) ABC District and George Robinson et al. dated August 12, 2005 and 2) ABC District and Donna Christenson et al. dated August 16, 1999; and (3) ABC District and Donald Fraser et al dated November 9, 2000.

You have signed all three of these life leases on behalf of Lutheran Church of Canada, Alberta British Columbia District. Further, it is clear from the backing pages with respect to each lease that Bishop Mackenzie LLP drafted the leases and acted for ABC District in the transaction.

In June 2015, Mr. Terry Czechowskyj on behalf of Mr. Randy Kellen and Mr. Don Specht contacted you to inquire as to the circumstances under which you executed the Christenson life lease on behalf of ABC District. He received an affidavit, sworn by you, in which you stated that you had signed the Christensen lease on behalf of ABC District under exigent circumstances and that it was a "one-time" occurrence. Clearly, that was not the case.

Would you please:

- (a) Provide complete details of your own and Bishop Mackenzie LLP's representation of ABC District between January 1, 1993 and December 31, 2014;
- (b) Provide copies of all retainer agreements between ABC District and Bishop Mackenzie LLP in effect at any time during the period January 1, 1993 and December 31, 2014;
- (c) Advise as to the capacity in which you executed the Robinson, Christensen, and Fraser life leases referred to above;
- (d) Advise as to whether you executed any other POP Village life leases other than the Robinson, Christenson and Fraser life leases referred to above; and
- (e) Provide an explanation as to why you provided misleading answers to Mr. Czechowskyj, Mr. Kellen, and Mr. Specht in June 2015, and to Pastor Kjos and the assembled DIL Creditors at the Meeting of January 23, 2016, as to your own and Bishop Mackenzie LLP's representation of ABC District.

Your immediate response is requested.

Yours truly,

SUGDEN, McFEE & ROOS LLP

PER:

C. Clark

for:

ERRIN A. POYNER

EAP/cc

Enclosures

cc: Ms. Vanessa Allen
Mr. Jeffrey Oliver
Mr. Chris Simard
Mr. Doug Nishimura
Pastor Greg Kjos

CAVEAT FORBIDDING REGISTRATION

TO THE REGISTRAR OF THE SOUTH ALBERTA LAND REGISTRATION DISTRICT.

TAKE NOTICE that LUTHERAN CHURCH-CANADA, THE ALBERTA-BRITISH COLUMBIA DISTRICT claims an interest under and by virtue of an Assignment of Rents and Leases, in writing, dated the 2nd day of August, 2007 made between Encharis Community and Housing Services, as "the Mortgagor" OF THE FIRST PART, and the Caveator, as "the Lender" OF THE SECOND PART, (a copy of which Assignment is attached hereto and forms a part hereof) whereby the Mortgagor assigns all leases rents to the Lender in respect of and derived from lands legally described as:

PLAN 801 0862
BLOCK 10

EXCEPTING THEREOUT ALL MINES AND MINERALS

as more particularly described in a Certificate of Title standing in the register in the name of Encharis Community Housing and Services, and it forbids the registration of any person as transferee or owner of, or of any instrument affecting the said estate or interest, unless the instrument or certificate of title, as the case may be, is expressed to be subject to its claim.

THE CAVEATOR APPOINTS 7100 Ada Boulevard, Edmonton, Alberta T5B 4E4, as the place at which notices and proceedings relating hereto may be served.

DATED this 11th day of September, 2007.

LUTHERAN CHURCH-CANADA, THE
ALBERTA-BRITISH COLUMBIA DISTRICT
by its Solicitors and Agents,
Bishop & McKenzie LLP

PER: 

Francis N. J. Taman


AFFIDAVIT IN SUPPORT OF CAVEAT

I, Francis N. J. Taman, of the City of Calgary, in the Province of Alberta, Barrister and Solicitor, MAKE OATH AND SAY THAT:

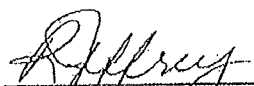
1. I am a partner with Bishop & McKenzie LLP, and I am the Solicitor and Agent for LUTHERAN CHURCH-CANADA, THE ALBERTA-BRITISH COLUMBIA DISTRICT, the within named Caveator.
2. I believe that the Caveator has a good and valid claim on the lands. This Caveat is not being filed for the purpose of delaying or embarrassing any person interested in or proposing to deal with the lands.

SWORN BEFORE ME at the City of Calgary, in the Province of Alberta this 11th day of September, 2007.

)
)
)



Francis N. J. Taman



A COMMISSIONER FOR OATHS in and for the Province of Alberta

ROBYN L. JEFFREY
A Commissioner for Oaths
in and for the Province of Alberta
My Commission Expires December 1, 2008

OK
RRP

LIFE LEASE

THIS LIFE LEASE made this 12 day of August, 2005.

BETWEEN:

LUTHERAN CHURCH-CANADA, ALBERTA-BRITISH COLUMBIA DISTRICT
(hereinafter referred to as the "Landlord")

- and -

**GEORGE ROBINSON AND INEZ ROBINSON BOTH OF 319 TRIUNE BAY,
CALGARY, ALBERTA, T1X 1G4 AND
GERALD ROBINSON AND CONNIE ROBINSON BOTH OF 4 CASTLEBURY
COURT N.E., CALGARY, ALBERTA, T3J 1L5, ALL AS JOINT TENANTS**
(hereinafter individually or collectively referred to as the "Life Resident")

RECITALS:

A. The Landlord is, or is entitled to become, the registered owner of certain lands (the "Lands") located in the Municipal District of Rocky View, Alberta and legally described as follows:

Condominium Plan No. 9812469
Units 1 to 40
And all Common Property Therein

B. Unit 40 in Condominium Plan No. 9812469 has been subdivided pursuant to a Plan of Redivision No. 0011410 to create Units 41 to 63. Unit 63 in Condominium Plan No. 0011410 has been subdivided pursuant to a Plan of Redivision No. 0013287 to create Units 64 to 86. Unit 86 in Condominium Plan No. 0013287 has been subdivided pursuant to a Plan of Redivision No. 0111629 to create Units 87 to 107. Unit 107 in Condominium Plan No. 0111629 has been subdivided pursuant to a Plan of Redivision No. 0113520 to create Units 108 to 155. Unit 155 in Condominium Plan No. 0113520 has been subdivided pursuant to a Plan of Redivision No. 0310076 to create Units 156 to 197.

Nothing in this Section is to be construed by either party as prohibiting entry with the consent of the Life Resident given at the time of entry.


ARTICLE 28 - EXTENDED MEANINGS

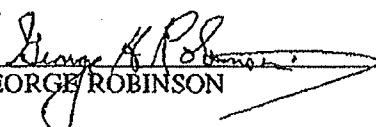
28.1 The words "hereof", "herein", "hereunder" and similar expressions used in any section or subsection of this Life Lease relate to the whole of this Life Lease and not to that section or subsection only, unless otherwise expressly provided. Wherever the neuter, singular number or a gender is used in this Life Lease, the same shall be construed as including the plural and the masculine, feminine and neuter respectively where the fact or context so requires. In any case where this Life Lease is executed by more than one Life Resident, all covenants and agreements herein contained shall be construed and taken as against such executing Life Residents as joint and several.

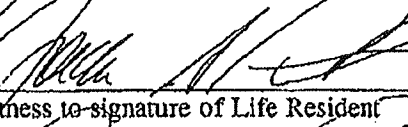
IN WITNESS WHEREOF the parties hereto have executed this Life Lease as of the day and year first above written.

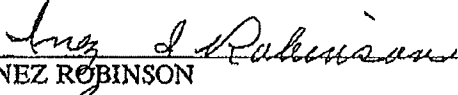
LUTHERAN CHURCH-CANADA,
ALBERTA-BRITISH COLUMBIA
DISTRICT

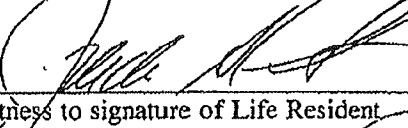
Per: 
FRANCIS N. J. TAMAN

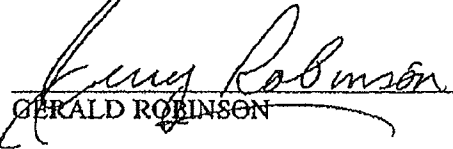

Witness to signature of Life Resident

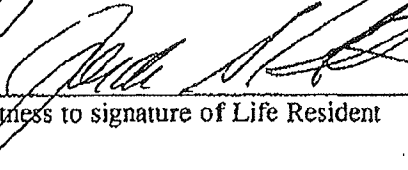

GEORGE ROBINSON



Witness to signature of Life Resident


INEZ ROBINSON


Witness to signature of Life Resident


GERALD ROBINSON


Witness to signature of Life Resident


CONNIE ROBINSON

BETWEEN:

**LUTHERAN CHURCH-CANADA,
ALBERTA-BRITISH COLUMBIA DISTRICT**

- and -

**GEORGE ROBINSON AND INEZ
ROBINSON and GERALD ROBINSON AND
CONNIE ROBINSON**

LIFE LEASE

**BISHOP & McKENZIE LLP
Barristers and Solicitors
#1700, 530- 8th Avenue S.W.
Calgary, Alberta
T2P 3S8**

File No. 35,374-55 (FNJT/lml)

LIFE LEASE

THIS LIFE LEASE made this 16 day of AUGUST, 1999.

BETWEEN:

LUTHERAN CHURCH-CANADA, ALBERTA-BRITISH COLUMBIA DISTRICT
(hereinafter referred to as the "Landlord")

- and -

DONNA CHRISTENSEN and HAROLD BECKER of
223 DAYSRING BAY, CALGARY, ALBERTA, T1X 1G3, AS JOINT TENANTS

(hereinafter individually or collectively referred to as the "Life Resident")

RECITALS:

A. The Landlord is, or is entitled to become, the registered owner of certain lands (the "Lands") located in the Municipal District of Rocky View, Alberta and legally described as follows:

Condominium Plan No. 9812469
Units 1 to 40
And all Common Property Therein

B. The Landlord is developing and constructing upon the Lands a not-for-profit residential housing project for the use and benefit of senior citizens;


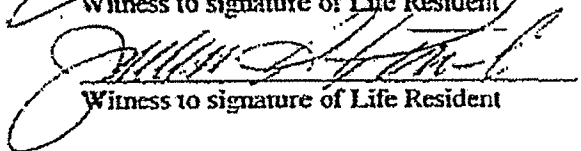
C. It is the Landlord's intention to establish and maintain a living environment within such project which will provide security, privacy, dignity, independence, spiritual sustenance and a sense of community for senior citizens, all within the framework of traditional Christian values as expressed in the Lutheran Church-Canada; and


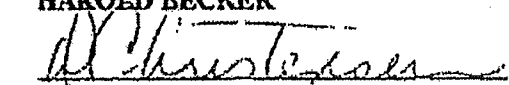
Resident, all covenants and agreements herein contained shall be construed and taken as against such executing Life Residents as joint and several.

IN WITNESS WHEREOF the parties hereto have executed this Life Lease as of the day and year first above written.

LUTHERAN CHURCH-CANADA,
ALBERTA-BRITISH COLUMBIA
DISTRICT

Per: 
FRANCIS N. J. TAMAN


Witness to signature of Life Resident

Witness to signature of Life Resident


HAROLD BECKER

DONNA CHRISTENSEN

BETWEEN:

LUTHERAN CHURCH-CANADA,
BRITISH COLUMBIA DIST

9912339204 REGISTERED 1999 08 19
LEAS - LEASE
DOC 1 OF 2 DRR#: 8476910 ADR/CJUDGE
LINC/S: 0027612548

- and -

DONNA CHRISTENSEN and HA
BECKER

1-2

LIFE LEASE

BISHOP & MCKENZIE
Barristers and Solicitors
#2230, 700 - 9th Avenue, S.W.
Calgary, Alberta
T2P 3V4

File No. 35,374-18 (FNJT/lml)

LIFE LEASE

THIS LIFE LEASE made this 9 day of NOV, 2000.

BETWEEN:

LUTHERAN CHURCH-CANADA, ALBERTA-BRITISH COLUMBIA DISTRICT
(hereinafter referred to as the "*Landlord*")

- and -

BEVERLEY JOAN FRASER AND DONALD ALEXANDER FRASER both of
317 TRIUNE BAY, CALGARY, ALBERTA, T1X 1G4, AS ~~JOINT~~ TENANTS *in common*

(hereinafter individually or collectively referred to as the "*Life Resident*")

RECITALS:

A. The Landlord is, or is entitled to become, the registered owner of certain lands (the "*Lands*") located in the Municipal District of Rocky View, Alberta and legally described (prior to registration of plans of redivision) as follows:

Condominium Plan No. 9812469
Units 1 to 40
And all Common Property Therein

B. Unit 40 in Condominium Plan No. 9812469 has been subdivided pursuant to a Plan of Redivision No. 0011410 to create Units 41 to 63;

C. It is the Landlord's intention to establish and maintain a living environment within such project which will provide security, privacy, dignity, independence, spiritual sustenance and a sense of community for senior citizens, all within the framework of traditional Christian values as expressed in the Lutheran Church-Canada; and

Nothing in this Section is to be construed by either party as prohibiting entry with the consent of the Life Resident given at the time of entry.

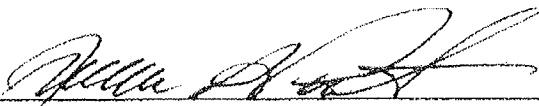
ARTICLE 28 - EXTENDED MEANINGS

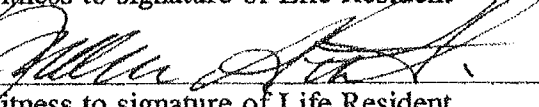
28.1 The words "hereof", "herein", "hereunder" and similar expressions used in any section or subsection of this Life Lease relate to the whole of this Life Lease and not to that section or subsection only, unless otherwise expressly provided. Wherever the neuter, singular number or a gender is used in this Life Lease, the same shall be construed as including the plural and the masculine, feminine and neuter respectively where the fact or context so requires. In any case where this Life Lease is executed by more than one Life Resident, all covenants and agreements herein contained shall be construed and taken as against such executing Life Residents as joint and several.

IN WITNESS WHEREOF the parties hereto have executed this Life Lease as of the day and year first above written.

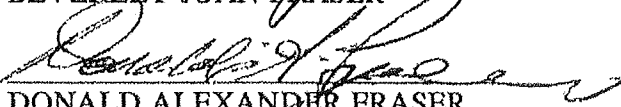
**LUTHERAN CHURCH-CANADA,
ALBERTA-BRITISH COLUMBIA
DISTRICT**

Per: 
FRANCIS N. J. TAMAN


Witness to signature of Life Resident


Witness to signature of Life Resident


BEVERLEY JOAN FRASER


DONALD ALEXANDER FRASER

THIS IS EXHIBIT " 14 "
Referred to in the Affidavit of
Donald A. Fraser
Sworn before me this 26th
day of August 2015

BETWEEN: *Philippe Lalonde*
A Commissioner of Oaths in and for
the Province of Alberta

Philippe (Phil) Lalonde
Barrister and Solicitor
LUTHERAN CHURCH CANADA,
ALBERTA-BRITISH COLUMBIA DISTRICT

- and -

**BEVERLEY JOAN FRASER AND DONALD
ALEXANDER FRASER**

LIFE LEASE

BISHOP & MCKENZIE
Barristers and Solicitors
#2500, 700 - 9th Avenue, S.W.
Calgary, Alberta
T2P 3V4

File No. 35,374-29 (FNJT/lml)

001336060
REGISTERED
LAWYER
BOULEVARD
MONTREAL
QUEBEC



Francis N. J. Taman
Direct Line: 403 750 7980
Email Address: ftaman@bm.ca

1700, 530 – 8th Avenue S. W.
Calgary, Alberta T2P 3S8
T: 403 237 5550
F: 403 263 3423
calgary@bishopmckenzie.com
www.bishopmckenzie.com

OUR FILE NO. 103,007-003.0036
YOUR FILE NO. K-5280(1)

February 4, 2016

Sugden, McFee & Roos LLP
Barristers & Solicitors
700 – 375 Water Street
Vancouver, British Columbia
V6B 5C6

Attention: Ms. Errin Poyner

Dear Madam:

**Re: Lutheran Church – Canada, the Alberta – British Columbia District (the
“District”) et. al.**

This is Exhibit "G" referred to in the
Affidavit of COURTNEY CLANCY
sworn before me at VANCOUVER
this 23 day of FEBRUARY 2016

[Signature]
A Commissioner for taking Affidavits
within British Columbia

I have your letter of February 2, 2016. As you were present at the meeting, you are aware that, notwithstanding the summary of my answer set out in the minutes, my actual response to Rev. Kjos' question was that prior to the CCAA we were not counsel for the District, we were counsel for EnCharis. That is in fact correct.

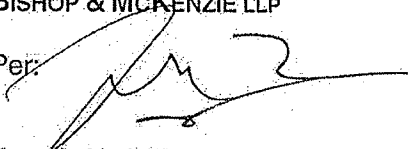
With respect to your comments regarding my statements in an affidavit provided to Mr. Czechowskyj, would you be so kind as to provide a copy of that affidavit? I did not prepare or swear such an affidavit. Moreover, a review of our electronic and paper files regarding the application being made by Mr. Czechowskyj does not disclose such an affidavit being prepared or sworn. As such, we would like to review the document with an eye to verifying its authenticity.

We trust the above is in order and look forward to immediate receipt of the alleged affidavit.

Yours truly,

BISHOP & MCKENZIE LLP

Per:


Francis N. J. Taman

SUGDEN, McFEE & ROOS LLP
BARRISTERS & SOLICITORS

RICHARD R. SUGDEN, Q.C. (2009)

E. DAVID CROSSIN, Q.C.*
ALBERT M. ROOS, Q.C.*
ERRIN A. POYNER
MICHAEL D. SHIRREFF
EMILIE E.A. LEDUC
JESSIE I. MEIKLE-KÄHS

*DENOTES LAW CORPORATION

ROBIN N. MCFEE, Q.C.*
PATRICK F. LEWIS*
ROBYN A. JARVIS
ALLISON E. JACKSON
ELIZABETH T.W. FRANCE

THE LANDING
700 - 375 WATER STREET
VANCOUVER, BRITISH COLUMBIA
CANADA V6B 5C6

TELEPHONE 604-687-7700
FAX 604-687-5596

File No.: K-5280(1)

Email: epoyner@smrlaw.ca

VIA EMAIL

Bishop & McKenzie LLP
#1700 - 530 8th Avenue SW
Calgary, AB T2P 3S8

Attention: Francis Taman

Dear Sir:

Re: Lutheran Church of Canada – Alberta and British Columbia District (the “ABC District”)

I write in response to your letter dated February 4, 2016.

In your letter, you reiterate the response that you made to Pastor Kjos at the January 23, 2016 DIL Creditors' Meeting that “prior to the CCAA [Bishop Mackenzie LLP] were not counsel for the District, we were counsel for EnCharis” [underlining added].

That is entirely my point. The documents that I provided to you under cover of my letter of February 1, 2016 clearly indicate that Bishop Mackenzie LLP was counsel for District with respect to (at least) the mortgage of the Strathmore property in 2007, and with respect to the leasing of the POP Village residential units between 1999 and 2005. Accordingly, the information that you provided to Pastor Kjos was not accurate. May I please have your response?

With respect to the affidavit referred to in my letter, it has been requested from Mr. Czechowskyj and I will provide it to you when I receive it.

Yours truly,

SUGDEN, McFEE & ROOS LLP
PER:

ERRIN A. POYNER
EAP/cc

cc: Ms. Vanessa Allen
Mr. Jeffrey Oliver
Mr. Chris Simard
Mr. Doug Nishimura
Pastor Greg Kjos
Mr. Terry Czechowskyj

This is Exhibit “H” referred to in February 9, 2016
Affidavit of Courtney Clark
sworn before me at Vancouver
this 23 day of February 2016

[Signature]
A Commissioner for taking Affidavits
within British Columbia

Errin Poyner

From: Errin Poyner
Sent: January-26-16 10:09 AM
To: 'Allen, Vanessa (CA - Alberta)'
Cc: ftaman@bmlp.ca; dnishimura@fieldlaw.com; Cumming, Tom; Courtney Clark
Subject: RE: Strathmore Mortgage

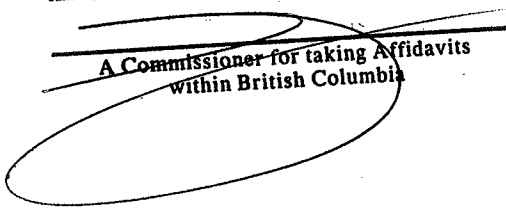
Thank you Vanessa. I will wait to hear from Mr. Taman.

Yours truly,

Errin

Errin A. Poyner
 Barrister & Solicitor
 Sugden McFee & Roos LLP
 700 – 375 Water Street,
 Vancouver, B.C. V6B 5C6
 Tel: (604) 687-7700
 Fax: (604) 687-5596
 Email: epoyner@smrlaw.ca

This is Exhibit "I" referred to in the
 Affidavit of Courtney Clark
 sworn before me at Vancouver
 this 23 day of February 2016


 A Commissioner for taking Affidavits
 within British Columbia

From: Allen, Vanessa (CA - Alberta) [<mailto:vanallen@deloitte.ca>]
Sent: January-26-16 10:07 AM
To: Errin Poyner
Cc: ftaman@bmlp.ca; dnishimura@fieldlaw.com; Cumming, Tom
Subject: RE: Strathmore Mortgage

Hi Errin,

This request would be best forwarded to DIL and, as we note that you have copied their counsel, we will ask them to respond.

Thanks very much,

Vanessa A. Allen, B. Comm, CIRP
 Senior Manager
 Financial Advisory
 Deloitte Restructuring Inc.

Direct: 403-298-5955
 Cell: 403-477-9661
 Fax: 403-718-3681
 Email: vanallen@deloitte.ca
www.deloitte.ca

700 Bankers Court
 850 - 2 Street SW
 Calgary, AB T2P 0R8
 Canada

From: Errin Poyner [<mailto:EPoyner@smrlaw.ca>]
Sent: Tuesday, January 26, 2016 10:57 AM
To: Allen, Vanessa (CA - Alberta)
Cc: ftaman@bmlp.ca; dnishimura@fieldlaw.com; Cumming, Tom
Subject: Strathmore Mortgage

Hello Vanessa,

At the meeting of the DIL Creditors which took place on January 23, 2016, Mr. Don Specht (who attended the meeting as proxy for his sister and my client Elvira Kroeger) raised a question concerning the outstanding balance of the DIL's mortgage loan on the Strathmore Property. You advised that the outstanding balance of the Strathmore mortgage loan is \$6.1 million.

Will you please provide me with an amortization schedule showing the calculation of interest and principal payments, payments received on the loan, and the running balance of the loan from the date that it was incurred to present.

Many thanks,

Errin A. Poyner
Barrister & Solicitor
Sugden McFee & Roos LLP
700 – 375 Water Street,
Vancouver, B.C. V6B 5C6
Tel: (604) 687-7700
Fax: (604) 687-5596
Email: epoyner@smrlaw.ca

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Errin Poyner

85

From: Errin Poyner
Sent: January-25-16 1:15 PM
To: 'Allen, Vanessa (CA - Alberta)'
Cc: Courtney Clark; Cumming, Tom
Subject: RE: DIL Creditors' Meeting

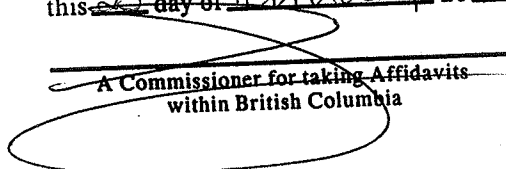
Dear Mr. Cumming,

During the DIL Creditors' Meeting on January 23, 2016, we had a discussion as to whether the Representative Action provisions of the Amended Amended DIL Plan fall within the scope and purpose of the CCAA. You were of the view that they do. Are you able to refer me to a plan of arrangement or compromise filed under the CCAA and approved by any court in Canada which contains similar provisions?

I look forward to hearing from you.

Yours truly,

Errin A. Poyner
Barrister & Solicitor
Sugden McFee & Roos LLP
700 – 375 Water Street,
Vancouver, B.C. V6B 5C6
Tel: (604) 687-7700
Fax: (604) 687-5596
Email: epoyner@smrlaw.ca

Exhibit "J" referred to in the
Affidavit of Courtney Clark
sworn before me at Vancouver
this 23 day of February 2016

A Commissioner for taking Affidavits
within British Columbia

From: Allen, Vanessa (CA - Alberta) [<mailto:vanallen@deloitte.ca>]
Sent: January-25-16 1:11 PM
To: Errin Poyner
Cc: Courtney Clark; Cumming, Tom
Subject: RE: DIL Creditors' Meeting

Hi Errin,

That was Tom Cumming at Gowlings. Please copy Tom on all correspondence as Jeff is away for the next two weeks. Link attached:

<https://www.gowlings.com/OurPeople/tom-cumming>

Thanks very much,

Vanessa A. Allen, B. Comm, CIRP
Senior Manager
Financial Advisory
Deloitte Restructuring Inc.

Direct: 403-298-5955
Cell: 403-477-9661
Fax: 403-718-3681

Email: vanallen@deloitte.ca
www.deloitte.ca

86

700 Bankers Court
850 - 2 Street SW
Calgary, AB T2P 0R8
Canada

From: Errin Poyner [<mailto:EPoyner@smrlaw.ca>]

Sent: Monday, January 25, 2016 12:11 PM

To: Allen, Vanessa (CA - Alberta)

Cc: Courtney Clark

Subject: DIL Creditors' Meeting

Hi Vanessa,

I didn't quite catch the name of the last gentleman who spoke in answer to my questions on Saturday – tall dark haired fellow in a dark suit. I believe he was counsel for Deloitte. Could you please send me his name and contact information?

Thank you,

Errin

Errin A. Poyner
Barrister & Solicitor
Sugden McFee & Roos LLP
700 – 375 Water Street,
Vancouver, B.C. V6B 5C6
Tel: (604) 687-7700
Fax: (604) 687-5596
Email: epoyner@smrlaw.ca

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SUPREME COURT
OF BRITISH COLUMBIA
VANCOUVER REGISTRY

FEB 23 2016

S-161737 88

No.

Vancouver Registry

IN THE SUPREME COURT OF BRITISH COLUMBIA ~~This is Exhibit K~~ "referred to as an

BETW :

Affidavit of Courtenay Clark
sworn before me at Vancouver
this 23 day of February 2016

Elvira Theodora Kroeger
Randall Scott Kellen

A Commissioner for taking Affidavits
within British Columbia

PLAINTIFFS

AND:

Lutheran Church—Canada,
Lutheran Church – Canada Financial Ministries
Francis Taman,
Bishop & McKenzie LLP, a Partnership
John Williams
Ronald Chowne
Prowse Chowne LLP
Concentra Trust
Shepherd's Village Ministries Ltd.

DEFENDANTS

Brought under the Class Proceedings Act

NOTICE OF CIVIL CLAIM

Part 1: STATEMENT OF FACTS

1. The Plaintiff, Elvira Theodora Kroeger, is retired and resides at 11331 – 80 Avenue in the Municipality of Delta, in the Province of British Columbia.
2. The Plaintiff, Randall Scott Kellen, is a self-employed sub-contracting superintendent, who resides at 8857 – 15 Avenue, in the City of Burnaby, in the Province of British Columbia.
3. The Defendant, the Lutheran Church — Canada (the "LCC"), is a religious body incorporated under the *Act to Incorporate Lutheran Church-Canada 7-8 Eliz. II Chap. 68 S.C. 1959* with a registered office located at 3074 Portage Avenue, in the City of Winnipeg, in the Province of Manitoba.

4. The Defendant, the Lutheran Church – Canada Financial Ministries (the “LCCFM”), is a non-profit corporation registered under the laws of Canada and has a registered and records office located at 3074 Portage Avenue, in the City of Winnipeg, in the Province of Manitoba.
5. The Defendant Francis Taman (“Taman”) is a Barrister and Solicitor and a partner in the law firm of Bishop & McKenzie LLP, which is located at 1700 – 530 8th Avenue, in the City of Calgary, in the Province of Alberta.
6. The Defendant Bishop & McKenzie LLP (“Bishop & McKenzie”) is a partnership of barristers and solicitors located at 1700 – 530 8th Avenue, in the City of Calgary, in the Province of Alberta.
7. The Defendant Prowse Chowne LLP (“Prowse Chowne”) is a partnership of barristers and solicitors located at 1300-10020 101A Avenue NW, in the City of Edmonton, in the Province of Alberta.
8. The Defendant John Williams (“Williams”) is a Barrister and Solicitor and a partner in the law firm of Prowse Chowne, which is located at 1300-10020 101A Avenue NW, in the City of Edmonton, in the Province of Alberta.
9. The Defendant Ronald Chowne (“Chowne”) is a Barrister and Solicitor and a partner in the law firm of Prowse Chowne, which is located at 1300-10020 101A Avenue NW, in the City of Edmonton, in the Province of Alberta.
10. The Defendant Concentra Trust (“Concentra”), is an extraprovincial company incorporated under the laws of Canada, with an attorney in British Columbia located at 300-350 Lansdowne Street, in the City of Kamloops, in the Province of British Columbia.
11. The Defendant Shepherd’s Village Ministries Ltd. is a company registered under the laws of Alberta with a registered office located at 1700 – 530 8th Avenue SW, in the City of Calgary, in the Province of Alberta.

A. The Lutheran Church – Canada [“LCC”]

12. LCC is a statutorily incorporated national religious body divided into three separately incorporated Districts: the Alberta and British Columbia District, the Central District and the East District.
13. LCC has developed and implemented a program whereby congregations are encouraged to purchase lands upon which to construct churches and schools wherein to carry out the ministry of the Lutheran faith, using funds borrowed from their respective Districts. The source of those funds is deposits made with the Districts by the congregations within those Districts, and by individual members of

those congregations, as well as by non-members. LCC refers to this program as "Church Planting" and/or "Church Extension" (the "LCC Church Extension Program").

B. Lutheran Church – Canada Financial Ministries ("LCCFM")

14. LCC has delegated the administration of the LCC Church Extension Program to LCCFM.
15. LCCFM was formed to assist LCC districts and member congregations to finance the acquisition of sites and the erection of facilities to aid expansion for programs of ministry, witness, outreach and service or for any other programs of the LCC and/or LCCFM through the LCC Church Extension Program and other activities.
16. The LCCFM is responsible for establishing policies and programs for maintaining, supervising and enlarging the LCC Church Extension Program. It is responsible for administering those policies and programs on a sound financial basis.
17. LCC and its Districts, including the ABC District, are members of LCCFM.

C. The Lutheran Church Canada – The Alberta-British Columbia District (the "ABC District")

18. In 1944, Lutheran Church – Canada, the Alberta-British Columbia District was incorporated as the Alberta and British Columbia District of the Evangelical Lutheran Synod of Missouri, Ohio and other States by way of a special Act of the Alberta Legislature, S.A. 1944, c. 82 *as am.* In 1991 the District was continued and renamed the Lutheran Church – Canada, the Alberta-British Columbia District (the "ABC District") pursuant to the *Lutheran Church – Canada, The Alberta British Columbia District Corporation Act*, SA 1991, c. 42.

D. Taman and Bishop & McKenzie

19. At all times material to these proceedings, Taman was a member of the Prince of Peace Congregation of the ABC District, and a partner in the law firm of Bishop & McKenzie.

E. The LCC/ABC District Church Extension Fund

20. In or about 1921 and prior to its incorporation in 1944, the ABC District created a Church Extension Program (the "ABC District Church Extension Program") to advance the Church Extension objectives and policies of its parent organization, which was then the Lutheran Church – Missouri Synod ("LCMS") and as of its incorporation in 1959, the LCC.

21. The ABC District operates the ABC District Church Extension Program as a joint enterprise with LCC and/or LCCFM in furtherance of a common purpose, in that:
- a. The ABC District is able to maintain the ABC District Church Extension Program only with the approval of LCC;
 - b. The ABC District is required to operate the ABC Church Extension Program in conformity with policies established by the LCC and/or LCCFM;
 - c. The LCC and/or LCCFM aids the ABC District in motivating individuals, congregations and organizations in acquiring investments for the ABC District Church Extension Program in a systematic manner;
 - d. The LCC and/or LCCFM provides leadership in advance site acquisition for further expansion of the ministry of the LCC;
 - e. The ABC District was required to provide to the LCC and/or LCCFM, on an annual basis, a complete financial statement of the ABC District Church Extension Program, including monies borrowed and received, total amount of loans outstanding, and any amounts delinquent;
 - f. All revenues earned by ABC District as a result of its Church Extension Program activities are shared with the LCC and/or LCCFM;
 - g. ABC District, LCC and/or LCCFM all receive direct or indirect financial and other benefits from the ABC District's Church Extension Program, in that:
 - (a) The acquisition and erection of new churches and schools in which to carry out the ministry of the Lutheran faith increases church membership at the congregation level;
 - (b) Increased church membership at the congregation level results in increased member donations to the congregation. Those donations are shared with the District, which in turn shares those donations with the LCC and/or LCCFM;
22. The ABC District, together with the LCC and/or LCCFM as set out above, established two funds in furtherance of the ABC District Church Extension Program:
- a. The Church Extension Fund (the "CEF") is a non-registered fund held by ABC District which offered term investments, savings accounts and a children's savings program; and
 - b. The Lutheran Church Canada, The Alberta-British Columbia District Investment Ltd. ("DIL"), is an incorporated tax-sheltered investment fund offering registered RRSP, RRIF and TFSA investments.
23. At all times material to these proceedings, the Defendant Concentra was the trustee of DIL's registered RRSP and RRIF trust funds (the "RRSP and RRIF Trusts"), pursuant to the terms of a RRSP and RRIF Agency Trust Agreement dated April 9, 2002 (the "2002 RRSP and RRIF Trust Agreement").

24. Concentra was also the trustee of DIL's TFSA trust funds (the "TFSA Trust") pursuant to the terms of a Tax Free Savings Account (TFSA) Agency Agreement dated October 30, 2009 (the "2009 TFSA Trust Agreement").
25. The RRSP and RRIF Trust and the TFSA Trust are referred to collectively herein as the "DIL Trusts".
26. It was a term of the DIL Trusts that all monies on deposit in the DIL Trusts would be held in trust for them by Concentra on the following terms:
 - (a) that the monies on deposit in the DIL Trusts would be used solely for the purposes of investment in accordance with the policies of the ABC District's Church Extension Program;
 - (b) that the monies on deposit in the DIL Trusts would be invested in "qualified investments" as that term is defined in the *Income Tax Act*, RSC 1985, c.1; and
 - (c) that the monies deposited to the DIL Trust would be repaid to the depositors on demand, or alternatively upon maturity of the depositor's deposit term, and with interest.
27. Pursuant to the terms of the 2002 RRSP and RRIF Trust Agreement and the 2009 TFSA Trust Agreement, Concentra appointed DIL to act as its agent in carrying out the administration of the DIL Trusts, including the matters set out in para. 26 herein.
28. In turn, DIL retained ABC District to provide management services in respect of the DIL Trusts, in exchange for a management fee.
29. At all times material to these proceedings, ABC District and DIL were under common control, in that several members of DIL's Board of Directors were also officers or directors of ABC District, including (but not limited to):
 - a. Donald Schiemann;
 - b. Mark Ruf; and
 - c. Kurtis Robinson.
30. Similarly, all of the funds deposited to the ABC District's CEF were held in trust for the depositors by the ABC District as trustee (the "CEF Trust"), on the following terms:
 - a. that the monies on deposit in the CEF Trust would be used solely for the purposes of investment in accordance with the mandate and policies of the ABC District's Church Extension Program; and
 - b. that the monies deposited to the CEF Trust would be repaid to the depositors

on demand, or alternatively upon maturity of the deposit term, and with interest.

31. In the alternative, depositors to the CEF entered into contracts with the ABC District which contained the following express or implied terms:
- (a) That the monies on deposit would be used solely for the purposes of investment in accordance with the mandate and policies of the ABC District Church Extension program;
 - (b) That the monies would be repaid to the depositors on demand, or alternatively upon maturity of the depositor's deposit term, and with interest; and
 - (c) That the monies on deposit with the CEF were guaranteed by the ABC District.
32. The ABC District's Department of Financial Ministries (the "DFM") established Loan Eligibility Policies in respect of the CEF and DIL funds which conformed to the policies established by the LCC and/or LCCFM for that purpose. Those Policies limited eligibility for loans to:
- a. congregations of the ABC District "in good standing", defined as "those congregations which support the mission and ministry of the District and Synod in a responsible way, function under a district approved constitution and comply with the policy and practice established by the Lutheran Church – Canada"; and
 - b. institutions and entities of the LCC, whose constitutions, policies and practices are consistent with those of LCC.
33. Further, according to the Loan Eligibility Policies set by the DFM, the LCC and/or the LCCFM, loans were to be made for capital projects only, including acquisition of land, purchase or construction of building facilities, major renovations to existing facilities or expansion of existing facilities.
34. The DFM also set Loan Criteria for the CEF and DIL funds in conformity with policies established by the LCC and/or LCCFM for that purpose, including (but not limited to) the following:
- a. The need for facilities, renovations or property in which to carry out the ministry of the Lutheran faith;
 - b. Need for financing of existing debt;
 - c. Relationship of total loan to property values and/or total assets;
 - d. Financial history of congregation and financial projections for future;
 - e. Growth potential of area and membership;
 - f. The existence of a pledge program for the building project;
 - g. Indebtedness per communicant;

- h. Ability of congregation to service debt;
 - i. Percentage of total income for debt service; and
 - j. Continuity of the debtor congregation's financial support to the ABC District and the LCC.
35. The DFM also set Loan Conditions for the CEF and DIL funds in conformity with policies established by the LCC and/or LCCFM for that purpose, which required debtor congregations to provide certain items before loan funds would be disbursed, including (but not limited to) the following:
- a. Security documentation appropriate to the size and conditions of the loan;
 - b. Loan Repayment Agreement signed by the officers of the debtor congregation;
 - c. Commitment to promoting Church Extension investments among the members of the debtor congregation; and
 - d. Financial statements submitted annually to the DFM.
36. All loans in excess of \$100,000.00 required the approval of the ABC District's Board of Directors.
37. As a result of the ABC District's Church Extension Program and the implementation of the Loan Eligibility Policies, Loan Criteria and Loan Conditions, by the early 1990s the ABC District had built a diverse portfolio of mortgage loans to more than 65 congregations for the construction of churches and schools in which to carry out the ministry of the Lutheran faith. The ABC District guaranteed the investments of depositors in the CEF and DIL.

F. The Prince of Peace Village Loans

38. In or about 1993, however, the ABC District, on the advice and with the assistance of Taman acting as counsel to ABC District, decided to use the monies on deposit in the CEF Trust and the DIL Trust to purchase 156 acres of real property near Calgary, Alberta (the "POP Village Lands") for the purposes of developing those lands on its own behalf into a multi-use residential and commercial development called the Prince of Peace Village ("POP Village"), including a 174-unit seniors' condominium development, a seniors' assisted living residence ("The Manor"), and an Alzheimer's care centre ("The Harbour").
39. The ABC District set aside certain lands within the POP Village Lands for the location and construction of a church and school for the Prince of Peace Congregation (the "POP Congregation").
40. The decision of the ABC District to embark upon the speculative real estate development of the Prince of Peace Village on its own behalf, funded by the CEF

Trust and the DIL Trust, was contrary to the purposes of the ABC District Church Extension Program, which was to provide mortgage financing for congregations to build churches and schools in which to carry out the ministry of the Lutheran faith.

41. LCC and/or LCCFM were aware (or ought to have been aware) of and approved the ABC District's decision to utilize the CEF and DIL Trust monies for the purpose of developing the POP Village.
42. The POP Village development commenced in 1993 and was carried on by the ABC District from 1993 through 2006.
43. At all times material to these proceedings Taman was the Chairman of the POP Congregation's Housing Committee, and was responsible for advancing the POP Village development on behalf of the POP Congregation.
44. The POP Village opened in or about 1998. However, at that time the development was operating at a financial deficit, and continued to do so. The ABC District financed those deficits through additional input of funds from the CEF Trust, and increased its promotion of the CEF to its congregations and their members for the purpose of increasing deposits with which to fund the POP Village deficits. The ABC District failed to advise the depositors to the CEF that the POP Village was in financial difficulty.
45. Between 1993 and 2006, the ABC District utilized approximately \$71,800,000.00 of funds on deposit in the CEF for the purchase and construction of the Prince of Peace Village and the lands upon which it was built (the "CEF POP Village Advances").
46. LCC and/or LCCFM were aware (or ought to have been aware) of and approved the extension of the CEF POP Village Advances.
47. ABC District began selling life leases in the POP Village in or about 1998. However, it failed to return any part of the proceeds of those sales to the CEF in payment of the CEF POP Village Advances.
48. On November 9, 2005, ABC District, on the advice and with the assistance of Taman, incorporated Encharis Community Housing and Services ("ECHS") to act as the developer of the POP Village.
49. At all times material to these proceedings, ABC District and ECHS were under common control, in that several members of ECHS's Board of Directors were also members of ABC District's Board of Directors, including but not limited to:
 - a. Donald Schiemann;
 - b. Mark Ruf; and
 - c. Jim Kentel.

50. In 2006, the ABC District transferred to ECHS all of its interest in the POP Village Lands in exchange for a mortgage loan in the amount of approximately \$38,000,000.00 (the "POP Village CEF Mortgage Loan") and the assumption of ABC District's contingent liabilities of approximately \$33,000,000.00 with respect to the POP Village life leases. The POP Village CEF Mortgage Loan was secured by a mortgage registered against the POP Village Lands and a 101 acre parcel of real property in Chestermere, Alberta.
51. On February 17, 2006, ABC District, on the advice and with the assistance of Taman, also incorporated Encharis Management Support and Services ("EMSS") to provide operational services to The Manor and the The Harbour.
52. LCC and LCCFM were aware (or ought to have been aware) of and approved the transfer of the POP Village lands from ABC District to ECHS, and the extension of the POP Village CEF Mortgage Loan.
53. The ABC District did not inform the depositors to the CEF that it had transferred to ECHS all of its interest in the POP Village Lands in exchange for the Mortgage Loan.
54. The ABC District transferred its interest in the POP Village lands to ECHS and authorized the POP Village CEF Mortgage Loan and the POP Village CEF Unsecured Loans for the sole purpose of divesting ABC District of the failing POP Village development and its associated financial liabilities and instead recording the POP Village CEF Mortgage Loan as an asset in the CEF's mortgage portfolio.
55. However, to the knowledge of ABC District, LCC and/or LCCFM, ECHS was insolvent from its inception and continued to operate at a deficit.
56. Subsequent to the transfer of ABC District's interest in the POP Village to ECHS, ECHS was unable to service its mortgage debt to ABC District. Despite this, ABC District approved additional advances of approximately \$7,000,000.00 to ECHS under the POP Village CEF Mortgage Loan and also made unsecured loans to ECHS from the CEF Trust in the amount of approximately \$28,500,000.00 (the "POP Village CEF Unsecured Loans") in order to allow ECHS to service its mortgage debt and finance its operating deficit in respect of the POP Village.
57. LCC and LCCFM were aware (or ought to have been aware) of and approved the initial and further advances made to ECHS under the POP Village CEF Mortgage Loan and the extension of the POP Village CEF Unsecured Loans to ECHS in circumstances where LCC and LCCFM knew or ought to have known that:
 - a. ECHS was insolvent, and
 - b. ECHS was operating at a deficit.

58. The POP Village CEF Mortgage Loan and the POP Village CEF Unsecured Loans (collectively, the "POP Village CEF Loans") contravened the mandate of the ABC District's Church Extension Program and the terms of the CEF Trust, in that they were not made for the purpose of building churches and/or schools in which to carry out the ministry of the Lutheran faith, but rather for the purpose of enabling ECHS to engage in speculative real estate development.
59. Further, on December 7, 2011 Concentra Trust on behalf of DIL approved two mortgage loans totaling \$7,950,000.00 to ECHS for the purpose of the POP Village development (the "POP Village DIL Mortgage Loans").
60. At all times material to these proceedings ECHS and DIL were under common control, in that several members of the ECHS Board of Directors were also members of DIL's Board of Directors, including (but not limited to):
- a. Donald Schiemann; and
 - b. Mark Ruf.
61. Pursuant to an agreement between DIL and ABC District, the POP Village DIL Mortgage Loans were to be registered in priority to the POP Village CEF Mortgage Loans (the ABC District – DIL Priority Agreement"). However, in breach of the ABC District – DIL Priority Agreement the POP Village DIL Mortgage Loans were in fact registered in position behind the POP Village CEF Mortgage Loans.
62. At all times material to these proceedings, ABC District and DIL were under common control, in that several members of DIL's Board of Directors were also officers of and/or directors of ABC District, including (but not limited to):
- a. Donald Schiemann;
 - b. Mark Ruf; and
 - c. Kurtis Robinson.
63. At all times material to these proceedings, Taman was a director, trustee or like official of ECHS, and also counsel to both ECHS and ABC District.
64. Further, at all times material to these proceedings, Schiemann, Ruf and Taman were members or officials of the POP Congregation. As such:
- a. they knew or ought to have known the mandate of the ABC District Church Extension Program and the terms of the DIL Trust, and
 - b. they had a personal stake in the development of the POP Village.
65. The POP Village DIL Mortgage Loans contravened the mandate of the ABC District Church Extension Program and the DIL Trust, in that they were not made for the purpose of building churches and/or schools in which to carry out the ministry of the

Lutheran faith, but rather for the purpose of enabling ECHS to engage in speculative real estate development.

66. Further, contrary to the terms of the DIL Trust the POP Village DIL Mortgage Loans were not "qualifying investments" as that term is defined in the *Income Tax Act*, RSC 1985, c.1.
67. Further, the POP Village CEF Mortgage Loan, the POP Village CEF Unsecured Loan and the POP Village DIL Mortgage Loans (collectively, the "POP Village Loans") contravened the ABC District's Church Extension Program Loan Eligibility Policies, Loan Criteria and Loan Conditions in respect of the CEF and DIL Trusts in that:
- a. ECHS was not a "congregation of the ABC District in good standing" nor an institution or entity of the LCC whose constitution, policies and practices were consistent with those of LCC;
 - b. The loan-to-value ratio in respect of each of the Loans was greater than that which would be commercially acceptable, or alternatively was based on an inflated valuation of the POP Village Lands;
 - c. The POP Village development was commenced and continued in the absence of any, or any reliable, financial projections;
 - d. ECHS lacked the experience and qualifications to bring the POP Village to successful completion;
 - e. ECHS had no ability to service the POP Village Loans;
 - f. ECHS did not and was not required to provide financial support to ABC District and/or LCC in exchange for the POP Village Loans;
 - g. The POP Village Loans were unsecured or alternatively inadequately secured;
 - h. The officers of ECHS were not required to sign Loan Repayment Agreements with ABC District and DIL in respect of the POP Village Loans;
 - i. ECHS was not required to make a commitment to promote Church Extension investments among its members or others;
 - j. ECHS was not required to submit financial statements to the ABC District or to DIL, or alternatively the ABC District and/or DIL failed to scrutinize those financial statements to assess the risk to the POP Village Loans.

68. The POP Village development was ultimately unsuccessful and ECHS defaulted on the POP Village CEF Loans and the POP Village DIL Loans. There is insufficient equity in ECHS's interest in the POP Village Lands to satisfy the POP Village CEF Loans or the POP Village DIL Loans.

G. The POP Congregation Loan

69. In or about 2008 the Prince of Peace ("POP") Congregation incurred an operating deficit of approximately \$1,200,000.00. It was unable to meet its operational financial requirements, or its obligations to ABC District in respect of previous mortgage loans from the CEF.

70. In or about 2008, ABC District loaned \$8,000,000.00 to the POP Congregation for the purpose of building a church and a school on the grounds of the POP Village, paying off its debts, and financing its operating deficit (the "POP Congregation Loan").
71. The LCC and/or LCCFM were aware (or ought to have been aware) of and approved the POP Congregation Loan.
72. The POP Congregation Loan violated the mandate of the ABC District's Church Extension Program and the terms of the CEF Trust in that it was granted, in whole or in part, to pay off the POP Congregation debts and to finance its operating deficit and not for the purposes of building churches and schools in which to carry out the ministry of the Lutheran Church.
73. Further, the Prince of Peace Congregation Loan violated the Loan Eligibility Policies, Loan Criteria and Loan Conditions of the ABC District in that:
- a. The POP Congregation was not a "congregation in good standing" within the meaning of the ABC District Loan Eligibility Policy;
 - b. The Prince of Peace Congregation Loan was in whole or in part for operating purposes rather than a capital project;
 - c. The POP Congregation had no ability to service the debt;
 - d. The Prince of Peace Congregation Loan was unsecured or alternatively inadequately secured;
 - e. The Prince of Peace Congregation Loan was unaccompanied by a Loan Repayment Agreement signed by the officers of the congregation;
 - f. The POP Congregation was operating at a deficit and could not meet its existing financial obligations to the ABC District to repay a previous mortgage loan;
 - g. The POP Congregation did not and could not make a commitment to promoting Church Extension investments among its members; and
 - h. The ABC District did not require the POP Congregation to submit its financial statements on an annual basis, or alternatively failed to scrutinize those financial statements to assess the risk that the Prince of Peace Congregation Loan would not be repaid.
74. In or about 2009, the ABC District on the advice and with the assistance of Taman, forgave \$6,000,000.00 of the \$8,000,000.00 POP Loan in exchange for the right to receive proceeds from the future sale of certain property owned by the POP Congregation (the "POP Congregation Land Sale Proceeds Assignment Agreement").
75. The LCC and/or LCCFM were aware (or ought to have been aware) of and approved the POP Congregation Land Sale Proceeds Assignment Agreement.

76. The POP Congregation Land Sale Proceeds Assignment Agreement does not stipulate a date nor any deadline for the sale of the subject property, and the ABC District has no recourse in the event that the eventual sale proceeds are insufficient to discharge the \$6,000,000.00 loan receivable in full. Accordingly, the POP Congregation Land Sale Proceeds Assignment Agreement is wholly inadequate consideration for ABC District's forgiveness of the POP Congregation's \$6,000,000.00 debt to the CEF Trust.

H. The Strathmore Loans

In or about August 2007, the ABC District approved a CEF mortgage loan of approximately \$5,850,000.00 to ECHS for the purpose of purchasing and developing or improving real property in Strathmore, Alberta (the "Strathmore Lands").

77. In or about August 2008, ECHS transferred the title to the Strathmore Lands to ABC District for consideration of \$1.00. Concurrently, ABC District purported to "extinguish" the First Strathmore Loan payable by ECHS to the CEF, thereby simultaneously obtaining the Strathmore Lands on its own account and depriving the CEF Trust of the First Strathmore Loan receivable.

78. The LCC and/or LCCFM were aware (or ought to have been aware) of the First Strathmore Loan and the "extinguishment" of that Loan in exchange for the transfer of the Strathmore Property to ABC District.

79. ABC District then borrowed approximately \$6,000,000.00 from the DIL Trust for the purpose of developing or improving the Strathmore Lands (the "Second Strathmore Loan"). However, ABC District did not execute a mortgage in favour of DIL Trustee Concentra in respect of the Second Strathmore Loan.

80. Concentra failed to require that the Second Strathmore Loan be secured by a mortgage registered against the Strathmore Property.

81. LCC and/or LCCFM were aware (or ought to have been aware) that Concentra and DIL had extended the Second Strathmore Loan to ABC District, and that the Loan was unsecured.

82. On December 23, 2014, Concentra registered a \$6,000,000.00 mortgage against the Strathmore property in respect of the Second Strathmore Loan (the "Concentra Strathmore Mortgage").

83. Due to Concentra and/or DIL's delay in registration of the Concentra Strathmore Mortgage, the Mortgage was unenforceable, rendering Concentra unable to execute on the security and collect the Second Strathmore Loan on behalf of DIL and the beneficiaries to the DIL Trusts.

I. The Shepherd's Village Loans

84. On July 28, 1999, Shepherd's Village Ministries Ltd. ("SVML") was incorporated for the purpose of acquiring a 12 acre parcel of real property and developing a 43-unit seniors' condominium housing project called the "Shepherd's Village" within the geographic boundaries of the Good Shepherd Congregation located in Valleyview, Alberta (the "Shepherd's Village Lands").
85. From 2004 to 2005, Chowne and Prowse Chowne were the solicitors for both SVML and ABC District
86. From 2006 to 2013, Taman and Bishop & McKenzie were the solicitors for both SVML and ABC District.
87. Between 1999 and 2014, ABC District advanced to SVML either directly or indirectly through ECHS CEF monies in the total amount of approximately \$17,000,000.00 for the purpose of acquiring and developing the Shepherd's Village lands (the "Shepherd's Village CEF Loans").
88. LCC and/or LCCFM were aware (or ought to have been aware) of and approved the ABC District's decision to make the Shepherd's Village CEF Advances to SVML.
89. As of 2005, ABC District and SVM were under common control, in that officers and/or directors of ABC District were also officers, directors and/or members of SVM, including (but not limited to):
 - a. Mark Ruf;
 - b. Judith Burns;
 - c. Paul Eifert;
 - d. Donald Schiemann; and
 - e. Jim Kental.
90. As of November 6, 2006, Taman was the solicitor for SVM.
91. The Shepherd's Village CEF Loans were contrary to the mandate of the ABC District Church Extension Program and the terms of the CEF Trust, in that in they were not made for the purpose of building churches and/or schools in which to carry out the ministry of the Lutheran faith, but rather for the purpose of enabling SVML to engage in speculative real estate development.
92. Further, the Shepherd's Village CEF Loans were contrary to the policies and

procedures of the ABC District Church Extension Fund, in that:

- a. SVML was not a "congregation of the ABC District in good standing" nor an institution or entity of the LCC whose constitution, policies and practices were consistent with those of LCC;
 - b. The loan-to-value ratio in respect of the Shepherd's Village CEF Loans was greater than that which would be commercially acceptable;
 - c. The Shepherd's Village development was commenced and continued in the absence of any, or any reliable, financial projections;
 - d. SVML lacked the experience and qualifications to bring the Shepherd's Village development to successful completion;
 - e. SVML had no ability to service or repay the Shepherd's Village CEF Loans;
 - f. SVML did not and was not required to provide financial support to ABC District and/or LCC in exchange for the Shepherd's Village CEF Loans;
 - g. The Shepherd's Village CEF Loans were unsecured or alternatively inadequately secured;
 - h. The officers of SVML were not required to sign Loan Repayment Agreements with ABC District in respect of the Shepherd's Village CEF Loans;
 - i. Shepherd's Village was not required to make a commitment to promote Church Extension investments among its members or others;
 - j. SVML was not required to submit financial statements to the ABC District, or alternatively the ABC District failed to scrutinize those financial statements to assess the risk to the Shepherd's Village CEF Loans.
93. Between 2011 and 2014, ABC District and/or ECHS, forgave \$12,575,685.00 of the Shepherd's Village CEF Loans, thereby depriving the CEF Trust of those funds.
94. LCC and/or LCCFM were aware (or ought to have been aware) of and approved the forgiveness of the Shepherd's Village CEF Loans.

J. The CCAA Proceedings

95. As a result of the events set out herein, the ABC District and DIL were unable to meet their obligations to the depositors to the CEF Trust and the DIL Trusts.
96. Knowing they were unable to meet their obligations to the CEF and DIL depositors, the ABC District and DIL, acting in bad faith, nevertheless continued to encourage and accept deposits to the CEF Trust and DIL Trust up until and including December 31, 2014.
97. The LCC and/or LCCFM were aware (or ought to have been aware) of the insolvency of the ABC District and DIL and the impending CCAA application. However, LCC and/or LCCFM took no steps to halt the operations of the CEF or the DIL, or to inform the depositors to the CEF and/or DIL Trusts that their deposits were at risk.

98. On January 2, 2015 ABC District, DIL, ECHS and EMSS (the "Applicants") sought protection from their creditors under the *Company's Creditors Arrangement Act*, RSC 1985, c.C-36, as amended (the "CCAA Proceedings"). An Order to that effect was granted by the Court of Queen's Bench of Alberta on January 23, 2015 in Court of Queen's Bench Action No. 1501-00955.
99. Taman and Bishop & McKenzie have acted as counsel for the Applicants in the CCAA Proceedings.
100. In the course of their representation of the Applicants in the CCAA Proceedings, Taman and Bishop & McKenzie have:
- a. Failed to disclose to the Court and the CEF and District depositors, including the Plaintiffs and putative B.C. District Class and Sub-class, Extraprovincial District Class and Sub-class, B.C. DIL Class and Sub-class and Extraprovincial DIL Class and Sub-class the involvement of Taman and Bishop & McKenzie in the matters leading up to the CCAA Proceedings;
 - b. Failed to disclose to the Court and to the CEF and District depositors, including the Plaintiffs and putative B.C. District Class and Sub-class, Extraprovincial District Class and Sub-class, B.C. DIL Class and Sub-class and Extraprovincial DIL Class and Sub-class members their potential liability herein;
 - c. Perverted the purpose of the CCAA Proceedings by devising Plans of Restructuring on behalf of DIL and ABC District which would limit or negate the ability of the Plaintiffs and putative members of the B.C. District Class and Sub-Class, the Extraprovincial District Class and Sub-Class, the B.C. DIL Class and Sub-Class, and the Extraprovincial DIL Class and Sub-Class to seek recourse against Taman, Bishop & McKenzie and the other Defendants named in this action, none of whom have sought CCAA protection; and
 - d. Earned significant legal fees paid from the proceeds of the CEF and DIL Trusts, at the expense of the B.C. District Class and Sub-Class, the Extraprovincial District Class and Sub-Class, the B.C. DIL Class and Sub-Class, and the Extraprovincial DIL Class and Sub-Class.
101. By way of an agreement approved by the Court of Queen's Bench issued in the CCAA Proceedings on January 4, 2016, ABC District and DIL agreed, *inter alia*:
- (a) That District shall pay to DIL the all-inclusive sum of \$4,114,006.00 in

settlement of DIL's claims against District in relation to the POP Village DIL Loans; and

- (b) That District shall pay to DIL 50% of the net proceeds of sale of the Strathmore Property in settlement of DIL's claims against District in relation to the Second Strathmore Loan.

102. The assets of the ABC District are not sufficient to satisfy its approximately \$97,000,000.00 in total outstanding obligations to its members who have made deposits to the CEF Trust.

103. The assets of the DIL Trust are not sufficient to satisfy DIL's approximately \$22,300,000.00 in total outstanding obligations to its depositors.

K. The Plaintiffs

(i) The Plaintiff Elvira Kroeger

104. Elvira Kroeger is 87 years old and resides in Delta, British Columbia. She is a widow.

105. Mrs. Kroeger has been a member of St. Luke Lutheran Church in Surrey, British Columbia., since 1990.

106. Through her membership in the St. Luke congregation, Mrs. Kroeger was introduced to the ABC District's Church Extension program and decided to deposit her savings in the CEF and DIL Trusts.

107. As of December 31, 2013 Mrs. Kroeger's CEF account balances were as follows:

- a. \$11,608.83 at 3.0% maturing to \$13,065.84 on July 1, 2017;
- b. \$11,759.33 at 2.25% maturing to \$12,023.91 on January 26, 2014

108. As of December 31, 2013, Mrs. Kroeger's Registered Retirement Income Fund (RRIF) balance with DIL was \$9,348.79 and her Tax Free Savings Account (TFSA) balance with DIL was \$5,404.89.

109. In or about March 2014 Mrs. Kroeger renewed a term deposit investment in the CEF Trust. At that time she received no warning from the management or other representatives of ABC District that it had in any prior period suffered losses on its mortgages, loans and other investments made with her savings, or that her investments were otherwise at risk.

110. To the contrary, in or about May 2014 she was advised by the ABC District that it would renew a second term deposit held in her name for another five years.
111. Further, the ABC District encouraged Mrs. Kroeger and the other depositors to the CEF Trust to invest more money with the CEF Trust and to encourage others to do the same.
112. On or about January 9, 2015, Mrs. Kroeger was advised by the ABC District that it had placed a moratorium on withdrawals from and deposits to the CEF Trust.
113. Further, in or about January 2015 Mrs. Kroeger was advised by DIL that payments and transfers from her RRIF and TFSA accounts in the DIL Trust had also been halted and that the value of her investment had been "impaired" by approximately 24%.
114. In or about February 2015 Mrs. Kroeger was advised by DIL that, as of January 1, 2015, her \$9,348.79 RRIF deposit had an "Estimated Write Down Balance" of only \$6,579.78.

(i) The Plaintiff Randy Kellen

115. Mr. Kellen is 60 years old and is a member of the St. Luke Lutheran Church in Surrey, British Columbia.
116. In 2001, Mr. Kellen became a depositor to both the CEF Trust and the DIL Trust.
117. As of December 31, 2014, the balance of Mr. Kellen's DIL account was \$26,105.49.
118. As of February 27, 2015, Mr. Kellen's deposits in the CEF, including accrued interest, totaled \$90,553.06.
119. On or about January 6, 2015, Mr. Kellen was advised by ABC District that it had placed a moratorium on withdrawals from and transfers to the CEF.
120. In or about February 2015, DIL advised Mr. Kellen that the value of his DIL account had been "written down" by 24% to \$19,849.54.

PART 2: RELIEF SOUGHT

121. The Plaintiffs claim on their own behalf and on behalf of the B.C. District Class and Sub-Class, the Extraprovincial District Class and Sub-Class, the B.C. DIL Class and

Sub-Class, and the Extraprovincial DIL Class and Sub-Class, the following relief:

- a. As against the Defendants LCC and LCCFM, jointly and severally:
 - (a) Damages for breach of contract;
 - (b) Damages for breach of trust;
 - (c) Damages for breach of fiduciary duty;
 - (d) General damages;
 - (e) Damages for rendering knowing assistance to breach of trust;
 - (f) Damages for knowing receipt of trust property;
 - (g) A constructive trust;
 - (h) Special damages;
 - (i) Punitive damages;
 - (j) Pre-judgment interest in accordance with the *Court Order Interest Act*;
 - (k) Costs of this proceeding; and
 - (l) Such further and other relief as this Court deems just.

- b. As against Taman and Bishop McKenzie, jointly and severally,
 - (a) a declaration that Taman and Bishop McKenzie have been unjustly enriched;
 - (b) an accounting of the legal fees paid to Taman and Bishop & McKenzie in the CCAA Proceedings,
 - (c) an order for restitution, or alternatively for damages in an amount as may be proven at trial;
 - (d) Prejudgment interest in accordance with the Court Order Interest Act;
 - (e) Costs of this proceeding; and
 - (f) Such further and other relief as this Court deems just.

122. The Plaintiffs claim on their own behalf, and on behalf of the B.C. District Class and Sub-Class, the Extraprovincial District Class and Sub-Class, the following relief:

- a. As against Taman and Bishop & McKenzie, jointly and severally:
 - (a) Damages for breach of trust;
 - (b) Damages for breach of fiduciary duty;
 - (c) Damages for rendering knowing assistance to breach of the CEF Trust and/or the DIL Trust;
 - (d) Punitive damages;
 - (e) Pre-judgment interest in accordance with the *Court Order Interest Act*;
 - (f) Costs of this proceeding; and
 - (g) Such further and other relief as this Court deems just.

- b. As against Shepherd's Village Ministries Ltd.:
 - (a) Damages for knowing receipt of trust funds acquired in breach of the CEF Trust and/or the DIL Trust;
 - (b) A constructive trust;
 - (c) Pre-judgment interest in accordance with the *Court Order Interest Act*;
 - (d) Costs of this proceeding; and
 - (e) Such further and other relief as this Court deems just.

- c. As against Shepherd's Village Ministries Ltd., Taman and Bishop & McKenzie, jointly and severally:
 - (a) Damages for knowing receipt of the SVM Lands and the proceeds of the SVM CEF Loans in breach of the CEF Trust;.
 - (a) Pre-judgment interest in accordance with the *Court Order Interest Act*;
 - (b) Costs of this proceeding; and
 - (c) Such further and other relief as this Court deems just.

123. The Plaintiffs claim on their own behalf and on behalf of the B.C. DIL Class and Sub-Class and the Extraprovincial DIL Class and Sub-Class:

- a. As against Concentra:
 - (a) Damages for breach of fiduciary duty;
 - (b) Damages for breach of trust;
 - (c) Pre-judgment interest in accordance with the *Court Order Interest Act*;
 - (d) Costs of this proceeding; and
 - (e) Such further and other relief as this Court deems just.

PART 3: LEGAL BASIS

124. This is a proposed class proceeding on behalf of the Plaintiffs and:

- a. a putative class of people resident in British Columbia who are members of a congregation of the Lutheran Church – Canada and who on January 2, 2015 were depositors to The Lutheran Church – Canada, Alberta and British Columbia District's Church Extension Fund (the "B.C. District Class");
- b. a putative class of people resident in British Columbia who are members of a congregation of the Lutheran Church – Canada and who on January 2, 2015 were depositors to The Lutheran Church – Canada, Alberta and British Columbia District Investments Ltd. (the "B.C. DIL Class");
- c. a putative extra-provincial class of people resident outside of British Columbia and who are members of a congregation of the Lutheran Church – Canada and who on January 2, 2015 were depositors to The Lutheran Church – Canada, Alberta and British Columbia District's Church Extension Fund (the "Extraprovincial District Class"); and

- d. a putative extra-provincial class of people resident outside of British Columbia and who are members of a congregation of the Lutheran Church – Canada and who on January 2, 2015 were depositors to The Lutheran Church – Canada, Alberta and British Columbia District Investments Ltd. (the “Extrajvincial DIL Class”).
- e. Corresponding Sub-classes consisting of the Classes described above, except that the depositors were not members of the Lutheran Church – Canada.

A. Liability of LCC and LCCFM

(a) Breach of Trust: ABC District/CEF

125. The funds on deposit in the CEF were impressed with an express or implied trust in favour of the Plaintiffs, the putative B.C. District Class and Sub-class, and putative Extrajvincial District Class and Sub-class (the “CEF Trust”). As trustee of the CEF Trust, ABC District had a duty to utilize those monies in accordance with the terms of the CEF Trust, which required it to invest the funds in accordance with the ABC District Church Extension Program mandate, policies and procedures.
126. The ABC District failed to utilize the assets of the CEF Trust in accordance with the terms of the Trust, as follows:
- (a) Utilizing the CEF Trust funds to develop the POP Village Lands on its own account as set out in paras. 38-40 herein;
 - (b) Transferring the POP Village Lands to ECHS as set out in paras. 50 – 54 herein;
 - (c) Authorizing the POP Village CEF Mortgage Loan and the POP Village CEF Unsecured Loans to ECHS as set out in paras. 50 and 56 herein;
 - (d) Authorizing the Prince of Peace Congregation Loan as set out in paras. 70 and 72 - 73 herein;
 - (e) Entering into the POP Congregation Land Sale Proceeds Assignment Agreement as set out in paras. 74 – 76 herein;
 - (f) Extinguishing the First Strathmore Loan to ECHS in exchange for title to the Strathmore Lands for its own use as set out in para. 78 herein; and
 - (g) Authorizing the Shepherd’s Village CEF Loans as set out in para. 88 herein

thereby breaching the CEF Trust and causing damages to the Plaintiffs and the putative B.C. District Class and Sub-class and Extrajvincial District Class and Sub-class members.

127. As participants in the joint enterprise that is the ABC District’s Church Extension program, LCC and/or LCCFM are jointly and severally liable to the Plaintiffs and putative class and Sub-class members for ABC District’s breaches of the CEF Trust

as set out herein.

128. In the alternative, LCC and/or LCCFM knowingly assisted ABC District to breach the CEF Trust, and are therefore jointly and severally liable to the Plaintiffs and the putative B.C. District Class and Sub-class and Extraprovincial District Class and Sub-class members for rendering knowing assistance to a breach of trust.

129. Further, or in the alternative, LCC and/or LCCFM knowingly received proceeds from the CEF Trust as a result of ABC District's breach of trust by way of payments made by District to the LCC and/or LCCFM. Accordingly, LCC and/or LCCFM are jointly and severally liable to the Plaintiffs and class members and are constructive trustees of those monies for the benefit of the Plaintiff and the putative B.C. District Class and Extraprovincial District Class members.

(b) Breach of Contract: ABC District/CEF

130. In the alternative, upon receiving monies from the Plaintiffs and putative B.C. District Class Sub-class and Extraprovincial District Class and Sub-class members for the purpose of deposit to the CEF, the ABC District agreed to repay those monies to the Plaintiffs and putative B.C. District Class and Sub-class and Extraprovincial District Class and Sub-class members,

- a. With respect to savings accounts, on demand and with interest at a rate set by the ABC District from time to time; and
- b. With respect to term deposits, on the maturity date with interest at a rate set by the ABC District at the date of deposit.

131. In breach of its agreements with the Plaintiffs and putative B.C. District Class and Sub-class and Extraprovincial District Class and Sub-class members, the ABC District has failed or refused to pay to the Plaintiffs and putative B.C. District Class and Sub-class and Extraprovincial District Class and Sub-class members their monies held on deposit with the CEF plus accrued interest,

- a. With respect to term deposits, on the maturity date(s); and
- b. With respect to savings accounts, at all.

132. On January 2, 2015 ABC District breached its agreements with the Plaintiffs and putative B.C. District Class and Sub-class and Extraprovincial District Class and Sub-class members when it notified them that withdrawals from the CEF had been suspended, and sought protection from its creditors in the CCAA proceedings.

133. As participants in the joint enterprise that was the ABC District Church Extension Program, LCC and LCCFM are jointly and severally liable to the Plaintiffs and putative B.C. District Class and Sub-class and Extraprovincial District Class and

Sub-class members for ABC District's breach of contract.

(c) Breach of Fiduciary Duty: ABC District/CEF

134. Further, by virtue of its position as trustee of the CEF Trust, the ABC District was in a position to unilaterally exercise power or discretion over the monies of the Plaintiffs and putative B.C. District Class and Sub-Class and Extraprovincial District Class and Sub-Class members invested in the CEF Trust so as to significantly affect their interests.
135. Further, the Plaintiffs and putative B.C. District Class and Extraprovincial District Class members were particularly vulnerable to ABC District's exercise of power or discretion by virtue of the ABC District's position of religious leadership and moral authority. Accordingly, and by its own admission, the ABC District owed fiduciary duties to the Plaintiffs and putative B.C. District Class and Extraprovincial District Class members in respect of their deposits to the CEF Trust, including duties of loyalty, honesty, good faith, and avoidance of any conflict between its duty to the Plaintiffs and putative class members and its own self-interest.
136. The ABC District breached its fiduciary duties to the Plaintiffs and putative B.C. District Class and Sub-Class and Extraprovincial District Class and Sub-Class members in respect of the CEF Trust by:
- a. Using funds on deposit to the CEF Trust and the DIL Trust for purposes of speculative real estate development of the POP Village on its own account, and not for the purposes of investment in accordance with the ABC District Church Extension Program mandate as set out in paras. 38 - 40 herein;
 - b. Failing to repay the CEF POP Village Advances to the CEF from the proceeds of sale of life leases in the POP Village as set out in para. 47 herein;
 - c. Authorizing the POP Village CEF Mortgage Loan and the POP Village CEF Unsecured Loans to ECHS, a company under common control with ABC District, for purposes of speculative real estate development contrary to the ABC District Church Extension Program mandate, policies and procedures as set out in paras. 50, 58 and 67 herein;
 - d. Transferring the POP Village Lands to ECHS and authorizing the POP Village CEF Mortgage Loan and the POP Village CEF Unsecured Loans for the sole purpose of avoiding disclosure of the POP Village development's finances to the Plaintiffs and putative B.C. District Class and Extraprovincial District Class members as set out in para. 54 herein;
 - e. Preferring the interests of the POP Congregation to those of its depositors and the beneficiaries to the CEF Trust, including the Plaintiffs and putative B.C.

District Class and Extraprovincial District Class members, by entering into the POP Congregation Land Sale Proceeds Assignment Agreement as set out in para. 74 herein;

- f. Acquiring the Strathmore Lands from ECHS for its own use by "extinguishing" \$6,000,000.00 of mortgage debt payable by ECHS to the CEF as set out in para. 78 herein;
- g. Authorizing the Shepherd's Village CEF Loans as set out in para. 88 herein;
- h. Forgiving \$12,575,685.00 of the Shepherd's Village CEF Loans as set out in para. 94 herein;
- i. Continuing to solicit and accept deposits to the CEF when ABC District knew or should have known that it was insolvent and unable to meet its obligations to depositors to the CEF and/or DIL as set out in para. 98 herein

all of which caused damages and loss to the Plaintiffs and putative B.C. District Class and Sub-Class and Extraprovincial District Class and Sub-Class members.

137. As participants in the joint enterprise that was the ABC District Church Extension Program, LCC and/or LCCFM are jointly and severally liable to the Plaintiffs and putative B.C. District Class and Sub-Class and Extraprovincial District Class and Sub-Class members for ABC District's breaches of fiduciary duty as set out herein.
138. Further, or in the alternative, LCC and/or LCCFM knowingly assisted ABC District to breach its fiduciary duty to the Plaintiffs and putative B.C. District Class and Sub-Class and Extraprovincial District Class and Sub-Class members and accordingly are jointly and/or severally liable for that breach.

(d) Negligence: ABC District/CEF

139. Further, it was reasonably foreseeable to the ABC District that failure to take reasonable care in the investment of the monies received from the Plaintiffs and putative B.C. District Class and Sub-class and Extraprovincial District Class and Sub-class members for deposit into the CEF would result in the loss of those monies and damage to the Plaintiff and putative B.C. District Class and Extraprovincial District Class members.
140. Accordingly, the ABC District had a duty of care to the Plaintiffs and putative B.C. District Class and Sub-class and Extraprovincial District Class and Sub-class members to take reasonable care in the investment of the monies received from the Plaintiffs and putative B.C. District Class and Sub-class and Extraprovincial District Class and Sub-class members for deposit into the CEF.

141. The ABC District breached its duty of care to the Plaintiffs and putative B.C. District Class and Sub-class and Extraprovincial District Class and Sub-class members by way of conduct including but not limited to:

- a. With respect to the POP Village Loans, by way of the conduct set out in paras. 38 – 40, 41 – 42, 44 – 45, 47 – 49, 50 – 51, 53 – 56, 58 – 67 herein; and
- b. With respect to the Prince of Peace Congregation Loan, by way of the conduct set out in paras. 69 – 76 herein; and
- c. With respect to the First and Second Strathmore Loans, by way of the conduct set out in paras. 77 – 78 herein;
- d. With respect to the Shepherd's Village CEF Loans, by way of the conduct set out in paras. 88 – 94 herein

thereby causing damages and loss to the Plaintiffs and putative B.C. District Class and Sub-class and Extraprovincial District Class and Sub-class members.

142. As participants in the joint enterprise that was the ABC District's Church Extension Program, LCC and LCCFM are jointly and severally liable to the Plaintiffs and putative B.C. District Class and Sub-class and Extraprovincial District Class and Sub-class members for ABC District's negligence in the operation of the Church Extension Program.

(e) Breach of Fiduciary Duty: District/DIL

143. At all times material to these proceedings, District was the manager of the DIL Trust and therefore had fiduciary duties to the beneficiaries of that Trust, including the Plaintiffs and the putative members of the B.C. DIL Class and Sub-class and the Extraprovincial DIL Class and Sub-class, to serve the interests of the beneficiaries of the Trust.

144. In breach of that duty, in order to prefer its own interests under the POP Village CEF Mortgage Loans to the interests of the beneficiaries of the DIL Trust under the POP Village DIL Mortgage Loans, ABC District failed to register the ABC District – DIL Priority Agreement against the title to the POP Village Lands concurrently with the POP Village DIL Mortgage Loans, thereby depriving the DIL Trust of adequate security for the POP Village DIL Mortgage Loans and causing damages and loss to the Plaintiffs and putative members of the B.C. DIL Class and Sub-class and the Extraprovincial DIL Class and Sub-class.

(f) Vicarious Liability of LCC

145. In the alternative, at all times material to these proceedings the ABC District acted as the agent of LCC and/or LCCFM in the operation and administration of the ABC District's Church Extension Program. The acts, omissions and breaches of duty of

ABC District as set out herein occurred within the normal course of the business of LCC and/or LCCFM, and were within the actual or ostensible authority granted to ABC District by LCC and/or LCCFM. Accordingly, LCC and/or LCCFM are vicariously liable for the acts, omissions and breaches of duty of ABC District set out herein.

B. Liability of Shepherd's Village Ministries Ltd.

146. SVM knew or ought to have known that the Shepherd's Village Lands had been purchased with monies obtained from the CEF Trust, that the proceeds of the SVM CEF Loans originated in the CEF Trust, and that the Lands had been transferred and the Loans made to it by ABC District in breach of the CEF Trust.
147. Accordingly, SVM is liable to the Plaintiffs and putative B.C. District Class and Sub-class and Extraprovincial District Class and Sub-class members for knowing receipt of the Shepherd's Village Lands and the proceeds of the SVM CEF Loans acquired in breach of trust, and is a constructive trustee of the Shepherd's Village Lands and the proceeds of the SVM CEF Loans for the benefit of the Plaintiffs and putative B.C. District Class and Sub-class and Extraprovincial District Class and Sub-class members.

C. Liability of Taman and Bishop & McKenzie

148. At all times material to these proceedings Taman was a member of the POP Congregation, the Chairman of the POP Congregation's Housing Committee, and counsel for both ABC District and ECHS.
149. Taman knew or ought to have known that the use of CEF monies to finance the purchase and development of the POP Village Lands contravened the intent and purpose of the ABC District Church Extension Program and the terms of the CEF Trust.
150. Taman advised ABC District with respect to, and knowingly facilitated, the following breaches of duty by ABC District for his own direct and/or indirect personal financial and other benefit:
- a. The ABC District's breaches of the CEF Trust as set out in paras. 126 – 127 herein; and
 - b. The ABC District's breaches of fiduciary duty as set out in para. 135 - 137 herein

which caused the Plaintiffs and putative B.C. District Class and Sub-class and Extraprovincial District Class and Sub-class members to suffer damages and loss.

151. Accordingly, Taman is jointly and severally liable along with the ABC District for the damages and loss caused to the Plaintiffs and putative B.C. District Class and Sub-class and Extraprovincial District Class and Sub-class members as a result of those breaches of duty.
152. Further, Taman advised SVM with respect to, and knowingly facilitated, SVM's receipt of the Shepherd's Village Lands and the proceeds of the SVM CEF Loans in breach of the CEF Trust.
153. Taman knew or ought to have known that the use of CEF monies to finance the purchase and development of the Shepherd's Village Lands contravened the intent and purpose of the ABC District Church Extension Program and the terms of the CEF Trust.
154. Accordingly, Taman is jointly and severally liable with SVM to the Plaintiffs and the members of the putative B.C. District Class and Sub-class and the Extraprovincial District Class and Sub-class for breach of trust, rendering knowing assistance to the breach of the CEF Trust and/or knowing receipt of the Shepherd's Village Lands and the proceeds of the SVM CEF Loans in breach of the CEF Trust.
155. Further, at all times material to this proceeding Taman was acting in the ordinary course of the business of Bishop & McKenzie or with the authority of his partners therein. Accordingly, Bishop & McKenzie is vicariously liable for Taman's breaches of duty and wrongful acts as set out in paras. 149 - 155 herein.
156. In the alternative, Bishop & McKenzie had actual knowledge of the wrongful conduct of Taman as set out herein, or was reckless or willfully blind thereto. Therefore, Bishop & McKenzie LLP is liable to the Plaintiffs and putative B.C. District Class and Extraprovincial District Class members for the wrongful conduct of Taman as set out in paras. 149 – 155 herein.
157. Further, Taman and Bishop & McKenzie have been unjustly enriched by way of the conduct described in paras. 100 – 101 herein, in that:
- a. Taman and Bishop & McKenzie have been enriched by reason of their receipt of legal fees earned in the CCAA Proceedings;
 - b. The Plaintiffs and the members of the B.C. District Class and Sub-Class, the Extraprovincial District Class and Sub-Class, the B.C. DIL Class and Sub-Class, and the Extraprovincial DIL Class and Sub-Class, have suffered a corresponding detriment, as those legal fees have been paid from the proceeds of the CEF and DIL Trusts; and
 - c. There is no juridical reason for Taman and Bishop & McKenzie to retain their enrichment.

D. Liability of Concentra

(a) The POP Village DIL Mortgages

158. As trustee of the DIL Trust, Concentra owed trust duties and fiduciary duties to the beneficiaries of that Trust, including the Plaintiffs and putative B.C. DIL Class and Sub-Class and Extraprovincial DIL Class and Sub-class members, to:

- a. abide by the terms of the Trust;
- b. exercise the degree of care, skill and diligence that a reasonable trustee would exercise in the investment of trust monies and the administration of a trust;
- c. at all times observe duties of loyalty, honesty, good faith, and avoid any conflict between its duty to the beneficiaries of the DIL Trust, including the Plaintiffs and putative B.C. DIL Class Sub-Class and Extraprovincial DIL Class and Sub-class members, and its own self-interest; and
- d. supervise its agent DIL to ensure that DIL also abided by the terms of the Trust and exercised the same degree of care, skill and diligence in the performance of its duties as Concentra was obliged to exercise.

159. In breach of those duties, Concentra:

- (a) Authorized, or permitted DIL to authorize, the POP Village DIL Mortgages, which were:
 - a. contrary to the terms of the DIL Trust in that the monies were not to be used for investment purposes in accordance with the mandate of ABC District's Church Extension Program; and
 - b. advanced to ECHS, a company under common control with its agent DIL and its manager ABC District, without requiring ECHS to produce its audited financial statements on an annual basis in order to assess the degree of risk to which the POP Village DIL Mortgages were exposed;
- (b) Failed to ensure, or alternatively failed to discover that DIL had failed to ensure, that the POP Village DIL Mortgages were secured, or adequately secured;
- (c) Failed to adequately supervise DIL; and
- (d) Permitted DIL to engage ABC District to provide management services to DIL, despite the fact that:
 - a. ABC District was a borrower from DIL and was under common control with DIL; and
 - b. ECHS was a borrower from DIL and under common control with ABC District

all of which caused the Plaintiffs and putative B.C. DIL Class and Sub-class and Extraprovincial DIL Class and Sub-class members to suffer damages and loss.

(b) The Second Strathmore Loan and the DIL Strathmore Mortgage

160. In further breach of its duties set out in para. 159 herein, Concentra:

- (a) Authorized, or permitted DIL to authorize, the Second Strathmore Loan to ABC District, despite the fact that ABC District was the manager of the DIL Trust and under common control with DIL; and
- (b) Failed to ensure, or to cause DIL to ensure, that the Second Strathmore Loan was secured, or adequately secured

all of which caused the Plaintiffs and putative B.C. DIL Class and Sub-Class and Extraprovincial DIL Class and Sub-class members to suffer damages and loss.

E. Chowne, Williams and Prowse Chowne

161. In January 2006, Ronald Chowne, Q.C. of Prowse Chowne was counsel to ABC District in respect of the POP Village CEF Mortgage Loan.

162. In November 2011, John Williams of Prowse Chowne was counsel to DIL in respect of the POP Village DIL Loans and the ABC District – DIL Priority Agreement.

163. Chowne, Williams and Prowse Chowne knew or ought to have known that:

- a. ABC District was the manager of the DIL Trust;
- b. ABC District held the POP Village CEF Mortgage Loan over the POP Village Lands, in the amount of \$45,000,000.00; and
- c. That ABC District was a party adverse in interest to DIL by way of the priority of the POP Village CEF Mortgage Loan over any subsequent secured loans granted to ECHS by DIL.

164. Chowne and Williams facilitated ABC District and DIL's breach of their fiduciary duties to the beneficiaries of the DIL Trust, including the Plaintiffs and the putative members of the B.C. DIL Class and Sub-class and the Extraprovincial DIL Class and Sub-class, by failing to ensure that the ABC District – DIL Priority Agreement was registered against the title to the POP Village Lands concurrently with the POP Village DIL Mortgage Loans, which caused damages and loss to the Plaintiffs and the putative members of the B.C. DIL Class and Sub-Class and the Extraprovincial DIL Class and Sub-class.

165. Accordingly, Chowne, Williams and Prowse Chowne are jointly and severally liable along with the ABC District for the damages and loss caused to the Plaintiffs and putative B.C. District Class and Sub-class and Extraprovincial District Class and Sub-class members as a result of those breaches of duty.
166. Further, between 2002 and 2005 Chowne advised SVM with respect to, and knowingly facilitated, SVM's receipt of the Shepherd's Village Lands and the proceeds of the SVM CEF Loans from ABC District in breach of the CEF Trust.
167. As the solicitors for the ABC District, Chowne knew or ought to have known that the use of CEF monies to finance the purchase and development of the Shepherd's Village Lands contravened the intent and purpose of the ABC District Church Extension Program and the terms of the CEF Trust.
168. Accordingly, Chowne and Prowse Chowne are jointly and severally liable with SVM and the ABC District to the Plaintiffs and the members of the putative B.C. District Class and Sub-class and the Extraprovincial District Class and Sub-class for breach of trust, rendering knowing assistance to the breach of the CEF Trust and/or knowing receipt of the Shepherd's Village Lands and the proceeds of the SVM CEF Loans in breach of the CEF Trust.
169. Further, at all times material to this proceeding Chowne and Williams were acting in the ordinary course of the business of Prowse Chowne LLP and/or with the authority of their partners therein. Accordingly, Prowse Chowne LLP is vicariously liable for Chowne's and Williams' breaches of duty and wrongful acts as set out in paras. 162 – 169 herein.
170. In the alternative, Prowse Chowne LLP had actual knowledge of the wrongful conduct of Williams and Chowne as set out herein, or was reckless or willfully blind thereto. Therefore, Prowse Chowne is liable to the Plaintiffs and putative B.C. District Class and Sub-class and Extraprovincial District Class and Sub-class members for the conduct of Chowne and Williams as set out in paras. 162 – 169 herein.

F. Punitive Damages

171. The LCC, LCCFM, Taman and Bishop & McKenzie knew or ought to have known that the Plaintiffs and putative B.C. District Class and Sub-class, Extraprovincial District Class and Sub-class, B.C. DIL Class and Sub-class and Extraprovincial DIL Class and Sub-class members are in large part elderly people who are dependent upon their deposits in the CEF Trust and the DIL Trust for

their future financial security.

172. Further, the Plaintiffs and putative class members are people to whom the LCC and LCCFM stood in a position of religious leadership, authority and trust.
173. Between 1993 and December 31, 2014, LCC and LCCFM knowingly caused or permitted ABC District to solicit and receive deposits to the CEF Trust and the DIL Trust from the Plaintiffs and putative class members when they knew or ought to have known that:
- a. the ABC District was in breach of the CEF Trust;
 - b. Concentra and DIL were in breach of the DIL Trust;
 - c. ABC District and DIL were insolvent or on the eve of insolvency; and
 - d. ABC District and DIL were preparing to commence the CCAA Proceedings.
174. The conduct of LCC and LCCFM as set out herein has been arrogant, high-handed, callous and reprehensible. It offends ordinary standards of morality and is deserving of condemnation and punishment through an award of punitive damages.
175. The conduct of Taman and Bishop & McKenzie as set out in paras. 100 – 101 herein have been arrogant, high-handed, callous and reprehensible. It offends ordinary standards of morality and is deserving of condemnation and punishment through an award of punitive damages.

PLACE OF TRIAL: Vancouver, British Columbia

Dated Feb. 22, 2016


 Errin A. Poyner, Solicitor for the Plaintiffs

This Notice of Civil Claim is filed by Errin A. Poyner, of the firm of Sugden McFee & Roos LLP, Barristers & Solicitors, whose place of business and address for delivery is 700- 375 Water Street, Vancouver, BC Telephone: (604)-687-7700 Facsimile: (604) 687-5596

**ENDORSEMENT ON ORIGINATING PLEADING OR PETITION FOR
SERVICE OUTSIDE BRITISH COLUMBIA**

The Plaintiffs claim the right to serve this Notice of Civil Claim:

- (a) On the Defendants LCC and LCCFM as participants in a joint enterprise with ABC District and DIL, corporations ordinarily resident and carrying on business in British Columbia pursuant to s.7(b)(1) and 10(h) of the Court Jurisdiction and Proceedings Transfer Act, SBC 2003, c. 28, (the "CJPT Act") upon which the Plaintiffs rely;
- (b) On the Defendant Concentra, as a corporation and/or trustee of the DIL Trust ordinarily resident in British Columbia pursuant to ss. 7(b)(1) and 10(d)(ii) of the CJPT Act, upon which the Plaintiffs rely;
- (c) On the Defendants Taman and Bishop & McKenzie, on the grounds that there is a real and substantial connection between the facts and matters set out herein in paras. 100 – 101 and 149 – 158 herein and the Province of British Columbia, where ABC District and DIL are ordinarily resident and carry on business pursuant to ss. 3(e), 7(b) and 10 of the CJPT Act, upon which the Plaintiffs rely;
- (d) On the Defendants Williams, Chowne and Prowse Chowne on the grounds that there is a real and substantial connection between the facts and matters set out in paras. 162 - 171 herein and the Province of British Columbia, where ABC District and DIL are ordinarily resident and carry on business pursuant to ss.3(e), 7(b) and 10(h) of the CJPT Act, upon which the Plaintiffs rely; and
- (e) On the Defendant SVM on the grounds that there is a real and substantial connection between the facts and matters set out paras. 85 – 95 and 147 – 148 herein and the Province of British Columbia, where ABC District is ordinarily resident and carries on business pursuant to ss. 7(b) and 10(h) of the CJPT Act, upon which the Plaintiffs rely.

Deloitte & Touche



**Deloitte & Touche
Chartered Accountants**

2000 ManuLife Place
10180-101 Street
Edmonton, Alberta
T5J 4E4

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AUDITORS' REPORT

To the Board of Directors of
The Lutheran Church - Canada
Alberta - British Columbia District:

We have examined the balance sheets of the current fund, restricted fund, church extension fund, plant fund, foundation fund and agency fund of The Lutheran Church - Canada, Alberta - British Columbia District for the period ending at January 31, 1990 and the statements of changes in fund balances and current fund support and revenue, expenditures and other changes for the period then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the District as at January 31, 1990 and the changes in fund balances and current fund support and revenue, expenditures and other changes for the period then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Deloitte & Touche

Chartered Accountants

April 6, 1990

This is Exhibit "L" referred to in the
Affidavit of Courtney Clark
sworn before me at Vancouver
this 23 day of February, 1990

~~A Commissioner for taking Affidavits
within British Columbia~~

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THE LUTHERAN CHURCH - CANADA
ALBERTA - BRITISH COLUMBIA DISTRICT

BALANCE SHEETS

<u>ASSETS</u>	<u>January 31,</u> <u>1990</u>	<u>January 15,</u> <u>1989</u>
CURRENT FUND		
Cash	\$ 295,343	\$ 414,702
Accounts receivable	-	-
Property held for sale	-	<u>25,900</u>
	<u>\$ 295,343</u>	<u>\$ 440,602</u>
RESTRICTED FUND		
Due from current fund	\$ 35,070	\$ 8,929
Loans receivable (Note 4)	<u>55,497</u>	<u>81,035</u>
	<u>\$ 90,567</u>	<u>\$ 89,964</u>
CHURCH EXTENSION FUND		
Due from other funds		
Current fund	\$ 538,362	\$ 593,720
Plant fund	20,592	36,977
Accrued interest receivable	9,833	5,795
Loans receivable (Note 4)	7,935,701	7,590,154
Investments (Note 5)	285,166	225,317
Advance sites	<u>626,048</u>	<u>531,092</u>
	<u>\$9,415,702</u>	<u>\$8,983,055</u>
PLANT FUND		
Office building	\$ 761,414	\$ 751,462
Equipment	88,335	82,665
Other properties	33,449	12,857
Unamortized leasehold improvement (Note 12)	<u>24,661</u>	<u>26,226</u>
	<u>\$ 907,859</u>	<u>\$ 873,210</u>
FOUNDATION		
Cash	\$ 333	\$ 27,784
Investments (Note 5)	<u>259,301</u>	<u>169,855</u>
	<u>\$ 259,634</u>	<u>\$ 197,639</u>
AGENCY FUND		
Accounts receivable	<u>\$ 407</u>	<u>\$ 1,896</u>

	<u>January 31,</u> 1990	<u>January 15,</u> 1989
<u>LIABILITIES AND FUND BALANCES</u>		
CURRENT FUND		
Accounts payable	\$	\$ 60
Due to other funds		
Restricted fund	35,070	8,929
Church extension fund	538,362	593,720
Agency fund	(407)	(1,896)
Notes payable		
Royal Bank (Note 6)	5,693	88,000
Zion Lutheran Church (Note 7)	100,000	100,000
Current fund balance		
Unrestricted	<u>(383,375)</u>	<u>(348,211)</u>
	<u>\$ 295,343</u>	<u>\$ 440,602</u>
RESTRICTED FUND		
Deposits (Note 8)	\$ 103,722	\$ 95,547
Restricted fund balance	<u>(13,155)</u>	<u>(5,583)</u>
	<u>\$ 90,567</u>	<u>\$ 89,964</u>
CHURCH EXTENSION FUND		
Notes payable to the Lutheran Church extension fund - Missouri Synod (Note 9)	\$ 25,846	\$ 31,861
Notes payable - investors (Note 10)	4,791,901	5,109,228
Stamps and savings (Note 10)	211,738	181,389
Notes payable - Lutheran Church - Canada (Note 11)	2,456,259	1,738,612
Church extension fund balance	<u>1,929,958</u>	<u>1,921,965</u>
	<u>\$9,415,702</u>	<u>\$8,983,055</u>
PLANT FUND		
Due to church extension fund	\$ 20,592	\$ 36,977
CEF loan payable	373,855	435,722
Net investment in plant	<u>513,412</u>	<u>400,511</u>
	<u>\$ 907,859</u>	<u>\$ 873,210</u>
FOUNDATION		
Foundation fund balance	<u>\$ 259,634</u>	<u>\$ 197,639</u>
	<u>\$ 259,634</u>	<u>\$ 197,639</u>
AGENCY FUND		
Due to general fund	<u>\$ 407</u>	<u>\$ 1,896</u>

Approved by the Board:

.....Director

.....Director

THE LUTHERAN CHURCH - CANADA
ALBERTA - BRITISH COLUMBIA DISTRICT
STATEMENT OF CHANGES IN FUND BALANCES

PERIOD ENDED JANUARY 31, 1990

	<u>Current Fund</u>	<u>Church Extension Fund</u>	<u>Plant Fund</u>	<u>Total All Funds</u>
	<u>Unrestricted</u>	<u>Restricted</u>	<u>Unexpended</u>	<u>1990</u>
			<u>Net Invested</u>	<u>1989</u>
				<u>Foundation</u>
SUPPORT AND REVENUE				
Support	\$ 1,283,082	\$ -	\$ -	\$ 1,283,082
District congregations	-	-	-	-
Gifts and grants	28,581	-	-	28,581
Forward in remembrance (Note 13)	1,293	-	-	73,800
Lutheran Church - Canada	26,072	8,697	538	345,894
Other	-	-	-	237,514
Revenue	-	522,435	-	535,602
Interest income	-	48,829	-	72,134
Investment income	-	-	-	-
Conventions and conferences	-	2,184	-	170,943
Debt principal retired	82,307	-	-	82,307
Total	<u>1,392,754</u>	<u>579,961</u>	<u>538</u>	<u>2,405,810</u>
EXPENDITURES				
Designated				
Lutheran Church - Canada	400,000	-	-	400,000
Program services	609,923	51,810	-	661,733
Mission and ministry	386,757	17,345	-	506,441
Support	-	112	-	112
Conventions and conferences	-	-	-	153,413
Operations - Church extension fund	-	-	-	416,635
Interest	-	-	-	-
Other	-	-	-	-
Debt retirement - principal	82,307	6,848	-	89,155
- interest	10,702	-	-	10,702
Lease amortization	-	-	1,566	1,566
Total	<u>1,396,680</u>	<u>162,276</u>	<u>538</u>	<u>2,239,757</u>
INCREASE (DECREASE) BEFORE TRANSFERS	(3,926)	3,065	(538)	166,053
INTERFUND TRANSFERS	(5,338)	(113,519)	114,467	2,308,170
NET INCREASE (DECREASE)	(9,264)	(7,572)	-	61,995
FUND BALANCE, BEGINNING OF PERIOD, AS RESTATED (Note 3)	(374,111)	(5,583)	-	197,639
FUND BALANCE, END OF PERIOD	<u>\$ 383,375</u>	<u>\$ (13,155)</u>	<u>\$ -</u>	<u>\$ 259,634</u>

THE LUTHERAN CHURCH - CANADA

ALBERTA - BRITISH COLUMBIA DISTRICT

STATEMENT OF CURRENT FUND SUPPORT AND REVENUE, EXPENDITURES AND OTHER CHANGES

PERIOD ENDED JANUARY 31, 1990

	Current Fund		Total		Increase (Decrease)
	Unrestricted	Restricted	1990	1989	
SUPPORT AND REVENUE					
Support					
District congregations	\$ 1,283,082	\$ -	\$ 1,283,082	\$ 1,233,981	\$ 49,101
Gifts and grants	-	-	-	-	-
Synod	-	28,581	28,581	1,600	26,981
Forward in remembrance (Note 13)	1,293	78,038	79,331	73,800	5,531
Lutheran Church - Canada	26,072	159,420	185,492	223,195	(37,703)
Other	-	-	-	-	-
Revenue					
Rental income	-	2,184	2,184	170,943	(168,759)
Conventions and conferences	82,307	-	82,307	39,600	42,707
Debt principal retired	1,392,754	268,223	1,660,977	1,743,119	(82,142)
Total	400,000	-	400,000	385,000	15,000
EXPENDITURES					
Designated					
Lutheran Church - Canada	609,923	51,810	661,733	805,153	(143,420)
Program services	48,947	-	48,947	95,407	(46,460)
Mission and ministry	15,715	6,135	21,850	23,130	(1,280)
Parish services	-	112	112	221,778	(221,666)
Special services	322,095	11,210	333,305	192,086	141,219
Conventions and conferences	-	-	-	-	-
Administration	-	82,307	82,307	36,000	46,307
Debt retirement	-	10,702	10,702	26,591	(15,889)
Principal	1,396,680	162,276	1,558,956	1,785,145	(226,189)
Interest	(3,926)	105,947	102,021	(42,026)	144,047
Total	(5,338)	(113,519)	(118,857)	(167,666)	48,809
INCREASE BEFORE OTHER CHANGES					
Capital appropriations	-	-	-	(3,600)	3,600
Debt retirement	(5,338)	(113,519)	(118,857)	(171,266)	(52,409)
Designation of surplus property	-	-	-	-	-
Total	(9,264)	(7,572)	(16,836)	(213,292)	196,456
NET DECREASE					

THE LUTHERAN CHURCH - CANADA
ALBERTA - BRITISH COLUMBIA DISTRICT
NOTES TO THE FINANCIAL STATEMENTS

JANUARY 31, 1990

1. BASIS OF PRESENTATION

In order to ensure observation of limitations and restrictions placed on the use of resources available to the District, the accounts are maintained on an accrual basis in accordance with the principles of "Fund Accounting". Fund accounting is the procedure whereby resources received and the subsequent use of those resources are classified for accounting and reporting purposes into funds which are in accordance with the activities or objectives specified by the source of the resource.

Within each fund group, fund balances restricted by outside sources are so indicated and are distinguished from funds allocated to specified purposes by the Board of Directors.

Gains and losses arising from the sale or other disposition of assets are accounted for in the fund which owned such assets. Ordinary income derived from investments is accounted for in the fund owning such assets. All other resources received are accounted for as revenue of the current fund.

The separate funds are maintained for the following purposes:

Current fund

Used to account for the budgeted operations of the District. A portion of the administrative expenses are allocated to the Church extension fund based on a consistent percentage of specified expenses.

Restricted fund

Used to record funds received by the District which are restricted for specific ministry projects and the disbursement of these funds for the specified purpose.

Church extension fund

Used to record funds received from members at minimal interest for the purpose of providing financial support to congregations for capital purposes.

Property fund

Used to record funds employed for capital purposes and to reflect investment in District owned property.

Foundation fund

Used to record funds received and disbursed for providing advice on asset management to congregational members.

Agency fund

Used to account for funds received and disbursed for other agencies.

THE LUTHERAN CHURCH - CANADAALBERTA - BRITISH COLUMBIA DISTRICTNOTES TO THE FINANCIAL STATEMENTSJANUARY 31, 19902. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The District is a not-for-profit organization and these financial statements have been prepared in accordance with generally accepted accounting policies and reflect with the following accounting policies:

Advance sites

Investments in advance sites are recorded at cost.

Investments

Investments are recorded at cost.

Property

Office building, equipment, and other properties are recorded at cost. No depreciation is provided on the office building, equipment and other properties. Leasehold improvements are being amortized over a 40 year term.

3. PRIOR PERIOD ADJUSTMENT

Property held for sale consisted of a District owned parsonage in Vancouver, British Columbia. The property was sold during the year ended January 15, 1989, however, the cost of the property was not charged to operations. Accordingly, the cost of the property, \$25,900, has been charged to the fund balance at January 15, 1989.

4. LOANS RECEIVABLE - RESTRICTED FUND AND CHURCH EXTENSION FUNDRestricted Fund

Represents interest free automobile loans made to pastors of the District. Maturity dates of these loans vary.

Church Extension Fund

Loans receivable - Church Extension Fund consisted of the following:

	<u>January 31,</u> <u>1990</u>	<u>January 15,</u> <u>1989</u>
Self-supporting congregations	\$4,613,256	\$4,532,489
Subsidized congregations	<u>3,322,445</u>	<u>3,057,665</u>
	<u>\$7,935,701</u>	<u>\$7,590,154</u>

Maturity dates of these loans vary and interest rates range from 6.5% to 9.5% per annum.

THE LUTHERAN CHURCH - CANADA
ALBERTA - BRITISH COLUMBIA DISTRICT
NOTES TO THE FINANCIAL STATEMENTS

JANUARY 31, 1990

5. INVESTMENTS

	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>January 31, 1990</u>	<u>January 15, 1989</u>
Church extension fund				
Lutheran Church extension fund note	8.50%	10/92	\$109,405	\$109,405
Certificate of deposit	11.91%	21/90	108,729	98,612
Certificate of deposit	11.00%	6/90	17,300	17,300
Treasury bills		2/90	<u>49,732</u>	<u>-</u>
			<u>\$285,166</u>	<u>\$225,317</u>
Foundation				
Alberta - British Columbia District Church extension fund note	6.00%	1/94	\$ 25,200	\$169,855
Treasury bills	various	various	<u>234,101</u>	<u>-</u>
			<u>\$259,301</u>	<u>\$169,855</u>

6. NOTE PAYABLE - ROYAL BANK

Note payable to Royal Bank represents funds borrowed by the District to fund a capital grant to Concordia College - Edmonton. The loan is unsecured and is due upon demand. The interest charged is equal to the bank's prime lending rate.

7. NOTE PAYABLE - ZION LUTHERAN CHURCH

Note payable to Zion Lutheran Church represents funds borrowed by the District to fund a capital grant to Concordia College - Edmonton. The terms of the loan require interest only to be paid monthly at 9% per annum and the loan is due on demand.

8. DEPOSITS - RESTRICTED FUND

Auto replacement deposits represent non-interest bearing funds deposited with the District. Church workers with deposits are eligible for interest free auto loans.

THE LUTHERAN CHURCH - CANADA
ALBERTA - BRITISH COLUMBIA DISTRICT
NOTES TO THE FINANCIAL STATEMENTS

JANUARY 31, 1990

9. NOTES PAYABLE - THE LUTHERAN CHURCH EXTENSION FUND - MISSOURI SYNOD

The composition of notes payable to The Lutheran Church Extension Fund - Missouri Synod at January 31, 1990 was as follows:

	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>January 31, 1990</u>	<u>January 15, 1989</u>
Immanuel - Aldergrove	7.5%	11/89	\$ <u>25,846</u>	\$ <u>31,861</u>

10. INVESTOR OBLIGATIONS

Investor obligations consisted of the following:

	<u>1990</u>	<u>1989</u>
Notes payable to investors		
Term notes, due upon demand to 5 years, bearing interest from 5% to 6%	\$ <u>4,791,901</u>	\$ <u>5,109,228</u>
Stamps and savings		
Due upon demand, interest of 5%	\$ <u>211,738</u>	\$ <u>181,389</u>

11. NOTES PAYABLE - LUTHERAN CHURCH - CANADA

The composition of notes payable to Lutheran Church - Canada at January 31, 1990 consisted of the following:

	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>January 31, 1990</u>	<u>January 15, 1989</u>
Saviour - Delta	7.0%	10/90	\$ 161,244	\$ 176,392
All Saints - Edmonton	9.0%	9/91	257,860	271,663
Trinity - Fort McMurray	7.0%	5/91	11,397	13,818
Concordia - Penticton	9.0%	9/90	6,120	14,648
Peace - Taber	7.0%	9/91	52,578	55,075
Vanderhoof	9%	12/90	81,511	83,267
Valleyview, Good Shepherd	7%	12/90	75,876	77,931
Elkford, Immanuel	7%	12/90	132,783	136,379
Surrey, St. Luke	9%	12/90	143,843	146,943
Edmonton, Riverbend	7%	12/90	379,380	389,654
Vancouver, Prince of Peace	1%	12/92	123,067	129,308
Kamloops, Lord of Life	7%	12/90	237,113	243,534
Alberta - British Columbia District office	9%	Demand	<u>793,487</u>	-
			<u>\$2,456,259</u>	<u>\$1,738,612</u>

THE LUTHERAN CHURCH - CANADA
ALBERTA - BRITISH COLUMBIA DISTRICT
NOTES TO THE FINANCIAL STATEMENTS

JANUARY 31, 1990

12. LEASEHOLD IMPROVEMENT

In October, 1965, the District entered into a 40 year lease agreement for land with the Lutheran Student Foundation of British Columbia. Subsequent to the lease agreement, a campus centre was constructed on the leased land. The leasehold improvement is being amortized over a 40 year period. For the period ended January 31, 1990, amortization of leasehold improvements totalled \$1,566 (1989 - \$1,566).

13. FORWARD IN REMEMBRANCE

The funds have been designated for the following projects:

	<u>Balance</u> <u>1/15/89</u>	<u>Funds</u> <u>Received</u>	<u>Funds</u> <u>Expended</u>	<u>Balance</u> <u>1/31/90</u>
Ethnic Outreach	\$ -	\$ 100	\$ 100	\$ -
Okanagan Valley	9,911	-	6,439	3,472
Canmore	4,500	-	3,695	805
Other	<u>1,600</u>	<u>28,481</u>	<u>30,081</u>	<u>-</u>
Total	<u>\$16,011</u>	<u>\$28,581</u>	<u>\$40,315</u>	<u>\$4,277</u>

These expenditures have been classified as Mission and Ministry expenses.

14. DEFINED BENEFIT PLAN

The District participates in the Worker Benefit Plan of The Lutheran Church - Missouri Synod. Substantially, all full-time employees are covered by this retirement and survivor program. The District contributes a fixed percentage of each participant's salary to the plan. Retirement and survivor program expenses for the period ended January 31, 1990 amounted to \$34,115 (1989 - \$20,866).

15. COMPARATIVE FIGURES

During the current year the District changed its year end from January 15 to January 31. Accordingly, the comparative figures are for the year ended January 15, 1989.

THE LUTHERAN CHURCH - CANADA
ALBERTA - BRITISH COLUMBIA DISTRICT
FINANCIAL STATEMENTS
JANUARY 31, 1991



This is Exhibit "M" referred to in the
Affidavit of Courney Clark
sworn before me at Vancouver
this 23 day of February 2016

AUDITORS' REPORT

A Commissioner for taking Affidavits
within British Columbia

To the Board of Directors of
The Lutheran Church - Canada
Alberta - British Columbia District

We have audited the balance sheets of the current fund, restricted fund, church extension fund, plant fund, foundation fund and agency fund of The Lutheran Church - Canada, Alberta - British Columbia District as at January 31, 1991 and the statements of changes in fund balances and current fund support and revenue, expenditures and other changes for the year then ended. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the District as at January 31, 1991 and the changes in fund balances and current fund support and revenue, expenditures and other changes for the year then ended in accordance with generally accepted accounting principles.

Deloitte & Touche

Chartered Accountants

April 6, 1991

THE LUTHERAN CHURCH - CANADA
ALBERTA - BRITISH COLUMBIA DISTRICT
BALANCE SHEETS

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	January 31, 1991	January 31, 1990
ASSETS		
CURRENT FUND		
Cash	\$ 261,513	\$ 295,343
Accounts receivable	80,576	105,693
	<u>\$ 342,089</u>	<u>\$ 401,036</u>
RESTRICTED FUND		
Due from current fund	\$ 104,744	\$ 35,070
Loans receivable (Note 3)	53,101	55,497
	<u>\$ 157,845</u>	<u>\$ 90,567</u>
CHURCH EXTENSION FUND		
Due from other funds		
Current fund	\$ 528,544	\$ 538,362
Plant fund	19,100	20,592
Accrued interest receivable	2,668	9,833
Loans receivable (Note 3)	8,657,647	7,935,701
Investments (Note 4)	257,890	285,166
Advance sites	634,291	626,048
	<u>\$10,100,140</u>	<u>\$9,415,702</u>
PLANT FUND		
Office building	\$ 765,509	\$ 761,414
Equipment	94,584	88,335
Other properties	33,449	33,449
Unamortized leasehold improvement (Note 10)	23,095	24,661
	<u>\$ 916,637</u>	<u>\$ 907,859</u>
FOUNDATION		
Cash	\$ 587	\$ 333
Investments (Note 4)	594,075	259,301
	<u>\$ 594,662</u>	<u>\$ 259,634</u>
AGENCY FUND		
Accounts receivable	\$ -	\$ 407
Due from current fund	470	-
	<u>\$ 470</u>	<u>\$ 407</u>

LIABILITIES AND FUND BALANCES	January 31, <u>1991</u>	January 31, <u>1990</u>
CURRENT FUND		
Accounts payable	\$ 21	\$ -
Due to other funds		
Restricted fund	104,744	35,070
Church extension fund	528,544	538,362
Agency fund	470	(407)
Notes payable		
Royal Bank	-	5,693
Zion Lutheran Church (Note 5)	79,000	100,000
Current fund balance		
Unrestricted	<u>(370,690)</u>	<u>(277,682)</u>
	<u>\$ 342,089</u>	<u>\$ 401,036</u>
RESTRICTED FUND		
Deposits (Note 6)	\$ 108,957	\$ 103,722
Restricted fund balance	<u>48,888</u>	<u>(13,155)</u>
	<u>\$ 157,845</u>	<u>\$ 90,567</u>
CHURCH EXTENSION FUND		
Accounts payable	\$ 31,400	\$ -
Notes payable to the Lutheran Church extension fund - Missouri Synod (Note 7)	21,999	25,846
Notes payable - investors (Note 8)	5,764,794	4,791,901
Stamps and savings (Note 8)	6,920	211,738
Notes payable - Lutheran Church - Canada (Note 9)	2,384,321	2,456,259
Church extension fund balance	<u>1,890,706</u>	<u>1,929,958</u>
	<u>\$10,100,140</u>	<u>\$9,415,702</u>
PLANT FUND		
Due to church extension fund	\$ 19,100	\$ 20,592
CEF loan payable	339,838	373,855
Net investment in plant	<u>557,699</u>	<u>513,412</u>
	<u>\$ 916,637</u>	<u>\$ 907,859</u>
FOUNDATION FUND		
Foundation fund balance	<u>\$ 594,662</u>	<u>\$ 259,634</u>
	<u>\$ 594,662</u>	<u>\$ 259,634</u>
AGENCY FUND		
Accounts payable	\$ 470	\$ -
Due to current fund		<u>407</u>
	<u>\$ 470</u>	<u>\$ 407</u>

APPROVED BY THE BOARD

.....Director
Director

THE LUTHERAN CHURCH - CANADA
ALBERTA - BRITISH COLUMBIA DISTRICT
STATEMENT OF CURRENT FUND SUPPORT AND REVENUE, EXPENDITURES AND OTHER CHANGES
YEAR ENDED JANUARY 31, 1991

	Current Fund		Total	Increase (Decrease)
	Unrestricted	Restricted		
Support and revenue				
Support				
District congregations	\$1,292,217	\$ -	\$1,292,217	\$ 9,135
Gifts and grants	-	-	-	(28,581)
Forward in remembrance (Note 11)	-	20,543	20,543	(58,788)
Lutheran Church - Canada	35,667	188,625	224,292	131,809
Other	-	-	-	-
Revenue				
Conventions and conferences	-	129,264	129,264	127,080
Total	<u>1,327,884</u>	<u>338,432</u>	<u>1,666,316</u>	<u>180,655</u>
Expenditures				
Designated				
Lutheran Church - Canada	430,000	-	430,000	30,000
Program services				
Mission and ministry	591,126	94,477	685,603	23,870
Parish services	51,330	-	51,330	2,383
Special services	15,296	-	15,296	(6,554)
Conventions and conferences	-	110,420	110,420	110,308
Administration	327,690	48,094	375,784	42,479
Total	<u>1,415,442</u>	<u>252,991</u>	<u>1,668,433</u>	<u>202,486</u>
(Decrease) increase before other changes	(87,558)	85,441	(2,117)	(21,831)
Other changes - (deductions)				
Capital appropriations	(5,450)	(23,398)	(28,848)	90,009
Net (decrease) increase	<u>\$ (93,008)</u>	<u>\$ 62,043</u>	<u>\$ (30,965)</u>	<u>\$ 68,178</u>

**THE LUTHERAN CHURCH - CANADA
ALBERTA - BRITISH COLUMBIA DISTRICT
STATEMENT OF CHANGES IN FUND BALANCES
YEAR ENDED JANUARY 31, 1991**

	Current Fund		Church Extension Fund		Plant Fund		Total All Funds	
	Unrestricted	Restricted	Unexpended	Invested	Unexpended	Invested	1991	1990
Support and revenue								
Support								
District congregations	\$ 1,292,217	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,292,217	\$ 1,283,082
Gifts and grants	-	-	-	-	-	-	-	28,581
Forward in remembrance (Note 11)	-	20,543	-	-	-	-	20,543	79,331
Lutheran Church - Canada	35,667	188,625	1,161	-	380,603	-	607,222	252,885
Other	-	-	-	-	-	-	-	-
Revenue								
Interest income	-	-	-	-	-	-	716,680	535,602
Investment income	-	-	-	-	-	-	30,566	48,829
Conventions and conferences	-	129,264	-	-	-	-	129,264	2,184
Total	<u>1,327,884</u>	<u>338,432</u>	<u>1,161</u>	<u>-</u>	<u>429,118</u>	<u>-</u>	<u>2,796,492</u>	<u>2,230,494</u>
Expenditures								
Designated								
Lutheran Church - Canada	430,000	-	-	-	-	-	430,000	400,000
Program services								
Mission and ministry	591,126	94,477	-	-	-	-	685,603	661,733
Support	394,316	48,094	-	-	89,291	-	531,701	506,441
Conventions and conferences	-	110,420	-	-	-	-	110,420	112
Operations - Church extension fund	-	-	-	-	-	-	142,451	153,413
Interest	-	-	-	-	-	-	585,653	416,635
Other	-	-	-	-	-	-	-	-
Debt retirement - principal	-	-	-	-	-	-	-	6,848
Lease amortization	-	-	-	-	-	1,566	1,566	1,566
Total	<u>1,415,442</u>	<u>252,991</u>	<u>-</u>	<u>1,566</u>	<u>89,291</u>	<u>-</u>	<u>2,487,394</u>	<u>2,146,748</u>
Increase (decrease) before transfers	(87,558)	85,441	1,161	(1,566)	339,827	-	\$ 309,098	\$ 83,746
Interfund transfers	(5,450)	(23,398)	(1,161)	45,853	(4,799)	-	-	-
Net increase (decrease)	(93,008)	62,043	-	44,287	335,028	-	-	-
Fund balance, beginning of year	(277,682)	(13,152)	-	513,412	259,634	-	-	-
Fund balance, end of year	<u>\$ (370,690)</u>	<u>\$ 48,888</u>	<u>\$ -</u>	<u>\$ 557,699</u>	<u>\$ 594,662</u>	<u>\$ -</u>	<u>\$ 309,098</u>	<u>\$ 83,746</u>

THE LUTHERAN CHURCH - CANADA
ALBERTA - BRITISH COLUMBIA DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JANUARY 31, 1991

1. BASIS OF PRESENTATION

In order to ensure observation of limitations and restrictions placed on the use of resources available to the District, the accounts are maintained on an accrual basis in accordance with the principles of "Fund Accounting". Fund accounting is the procedure whereby resources received and the subsequent use of those resources are classified for accounting and reporting purposes into funds which are in accordance with the activities or objectives specified by the source of the resource.

Within each fund group, fund balances restricted by outside sources are so indicated and are distinguished from funds allocated to specified purposes by the Board of Directors.

Gains and losses arising from the sale or other disposition of assets are accounted for in the fund which owned such assets. Ordinary income derived from investments is accounted for in the fund owning such assets. All other resources received are accounted for as revenue of the current fund.

The separate funds are maintained for the following purposes:

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Used to account for the budgeted operations of the District. A portion of the administrative expenses are allocated to the Church extension fund based on a consistent percentage of specified expenses.

Restricted fund

Used to record funds received by the District which are restricted for specific ministry projects and the disbursement of these funds for the specified purpose.

Church extension fund

Used to record funds received from members at minimal interest for the purpose of providing financial support to congregations for capital purposes.

Plant fund

Used to record funds employed for capital purposes and to reflect investment in District owned property.

Foundation fund

Used to record funds received and disbursed for providing advice on asset management to congregational members.

Agency fund

Used to account for funds received and disbursed for other agencies.

THE LUTHERAN CHURCH - CANADA
ALBERTA - BRITISH COLUMBIA DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JANUARY 31, 1991

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The District is a not-for-profit organization and these financial statements have been prepared in accordance with generally accepted accounting principles and reflect with the following accounting policies:

Advance sites

Investments in advance sites are recorded at cost.

Investments

Investments are recorded at cost.

Plant

Office building, equipment, and other properties are recorded at cost. No depreciation is provided on the office building, equipment and other properties. Leasehold improvements are being amortized over a 40 year term.

3. LOANS RECEIVABLE - RESTRICTED FUND AND CHURCH EXTENSION FUND

Restricted Fund

Represents interest free automobile loans made to pastors of the District. Maturity dates of these loans vary.

Church Extension Fund

Loans receivable - Church Extension Fund consisted of the following:

	January 31, 1991	January 31, 1990
Self-supporting congregations	\$5,333,638	\$4,613,256
Subsidized congregations	<u>3,324,009</u>	<u>3,322,445</u>
	<u>\$8,657,647</u>	<u>\$7,935,701</u>

Maturity dates of these loans vary and interest rates range from 6.5% to 9.5% per annum.

THE LUTHERAN CHURCH - CANADA
ALBERTA - BRITISH COLUMBIA DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JANUARY 31, 1991

4. INVESTMENTS

	Interest Rate	Maturity Date	January 31, 1991	January 31, 1990
Church extension fund				
Lutheran Church extension				
fund note	7.75%	10/92	\$109,405	\$109,405
Certificate of deposit	11.91%	12/90	-	108,729
Certificate of deposit	11.00%	6/90	-	17,300
Treasury bills	-	2/90	-	49,732
Guaranteed Investment				
account	10.75%	01/92	100,000	-
CPN Ontario Hydro	11.70%	10/91	<u>48,485</u>	-
			<u>\$257,890</u>	<u>\$285,166</u>
Foundation				
Alberta - British Columbia				
District Church extension				
fund note	6.00%	1/94	\$138,755	\$ 25,200
Treasury bills	various	various	<u>455,320</u>	<u>234,101</u>
			<u>\$594,075</u>	<u>\$259,301</u>

5. NOTE PAYABLE - ZION LUTHERAN CHURCH

Note payable to Zion Lutheran Church represents funds borrowed by the District to fund a capital grant to Concordia College - Edmonton. The terms of the loan require monthly payments of \$5,500 plus interest at 9% per annum and the loan is due on demand.

6. DEPOSITS - RESTRICTED FUND

Auto replacement deposits represent non-interest bearing funds deposited with the District. Church workers with deposits are eligible for interest free auto loans.

7. NOTES PAYABLE - THE LUTHERAN CHURCH EXTENSION FUND - MISSOURI SYNOD

The composition of notes payable to The Lutheran Church Extension Fund - Missouri Synod at January 31, 1991 was as follows:

	Interest Rate	January 31, 1991	January 31, 1990
Immanuel - Aldergrove	7.5%	<u>\$21,999</u>	<u>\$25,846</u>

THE LUTHERAN CHURCH - CANADA
ALBERTA - BRITISH COLUMBIA DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JANUARY 31, 1991

8. INVESTOR OBLIGATIONS

Investor obligations consisted of the following:

	<u>1991</u>	<u>1990</u>
Notes payable to investors		
Term notes, due upon demand to 5 years, bearing interest from 5% to 9-1/4%	<u>\$5,764,794</u>	<u>\$4,791,901</u>
Stamps and savings		
Due upon demand, interest of 7-1/2%	<u>\$ 6,920</u>	<u>\$ 211,738</u>

9. NOTES PAYABLE - LUTHERAN CHURCH - CANADA

The composition of notes payable to Lutheran Church - Canada at January 31, 1991 consisted of the following:

	Interest Rate	Maturity Date	January 31, 1991	January 31, 1990
Saviour - Delta	9.75%	10/93	\$ 144,656	\$ 161,244
All Saints - Edmonton	9.00%	9/91	242,760	257,860
Trinity - Fort McMurray	7.00%	5/91	8,188	11,397
Concordia - Penticton	9.00%	9/90	-	6,120
Peace - Taber	7.00%	9/91	49,903	52,578
Vanderhoof	9.75%	12/93	79,758	81,511
Valleyview, Good Shepherd	7.75%	12/93	73,686	75,876
Elkford, Immanuel	7.75%	12/93	128,951	132,783
Surrey, St. Luke	9.75%	12/93	140,474	143,843
Edmonton, Riverbend	7.75%	12/93	368,432	379,380
Vancouver, Prince of Peace	1.00%	12/92	116,763	123,067
Kamloops, Lord of Life	7.75%	12/93	230,270	237,113
Alberta - British Columbia District Office	9.00%	Demand	<u>800,480</u>	<u>793,487</u>
			<u>\$2,384,321</u>	<u>\$2,456,259</u>

10. LEASEHOLD IMPROVEMENT

In October, 1965, the District entered into a 40 year lease agreement for land with the Lutheran Student Foundation of British Columbia. Subsequent to the lease agreement, a campus centre was constructed on the leased land. The leasehold improvement is being amortized over a 40 year period. For the period ended January 31, 1991, amortization of leasehold improvements totalled \$1,566 (1990 - \$1,566).

THE LUTHERAN CHURCH - CANADA
ALBERTA - BRITISH COLUMBIA DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JANUARY 31, 1991

11. FORWARD IN REMEMBRANCE

The funds have been designated for the following projects:

	Balance 1/31/90	Funds Received	Funds Expended	Balance 1/31/91
Okanagan Valley	\$3,472	\$ -	\$ -	\$3,472
Canmore	<u>805</u>	<u>-</u>	<u>-</u>	<u>805</u>
	<u>\$4,277</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$4,277</u>

These expenditures have been classified as Mission and Ministry expenses.

12. DEFINED BENEFIT PLAN

The District participates in the Worker Benefit Plan of The Lutheran Church - Missouri Synod. Substantially, all full-time employees are covered by this retirement and survivor program. The District contributes a fixed percentage of each participant's salary to the plan. Retirement and survivor program expenses for the period ended January 31, 1991 amounted to \$39,336 (1990 - \$34,115).

13. COMPARATIVE FIGURES

Certain of the comparative figures have been reclassified to conform to the current year's presentation.

This is Exhibit "N" referred to in the
Affidavit of Courtenay Lane
sworn before me at Vancouver
this 23 day of February 2016

~~A Commissioner for taking Affidavits
within British Columbia~~

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THE LUTHERAN CHURCH - CANADA
ALBERTA - BRITISH COLUMBIA DISTRICT
FINANCIAL STATEMENTS
JANUARY 31, 1992



AUDITORS' REPORT

To the Board of Directors of
**The Lutheran Church - Canada
Alberta - British Columbia District**

We have audited the balance sheets of the Current Fund, Restricted Fund, Church Extension Fund, Plant Fund, Foundation Fund and Agency Fund of **THE LUTHERAN CHURCH - CANADA, ALBERTA - BRITISH COLUMBIA DISTRICT** as at January 31, 1992 and the statements of changes in fund balances for the year then ended. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the District as at January 31, 1992 and the changes in fund balances for the year then ended in accordance with generally accepted accounting principles.

Deloitte & Touche

Chartered Accountants

April 8, 1992

THE LUTHERAN CHURCH - CANADA
ALBERTA - BRITISH COLUMBIA DISTRICT
FUND BALANCE SHEETS
AS AT JANUARY 31, 1992

	Current Fund	Restricted Fund	Church Extension Fund	Plant Fund	Foundation Fund	Agency Fund	Total All Funds
							1992
CURRENT ASSETS							
Cash	\$ 1,672,710	\$ -	\$ -	\$ -	\$ 1,838	\$ -	\$ 1,674,548
Accounts receivable	13,054	-	-	-	-	30	13,084
Accrued interest	-	-	5,495	-	-	-	5,495
INVESTMENT ASSETS							
Loans and mortgage receivable (Note 3)	-	66,545	8,333,994	-	400,000	-	8,800,539
Investments (Note 4)	-	-	109,405	-	509,322	-	618,727
CAPITAL ASSETS							
Advance sites	-	-	641,401	-	-	-	641,401
Office building	-	-	-	766,206	-	-	766,206
Equipment	-	-	-	67,735	-	-	67,735
Other properties	-	-	-	19,334	-	-	19,334
Unamortized leasehold improvements (Note 5)	-	-	-	21,529	-	-	21,529
INTERFUND BALANCES							
Loans	-	-	320,496	(320,496)	-	-	-
Investments - net	-	-	7,750	-	(7,750)	-	-
Advances	(1,820,716)	85,170	1,549,002	(19,334)	205,908	(30)	-
	<u>\$ (134,952)</u>	<u>\$ 151,715</u>	<u>\$ 10,967,543</u>	<u>\$ 534,974</u>	<u>\$ 1,109,318</u>	<u>\$ -</u>	<u>\$ 12,628,598</u>
LIABILITIES							
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 491
Accrued interest	-	-	39,591	-	-	-	39,591
Deposits payable (Note 6)	-	100,230	-	-	-	-	100,230
Investor obligations (Note 7)	-	-	6,820,532	-	186,999	-	7,007,531
Notes payable (Note 8)	13,000	-	2,310,600	-	-	-	2,323,600
	13,000	100,230	9,170,723	-	186,999	-	9,470,952
	(147,952)	51,485	1,796,820	534,974	922,319	-	3,157,646
FUND EQUITY (DEFICIT)	<u>\$ (134,952)</u>	<u>\$ 151,715</u>	<u>\$ 10,967,543</u>	<u>\$ 534,974</u>	<u>\$ 1,109,318</u>	<u>\$ -</u>	<u>\$ 12,628,598</u>
							<u>\$ 10,831,907</u>

THE LUTHERAN CHURCH - CANADA
ALBERTA - BRITISH COLUMBIA DISTRICT
STATEMENT OF CHANGES IN FUND BALANCES
YEAR ENDED JANUARY 31, 1982

	Current Fund	Restricted Fund	Church Extension Fund	Plant Fund	Foundation	Total All Funds
	1982	1982	1982	1982	1982	1982
SUPPORT AND REVENUE						
Support						
District congregations						
Gifts and grants						
Lutheran Church - Canada						
Other						
Revenue						
Interest income						
Investment income						
Conventions and conferences						
Sale of property						
	1,281,505	87,827	103,183		78,853	1,551,368
	70,720					70,720
			697,546		166,278	863,824
			23,205			23,205
		83,054				83,054
					480,842	480,842
	1,352,225	180,881	823,934		725,973	3,083,013
EXPENDITURES						
Designated						
Lutheran Church - Canada						
Program services						
Mission and ministry						
Support and administration						
Parish services						
Special services						
Conventions and conferences						
Operations - Church Extension Fund						
Interest						
Other						
Amortization of leasehold improvements						
Disposal of equipment						
	430,000	12,112				442,112
	493,604	51,251				544,855
	359,219	25,328			83,526	468,073
	43,208					43,208
	10,433					10,433
		89,593				89,593
			149,623			149,623
			690,961			690,961
				1,566		1,566
				28,850		28,850
	1,396,464	178,284	840,584	28,416	83,526	2,487,274
	15,761	2,597	(16,650)	(28,416)	642,447	\$ 615,739
INTERFUND TRANSFERS						
	39,330		9,569	5,691	(54,590)	
	167,647		(86,805)		(80,842)	
DEFICIT REDUCTION						
	222,738	2,597	(93,886)	(22,725)	507,015	
NET INCREASE (DECREASE)						
	(370,690)	48,888	1,690,706	557,689	415,304	
FUND BALANCE, BEGINNING OF YEAR						
	\$ (147,952)	\$ 51,485	\$ 1,796,820	\$ 534,974	\$ 922,319	

1,281,505
70,720
67,054
93,054
1,551,368

THE LUTHERAN CHURCH - CANADA
ALBERTA - BRITISH COLUMBIA DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JANUARY 31, 1992

1. BASIS OF PRESENTATION

In order to ensure observation of limitations and restrictions placed on the use of resources available to the District, the accounts are maintained on an accrual basis in accordance with the principles of "Fund Accounting". Fund accounting is the procedure whereby resources received and the subsequent use of those resources are classified for accounting and reporting purposes into funds which are in accordance with the activities or objectives specified by the source of the resource.

Within each fund group, fund balances restricted by outside sources are so indicated and are distinguished from funds allocated to specified purposes by the Board of Directors.

Gains and losses arising from the sale or other disposition of assets are accounted for in the fund which owned such assets. Ordinary income derived from investments is accounted for in the fund owning such assets. All other resources received are accounted for as revenue of the current fund.

The separate funds are maintained for the following purposes:

Current Fund

Used to account for the budgeted operations of the District. A portion of the administrative expenses are allocated to the Church Extension Fund based on a consistent percentage of specified expenses.

Restricted Fund

Used to record funds received by the District which are restricted for specific ministry projects and the disbursement of these funds for the specified purpose.

Church Extension Fund

Used to record funds received from members at minimal interest for the purpose of providing financial support to congregations for capital purposes.

Plant Fund

Used to record funds employed for capital purposes and to reflect investment in District owned property. Additions are recorded at cost or, if donated, at the fair market value on the date of the receipt of the gift. No depreciation is recorded on the physical plant and equipment. The cost of items disposed of is written off in the year as a charge to the net investment in plant.

**THE LUTHERAN CHURCH - CANADA
ALBERTA - BRITISH COLUMBIA DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JANUARY 31, 1992**

1. BASIS OF PRESENTATION (continued)

Plant Fund (continued)

Equipment provided by the Current Fund is recorded as an expense of that fund in the year of purchase.

Foundation Fund

Used to record funds received and disbursed for providing advice to congregational members on asset management.

Agency Fund

Used to account for funds received and disbursed for other agencies.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The District is a not-for-profit organization. These financial statements have been prepared in accordance with generally accepted accounting principles and reflect the following accounting policies:

Advance sites

Investments in advance sites are recorded at cost.

Investments

Investments are recorded at cost.

Plant

Office building, equipment, and other properties are recorded at cost. No depreciation is provided on the office building, equipment and other properties. Leasehold improvements are being amortized over a 40 year term.

**THE LUTHERAN CHURCH - CANADA
ALBERTA - BRITISH COLUMBIA DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JANUARY 31, 1992**

3. LOANS RECEIVABLE AND MORTGAGE RECEIVABLE

Restricted Fund

Represents interest free automobile loans made to pastors of the District. Maturity dates of these loans vary.

Church Extension Fund

Loans receivable - Church Extension Fund consists of the following:

	<u>1992</u>	<u>1991</u>
Self-supporting congregations	\$5,830,329	\$5,333,638
Subsidized congregations	<u>2,503,665</u>	<u>2,984,171</u>
	<u>\$8,333,994</u>	<u>\$8,317,809</u>

Maturity dates of these loans vary and interest rates range from 7.0% to 10.5% per annum.

Foundation Fund

Mortgage receivable from Westpointe Christian Centre bearing interest at 11.0%, due date is March 22, 1996.

4. INVESTMENTS

	<u>Interest Rates</u>	<u>Maturity Date</u>	<u>1992</u>	<u>1991</u>
<i>Church Extension Fund</i>				
Lutheran Church - Missouri Synod note	7.75%	10/92	<u>\$109,405</u>	<u>\$109,405</u>
<i>Foundation Fund</i>				
CPN Ontario Hydro	11.70%	10/91	-	48,485
Treasury bills and deposit accounts	various	various	<u>509,322</u>	<u>406,835</u>
			<u>509,322</u>	<u>455,320</u>
			<u>\$618,727</u>	<u>\$564,725</u>

**THE LUTHERAN CHURCH - CANADA
ALBERTA - BRITISH COLUMBIA DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JANUARY 31, 1992**

5. LEASEHOLD IMPROVEMENTS

In October, 1965, the District entered into a 40 year lease agreement for land with the Lutheran Student Foundation of British Columbia. Subsequent to the lease agreement, a campus centre was constructed on the leased land. The leasehold improvements are being amortized over a 40 year period. For the period ended January 31, 1992, amortization of leasehold improvements totalled \$1,566 (1991 - \$1,566).

6. DEPOSITS PAYABLE - RESTRICTED FUND

Auto replacement deposits represent non-interest bearing funds deposited with the District. Church workers with deposits are eligible for interest free auto loans.

7. INVESTOR OBLIGATIONS

	<u>1992</u>	<u>1991</u>
<i>Church Extension Fund</i>		
Notes payable to investors, due upon demand to 5 years, bearing interest from 5.00% to 9.25%	\$6,808,638	\$5,626,039
Stamps and savings, due upon demand, bearing interest of 5.50%	<u>11,894</u>	<u>6,920</u>
	6,820,532	5,632,959
<i>Foundation Fund</i>		
Funds held and invested on behalf of Concordia Lutheran Seminary, having no fixed terms of repayment and bearing interest at the rates earned on amounts invested less 0.5% to provide for administrative costs	<u>186,999</u>	<u>30,873</u>
	<u>\$7,007,531</u>	<u>\$5,663,832</u>

**THE LUTHERAN CHURCH - CANADA
ALBERTA - BRITISH COLUMBIA DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JANUARY 31, 1992**

8. NOTES PAYABLE

	<u>Interest Rates</u>	<u>Maturity Date</u>	<u>1992</u>	<u>1991</u>
<i>Current Fund - unrestricted</i>				
Zion Lutheran Church	9.00%	Demand	<u>\$ 13,000</u>	<u>\$ 79,000</u>
<i>Church Extension Fund</i>				
Lutheran Church - Canada comprised of the following:				
Delta - Saviour	9.75%	10/93	\$ -	\$ 144,656
Edmonton - All Saints	9.00%	9/91	-	242,760
Fort McMurray - Trinity	7.00%	5/91	-	8,188
Taber - Peace	7.00%	9/91	-	49,903
Vanderhoof	9.75%	12/93	-	79,758
Valleyview - Good Shepherd	7.75%	12/93	-	73,686
Elkford - Emmanuel	7.75%	12/93	-	128,951
Surrey - St. Luke	9.75%	12/93	-	140,474
Edmonton - Riverbend	7.75%	12/93	-	368,432
Kamloops - Lord of Life	7.75%	12/93	-	230,270
Vancouver - Prince of Peace	1.00%	12/92	110,558	116,763
Consolidated loans	8.125%	01/02	1,400,042	-
Line of credit	9.00%	Demand	800,000	800,480
			<u>2,310,600</u>	<u>2,384,321</u>
Lutheran Church - Missouri Synod	7.50%	Demand	-	21,999
			<u>2,310,600</u>	<u>2,406,320</u>
			<u>\$2,323,600</u>	<u>\$2,485,320</u>

The notes are payable by the District to Lutheran Church - Canada and are related to specific Church Extension projects. During the year, certain of the notes above were consolidated into a single note bearing interest at 8.125%, due January, 2002.

**THE LUTHERAN CHURCH - CANADA
ALBERTA - BRITISH COLUMBIA DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JANUARY 31, 1992**

9. FORWARD IN REMEMBRANCE

The funds have been designated for the following projects:

	<u>Balance 1/31/91</u>	<u>Funds Received</u>	<u>Funds Expended</u>	<u>Balance 1/31/92</u>
Okanagan Valley	\$3,472	\$ -	\$ -	\$3,472
Canmore	<u>805</u>	<u>-</u>	<u>805</u>	<u>-</u>
	<u>\$4,277</u>	<u>\$ -</u>	<u>\$805</u>	<u>\$3,472</u>

These expenditures have been classified as Mission and Ministry expenses.

10. DEFINED BENEFIT PLAN

The District participates in the Worker Benefit Plan of The Lutheran Church - Canada. Full-time employees are covered by this retirement and survivor program. The District contributes a fixed percentage of each participant's salary to the plan. Retirement and survivor program expenses for the period ended January 31, 1992 amounted to \$41,435 (1991 - \$39,336).

11. COMPARATIVE FIGURES

Certain of the comparative figures have been reclassified to conform to the current year's presentation.

This is Exhibit "0" referred to in the
Affidavit of COURTNEY CLARK
sworn before me at VANCOUVER
this 23 day of FEBRUARY 2016

~~A Commissioner for taking Affidavits
within British Columbia~~

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THE LUTHERAN CHURCH - CANADA
ALBERTA - BRITISH COLUMBIA DISTRICT
FINANCIAL STATEMENTS
JANUARY 31, 1993

**Deloitte &
Touche**



**Deloitte & Touche
Chartered Accountants**

2000 ManuLife Place
10180 - 101 Street
Edmonton, Alberta T5J 4E4

Telephone: (403) 421-3611
Facsimile: (403) 421-3782

AUDITORS' REPORT

To the Board of Directors of
**The Lutheran Church - Canada
Alberta - British Columbia District**

We have audited the balance sheets of the Current Fund, Restricted Fund, Church Extension Fund, Plant Fund, Foundation Fund and Agency Fund of **THE LUTHERAN CHURCH - CANADA, ALBERTA - BRITISH COLUMBIA DISTRICT** as at January 31, 1993 and the statements of changes in fund balances for the year then ended. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

During the year, a District investment asset totalling \$1,020,000 was frozen by the United States Federal Bureau of Investigation pending an investigation of the investee corporation, B.H. Rothchild and Gray Ltd. Generally accepted accounting principles require that an adequate provision for possible loss be provided as a result of the doubt as to the District's ability to realize on this investment. If this provision for possible loss had been recognized, investments, changes in fund balances for the year, and fund equity would have been reduced by \$1,020,000.

In our opinion, except that no provision for the loss in value of this investment has been provided, as described in the preceding paragraph, these financial statements present fairly, in all material respects, the financial position of the District as at January 31, 1993 and the changes in fund balances for the year then ended in accordance with generally accepted accounting principles.

Deloitte & Touche

Chartered Accountants
April 27, 1993

**Deloitte Touche
Tohmatsu
International**

THE LUTHERAN CHURCH - CANADA
ALBERTA - BRITISH COLUMBIA DISTRICT
FUND BALANCE SHEETS
AS AT JANUARY 31, 1993

	Current Fund	Restricted Fund	Church Extension Fund	Plant Fund	Foundation Fund	Agency Fund	Total All Funds	
							1993	1992
CURRENT ASSETS								
Cash	\$ 2,748,391	\$ -	\$ -	\$ -	\$ 56,198	\$ -	\$ 2,804,589	\$ 1,674,548
Accounts receivable	-	-	-	-	-	-	-	13,084
Accrued interest	-	-	6,454	-	-	-	6,454	5,495
INVESTMENT ASSETS								
Loans and mortgage receivable (Note 3)	-	73,307	7,699,221	-	-	30	7,772,558	8,600,539
Investments (Note 4)	-	-	715,694	-	1,652,916	-	2,368,610	618,727
CAPITAL ASSETS								
Advance sites	-	-	564,880	-	-	-	564,880	641,401
Office building	-	-	-	772,124	-	-	772,124	766,206
Equipment	-	-	-	90,610	-	-	90,610	67,735
Other properties	-	-	-	433,910	-	-	433,910	19,334
Unamortized leasehold improvements (Note 5)	-	-	-	19,963	-	-	19,963	21,529
District cars	-	-	-	41,489	-	-	41,489	-
INTERFUND BALANCES								
Investments - net	-	-	7,750	-	(7,750)	-	-	-
Loans	-	-	414,933	(414,933)	-	-	-	-
Advances	(2,731,240)	83,477	3,190,193	-	(542,400)	(30)	-	-
	\$ 17,151	\$ 156,784	\$ 12,599,125	\$ 943,163	\$ 1,158,964	\$ -	\$ 14,875,187	\$ 12,628,598
LIABILITIES								
Accrued interest	\$ -	\$ -	\$ 41,048	\$ -	\$ 7,142	\$ -	\$ 48,190	\$ 39,591
Deposits payable (Note 6)	-	109,619	-	-	-	-	109,619	100,230
Investor obligations (Note 7)	-	-	9,314,696	-	228,556	-	9,543,252	7,007,531
Notes payable (Note 8)	-	-	1,391,952	-	-	-	1,391,952	2,323,600
	-	109,619	10,747,696	-	235,698	-	11,093,013	9,470,952
	17,151	47,165	1,851,429	943,163	923,266	-	3,782,174	3,157,846
	\$ 17,151	\$ 156,784	\$ 12,599,125	\$ 943,163	\$ 1,158,964	\$ -	\$ 14,875,187	\$ 12,628,598
FUND EQUITY								

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THE LUTHERAN CHURCH - CANADA
 ALBERTA - BRITISH COLUMBIA DISTRICT
 STATEMENT OF CHANGES IN FUND BALANCES
 YEAR ENDED JANUARY 31, 1993

	Current Fund	Restricted Fund	Church Extension Fund	Plant Fund	Foundation	Total All Funds
	1993	1992	1993	1992	1993	1992
SUPPORT AND REVENUE						
Support						
District congregations	\$1,356,578	\$ -	\$ -	\$ -	\$ -	\$1,356,578
Gifts and grants	87,221	5,426	-	-	-	92,647
Lutheran Church - Canada	81,006	81,006	-	28,019	-	110,025
Other	13,342	-	-	-	-	13,342
Revenue	1,443,799	87,221	749,732	28,019	11,059	2,219,829
Interest income	-	-	89,259	-	188,327	277,586
Investment income	-	13,342	-	-	-	13,342
Conventions and conferences	-	-	-	381,738	-	381,738
Sale of property	-	-	-	-	-	-
	1,443,799	87,221	838,991	409,755	209,386	3,001,705
EXPENDITURES						
Designated						
Lutheran Church - Canada	445,000	-	-	-	-	445,000
Program services	525,356	75,332	-	-	-	600,688
Mission and ministry	240,520	28,512	-	-	89,865	358,897
Support and administration	159,327	-	-	-	-	159,327
Parish services	14,493	-	-	-	-	14,493
Special services	250	250	-	-	-	500
Conventions and conferences	-	-	155,470	-	-	155,470
Operations - Church Extension Fund	-	-	628,912	-	18,574	647,486
Interest	-	-	-	-	-	-
Other	-	-	-	1,566	-	1,566
Amortization of leasehold improvements	-	-	-	-	-	-
Disposal of equipment	-	-	-	-	-	-
	1,378,696	104,094	784,382	1,566	108,439	2,377,177
INCREASE (DECREASE) BEFORE TRANSFERS	65,103	(4,320)	54,609	408,189	100,947	\$ 624,528
DEFICIT REDUCTION	100,000	-	-	-	(100,000)	-
NET INCREASE (DECREASE)	165,103	(4,320)	54,609	408,189	947	624,947
FUND BALANCE, BEGINNING OF YEAR	(147,952)	51,485	1,796,820	534,974	922,319	\$ 2,362,636
FUND BALANCE, END OF YEAR	\$ 17,151	\$ 47,165	\$ 1,851,429	\$ 943,163	\$ 923,266	\$ 3,001,705

101 - 13,342
 87,221
 5,426
 81,006
 13,342
 143,717

903 - 13,342
 5,426
 81,006
 14,493
 53,283

112,038 - 114
 126,482 - 111

**THE LUTHERAN CHURCH - CANADA
ALBERTA - BRITISH COLUMBIA DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JANUARY 31, 1993**

1. BASIS OF PRESENTATION

In order to ensure observation of limitations and restrictions placed on the use of resources available to the District, the accounts are maintained on an accrual basis in accordance with the principles of "Fund Accounting". Fund accounting is the procedure whereby resources received and the subsequent use of those resources are classified for accounting and reporting purposes into funds which are in accordance with the activities or objectives specified by the source of the resource.

Within each fund group, fund balances restricted by outside sources are so indicated and are distinguished from funds allocated to specified purposes by the Board of Directors.

Gains and losses arising from the sale or other disposition of assets are accounted for in the fund which owned such assets. Ordinary income derived from investments is accounted for in the fund owning such assets. All other resources received are accounted for as revenue of the current fund.

The separate funds are maintained for the following purposes:

Current Fund

The Current Fund is used to account for the budgeted operations of the District. A portion of the administrative expenses are allocated to the Church Extension Fund based on a consistent percentage of specified expenses.

Restricted Fund

The Restricted Fund is used to record funds received by the District which are restricted for specific ministry projects and the disbursement of these funds for the specified purpose.

Church Extension Fund

The Church Extension Fund is used to record funds received from members at minimal interest for the purpose of providing financial support to congregations for capital purposes.

Plant Fund

The Plant Fund is used to record funds employed for capital purposes and to reflect investment in District owned property. Additions are recorded at cost or, if donated, at the fair market value on the date of the receipt of the gift. No depreciation is recorded on the physical plant and equipment. The cost of items disposed of is written off in the year as a charge to the net investment in plant.

THE LUTHERAN CHURCH - CANADA
ALBERTA - BRITISH COLUMBIA DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JANUARY 31, 1993

1. BASIS OF PRESENTATION (continued)

Plant Fund (continued)

Equipment provided by the Current Fund is recorded as an expense of that fund in the year of purchase.

Foundation Fund

The Foundation Fund is used to record funds received and disbursed for providing advice to congregational members on asset management.

Agency Fund

The Agency Fund is used to account for funds received and disbursed for other agencies.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The District is a not-for-profit organization. These financial statements have been prepared in accordance with generally accepted accounting principles and reflect the following accounting policies:

Investments

Investments are recorded at cost.

Capital assets

Advance sites, office building, equipment, and other properties are recorded at cost. No depreciation is provided on the office building, equipment and other properties. Leasehold improvements are being amortized over a 40 year term.

**THE LUTHERAN CHURCH - CANADA
ALBERTA - BRITISH COLUMBIA DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JANUARY 31, 1993**

3. LOANS RECEIVABLE AND MORTGAGE RECEIVABLE

Restricted Fund

Represents interest free automobile loans made to pastors of the District. Maturity dates of these loans vary.

Church Extension Fund

Loans receivable - Church Extension Fund consists of the following:

	<u>1993</u>	<u>1992</u>
Self-supporting congregations	\$5,459,351	\$5,830,329
Subsidized congregations	<u>2,239,870</u>	<u>2,503,665</u>
	<u>\$7,699,221</u>	<u>\$8,333,994</u>

Maturity dates of these loans vary with interest rates ranging from 7.0% to 10.5% per annum and are secured by the individual properties to which they relate.

4. INVESTMENTS

	<u>Interest Rates</u>	<u>Maturity Date</u>	<u>1993</u>	<u>1992</u>
<i>Church Extension Fund</i>				
Deposit accounts	various	-	\$ 606,289	\$ -
Lutheran Church - Missouri Synod note	5.25%	10/92	<u>109,405</u>	<u>109,405</u>
			<u>715,694</u>	<u>109,405</u>
<i>Foundation Fund</i>				
Stocks and bonds held held by investment brokers	various	various	1,241,988	-
Deposits accounts	various	-	<u>410,928</u>	<u>509,322</u>
			<u>1,652,916</u>	<u>509,322</u>
			<u>\$2,368,610</u>	<u>\$618,727</u>

**THE LUTHERAN CHURCH - CANADA
ALBERTA - BRITISH COLUMBIA DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JANUARY 31, 1993**

5. LEASEHOLD IMPROVEMENTS

In October, 1965, the District entered into a 40 year lease agreement for land with the Lutheran Student Foundation of British Columbia. Subsequent to the lease agreement, a campus centre was constructed on the leased land. The leasehold improvements are being amortized over a 40 year period. For the period ended January 31, 1992, amortization of leasehold improvements totalled \$1,566 (1992 - \$1,566).

6. DEPOSITS PAYABLE - RESTRICTED FUND

Auto replacement deposits represent non-interest bearing funds deposited with the District. Church workers with deposits are eligible for interest free auto loans.

7. INVESTOR OBLIGATIONS

	1993	1992
<i>Church Extension Fund</i>		
Notes payable to investors, due upon demand to 5 years, bearing interest from 5.00% to 9.25%	\$9,301,602	\$6,808,638
Stamps and savings, due upon demand, bearing interest of 5.50%	13,095	11,894
	9,314,697	6,820,532
<i>Foundation Fund</i>		
Funds held and invested on behalf of Concordia Lutheran Seminary, having no fixed terms of repayment and bearing interest at the rates earned on amounts invested less 0.5% to provide for administrative costs	228,556	186,999
	\$9,543,253	\$7,007,531



**THE LUTHERAN CHURCH - CANADA
ALBERTA - BRITISH COLUMBIA DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JANUARY 31, 1993**

8. NOTES PAYABLE

	<u>Interest Rates</u>	<u>Maturity Date</u>	<u>1993</u>	<u>1992</u>
<i>Current Fund - unrestricted</i>				
Zion Lutheran Church	9.00%	Demand	\$ -	\$ 13,000
<i>Church Extension Fund</i>				
Lutheran Church Canada	1.00%	12/92	103,425	110,558
Lutheran Church Canada	7.125%	01/02	1,288,527	1,400,042
Line of credit	9.00%	Demand	-	800,000
			<u>\$1,391,952</u>	<u>\$2,310,600</u>

9. FORWARD IN REMEMBRANCE

The funds have been designated for the following projects:

	<u>Balance 1/31/92</u>	<u>Funds Received</u>	<u>Funds Expended</u>	<u>Balance 1/31/93</u>
Okanagan Valley	<u>\$3,472</u>	<u>\$ -</u>	<u>\$ 60</u>	<u>\$3,412</u>

These expenditures have been classified as Mission and Ministry expenses.

10. DEFINED BENEFIT PLAN

The District participates in the Worker Benefit Plan of The Lutheran Church - Canada. Full-time employees are covered by this retirement and survivor program. The District contributes a fixed percentage of each participant's salary to the plan. Retirement and survivor program expenses for the period ended January 31, 1993 amounted to \$38,116 (1992 - \$41,435).



**THE LUTHERAN CHURCH - CANADA
ALBERTA - BRITISH COLUMBIA DISTRICT**

FINANCIAL STATEMENTS

JANUARY 31, 1994

**Deloitte &
Touche**



This is Exhibit "P" referred to in the
Affidavit of Courtney Clark
sworn before me at Vancouver
this 23 day of February, 2016

A Commissioner for taking Affidavits
within British Columbia

Deloitte & Touche
Chartered Accountants

2000 ManuLife Place
10180 - 101 Street
Edmonton, Alberta T5J 4E4

Telephone: (403) 421-3611
Facsimile: (403) 421-3782

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AUDITORS' REPORT

To the Board of Directors of
The Lutheran Church - Canada
Alberta - British Columbia District

We have audited the balance sheets of the Current Fund, Restricted Fund, Church Extension Fund, Plant Fund, Foundation Fund and Agency Fund of **THE LUTHERAN CHURCH - CANADA, ALBERTA - BRITISH COLUMBIA DISTRICT** as at January 31, 1994 and the statements of changes in fund balances for the year then ended. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In 1992, a District investment asset totalling \$1,020,000 was frozen by the United States Federal Bureau of Investigation pending an investigation of the investee corporation, B.H. Rothchild and Gray Ltd. Generally accepted accounting principles require that an adequate provision for possible loss be provided as a result of the doubt as to the District's ability to realize on this investment. If this provision for possible loss had been recognized, investments, changes in fund balances for the year, and fund equity would have been reduced by \$1,020,000.

In our opinion, except that no provision for the loss in value of this investment has been provided, as described in the preceding paragraph, these financial statements present fairly, in all material respects, the financial position of the District as at January 31, 1994 and the changes in fund balances for the year then ended in accordance with generally accepted accounting principles.

Deloitte & Touche

Chartered Accountants
April 28, 1994

**Deloitte Touche
Tohmatsu
International**

THE LUTHERAN CHURCH - CANADA
ALBERTA - BRITISH COLUMBIA DISTRICT
FUND BALANCE SHEETS
AS AT JANUARY 31, 1994

	Current Fund		Restricted Fund		Church Extension Fund	
	1994	1993	1994	1993	1994	1993
CURRENT ASSETS						
Cash	\$ 1,282,845	\$ 2,748,391	\$ -	\$ -	\$ -	\$ -
Accrued interest	-	-	-	-	-	6,454
Prepaid deposits	-	-	-	-	5,000	-
INVESTMENT ASSETS						
Loans and mortgage receivable (Note 3)	-	-	72,482	78,307	7,994,769	7,699,221
Investments (Note 4)	-	-	-	-	715,694	715,694
CAPITAL ASSETS						
Advance sites	-	-	-	-	580,123	564,880
Office building	-	-	-	-	-	-
Equipment	-	-	-	-	-	-
Other properties	-	-	-	-	-	-
Unamortized leasehold improvements	-	-	-	-	-	-
District cars	-	-	-	-	-	-
INTERFUND BALANCES						
Investments - net	-	-	-	-	-	7,750
Loans	(1,280,282)	(2,791,240)	-	-	1,467,440	414,983
Advances	22,583	17,151	123,759	88,477	4,827,851	8,140,832
	\$ -	\$ -	\$ 196,221	\$ 156,784	\$ 15,590,897	\$ 12,549,264
LIABILITIES						
Accrued interest	-	-	-	-	\$ 102,716	\$ 41,048
Deposits payable (Note 6)	-	-	121,390	109,619	-	-
Investor obligations (Note 7)	-	-	-	-	12,437,384	9,314,696
Notes payable (Note 8)	-	-	-	-	1,270,075	1,391,952
	-	-	121,390	109,619	13,810,155	10,747,696
FUND EQUITY						
	22,583	17,151	74,831	47,165	1,780,742	1,801,588
	\$ 22,583	\$ 17,151	\$ 196,221	\$ 156,784	\$ 15,590,897	\$ 12,549,264



THE LUTHERAN CHURCH - CANADA
ALBERTA - BRITISH COLUMBIA DISTRICT
FUND BALANCE SHEETS
AS AT JANUARY 31, 1994

	Plant Fund		Foundation Fund		Agency Fund		Total All Funds	
	1994	1993	1994	1993	1994	1993	1994	1993
CURRENT ASSETS								
Cash	\$ -	\$ -	\$ 78,126	\$ 56,198	\$ -	\$ -	\$ 1,360,971	\$ 2,804,589
Accrued interest	-	-	113,141	-	-	-	113,141	6,454
Prepaid deposits	-	-	-	-	-	-	5,000	-
INVESTMENT ASSETS								
Loans and mortgage receivable (Note 3)	-	-	-	-	(245)	30	8,067,006	7,772,558
Investments (Note 4)	-	-	5,192,080	1,652,916	-	-	5,907,774	2,368,610
CAPITAL ASSETS								
Advance sites	-	-	-	-	-	-	560,123	564,880
Office building	772,124	772,124	-	-	-	-	772,124	772,124
Equipment	94,551	90,610	-	-	-	-	94,551	90,610
Other properties	148,999	-	1,225,358	433,910	-	-	1,374,355	433,910
Unamortized leasehold improvements	-	-	-	-	-	-	-	19,963
District cars	41,489	41,489	-	-	-	-	41,489	41,489
INTERFUND BALANCES								
Investments - net	(461,795)	(343,668)	(1,005,645)	(7,750)	-	-	-	-
Loans	367,564	362,645	(4,059,157)	(855,184)	245	(30)	-	-
Advances	-	-	-	-	-	-	-	-
	\$ 962,932	\$ 943,163	\$ 1,543,901	\$ 1,208,825	\$ -	\$ -	\$ 18,316,534	\$ 14,875,187
LIABILITIES								
Restricted endowments (Note 5)	\$ -	\$ -	\$ 103,186	\$ 53,872	\$ -	\$ -	\$ 103,186	\$ 53,872
Accrued interest	-	-	-	7,142	-	-	102,716	48,190
Deposits payable (Note 6)	-	-	-	-	-	-	121,390	109,619
Investor obligations (Note 7)	-	-	547,845	228,556	-	-	12,985,009	9,543,252
Notes payable (Note 8)	-	-	-	-	-	-	1,270,075	1,391,952
	\$ 962,932	\$ 943,163	\$ 1,543,901	\$ 1,208,825	\$ -	\$ -	\$ 14,582,376	\$ 11,146,885
DEFERRED FUND EQUITY								
	962,932	943,163	893,070	919,255	-	-	3,734,158	3,728,302
	\$ 962,932	\$ 943,163	\$ 1,543,901	\$ 1,208,825	\$ -	\$ -	\$ 18,316,534	\$ 14,875,187



THE LUTHERAN CHURCH - CANADA
ALBERTA - BRITISH COLUMBIA
STATEMENT OF CHANGES IN FUND BALANCES
YEAR ENDED JANUARY 31, 1994

	Current Fund		Restricted Fund		Church Extension Fund	
	1994	1993	1994	1993	1994	1993
SUPPORT AND REVENUE						
Support						
District congregations	\$1,348,217 ¹⁰¹	\$1,356,578	\$ -	\$ -	\$ -	\$ -
Gifts and grants	51,575 ¹⁰¹	50,000	-	5,426	-	-
Lutheran Church - Canada	38,308 ^{100 + 102}	37,221	106,640 ^{100 + 102}	81,006	16,034 ^{100 + 102}	-
Other	-	-	-	-	-	-
Revenue						
Interest income	-	-	-	-	752,395 ¹⁰⁴	749,792
Investment income	-	-	-	-	85 ¹⁰⁴	89,259
Conventions and conferences	-	-	176,793 ^{101 + 103}	13,342	-	-
Gain on sale of property	-	-	-	-	-	-
	<u>1,438,100</u>	<u>1,443,799</u>	<u>283,373</u>	<u>99,774</u>	<u>768,514</u>	<u>838,991</u>
EXPENDITURES						
Designated						
Lutheran Church - Canada	483,000	445,000	-	-	-	-
Program services						
Mission and ministry	550,630 ¹¹⁴	525,356	65,698 ¹¹⁴	75,332	-	-
Support and administration	210,014 ¹¹⁴	220,934	29,069 ¹¹⁴	28,512	-	-
P parish services	162,629 ¹¹⁴	153,327	-	-	-	-
Special services	7,766 ¹¹⁴	14,493	-	-	-	-
Conventions and conferences	-	-	160,940 ¹¹⁴	250	-	-
Operations - Church Extension Fund	-	-	-	-	142,991 ¹¹¹	155,470
Interest	-	-	-	-	860,016 ¹¹⁶	628,912
Other						
Amortization of leasehold improvements	-	-	-	-	-	-
	<u>1,414,039</u>	<u>1,359,110</u>	<u>255,707</u>	<u>104,094</u>	<u>1,003,007</u>	<u>784,382</u>
NET INCREASE (DECREASE) BEFORE TRANSFERS	24,061	84,689	27,666	(4,320)	(234,493)	54,609
TRANSFERS						
Interest	20,711	-	-	-	213,667	(49,861)
Loan repayment	(39,340)	(19,586)	-	-	-	-
Deficit reduction	-	100,000	-	-	-	-
	<u>5,432</u>	<u>165,103</u>	<u>27,666</u>	<u>(4,320)</u>	<u>(20,826)</u>	<u>(4,748)</u>
NET INCREASE (DECREASE) AFTER TRANSFERS	17,151	(147,852)	47,165	51,485	1,801,589	1,796,820
FUND BALANCE, BEGINNING OF YEAR						
	\$ 22,583	\$ 17,151	\$ 74,631	\$ 47,165	\$ 1,780,742	\$ 1,801,568

100 + 102 =
205,032
76,504 - 102
128,528 = 102

123,277 = 114
76,737 = 114



THE LUTHERAN CHURCH - CANADA
ALBERTA - BRITISH COLUMBIA
STATEMENT OF CHANGES IN FUND BALANCES
YEAR ENDED JANUARY 31, 1994

	Plant Fund		Foundation		Total All Funds	
	1994	1993	1994	1993	1994	1993
SUPPORT AND REVENUE						
Support						
District congregations	\$ -	\$ -	\$ -	\$ -	\$ 1,348,217	\$ 1,356,578
Gifts and grants	-	-	-	-	51,575	5,426
Lutheran Church - Canada	392	8,433	43,718	-	205,092	176,660
Other	-	-	-	-	-	-
Revenue						
Interest income	-	-	-	11,059	752,395	760,791
Investment income	-	-	311,271	198,327	311,356	287,586
Conventions and conferences	-	-	-	-	176,733	13,342
Sale of property	-	381,736	158,157	-	158,157	381,736
Proceeds	-	-	(144,316)	-	(144,316)	-
Cost						
	392	390,169	368,830	209,366	2,859,209	2,982,119
EXPENDITURES						
Designated						
Lutheran Church - Canada	-	-	-	-	483,000	445,000
Program services						
Mission and ministry	-	-	-	-	616,328	600,688
Support and administration	-	-	80,708	89,865	329,792	339,311
Parish services	-	-	-	-	162,629	153,327
Special services	-	-	-	-	7,766	14,493
Conventions and conferences	-	-	-	-	180,940	250
Operations - Church Extension Fund	-	-	-	-	142,991	155,470
Interest	-	-	69,928	18,574	929,944	647,486
Other						
Amortization of leasehold improvements	19,963	1,566	-	-	19,963	1,566
	19,963	1,566	160,637	108,439	2,853,353	2,357,591
NET INCREASE (DECREASE) BEFORE TRANSFERS	(19,571)	388,603	208,193	100,947	5,856	624,528
TRANSFERS						
Interest	-	-	(234,378)	49,861	-	-
Loan repayment	39,340	19,586	-	-	-	-
Deficit reduction	-	-	-	(100,000)	-	-
	19,769	408,189	(26,185)	50,808	5,856	624,528
NET INCREASE (DECREASE) AFTER TRANSFER	943,163	534,974	919,255	868,447	3,728,302	3,103,774
FUND BALANCE, BEGINNING OF YEAR						
	\$962,932	\$943,163	\$ 893,070	\$ 919,255	\$3,734,156	\$3,728,302

**THE LUTHERAN CHURCH - CANADA
ALBERTA - BRITISH COLUMBIA DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JANUARY 31, 1994**

1. BASIS OF PRESENTATION

In order to ensure observation of limitations and restrictions placed on the use of resources available to the District, the accounts are maintained on an accrual basis in accordance with the principles of "Fund Accounting". Fund accounting is the procedure whereby resources received and the subsequent use of those resources are classified for accounting and reporting purposes into funds which are in accordance with the activities or objectives specified by the source of the resource.

Within each fund group, fund balances restricted by outside sources are so indicated and are distinguished from funds allocated to specified purposes by the Board of Directors.

Gains and losses arising from the sale or other disposition of assets are accounted for in the fund which owned such assets. Ordinary income derived from investments is accounted for in the fund owning such assets. All other resources received are accounted for as revenue of the current fund.

The separate funds are maintained for the following purposes:

Current Fund

The Current Fund is used to account for the budgeted operations of the District. A portion of the administrative expenses are allocated to the Church Extension Fund based on a consistent percentage of specified expenses.

Restricted Fund

The Restricted Fund is used to record funds received by the District which are restricted for specific ministry projects and the disbursement of these funds for the specified purpose.

Church Extension Fund

The Church Extension Fund is used to record funds received from members at minimal interest for the purpose of providing financial support to congregations for capital purposes.

Plant Fund

The Plant Fund is used to record funds employed for capital purposes and to reflect investment in District owned property. Additions are recorded at cost or, if donated, at the fair market value on the date of the receipt of the gift. No depreciation is recorded on the physical plant and equipment. The cost of items disposed of is written off in the year as a charge to the net investment in plant.

**THE LUTHERAN CHURCH - CANADA
ALBERTA - BRITISH COLUMBIA DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JANUARY 31, 1994**

1. BASIS OF PRESENTATION (continued)

Plant Fund (continued)

Equipment provided by the Current Fund is recorded as an expense of that fund in the year of purchase.

Foundation Fund

The Foundation Fund is used to record funds received and disbursed for providing advice to congregational members on asset management.

Agency Fund

The Agency Fund is used to account for funds received and disbursed for other agencies.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The District is a not-for-profit organization. These financial statements have been prepared in accordance with generally accepted accounting principles and reflect the following accounting policies:

Investments

Investments are recorded at cost.

Capital assets

Advance sites, office building, equipment, and other properties are recorded at cost. No depreciation is provided on the office building, equipment and other properties.

**THE LUTHERAN CHURCH - CANADA
ALBERTA - BRITISH COLUMBIA DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JANUARY 31, 1994**

3. LOANS RECEIVABLE AND MORTGAGE RECEIVABLE

Restricted Fund

Represents interest free automobile loans made to pastors of the District. Maturity dates of these loans vary.

Church Extension Fund

Loans receivable - Church Extension Fund consists of the following:

	<u>1994</u>	<u>1993</u>
Self-supporting congregations	\$5,197,302	\$5,459,351
Subsidized congregations	<u>2,869,704</u>	<u>2,239,870</u>
	<u>\$8,067,006</u>	<u>\$7,699,221</u>

Maturity dates of these loans vary with interest rates ranging from 7.0% to 10.5% per annum and are secured by the individual properties to which they relate.

4. INVESTMENTS

	<u>Interest Rates</u>	<u>Maturity Date</u>	<u>1994</u>	<u>1993</u>
<i>Church Extension Fund</i>				
Deposit accounts Lutheran Church - Missouri Synod note	various	-	\$ 771,592	\$ 606,289
	4.75%	9/97	<u>109,405</u>	<u>109,405</u>
			<u>880,997</u>	<u>715,694</u>
<i>Foundation Fund</i>				
Stocks and bonds held held by investment brokers	various	various	4,193,654	1,241,988
Insurance policy maintained by Colonial Life	-	-	422,195	-
Deposits accounts	various	-	<u>410,928</u>	<u>410,928</u>
			<u>5,026,777</u>	<u>1,652,916</u>
			<u>\$5,907,774</u>	<u>\$2,368,610</u>

**THE LUTHERAN CHURCH - CANADA
ALBERTA - BRITISH COLUMBIA DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JANUARY 31, 1994**

5. CORRECTION OF PRIOR PERIOD ACCOUNTING ERROR

The fund balance as at January 31, 1992 and January 31, 1993 have been restated to correct an error in recording the Districts Restrictive Endowments. Restrictive Endowments was increased by \$53,872 for 1992 and fund balance was reduced accordingly.

6. DEPOSITS PAYABLE - RESTRICTED FUND

Auto replacement deposits represent non-interest bearing funds deposited with the District. Church workers with deposits are eligible for interest free auto loans.

7. INVESTOR OBLIGATIONS

	<u>1994</u>	<u>1993</u>
<i>Church Extension Fund</i>		
Notes payable to investors, due upon demand to 5 years, bearing interest from 5.00% to 9.25%	\$12,422,908	\$9,301,601
Stamps and savings, due upon demand, bearing interest of 3.50%	<u>14,456</u>	<u>13,095</u>
	12,437,364	9,314,696
<i>Foundation Fund</i>		
Funds held and invested on behalf of Concordia Lutheran Seminary, having no fixed terms of repayment and bearing interest at the rates earned on amounts invested less 0.5% to provide for administrative costs	312,996	228,556
Funds held and invested on behalf of Concordia College, having no fixed terms of repayment and bearing interest at the rates earned on amounts invested less 0.5% to provide for administrative costs	<u>234,649</u>	<u>-</u>
	<u>\$12,985,009</u>	<u>\$9,543,252</u>

**THE LUTHERAN CHURCH - CANADA
ALBERTA - BRITISH COLUMBIA DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JANUARY 31, 1994**

8. NOTES PAYABLE

	<u>Interest Rates</u>	<u>Maturity Date</u>	<u>1994</u>	<u>1993</u>
<i>Church Extension Fund</i>				
Lutheran Church Canada	1.00%	12/92	\$ 96,925	\$ 103,425
Lutheran Church Canada	6.75%	01/02	<u>1,173,150</u>	<u>1,288,527</u>
			<u>\$1,270,075</u>	<u>\$1,391,952</u>

Principal repayment required in each of the next five years are as follows:

1995	\$121,080
1996	128,876
1997	137,193
1998	146,068
1999	155,483

9. FORWARD IN REMEMBRANCE

The funds have been designated for the following projects:

	<u>Balance 1/31/93</u>	<u>Funds Received</u>	<u>Funds Expended</u>	<u>Balance 1/31/94</u>
Okanagan Valley	<u>\$3,412</u>	<u>\$ -</u>	<u>\$3,412</u>	<u>\$ -</u>

These expenditures have been classified as Mission and Ministry expenses.

10. DEFINED BENEFIT PLAN

The District participates in the Worker Benefit Plan of The Lutheran Church - Canada. Full-time employees are covered by this retirement and survivor program. The District contributes a fixed percentage of each participant's salary to the plan. Retirement and survivor program expenses for the period ended January 31, 1994 amounted to \$41,911 (1993 - \$38,116).

11. COMPARATIVE FIGURES

Certain of the prior year's comparative figures have been reclassified to conform to the current years presentation.

This is Exhibit "Q" referred to in an
Affidavit of Courtney Clark
sworn before me at Vancouver
this 23 day of February, 2016

[Signature]
A Commissioner for taking Affidavits
within British Columbia

**THE LUTHERAN CHURCH - CANADA
ALBERTA - BRITISH COLUMBIA DISTRICT**

FINANCIAL STATEMENTS

JANUARY 31, 1995

Deloitte & Touche



**Deloitte & Touche
Chartered Accountants**

2000 ManuLife Place
10180 - 101 Street
Edmonton, Alberta T5J 4E4

Telephone: (403) 421-3611
Facsimile: (403) 421-3782

AUDITORS' REPORT

To the Board of Directors of
**The Lutheran Church - Canada
Alberta - British Columbia District**

We have audited the balance sheets of the Current Fund, Restricted Fund, Church Extension Fund, Plant Fund, Foundation Fund and Agency Fund of **THE LUTHERAN CHURCH - CANADA, ALBERTA - BRITISH COLUMBIA DISTRICT** as at January 31, 1995 and the statements of changes in fund balances for the year then ended. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In 1992, a District investment asset totalling \$1,017,217 was frozen by the United States Federal Bureau of Investigation pending an investigation of the investee corporation, B.H. Rothchild and Gray Ltd. Generally accepted accounting principles require that an adequate provision for possible loss be provided as a result of the doubt as to the District's ability to realize on this investment. If this provision for possible loss had been recognized, investments, changes in fund balances for the year, and fund equity would have been reduced by \$1,017,217.

In our opinion, except that no provision for the loss in value of this investment has been provided, as described in the preceding paragraph, these financial statements present fairly, in all material respects, the financial position of the District as at January 31, 1995 and the changes in fund balances for the year then ended in accordance with generally accepted accounting principles.

Deloitte & Touche

Chartered Accountants

May 24, 1995

**Deloitte Touche
Tohmatsu
International**

**THE LUTHERAN CHURCH - CANADA
ALBERTA - BRITISH COLUMBIA
STATEMENT OF CHANGES IN FUND BALANCES
YEAR ENDED JANUARY 31, 1995**

	Current Fund	Restricted Fund	Church Extension Fund
	1995	1995	1995
SUPPORT AND REVENUE			
Support			
District congregations	\$1,333,474	\$ -	\$ -
Gifts and grants			
Lutheran Church - Canada	51,575	-	-
Other	89,284	91,774	15,996
Revenue			
Interest income	-	-	752,395
Investment income	-	-	85
Conventions and conferences	-	94,931	-
Gain on sale of property	-	-	-
	<u>1,491,018</u>	<u>186,705</u>	<u>931,795</u>
			<u>768,514</u>
EXPENDITURES			
Designated			
Lutheran Church - Canada	483,000	-	-
Program services			
Mission and ministry	591,676	33,691	65,698
Support and administration	239,809	84,499	29,069
Parish services	184,725	-	-
Special services	6,660	-	-
Conventions and conferences	-	91,760	160,940
Operations - Church Extension Fund	-	-	158,597
Interest	-	-	1,017,093
Other			
Foreign exchange loss	-	-	57,925
Amortization of leasehold improvements	-	-	-
	<u>1,522,870</u>	<u>209,970</u>	<u>1,273,142</u>
			<u>1,060,992</u>
NET INCREASE (DECREASE) BEFORE TRANSFERS	(31,852)	(23,265)	(341,347)
TRANSFERS			
Interest	19,977	-	219,667
Loan repayment	(30,260)	-	-
	<u>(10,283)</u>	<u>(23,265)</u>	<u>(21,670)</u>
NET INCREASE (DECREASE) AFTER TRANSFERS	(42,135)	(46,530)	(362,987)
FUND BALANCE, BEGINNING OF YEAR			
(Restated - See Note 3)	22,583	74,831	1,577,773
	<u>22,583</u>	<u>74,831</u>	<u>1,577,773</u>
FUND BALANCE, END OF YEAR	\$ (19,552)	\$ 51,566	\$1,635,277
	<u>\$ 22,583</u>	<u>\$ 74,831</u>	<u>\$1,577,773</u>

THE LUTHERAN CHURCH - CANADA
ALBERTA - BRITISH COLUMBIA
STATEMENT OF CHANGES IN FUND BALANCES (continued)
YEAR ENDED JANUARY 31, 1995

	Plant Fund		Foundation		Total All Funds	
	1995	1994	1995	1994	1995	1994
SUPPORT AND REVENUE						
Support	\$ -	\$ -	\$ -	\$ -	\$ 1,333,474	\$ 1,348,217
District congregations						
Gifts and grants						
Lutheran Church - Canada	157	392	317,170	43,718	68,250	51,575
Other	-	-	-	-	514,391	205,092
Revenue						
Interest income	-	-	-	-	915,799	752,395
Investment income	-	-	439,904	311,271	439,904	311,356
Conventions and conferences	-	-	-	-	94,931	176,733
Sale of property	10,490	-	-	158,157	10,490	158,157
Proceeds	(17,170)	-	-	(144,316)	(17,170)	(144,316)
Cost						
Other	(6,523)	392	757,074	368,830	3,360,069	2,859,209
EXPENDITURES						
Designated						
Lutheran Church - Canada	-	-	-	-	500,000	483,000
Program services	-	-	-	-	625,367	616,328
Mission and ministry	-	-	-	-	408,672	329,792
Support and administration	-	-	84,364	90,709	184,725	162,629
Parish services	-	-	-	-	6,660	7,766
Special services	-	-	-	-	91,780	160,940
Conventions and conferences	-	-	-	-	158,597	142,991
Operations - Church Extension Fund	-	-	18,120	69,928	1,035,213	929,944
Interest	-	-	-	-	-	-
Other	-	-	-	-	97,452	57,925
Foreign exchange loss	27,630	19,963	-	-	27,630	19,963
Amortization of leasehold improvements	27,630	19,963	102,484	160,637	3,138,096	2,911,278
NET INCREASE (DECREASE) BEFORE TRANSFERS	(34,153)	(19,571)	654,590	208,193	223,973	(52,069)
TRANSFERS						
Interest	-	-	(418,828)	(234,378)	-	-
Loan repayment	30,260	39,340	-	-	-	-
NET INCREASE (DECREASE) AFTER TRANSFER	(3,893)	19,769	235,762	(26,185)	223,973	(52,069)
FUND BALANCE, BEGINNING OF YEAR	962,932	943,163	893,070	919,255	3,531,189	3,583,258
(Restated - Note 3)						
FUND BALANCE, END OF YEAR	\$959,039	\$962,932	\$1,128,832	\$,893,070	\$3,755,162	\$3,531,189



THE LUTHERAN CHURCH - CANADA
ALBERTA - BRITISH COLUMBIA DISTRICT
FUND BALANCES SHEETS
AS AT JANUARY 31, 1995

	Current Fund		Restricted Fund		Church Extension Fund	
	1995	1994	1995	1994	1995	1994 (Restated - Note 3)
CURRENT ASSETS						
Cash	\$ 67,087	\$ 1,282,845	\$ -	\$ -	\$ -	\$ -
Accrued interest	-	-	-	-	-	-
Prepaid deposits	-	-	-	-	-	5,000
INVESTMENT ASSETS						
Loans and mortgage receivable (Note 4)	-	-	84,609	72,462	8,724,988	7,845,790
Investments (Note 5)	-	-	-	-	715,694	715,694
CAPITAL ASSETS						
Advance sites	-	-	-	-	582,216	580,123
Office building	-	-	-	-	-	-
Equipment	-	-	-	-	-	-
Other properties	-	-	-	-	-	-
District cars	-	-	-	-	-	-
INTERFUND BALANCES						
Loans	-	-	-	-	4,499,549	1,467,440
Advances (to balance each fund)	(86,639)	(1,260,262)	86,912	123,759	2,847,307	4,976,850
	\$ (19,552)	\$ 22,583	\$ 171,521	\$ 196,221	\$ 17,169,754	\$ 15,590,897
LIABILITIES						
Restricted endowments	-	-	-	-	-	\$ -
Accrued interest	-	-	-	-	129,529	102,716
Deposits payable (Note 6)	-	-	119,955	121,990	-	-
Investor obligations (Note 7)	-	-	-	-	14,015,449	12,437,364
Notes payable (Note 8)	-	-	-	-	1,389,499	1,473,044
	-	-	119,955	121,990	15,534,477	14,013,124
	(19,552)	22,583	51,566	74,831	1,635,277	1,577,773
FUND EQUITY						
	\$ (19,552)	\$ 22,583	\$ 171,521	\$ 196,221	\$ 17,169,754	\$ 15,590,897

THE LUTHERAN CHURCH - CANADA
ALBERTA - BRITISH COLUMBIA DISTRICT
FUND BALANCE SHEETS (continued)
AS AT JANUARY 31, 1995

	Plant Fund		Foundation Fund		Agency Fund		Total All Funds	
	1995	1994	1995	1994	1995	1994	1995	1994
CURRENT ASSETS								
Cash	\$ -	\$ -	\$ 11,854	\$ 78,126	\$ -	\$ -	\$ 78,941	\$ 1,360,971
Accrued interest	-	-	127,978	113,141	-	-	127,978	113,141
Prepaid deposits	-	-	-	-	-	-	-	5,000
INVESTMENT ASSETS								
Loans and mortgage receivable (Note 4)	-	-	4,541,674	5,192,080	-	(245)	8,809,597	7,918,007
Investments (Note 5)	-	-	-	-	-	-	5,257,368	5,907,774
CAPITAL ASSETS								
Advance sites	-	-	-	-	-	-	582,216	580,123
Office building	780,009	772,124	-	-	-	-	780,009	772,124
Equipment	79,368	94,551	-	-	-	-	79,368	94,551
Other properties	-	-	4,604,053	1,523,354	-	-	4,604,053	1,523,354
District cars	59,590	41,489	-	-	-	-	59,590	41,489
INTERFUND BALANCES								
Loans	(314,139)	(461,795)	(4,185,410)	(1,005,645)	-	-	-	-
Advances	354,211	516,563	(3,001,317)	(4,357,155)	-	245	-	-
	<u>\$ 959,039</u>	<u>\$ 962,932</u>	<u>\$ 2,098,832</u>	<u>\$ 1,543,901</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 20,379,120</u>	<u>\$ 18,316,534</u>
LIABILITIES								
Restricted endowments	\$ -	\$ -	\$ 103,759	\$ 103,186	\$ -	\$ -	\$ 103,759	\$ 103,186
Accrued interest	-	-	-	-	-	-	129,529	102,716
Deposits payable (Note 6)	-	-	-	-	-	-	119,955	121,390
Bequest payable	-	-	135,221	-	-	-	135,221	-
Investor obligations (Note 7)	-	-	730,546	547,645	-	-	14,745,995	12,985,009
Notes payable (Note 8)	-	-	-	-	-	-	1,369,499	1,473,044
	<u>\$ 959,039</u>	<u>\$ 962,932</u>	<u>\$ 2,098,358</u>	<u>\$ 1,543,901</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 20,379,120</u>	<u>\$ 18,316,534</u>
FUND EQUITY								
	-	-	969,526	650,831	-	-	16,623,958	14,785,345
	-	962,932	1,128,832	893,070	-	-	3,755,162	3,531,189
	<u>\$ 959,039</u>	<u>\$ 962,932</u>	<u>\$ 2,098,358</u>	<u>\$ 1,543,901</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 20,379,120</u>	<u>\$ 18,316,534</u>

THE LUTHERAN CHURCH - CANADA
ALBERTA - BRITISH COLUMBIA DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JANUARY 31, 1995

1. BASIS OF PRESENTATION

In order to ensure observation of limitations and restrictions placed on the use of resources available to the District, the accounts are maintained on an accrual basis in accordance with the principles of "Fund Accounting". Fund accounting is the procedure whereby resources received and the subsequent use of those resources are classified for accounting and reporting purposes into funds which are in accordance with the activities or objectives specified by the source of the resource.

Within each fund group, fund balances restricted by outside sources are so indicated and are distinguished from funds allocated to specified purposes by the Board of Directors.

Gains and losses arising from the sale or other disposition of assets are accounted for in the fund which owned such assets. Ordinary income derived from investments is accounted for in the fund owning such assets. All other resources received are accounted for as revenue of the current fund.

The separate funds are maintained for the following purposes:

Current Fund

The Current Fund is used to account for the budgeted operations of the District. A portion of the administrative expenses are allocated to the Church Extension Fund based on a consistent percentage of specified expenses.

Restricted Fund

The Restricted Fund is used to record funds received by the District which are restricted for specific ministry projects and the disbursement of these funds for the specified purpose.

Church Extension Fund

The Church Extension Fund is used to record funds received from members at minimal interest for the purpose of providing financial support to congregations for capital purposes.

**THE LUTHERAN CHURCH - CANADA
ALBERTA - BRITISH COLUMBIA DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JANUARY 31, 1995**

1. BASIS OF PRESENTATION (continued)

Plant Fund

The Plant Fund is used to record funds employed for capital purposes and to reflect investment in District owned property. Additions are recorded at cost or, if donated, at the fair market value on the date of the receipt of the gift. No depreciation is recorded on the physical plant and equipment. The cost of items disposed of is written off in the year as a charge to the net investment in plant.

Equipment provided by the Current Fund is recorded as an expense of that fund in the year of purchase.

Foundation Fund

The Foundation Fund is used to record funds received by way of specific bequests or donations; the purpose of which is to provide separate accountability of these funds in accordance with the donor's instruction.

Agency Fund

The Agency Fund is used to account for funds received and disbursed for other agencies.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The District is a not-for-profit organization. These financial statements have been prepared in accordance with generally accepted accounting principles and reflect the following accounting policies:

Investments

Investments are recorded at cost.

Capital assets

Advance sites, office building, equipment, and other properties are recorded at cost. No depreciation is provided on the office building, equipment and other properties.

**THE LUTHERAN CHURCH - CANADA
ALBERTA - BRITISH COLUMBIA DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JANUARY 31, 1995**

3. RESTATEMENT OF PRIOR YEAR

The financial statements have been restated to record an unrealized foreign exchange loss on translation of the foreign denominated note payable (Note 8). An amount of \$202,969 has been charged to the Church Extension Fund - fund balance as at January 31, 1994 and the note payable increased accordingly. Of this amount, \$57,925 relates to the 1994 fiscal year and \$145,044 relates to years prior to February 1, 1993.

4. LOANS RECEIVABLE AND MORTGAGE RECEIVABLE

Restricted Fund

Represents interest-free automobile loans made to pastors of the District. Maturity dates of these loans vary.

Church Extension Fund

Maturity dates of loans receivable vary with interest rates ranging from 7.0% to 10.5% per annum and are secured by the individual properties to which they relate.

5. INVESTMENTS

	1995		1994
	<u>Market Value</u>	<u>Cost</u>	
<i>Church Extension Fund</i>			
B.H. Rothchild and Gray Ltd. Lutheran Church - Missouri Synod note	Unknown \$ 109,405	\$ 606,289 <u>109,405</u>	\$ 606,289 <u>109,405</u>
		<u>715,694</u>	<u>715,694</u>
<i>Foundation Fund</i>			
Stocks and bonds held by investment brokers and bankers B.H. Rothchild and Gray Ltd. Insurance policy maintained by Colonial Life Deposit accounts	\$3,834,412 Unknown \$ 165,303	3,965,443 410,928 - <u>165,303</u>	4,193,654 410,928 422,195 <u>165,303</u>
		<u>4,541,674</u>	<u>5,192,080</u>
		<u>\$5,257,368</u>	<u>\$5,907,774</u>

**THE LUTHERAN CHURCH - CANADA
ALBERTA - BRITISH COLUMBIA DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JANUARY 31, 1995**

6. DEPOSITS PAYABLE - RESTRICTED FUND

Auto replacement deposits represent non-interest bearing funds deposited with the District. Church workers with deposits are eligible for interest-free auto loans.

7. INVESTOR OBLIGATIONS

	1995	1994
<i>Church Extension Fund</i>		
Notes payable to investors, due upon demand to 5 years, bearing interest from 5.00% to 9.25%.	\$13,998,261	\$12,422,908
Stamps and savings, due upon demand, bearing interest of 3.50%.	17,188	14,456
	14,015,449	12,437,364
<i>Foundation Fund</i>		
Funds held and invested on behalf of Concordia Lutheran Seminary, having no fixed terms of repayment and bearing interest at the rates earned on amounts invested, less 0.5% to provide for administrative costs.	458,258	312,996
Funds held and invested on behalf of Concordia College, having no fixed terms of repayment and bearing interest at the rates earned on amounts invested, less 0.5% to provide for administrative costs.	272,288	234,649
	\$14,745,995	\$12,985,009

8. NOTES PAYABLE

	Interest Rates	Maturity Date	1995	1994 (Restated - Note 3)
<i>Church Extension Fund</i>				
Lutheran Church Canada	1.00%	12/92	\$ 90,909	\$ 96,925
Lutheran Church Canada (payable in U.S. \$913,640)	6.75%	01/02	1,298,590	1,376,119
			\$1,389,499	\$1,473,044

THE LUTHERAN CHURCH - CANADA
ALBERTA - BRITISH COLUMBIA DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JANUARY 31, 1995

8. NOTES PAYABLE (continued)

Principal repayment required in each of the next five years are as follows:

1995	\$174,372
1996	186,341
1997	199,156
1998	212,876
1999	227,564

9. DEFINED BENEFIT PLAN

The District participates in the Worker Benefit Plan of The Lutheran Church - Canada. Full-time employees are covered by this retirement and survivor program. The District contributes a fixed percentage of each participant's salary to the plan. Retirement and survivor program expenses for the period ended January 31, 1995 amounted to \$51,765 (1994 - \$41,911).

10. COMPARATIVE FIGURES

Certain of the prior year's comparative figures have been reclassified to conform to the current year's presentation.



This is Exhibit "R" referred to in the
Affidavit of Courney Clark
sworn before me at Vancouver
this 23 day of February 2016

~~A Commissioner for taking Affidavits
within British Columbia~~

Financial Statements of

**THE LUTHERAN CHURCH - CANADA
ALBERTA - BRITISH COLUMBIA
DISTRICT**

January 31, 1996

**Deloitte &
Touche****Deloitte & Touche
Chartered Accountants**2000 ManuLife Place
10180 - 101 Street
Edmonton, Alberta T5J 4E4Telephone: (403) 421-3611
Facsimile: (403) 421-3782

AUDITORS' REPORT

To the Board of Directors of
The Lutheran Church - Canada
Alberta - British Columbia District

We have audited the balance sheets of the Current Fund, Restricted Fund, Church Extension Fund, Plant Fund, Foundation Fund and Agency Fund of The Lutheran Church - Canada, Alberta - British Columbia District as at January 31, 1996 and the statements of changes in fund balances for the year then ended. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In 1992, a District investment asset totalling \$1,017,217 was frozen by the United States Federal Bureau of Investigation pending an investigation of the investee corporation, B.H. Rothchild and Gray Ltd. Generally accepted accounting principles require that an adequate provision for possible loss be provided as a result of the doubt as to the District's ability to realize on this investment. If this provision for possible loss had been recognized investments changes in fund balances for the year, and fund equity would have been reduced by \$1,017,217.

In our opinion, except that no provision for the loss in value of this investment has been provided, as described in the preceding paragraph, these financial statements present fairly, in all material respects, the financial position of the District as at January 31, 1996 and the changes in fund balances for the year then ended in accordance with generally accepted accounting principles.

Chartered Accountants

May 28, 1996

**Deloitte Touche
Tohmatsu
International**

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THE LUTHERAN CHURCH - CANADA-ALBERTA-BRITISH COLUMBIA

Fund Balance Sheet

January 31, 1996

	Current Fund		Restricted Fund		Church Extension Fund		Plant Fund		Foundation Fund		Total All Funds	
	1996	1995	1996	1995	1996	1995	1996	1995	1996	1995	1996	1995
ASSETS												
CURRENT												
Cash	\$ 157,938	\$ 67,087	\$ 155	\$ -	\$ 1,778,468	\$ -	\$ -	\$ -	\$ (3,979)	\$ 11,854	\$ 1,937,582	\$ 78,941
Accrued interest	-	-	-	-	-	-	-	-	68,827	127,978	68,827	127,978
INVESTMENTS												
Loans and mortgage receivable (Note 3)	-	-	56,018	84,609	11,022,477	8,724,988	-	-	-	-	11,078,495	8,809,597
Investments (Note 4)	-	-	-	-	715,694	715,694	-	-	2,662,191	4,541,674	3,377,885	5,257,368
CAPITAL												
Advance sites	-	-	-	-	609,846	582,216	-	-	-	-	609,846	582,216
Office building	-	-	-	-	-	-	780,009	780,009	-	-	780,009	780,009
Equipment	-	-	-	-	-	-	79,368	79,368	-	-	79,368	79,368
Other properties	-	-	-	-	-	-	-	-	6,137,562	4,604,053	6,137,562	4,604,053
District cars	-	-	-	-	-	-	59,590	59,590	-	-	59,590	59,590
INTERFUND BALANCES												
Loans	-	-	-	-	8,530,900	4,499,549	(283,736)	(314,139)	(9,247,164)	(4,185,410)	-	-
Advances	(139,866)	(86,639)	139,839	86,912	(2,783,957)	2,647,307	347,808	354,211	2,436,176	(3,000,843)	-	-
	\$ 18,072	\$ (19,552)	\$ 196,012	\$ 171,521	\$ 19,873,428	\$ 17,169,754	\$ 983,039	\$ 959,039	\$ 3,448,613	\$ 2,099,306	\$ 24,119,164	\$ 20,379,120
LIABILITIES												
CURRENT												
Restricted endowments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 108,462	\$ 103,759	\$ 108,462	\$ 103,759
Accrued interest	-	-	-	-	132,156	129,529	-	-	-	-	132,156	129,529
Deposits payable (Note 5)	-	-	134,723	119,955	-	-	-	-	-	-	134,723	119,955
Bequest payable	-	-	-	-	-	-	-	-	72,046	135,221	72,046	135,221
Investor obligations (Note 6)	-	-	-	-	16,700,823	14,015,449	-	-	829,880	730,546	17,530,703	14,745,995
Notes payable (Note 7)	-	-	-	-	1,175,039	1,389,499	-	-	-	-	1,175,039	1,389,499
Current portion of long-term debt	-	-	-	-	-	-	-	-	181,738	-	181,738	-
	-	-	134,723	119,955	18,008,018	15,534,477	-	-	1,192,126	969,526	19,334,867	16,623,958
LONG-TERM DEBT (Note 8)												
	-	-	-	-	-	-	-	-	825,962	-	825,962	-
	18,072	(19,552)	61,289	51,566	1,865,410	1,635,271	983,039	959,039	1,030,525	1,128,832	3,958,335	3,755,162
FUND EQUITY												
	\$ 18,072	\$ (19,552)	\$ 196,012	\$ 171,521	\$ 19,873,428	\$ 17,169,754	\$ 983,039	\$ 959,039	\$ 3,448,613	\$ 2,099,306	\$ 24,119,164	\$ 20,379,120



THE LUTHERAN CHURCH - CANADA
ALBERTA-BRITISH COLUMBIA DISTRICT
Notes to the Financial Statements
Year ended January 31, 1996

1. BASIS OF PRESENTATION

In order to ensure observation of limitations and restrictions placed on the use of resources available to the District, the accounts are maintained on an accrual basis in accordance with the principles of "Fund Accounting". Fund accounting is the procedure whereby resources received and the subsequent use of those resources are classified for accounting and reporting purposes into funds which are in accordance with the activities or objectives specified by the source of the resource.

Within each fund group, fund balances restricted by outside sources are so indicated and are distinguished from funds allocated to specified purposes by the Board of Directors.

Gains and losses arising from the sale or other disposition of assets are accounted for in the fund which owned such assets. Ordinary income derived from investments is accounted for in the fund owning such assets. All other resources received are accounted for as revenue of the current fund.

The separate funds are maintained for the following purposes:

Current Fund

The Current Fund is used to account for the budgeted operations of the District. A portion of the administrative expenses are allocated to the Church Extension Fund based on a consistent percentage of specified expenses.

Restricted Fund

The Restricted Fund is used to record funds received by the District which are restricted for specific ministry projects and the disbursement of these funds for the specified purpose.

Church Extension Fund

The Church Extension Fund is used to record funds received from members at minimal interest for the purpose of providing financial support to congregations for capital purposes.

Plant Fund

The Plant Fund is used to record funds employed for capital purposes and to reflect investment in District owned property. Additions are recorded at cost or, if donated, at the fair market value on the date of the receipt of the gift. No depreciation is recorded on the physical plant and equipment. The cost of items disposed of is written off in the year as a charge to the net investment in plant.

Equipment provided by the Current Fund is recorded as an expense of that fund in the year of purchase.

THE LUTHERAN CHURCH - CANADA
ALBERTA-BRITISH COLUMBIA DISTRICT
Notes to the Financial Statements
Year ended January 31, 1996

4. INVESTMENTS

	1996		1995	
	Market Value	Cost		
Church Extension Fund				
B.H. Rothchild and Gray Ltd. - Lutheran Church	unknown	\$ 606,289	\$	606,289
Missouri Synod note	\$ 109,405	109,405		109,405
		715,694		715,694
Foundation Fund				
Stocks and bonds held by investment brokers and bankers	2,154,268	2,100,893		3,965,443
B.H. Rothchild and Gray Ltd.	unknown	410,928		410,928
Deposit accounts	150,370	150,370		165,303
		2,662,191		4,541,674
		\$ 3,377,885	\$	5,257,368

5. DEPOSITS PAYABLE - RESTRICTED FUND

Auto replacement deposits represent non-interest bearing funds deposited with the District. Church workers with deposits are eligible for interest-free auto loans.

**THE LUTHERAN CHURCH - CANADA
ALBERTA-BRITISH COLUMBIA DISTRICT**

Notes to the Financial Statements

Year ended January 31, 1996

6. INVESTOR OBLIGATIONS

	<u>1996</u>	<u>1995</u>
<i>Church Extension Fund</i>		
Notes payable to investors, due upon demand to 5 years, bearing interest from 5.00% to 9.25%	\$ 16,511,147	\$ 13,998,261
Stamps and savings, due upon demand, bearing interest of 3.50%	20,854	17,188
Balances payable to investors, due on demand, interest free.	168,822	-
	<u>16,700,823</u>	<u>14,015,449</u>
<i>Foundation Fund</i>		
Funds held and invested on behalf of Concordia Lutheran Seminary, having no fixed terms of repayment and bearing interest at the rates earned on amounts invested, less 0.5% to provide for administrative costs.	515,859	458,258
Funds held and invested on behalf of Concordia College, having no fixed terms of repayment and bearing interest at the rates earned on amounts invested, less 0.5% to provide for administrative costs.	314,021	272,288
	<u>829,880</u>	<u>730,546</u>
	\$ 17,530,703	\$ 14,745,995

7. NOTES PAYABLE

	Interest Rate	Maturity Date	<u>1996</u>	<u>1995</u>
<i>Church Extension Fund</i>				
Lutheran Church Canada, payable in blended monthly instalments of \$625.	1.00%	02/02	\$ 83,727	\$ 90,909
Lutheran Church Canada, payable in blended monthly instalments of US \$14,859 (due in U.S. \$794,606; 1995 - \$913,640).	6.75 %	01/02	1,091,312	1,298,590
			<u>\$ 1,175,039</u>	<u>\$ 1,389,499</u>

THE LUTHERAN CHURCH - CANADA
ALBERTA-BRITISH COLUMBIA DISTRICT
Notes to the Financial Statements
 Year ended January 31, 1996

7. NOTES PAYABLE (continued)

Principal repayments required in each of the next five years are as follows:

1997	\$182,027
1998	194,535
1999	207,927
2000	222,264
2001	287,169

8. LONG-TERM DEBT

	<u>1996</u>	<u>1995</u>
Loan agreement payable for purchase of lands for future development, secured by the land, bearing interest at 5% per annum and due in blended monthly payments of \$19,396.	\$ 1,007,700	\$ -
Less: amount due within one year	<u>181,738</u>	<u>-</u>
	<u>\$ 825,962</u>	<u>\$ -</u>

Principal repayments in next four years are as follows:

1997	\$181,738
1998	190,939
1999	200,605
2000	210,761
2001	223,657

9. DEFINED BENEFIT PLAN

The District participates in the Worker Benefit Plan of The Lutheran Church - Canada. Full-time employees are covered by this retirement and survivor program. The District contributes a fixed percentage of each participant's salary to the plan. Retirement and survivor program expenses for the period ended January 31, 1996 amounted to \$56,716 (1995 - \$51,765).

Deloitte & Touche

This is Exhibit "S" referred to in the
Affidavit of Courney Clark
sworn before me at Vancouver
this 23 day of February 2016

~~A Commissioner for taking Affidavits
within British Columbia~~

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Financial Statements of

**THE LUTHERAN CHURCH - CANADA
ALBERTA - BRITISH COLUMBIA
DISTRICT**

January 31, 1997

**Deloitte &
Touche****Deloitte & Touche
Chartered Accountants**2000 ManuLife Place
10180 - 101 Street
Edmonton, Alberta T5J 4E4Telephone: (403) 421-3611
Facsimile: (403) 421-3782

Auditors' Report

To the Board of Directors of
The Lutheran Church - Canada
Alberta - British Columbia District

We have audited the balance sheets of the Current Fund, Restricted Fund, Church Extension Fund, Plant Fund and Foundation Fund of The Lutheran Church - Canada, Alberta - British Columbia District as at January 31, 1997 and the statements of changes in fund balances for the year then ended. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the District as at January 31, 1997 and the changes in fund balances for the year then ended in accordance with generally accepted accounting principles.

Chartered Accountants

March 1, 1998

**Deloitte Touche
Tohmatsu
International**

Deloitte & Touche

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**THE LUTHERAN CHURCH - CANADA
ALBERTA-BRITISH COLUMBIA DISTRICT
Fund Balance Sheets
January 31, 1997**

	Current Fund		Restricted Fund		Church Extension Fund	
	1997	1996	1997	1996	1997	1996
ASSETS						
CASH AND RECEIVABLES						
Cash	\$ -	\$ 157,938	\$ 12,705	\$ 155	\$ 1,431,510	\$ 1,778,468
Accrued interest	-	-	-	-	-	-
Accounts receivable	11,743	-	-	-	-	-
INVESTMENTS						
Loans and mortgages receivable (Note 3)	-	-	67,764	56,018	12,068,677	11,022,477
Investments (Note 4)	-	-	-	-	3,977,024	715,694
CAPITAL						
Advance sites	-	-	-	-	-	609,846
Office building	-	-	-	-	-	-
Equipment	-	-	-	-	-	-
Other properties	-	-	-	-	-	-
District cars	-	-	-	-	-	-
INTERFUND BALANCES						
Loans	-	-	-	-	6,017,269	8,530,900
Advances	-	(139,866)	-	139,839	-	(2,783,957)
	\$ 11,743	\$ 18,072	\$ 80,469	\$ 196,012	\$ 23,494,480	\$ 19,873,428
LIABILITIES						
Bank indebtedness	\$ 11,743	\$ -	\$ -	\$ -	\$ -	\$ 132,156
Accrued interest	-	-	-	-	156,341	-
Deposits payable (Note 5)	-	-	128,252	134,723	-	-
Bequest payable	-	-	-	-	-	-
Investor obligations (Note 6)	-	-	-	-	20,565,554	16,700,823
Notes payable (Note 7)	-	-	-	-	940,517	1,175,039
Loan agreement payable (Note 8)	-	-	-	-	-	-
	11,743	-	128,252	134,723	21,662,412	18,008,018
	-	18,072	(47,783)	61,289	1,832,068	1,865,410
	\$ 11,743	\$ 18,072	\$ 80,469	\$ 196,012	\$ 23,494,480	\$ 19,873,428
FUND EQUITY						

**THE LUTHERAN CHURCH - CANADA
ALBERTA-BRITISH COLUMBIA DISTRICT**

**Fund Balance Sheets
January 31, 1997**

Deloitte & Touche

	Plant Fund			Foundation Fund			Total All Funds	
	1997	1996	1997	1997	1996	1997	1996	1996
ASSETS								
CASH AND RECEIVABLES								
Cash	\$ -	\$ -	\$ 42,533	\$ -	\$ (3,979)	\$ 1,486,748	\$ -	\$ 1,932,582
Accrued interest	-	-	159,559	-	68,827	159,559	-	68,827
Accounts receivable	-	-	-	-	-	11,743	-	-
INVESTMENTS								
Loans and mortgages receivable (Note 3)	-	-	-	-	-	12,136,441	-	11,078,495
Investments (Note 4)	-	-	1,564,896	-	2,662,191	5,541,920	-	3,377,885
CAPITAL								
Advance sites	-	-	-	-	-	-	-	609,846
Office building	780,009	780,009	-	-	-	780,009	-	780,009
Equipment	75,624	79,368	-	-	-	75,624	-	79,368
Other properties	6,908,393	-	-	-	6,132,562	6,908,393	-	6,132,562
District cars	-	59,590	-	-	-	-	-	59,590
INTERFUND BALANCES								
Loans	(6,017,269)	(283,736)	-	-	(8,247,164)	-	-	-
Advances	-	1,355,508	-	-	1,428,476	-	-	-
	\$ 1,746,757	\$ 1,990,739	\$ 1,766,988	\$ 2,040,913	\$ 2,040,913	\$ 27,100,437	\$ -	\$ 24,119,164
LIABILITIES								
Bank indebtedness	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 11,743	\$ -	\$ 132,156
Accrued interest	-	-	-	-	-	156,341	-	134,723
Deposits payable (Note 5)	-	-	-	-	-	128,252	-	72,046
Request payable	-	-	-	-	72,046	-	-	18,112,785
Investor obligations (Note 6)	-	-	1,556,584	-	1,411,962	940,517	-	1,175,039
Notes payable (Note 7)	-	-	-	-	-	825,962	-	1,007,700
Loan agreement payable (Note 8)	825,962	1,007,700	-	-	-	24,184,953	-	20,634,449
	\$ 825,962	\$ 1,007,700	\$ 1,556,584	\$ 1,484,008	\$ 1,484,008	\$ 2,915,484	\$ -	\$ 3,484,715
FUND EQUITY								
	\$ 920,795	\$ 983,039	\$ 210,404	\$ 556,905	\$ 556,905	\$ 27,100,437	\$ -	\$ 24,119,164
	\$ 1,746,757	\$ 1,990,739	\$ 1,766,988	\$ 2,040,913	\$ 2,040,913	\$ 27,100,437	\$ -	\$ 24,119,164

THE LUTHERAN CHURCH - CANADA-ALBERTA-BRITISH COLUMBIA DISTRICT
Statement of Changes in Fund Balances
Year ended January 31, 1997

	Plant Fund		Foundation Fund		Total All Funds	
	1997	1996	1997	1996	1997	1996
SUPPORT AND REVENUE						
Support	\$ -	\$ -	\$ -	\$ -	\$ 1,260,932	\$ 1,286,396
District congregations	-	-	-	-	59,000	47,600
Gifts and grants	-	-	-	-	427,583	552,517
Lutheran Church - Canada	-	-	-	110,293	-	-
Other	-	-	-	-	2,197,118	1,236,968
Revenue	-	-	270,313	217,777	270,313	217,777
Interest income	-	-	-	-	109,830	37,610
Investment income	-	-	-	-	-	-
Conventions and conferences	-	-	270,313	328,070	4,324,776	3,378,868
EXPENDITURES						
Designated	-	-	-	-	500,000	465,000
Lutheran Church - Canada	-	-	-	-	732,833	727,246
Program services	-	-	-	-	391,600	385,646
Mission and ministry	-	-	90,788	80,972	219,720	205,235
Support and administration	-	-	-	-	1,260	1,835
P parish services	-	-	-	-	174,687	34,183
Special services	-	-	-	-	190,593	213,444
Conventions and conferences	-	-	-	-	1,699,914	1,088,781
Operations - Church Extension Fund	86,244	-	148,015	72,048	-	-
Interest	-	-	-	-	-	54,325
Other	-	-	378,011	-	984,300	-
Foreign exchange loss	-	-	-	-	-	-
Write-off of investment	-	-	-	-	4,894,007	3,175,695
	86,244	-	616,814	153,020	-	-
NET (DECREASE) INCREASE BEFORE TRANSFERS	(86,244)	-	(346,501)	175,050	(569,231)	203,173
TRANSFERS						
Interest	24,000	24,000	-	(273,357)	-	-
Loan repayment	-	-	-	-	-	-
NET (DECREASE) INCREASE AFTER TRANSFERS AND ADJUSTMENTS	(62,244)	24,000	(346,501)	(98,307)	(569,231)	203,173
FUND BALANCE, BEGINNING OF YEAR (Note 10)	983,039	959,039	556,905	655,212	3,484,715	3,281,542
FUND BALANCE, END OF YEAR	\$ 920,795	\$ 983,039	\$ 210,404	\$ 556,905	\$ 2,915,484	\$ 3,484,715

THE LUTHERAN CHURCH - CANADA
ALBERTA-BRITISH COLUMBIA DISTRICT
Notes to the Financial Statements
Year ended January 31, 1997

1. BASIS OF PRESENTATION

In order to ensure observation of limitations and restrictions placed on the use of resources available to the District, the accounts are maintained on an accrual basis in accordance with the principles of "Fund Accounting". Fund accounting is the procedure whereby resources received and the subsequent use of those resources are classified for accounting and reporting purposes into funds which are in accordance with the activities or objectives specified by the source of the resource.

Within each fund group, fund balances restricted by outside sources are so indicated and are distinguished from funds allocated to specified purposes by the Board of Directors.

Gains and losses arising from the sale or other disposition of assets are accounted for in the fund which owned such assets. Ordinary income derived from investments is accounted for in the fund owning such assets. All other resources received are accounted for as revenue of the current fund.

The separate funds are maintained for the following purposes:

Current Fund

The Current Fund is used to account for the budgeted operations of the District. A portion of the administrative expenses are allocated to the Church Extension Fund based on a consistent percentage of specified expenses.

Restricted Fund

The Restricted Fund is used to record funds received by the District which are restricted for specific ministry projects and the disbursement of these funds for the specified purpose.

Church Extension Fund

The Church Extension Fund is used to record funds received from members at minimal interest for the purpose of providing financial support to congregations for capital purposes.

Plant Fund

The Plant Fund is used to record funds employed for capital purposes and to reflect investment in District owned property. Additions are recorded at cost or, if donated, at the fair market value on the date of the receipt of the gift. No depreciation is recorded on the physical plant and equipment. The cost of items disposed of is written off in the year as a charge to the net investment in plant.

Equipment provided by the Current Fund is recorded as an expense of that fund in the year of purchase.

THE LUTHERAN CHURCH - CANADA
ALBERTA-BRITISH COLUMBIA DISTRICT
Notes to the Financial Statements
Year ended January 31, 1997

1. BASIS OF PRESENTATION (continued)

Foundation Fund

The Foundation Fund is used to record funds received by way of specific bequests or donations; the purpose of which is to provide separate accountability of these funds in accordance with the donor's instruction.

2. ACCOUNTING POLICIES

The District is a not-for-profit organization. These financial statements have been prepared in accordance with generally accepted accounting principles and reflect the following accounting policies:

Investments

Investments are recorded at cost.

Capital assets

Advance sites, office building, equipment, and other properties are recorded at cost. No depreciation is provided on the office building, equipment and other properties.

3. LOANS AND MORTGAGES RECEIVABLE

Restricted Fund

Represents interest-free unsecured automobile loans made to pastors of the District. Maturity dates of these loans vary.

Church Extension Fund

Maturity dates of loans receivable vary with interest rates ranging from 7.0% to 10.5% per annum and are secured by the individual properties to which they relate.

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THE LUTHERAN CHURCH - CANADA
ALBERTA-BRITISH COLUMBIA DISTRICT
Notes to the Financial Statements
Year ended January 31, 1997

4. INVESTMENTS

	1997		1996
	Market Value	Cost	Cost
Stocks and bonds held by investment brokers and bankers	\$ 5,574,408	\$ 5,282,145	\$ 2,100,893
B.H. Rothchild and Gray Ltd.	-	-	1,017,217
Missouri Synod note	109,405	109,405	109,405
Deposit accounts	150,370	150,370	150,370
	<u>\$ 5,834,183</u>	<u>\$ 5,541,920</u>	<u>\$ 3,377,885</u>

5. DEPOSITS PAYABLE - RESTRICTED FUND

Auto replacement deposits represent non-interest bearing funds deposited with the District. Church workers with deposits are eligible for interest-free auto loans.

THE LUTHERAN CHURCH - CANADA
ALBERTA-BRITISH COLUMBIA DISTRICT
Notes to the Financial Statements
Year ended January 31, 1997

6. INVESTOR OBLIGATIONS

	<u>1997</u>	<u>1996</u>
<i>Church Extension Fund</i>		
Notes payable to investors, due upon demand to 5 years, bearing interest from 5.00% to 9.25%.	\$ 20,335,882	\$ 16,511,147
Stamps and savings, due upon demand, bearing interest of 3.50%	24,761	20,854
Balances payable to investors, due on demand, interest free.	204,911	168,822
	<u>20,565,554</u>	<u>16,700,823</u>
<i>Foundation Fund</i>		
Funds held and invested on behalf of various agencies and entities of Lutheran Church Canada, having no fixed terms of repayment and bearing interest at the rates earned on amounts invested, less 1.0% to provide for administrative	520,013	582,082
Funds held and invested on behalf of Concordia Lutheran Seminary, having no fixed terms of repayment and bearing interest at the rates earned on amounts invested, less 0.5% to provide for administrative costs.	615,710	515,859
Funds held and invested on behalf of Concordia College, having no fixed terms of repayment and bearing interest at the rates earned on amounts invested, less 1.0% to provide for administrative costs.	420,861	314,021
	<u>1,556,584</u>	<u>1,411,962</u>
	<u>\$ 22,122,138</u>	<u>\$ 18,112,785</u>

Deloitte & Touche

**THE LUTHERAN CHURCH - CANADA
ALBERTA-BRITISH COLUMBIA DISTRICT**

Notes to the Financial Statements

Year ended January 31, 1997

7. NOTES PAYABLE

	Interest Rate	Maturity Date	1997	1996
<i>Church Extension Fund</i>				
Lutheran Church Canada, payable in blended monthly instalments of \$625.	1.00%	02/02	\$ 77,028	\$ 83,727
Lutheran Church Canada, payable in blended monthly instalments of US \$14,859	6.75 %	01/02	863,489	1,091,312
			<u>\$ 940,517</u>	<u>\$ 1,175,039</u>

Principal repayments required in each of the next five years are as follows:

1998	\$ 190,925
1999	204,061
2000	218,125
2001	282,735
2002	44,671

8. LOAN AGREEMENT PAYABLE

	1997	1996
Loan agreement payable for purchase of lands for future development, secured by the land, bearing interest at 5% per annum and due in blended monthly payments of \$19,396.	\$ 825,962	\$ 1,007,700

Principal repayments in next four years are as follows:

1998	\$ 190,939
1999	200,605
2000	210,761
2001	223,657

THE LUTHERAN CHURCH - CANADA
ALBERTA-BRITISH COLUMBIA DISTRICT
Notes to the Financial Statements
 Year ended January 31, 1997

9. DEFINED BENEFIT PLAN

The District participates in the Worker Benefit Plan of The Lutheran Church - Canada. Full-time employees are covered by this retirement and survivor program. The District contributes a fixed percentage of each participant's salary to the plan. Retirement and survivor program expenses for the period ended January 31, 1997 amounted to \$56,951 (1996 - \$56,716).

10. CORRECTION OF AN ACCOUNTING ERROR

The Foundation Fund, 1996 beginning of year equity has been adjusted by \$473,620 to reflect the reclassification of investor obligations from equity to a liability. This adjustment has had the effect of increasing investor obligations by \$473,620 and decreasing the Foundation Fund, 1996 beginning of year equity by \$473,620.

The effect of the above on the 1996 beginning of year balance is as follows:

	1996 Foundation Fund	1996 Total of all Funds
Fund balance, beginning of year, as previously reported	\$ 1,128,832	\$ 3,755,162
Correction of accounting error	(473,620)	(473,620)
Fund balance, beginning of year, as restated	\$ 655,212	\$ 3,281,542

11. COMPARATIVE FIGURES

Certain of the comparative figures have been reclassified to conform to the current years presentation.

Deloitte & Touche

This is Exhibit "7" referred to in the
Affidavit of Courtney Clark
sworn before me at Vancouver
this 23 day of February 2016

~~A Commissioner for taking Affidavits
within British Columbia~~

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Financial Statements of

**THE LUTHERAN CHURCH - CANADA
ALBERTA - BRITISH COLUMBIA
DISTRICT**

January 31, 1998

**Deloitte &
Touche****Deloitte & Touche
Chartered Accountants**2000 ManuLife Place
10180 - 101 Street
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Auditors' Report

To the Board of Directors of
The Lutheran Church - Canada
Alberta - British Columbia District

We have audited the balance sheets of the Current Fund, Restricted Fund, Church Extension Fund, Plant Fund and Foundation Fund of The Lutheran Church - Canada, Alberta - British Columbia District as at January 31, 1998 and the statements of changes in fund balances for the year then ended. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the District as at January 31, 1998 and the changes in fund balances for the year then ended in accordance with generally accepted accounting principles.

Chartered Accountants

May 15, 1998

**Deloitte Touche
Tohmatsu
International**

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**THE LUTHERAN CHURCH - CANADA
ALBERTA-BRITISH COLUMBIA DISTRICT
Fund Balance Sheets**

January 31, 1998

	Current Fund		Restricted Fund		Church Extension Fund	
	1998	1997	1998	1997	1998	1997
ASSETS						
CASH AND RECEIVABLES						
Cash	\$ -	\$ -	\$ 107,151	\$ 12,705	\$ 461,507	\$ 1,431,510
Accrued interest	-	-	-	-	-	-
Accounts receivable	5,022	11,743	-	-	-	-
INVESTMENTS						
Loans and mortgages receivable (Note 3)	-	-	58,328	67,764	12,267,136	12,068,677
Investments (Note 4)	-	-	4,642	-	3,442,700	3,977,024
CAPITAL						
Office building	-	-	-	-	-	-
Equipment	-	-	-	-	-	-
Other properties	-	-	-	-	-	-
District cars	-	-	-	-	-	-
INTERFUND BALANCES						
Loans	-	-	-	-	9,735,162	6,017,269
	\$ 5,022	\$ 11,743	\$ 170,121	\$ 80,469	\$ 25,906,505	\$ 23,494,480
LIABILITIES						
Bank indebtedness	\$ 194,922	\$ 11,743	\$ -	\$ -	\$ -	\$ -
Accrued interest	-	-	-	-	119,565	156,341
Deposits payable (Note 5)	-	-	113,232	128,252	-	-
Investor obligations (Note 6)	-	-	-	-	23,094,335	20,565,554
Notes payable (Note 7)	-	-	-	-	663,640	940,517
Loan agreement payable (Note 8)	-	-	-	-	-	-
	194,922	11,743	113,232	128,252	23,877,540	21,662,412
	(189,900)	-	56,889	(47,783)	2,028,965	1,832,068
FUND EQUITY						
	\$ 5,022	\$ 11,743	\$ 170,121	\$ 80,469	\$ 25,906,505	\$ 23,494,480

THE LUTHERAN CHURCH - CANADA
ALBERTA-BRITISH COLUMBIA DISTRICT
Fund Balance Sheets
January 31, 1998

	Plant Fund		Foundation Fund		Total All Funds	
	1998	1997	1998	1997	1998	1997
ASSETS						
CASH AND RECEIVABLES						
Cash	\$ -	\$ -	\$ 45,289	\$ 42,533	\$ 613,947	\$ 1,486,748
Accrued interest	-	-	108,966	159,559	108,966	159,559
Accounts receivable	-	-	-	-	5,022	11,743
INVESTMENTS						
Loans and mortgages receivable (Note 3)	-	-	-	-	12,325,464	12,136,441
Investments (Note 4)	-	-	2,092,875	1,564,896	5,540,217	5,541,920
CAPITAL						
Office building	780,009	780,009	-	-	780,009	780,009
Equipment	87,701	75,624	-	-	87,701	75,624
Other properties	10,454,002	6,908,393	-	-	10,454,002	6,908,393
INTERFUND BALANCES						
Loans	(9,735,162)	(6,017,269)	-	-	-	-
	\$ 1,586,550	\$ 1,746,757	\$ 2,247,130	\$ 1,766,988	\$ 29,915,328	\$ 27,100,437
LIABILITIES						
Bank indebtedness	\$ -	\$ -	\$ -	\$ -	\$ 194,922	\$ 11,743
Accrued interest	-	-	-	-	119,565	156,341
Deposits payable (Note 5)	-	-	-	-	113,232	128,252
Investor obligations (Note 6)	-	-	2,066,838	1,556,584	25,161,173	22,122,138
Notes payable (Note 7)	-	-	-	-	663,640	940,517
Loan agreement payable (Note 8)	635,023	825,962	-	-	635,023	825,962
	635,023	825,962	2,066,838	1,556,584	26,887,555	24,184,953
FUND EQUITY						
	\$ 951,527	\$ 920,795	\$ 180,292	\$ 210,404	\$ 3,027,773	\$ 2,915,484
	\$ 1,586,550	\$ 1,746,757	\$ 2,247,130	\$ 1,766,988	\$ 29,915,328	\$ 27,100,437

THE LUTHERAN CHURCH - CANADA-ALBERTA-BRITISH COLUMBIA DISTRICT
Statement of Changes in Fund Balances
 Year ended January 31, 1998

	Current Fund			Restricted Fund			Church Extension		
	1998	1997	1998	1997	1998	1997	1998	1997	
SUPPORT AND REVENUE									
Support									
District congregations	\$ 1,171,359	\$ 1,250,932	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Gifts and grants	64,000	59,000	-	-	-	-	-	-	
Lutheran Church - Canada	74,101	238,665	150,313	146,446	2,586	42,472	2,586	42,472	
Other	-	-	-	-	-	-	1,851,604	2,197,118	
Revenue	-	-	179,857	109,830	-	-	-	-	
Interest income	-	-	-	-	-	-	-	-	
Conventions and conferences	-	-	330,170	256,276	1,854,190	2,239,590	-	-	
	1,309,460	1,558,597	330,170	256,276	1,854,190	2,239,590			
EXPENDITURES									
Designated									
Lutheran Church - Canada	500,000	500,000	-	-	-	-	-	-	
Program services	545,952	584,144	81,185	148,689	-	-	-	-	
Mission and ministry	238,509	258,840	7,021	41,972	-	-	-	-	
Support and administration	182,118	219,720	-	-	-	-	-	-	
Parish services	1,400	1,260	-	-	-	-	-	-	
Special services	-	-	135,292	174,687	-	-	-	-	
Conventions and conferences	-	-	-	-	-	-	250,595	190,593	
Operations - Church Extension	-	-	-	-	-	-	1,405,096	1,464,755	
Interest	-	-	-	-	-	-	-	-	
Other	-	-	-	-	-	-	-	606,289	
Write-off of investment	-	-	-	-	-	-	-	-	
	1,467,978	1,563,964	223,498	365,348	1,655,691	2,261,637			
NET (DECREASE) INCREASE BEFORE TRANSFERS	(158,518)	(5,367)	106,672	(109,072)	198,499	(22,047)			
TRANSFERS									
Equipment	(7,382)	-	(2,000)	-	(6,946)	-	-	-	
Debt payments on district office	(24,000)	(24,000)	-	-	17,236	-	-	-	
Interest on development sites not capitalized	-	11,295	-	-	(11,892)	(11,295)	-	-	
NET (DECREASE) INCREASE AFTER TRANSFERS	(189,900)	(18,072)	104,672	(109,072)	196,897	(33,342)			
FUND BALANCE, BEGINNING OF YEAR (Note 10)									
	-	18,072	(47,783)	61,289	1,832,068	1,865,410			
FUND BALANCE, END OF YEAR	\$ (189,900)	\$ -	\$ 56,889	\$ (47,783)	\$ 2,028,965	\$ 1,832,068			

THE LUTHERAN CHURCH - CANADA-ALBERTA-BRITISH COLUMBIA DISTRICT
Statement of Changes in Fund Balances
Year ended January 31, 1998

	Plant Fund		Foundation Fund		Total All Funds	
	1998	1997	1998	1997	1998	1997
SUPPORT AND REVENUE						
Support	\$ -	\$ -	\$ -	\$ -	\$ 1,171,359	\$ 1,260,932
District congregations						
Gifts and grants	-	-	-	-	64,000	59,000
Lutheran Church - Canada	-	-	53,999	-	280,999	427,583
Other	-	-	-	-	-	-
Revenue	-	-	366,880	270,313	2,218,484	2,467,431
Investment income	-	-	-	-	179,857	109,830
Conventions and conferences	-	-	420,879	270,313	3,914,698	4,324,776
EXPENDITURES						
Designated						
Lutheran Church - Canada	-	-	-	-	500,000	500,000
Program services						
Mission and ministry	-	-	-	-	627,137	732,833
Support and administration	-	-	115,498	90,788	361,027	391,600
Fellowship services	-	-	-	-	182,118	219,720
Special services	-	-	-	-	1,400	1,260
Conventions and conferences	-	-	-	-	135,292	174,687
Operations - Church Extension Fund	-	-	-	-	250,595	190,593
Interest	-	86,244	335,492	148,015	1,740,588	1,699,014
Other	4,252	-	-	378,011	4,252	984,300
Write-off of investment	4,252	86,244	450,990	616,814	3,802,409	4,894,007
NET (DECREASE) INCREASE BEFORE TRANSFERS	(4,252)	(86,244)	(30,113)	(346,501)	112,290	(569,231)
TRANSFERS						
Equipment	16,328	-	-	-	-	-
Debt payments on district office	6,764	24,000	-	-	-	-
Interest on development sites not capitalized	11,892	-	-	-	-	-
NET (DECREASE) INCREASE AFTER TRANSFERS	30,732	(62,244)	(30,111)	(346,501)	112,290	(569,231)
FUND BALANCE, BEGINNING OF YEAR	920,795	983,039	210,404	556,905	2,915,483	3,484,715
FUND BALANCE, END OF YEAR	\$ 951,527	\$ 920,795	\$ 180,292	\$ 210,404	\$ 3,027,773	\$ 2,915,484

THE LUTHERAN CHURCH - CANADA
ALBERTA-BRITISH COLUMBIA DISTRICT
Notes to the Financial Statements
Year ended January 31, 1998

1. BASIS OF PRESENTATION

In order to ensure observation of limitations and restrictions placed on the use of resources available to the District, the accounts are maintained on an accrual basis in accordance with the principles of "Fund Accounting". Fund accounting is the procedure whereby resources received and the subsequent use of those resources are classified for accounting and reporting purposes into funds which are in accordance with the activities or objectives specified by the source of the resource.

Within each fund group, fund balances restricted by outside sources are so indicated and are distinguished from funds allocated to specified purposes by the Board of Directors.

Gains and losses arising from the sale or other disposition of assets are accounted for in the fund which owned such assets. Ordinary income derived from investments is accounted for in the fund owning such assets. All other resources received are accounted for as revenue of the current fund.

The separate funds are maintained for the following purposes:

Current Fund

The Current Fund is used to account for the budgeted operations of the District. A portion of the administrative expenses are allocated to the Church Extension Fund based on a consistent percentage of specified expenses.

Restricted Fund

The Restricted Fund is used to record funds received by the District which are restricted for specific ministry projects and the disbursement of these funds for the specified purpose.

Church Extension Fund

The Church Extension Fund is used to record funds received from members at minimal interest for the purpose of providing financial support to congregations for capital purposes.

Plant Fund

The Plant Fund is used to record funds employed for capital purposes and to reflect investment in District owned property. Additions are recorded at cost or, if donated, at the fair market value on the date of the receipt of the gift. No depreciation is recorded on the physical plant and equipment. The cost of items disposed of is written off in the year as a charge to the net investment in plant. Equipment provided by the Current Fund is recorded as an expense of that fund in the year of purchase.

Interest on funds borrowed from the Church Extension Fund is capitalized (subject to a fair market value test) in the determination of the cost of Other Properties. The amount capitalized during the year was \$328,131 and cumulative interest capitalized to date totaled \$1,402,597 (Jan 31, 1997 - \$1,074,466).

**THE LUTHERAN CHURCH - CANADA
ALBERTA-BRITISH COLUMBIA DISTRICT**

Notes to the Financial Statements

Year ended January 31, 1998

1. BASIS OF PRESENTATION (continued)

Foundation Fund

The Foundation Fund is used to record funds received by way of specific bequests or donations; the purpose of which is to provide separate accountability of these funds in accordance with the donor's instruction.

2. ACCOUNTING POLICIES

The District is a not-for-profit organization. These financial statements have been prepared in accordance with generally accepted accounting principles and reflect the following accounting policies:

Investments

Investments are recorded at cost.

Capital assets

Advance sites, office building, equipment, and other properties are recorded at cost. No depreciation is provided on the office building, equipment and other properties.

3. LOANS AND MORTGAGES RECEIVABLE

Restricted Fund

Represents interest-free unsecured automobile loans made to pastors of the District. Maturity dates of these loans vary.

Church Extension Fund

Maturity dates of loans receivable vary with interest rates ranging from 7.0% to 10.5% per annum and are secured by the individual properties to which they relate.

THE LUTHERAN CHURCH - CANADA
ALBERTA-BRITISH COLUMBIA DISTRICT

Notes to the Financial Statements

Year ended January 31, 1998

4. INVESTMENTS

	1998		1997
	Market Value	Cost	Cost
Stocks and bonds held by investment brokers and bankers	\$ 5,947,775	\$ 5,684,616	\$ 5,282,145
Missouri Synod note	-	-	109,405
Deposit accounts	(144,399)	(144,399)	150,370
	<u>\$ 5,803,376</u>	<u>\$ 5,540,217</u>	<u>\$ 5,541,920</u>

5. DEPOSITS PAYABLE - RESTRICTED FUND

Auto replacement deposits represent non-interest bearing funds deposited with the District. Church workers with deposits are eligible for interest-free auto loans.

THE LUTHERAN CHURCH - CANADA
ALBERTA-BRITISH COLUMBIA DISTRICT

Notes to the Financial Statements

Year ended January 31, 1998

6. INVESTOR OBLIGATIONS

	1998	1997
<i>Church Extension Fund</i>		
Notes payable to investors, due upon demand to 5 years, bearing interest from 5.00% to 9.25%.	\$ 22,818,594	\$ 20,335,882
Stamps and savings, due upon demand, bearing interest of 3.5%.	29,939	24,761
Balances payable to investors, due on demand, interest free.	245,802	204,911
	23,094,335	20,565,554
<i>Foundation Fund</i>		
Funds held and invested on behalf of various agencies and entities of Lutheran Church Canada, having no fixed terms of repayment and bearing interest at the rates earned on amounts invested, less 1.0% to provide for administrative costs.	955,206	520,012
Funds held and invested on behalf of Concordia Lutheran Seminary, having no fixed terms of repayment and bearing interest at the rates earned on amounts invested, less 0.5% to provide for administrative costs.	648,958	615,710
Funds held and invested on behalf of Concordia College, having no fixed terms of repayment and bearing interest at the rates earned on amounts invested, less 1.0% to provide for administrative costs.	462,674	420,862
	2,066,838	1,556,584
	\$ 25,161,173	\$ 22,122,138

THE LUTHERAN CHURCH - CANADA
ALBERTA-BRITISH COLUMBIA DISTRICT

Notes to the Financial Statements

Year ended January 31, 1998

7. NOTES PAYABLE

	Interest Rate	Maturity Date	1998	1997
<i>Church Extension Fund</i>				
Lutheran Church Canada, payable in blended monthly instalments of \$625.	1.00%	02/02	\$ 70,768	\$ 77,028
Lutheran Church Canada, payable in blended monthly instalments of US \$14,859	6.75 %	01/02	592,872	863,489
			\$ 663,640	\$ 940,517

Principal repayments required in each of the next three years are as follows:

1999	\$ 232,641
2000	248,733
2001	182,266

8. LOAN AGREEMENT PAYABLE

	1998	1997
Loan agreement payable for purchase of lands for future development, secured by the land, bearing interest at 5% per annum annum and due in blended monthly payments of \$19,396.	\$ 635,023	\$ 825,962

Principal repayments in next three years are as follows:

1999	\$ 200,605
2000	210,761
2001	223,657

**THE LUTHERAN CHURCH - CANADA
ALBERTA-BRITISH COLUMBIA DISTRICT**

Notes to the Financial Statements

Year ended January 31, 1998

9. DEFINED BENEFIT PLAN

The District participates in the Worker Benefit Plan of The Lutheran Church - Canada. Full-time employees are covered by this retirement and survivor program. The District contributes a fixed percentage of each participant's salary to the plan. Retirement and survivor program expenses for the period ended January 31, 1998 amounted to \$ 55,501 (1997 - \$56,951).

**Deloitte &
Touche****Chartered Accountants**2000 Manulife Place
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Facsimile: (403) 421-3782

July 10, 1998

Rev. Dr. Harry Ruf, District President
The Lutheran Church - Canada
Alberta - British Columbia District
7100 Ada Boulevard
Edmonton, Alberta T5B 4E4

Dear Sirs::

CONSTRUCTIVE SERVICE COMMENTS

In planning and performing our audit of the financial statements of the District for the year ended January 31, 1998 (on which we have issued our report dated May 15, 1998), we considered the internal control structure and accounting practices in order to determine our auditing procedures for the purpose of expressing an opinion on the financial statements. During application of these procedures, the following observations arose that we feel should be brought to your attention.

Governance**Observation**

The Lutheran Church-Canada, ABC District Board is responsible for stewardship over the districts activities. This stewardship responsibility includes financial management governance in addition to providing direction and guidance over the overall mission of the District.

Financial management includes the establishment of an appropriate internal control process and financial reporting standards including the monitoring of supporting accounting policies that provide the basis of the financial reports presented. While the role of the Board should not include an active role in the day to day financial activities of the District, we believe that it is time for a senior member or a sub-committee of the Board be fully review all of the detailed financial activities of the District and how

Rev. Dr. Harry Ruf, District President
Page 2

management accounts for these activities. With assets of \$26,000,000 at the District level and a growing RRSP fund, the assets under stewardship are very significant.

Implication

With the rapid increase in both the complexity and volume of financial activities, the inherent risk of error in financial records is increasing. It is our view that the Board is at significant risk of not properly maintaining its stewardship role and not detecting any potential misuse of district funds or misuse of district assets.

Recommendation

We suggest that a member of or sub-committee of the Board be charged with the responsibility to become review in detail all financial operations of the District including activities such as the Peace of Peace project, how District staff discharge their fiduciary responsibilities and the appropriateness of the accounting policies followed.

We further suggest that this person or sub-committee meet with the external auditors at least annually and that this person or committee formally report annually to the full Board as part of the annual financial statement approval process. The district should also provide, to the board, reports that explain any fluctuations from budget within these quarterly or semi-annually statements. This requirement would better facilitate stewardship and allow the board to stay apprised of District activities.

We are pleased to provide to you a copy of two publications, should your Board decide to implement our recommendation, or a variation thereof, entitled:

- "The Effective Not-for-Profit Board"
- "Not-for-Profit Audit Committees"

These two publications can assist you in redefining the terms of reference for this person or committee

Financial Reporting - Inclusion on all Unpaid Amounts

Observation

A basic assumption in financial reporting is that a financial statement be prepared on an accrual basis and that revenues and expenses be matched within each financial reporting period.

Rev. Dr. Harry Ruf, District President
Page 3

Current accounting practices leads to difficulty to account for year end unpaid amounts as part of the normal year end reporting procedures. Our audit procedures are extended each year to ensure that material unpaid amounts are included, however, we note that this is an increasingly difficult area to audit.

While material amounts identified during the audit process were adjusted, primarily related to the Peace of Christ seniors home project, immaterial amounts have not been adjusted due to the additional work required. At January 31, 1998, we have noted additional minor (for audit reporting purposes) known and estimated additional errors in the records overstate net assets by \$76,203. Of these amounts, approximately \$48,000 relates to unrecorded liabilities. In the prior years, the same amount was \$49,198 in total and \$20,000 relating to unrecorded liabilities.

Implication

While the extended audit procedures identify and correct the initial financial statements for material amounts, failure to account for unpaid amounts on a routine basis could result in inappropriate financial reports used by management and the Board to govern financial activities. In addition, the cost of the audit is considerably higher than required.

Recommendation

The District should maintain a record of unpaid amounts by the use of a accounts payable system for all construction projects and for all major operating expenditures. In addition, a year end review of the recorded cut-off of unpaid amounts at January 31, of each year should be undertaken prior to closing the general and sub-ledgers for the year. With the addition in accounting staff in the District office, coupled with modification of reporting procedures for financial transactions managed outside the office such as the senior's housing project, we believe that this can be accomplished in the 1999 fiscal year.

Accounting for Investment Income Earned

Observation

Unrealized appreciation in mutual fund value investment balances based on market value fluctuations was being recognized in the financial statements as interest income

Rev. Dr. Harry Ruf, District President
Page 4

and accrued interest. At January 31, 1998, it was determined that the pooled investment income was overstated by \$230,156 as a result on recording unrealized potential gains.

Implication

The accounting policy for investments adopted by the District at this point in time is to record investments at amortized cost. Accordingly, gains should not be recognized until realized, meaning that appreciation in mutual funds should not be recorded until the mutual fund is sold and the gain is realized.

Recommendation

The District should continue to track appreciation on mutual funds to evaluate performance of investments. However, for financial statement purposes, in order to comply with stated accounting policies, gains not be recognized until realized or, if an unrealized loss is present, if the loss is deemed to be not permanent in nature, that the loss be recognized in the period the loss is assessed as permanent.

However, we also suggest that as part of the review of changes to accounting policies related to the new financial reporting standards for 1999 and forward, discussions should include determining if a change in policy to account for investments at market values should be made.

Titles for District Property

Observation

During the audit of a sample of titles to District properties, it was noted that not all District property has had the title transferred to the District.

Implication

In the event of a dispute the District, without title, would have no claim to the property in question.

Rev. Dr. Harry Ruf, District President
Page 5

Recommendation

We suggest that a review of all District owned properties be undertaken to confirm that title to all properties is properly registered in the name of Lutheran Church-Canada, ABC District.

Investment Procedures

Observation

When investors in the Church Extension Fund decide to withdraw or adjust their investment current policy permits the disbursement cheque to be generated based on telephone instructions. While paper documentation is prepared and forwarded to the investor, no follow-up as to receipt of this documentation is done as this would be a time consuming process. Accordingly, the District does not always receive signed evidence that the investor has authorized the transaction.

Implication

The District is in a vulnerable position should an investor ever dispute a withdrawal or transfer. The District would have nothing to substantiate their position that it was the investor who initiated the transaction.

Recommendation

While we understand that the reason telephone calls are accepted as the basis of generating the disbursement documents and the District experience to date has shown that no problems have developed, this is an area of in which risk exists. We suggest that as a minimum, the Board re-review this policy to confirm if the risk is acceptable.

Financial Reporting Standards

Observation

Any not-for-profit Organization with a fiscal period starting after April 1, 1998 is required to amortize capital assets and make retroactive adjustments to reflect the net book value as if the asset had been depreciated since purchase.

Rev. Dr. Harry Ruf, District President
Page 6

In addition, modification to the format as well as the net equity balance of certain funds in the external financial reporting package may be required once it is decided which of the two methods of accounting is the most appropriate basis of accounting for the District. These two methods are referred to as the "restricted" or "deferral" method of accounting and generally related to the method of accounting for contributions received. The major difference impacting the District can be summarized as follows:

- If the "restricted method" is adopted, annual transactions within each of the five funds of the District currently reported in the Statement of Changes in Fund Balances (page 4 and 5 of the annual financial statement) would be accounted as a present; however, the reporting standard under this method does not allow for a total of all funds on this statement. The stated reason that no totals of all funds is to be shown is that the concept of this reporting standard is that each fund is to stand on its own.
- If the "deferral method" is adopted, a matching principal must be followed. For grants and donations received for specified purposes, the recording of the grant or donations as "revenue" is only to the extent of the "expense" incurred. For a capital asset, the "revenue" is to be in proportion to the "depreciation" expense. For other grants and donations, in proportion to the expenses incurred. The "unearned" portion is shown as "deferred grants and donations" on the fund balance sheets rather than as part of "equity".

Implication

In order to remain in compliance with generally accepted accounting principles, the District will be required to determine the method of accounting desired as well as recording an adjustment to depreciate capital assets with retroactive effect as at January 31, 1998 to reflect what depreciation or changes to fund equity positions should have been had the new accounting standard been applied.

Recommendation

While no in-depth discussions have been held to date, it would appear that the restricted fund method would be the appropriate standard. It would appear that the standard chosen and the depreciation policy be consistent with standards adopted by Lutheran Church-Canada and other districts and related entities. Confirmation should be obtained from other entities in the Lutheran Church Canada family as to the method adopted.

Rev. Dr. Harry Ruf, District President
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Assuming that the following depreciation policy recommended for use by LCC-ABC District is consistent with other Lutheran Districts and entities, then depreciating capital assets in the following manner is recommended:

- Office Equipment** Since the investment in office equipment and computer equipment has a short economic life, a policy of depreciating office and computer equipment should be separated from office furnishings. Office equipment consisting primarily of computer equipment should be written off over three years amortized on a monthly basis of 1/36 of the cost per month. Furnishings could be written off over 10 - 12 years. All items costing less than \$1,000 each could be deemed to not be capital items and expensed as a office supply cost.
- Office Building** 1/40 of the cost excluding land costs could be recorded on an annual basis as an appropriate depreciation charge
- Other Properties** Since these are primarily future development sites and are investment in nature, no depreciation need be recorded.

These are illustrative policies only and can be modified to meet your specific needs as long as the principle is followed that material capital purchases are amortized on a systematic basis over the estimated economic life.

Other modifications to wording of the statement names and format could be made to conform more closely with the standards recommended for not-for-profit entities. For example, the statement currently called the "Balance Sheet" could be renamed "Statement of Financial Position".

Other Matters

The growth of activities at the District level has placed considerable strain on the financial reporting processes and the addition of staff will, in our opinion, help improve the administrative and financial reporting processes at the District level.

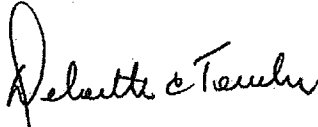
Rev. Dr. Harry Ruf, District President
Page 8

The 1997 and 1998 audits were difficult audits. We appreciate the patience displayed as we resolved the matters necessary to permit us to complete the audit process and look forward to a more timely and effective audit in future years.

We would specifically thank Mr. Ted Ulmer and his staff for their assistance.

If we can provide further insights or further explain our observations and recommendations, please feel free to contact us at your convenience.

Yours truly,


Chartered Accountants

D. A. Holliday, CA
Partner

/ruffj110.lt8

This is Exhibit "4" referred to in the
Affidavit of COURTNEY GRAY
sworn before me at Vancouver
this 23 day of February 2016

A Commissioner for taking Affidavits
within British Columbia

223

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Financial Statements of

**THE LUTHERAN CHURCH - CANADA
ALBERTA - BRITISH COLUMBIA
DISTRICT**

January 31, 1999

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Auditors' Report

To the Board of Directors of
The Lutheran Church - Canada
Alberta - British Columbia District

We have audited the balance sheets of the Current Fund, Restricted Fund, Church Extension Fund, Plant Fund and Foundation Fund of The Lutheran Church - Canada, Alberta - British Columbia District as at January 31, 1999 and the statements of changes in fund balances for the year then ended. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the District as at January 31, 1999 and the changes in fund balances for the year then ended in accordance with generally accepted accounting principles.

May 4, 1999

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Statement of Changes in Fund Balances	3-4
Notes to the Financial Statements	5-9

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**THE LUTHERAN CHURCH - CANADA
ALBERTA-BRITISH COLUMBIA DISTRICT
Fund Balance Sheets
January 31, 1999**

	Current Fund		Restricted Fund		Church Extension Fund	
	1999	1998	1999	1998	1999	1998
ASSETS						
CASH AND RECEIVABLES						
Cash	\$ -	\$ -	\$ 215,553	\$ 107,151	\$ -	\$ 461,507
Accrued interest	-	-	-	-	-	-
Accounts receivable	8,108	5,022	-	-	-	-
INVESTMENTS						
Loans and mortgages receivable (Note 3)	-	-	61,269	58,328	13,709,319	12,267,136
Investments (Note 4)	-	-	42,523	4,642	1,119,788	3,442,700
CAPITAL						
Office building	-	-	-	-	-	-
Equipment	-	-	-	-	-	-
Other properties	-	-	-	-	-	-
Distinet cars	-	-	-	-	-	-
INTERFUND BALANCES						
Loans	\$ 8,108	\$ 5,022	\$ 319,345	\$ 170,121	\$ 27,234,470	\$ 25,906,505
					12,405,363	9,735,162
LIABILITIES						
Bank indebtedness	\$ 3,086	\$ 194,922	\$ -	\$ -	\$ 145,250	\$ -
Accrued interest	-	-	-	-	111,955	119,565
Deposits payable (Note 5)	-	-	110,585	113,232	-	-
Investor obligations (Note 6)	-	-	-	-	24,225,176	23,094,335
Notes payable (Note 7)	-	-	-	-	518,342	663,640
Loan agreement payable (Note 8)	-	-	-	-	-	-
Demand loan payable (Note 9)	-	-	-	-	-	-
	3,086	194,922	110,585	113,232	25,000,723	23,877,540
COMMITMENTS AND CONTINGENCIES (Note 10)						
	5,022	(189,900)	208,760	56,889	2,233,747	2,028,965
FUND BALANCE	\$ 8,108	\$ 5,022	\$ 319,345	\$ 170,121	\$ 27,234,470	\$ 25,906,505

**THE LUTHERAN CHURCH - CANADA
ALBERTA-BRITISH COLUMBIA DISTRICT
Fund Balance Sheets
January 31, 1999**

	Plant Fund		Foundation Fund		Total All Funds	
	1999	1998	1999	1998	1999	1998
ASSETS						
CASH AND RECEIVABLES						
Cash	\$ -	\$ -	\$ -	\$ 45,289	\$ 215,553	\$ 613,947
Accrued interest	-	-	157,156	108,966	157,156	108,966
Accounts receivable	-	-	-	-	8,108	5,022
INVESTMENTS						
Loans and mortgages receivable (Note 3)	-	-	-	-	13,770,588	12,325,464
Investments (Note 4)	-	-	2,738,193	2,092,875	3,900,504	5,540,217
CAPITAL						
Office building	806,823	780,009	-	-	806,823	780,009
Equipment	94,800	87,701	-	-	94,800	87,701
Other properties	15,210,243	10,454,002	-	-	15,210,243	10,454,002
INTERFUND BALANCES						
Loans	(12,405,363)	(9,735,162)	-	-	-	-
	\$ 3,706,503	\$ 1,586,550	\$ 2,895,349	\$ 2,247,130	\$ 34,163,775	\$ 29,915,328
LIABILITIES						
Bank indebtedness	\$ -	\$ -	\$ 125,646	\$ -	\$ 273,982	\$ 194,922
Accrued interest	-	-	-	-	111,955	119,565
Deposits payable (Note 5)	-	-	-	-	110,585	113,232
Investor obligations (Note 6)	-	-	2,212,223	2,066,838	26,437,399	25,161,173
Notes payable (Note 7)	-	-	-	-	518,342	663,640
Loan agreement payable (Note 8)	432,784	635,023	-	-	432,784	635,023
Demand loan payable (Note 9)	2,239,395	-	-	-	2,239,395	-
	2,672,179	635,023	2,337,869	2,066,838	30,124,442	26,887,555
COMMITMENTS AND CONTINGENCIES (Note 10)						
	1,034,324	951,527	557,480	180,292	4,039,333	3,027,773
FUND BALANCE	\$ 3,706,503	\$ 1,586,550	\$ 2,895,349	\$ 2,247,130	\$ 34,163,775	\$ 29,915,328

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THE LUTHERAN CHURCH - CANADA-ALBERTA-BRITISH COLUMBIA DISTRICT
Statement of Changes in Fund Balances
 Year ended January 31, 1999

	Current Fund		Restricted Fund		Church Extension	
	1999	1998	1999	1998	1999	1998
SUPPORT AND REVENUE						
Support						
District congregations	\$ 1,260,156	\$ 1,171,359	\$ -	\$ -	\$ -	\$ -
Gifts and grants	70,000	64,000	-	-	-	-
Lutheran Church - Canada	129,360	74,101	215,512	150,313	123,946	2,586
Other	194,922	-	-	-	1,961,733	1,851,604
Revenue			87,260	179,857	-	-
Interest income						
Conventions and conferences			302,772	330,170	2,085,679	1,854,190
	1,654,438	1,309,460	302,772	330,170	2,085,679	1,854,190
EXPENDITURES						
Designated						
Lutheran Church - Canada	500,000	500,000	-	-	-	-
Program services						
Mission and ministry	540,103	545,952	79,032	81,185	-	-
Support and administration	242,048	238,509	13,772	7,021	-	-
Parish services	148,753	182,118	-	-	-	-
Special services	1,700	1,400	-	-	-	-
Conventions and conferences	-	-	58,097	135,292	-	-
Operations - Church Extension	-	-	-	-	256,556	250,595
Interest	-	-	-	-	1,567,022	1,405,096
Other	-	-	-	-	-	-
Write-off of investment	-	-	-	-	-	-
	1,432,603	1,467,978	150,901	223,498	1,823,578	1,655,691
NET INCREASE (DECREASE) BEFORE TRANSFERS	221,835	(158,518)	151,871	106,672	262,101	198,499
TRANSFERS						
Equipment	(2,913)	(7,382)	-	(2,000)	(5,621)	(6,946)
Debt payments on district office	(24,000)	(24,000)	-	-	17,298	17,236
Interest on development sites not capitalized	-	-	-	-	(20,738)	(11,892)
Interest on loan agreement payable	-	-	-	-	(48,258)	-
NET INCREASE (DECREASE) AFTER TRANSFERS	194,922	(189,900)	151,871	104,672	204,782	196,897
FUND BALANCE, BEGINNING OF YEAR	(189,900)	-	56,889	(47,783)	2,028,965	1,832,068
FUND BALANCE, END OF YEAR	\$ 5,022	\$ (189,900)	\$ 208,760	\$ 56,889	\$ 2,233,747	\$ 2,028,965

THE LUTHERAN CHURCH - CANADA-ALBERTA-BRITISH COLUMBIA DISTRICT
Statement of Changes in Fund Balances
 Year ended January 31, 1999

	Plant Fund		Foundation Fund		Total All Funds	
	1999	1998	1999	1998	1999	1998
SUPPORT AND REVENUE						
Support						
District congregations	\$ -	\$ -	\$ -	\$ -	\$ 1,260,156	\$ 1,171,359
Gifts and grants	-	-	-	-	-	-
Lutheran Church - Canada	-	-	-	-	70,000	64,000
Other	-	-	-	53,999	468,818	280,999
Revenue						
Investment income	-	-	747,961	366,880	2,904,616	2,218,484
Conventions and conferences	-	-	-	-	87,260	179,857
	-	-	747,961	420,879	4,790,850	3,914,698
EXPENDITURES						
Designated						
Lutheran Church - Canada	-	-	-	-	500,000	500,000
Program services						
Mission and ministry	-	-	-	-	619,135	627,137
Support and administration	-	-	105,322	95,498	361,141	341,027
Parish services	-	-	-	-	148,753	182,118
Special services	-	-	-	-	1,700	1,400
Conventions and conferences	-	-	-	-	58,097	135,292
Operations - Church Extension Fund	-	-	-	-	256,556	250,595
Interest	-	-	265,451	355,492	1,832,473	1,760,588
Other	-	-	-	-	-	-
Write-off of investment	1,435	4,252	-	-	1,435	4,252
	1,435	4,252	370,773	450,990	3,779,290	3,802,410
NET INCREASE (DECREASE) BEFORE TRANSFERS	(1,435)	(4,252)	377,188	(30,112)	1,011,560	112,290
TRANSFERS						
Equipment	8,534	16,328	-	-	-	-
Debt payments on district office	6,702	6,764	-	-	-	-
Interest on development sites not capitalized	20,738	11,892	-	-	-	-
Interest on loan agreement payable	48,258	-	-	-	-	-
NET (DECREASE) INCREASE AFTER TRANSFERS	82,797	30,732	377,188	(30,112)	1,011,560	112,290
FUND BALANCE, BEGINNING OF YEAR	951,527	920,795	180,292	210,404	3,027,773	2,915,483
FUND BALANCE, END OF YEAR	\$ 1,034,324	\$ 951,527	\$ 557,480	\$ 180,292	\$ 4,039,333	\$ 3,027,773

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THE LUTHERAN CHURCH - CANADA
ALBERTA-BRITISH COLUMBIA DISTRICT
Notes to the Financial Statements
Year ended January 31, 1999

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1. **BASIS OF PRESENTATION**

In order to ensure observation of limitations and restrictions placed on the use of resources available to the District, the accounts are maintained on an accrual basis in accordance with the principles of "Fund Accounting". Fund accounting is the procedure whereby resources received and the subsequent use of those resources are classified for accounting and reporting purposes into funds which are in accordance with the activities or objectives specified by the source of the resource.

Within each fund group, fund balances restricted by outside sources are so indicated and are distinguished from funds allocated to specified purposes by the Board of Directors.

Gains and losses arising from the sale or other disposition of assets are accounted for in the fund which owned such assets. Ordinary income derived from investments is accounted for in the fund owning such assets. All other resources received are accounted for as revenue of the current fund.

The separate funds are maintained for the following purposes:

Current Fund

The Current Fund is used to account for the budgeted operations of the District. A portion of the administrative expenses are allocated to the Church Extension Fund based on a consistent percentage of specified expenses.

Restricted Fund

The Restricted Fund is used to record funds received by the District which are restricted for specific ministry projects and the disbursement of these funds for the specified purpose.

Church Extension Fund

The Church Extension Fund is used to record funds received from members at minimal interest for the purpose of providing financial support to congregations for capital purposes.

Plant Fund

The Plant Fund is used to record funds employed for capital purposes and to reflect investment in District owned property. Additions are recorded at cost or, if donated, at the fair market value on the date of the receipt of the gift. No depreciation is recorded on the physical plant and equipment. The cost of items disposed of is written off in the year as a charge to the net investment in plant. Equipment provided by the Current Fund is recorded as an expense of that fund in the year of purchase.

Interest on funds borrowed is capitalized (subject to a fair market value test) in the determination of the cost of Other Properties. The amount capitalized during the year was \$280,180 and cumulative interest capitalized to date totaled \$1,682,777 (January 31, 1998 - \$1,402,597).

THE LUTHERAN CHURCH - CANADA
ALBERTA-BRITISH COLUMBIA DISTRICT
Notes to the Financial Statements
Year ended January 31, 1999

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1. **BASIS OF PRESENTATION (continued)**

Foundation Fund

The Foundation Fund is used to record funds received by way of specific bequests or donations; the purpose of which is to provide separate accountability of these funds in accordance with the donor's instruction.

2. **ACCOUNTING POLICIES**

The District is a not-for-profit organization. These financial statements have been prepared in accordance with generally accepted accounting principles and reflect the following accounting policies:

Investments

Investments are recorded at amortized cost.

Capital assets

Advance sites, office building, equipment, and other properties are recorded at cost. No depreciation is provided on the office building, equipment and other properties.

3. **LOANS AND MORTGAGES RECEIVABLE**

Restricted Fund

Represents interest-free unsecured automobile loans made to pastors of the District. Maturity dates of these loans vary.

Church Extension Fund

Maturity dates of loans receivable vary with interest rates ranging from 7.0% to 10.5% per annum and are secured by the individual properties to which they relate.

4. **INVESTMENTS**

	1999		1998
	Market Value	Cost	Cost
Stocks and bonds held by investment brokers and bankers	\$ 4,324,157	\$ 3,867,119	\$ 5,684,616
Deposit accounts	33,385	33,385	(144,399)
	<u>\$ 4,357,542</u>	<u>\$ 3,900,504</u>	<u>\$ 5,540,217</u>

THE LUTHERAN CHURCH - CANADA
ALBERTA-BRITISH COLUMBIA DISTRICT
Notes to the Financial Statements
Year ended January 31, 1999

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5. DEPOSITS PAYABLE - RESTRICTED FUND

Auto replacement deposits represent non-interest bearing funds deposited with the District. Church workers with deposits are eligible for interest-free auto loans.

6. INVESTOR OBLIGATIONS

	<u>1999</u>	<u>1998</u>
<i>Church Extension Fund</i>		
Notes payable to investors, due upon demand to 5 years, bearing interest from 3.50% to 7.50%.	\$ 23,894,117	\$ 22,818,594
Stamps and savings, due upon demand, bearing interest of 2.75%.	29,931	29,939
Balances payable to investors, due on demand, interest free.	301,128	245,802
	<u>24,225,176</u>	<u>23,094,335</u>
<i>Foundation Fund</i>		
Funds held and invested on behalf of various agencies and entities of Lutheran - Church Canada, having no fixed terms of repayment and bearing interest at the rates earned on amounts invested, less 1.0% to provide for administrative costs.	990,879	955,206
Funds held and invested on behalf of Concordia Lutheran Seminary, having no fixed terms of repayment and bearing interest at the rates earned on amounts invested, less 0.5% to provide for administrative costs.	729,370	648,958
Funds held and invested on behalf of Concordia University College of Edmonton, having no fixed terms of repayment and bearing interest at the rates earned on amounts invested, less 1.0% to provide for administrative costs.	491,974	462,674
	<u>2,212,223</u>	<u>2,066,838</u>
	<u>\$ 26,437,399</u>	<u>\$ 25,161,173</u>

THE LUTHERAN CHURCH - CANADA
ALBERTA-BRITISH COLUMBIA DISTRICT
Notes to the Financial Statements
 Year ended January 31, 1999

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7. NOTES PAYABLE

	Interest Rate	Maturity Date	1999	1998
<i>Church Extension Fund</i>				
Lutheran Church Canada, payable in blended monthly instalments of \$862	7.75%	02/02	\$ 70,768	\$ 77,028
Lutheran Church Canada, payable in blended monthly instalments of US \$14,859	6.50 %	01/02	447,574	586,612
			\$ 518,342	\$ 663,640

Principal repayments required in each of the next two years are as follows:

2000	\$ 252,699
2001	265,643

8. LOAN AGREEMENT PAYABLE

	1999	1998
Loan agreement payable for purchase of lands for future development, secured by the land, bearing interest at 5% per annum annum and due in blended monthly payments of \$19,396.	\$ 432,784	\$ 635,023

Principal repayments in next two years are as follows:

2000	\$ 211,114
2001	221,670

9. DEMAND LOAN PAYABLE

The demand loan payable bears interest at prime plus 1% and has no fixed terms of repayment. The loan is to fund the construction of a senior's housing project in Calgary and advances on the loan are approved as various stages of the project are completed. Repayment of the loan is set to commence upon completion of the project. This is expected to occur late in the 2000 fiscal year. The loan is secured by a first mortgage on the property and assignment of fire and liability insurance.

THE LUTHERAN CHURCH - CANADA
ALBERTA-BRITISH COLUMBIA DISTRICT
Notes to the Financial Statements
Year ended January 31, 1999

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10. COMMITMENTS AND CONTINGENCIES

The District is contingently liable by way of letters of credit in the amounts of \$438,000 and \$50,000.

11. DEFINED BENEFIT PLAN

The District participates in the Worker Benefit Plan of The Lutheran Church - Canada. Full-time employees are covered by this retirement and survivor program. The District contributes a fixed percentage of each participant's salary to the plan. Retirement and survivor program expenses for the period ended January 31, 1999 amounted to \$ 63,073 (1998 - \$55,501).

12. UNCERTAINTY DUE TO THE YEAR 2000 ISSUE

The Year 2000 Issue arises because many computerized systems use two digits rather than four to identify a year. Date-sensitive systems may recognize the year 2000 as 1900 or some other date, resulting in errors when information using year 2000 dates is processed. In addition, similar problems may arise in some systems which use certain dates in 1999 to represent something other than a date. The effects of the Year 2000 Issue may be experienced before, on, or after January 1, 2000, and, if not addressed, the impact on operations and financial reporting may range from minor errors to significant systems failure which could affect an entity's ability to conduct normal business operations. It is not possible to be certain that all aspects of the Year 2000 Issue affecting the entity, including those related to the efforts of customers, suppliers, or other third parties, will be fully resolved.



10000706101819756

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Non-Profit Private Company

Corporate Access No. 518407101

For Year Ending 2005

Date of Incorporation, Continuance, Amalgamation or Registration 1999/07/28
YEAR MONTH DAY

RECEIVED
OR
NOV 16 2006
Corporate Registry

1. Name of Corporation
SHEPHERD'S VILLAGE MINISTRIES LTD

2. Address
STE. 100, 10328 81 AVENUE
EDMONTON, ALBERTA
T6E 1X2

3. Has there been any change of directors? Yes No

4. If Yes, have Corporate Registry Records been updated? Yes No If No, attach the update to this form.

5. SHAREHOLDER INFORMATION

6. CHANGES IN SHAREHOLDERS (if applicable)

Name and Address	% of voting shares issued		Name and Address	% of voting shares issued	
Corporate Access Number _____		If a Director, check this box <input type="checkbox"/>	Corporate Access Number _____		If a Director, check this box <input type="checkbox"/>
Name and Address	% of voting shares issued		Name and Address	% of voting shares issued	
Corporate Access Number _____		If a Director, check this box <input type="checkbox"/>	Corporate Access Number _____		If a Director, check this box <input type="checkbox"/>
Name and Address	% of voting shares issued		Name and Address	% of voting shares issued	
Corporate Access Number _____		If a Director, check this box <input type="checkbox"/>	Corporate Access Number _____		If a Director, check this box <input type="checkbox"/>
Name and Address	% of voting shares issued		Name and Address	% of voting shares issued	
Corporate Access Number _____		If a Director, check this box <input type="checkbox"/>	Corporate Access Number _____		If a Director, check this box <input type="checkbox"/>
Name and Address	% of voting shares issued		Name and Address	% of voting shares issued	
Corporate Access Number _____		If a Director, check this box <input type="checkbox"/>	Corporate Access Number _____		If a Director, check this box <input type="checkbox"/>

7. IMPORTANT NOTICE TO CORPORATION

FILED 207
NOV 22 2006
Registrar of Corporations
Province of Alberta

9383677

Authorized Signature

Francis N. J. Taman Telephone Number _____
Name and Title of Person Authorizing SOLICITOR

Nov. 9/06 Date

Provide Identification (e.g. Operator's Licence)

RECEIVED
DR
NOV 16 2006
Corporate Registry

2005
LIST OF DIRECTORS AND OFFICERS
OF
SHEPHERD'S VILLAGE MINISTERIES LTD.

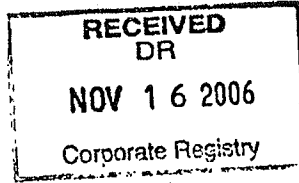
CR0600595 0319

Ted Ulmer	49 Catalina Drive Sherwood Park, Alberta T8H 1T4	Director and President
Steve Grande	12 Deacon Drive Sherwood Park, Alberta T3H 1M8	Director only
Gerry Steinke	Box 2025 Valleyview, Alberta T0H 3N0	Director and Secretary/Treasurer

2005
LIST OF FIVE OF THE MEMBERS
OF
SHEPHERD'S VILLAGE MINISTERIES LTD.

Ted Ulmer	49 Catalina Drive Sherwood Park, Alberta T8H 1T4
Reverend Mark Ruf	c/o Suite 131, 285030 Luther Rose Blvd. NE Calgary, Alberta T1X 1M9
Reverend Harold Haberstock	c/o Suite 131, 285030 Luther Rose Blvd. NE Calgary, Alberta T1X 1M9
Judith Burns	c/o Suite 131, 285030 Luther Rose Blvd. NE Calgary, Alberta T1X 1M9
Reverend Kwang Soo Kim	c/o Suite 131, 285030 Luther Rose Blvd. NE Calgary, Alberta T1X 1M9

CP 6060 95 9221



Notice of Address or Notice of Change of Address Business Corporations Act Section 20

1. Name of Corporation	2. Corporate Access Number
Shepherd's Village Ministries Ltd.	518407101

2. Address of Registered Office (P.O. Box number can only be used by a Society)

Street	City/Town	Province	Postal Code
Suite 131 285030 Luther Rose Blvd. NE	Calgary	Alberta	T2P 0M9

3. Records Address (P.O. Box number cannot be used by a Society)


Street	City/Town	Province	Postal Code
Suite 131 285030 Luther Rose Blvd. NE	Calgary	Alberta	T2P 0M9

4. Address for Service by Mail (if different from Item 3)
NOTE: If this is a change, please read instructions carefully.

Post Office Box Only	City/Town	Province
NOT APPLICABLE		

FRANCIS N.J. TAMAN
Name of person Authorizing (please print)

Solicitor
Title


Signature

November 6/06
Date

21006 2006

COPY

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Non-Profit Private Company

Corporate Access No. 518407101 For Year Ending 2006

Date of Incorporation, Continuance, Amalgamation or Registration 1999/07/28
YEAR MONTH DAY

1. Name of Corporation
SHEPHERD'S VILLAGE MINISTRIES LTD

2. Address
**STE. 100, 10328 81 AVENUE
EDMONTON, ALBERTA
T6E 1X2**

RECEIVED DR
NOV 16 2006
CANCELLED
Corporate Registry

RECEIVED B
DEC - 5 2006
Corporate Registry

3. Has there been any change of directors? Yes No
4. If Yes, have Corporate Registry Records been updated? Yes No If No, attach the update to this form.

5. SHAREHOLDER INFORMATION

6. CHANGES IN SHAREHOLDERS (if applicable)

Name and Address	% of voting shares issued	Name and Address	% of voting shares issued
Corporate Access Number _____	If a Director, check this box <input type="checkbox"/>	Corporate Access Number _____	If a Director, check this box <input type="checkbox"/>
Name and Address	% of voting shares issued	Name and Address	% of voting shares issued
Corporate Access Number _____	If a Director, check this box <input type="checkbox"/>	Corporate Access Number _____	If a Director, check this box <input type="checkbox"/>
Name and Address	% of voting shares issued	Name and Address	% of voting shares issued
Corporate Access Number _____	If a Director, check this box <input type="checkbox"/>	Corporate Access Number _____	If a Director, check this box <input type="checkbox"/>
Name and Address	% of voting shares issued	Name and Address	% of voting shares issued
Corporate Access Number _____	If a Director, check this box <input type="checkbox"/>	Corporate Access Number _____	If a Director, check this box <input type="checkbox"/>
Name and Address	% of voting shares issued	Name and Address	% of voting shares issued
Corporate Access Number _____	If a Director, check this box <input type="checkbox"/>	Corporate Access Number _____	If a Director, check this box <input type="checkbox"/>



10000906102360925

7. IMPORTANT NOTICE TO CORPORATION

FILED 208
DEC 05 2006
Registrar of Corporations
Province of Alberta

SP-9549380

REG 3062P (Rev. 2004)

Authorized Signatures: Francis N. J. Taman
Name and Title of Person Authorizing: Solicitor

Date: Nov. 9/06

Provide Identification (e.g. Operator's Licence)

RECEIVED
DR
NOV 16 2006
Corporate Registry

2006
LIST OF DIRECTORS AND OFFICERS
OF
SHEPHERD'S VILLAGE MINISTRIES LTD.

240

Ted Ulmer	49 Catalina Drive Sherwood Park, Alberta T8H 1T4	Director and President
Steve Grande	12 Deacon Drive Sherwood Park, Alberta T3H 1M8	Director only
Gerry Steinke	Box 2025 Valleyview, Alberta T0H 3N0	Director and Secretary/Treasurer

CP0700031-0037

2006
LIST OF FIVE OF THE MEMBERS
OF
SHEPHERD'S VILLAGE MINISTERIES LTD.

Ted Ulmer	49 Catalina Drive Sherwood Park, Alberta T8H 1T4
Steve Grande	12 Deacon Drive Sherwood Park, Alberta T3H 1M8
Reverend Harold Haberstock	c/o Suite 131, 285030 Luther Rose Blvd. NE Calgary, Alberta T1X 1M9
Judith Burns	c/o Suite 131, 285030 Luther Rose Blvd. NE Calgary, Alberta T1X 1M9
Reverend Kwang Soo Kim	c/o Suite 131, 285030 Luther Rose Blvd. NE Calgary, Alberta T1X 1M9

CP0701245 0020



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242

Annual Return

Business Corporations Act

Non-Profit Private Company

Corporate Access No. 518407101

For Year Ending 2007

RECEIVED

Date of Incorporation, Continuance, Amalgamation or Registration 1999/07/28
YEAR MONTH DAY

JUN 28 2007

1. Name of Corporation
SHEPHERD'S VILLAGE MINISTRIES LTD

RECEIVED
DR
AUG 30 2007
Corporate Registry

2. Address
**STE 131, 285030 LUTHER ROSE BLVD. NE
CALGARY, ALBERTA
T2P 0M9**

3. Has there been any change of directors? Yes No

4. If Yes, have Corporate Registry Records been updated? Yes No If No, attach the update to this form.

5. SHAREHOLDER INFORMATION

6. CHANGES IN SHAREHOLDERS (if applicable)

Name and Address	% of voting shares issued	Corporate Access Number	If a Director, check this box	Name and Address	% of voting shares issued	Corporate Access Number	If a Director, check this box

7. IMPORTANT NOTICE TO CORPORATION

FILED 207
AUG 30 2007
Registrar of Corporations
Province of Alberta

10535699

Authorized Signature
(for non-profit companies only)

(403) 590-7199
Telephone Number
STEVE GRANDE, PRESIDENT
Name and Title of Person Authorizing
(please PRINT)

AUGUST 22, 2007
Date

Provide Identification (e.g. Operator's Licence)
(not applicable for non-profit companies)

REG3062P (2006/09)

As of July 31, 2007, the Directors of Shepherd's Village Ministries Ltd. are:

Eifert, Paul Gerhard	1312 Thompson Court Edmonton, AB T6R 3K5
Heumann, Hans Willi Bodo	3228 Conrad Drive NW Calgary, AB T2L 1B4
Grande, Steven Mark	418 Long Beach Landing Chestermere, AB T1X 1E6
Kraemer, Richard William	6226 Ada Boulevard Edmonton, AB T5W 4P1
McMaster, Grant Dale	18055 58 Avenue Surrey, BC V3S 1M2
Schiemann, Donald	4617 57 Avenue Stony Plain, AB T7Z 1C6
Werschler, James Kenneth	247 Williston Dr Regina, SK S4X 2C5



See instructions for completion on the back of this form.

Annual Return
Business Corporations Act

Corporate Access No. 518407101 For Year Ending 2008
Date of Incorporation, Continuance, Amalgamation or Registration 1999 07 28
YEAR MONTH DAY

1. Name of Corporation
SHEPHERD'S VILLAGE MINISTRIES LTD.
2. Address
**STE 100, 630 Westchester Road
Strathmore, Alberta
T1P 1H8**

3. Has there been any change of directors? Yes No
4. If Yes, have Corporate Registry Records been updated? Yes No If No, attach the update to this form.

5. SHAREHOLDER INFORMATION

Name and Address	% of voting shares issued	If a Director, check this box	Corporate Access Number	Name and Address	% of voting shares issued	If a Director, check this box	Corporate Access Number	Name and Address	% of voting shares issued	If a Director, check this box



FEB 0 4 2010
Registrar of Corporations
Province of Alberta

Authorized Signature *Francis N. J. Taman* Telephone Number (403) 237-5550 Date FEB 0 1 2009
Name and Title of Person Authorizing Francis N. J. Taman
(for non-profit companies only) (please PRINT)

RECEIVED OR
FEB - 4 2010
Corporate Registry

Alberta

CONSUMER AND
CORPORATE AFFAIRS

NOTICE OF DIRECTORS OR
NOTICE OF CHANGE OF DIRECTORS

1. NAME OF CORPORATION: 2. ALBERTA CORPORATE ACCESS NUMBER:
SHEPHERD'S VILLAGE MINISTRIES LTD. 518407101

3. ON JULY 31, 2008 THE FOLLOWING PERSON(S) WERE APPOINTED DIRECTOR(S):	
NAME	RESIDENT CANADIAN?
MAILING ADDRESS (INCLUDING POSTAL CODE)	

4. ON MAY 6, 2008 THE FOLLOWING PERSON(S) CEASED TO HOLD OFFICE AS DIRECTOR(S):

NAME	MAILING ADDRESS (INCLUDING POSTAL CODE)
Grande, Steve	418 Long Beach Landing, Chestermere, AB, T1X 1E6

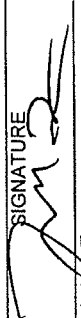
5. AS OF THIS DATE, THE DIRECTOR(S) OF THE CORPORATION ARE:

NAME	MAILING ADDRESS (INCLUDING POSTAL CODE)	RESIDENT CANADIAN?
Eifert, Paul G.	1312 Thompson Court, Edmonton, AB T6R 3K5	YES <input checked="" type="checkbox"/> NO <input type="checkbox"/>
Heumann, Hans	#800, 715 - 5th Avenue SW, Calgary, AB T2P 2X6	YES <input checked="" type="checkbox"/> NO <input type="checkbox"/>
Kraemer, Richard	Concordia University College of Alberta, 7128 Ada Boulevard, Edmonton, AB T5E 4E4	YES <input checked="" type="checkbox"/> NO <input type="checkbox"/>
McMaster, Grant D.	Deloitte & Touche LLP, #225, 20316 - 56th Avenue, Langley, BC V3A 3Y7	YES <input checked="" type="checkbox"/> NO <input type="checkbox"/>
Schiemann, Donald	700 Ada Boulevard, Edmonton, AB T5B 4E4	YES <input checked="" type="checkbox"/> NO <input type="checkbox"/>
Werschler, James	2050 Halifax Street, Regina, SK S4P 1T7	YES <input checked="" type="checkbox"/> NO <input type="checkbox"/>

RECEIVED
DR
FEB - 4 2010
Corporate Registry

6. TO BE COMPLETED ONLY BY ALBERTA CORPORATIONS:
ARE AT ONE QUARTER OF THE MEMBERS OF THE BOARD OF DIRECTORS RESIDENT CANADIANS?

YES [] NO []

7. DATE	SIGNATURE	TITLE
February 1, 2010 effective July 31, 2008	 Francis N.J. Taman	Solicitor
		TELEPHONE NO. (403) 237-5550

LIST OF MEMBERS
AS AT JULY 31, 2008

SHEPHERD'S VILLAGE MINISTRIES LTD.

Full Name	Address
Donald Schiermann	700 Ada Boulevard Edmonton, AB T5B 4E4
Hans Heumann	#800, 715 - 5th Avenue SW Calgary, AB T2P 2X6
Steve Grande	418 Long Beach Landing Chestermere, AB T1X 1E6

RECEIVED
DR
FEB - 4 2010
Corporate Registry

LIST OF OFFICERS
AS AT JULY 31, 2008

SHEPHERD'S VILLAGE MINISTRIES LTD.

Full Name	Address	Date when Appointed or Elected	Date when Ceased to Hold Office	Position Held
Ted Ulmer	697 Grand Beach Bay Chestermere, AB T1X 1H9	Jul 28, 1999	Jun 29, 2006	President
Gerry Steinke	Box 2025 Valleyview, AB T0H 3N0	Jul 28, 2000	Jun 7, 2007	Secretary- Treasurer
Hans Heumann	#800, 715 - 5th Avenue SW Calgary, AB T2P 2X6	Jun 29, 2006		President
Donald Schiemann	700 Ada Boulevard Edmonton, AB T5B 4E4	May 1, 2008		Vice-President
James Werschler	2050 Halifax Street Regina, SK S4P 1T7	Jun 7, 2007		Secretary

RECEIVED
OR
FEB - 4 2010
Corporate Registry

Annual Return
Business Corporations Act

See instructions for completion
on the back of this form.

Corporate Access No. 518407101 For Year Ending 2009
Date of Incorporation, Continuance, Amalgamation or Registration 1999 07 28
YEAR MONTH DAY

1. Name of Corporation
SHEPHERD'S VILLAGE MINISTRIES LTD.
2. Address
**STE 100, 630 Westchester Road
Stratmore, Alberta
T1P 1H8**

RECEIVED
OR
FEB - 4 2010
Corporate Registry

3. Has there been any change of directors? Yes No
4. If Yes, have Corporate Registry Records been updated? Yes No If No, attach the update to this form.

6. CHANGES IN SHAREHOLDERS (if applicable)
Name and Address % of voting shares issued

Name and Address	% of voting shares issued	If a Director, check this box	Corporate Access Number	Name and Address	% of voting shares issued	If a Director, check this box	Corporate Access Number



FILED 208
FEB 04 2010
Registrar of Corporations
Province of Alberta

7. IMPORTANT NOTICE TO CORPORATION

Authorized Signature [Signature] Name and Title of Person Authorizing Francis N. J. Taman
(for non-profit companies only) (please PRINT) Telephone Number (403) 237-5550 Date FEB 01 2009
Provide Identification (e.g. Operator's License) (not applicable for non-profit companies)

U1 U4 U5 U6 U7 U8 U9

LIST OF OFFICERS
AS AT JULY 31, 2009

SHEPHERD'S VILLAGE MINISTRIES LTD.

Full Name	Address	Date when Appointed or Elected	Date when Ceased to Hold Office	Position Held
Hans Heumann	#800, 715 - 5th Avenue SW Calgary, AB T2P 2X6	Jun 29, 2006		President
Donald Schiemann	700 Ada Boulevard Edmonton, AB T5B 4E4	May 1, 2008		Vice-President
James Werschler	2050 Halifax Street Regina, SK S4P 1T7	Jun 7, 2007		Secretary
Nicole Banville	900, 285030 Luther Rose Blvd. NE Calgary, AB T1X 1M9	Apr 1, 2009		Treasurer

RECEIVED
DR
FEB - 4 2010
Corporate Registry

REG3062 (2008/09)

See instructions for completion on the back of this form.

Annual Return Business Corporations Act

Corporate Access No. 518407101 For Year Ending 2010
Date of Incorporation, Continuance, Amalgamation or Registration 1999 07 28

1. Name of Corporation SHEPHERD'S VILLAGE MINISTRIES LTD.
2. Address 1700, 530 - 8th Avenue SW Calgary, Alberta T2P 3S8

3. Has there been any change of directors? Yes No
4. If Yes, have Corporate Registry Records been updated? Yes No If No, attach the update to this form.

6. CHANGES IN SHAREHOLDERS (if applicable)

Table with 4 columns: Name and Address, % of voting shares issued, Corporate Access Number, Name and Address, % of voting shares issued, Corporate Access Number, Name and Address, % of voting shares issued, Corporate Access Number, Name and Address, % of voting shares issued.

7. IMPORTANT NOTICE TO CORPORATION

FILED 208 JUL 29 2010 Registrars of Corporations Province of Alberta

Authorized Signature Francis N. J. Taman Name and Title of Person Authorizing (for non-profit companies only) Telephone Number Date Provide Identification (e.g. Operator's Licence) (not applicable for non-profit companies)

RECEIVED DR JUL 29 2010 Corporate Registry

LIST OF MEMBERS
AS AT JULY 31, 2010

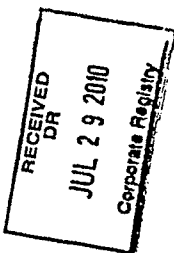
SHEPHERD'S VILLAGE MINISTRIES LTD.

Full Name	Address
Donald Schiemann	700 Ada Boulevard Edmonton, AB T5B 4E4
Hans Heumann	#800, 715 - 5th Avenue SW Calgary, AB T2P 2X6
Jim Kental	Suite 400, 1620 Dickson Avenue Kelowna, BC V1Y 9Y2

RECEIVED
DR
JUL 29 2010
Corporate Registry

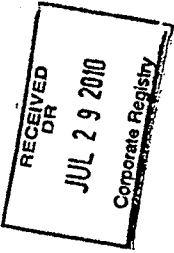
LIST OF OFFICERS
AS AT JULY 31, 2009

SHEPHERD'S VILLAGE MINISTRIES LTD.



Full Name	Address	Date when Appointed or Elected	Date when Ceased to Hold Office	Position Held
Hans Heumann	#800, 715 - 5th Avenue SW Calgary, AB T2P 2X6	Jun 29, 2006		President
Donald Schiemann	700 Ada Boulevard Edmonton, AB T5B 4E4	May 1, 2008		Vice-President
James Werschler	2050 Halifax Street Regina, SK S4P 1T7	Jun 7, 2007		Secretary
Nicole Banville	900, 285030 Luther Rose Blvd. NE Calgary, AB T1X 1M9	Apr 1, 2009		Treasurer

**LIST OF DIRECTORS
OF
SHEPHERD'S VILLAGE MINISTRIES LTD.
AS OF JULY 31, 2010**



Full Name	Address	Occupation	Date when Appointed or Elected	Date when Ceased to Hold Office
Ted Ulmer	697 Grand Beach Bay Chestermere, AB T1X 1H9	Individual	Jul 28, 1999	Jun 7, 2007
Steve Grande	418 Long Beach Landing Chestermere, AB T1X 1E6	Individual	Jul 28, 1999	May 6, 2008
Harold Ruf	7100 - Ada Boulevard Edmonton, AB T5B 4E4	Individual	Jul 28, 1999	Jul 28, 2000
Gerry Steinke	Box 2025 Valleyview, AB T0H 3N0	Individual	Jul 28, 2000	Jun 7, 2007
Paul Gerhard Eifert	1312 Thompson Court Edmonton, AB T6R 3K5	Individual	Jun 7, 2007	Aug 23, 2008
Hans Heumann	#800, 715 - 5th Avenue SW Calgary, AB T2P 2X6	Individual	Jun 7, 2007	
Richard Kraemer	Concordia University College of Alberta 7128 Ada Boulevard Edmonton, AB T5E 4E4	Individual	Jun 7, 2007	
Grant Dale McMaster	Deloitte & Touche LLP #225, 20316 - 56th Avenue Langley, BC V3A 3Y7	Individual	Jun 7, 2007	
Donald Schiemann	700 Ada Boulevard Edmonton, AB T5B 4E4	Individual	Jun 7, 2007	
James Werschler	2050 Halifax Street Regina, SK S4P 1T7	Individual	Jun 7, 2007	
Mark Ruf	3610 Sarcee Road SW Calgary, AB T3E 6V6	Individual	Aug 1, 2008	
Nicole Banville	900, 285030 Luther Rose Blvd. NE Calgary, AB T1X 1M9	Individual	Apr 1, 2009	

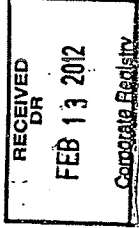
Non-Profit Private Company

Corporate Access No. 518407101 For Year Ending 2011

Date of Incorporation, Continuance, Amalgamation or Registration 1999/07/28
YEAR MONTH DAY

1. Name of Corporation
SHEPHERD'S VILLAGE MINISTRIES LTD.

2. Address
**1700, 530 8 AVENUE SW
CALGARY, ALBERTA
T2P 3S8**



3. Has there been any change of directors? Yes No

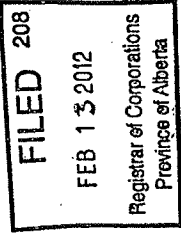
4. If Yes, have Corporate Registry Records been updated? Yes No If No, attach the update to this form.

5. SHAREHOLDER INFORMATION

Name and Address	% of voting shares issued	If a Director, check this box	Corporate Access Number	Name and Address	% of voting shares issued	If a Director, check this box	Corporate Access Number



7. IMPORTANT NOTICE TO CORPORATION



Authorized Signature *Francis N. J. Taman* Telephone Number _____ Date FEB 08 2012
Name and Title of Person Authorizing (please PRINT) _____
Provide Identification (e.g. Operator's Licence) (not applicable for non-profit companies)

Alberta

CONSUMER AND
CORPORATE AFFAIRS

NOTICE OF DIRECTORS OR
NOTICE OF CHANGE OF DIRECTORS

1. NAME OF CORPORATION: 2. ALBERTA CORPORATE ACCESS NUMBER:
SHEPHERD'S VILLAGE INDUSTRIES LTD. 518407101

3. ON JUNE 23, 2011 THE FOLLOWING PERSON(S) WERE APPOINTED DIRECTOR(S):

NAME	MAILING ADDRESS (INCLUDING POSTAL CODE)	RESIDENT CANADIAN?
Dave Schoepp	900, 285030 Luther Rose Bid., NE, Calgary, AB T1X 1M9	YES <input checked="" type="checkbox"/> NO <input type="checkbox"/>

4. ON NOVEMBER 5, 2010 THE FOLLOWING PERSON(S) CEASED TO HOLD OFFICE AS DIRECTOR(S):

NAME	MAILING ADDRESS (INCLUDING POSTAL CODE)
Kraemer, Richard	Concordia University College of Alberta, 7128 Ada Boulevard, Edmonton, AB T5E 4E4

ON JUNE 21, 2011 THE FOLLOWING PERSON(S) CEASED TO HOLD OFFICE AS DIRECTOR(S):

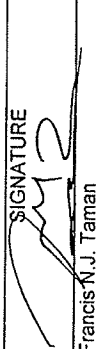
NAME	MAILING ADDRESS (INCLUDING POSTAL CODE)
Banville, Nicole	900, 285030 Luther Rose Bid., NE, Calgary, AB T1X 1M9

5. AS OF THIS DATE, THE DIRECTOR(S) OF THE CORPORATION ARE:

NAME	MAILING ADDRESS (INCLUDING POSTAL CODE)	RESIDENT CANADIAN?
Schiemann, Donald	700 Ada Boulevard, Edmonton, AB T5B 4E4	YES <input checked="" type="checkbox"/> NO <input type="checkbox"/>
Heumann, Hans	#800, 715 - 5th Avenue SW, Calgary, AB T2P 2X6	YES <input checked="" type="checkbox"/> NO <input type="checkbox"/>
McMaster, Grant D.	Deloitte & Touche LLP, #225, 20316 - 56th Avenue, Langley, BC V3A 3Y7	YES <input checked="" type="checkbox"/> NO <input type="checkbox"/>
Werschler, James	2050 Halifax Street, Regina, SK S4P 1T7	YES <input checked="" type="checkbox"/> NO <input type="checkbox"/>
Ruf, Mark	3610 Sarcee Road SW, Calgary, AB T3E 6V6	YES <input checked="" type="checkbox"/> NO <input type="checkbox"/>
Dave Schoepp	900, 285030 Luther Rose Bid., NE, Calgary, AB T1X 1M9	YES <input checked="" type="checkbox"/> NO <input type="checkbox"/>

6. TO BE COMPLETED ONLY BY ALBERTA CORPORATIONS:
ARE AT LEAST ONE QUARTER OF THE MEMBERS OF THE BOARD OF DIRECTORS RESIDENT CANADIANS?
YES NO

7. DATE: February 8, 2012

SIGNATURE: 
Francis N.J. Taman

TITLE: Solicitor

TELEPHONE NO.: (403) 237-5550

FILED 208
FEB 13 2012
Registrar of Corporations
Province of Alberta

RECEIVED OR
FEB 13 2012
CORPORATE AFFAIRS

**LIST OF DIRECTORS
SHEPHERD'S VILLAGE MINISTRIES LTD.
AS OF JULY 31, 2011**

Full Name	Address	Date when Appointed or Elected
Hans Heumann	#800, 715 - 5th Avenue SW Calgary, AB T2P 2X6	Jun 7, 2007
Grant Dale McMaster	Deloitte & Touche LLP #225, 20316 - 56th Avenue Langley, BC V3A 3Y7	Jun 7, 2007
Donald Schiemann	700 Ada Boulevard Edmonton, AB T5B 4E4	Jun 7, 2007
James Werschler	2050 Halifax Street Regina, SK S4P 1T7	Jun 7, 2007
Mark Ruf	3610 Sarcee Road SW Calgary, AB T3E 6V6	Aug 1, 2008
Dave Schoepp	c/o 900, 285030 Luther Rose Bivd. NE Calgary, AB T1X 1M9	June 23, 2011

LIST OF OFFICERS
AS AT JULY 31, 2011

SHEPHERD'S VILLAGE MINISTRIES LTD.

Full Name	Address	Date when Appointed or Elected	Position Held
Hans Heumann	#800, 715 - 5th Avenue SW Calgary, AB T2P 2X6	Jun 29, 2006	President
Donald Schiemann	700 Ada Boulevard Edmonton, AB T5B 4E4	May 1, 2008	Vice-President
James Werschler	2050 Halifax Street Regina, SK S4P 1T7	Jun 7, 2007	Secretary

LIST OF MEMBERS
AS AT JULY 31, 2011

SHEPHERD'S VILLAGE MINISTRIES LTD.

Full Name	Address
Donald Schiemann	700 Ada Boulevard Edmonton, AB T5B 4E4
Hans Heumann	#800, 715 - 5th Avenue SW Calgary, AB T2P 2X6
Jim Kental	Suite 400, 1620 Dickson Avenue Kelowna, BC V1Y 9Y2

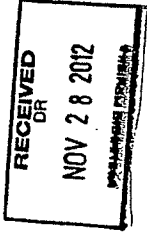
Non-Profit Private Company

Corporate Access No. 518407101 For Year Ending 2012

Date of Incorporation, Continuance, Amalgamation or Registration 1999/07/28
YEAR MONTH DAY

1. Name of Corporation

SHEPHERD'S VILLAGE MINISTRIES LTD.
2. Address
**1700 8 AVENUE SW
CALGARY, ALBERTA
T2P 3S8**



FILED 207

NOV 28 2012

**Registrar of Corporations
Province of Alberta**

3. Has there been any change of director? No Yes

4. If Yes, have Corporate Registry Records been updated? No Yes

5. **SHAREHOLDER INFORMATION** No Yes

Name and Address	% of voting shares issued	Name and Address	% of voting shares issued
Corporate Access Number _____ Name and Address _____	If a Director, check this box _____ % of voting shares issued _____	Corporate Access Number _____ Name and Address _____	If a Director, check this box _____ % of voting shares issued _____
Corporate Access Number _____ Name and Address _____	If a Director, check this box _____ % of voting shares issued _____	Corporate Access Number _____ Name and Address _____	If a Director, check this box _____ % of voting shares issued _____
Corporate Access Number _____ Name and Address _____	If a Director, check this box _____ % of voting shares issued _____	Corporate Access Number _____ Name and Address _____	If a Director, check this box _____ % of voting shares issued _____
Corporate Access Number _____ Name and Address _____	If a Director, check this box _____ % of voting shares issued _____	Corporate Access Number _____ Name and Address _____	If a Director, check this box _____ % of voting shares issued _____

7. IMPORTANT NOTICE TO CORPORATION



Authorized Signature [Signature] Name and Title of Person Authorizing Francis N. J. Taman
Telephone Number (403) 237-5550 Solicitor
Date Nov 23/12

RECEIVED
DR
NOV 28 2012
COMMUNITY ADMINISTRATION

LIST OF OFFICERS
AS AT JULY 31, 2012

SHEPHERD'S VILLAGE MINISTRIES LTD.

Full Name	Address	Date when Appointed or Elected	Position Held
Hans Heumann	#800, 715 - 5th Avenue SW Calgary, AB T2P 2X6	Jun 29, 2006	President
Donald Schiemann	700 Ada Boulevard Edmonton, AB T5B 4E4	May 1, 2008	Vice-President
James Werschler	2050 Halifax Street Regina, SK S4P 1T7	Jun 7, 2007	Secretary

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LIST OF MEMBERS
AS AT JULY 31, 2012

SHEPHERD'S VILLAGE MINISTRIES LTD.

Full Name	Address
Donald Schiemann	700 Ada Boulevard I Edmonton, AB T5B 4E4
Hans Heumann	#800, 715 - 5th Avenue SW I Calgary, AB T2P 2X6
Jim Kental	Suite 400, 1620 Dickson Avenue I Kelowna, BC V1Y 9Y2

**LIST OF DIRECTORS
SHEPHERD'S VILLAGE MINISTRIES LTD.
AS OF JULY 31, 2012**

Full Name	Address	Date when Appointed or Elected
Hans Heumann	#800, 715 - 5th Avenue SWI Calgary, AB T2P 2X6	Jun 7, 2007
Grant Dale McMaster	Deloitte & Touche LLP #225, 20316 - 56th Avenue Langley, BC V3A 3Y7	Jun 7, 2007
Donald Schiemann	700 Ada Boulevard I Edmonton, AB T5B 4E4	Jun 7, 2007
James Werschler	2050 Halifax Street I Regina, SK S4P 1T7	Jun 7, 2007
Mark Ruf	3610 Sarcee Road SWI Calgary, AB T3E 6V6	Aug 1, 2008
Dave Schoepp	c/o 900, 285030 Luther Rose Blvd. NE Calgary, ABI T1X 1M9	June 23, 2011



Non-Profit Private Company

Corporate Access No. 518407101 For Year Ending 2013

Date of Incorporation, Continuance, Amalgamation or Registration 1999/07/28
YEAR MONTH DAY

1. Name of Corporation
SHEPHERD'S VILLAGE MINISTRIES LTD.

2. Address
**1700, 530 8 AVENUE SW
CALGARY, ALBERTA
T2P 3S8**

RECEIVED
DR
OCT 08 2013
REGISTERED ASSISTANT

3. Has there been any change of directors? Yes No

4. If Yes, have Corporate Registry Records been updated? Yes No

5. SHAREHOLDER INFORMATION

6. CHANGES IN SHAREHOLDERS (if applicable)

RECEIVED
OCT 8 2013
REGISTRY OF CORPORATIONS
Province of Alberta

Corporate Access Number	Name and Address	% of voting shares issued	Corporate Access Number	Name and Address	% of voting shares issued
		If a Director, check this box <input type="checkbox"/>			If a Director, check this box <input type="checkbox"/>
		If a Director, check this box <input type="checkbox"/>			If a Director, check this box <input type="checkbox"/>
		If a Director, check this box <input type="checkbox"/>			If a Director, check this box <input type="checkbox"/>
		If a Director, check this box <input type="checkbox"/>			If a Director, check this box <input type="checkbox"/>
		If a Director, check this box <input type="checkbox"/>			If a Director, check this box <input type="checkbox"/>
		If a Director, check this box <input type="checkbox"/>			If a Director, check this box <input type="checkbox"/>
		If a Director, check this box <input type="checkbox"/>			If a Director, check this box <input type="checkbox"/>

7. IMPORTANT NOTICE TO CORPORATION

Authorized Signatures
(for non-profit companies only)

Name and Title of Person Authorizing
(please PRINT)

Provide Identification (e.g. Operator's Licence)
(not applicable for non-profit companies)

Francis N. J. Tamati Telephone Number _____ Date _____

REGISTER OF DIRECTORS
OF
SHEPHERD'S VILLAGE MINISTRIES LTD.

RECEIVED
DR
OCT 08 2013
SHEPHERD'S VILLAGE MINISTRIES

C P L W O L O @ L L W

Full Name	Address	Date When Appointed or Elected
Hans Heumann	#800, 715 - 5th Avenue SW Calgary, AB T2P 2X6	Jun 7, 2007
Grant Dale McMaster	#225, 20316 - 56th Avenue Langley, BC V3A 3Y7	Jun 7, 2007
Donald Schiermann	700 Ada Boulevard Edmonton, AB T6B 4E4	Jun 7, 2007
James Werschler	2050 Halifax Street Regina, SK S4P 1T7	Jun 7, 2007
Mark Ruf	3610 Sarcee Road SW Calgary, AB T3E 6V6	Aug 1, 2008
Dave Schoepp	c/o Suite 900, 285030 Luther Rose Blvd NE Calgary, AB T1X 1M9	Jun 23, 2011

LIST OF OFFICERS
AS AT JULY 31, 2013

SHEPHERD'S VILLAGE MINISTRIES LTD.

0311601991 @ @ L L A

Full Name	Address	Date when Appointed or Elected	Position Held
Hans Heumann	#800, 715 - 5th Avenue SW Calgary, AB T2P 2X6	Jun 29, 2006	President
Donald Schemann	700 Ada Boulevard Edmonton, AB T5B 4E4	May 1, 2008	Vice-President
James Werschler	2050 Halifax Street Regina, SK S4P 1T7	Jun 7, 2007	Secretary

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