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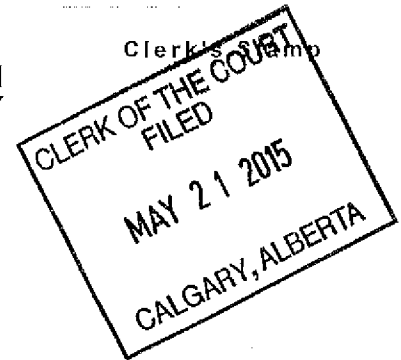
COURT FILE
NUMBER COURT

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

JUDICIAL CENTRE

CALGARY

IN THE MATTER OF THE
COMPANIES' CREDITORS
ARRANGEMENT ACT, R.S.C.
1985, c. C-36, as amended



APPLICANTS

And

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

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Attention: Terry L. Czechowskyj

AFFIDAVIT OF RANDY KELLEN

Sworn on May 15, 2015

I, RANDALL SCOTT KELLEN, of Burnaby, British Columbia, SWEAR AND SAY THAT:

1. I am 60 years of age, a self-employed sub-contracting superintendent, who since 1974 has been a member of St. Luke Lutheran Church in Surrey British Columbia.
2. In 1985 I joined the building committee of my St. Luke Lutheran congregation

which had contracted the construction of a new church building. Our congregation was in the process of applying for a church construction loan from the Church Extension Fund ("CEF") operated by the Lutheran Church—Canada--Alberta-British Columbia District ("District") of the Lutheran Church Canada ("Synod").

3. I believe it was Pastor Ruf from District who came to visit the building site as part of District's due diligence in approving a CEF mortgage that St Luke Lutheran had applied for. When in 1986 problems arose concerning the general contractor's fees I volunteered to take over management of the construction of the church building and succeeded in bringing it to completion under our budgeted cost allowance. As a result of this exercise, I came to understand that the amount a congregation could borrow depended to a great extent upon how much it supported the CEF.

CEF PURPOSES

4. As a result of my congregational experience with the CEF, by the mid-1990s I learned that the CEF was a major factor in the Lutheran Church's church planting program as described at page 10 of the February 1995 ***ABC District News*** advertisement (attached to my affidavit as **EXHIBIT 1**) soliciting Church Extension Fund deposits at favorable rates of interest on "**family savings** which then "**...are loaned to buy sites and to build churches and schools--places where the Gospel of Jesus Christ can be shared.**" (*my emphases*)
5. I am a believer in Christ and his church, of which I believe the Lutheran Church is an agency for the spreading of His Word and the Christian faith. I take to heart the great commission as set out in Matthew 28 and was therefore interested in spreading the Word by helping found new congregations. I was impressed with the management of the Church Extension Fund and became very interested in the church building program.
6. Because of my enthusiasm for church building and congregational growth projects, I was recruited by the District to become our congregation's Church Extension Representative ("CER") as described in the copy (attached hereto as

EXHIBIT 2 to my affidavit) of letter dated November 6, 2001. I discharged that commission to my congregation at St Luke from that day to mid-2010 and, as such, I have personal knowledge of the matters hereinafter deposed, except where stated to be based on information and belief, and where so stated, I verily believe them to be true.

CEF FINANCING METHODS

7. I was provided with a March 2000 Church Extension Manual ("the Manual", a copy of which is attached as **EXHIBIT 3** to my affidavit) which confirmed the CEF purpose as set out at page M-1 as, "The primary goal of Church Extension is to provide loans with reasonable interest rates to congregations that need property/buildings in order to carry on the ministry of reaching souls for Christ."
8. The Manual became the principal information source for my "Church Extension ministry" as therein described. I was given a package or set of resource materials in a special bag stamped "Church Extension Representative", but no formal training as to how to fill out forms though the package included some "sample forms" already filled out for me to follow.
9. I read the Manual and had no hesitation about raising money for the CEF from members of my congregation, since I believed I could rely on the following representation at page M-2:

"Investments in Church Extension are guaranteed by the ABC District of Lutheran Church – Canada which has in excess of 30 million dollars of assets, Church Extension has a proven record of security. Since the beginning of its operation in 1921 no one has ever lost a penny of their investment."

I also believed members' savings would be applied only in approving mortgages to congregations that were authorized borrowers to ensure that the loans would be repaid and the depositors' interests were protected and properly secured, since the District's CHURCH EXTENSION POLICY which formed a part of the Manual had express provisions set out at pages 5 and 6 under:

'A. "Loan Eligibility" that "All congregations of [District], in good standing are eligible to apply for a Church Extension loan. Congregations in good standing are congregations which support the mission and ministry of the

District and Synod in a responsible way ... and comply with the policy and practice established by Lutheran Church—Canada.”

‘B. “Loan Criteria” that include paragraph “8. Ability of congregation to service debt.” and

‘D. “Loan Conditions” that include paragraph “1. Security documentation appropriate to the size and conditions of the loan.”

The “safe” aspect of the District’s investment offerings were regularly repeated in advertisements appearing in the District’s official newsletter to church members:

Attached hereto as **EXHIBIT 3-A** to my affidavit is page 4 of the March 4, 1994 issue of **ABC District News** in which are the following statements: “The reality is that one of the best investment opportunities lies within our own church: The Alberta-British Columbia District Church Extension Fund. One would be hard pressed to find **a safe, no risk, non-locked-in investment** that pays 5% for 1 year, 5 1/2% for 3 years or 6% for 5 years.” *(my emphasis)*

“Many people still have the misconception that putting money in CEF is making a gift. **Investing in CEF is like buying a GIC (Guaranteed Investment Certificate) or similar no risk investment instrument.**” *(my emphasis)* and

“**PROMOTION IS THE KEY** – Aggressive promotion of the Church Extension Fund ministry is important if CEF is to be able to meet the projected needs of congregations. Please help us promote CEF in your congregation.”

Attached hereto as **EXHIBIT 3-B** to my affidavit is page 4 of the March 4, 1995 issue of **ABC District News**, in which a large advertisement offers “Safe Investments” “Attractive Rates”

Attached hereto as **EXHIBIT 3-C** to my affidavit is page 4 of the October 1997 issue of **ABC District News** in which are the statements:, “ABC District Investments retirement fund is a group RRSP plan which provides a safe investment vehicle for individuals and an opportunity to put savings to work in the Lord’s service.”

Attached hereto as **EXHIBIT 3-D** to my affidavit is page 3 of the June 1999 issue of **ABC District News** in which are the statements: "A reasonable (market and sometimes a little higher than market) rate of interest is paid on loans to the CEF and **funds are only used to enable our sister congregations** to acquire land, build church buildings and/or schools, purchase major pieces of equipment and make major emergency repairs...." (*my emphasis*) and

"...CEF loans to congregations total twenty million dollars and funds on deposit in CEF total \$26,000,000." And

"No one has ever lost money by investing in Church Extension Fund."

10. In April 2002 after becoming a CER I attended the Canmore, Alberta annual CEF conference, which consisted primarily of sessions led by several motivational speakers regarding our service to our Lord by promoting the CEF. Other speakers at the conference and thereafter the people at head office who offered advice to and corresponded with the CERs constantly exhorted the CERs to greater efforts and encouraging them to also make financial investments with CEF in support of the Church Extension ministry. Attached hereto as **EXHIBIT 4** to my affidavit is a May 12, 2007 letter to my wife and I as term deposit holders indicating that our investments were supporting a well-diversified mortgage loan portfolio made to "over 69 congregations".
11. As a result of my original efforts, members of our congregation still had deposits totaling \$769,189.15 with the CEF and District Investments Ltd ("DIL") as at November 30, 2014, in addition to which our congregation diligently and duly succeeded in fully paying out our original mortgage several years ago.
12. In or about 1993 my 5 year old daughter, Cherise, began Sunday School where she was persuaded to invest part of her weekly allowance in the purchase of the District's Tracky Stamps, an investment that was held for her in the name of my wife, Debbie, in a CEF account that had a balance of \$153.34 at February 23, 2015, as indicated in the last statement (attached hereto as **EXHIBIT 5** to my affidavit) received from District. The At page 10 of the Manual, District represents that, "The Tracky Stamp program allows children to participate in Church Extension, helps them learn about stewardship and basic money

management, allows them to save for future education, etc....”

13. In or about 2001 I also became a Depositor to both the CEF and the DIL. At February 27, 2015, the date of the last statements (attached hereto as **EXHIBIT 6** to my affidavit) received from CEF and DIL, my CEF term deposits totaled \$90,553.06 and my DIL RRSP December 31, 2014 balance of \$26,105.49, which District had arbitrarily written down 24% \$19,849.54, with the further caveat that "...DIL does not represent or warrant the amount that will ultimately be payable to you pursuant to any plan of arrangement." My CEF and DIL deposits constitute a significant portion of my retirement savings. I have never withdrawn any contributed principal nor any interest that accrued on my deposits as they matured, but allowed all interest accruals to be reinvested in new deposits as the existing ones matured. **I have not agreed to any write-down of my claims against the CEF and the DIL.**

DEPARTURE FROM PURPOSES OF CEF

14. The Monitor's reports appear to indicate that 90% of CEF funds, including the childrens' Tracky money deposits, and 24% or more of DIL Depositors savings have found their way into support of the badly managed Prince of Peace Development, a real estate speculation and "Village" development that includes a church that certain directors, officers and others involved with District attend as members of the Prince of Peace congregation, and residences in which certain members of District management reside, such as the following directors:
- (a) Bill Morgan, 607 Advent Bay, Calgary, Alberta T1X 1N8
 - (b) Dave Schoepp, 900 – 285030 Luther Rose Blvd, Calgary, Alberta T1X 1M9

PROMOTION

15. CEF promotional materials that I received from District as both CER and "investor" became principally about the great success and growth of the CEF as indicated by the following statements in correspondence such as the July 2, 2002 circular letter (a copy of which is attached hereto as **EXHIBIT 7** to my affidavit):

"Since 1995 total investments have grown over 230%, from \$16.81 million in 1995 to \$56.14 million in 2001. Much of the recent growth resulted from the **80th Anniversary** campaign [in 2001], during which

over \$27.5 million was invested.” and

In the service of a growing number of congregations “Over 95% of congregations within ABC District have, at some time in the past 80 years’ history of Church Extension, benefited from a CEF loan.”

16. The District provided CERs and sent to church members many promotional materials that mixed money-raising with spreading the Gospel as illustrated in the brochure (attached hereto as **EXHIBIT 7-A** to my affidavit) in which the CEF offered many financial products, including K.I.D.S. Stamps and registered plans of DIL, described as its “sister company”, and the assurance that, “Church Extension is managed prudently and built on solid financial principles.”

This material was supplied to me at a time when the District was already embarked on a land development scheme focused not on traditional church planting aimed at reaching more people, but rather on serving the interests of only those few persons involved in the real estate speculation and condominium development called the “Prince of Peace Village” near Calgary, Alberta, which is and has always been of little or no benefit to British Columbians or, indeed, anyone outside the Calgary, Alberta area.

17. When I became a CER, application forms and instructions for their completion to open RRSP and RRIF accounts (the first page of which is attached hereto as **EXHIBIT 8** to my affidavit) were provided to me containing a representation in the first paragraph of the cover sheet that, “In addition, ABC District Investments is registered through its Trustee, Co-operative Trust Company of Canada, to manage locked-in funds within Alberta, British Columbia, Saskatchewan, Manitoba and federal jurisdictions.” To the best of my knowledge, neither District nor DIL is not now and never has been registered to manage investment and trust funds.
18. When offering other members of my congregation investments in the CEF and in making our own investments in the CEF and DIL, I and my wife relied on the stated assurances that the deposits were guaranteed by District and that no one had ever lost money on their investment in the CEF. I also relied on written materials and verbal information provided me as a CER by District as to the

good (actually better-than-market) returns on and safety of investments in their CEF and DIL deposit accounts and other offered securities, as advertised in the June 2002 issue of *ABC District News* (attached hereto as **EXHIBIT 9** to my affidavit) is page 9 announcing, "A new Rate Schedule was approved for implementation on June 1, 2002, with increased rates for 3-year, 4-year, and 5-year term investments. Church Extension rates are, on average, higher than commercial bank rates." and

Attached hereto as **EXHIBIT 10** to my affidavit is page 9, a full page item "Church Extension Announces Interest Rate Increase" that appeared in the April 2006 issue of *ABC District News* with the claim that its rates were as much as 0.45% to 0.9% higher than those offered by the "Big Five" commercial banks on March 20, 2006.

BREACH OF SECURITIES REGULATIONS

19. I was not a trained, licensed or certified investment advisor and I was unaware the deposits offered by District were securities that required licensing on the part of representatives such as me. No one in management at District ever indicated that I needed to be trained, licensed or certified by any governmental authority.
20. I received no instructions and no warnings from District and its representatives concerning the risk associated with making unsecured deposits in the CEF and contributions to the DIL registered fund or in the District's other offered securities, such as bonds, though I never persuaded anyone to buy bonds that may have been issued by District.
21. When first making and thereafter from time to time renewing deposits to the CEF, the District representative(s) never enquired as to my total asset holdings or net worth, nor as to the details thereof. Neither the Manual nor any of the later promotional and offering correspondence, circulars and other sales aid materials contained any warnings or mention of risk attached to the CEF and DIL investments and deposits.
22. When first making and thereafter from time to time renewing deposits to the CEF, the District representative(s) never enquired as to my level of risk

tolerance or whether I could afford to lose any or all of my deposits and contributions and never suggested that I make similar enquiries of those to whom I recommended CEF deposits.

BREACH OF TRUST & FIDUCIARY DUTY

23. I have read the affidavit of Kurtis Robinson dated January 23, 2015 in this matter and the last available 'audited' financial statements of District made up to January 31, 2012 (a copy of which is attached hereto as **EXHIBIT 11** to my affidavit), in respect of which, notwithstanding the title "INDEPENDENT AUDITOR'S REPORT", the auditor said,

"Because of the matter described in The Basis for Disclaimer of Opinion paragraph [referring to the \$69,737,136 loan to "sister company" Encharis Community Housing Services (sic)], however, **we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.**" [*my emphasis*]

24. I believe the Robinson affidavit and 2012 financial statements referred to in paragraph 23 make only part disclosure of a serious breach of trust by District and DIL directors or officers or both in that, on August 11, 2008 District "took a loan" from the DIL fund without providing any mortgage security for the approximately \$6 million that appears to have been used in connection with the Strathmore lands, a college property that EnCharis purchased a year earlier in August 2007 for \$5,891,315.

25. In sub-paragraph 79.1 of its second report, the Monitor says "CEF collects monthly lease payments of approximately \$29,000 (\$28,000 plus GST) for a lease on a property in Strathmore, Alberta (the "Golden Hill Property"). CEF granted a mortgage on the Golden Hill Property in favour of DIL and makes monthly payments to DIL of approximately \$29,000 per month...."

26. According to paragraph 35 of District Officer Kurtis Robinson's January 22, 2015 affidavit, "On December 23, 2014, the District executed a legal mortgage pledging the Strathmore property as security for the loan to the DIL Portfolio." That would require District to have title to the Strathmore lands, on which the Monitor says CEF granted a mortgage.

It appears that, when in 2014 management of District discovered it would be forced into bankruptcy unless it took refuge under the CCAA, someone in

management contrived a story about intending to give security for a six-year-old plundering of the DIL, by preparing and filing a form of mortgage, then hurriedly made a last minute Land Registry filing of it on December 23, 2014, before taking refuge from the victim CEF Depositors under the CCAA. According to section 27 of the First Report of the Monitor, "Two of the DIL mortgages ...against the Prince of Peace Properties ... were registered in second position behind the District-ECHS mortgage and are not estimated to have any realizable values." In subparagraph 27.3.3 the Monitor notes that, "...the DIL mortgages also include the mortgage on the Strathmore Property, the security of which could potentially be challenged by the District." Apparently, District and CEF granted two different mortgages on the same property, which gives rise to the question: which of them owned the property.

The answer to that question should be available from the person or persons who prepared the late or deficient mortgage security and who are now, or at the material times were, involved in the District either as directors or officers and, possibly, others as indicated in the following documents:

Attached hereto as **EXHIBIT 12** to my affidavit is page 1 of the May 1999 issue of ABC District News in which counsel to the District in this matter, Francis Taman, was identified as a member of the Prince of Peace Lutheran Church in Calgary who, at the 1999 Church Extension Conference in Banff, Alberta, "... informed everyone of the need and opportunities to minister to seniors." At the close of that meeting, attending CEF representatives "...were also assured that no one has ever lost a penny in Church Extension...."

In Exhibit "L" to the March 19, 2015 affidavit of Kurtis Robinson in this matter that, on August 16, 1999, Unit 25, a condominium in the Prince of Peace "Village", was sold for \$179,900.00 for "seniors' occupation". The landlord owner was "Lutheran Church-Canada, Alberta-British Columbia District", for whom a "Francis N. J. Taman" was the officer who executed the document.

In paragraph 57 of Kurtis Robinson's March 19, 2015 it is stated that ECHS, i.e. Encharis Community Housing and Services, is the owner of Unit 25.

In paragraph 42 of District Officer Kurtis Robinson's January 22, 2015 affidavit he says, "In 2006, the District transferred title to the entire POP Development to

ECHS”, which explains how ECHS came to be the owner of this Unit 25, but not ‘why’ the CEF did not retain first mortgage security on the property, nor ‘why’ CEF did not receive the proceeds of sale of the life leases of the condos in reduction of the mortgage debt due it, since the POP Development was paid for by the CEF.

Attached hereto as **EXHIBIT 13** to my affidavit is page 1 of the September 1998 issue of **ABC District News** is an item announcing the Grand Opening of the Prince of Peace Village. the Lutheran Church-Canada is described as the reversionary owner on return of the leases in this 160 unit community.

Attached hereto as **EXHIBIT 14** to my affidavit is page 3 of the December 1999 issue of **ABC District News**, in which appears a half-page advertisement for Prince of Peace Village indicates that it was “DEVELOPED BY PRINCE OF PEACE CHURCH AND LUTHERAN CHURCH-CANADA, ALBERTA-BC DISTRICT”.

27. Since Encharis Community Housing and Services (“ECHS” or “Encharis”) was not incorporated until 2005, it appears that District was the owner and that it directly financed construction of the Prince of Peace Village condominiums out of the CEF. Only later in 2006, after the project was well advanced, title was passed by District to Encharis and immediately thereafter began involving Encharis’ “sister company” [Exhibit 7], ABC District Investments [DIL], in financing the POP Development. In the financial statements of District that I have seen, those costs seem to have appeared on the books of Encharis as loans from District of about \$69 million. Those loans must, or should, have first appeared as loans from CEF to District.
28. What is unclear in the financial statements of District and in the unconsolidated summaries of Encharis’ financial statements that appear only as notes in the District’s financial statements, is where the money from the sales of life leases went. If the 160 units were all sold only as life leases for the “start” prices of \$179,000 or \$159,000 per unit, at least some \$25,000,000 ought to have been realized and returned to the CEF, but that appears not to be the case.
29. Because the financial statements of Encharis were not consolidated with those of its *de facto* parent, District, there has been no accounting to the CEF for the

sale of the Prince of Peace Village units, all of which were built with CEF monies and mortgaged to CEF. I believe that the reason there has been no accounting is that District chose to engage in property speculation and development, the details of which were hidden from view as "off-balance-sheet" items appearing only on the unconsolidated financial statements of Encharis and its other 'sister company' Encharis Management and Support Services (EMSS). It appears the District failed to report and its auditors failed to make the appropriate enquiries necessary to ensure the financial statements provided full, true and plain disclosure to the CEF depositors.

30. The 2012 financial statements of District discuss risk, but do not disclose that District made an unsecured loan to itself for the purchase of the Strathmore property. In fact, quite the converse appears the case, since the auditor does not disagree with the statement in Note 6 that, "The [District] mortgage payable to [DIL] is secured by property in Strathmore. Alberta", despite there having been no mortgage filed until December 23, 2014, long after the 2012 audit was completed.
31. I received no audited financial statements or other financial reports during the years 2013 and 2014. When I last renewed my deposits in the CEF on July 1, 2012, I did not receive audited financial statements for 2012 and received no warning that District had in any prior period suffered operating losses on its mortgages, loans and other investments made with my life savings. Quite the contrary, as herein elsewhere described, I received repeated assurances that the CEF was safe and no one had ever lost money on a CEF investment.
32. I was very distressed to learn in January 2015 that District and its affiliates, the other Applicants had departed far from the represented practice of making only widely diversified loans to many individual churches and had embarked on very localized and highly risky land speculation and building schemes in an area in which certain of the directors and officers of the District had personal, conflicting interests.
33. Instead of the roughly \$143 million in deposits received by CEF being invested in a properly vetted and well secured mortgage portfolio diversified among a large number of congregations in Alberta and British Columbia as described in

the Manual and other literature of District, District management had, contrary to the criteria District represented would be applied, invested more than 90% of the CEF assets in land speculation, a residential condominium building scheme and poorly vetted and poorly or completely unsecured mortgages, second mortgages and mere promissory notes of the Prince of Peace congregation and the so-called 'Prince of Peace Development', a pet project of Encharis and the other Applicants .

EARLY WARNINGS OF FINANCIAL DISASTER

34. In or about mid-February 2015 I received two telephone calls, one of which was a four-person conference call, from David Robak, CMA,, a financially knowledgeable former member of the Prince of Peace congregation, the church at the nexus of the POP Development scheme. Mr. Robak had been doing the congregational accounting since 2003 and was invited in 2004 to become the Director of Finance for the Prince of Peace congregation. I believe his information that, when as early as 2005 he warned District President, Rev Donald Schiemann, also a member of the church and its then sometime pastor, that the management of the congregation's finances were in a "bloody mess" and that it could not meet its loan obligations to the CEF. Mr. Robak stated that the school attached to the Prince of Peace Church had suffered an operating loss of \$1.2 million in 2005 and the Prince of Peace congregation received an \$8 million unsecured operating loan from CEF and, though it was at that time not able to meet its existing obligations to the CEF, no one involved in the decision asked where the money was coming from.
35. As Director of Finance, Mr. Robak said he knew it was CEF money, but did not know who authorized the loan. However, when challenged on the deficit operations issue by Mr. Robak, Rev Schiemann is said to have responded that he was prepared to "err on the side of ministry". Mr. Robak said, "I left in 2005 and went to another church, St Matthew. Later, about two years, I was disgusted to learn that \$6 million of the Prince of Peace's \$8 million loan from CEF was lifted from the balance sheet."
36. Though Mr. Robak informed Rev Schiemann about the financial mess in 2005, in a January 23, 2015 CBC (a print of which is attached hereto as **EXHIBIT 15** to my affidavit) is a copy of a CBC interview in which Rev Schiemann is

reported to have said, he realized how serious the financial situation was about a year and a half ago. This is also contrary to the evidence of Pastor Vic Esperanza, a current director of District, who on Saturday February 14, 2015 met with me, Donald Specht and Grant McMaster, a member of the Board of Encharis, at Ricky's restaurant in Surrey, BC, informed me that, when he joined the board of directors of District in 2010, the District financial operation was in a mess. (*my emphasis*)

37. In the same CBC interview with Rev Schiemann, it is reported of him that "...he is still trying to understand how the district (sic) landed in such financial trouble. The financial crisis was caused by what he describes as a "perfect storm" of factors, including: investors withdrawing, outstanding loans, including the one to Prince of Peace that in 2012, the last audit available, shows it was worth 70 million dollars...."
38. This is expressly contrary to what the District's auditor of the 2012 financial statements (Exhibit 11) said of the 70 million dollar loan, which was made not to Prince of Peace but to "sister" company, Encharis, which loan the auditor describes thus in Note 7 to the financial statements: "There have been significant principal repayment shortfalls and continual interest payment shortfalls. As such the loan to ECHS could potentially be impaired. However, due to lack of information, it could not be determined whether an impairment exists. Principal repayments of \$2,000,000 each were required to be made annually in 2007 through 2009 with the remaining to be negotiated. These principal repayments have not been made. Management has allowed for the unpaid interest of \$5,176,000."
In addition to failing to make the principal repayments since inception, the interest charges were not paid but simply accrued and added to the debt, bringing it to over \$90 million.
39. I believe the facts set out in these 2012 financial statements show that Rev Schiemann and the District board of directors at the time knew very well that the loan to Encharis was impaired and that the auditor's statement that "due to lack of information, it could not be determined whether an impairment exists" is disingenuous at best, at worst indicates that the auditor did not make due enquiry, preferring to take the word of the management that the loan was not

impaired. This conclusion is supported by other observations of the auditor, in its report where, for example, it states that, "The District's portfolio investments are carried on the financial statement at cost. Management has not stated the investments at market value which constitutes a departure from Canadian generally accepted accounting principles."

40. Lack of due enquiry on the part of the auditor in respect of the 2012 financial statements would also appear apparent in its statement in Note 7 that "Management has allowed for the unpaid interest [on the Encharis loan] of \$5,176,000." In fact examination of the balance sheet of this financial statement shows that the unpaid \$5,176,000 of interest does not appear as an asset on line item "Accrued interest on loans and mortgages receivable (Note 7)" which shows only \$117,799 in accrued receivable interest, but as an expense in the Statement of Operations Expense. District simply wrote off the CEF interest receivable, presumably as uncollectible.
41. Rev Schiemann also said in the CBC interview that, "In March 2014, the investment fund at the centre of the problem stopped accepting deposits." Contrary to Rev Schiemann's claim, I am personally aware of a number of elderly persons from whom renewal deposits were accepted as late as December 23, 2014. One 87 year old lady at the first "information" meeting at Trinity Lutheran Church in Abbotsford, BC on January 15, 2015 informed Pastor Dressler, the board of directors member speaking to the meeting, that she had had a note come due December 23, 2014 and District accepted not only a renewed deposit of the principal but also reinvestment of most of the accrued interest, leaving the lady in a financial mess when Rev Schiemann pulled the rug out on January 2, 2015. Since then, I have spoken to a number of persons who had a similar experience during the latter part of 2014 and believe all to be telling the truth.

DISTRICT MANAGEMENT ATTITUDE TO CEF VICTIMS

42. An attitude of recklessness on the part of District management concerning my and all the other victims savings in the CEF and the DIL was confirmed by Rev Schiemann in the same January 23, 2015 CBC interview where he is reported to have stated, "We made decisions in favour of ministry, and as a result there were some poor financial decisions," [and that he] has no regrets over the

ministerial work done at the Prince of Peace development east of Calgary.

43. Most of the persons who have deposited monies with the CEF are much more elderly than I. Many of those who have spoken to me about the moratorium are very distressed at the prospect of losing their retirement funds; several are suffering anxiety, fear and nervous disorders and some I am informed may not be able to afford their independent living arrangements and medical care. In the CBC interview of January 23, 2015 (Exhibit 15), Rev Schiemann is reported as being adamant that anyone who knew about the financial situation did not make withdrawals. However, the CEF fund statements indicate that in October 2008, when total CEF deposit obligations stood at \$106 million, Prince of Peace congregation members were owed deposits of \$7,545,300. Great financial difficulties were beginning to appear in the POP Development at that time and, those deposit obligations declined to only \$2,900,000, notwithstanding that the overall CEF obligations to depositors had risen to \$143,000,000 in September 2013. Other congregations were generally increasing or maintaining their deposits in the CEF as indicated in the Schedule of CEF & DIL Deposits 2008 to 2014 and a graphical comparison {attached hereto as **EXHIBIT 16** to my affidavit) of the trend of Prince of Peace congregational holdings in CEF & DIL with the trend in holdings of other congregations over the same period.
44. In its Initial Report at page 14, the Monitor notes that the District may have a conflict of interest as a result of its position as a fiduciary for the DIL Depositors...[that] may expose the District to additional potential claims, such as for breach of fiduciary duty.
45. Mr. Francis Taman, the barrister and solicitor acting for the Applicants in this matter, has occupied official positions at material times over the years when actions were taken that were materially adverse to the interests of CEF depositors and when financial situations arose and were dealt with to the disadvantage of the CEF and its depositors. In an April 4, 2015 search (attached hereto as **EXHIBIT 16-A** to my affidavit) of the Canada Revenue Agency Charity's Return Mr. Taman is named in the "List of Directors/Trustees and Like Officials" without indicating a particular office held, indicating that he is a trustee of Encharis Management and Support Services (EMSS).

46. Mr. Taman has over the years held other official positions in the Applicants as indicated by District Officer Kurtis Robinson's March 19, 2015 affidavit, in Exhibit "L", an August 16, 1999 life lease sale agreement of Unit 25 (in the Prince of Peace Village) which Mr. Taman executed as the authorized signing officer of District. His involvement in the business affairs and official positions with the Applicants appear to place him in a conflict of interest with his representative capacity in this matter.

UNAUTHORIZED BANKING & TRUST OPERATIONS

47. In my dealings with the District and its management, I believed it to have authority to solicit and take deposits as a bank, trust company, or credit union and in all respects it so operated *de facto* as a bank, or credit union or other deposit-taking institution and solicited deposits and investments without any authority for doing so.
48. In my dealings with the District and its management, I believed it to have authority to operate as financial advisors and in all respects it so operated, using me as a representative without it or me being licensed to do so.
49. In its initial report at page 14, the Monitor intimates that certain documentation governing the relationship between the District and DIL and the CEF and DIL Depositors may disclose that there may be potential claims against the District and DIL and their respective directors and officers arising out of any potential compliance requirements of the Loan and Trust Corporations Act of Alberta and the Securities Act of Alberta.
50. Though it advertised its financial products and services to be equal to or better than those of the "Big Five" banks, in lending the CEF and DIL monies to Encharis and others, the management of District disregarded the security interests of me and the other depositors to the CEF and the contributors to the DIL. For that reason I oppose giving them insurance and security against claims against them and allowing all such persons who created this acknowledged financial mess being left in charge of my retirement savings and those of the many other elderly persons whose trust appears to have been abused as I have determined mine has been.
51. By Article 4 of that certain RRSP and RRIF AGENCY TRUSTEE AGREEMENT ("the 2002 Trust Agreement") dated April 9, 2002 between DIL and registered

Trustee, Co-operative Trust Company of Canada ("the Trustee"), (forming part of Exhibit K to the January 22, 2015 Affidavit of Kurtis Robinson), the Trustee appointed DIL as its Agent, with the duties listed Article 5 thereof, including (at page 6) subparagraph m. requiring DIL to provide on an annual basis a written confirmation by the external auditors of [DIL] within six months following each fiscal year end of [DIL] addressed to and supplied to the Trustee to the effect that they have examined the Contracts [Annuitant accounts] in sufficient detail to confirm, in their opinion, that:

- all investments issued to Contracts and all Contract cash held under this agreement are recorded in such a manner so as to adequately identify the Investments and cash as the property of the Trustee in its capacity as trustee for the various Annuitants;
- Copy of Errors and Omissions Insurance Policy, or other insurance policy obtained by the Company in accordance with prudent industry standards, covering losses incurred by way of theft, fraud or defalcation;
- Copy of insurance policy relating to coverage for employees dishonesty, depositors forgery and loss of funds; and
- Annual Audited Financial Statement.

52. There is nothing in the material disclosed by District to indicate that District's auditors could or did provide opinions to the Trustee that "adequately identify the Investments and cash of DIL as property of the Trustee".
53. Article 1.01 e. of the 2002 Trust Agreement defines "Investments" as those "...which are qualified investments for RRSPs and RRIFs in accordance with the Income Tax Act". The 2008 unsecured loan related to the Strathmore property was not such an investment, nor are the \$8 million in Concentra mortgages, which District Officer and management representative, Kurtis Robinson, acknowledges in paragraph 63 of his January 22, 2015 affidavit as "uncollectible". I believe Concentra Trust and District were negligent in failing to apply due diligence to review and implementing of this transaction involving more than 10% of the then DIL asset base.
54. In Note 12 at page 12 of the audited financial statements of District made up to January 31, 2010 (attached hereto as **EXHIBIT 17** to my affidavit) the auditors,

Rolfe, Benson LLP chartered accountants, state, "District holds a mortgage loan payable to District Investments related to the Strathmore, Alberta property in the amount of \$5,955,625." The mortgage document in this case was never filed until December 23, 2014 and it is not credible that it existed before that time.

55. A further Note 15 at page 14 of the audited financial statements of District made up to January 31, 2010 (attached hereto as EXHIBIT 17 to my affidavit) cryptically indicates in the third paragraph on page 14 that, "In addition, **on 1 August 2008, the District acquired the title to the Strathmore, Alberta property and extinguished the related mortgage loan receivable in Church Extension Fund.** This transaction has been previously measured in these financial statements at the carrying amount of the mortgage loan receivable previously recognized in the accounts of the District **at the date of title transfer**, which amounts to \$5,891,315. The Strathmore land and buildings have been recorded as other properties in the Plant Fund as of 31 January 2010." (*my emphases*)
56. The meaning of "previously measured" and "previously recognized" in Note 15 by District's auditor, Rolfe, Benson LLP, who ceased to be District's auditor after the 2010 audit, may be explained by an August 16, 2007 news item of the Strathmore Standard (attached hereto as **EXHIBIT 18** to my affidavit) reporting that, on August 8, 2007, the former Covenant Bible College campus, which is the Strathmore property, was purchased "...by another Christian group, EnCharis, for the sum of \$5.85 million."
I believe the only source of such funds for Encharis was the CEF and that a mortgage in some form was granted by District or Encharis in favour of the CEF for the purchase price.
57. In the January 31, 2010 financial statements of District, the auditors gave no details concerning how or when the 'transfer' of the Strathmore title from Encharis to District, other than to say, in Note 12, "The District holds a mortgage loan payable to District Investments related to the Strathmore, Alberta property in the amount of \$5,955,625." Presumably that mortgage was 'held' in trust for CEF and related to the \$5,891,315 purchase price of the Strathmore property. In Note 15 of the same 2010 District financial statements the auditor says, "In addition, on August 8, 2008, the District acquired title to the

Strathmore, Alberta property and extinguished the related mortgage loan receivable in Church Extension Fund.” I believe “extinguished” does not mean paid off.

It appears from this that District breached its trust obligation to CEF in order that it would be in a position to pledge the same property a second time to borrow \$6 million from the DIL. In either case, a loan of that amount would mean financing of more 100% of the asset value was approved, which is inappropriately risky for any investment, and especially so for a registered retirement fund.

58. The reason for this action on the part of District appears to be explained later in the same August 2007 news item by Rev Steve Grande, executive director of Encharis at the time, saying, “We’re running out of space in Calgary”. Rev Grande outlined expansive plans for the project, including moving Encharis’ offices from Calgary to Strathmore, constructing a 50-apartment affordable housing project requiring “a further \$2.8 million into the Strathmore dormitories” and a Lutheran congregation site on the property. Rev Grande described other plans, including “using [Encharis’] transportation expertise ... to provide group transportation for those requiring accessible transportation solutions in the Greater Calgary area.” Money was needed for the move, renovations and dormitories and I believe the \$6 million taken from DIL was applied to these purposes. I also believe it will be discovered that the CEF’s part in supplying the initial property purchase loan of \$5,955,625 was then eliminated by District simply extinguishing its mortgage.
59. In the same August 16, 2007 Strathmore Standard news item (Exhibit 18) executive director of Encharis, Rev Grande, revealed that, “Another member of the [Encharis] group is Shepherd’s Village Ministries Ltd., which owns and operates another facility, **The Shepherd’s Village in Valleyview, Alberta.**”
60. In an interview with Gerry Steinke, the site manager of The Shepherd’s Village, the November 13, 2013 *Fairview Post* (a print of which is attached hereto as **EXHIBIT 19** to my affidavit) describes the Village as consisting of 43 completed independent units currently built on a 12-acre site in Valleyview, Alberta owned and operated by

“The Shepherd’s Village Ministries...a not for profit corporation

corporation dedicated to providing caring, independent, and affordable housing to 55-plus residents within a Christian environment. The Shepherd's Village Ministries board of directors is comprised members (sic) and leaders of the Lutheran Church Canada, a church body of 65,000 members with approximately 300 churches across Canada. Additionally, Shepherd's Village Ministries are supervised by EnCharis, a private senior citizens service organization, and oversees both projects in Valleyview and Prince of Peace in Calgary, Alta."

61. The Shepherd's Village holding is not mentioned by name in the three audited District financial statements I have seen. However, in a summary of ENCHARIS COMMUNITY HOUSING AND SERVICES' unaudited financial statements at March 31, 2010 (which are not consolidated with, though District controls and finances Encharis) in Note 9 of District's January 31, 2011 audited financial statements (Exhibit 20) there appears a \$16,984,056 single line asset described as "Due from Encharis Group".
62. The Monitor's FIRST REPORT at page 13 describes Encharis 'related party accounts receivable as \$2.1 million due from EMSS (Encharis Management and Support Services) and \$2.3 million due from Shepherd's Village Ministries Ltd. This agrees with the summary of related party receivables described in paragraph 44 of District Officer Kurtis Robinson's January 22, 2015 affidavit.
63. The conclusion to be drawn is that, at some time between January 31, 2011 and December 31, 2014, \$12,575,685 of the "Encharis Group" debt was repaid or otherwise disappeared. Since Encharis' source of funding has been the CEF and DIL and the loans of the latter have been accounted for, one must conclude that the original source of Shepherd's Village Ministries was the CEF. Then, since it is reported that Shepherd's Village Ministries Ltd. built and sold at least 43 independent units on 12 acres and there is no evidence that the sales proceeds went back to the CEF, one must conclude that a debt reduction of that magnitude was achieved by the debt being "extinguished" in the manner District appears to have adopted in dealing with its major CEF debt items.

DISTRICT FINANCIAL STATEMENTS as at January 31, 2011

64. In its **INDEPENDENT AUDITOR'S REPORT** on the District's financial statements for the year ended January 31, 2011 (a copy of which is attached

hereto as **EXHIBIT 20** to my affidavit) a new firm of auditors, chartered accountants, Pennock Acheson Nielsen Devaney, offered several revealing and alarming opinions:

- Under the heading "Basis for Qualified Opinion", the auditor says, "Management has not stated the portfolio investments at market value which constitutes a departure from Canadian generally accepted accounting principles." and
- "The District changed its accounting policy during the year to record amortization on their property, plant and equipment. The change was made prospectively rather than retroactively which constitutes a departure from Canadian generally accepted accounting principles."

65. In Note 4 of the 2011 financial statements (Exhibit 20) under the heading "Church Extension Fund ("CEF")" the auditor says, "The Church Extension Fund is used to record funds received by the District at reasonable rates of interest for the purpose of providing financial support to congregations for capital purposes."

This is an incorrect statement on the part of the auditor, contradicting the express distinction made by both District and CEF depositors, whether individuals or congregations, who understand that "support" is intended as a donation to be used at the discretion of the donee without further obligation to the donors, while "deposits" or "investments" are to be made available to congregations, not as donations of capital but to be secured to the CEF depositors as mortgage loans. District management has ignored the distinction in its dealings with depositors to the CEF, though it consistently promised the depositors mortgage security in its many regular advertisements, brochures, individual communications and interest rate offerings on deposits.

66. In the second-last paragraph of the INDEPENDENT AUDITOR'S REPORT of the 2011 financial statements (Exhibit 20) under the heading "Emphasis of Matter" the auditor says, "We draw attention to Note 4 to the financial statements; Summary of Significant Accounting Policies, Financial Instruments, Credit Risk and Measurement Uncertainty which describes the valuation of the loans to EnCharis Community and Housing Services. **Our opinion is not**

qualified in respect of this matter.” (*my emphasis*)

67. In Note 4 of the 2011 financial statements (Exhibit 20) the auditor makes a number of alarming disclosures not generally, or at all, known to CEF and DIL depositors, namely:

- under the heading “*Financial instruments*” the auditors state, “The fair value of the land proceeds assignment...could not practically be determined because [it has] no fixed repayment terms and lack an available trading market.”

This is in reference to the transaction described in Note 10 of the 2011 financial statements which describe the District’s agreement with an unnamed mortgage debtor whereby \$6,000,000 of mortgage debt was “extinguished” in exchange for the District having the right to receive proceeds from future land sales made by the former mortgage debtor in excess of the mortgage loan receivable extinguished but will have no recourse if the eventual proceeds are not sufficient to discharge the receivable in full.

I believe that the mortgage debt referred to is an \$8 million loan to the Prince of Peace congregation of which several directors and the District’s legal counsel were members at the material time and that the land in question was originally purchased with monies borrowed from the CEF. I also believe that the form of disclosure of this transaction in these financial statements was designed to avoid identifying those involved and to obscure the nature and effect of this transaction that gives preference to an organization to or in which insiders of District were related or financially involved at the expense of the depositors to the CEF and in breach of the directors’ fiduciary duty to CEF depositors.

- under the heading “*Financial instruments*” the auditor says, “The District is exposed to credit risk on the loans and mortgages receivable. The District mitigates its risk by securing the loans with the underlying properties however at this time, they have unsecured loans within the range of \$19M and \$23M [that is Million] from EnCharis Community Housing and Services (“ECHS”). 94% (2010 – 93%) of the balance of loans and mortgages receivable are from ECHS.”

This is openly in breach of all assurances set out in the Church Extension Manual (Exhibit 2), and given to CEF representatives for passing on to depositors of CEF that: (A) Investments in Church Extension are guaranteed by

ABC District of Lutheran Church – Canada (page M-2); (B) the District Board of Directors has assigned responsibility for CEF administration to the Department of Financial Ministries, which “...establishes policies that ensure the safe and efficient functioning of Church Extension,” in accordance with Church Extension Fund Policy that includes (at page 6) requiring, prior to funds being disbursed: “1. Security documentation appropriate to the size and conditions of the loan.”

- under the heading “Controlled entity” the auditors note that “...RRSP [i.e. DIL] was incorporated...**as trust agent and investment manager** of the [RRSP and RRIF] plans for annuitants” and that “District has the same Board of Directors and management of RRSP and make all of the key decisions for this group.” The conflicts of interest are serious and would be obvious to the Directors.

- under the heading “*Entity subject to significant influence*” the auditors note that District “is in a position of significant influence over ECHS...”, to whom 94% of CEF funds were loaned, is not a church but a “...Company [that] provides residential services to persons above the age of 55 and ... palliative care to seniors”, that describes itself to Canada Revenue Agency as a “WELFARE ORGANIZATION” (Exhibit 12) and neither are purposes of which the CEF depositors were aware and neither of which I and other depositors to whom I have spoken would have approved to receive loans of all or most of my/their retirement savings.

- Under the heading “Measurement uncertainty” the auditors state that “The [ECHS] loan is currently undersecured by ... \$19,000,000 to \$23,000,000. The valuation of the loan is based on estimates of cash inflows that extend into the distant future beyond 30 years.... Management is contemplating restructuring certain terms of the loan. As of the audit date, the restructuring had not been finalized and approved by the Board of Directors.”

That management of ECHS (controlled by District) was contemplating restructuring the ECHS loans from CEF in 2010 indicates they were then aware of ECHS’s desperate financial position, as set forth in Exhibit F of the January 22, 2015 Affidavit of District Officer, Kurtis Robinson, revealing that this money-losing affiliate of District that, over all its term of existence to November 30, 2014 and while being in dereliction of meeting both its interest and principal payments, has managed to produce nothing but a **cumulative retained**

earnings DEFICIT of \$50,961,868. (*my emphasis*)

In the making of restructuring plans under the current CCAA application, it appears reliance is still being placed on financial projections that continue to be made by the same management person or persons of the Applicants who produced this frighteningly negative retained earnings record and who enjoy protection under a stay of proceedings.

68. The accounting firm of Pennock Acheson Nielsen Devaney, auditors of District's January 31, 2011 Financial Statements (Exhibit 20) ceased to be auditors after that audit, as did the chartered accounting firm of Rolfe Benson LLP after auditing District's January 31, 2012 financial statements.
69. District management failed to appoint any auditor since January 31, 2012. The result of this is that for the three fiscal years ending January 31, 2013, 2014 and 2015 District has been in breach of its obligation to provide audited financial statements to the trustee of the DIL and in breach of its fiduciary obligation to properly account to the CEF depositors for the deposits held in its trust.

ENCHARIS MANAGEMENT AND SUPPORT SERVICES (EMSS)

70. The March 31, 2013 and March 31, 2012 financial statements of EMSS (attached hereto as **EXHIBIT 21** to my affidavit) were audited by BDO Canada LLP ("BDO").
71. Though it had common control with EMSS, one must question why District did not appoint BDO its auditor for the fiscal years 2013 and 2014, since significant cost-savings can normally be achieved by using the same auditor for several affiliated companies.
72. The answer to why District did not appoint BDO to audit its January 31, 2013 and January 31, 2014 financial statements may well lie in the nature of BDO's observations in its Report on and Notes to the EMSS financial statements for the 2012 and 2013 fiscal years.
73. In its Report on the 2012 and 2013 financial statements of EMSS under the heading "Basis for Qualified Opinion" is the statement:

"Management advised us that there are two entities with the same Boards of Directors and are therefore under common control. We have been unable to

obtain satisfactory evidence as to the accuracy of amounts required for the disclosures related to entities under common control, as the entities have not been subject to audits.”

The following lists of officials of District and the other Applicants are drawn from April 4, 2015 Canada Revenue Agency (“CRA”) Charities Listings searches (attached hereto as **EXHIBITS 16-A** and **16-B** to my affidavit) and Exhibit C to the January 22, 2015 affidavit of Kurtis Robinson in this matter.

Name	LCC-ABC District ¹	EnCharis	EMSS	DIL
Schiemann, Donald	Pres & Director	VP & Director & Member ²	VP ⁴ & Director, & Member ²	President
Ruf, Mark	1st VP & Director	Director	Director	Director
Robinson, Kurtis	Treasurer		Manager	President
Dressler, David	Director & 2 nd VP			
Taman, Francis			No specific office ³	
Lee, Stan	Director			Director
Rivet, Candace	VP			VP & Director
Giese, Greg	Director			Director
Haberstock, Keith	Director			
Haberstock, Don				Director
Henning, Darla				Director
Kentel, Jim				Director
Lewis, Brian				Director
Morgan, Bill		Director	Director	
Schmidt, Harold	Director			Director
Wolgram, Mark				Director
Bode, David		Director & Secretary	Director & Secretary	
Heumann, Hans		Director & Pres & Member ²	Pres, Director & Member ²	
Kental, Jim	Director	Director & Member ²	Director & Member ²	
Mueller, John		Dir & Treasurer	Dir & Treasurer	
Schoepp, Dave		Director	Director	

Note 1: Only 9 of 12 District directors are mentioned in this list.

Note 2: I believe "Member" indicates that the person is a trustee-shareholder of the particular company created by District administration for District to carry out financial and other non-ecclesiastical activities, including the condominium housing developments.

Note 3: Mr. Taman is one of five individuals have no specific office, but are identified in the CRA Charities Listing only as "Trustees and Like Officials", which I believe indicates he is a trustee of the equity and operations of the organization.

Note 4: In the CRA Charities Listing (Exhibit 16-A) Mr. Schiemann is described as the "Vice Chairmann (sic)"

74. In BDO's Notes on the 2012 and 2013 financial statements of EMSS, the auditor makes the following observations:

- Under heading "Accounting for Entities Under Common Control" of Note 1, the auditor says, "EMSS, EnCharis Community Housing and Services ("ECHS") and Shepherd's Village Ministries ("SVM") are under common control. Under ASNPO the Organization may either consolidate these organizations or provide separate note disclosure containing certain financial information about these organizations. **EMSS has not consolidated these organizations and has not provided the required disclosure as the entities have not been subject to audits.**" (*my emphasis*)

- In the first and third paragraphs under heading "Controlled Entities" in Note 12 the auditor says,

- ▶ "Encharis Community Housing and Services and Shepherd's Village Ministries Ltd. are both under common control. **As noted in Note 1 – Accounting for Entities under Common Control, these organizations have not been consolidated in EMSS's financial statements, nor has the Organization provided the required note disclosure.**" (*my emphasis*) and

- ▶ "SVM builds and owns condominium units under life lease. SVM performs management functions for the condominium corporation for the purpose of providing affordable living for seniors in the Valleyview and surrounding area. SVM does not provide any services to EMSS." As described in Exhibit 19, "...Shepherd's Village Ministries owns and operates a 12 acre site in

Valleyview, Alta with 43 independent units currently on site..."

Attached hereto as **EXHIBIT 22** to my affidavit is an advertisement titled "TOWN OF VALLEYVIEW" describes "THE SHEPHERD'S VILLAGE" describing an offering of bungalow or condo apartment styles units for prices ranging "from \$170,000 to \$235,000 no profit mark-up". These appear to be the same units described in the November 2013 items hereto attached as Exhibit 19. Assuming that there was no mark-up and the average price of the units was therefore about \$200,000, their sale should have yielded approximately \$8.6 million. Since the source of funding for this development seems to have been provided by Encharis, which would have received the funds from CEF, one must ask whether any of the sale proceeds of this development was ever returned to CEF.

► In Note 4 under the heading "Related Party Balances and Transactions" the auditor describes a \$1,898,699 amount outstanding at March 31, 2013 as: "Due to Encharis Community Housing and Services ("ECHS") – **The amount due is unsecured, non-interest bearing and has no set terms of repayment. The organization is related due to being under common control.**" (*my emphasis*)

► According to paragraph 44 in his January 22, 2015 affidavit in this matter, District Officer, Kurtis Robinson, says \$2,344,481.00 is owing by Shepherd's Village Ministries Ltd. at November 30, 2014. Robinson also says, "The receivable from Shepherd's Village Ministries Ltd. is being paid at \$5,000.00 per month and over the last two years has had additional payments made of approximately \$150,000.00 per year."

75. I believe that the foregoing indicates that many more CEF sums converted to such uses will be discovered if the Court sees fit to open this matter to independent examination by the CEF and DIL depositors to whom plain, true and full disclosure is ordered.

NO TIMELY NOTICE OF IMPROPRIETIES

76. I received no notice from Concentra Trust, the trustee of the DIL, concerning this state of affairs. Since there has been no auditor for the years 2013, 2014 and 2015, there have been no Audited Financial Statements to deliver to the

Trustee, which would appear to indicate that District, its directors and officers and the Trustee are in breach of their fiduciary duty to the Annuitants and grossly negligent in performance of their respective duties under the 2002 Trust Agreement.

77. It appears the Trustee did not question why a loan of \$6 million from the DIL in 2008 was not secured by a mortgage and failed to give notice that this constituted a breach of the trust agreement, as nothing seems to have been done about it until December 23, 2014, when ineffective mortgage security was filed by a person or persons unknown to DIL depositors.
78. There is nothing in the material filed in this matter that indicates which law firm, if any, carried out the securing of all the Encharis and Prince of Peace Development loan transactions, nor the name of the law firm that prepared and filed the possibly unenforceable DIL mortgage on December 23, 2014.
79. As manager of the CEF, District has consistently preferred the interests of those involved in the POP Development and others over the interests of the Depositors and the Annuitants to whom it owed a fiduciary duty. This has been made apparent in subparagraph 79.1 of the Monitor's SECOND REPORT dated March 23, 2014 in the statement that, "CEF collects monthly lease payments of approximately \$29,000 (\$28,000 plus GST) from the Golden Hill School Division for a lease on a property in Strathmore, Alberta (the "Golden Hill Property"). CEF granted a mortgage on the Golden Hill Property in favour of DIL and makes monthly mortgage payments to DIL in the amount of approximately \$29,000 per month" This circular payment of a single sum appears to be an attempt to create the appearance that both the CEF and the DIL were receiving payment on two loans of essentially the same amount in respect of the same property.
80. For the abovesaid reasons, I believe that an independent forensic audit is the only way in which the true state of affairs of the CEF and the DIL can be determined.

81. The prospect of this financial loss of my savings is causing me and my family great emotional distress, fear and humiliation. I also weekly learn that distress is also being suffered by many of my friends and fellow parishioners who invested in the CEF and DIL.

SWORN BEFORE ME at Surrey, British Columbia)

BC this 15th day of May, 2015)

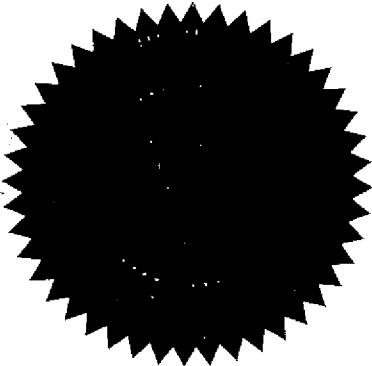
A Notary Public in and for the Province of)
British Columbia)

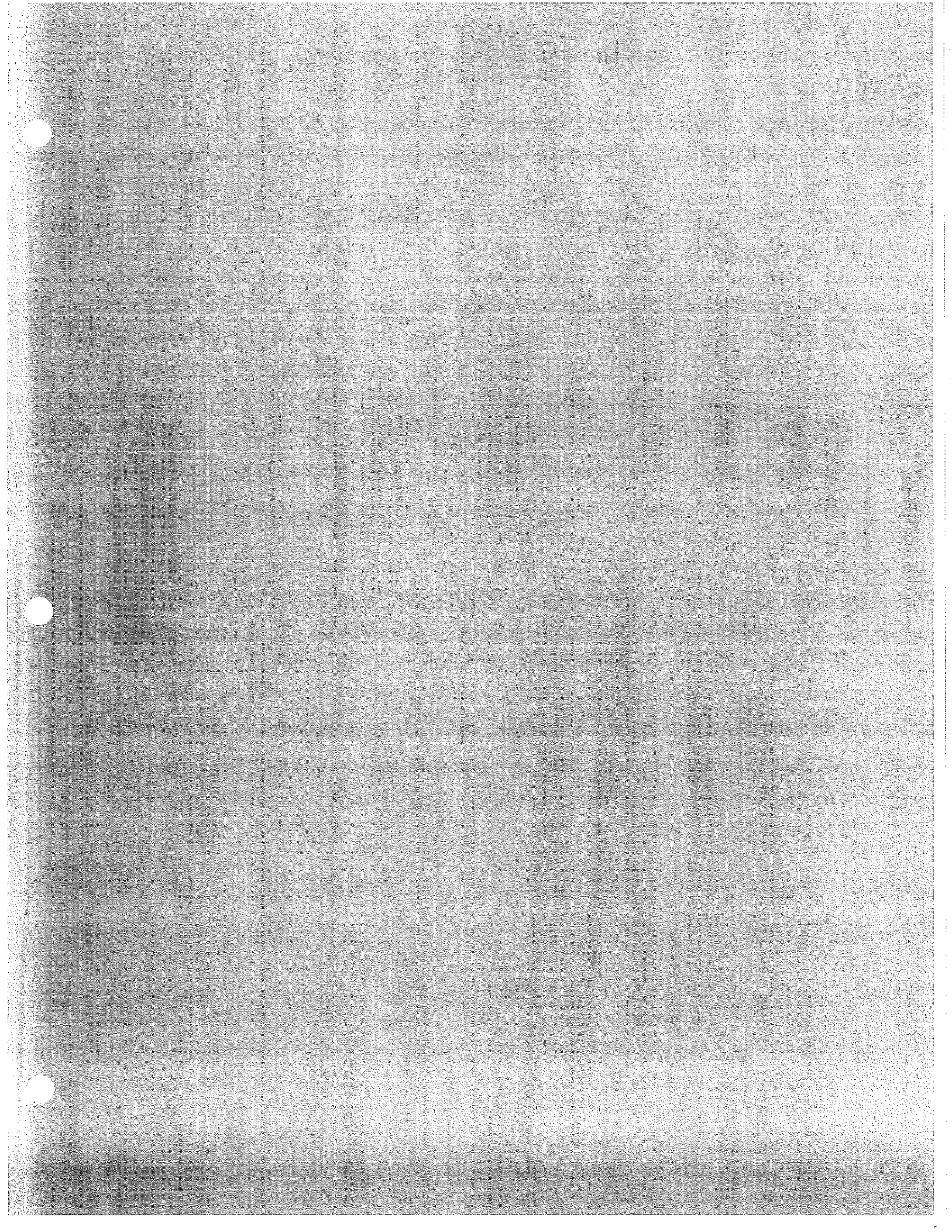
Jacek Januszewski)
Notary Public)
Suite 107-15850 24th Ave.)
Surrey, B.C., V3S 0G1)


RANDALL SCOTT KELLEN

PRINT NAME OF LAWYER/NOTARY PUBLIC

MY COMMISSION IS PERMANENT





17 NEW MEMBERS WELCOMED AT LORD OF LIFE



Front: Samantha and Lawrence Davidson, Elizabeth Arnst, Inur Juergens. Second row: Diana Davidson, Gerda and Gus Neumann, Angie and Amanda Todd, Doug Keating. Back row: Mark, Jessica, and Colleen Patzer, Pastor Rich Brown, Tim Tutta, Judy and Kevin Bruce. Missing from the photo: Michael Grant and Ethan Nast

November 27, 1994 was a special day for the people of Lord of Life Lutheran Church, Kamloops not because it was Grey Cup Sunday, but because they were privileged to welcome 17 new members.

New members were welcomed in a special service by way of transfer, profession of faith, and by adult baptism. Colleen and Jessica

Patzer, a mom and daughter were baptized on the same day! We also celebrated the confirmation of Ethan Nast who was instructed by his mom, Ellen, at his home in Merritt, a 45 minute drive from Kamloops.

Following the service, the congregation gathered in the foyer for a delicious pot-luck lunch which was prepared and served by

some of the Lord of Life congregational Church-Carago it has gifted and innovative: A good

on the two Saturdays before Christmas. Kids from the neighborhood were invited to enjoy stories, songs, games and Christmas crafts while their parents were free to shop, or complete last-minute chores before Christmas. All participants were given an invitation to attend special Christmas services. Two families came to the Christmas Eve Candlelight service!

Earlier in the year a "Hallelujah Party" was held as an alternative to Halloween. The congregation even sent its pastor to Clown College last summer. Pastor Rich Brown is now a certified clown and has a diploma to prove it.

We are grateful for the financial support from our partner congregations in the District. We want you to know that your mission dollars are being used effectively as God continues to build His kingdom among us.

This is EXHIBIT "I" referred to in the Affidavit of
 Randall Scott Keller
 Sworn before me this
 day of May, 2015
[Signature]
 A Notary Public in and for the
 Province of British Columbia

ADVENT, EVANSBURG WELCOMED



On November 13, 1994, Advent Lutheran Church, Evansburg, AB was formally received as a congregation of Lutheran Church-Canada. President H. Ruf presented Chairman Dieter Schadow a certificate of membership at the worship service of that day. Advent Lutheran was officially received into Lutheran Church-Canada at the District Convention on June 4, 1994. Pictured above from left to right: President H. Ruf, Dieter Schadow; Rev. Heinz Hertwig-Jaksch (EM, Congregational member); Rev. Jon Estes (pastor).

Lutheran School Prepares For September Opening.

The charter meeting for the Edmonton Lutheran School Society was held on December 6 at the Braemar Campus of Concordia College. The primary function of the meeting was to elect a Board of Directors that will oversee the establishment of a Lutheran School on the site. The school will open in September for the 1995/96 school year.

Although initial planning of the school has been ongoing since 1992, the Society was established to conduct, manage, and maintain the Lutheran school on behalf of Lutheran Church-Canada.

The school will build upon the existing Lutheran education in the Edmonton area and will provide a quality Christian education to students. It will be fully accredited by the Province of Alberta and will teach the curriculum required by Alberta Education as well as have a religious studies component.

More information can be received by calling the Alberta-British Columbia District Office at (403) 474-0063.

FAMILY SAVINGS



A sound family financial plan calls for saving. You put your money in a place where it can grow, so you'll have what you need for retirement, a college education or an unexpected emergency.

The Church Extension Fund can help you realize these important family savings goals while you help to expand the kingdom of God.

The Church Extension Fund allows you to choose from a wide selection of savings plans. Each pays a favorable rate of interest. Thus you move toward your financial goals.

In turn, savings dollars in the Church Extension Fund are loaned to buy sites and to build churches and schools—places where the Gospel of Jesus Christ can be shared.

Your savings can be working in the Lord's service!

**Reaching
Out
With
Interest**

For information, call:
(403) 474-0063

Lutheran Church Extension Fund
Alberta-British Columbia District
7100 Ada Boulevard,
Edmonton, Alberta T5B 4E4

WAGNER HILLS FARM

New Life Centre

Dedication S This is EXHIBIT "1" referred to in the Affidavit of Randall Scott Kellen
Many hat Sworn before me this 15 day of May, 2015
Come a *Rouner*
A Notary Public in and for the Province of British Columbia

Refreshments and Fellowship

Open House

Monday, March 13,
11:00 am to 3:00pm
Tours, Information, Coffee

Come to
**Friends of Farm
Dinner**

Friday, February 24, 6:30 p.m.

The Rancho
35110 Delair Rd., Abbotsford, B.C.

Musical Entertainment
by Leon Leontairds
Winner of PNE Youth Talent & International Youth talent contest

Speaker - Henry Block

Information Display

Recovery Testimonials

Silent Auction
Open for bidding at 6:00 pm

Delicious Roast Beef Dinner including
blueberry pie (berries from Farm)
\$15.00 per person

Farm Needs



Small dressers & reading lamps for men's bedrooms

Gym Equipment, weights, etc. (we have stationary bike)

Linens - single sheets, pillow cases, pillows, bath towels, dish towels, dish cloths.

Skill Saw and Equipment for new workshop.



CHURCH EXTENSION

7100 ADA BOULEVARD, EDMONTON, ALBERTA T5B 4E4 PH (780) 474-0063 FAX (780) 477-9829
EMAIL: finances@lccabc.ca TOLL FREE 1-888-474-0063

November 6, 2001

Mr. Randy Kellen
8857 - 15th Avenue
Burnaby BC V3N 1X4

This is EXHIBIT "2" referred to
in the Affidavit of

Randall Scott Kellen

Sworn before me this 15th
day of May, 2001

Randall Scott Kellen
A Notary Public in and for the
Province of British Columbia

Dear Randy,

Welcome to Church Extension! We give thanks to our Lord for you accepting the position of Church Extension Representative in your congregation. God has blessed the ministry of Church Extension over the past 80 years, and has used CEF as an instrument to bless individuals, congregations within our District, and the Lutheran Church-Canada at large. It is a joy for us to know that you will be sharing these blessings within your own congregation.

Enclosed are introductory materials to assist you in spreading the good word regarding CEF savings accounts, the Tracky program for young people in your congregation, and RRSP/RRIF investments. The enclosed brochure set forth the current CEF rate schedule, which varies from 3.0% on savings accounts to 5.0% for 5-year investments. The Tracky program is an excellent and fun way for young folks to learn responsible savings habits. The District is unique in offering RRSP/RRIF retirement savings plans so that congregational members may receive the two-fold blessing of tax-deferred saving for their retirement at the same time as helping spread the Good News of salvation through Jesus Christ our Lord.

Also enclosed is a forms-and-resources listing which you may use to request any CEF or RRSP materials in the future. We also distribute newsletters to our CEF representatives on a quarterly basis, and hold an annual CEF conference in the Spring where many ideas are shared among the District staff and CEF representatives. This year's conference is scheduled for April 19-21, 2001 at the Radisson Hotel and Conference Center in Canmore. We hope you will be able to join us during this conference.

Your circuit's Development Representative, Rev. Jorma Tuomisto, phone 604-945-4115, email tuojm@hotmail.com, is available to assist you with your CEF campaign. In addition, please contact the District Office, toll-free at 1-888-474-0063 or by email at finances@lccabc.ca, where the following individuals are available to assist you:

Mr. Randy Kellen

Page 2

November 6, 2001

Ellen Fredrick, Receptionist:	To request promotional materials
Pam Toole, Accounting Clerk:	CEF/RRSP/RRIF Automatic deposits
Edie Ulmer, CEF Accounting Clerk:	CEF deposits and withdrawals
Janice Ruf, Administrative Assistant	Tracky/CEF deposits and withdrawals
Susan Bacon, Administrator	RRSP/RRIF investments
Ted Ulmer, District Executive Assistant:	Congregational loans and financial management

May our Lord and Saviour be with you and bless your service to Him and the Church through your Church Extension ministry.

Joyfully serving our Lord,



Susan E. Bacon
Administrator

cc: Pastor Lawrence Koehler
Development Committee Member

This is EXHIBIT "3" referred to
in the Affidavit of

Randall Scott Kelien

Sworn before me this 15th
day of May, 2015

Maurice R.
A Notary Public in and for the
Province of British Columbia

CHURCH

EXTENSION

MANUAL

This manual is provided to assist you in your role as Church Extension Representative in the Alberta-British Columbia District of Lutheran Church-Canada. May God bless you as you share the ministry of Church

CHURCH EXTENSION - A SPECIAL MINISTRY

God has blessed us with the **MESSAGE**. "For God so loved the world that he gave his one and only Son, that whoever believes in him shall not perish but have eternal life." John 3:16.

God has given us the **MANDATE**: "Therefore go, and make disciples of all nations, baptizing them in the name of the Father and of the Son and of the Holy Spirit, and teaching them to obey everything I have commanded you. And surely I will be with you always, to the very end of the age." Matthew 28:19 & 20.

God has provided the **MEANS**: The **WORD** and the **SACRAMENTS**.

Through the ministry of congregations in our District, the Good News of the Gospel is proclaimed to the people in our neighbourhoods, our country and the whole world. An important part of this ministry is the facility in which the pastor and members reach out to others with Christ's love. The primary goal of Church Extension is to provide loans with reasonable interest rates to congregations that need property/buildings in order to carry on the ministry of reaching souls for Christ.

Church Extension is a team ministry: congregations and CEF working together to extend God's Kingdom. Church Extension provides opportunities for congregations and individuals to make investments. Church Extension, in turn, uses these funds to provide loans for capital projects of congregations.

Investments in Church Extension are unique because they provide a two way return to the investor. Investors receive a spiritual return in knowing that their investments are working to extend Christ's kingdom and at the same time receive a good financial return. Investments are safe. Investments are easily accessible - a simple note or phone call to CEF is all that is needed to withdraw funds.

CHURCH EXTENSION AT WORK

Church Extension consists of capital assets and investments.

Capital assets have increased over the years through gifts, bequests and operating balances.

Investments are made by individuals, congregations or groups in Term Investments or Savings Accounts.

Church Extension pays interest to the investor according to the terms of the investment. The principal is returned to the investor upon request.

Interest Rates - See brochure for current rates.

Interest Payment -

Savings Accounts: Interest calculated on minimum monthly balance and compounded semiannually, June 30 and December 31.

Term Investments:

- 1 Year: Interest earned annually and paid or compounded at maturity.

- 2,3,4, 5 Year: Interest earned annually and paid or compounded on December 31 and at maturity.

Part of the Fund is held in reserve to assure ready cash for withdrawals.

The balance of the Fund provides loans to congregations at rates and terms established by the managers of the Fund, namely the Department of Financial Ministries.

Investments in Church Extension are guaranteed by the ABC District of Lutheran Church - Canada which has in excess of 30 million dollars of assets. Church Extension has a proven record of security. Since the beginning of its operation in 1921 no one has ever lost a penny of their investment.

CHURCH EXTENSION STRUCTURE

The Alberta-British Columbia District Board of Directors, as the elected representatives of the congregations of the District, is responsible for determining policies relative to the mission and ministry of the ABC District including Church Extension.

The Board of Directors has assigned the responsibility of the administration of Church Extension to the Department of Financial Ministries. This Department establishes policies that ensure the safe and efficient functioning of Church Extension.

In order to facilitate the promotion and growth of Church Extension, the Department of Financial Ministries has appointed a CEF Development Committee. (The appointment is for three years with the possibility of one reappointment.) Each member of the Development Committee is responsible for working with the Congregational Representatives in their assigned region.

Alberta-British Columbia District Board of Directors

‡

Department of Financial Ministries

‡

CEF Development Committee

‡

Congregational Representative

‡

Congregational Members

September, 1999

Department of Financial Ministries

Duties of the Department of Financial Ministries:

1. To administer Church Extension in the Alberta - British Columbia District;
2. To promote and maintain an adequate fund to assist the District and congregations with loans to provide sites and facilities for expansion;
3. To assist the District by providing funds for acquisition of advance mission sites for long-range planning and future use;
4. To establish policies with respect to granting loans and obtaining sufficient security;
5. To establish policies for maintaining, supervising, and enlarging the Church Extension Fund on a sound financial basis;
6. To establish policies for maintaining, supervising, and enlarging the Church Extension Fund on a sound financial basis;
7. To study and review the monthly financial statement to assure security and safety of the program;
8. To periodically review financial statements of all Church Extension funds;
9. To confer with congregations in cooperatively promoting Church Extension;
10. To provide a complete financial statement in its report to the District, including money borrowed and received, the total amount of loans outstanding and the amounts delinquent in each congregation;
11. To consider and grant loans of less than \$100,000 prior to Board of Directors approval, loans in excess of \$100,000 can be granted only after approval by the District Board of Directors;
12. Review and set interest rates for investments and loans.

Church Extension Development Committee

Function of the CEF Development Committee:

1. To serve as liaison between the District and congregations;
2. To be knowledgeable in all aspects of Church Extension and its operation;
3. To recruit and assist in training Church Extension Representatives in each congregation;
4. To regularly contact and encourage each congregational representative;
5. To visit congregations when necessary to help in the promotion of Church Extension;
6. To organize a circuit CEF meeting for the purpose of setting goals, sharing ideas and promoting the ministry of Church Extension;
7. To share ideas and suggestions with the Department that will further refine and develop the Church Extension program of the District;
8. To willingly set an example by personally investing in the Church Extension Fund.

Congregational Representatives

Enrolling Congregational Representatives:

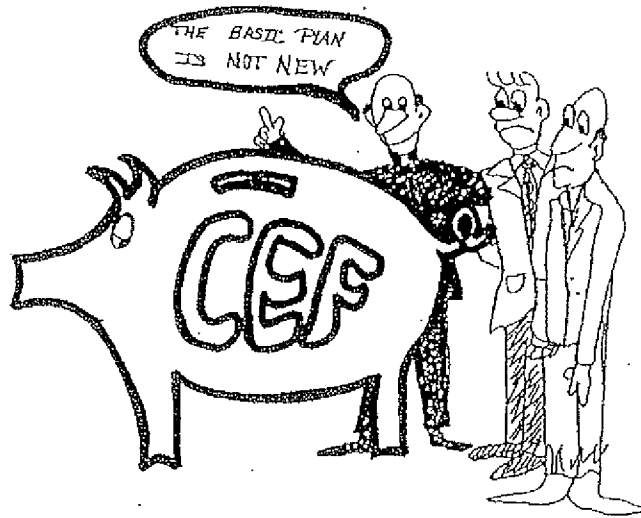
Congregational representatives are most often enrolled by a member of the CEF Development Committee. This should be done in consultation with the representative's pastor. In some cases congregational CEF representatives are appointed by the Church Council or Voter's Assembly.

Congregational representatives should be individuals who are comfortable in speaking with others about Church Extension. They should be willing to meet with organizations of the congregation and talk about the Church Extension ministry. Husband and wife teams can be very effective as Church Extension representatives.

Responsibilities of CEF Congregational Representatives:

1. Share the good news about the unique ministry of Church Extension with the congregation membership in any or all of the following ways:
 - a) Short talks on the CEF ministry after worship services;
 - b) Sharing the CEF ministry with groups in the congregation;
 - c) Placing bulletin clips about CEF in Sunday bulletins;
 - d) Placing information about CEF in the monthly newsletter;
 - e) Placing CEF posters and/or brochures on the church bulletin board;
 - f) Making CEF investment applications and brochures readily available to congregational members;
 - g) Ensuring that CEF display materials are current and up-to-date;
 - h) Visiting congregational members for the purpose of encouraging them to invest in Church Extension.
2. Serve as liaison between the investor and the ABC District CEF personnel.
3. Be knowledgeable about Church Extension and be familiar with the investment application forms and other promotional material.
4. Make a concerted effort to keep up-to-date on CEF rates, promotional material and other CEF information. This would include attending Church Extension Conferences whenever possible.
5. Encourage the congregation to establish the Tracky Program (the CEF investment program for children).

CEF POLICY



CHURCH EXTENSION FUND POLICY

I. INVESTMENTS

A. TYPE OF INVESTMENTS

The Alberta - British Columbia District Church Extension Fund will offer:

1. Term Investments

- a) 1 Year Term
 - Interest paid or compounded on maturity
 - Minimum \$200.00
 - Early withdrawal possible

- b) 2 Year Term *

- c) 3 Year Term *

- d) 4 Year Term *

- e) 5 Year Term *

- * Interest paid or compounded annually

- * Minimum \$200.00

- * Early withdrawal possible - interest reduction to the applicable rate for the term completed at the time of withdrawal.

- * Interest can be paid monthly on investments of \$25,000.00 or more, however, the annual interest rate will be reduced by .25% unless the principal investment exceeds \$100,000.00.

- f) Zero Interest Term

- Will reduce income tax

- Interest will assist the development of Lutheran elementary/jr. high schools with short term loans for start-up costs, property purchase or capital building costs

- May be withdrawn at anytime with no penalty

- May be converted to an interest-bearing investment at renewal or be renewed for another zero interest term

2. RRSP and RRIF

At the end of January 1997 the District formed Lutheran Church - Canada, The Alberta - British Columbia District Investments Ltd. a not-for-profit corporation, known as ABC District Investments. RRSP, Registered Retirement Savings Plan and RRIF, Registered Retirement Income Fund investments are now possible through this group plan.

3. Savings Accounts

- Minimum investment \$10.00
- Interest calculated monthly on the minimum monthly balance
- Interest compounded semiannually - on June 30 and December 31
- Deposits and withdrawals can be made at any time and in any amount
- Statements issued twice a year - after June and December month end

4. Tracky Stamp Savings Account (See Program p. 10)

- Church Extension sells 25¢ Tracky stamps to congregations who in turn sell them to members, primarily Sunday School children.
- On surrender of these stamps to Church Extension, the value of the stamps will be invested in a savings account. Interest is paid from date of receipt in the Church Extension Office. Investments should equal \$10.00 or more.
- Stamps can be surrendered to Church Extension at any time for cash.

B. Interest Rates

1. Interest rates for investments will be established by the Department Financial Ministries.
2. Church Extension interest rates will be adjusted in accordance with commercial rates as much as possible.
3. Current rates are available from Church Extension.
4. An additional .25% will be given on investments of \$25,000 or more for 3, 4 and 5 year terms.

C. Investment Ownership

1. Sole Owner

- a) Any individual who is a member of Lutheran Church - Canada or who is affiliated with Lutheran Church - Canada may invest in Church Extension.
- b) Any business whose owner is affiliated with Lutheran Church - Canada may invest in Church Extension.
- c) Friends of Church Extension investors may also invest, however, Church Extension cannot solicit investors outside of Lutheran Church - Canada.

2. Joint Owners

- a) Individuals may make investments as joint owners with right of survivorship. As joint owners, either party may make withdrawals.
- b) As joint owners, both individuals should sign the investment application.

3. In Trust

Church Extension cannot be responsible for ensuring that trust arrangements are carried out. Therefore, Church Extension will accept investments made by parents or grandparents for juvenile children, either in the name of the parent or grandparent with the investment identified for the named child or in the name of the juvenile child/adult, but will not accept responsibility for ensuring withdrawal by anyone other than the listed owner. If it is listed in the name of the parent or grandparent, only that listed individual may make withdrawals. If it is listed in the name of the child, only the child may make withdrawals. Joint ownership between parent/grandparent and child allows either to make withdrawals.

Change of investment ownership can be made at anytime with a written request signed by the listed owner.

D. Withdrawal of Investments

1. Withdrawals may be made from savings at any time.
2. Withdrawals may be made from term investments at any time with the interest reduced to the applicable rate for the term completed at the time of withdrawal. This reduction of interest is applied to the amount withdrawn.
3. There is no interest reduction when investments are donated to Church Extension.
4. A signed withdrawal request is the normal method of withdrawing investments. A simple written request which is signed by the investor is quite sufficient.
5. Telephone withdrawals. In order to expedite the withdrawal of funds, Church Extension does allow funds to be withdrawn by telephone. In these instances, a telephone withdrawal form is sent with the cheque to the owner for signature. This form must then be returned to the ABC District Church Extension Office in Edmonton.
6. When the owner or joint owner is deceased the following will be required:
 - a) Sole Owner
 - Certified copy of the death certificate
 - Instructions from the executor or executrix of the estate as to pay out or reinvestment in an alternate name.
 - b) Joint Owner
 - Certified copy of death certificate
 - Instructions by joint owner as to new ownership designation
 - If joint owners are both deceased, then the instructions of (a) above will apply.

E. Reserve

The Alberta - British Columbia District Church Extension Fund will maintain a minimum of between 10% and 15% of all investments on reserve at all times to ensure that prompt payment of all withdrawal requests.

II. LOANS

A. Loan Eligibility

1. All congregations of the Alberta - British Columbia District, in good standing, are eligible to apply for a Church Extension loan. Congregations in good standing are 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 Lutheran Church - Canada.
2. Institutions and entities of Lutheran Church - Canada, whose constitutions, policies and practices are consistent with those of Lutheran Church - Canada are also eligible for Church Extension loans if funds are available.
3. Loans will be made for capital projects only. Capital projects would include acquisition of land, purchase or construction of building facilities, major renovations to existing facilities or expansion of existing facilities.

B. Loan Criteria

As funds are available, Church Extension will lend money to authorized borrowers based on the following criteria:

1. Need for facilities, renovations or property
2. Need for refinancing of existing debt
3. Relationship of total loan to property value and/or total assets
4. Financial history of congregation and financial projections for future
5. Growth potential of area and membership
6. Pledge program for building project
7. Indebtedness per communicant
8. Ability of congregation to service debt
9. Percentage of total income for debt service
10. Continuity of support to District and Synod

C. Loan Application

1. Loan application forms are available from Church Extension at the ABC District Office.
2. A loan application must be prepared by the borrower as a precondition for loan consideration.
3. Application for a loan in an amount less than \$500,000 will require financial projections for three year. Application for a loan of \$500,000 or more will require financial projections for five years and an application for a loan of \$1,000,000 or more will require financial projections for ten years. CEF may require additional information depending on individual congregational circumstances.

D. Loan Conditions

When a loan is approved by the Department of Financial Ministries and the ABC District Board of Directors, the following will be required from the borrowing congregation, prior to funds being disbursed:

1. Security documentation appropriate to the size and conditions of the loan
2. Verification of adequate fire and liability insurance coverage with loss payable to Lutheran Church - Canada, Alberta - British Columbia District in first place
3. Loan Repayment Agreement signed by officers of the congregation and filed with ABC District Church Extension within thirty (30) days of receipt
4. Commitment to promoting Church Extension investments among the members of the congregation
5. Agreement by the congregation that it will not incur further indebtedness without the consent of the ABC District
6. Loan Authorization Form completed and returned to the Church Extension Office
7. Loan application approvals expire at the end of six months if funds have not been withdrawn. New applications may be submitted.
8. Financial statements submitted annually to Church Extension.

March 2000

E. Loan Interest Rates

1. Loan interest rates are established by the Department Financial Services.
2. Rates will be adjusted in accordance with commercial rates as much as possible.
3. Interest rates will be established on each loan for a three-year term at which time the repayment agreement will be renegotiated at the current rate in effect at that time.
4. The amortization period will be established based on the borrower's ability to repay to a maximum of twenty years.
5. Interest will be calculated monthly on the maximum monthly balance and compounded monthly.
6. Current loan interest rates are available from the ABC District Church Extension Office.
7. Special interest rate consideration, 2% below regular rates, may be given to new mission congregations and Lutheran schools not associated with a specific congregation. (No rebate is available on such loans.)

F. Loan Approval

1. Loans not exceeding \$100,000.00 may be approved by the ABC District Department Financial Ministries.
2. Loans in excess of \$100,000.00 will be approved by the ABC District Board of Directors upon recommendation of the Department of Financial Ministries.
3. All loans will be reported to the ABC District Board of Directors.

G. Loan Renewal

1. Loans are renewed every three years.
2. New loan agreements are issued and signed by the congregation and Church Extension at the time of renewal.
3. Normally loans are to be renewed within thirty (30) days after the expiration date or full repayment will be required.

March 2000

H. Loan Rebate Policy

1. Congregations

- Church Extension offers a 2% rebate on regular loans to congregations. The 2% rebate is given on that portion of the loan that is covered with investments by members of the congregation holding the loan.

Rebate eligibility begins when signed loan agreements are in place in the Church Extension Office. Rebates are returned to congregations making regular loan payments. Rebates may be applied as a principal payment if the congregation making regular loan payments prefers. In a situation where a congregation has not been making regular payments, the rebate will be applied to the payment arrears.

2. Lutheran Schools, Concordia University College and Seminary

Church Extension does not offer a 2% rebate to Lutheran schools, Concordia University College or Concordia Lutheran Seminary because investments made by church members are credited to the individual congregation. However, if the school or institution has investments of its own or designated Foundation monies invested in Church Extension it will be given a 2% rebate on the portion of the loan covered by these investments.

3. Payment

Rebates will be paid after the June 30 and December 31 month end is completed. Rebates may also be applied directly to the loan as a payment on the loan principal with written direction from the congregation or institution.

Signed loan agreements must be in place in the District office before any rebate money will be disbursed or applied as a principal loan payment. Rebates will automatically be applied to the loan if regular payments have not been made. Rebates will be held for one rebate period (six months) only if a signed loan agreement is not in place and will not be disbursed or applied after that time.

CHURCH EXTENSION LOAN APPLICATION PROCESS

The following steps are recommended when a congregation is considering a building project. This would include the construction of a new facility or a major addition to an existing facility. Church Extension is willing to work with the congregation throughout the study and planning process, offering suggestions and insights from the experiences of other congregations that have gone through a similar project.

1. **CONTACT CHURCH EXTENSION** - The congregation is encouraged to contact Church Extension to inform them of the congregation's desire to build a ministry facility or to expand its existing facility. This will give Church Extension the opportunity to be of assistance to the congregation in its planning process which should help ensure that all aspects of the building design and costs are researched. It will also assist Church Extension in planning its cash flow requirements.
2. **SET MISSION AND MINISTRY GOALS** - The congregation is encouraged to take this opportunity to examine its mission and ministry goals to determine if it is doing as much as possible to reach out to the community with Christ's love and care and to determine if there are opportunities for ministry that the congregation has not been able to grasp through lack of facilities or resources.
3. **DEVELOP A MINISTRY ACTION PLAN** - Once the congregation has established a clear mission statement and ministry vision that includes three to five year goals, it then needs to develop an action plan that will enable it to reach the expressed goals.
4. **DETERMINE STAFFING AND FACILITY NEEDS** - On the basis of the ministry action plan, the congregation will need to determine staffing requirements necessary to carry out the action plan. This will include permanent paid staff, contracted services for a specific task or time period and volunteer staffing requirements. The congregation will also need to determine the facility requirements necessary to carry out its action plan. It will want to examine its own ministry facilities and also possibly other facilities in the vicinity that it could utilize to carry out its ministry action plan.
5. **DESIGN BUILDING NEEDED TO CARRY OUT THE MINISTRY ACTION PLAN** - Once the facility needs are determined and the availability of rental facilities explored, the congregation should be in a position to begin designing a building that will meet its needs.
6. **DEVELOP A WORK PROGRAM** - Also on the basis of the ministry action plan, a work program should be developed that will project all related costs, including staffing costs, facility needs and costs, program resources, operational costs and debt service costs. This work program should be for a minimum of five years if the building loan is \$500,000 or more and cover the next ten years if the building loan equals or exceeds \$1,000,000.00. This process will determine the financial feasibility of the project. The sources of income need to be realistic projections based on historical data and realistic growth projections which flow out of the ministry action plan.
7. **COMPLETE THE CHURCH EXTENSION LOAN APPLICATION** - The Church Extension loan application includes a detailed building project budget which includes all site development costs, architect and engineering costs, legal fees, permits, construction costs, cost of furnishings, landscaping costs and insurance costs.

Church Extension Program for Children

Tracky Stamps

The Tracky Stamp Program allows children to participate in Church Extension, helps them learn about stewardship and basic money management, allows them to save for future education, etc. and at the same time experience the joy of knowing their money is helping other children learn about Jesus.

Church Extension sells 25-cent stamps to congregations who, in turn, sell them to children, parents and grandparents. When a child has filled a Tracky Stamp Map or Booklet, it is sent to Church Extension where a savings account is opened in the child's name. This account is a regular Church Extension savings account. A savings account booklet is returned to the child and updated when more maps or booklets are completed.

Interest is paid from the date that the booklet/map is received at the Church Extension Office. A savings account can be opened with \$10.00 or more of stamps. However, completed maps and booklets of \$25.00 are encouraged for office efficiency. Savings accounts opened by stamps are Church Extension savings accounts and earn the current rate of interest.

Stamps can be surrendered to Church Extension at any time for cash. Withdrawals may be made from savings accounts at any time without penalty. Withdrawals may be made by the individual or through the Church Extension representative. A signed withdrawal request is the normal method of withdrawing an investment. A simple written request, signed by the investor is sufficient. Church Extension does allow funds to be withdrawn by telephone. A telephone withdrawal form is sent with the cheque to the owner for signature. This form must then be returned to the ABC District Office.

Parents and grandparents may wish to be joint owners of the savings account with the child or may wish to have investments for the child.

It is recommended that joint ownership between juvenile children and parents be considered. As joint owners, either party may make withdrawals. As joint owners, both individuals should sign the investment application.

Church Extension will accept investments made in trust by parents or grandparents for juvenile children, either in the name of the parent or grandparent with the investment identified for the named child or in the name of the juvenile child, but Church Extension will not accept responsibility for ensuring withdrawal by anyone other than the listed owner. If it is listed in the name of the parent or grandparent, only that listed individual may make withdrawals. If it is listed in the name of the child, only the child may make withdrawals.

Change in ownership of investments can be made at any time by signature of listed owner.

Church Extension has found that using an imaginary mascot called "Tracky" to be helpful in educating children in a fun way about Church Extension. Tracky Stamp promotional materials containing songs, skits and other ideas may be obtained by contacting the Church Extension Office.

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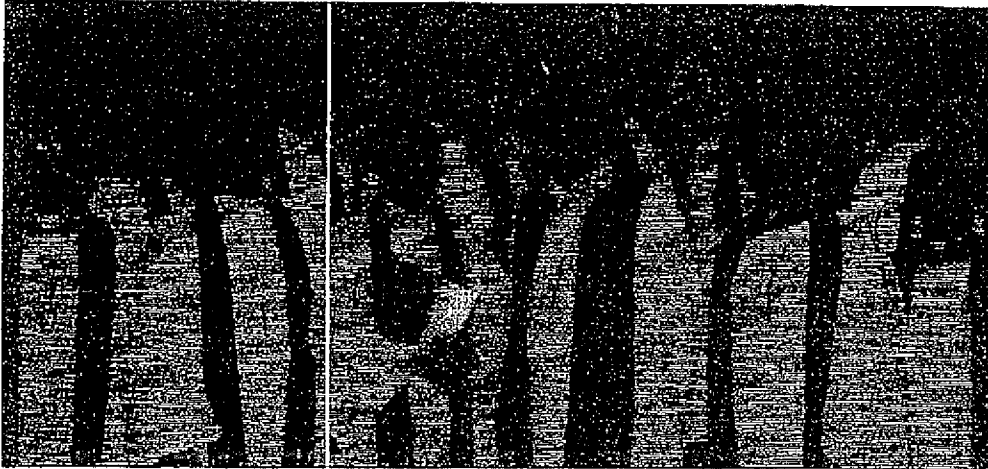
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**CONGREGATIONS, SCHOOLS, DISTRICT OFFICE
THAT HAVE BEEN HELPED WITH CEF LOANS
(The ones marked with an * have currently active loans)**

- * Abbotsford, Trinity
- * Aldergrove, Immanuel
- Alhambra (1950 & 1968)
- Banff Trailer (1953)
- Beaverlodge
- Beach Corner, St. John
- Brooks (1956-1962)
- Calgary, Grace
- * Calgary, St. Matthew
- * Calgary, Good Shepherd
- Calgary, Mount Calvary
- * Calgary, Prince of Peace (Church & School)
- Calgary, Redeemer (1955-1958)
- Calgary, Shepherd King (1957-1976)
- Calgary, Foothills
- Camrose, Grace
- Campbell River, Bethany
- * Canmore, Shepherd of the Valley
- Cardston, Faith
- Cardston, Trailer (1975)
- Castlegar, St. Peter
- Chilliwack, St. Paul
- Coaldale (1957-1966)
- Courtenay, Faith
- Cranbrook, Mount Zion
- Creston, Redeemer
- Dawson Creek, St. Paul
- * Delta, Saviour
- Devon, Victory
- * Didsbury, Redeemer
- Drayton Valley, Emmaus
- Drumheller, Grace
- Duchess, Duchess
- * Duncan, Trinity
- Edmonton, All Saints
- Edmonton, Bethel
- * Edmonton, Bethlehem
- * Edmonton, Concordia
- Edmonton, Christ the King
- Edmonton, Cross of Christ
- Edmonton, Gloria Dei (1958-1972)
- Edmonton, Grace
- * Edmonton, Redeemer
- Edmonton, Site (1966)
- * Edmonton, Riverbend
- Edmonton, St. Paul
- Edmonton, St. Peter
- Edson, Grace
- * Elkford, Immanuel
- Fairview, Trinity
- * Fort McMurray, Trinity
- Fort Saskatchewan, Christ
- Fort St. John (1958 & 1964)
- Fernie, Trinity
- Fruitvale, Trinity
- Goodfare, Immanuel
- * Grand Forks, Christ
- * Grande Cache, Mount Carmel
- Grande Prairie, Faith
- Golden, Trinity
- Hines Creek, St. Paul
- Hinton (1967-1968)
- Hope, Holy Cross (1980)
- Jasper (1953-1967)
- Kamloops, Good Shepherd
- * Kamloops, Lord of Life
- * Kelowna, First (Church & School)
- Kimberley, Holy Cross
- Lacombe, Trinity
- Lavesta (1935 & 1936)
- Leduc, St. Peter
- Lethbridge, Immanuel
- * Lloydminster, First
- Magrath, St. John
- Mannville, St. Paul
- * Markerville/Craig, Chris
- * Medicine Hat, St. Paul
- Mellowdale, Christ

Installation at Abbotsford, B.C.



Back Row: Dr. K. Keller, Rev. L. Koehler, Rev. P. Eijfert, Rev. A. Duttchen, Dr. D. Mueller, Rev. Kwang Soo Kim. Front Row: Rev. C. Beiderwieden, Rev. D. Hildermann, Rev. V.R. White, Rev. P. Phillips, Rev. N. Eijfert and Rev. A. Laurie.

New to Canada, Rev. V. Roy White was installed as a pastor of Trinity Lutheran Church in Abbotsford, British Columbia on January 23, 1994. Pastor Paul Phillips, Circuit Counselor, was the officiant and the preacher was Rev. David Hildermann who is a

member of Trinity and serves the government as Prison Chaplain.

Pastor Roy and his wife Marsha have three children: Brent 22, a baseball player at Portland State University, Portland, Oregon, and a junior year transfer from Valparaiso

University in Indiana; Tarina 19, is a freshman soccer and softball player at Azusa, Pacific University, Osuna, California; Kirk, 17 is a wrestler at Curtis High School in Tacoma, Washington. Marsha, a native of Tacoma, Washington, has a Master's degree in Special Education and is finishing out the school year as a teacher in Sumner, Washington.

A native of Seattle, Washington, Pastor Virgil Roy White graduated from Highline High School and from

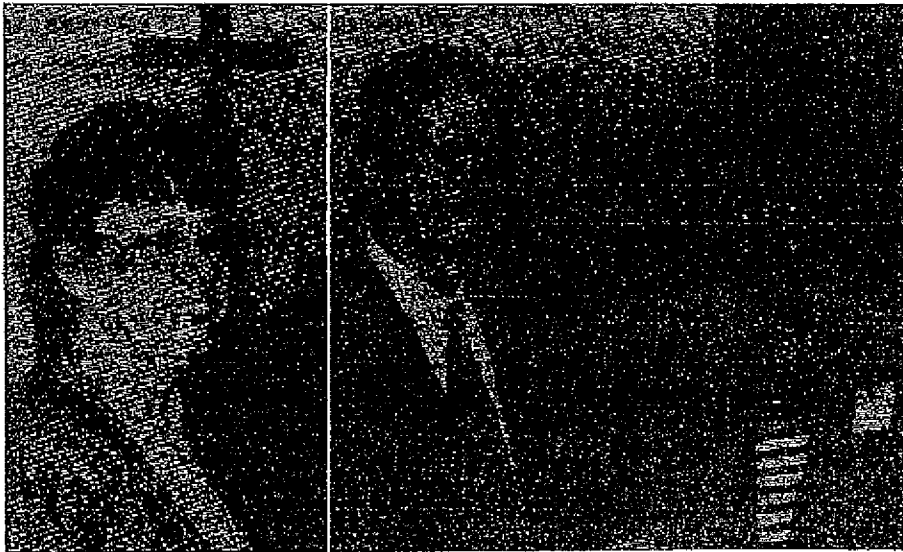
This is EXHIBIT "3-A" referred to in the Affidavit of Randall Scott Kellen

Sworn before me this 15 day of May, 2015

Maureen
A Notary Public in and for the Province of British Columbia

From Pastoral Council of Good Shepherd Lutheran Church (LC-MS) and was called as their associate pastor in 1984.

A-BC District LWML Assists Edmonton Seminary in Recruitment



Marilyn Witte, Vice President Mission Projects, and Jeannette Lietzau, member of the Mission Projects Committee, presented a cheque to President Hempelmann for a seminary recruitment video.

Mrs. Marilyn Witte, LWML Vice President Mission Projects for the Alberta British-Columbia District, gave a check from the ABC District LWML for \$7,500 to President Hempelmann in a chapel presentation in October. The funds will provide resources for the production of a recruitment video for Concordia Lutheran Seminary, Edmonton.

"The invitation and challenge to prepare for pastoral ministry needs to be communicated vividly and powerfully to prospective students," noted the President in thankful reception of this challenging mission grant. More pastors are needed to proclaim Christ in Canada and throughout the world. The LWML is committed to projects which herald the King, Jesus the Christ, to peoples of all nations.

Church Extension Fund

GOOD INVESTMENTS - In today's financial climate, everyone with a few dollars to invest is looking for the best investment opportunity. LOOK NO FURTHER! The reality is that one of the best investment opportunities lies within our own church.: The Alberta-British Columbia District Church Extension Fund. One would be hard pressed to find a safe, no risk, non-locked-in investment that pays 5% for 1 year, 5 1/2% for 3 years or 6% for 5 years.

OVER COMING THE "GIFT" STIGMA - Many people still have the misconception that putting money in CEF is making a gift. Investing in CEF is like buying a GIC (Guaranteed Investment Certificate) or a similar no risk investment instrument. The **BIG DIFFERENCE** is that CEF investments are used to make loans to congregations and agencies of Lutheran Church-Canada in our District. This investment in CEF can be withdrawn whenever you need it. If it is withdrawn before maturity there will be a 2% per annum penalty assessed to the portion of the investment being withdrawn.

FUTURE NEEDS GREAT - The Church Extension Fund has had tremendous growth in the last few years however the projected needs in the next three years require continued growth in the fund. It is projected that we will need between 6 and 8 million dollars to fund the building projects of our District congregations and agencies in the next three years.

PROMOTION IS KEY - Aggressive promotion of the Church Extension Fund ministry is important if CEF is to be able to meet the projected needs of congregations. Please help us promote CEF in your congregation.

1996 BUDGET

1995 - 1996 Financial Statement	1996 - 1997 Budget	
INCOME:		
Congregation Remittances	1,278,160	1,306,507
Late Remittances	8,235	17,300
Specialized Mission Gifts	43,853	100,000
Interest Income	20,220	24,000
ABC District News	2,403	6,500
GST Rebate	12,818	15,000
Foundation Grant	20,000	20,000
LCC Mission Grant	47,600	64,000
Bequests	193,680	
Joint Ministry Gifts	11,714	6,500
Other Grants	3,052	40,000
1995 Surplus		11,599
TOTAL INCOME	1,641,735	1,611,406

EXPENDITURES:	1996 - 1997 Budget	
Missions:		
Lutheran Church - Canada	465,000	500,000
Subsidy to Congregations	329,100	301,115
Ethnic Ministries	196,458	149,000
New Mission Development	43,992	52,000
Singles and Campus & Social Ministry	3,079	8,200
Special Assistance to Congregations	7,215	5,500
Program Development and Resources	66,542	64,100
Total Missions:	1,111,386	1,079,915

Parish Services:	1996 - 1997 Budget	
Grants to Schools	50,620	45,000
Workshops and Conferences	3,578	3,000
Program Resources and Development	826	13,400
Program Implementation	79,793	85,451
Total Parish Services	134,817	146,851

Stewardship and Financial Services:	1996 - 1997 Budget	
ABC District News	35,990	34,600
Program Develop. & Implementation	57,475	58,997
Publicity	286	2,500
Total Stewardship & Financial Services	93,751	96,097

Special Services	1,835	2,400
Pastoral Services	87,528	89,840
General Office Expenses	110,939	119,768
Board and Committees	25,447	26,900
Office Building and Grounds	44,879	49,100
Debt Elimination	19,554	- 0 -
TOTAL EXPENDITURES	1,630,136	1,610,871
Surplus	11,599	535

CHURCH EXTENSION

Your Opportunity for



"Building the Church"

Contact your Congregation Church Extension Representative

or
Church Extension Office
7100 Ada Boulevard, Edmonton, AB T5B 4E4 - (403)474-0063

Today!

Current Rates:

Savings Accounts -	3 3/4%
1 Yr. Term	6%
3 Yr. Term	6.5%
5 Yr. Term	7.0%

Rates will be changing May 1, 1996.

TO GIVE AWAY

TWO GESTETNERS, STAND & SUPPLIES

If you are interested, contact:
Grace Lutheran Church
3610 Sarcee Rd S.W.
Calgary, AB T3E 6Y6
(403) 249-8562

POSITIVE ABC DISTRICT FOUND.

The ABC District Foundation invites nomination of candidates for the position of Foundation Manager.

Candidates should be committed and active in their congregation and have demonstrated proven dynamic leadership. Qualification should include knowledge and experience in financial management, insurance, and gift annuities.

Please send letter of application with resume to Alberta - British Columbia District Foundation, 7100 Ada Boulevard, Edmonton, AB T5B 4E4 or Fax (403)-477-9829. For more information phone the ABC District Foundation Office (403)-474-0063.
Application Deadline - April 30, 1996.

This is EXHIBIT "3-B" referred to in the Affidavit of Randall Scott Kellen Sworn before me this 15 day of May, 2015
[Signature]
A Notary Public in and for the Province of British Columbia

VACATION BIBLE MOUNT CALVARY, RED DEER, AB



Mount Calvary Lutheran Church, in Red Deer, Alberta, enjoyed a very successful Vacation Bible School this summer. The theme was "God is our strength" and it ran from 9:30 a.m. to noon, August 11-15, 1997.

Parents and children from our congregation canvassed the area in July. About 1200 registration forms were dropped off at homes in the area as advertisement for our upcoming VBS. This resulted in a great turnout from the community.

We divided the 117 children that attended into 10 'shepherd groups'. Those groups then followed a schedule that included lesson time, crafts, outdoor activities, snacks, music and puppets. This allowed us to handle this large of a group, in our limited classroom space.

Four teachers taught the Bible story lesson, each one teaching their lesson to two or three groups each day. We had 10 shepherds who were responsible for keeping

their 'flock' together and on schedule. We had volunteers, from teens to grandmas, to help with crafts, outdoor activities, puppets and to man the kitchen.

We also adopted the mission project "Contigo en Panama" that was sponsored by Lutheran Hour Ministries. This "By Kids ... For Kids" program involved providing children in Panama with school supplies. We committed to packing 100 boxes. The VBS purchased the pens, pencils, pencil sharpener, scissors, ruler, and a post card of our area, for each box. Lutheran Hour Ministries provided a Spanish Bible story book for each box. The kids were asked to bring a toy and to make a picture or letter to put in the box they packed, for the child in Panama. The kids were excited about a mission project they could take an active part in.

God's Word was spoken, voices were raised in praise, and hands were offered in service, all to the Glory of God.

If you need any further information you can phone me at Mount Calvary Lutheran Church at 1-403-346-3798.

Faith, Sylvan Lake, Alberta



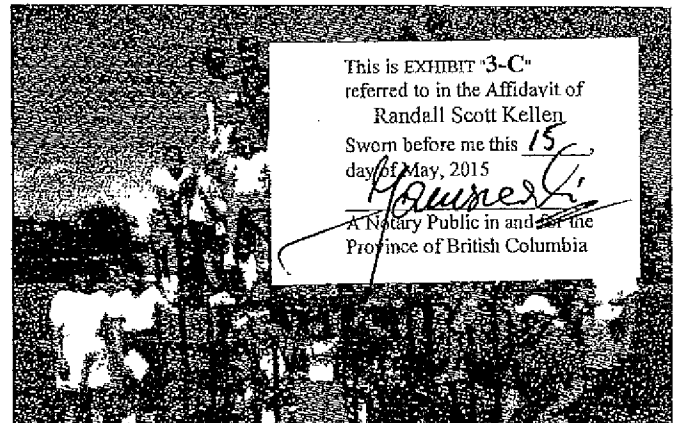
At Faith-Sylvan Lake, Alberta, we had 35 children come hear the message of Jesus Christ the week of July 14-18. At Trinity-Lacombe we had 25 children receive the message the week of July 28 - Aug. 1.

At Trinity-Lacombe we were blessed with the teaching and musical service of the

CREW Ministries group 'Unchained.' In addition to helping at the VBS they put on a concert July 31 attended by 55 people. These indeed were weeks in which Jesus Christ was presented to the 60 children and their families in the communities the churches serve.

Rev. Ken Edel

Trinity, Lacombe, Alberta



This is EXHIBIT "3-C"
referred to in the Affidavit of
Randall Scott Kellen
Sworn before me this 15th
day of May, 2015
[Signature]
A Notary Public in and for the
Province of British Columbia

ABC DISTRICT RETIREMENT FUND RRSP/RRIF

ABC District Investments retirement fund is a group RRSP plan which provides a safe investment vehicle for individuals and an opportunity to put savings to work in the Lord's service.

Registered Retirement Savings Plan (RRSP) and Registered Retirement Income Fund (RRIF) deposits are received and invested by ABC District Investments.

APPLICATION FORMS

To participants in the ABC District Investments Group RRSP plan and/or the

Group RRIF fund, you must sign a membership application form and send it with your deposit to the ABC District Office, 7100 Ada Blvd., Edmonton, AB T5B 4E4.

Application forms are available from your Church Extension representative or from the ABC District office. Call toll free 1-888-474-0063.

REVENUE CANADA REGISTRATION

Government registration of ABC District Investments Group RRSP and RRIF funds is through Montreal Trust as Trustee. The



National Youth Gathering

July 3 - 7, 1998 at
University of Waterloo,
Waterloo, Ontario

- Great events are planned including servant events in the community
- The cost is \$350.00 plus travel & spending money
- Time for youth to start a saving fund & be able to attend
- Pastors, counselors and all youth watch for information and updates to be arriving in the mail
- T-shirts and baseball hats will be available soon

funds are utilized by ABC District Investments in serving the needs of our church in the ABC District.

Because You Asked — Funding Ministry in the ABC District

The dictionary definition of stewardship is management of another person's property. If we acknowledge that everything we have and have achieved has come from God, then we will want to manage those possessions as well as possible and give a return on those assets and talents to God. Stewardship of life includes use of our time, our talents or expertise and our income and wealth to work for our Lord in furthering the work of His kingdom in the world. This article deals with the monetary part of stewardship.

The usual form of monetary stewardship is by way of our offerings in our congregations. The congregations, through their annual budgets, contribute to the District's annual budget, or work program. 85% of the District's receipts are from congregational remittances, so the individual members of our congregations are key to the District being able to meet its mission obligations.

67% of the District's budget is directly attributed to missions. These expenditures include subsidies to congregations in the District, ethnic ministries, new mission work, specialized ministries such as the deaf congregations and the Alberta and British Columbia support for LCC Synod and its nation-wide and world-wide projects. These expenditures also include the services of Missions Executive Don Schieman as he works with all congregations in the District, with emphasis on congregations receiving District financial support, new mission areas and ethnic ministries.

Synod, District, congregations and individuals all have tasks to perform and goals to achieve if the work of the kingdom is to proceed. Congregations need the financial commitments of members to know that their budgets can be met; District needs the financial commitments of all of the congregations to enable the staff to know that its work program can be fulfilled, and Synod has to be able to count on the District's commitments to fulfill its goals. Over the last few years, there has been a trend that has seen individual giving in congregations increase but remittances to the District from congregations have decreased. This has resulted in District programs being cut back and in the last two years, the District has operated at a deficit. In a perfect world, budgets would be set after funding commitments were known. In an imperfect world, that really isn't possible, therefore budgets at both the congregational and District levels are based on past experience and faith. The more commitments a congregation receives, the more it can accurately plan its budget and its commitment to District, and District, in turn, can more accurately plan its work program.

Two other parts of the District's operations are the Church Extension Fund and the ABC District Foundation. It is often difficult for charitable organizations, especially churches, to obtain bank or mortgage company financing to acquire land and to build or enlarge church buildings. Because the property is used for a special purpose, security for the loan is a subjective matter as

market value is not easily determined. The lender also usually asks for a guarantee of the loan, something that church members may not wish to do. The Church Extension Fund does not have the same problem because we know our churches have value, that congregations have almost always met their financial obligations and guarantees are not required. The Church Extension Fund borrows from members of congregations and some congregations have invested surplus funds in CEF as well. A reasonable (market and sometimes a little higher than market) rate of interest is paid on loans to the CEF and funds are only used to enable our sister congregations to acquire land, build church buildings and/or schools, purchase major pieces of equipment and make major emergency repairs, for which funds are not on hand. The rate of interest paid to the CEF by a congregation is generally a little higher than a conventional mortgage which reflects the cost of borrowed funds and the non-requirement of guarantees. A discounted borrowing rate applies to the extent that the congregation and/or its members have funds on deposit in the CEF. There are few, if any, congregations in the District that have not had a CEF loan at some time in their history. At the present time, CEF loans to congregations total twenty million dollars and funds on deposit in CEF total \$26,000,000. There is always an amount of CEF funds on short-term deposit so that withdrawal requests can always be promptly honoured. No one has ever lost money by investing in Church Extension Fund.

The ABC District Foundation manages funds placed on deposit with it in the form of trusts or estates with the income being paid to specific beneficiaries, or in some cases from outright capital contributions that are made during the lifetime of members or as a result of bequests that are directed by the will of a deceased member. The Foundation operates on the principle of investing the funds it has to generate a reasonable return on investment. Where the income is paid to a beneficiary, the Foundation charges a small fee for managing the funds. When the income is not paid to a specific beneficiary, the income is used to fund specific programs within congregations or the District. The Foundation Manager works with congregations and individual members to promote financial planning within the family and to make members aware of various types of gifts they can leave to the church. Did you know that you could purchase a life insurance policy, naming the District as the beneficiary, and be able to claim the cost of the premiums as a charitable donation in each year that the premiums were paid? Upon death, the Foundation would receive the life insurance proceeds and invest them along with other Foundation funds to generate income to fund special projects.

In a changing world, the challenge facing the world at large is the same as always to spread the gospel to tell everyone about the gift of eternal life that is received through faith in Jesus Christ. How the gospel is

spread has changed. Foreign lands are now accessed by television, radio, the computer internet and also the printed word, as well as by the physical presence of missionaries, who are assisted in carrying out their missions by these communication mediums. Closer to home, our resources are pooled through District and Synod to give consistent programs that are available to all, not subject to the whims and resources on a time-to-time basis by individuals or congregations, but by evening out the resources, because our own personal contributions fluctuate, depending on our circumstances. We need trained pastors and other church workers. To achieve this, a congregation has more resources than an individual and through regular commitments to District, even more synergy is created.

The District has helped all of us in the past, it helps us today and it is looking to the future to ensure that it can continue to be effective in serving baby boomers moving into middle age and retirement, to support Christian schools in an atmosphere of creeping secularism and to establish new congregations to minister to our changing ethnic fabric.

I hope that this has helped to answer any questions you may have had about the work of the Alberta-British Columbia District among us.

by Greg Lonsbrough

INVESTMENT AND RETIREMENT PLANNING

Honest, Straightforward Advice

Mutual Funds • Bonds
• Stocks • GIC's and Treasury Bills

Non Registered
Cash Accounts and
No Fee RRSP and
RRIF Accounts!



Peter Wolgram, CGA
Investment Advisor

CANACCORD CAPITAL CORP.



3108 30th Ave., Vernon, B.C.
Call for a free consultation

1-800-665-2505

Member of Canadian Investor Protection Fund

When

This is EXHIBIT "3-D" referred to in the Affidavit of Randall Scott Kellen. Sworn before me this 15th day of May, 2015. [Signature]

A Notary Public in and for the Province of British Columbia

a common chalice.

If any church has a chalice they would like to sell or donate please phone Joan at (250) 791-5353.



CHURCH EXTENSION

7100 ADA BOULEVARD, EDMONTON, ALBERTA T6B 4E4 PH (780) 474-0063 FAX (780) 477-9829
EMAIL: finances@lccabc.ca TOLL FREE 1-888-474-0063

May 11, 2007

Kellen, Randy Or Debbie
8857 - 15 Avenue
Burnaby, BC
V3N 1Y4

This is EXHIBIT "4" referred to
in the Affidavit of

Randall Scott Kellen

Sworn before me this 15
day of May, 2015

[Signature]
A Notary Public in and for the
Province of British Columbia

Re: Investment #: 11130-1200-01-02

Dear Randy & Debbie,

Your term investment in Church Extension will mature on JUNE 30, 2007.
The value of your investment on that date will be \$33,647.83.

Unless we receive other instructions from you, we will renew this
investment for a 5 year term at 4.4000% interest. This renewed
investment will mature on JUNE 30, 2012.

Your CEF investment is "Making a Difference" in congregations throughout
Alberta-British Columbia District. Current loans to over 69 congregations
are possible only because of investments such as yours. Thank you for your
continued support of the Church Extension ministry!

"This service that you perform is not only supplying the needs of
God's people but is also overflowing in many expressions of thanks
to God." II Corinthians 9:12.

In Christ's service,

Candace Rivet
Church Extension

"Making a Difference . . . Growing in God's Grace"



CHURCH
EXTENSION
FUND

ALBERTA | BRITISH COLUMBIA DISTRICT

"Building HIS church, together."

February 27, 2015

DEBBIE KELLEN
8857 - 15 AVENUE
BURNABY, BC, V3N 1Y4

This is EXHIBIT "5" referred to
in the Affidavit of

Randall Scott Kellen

Sworn before me this 15
day of May, 2015

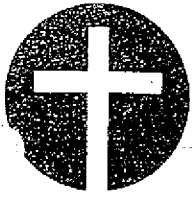
Randall Scott Kellen
A Notary Public in and for the
Province of British Columbia

**Church Extension Fund Account Summary
as of January 23, 2015**

Total Book Value of all Accounts (Savings and / or Terms)	Interest thru January 23, 2015	Combined Balance
\$ 153.25	\$ 0.09	\$ 153.34

On January 23, 2015, the Lutheran Church – Canada, the Alberta – British Columbia District (the "District") obtained an Initial Order under the Companies' Creditors Arrangement Act with the intention of presenting a plan of arrangement to its creditors and restructuring its affairs. The values on this statement indicate the book value of your claim only. Through issuing this statement, the District does not represent or warrant the amount that will ultimately be payable to you pursuant to any plan of arrangement.

We recognize that the statement provided above may not provide you with the detail that you are accustomed to receiving regarding your CEF account(s). If you wish to receive a detailed statement of your account(s) for January 1 – December 31, 2014, please call 780-474-0063 ext. 0 or email cef@iccabc.ca.



CHURCH
EXTENSION
FUND

"Building HIS church, together."

ALBERTA | BRITISH COLUMBIA DISTRICT

February 27, 2015

RANDY KELLEN
8857 - 15 AVENUE
BURNABY, BC, V3N 1Y4

This is EXHIBIT "6" referred to
in the Affidavit of

Randall Scott Kellen

Sworn before me this 15
day of May, 2015

[Signature]
A Notary Public in and for the
Province of British Columbia

**Church Extension Fund Account Summary
as of January 23, 2015**

Total Book Value of all Accounts (Savings and / or Terms)	Interest thru January 23, 2015	Combined Balance
\$88,922.12	\$1,631.06	\$90,553.18

On January 23, 2015, the Lutheran Church – Canada, the Alberta – British Columbia District (the "District") obtained an Initial Order under the Companies' Creditors Arrangement Act with the intention of presenting a plan of arrangement to its creditors and restructuring its affairs. The values on this statement indicate the book value of your claim only. Through issuing this statement, the District does not represent or warrant the amount that will ultimately be payable to you pursuant to any plan of arrangement.

We recognize that the statement provided above may not provide you with the detail that you are accustomed to receiving regarding your CEF account(s). If you wish to receive a detailed statement of your account(s) for January 1 – December 31, 2014, please call 780-474-0063 ext. 0 or email cef@lccabc.ca.



"Building HIS church, together."

February 27, 2015

RANDY KELLEN
8857 - 15 AVENUE
BURNABY, BC, V3N 1Y4

Portfolio Number:

Account Type:

111301200

Registered Ret. Savings Plan

ABC District Investments Ltd. Account Summary

Estimated Book Value
as of December 31, 2014

Estimated Write Down Balance
as of January 23, 2015

\$ 26,105.49

\$ 19,849.54

On January 23, 2015, the Lutheran Church – Canada, the Alberta – British Columbia District Investments Limited ("DIL") obtained an Initial Order under the Companies' Creditors Arrangement Act with the intention of presenting a plan of arrangement to its creditors and restructuring its affairs. The values on this statement indicate the book value of your claim prior to and after a write down of 24% in its face value (as further described in the Notice to holders of RRIFs issued on February 2, 2015). Through issuing this statement, DIL does not represent or warrant the amount that will ultimately be payable to you pursuant to any plan of arrangement.

We recognize that the statement provided above may not provide you with the detail that you are accustomed to receiving regarding your RRSP/ LIRA/ RRIF/ LIF/TFSA account(s). If you wish to receive a detailed statement of your account(s) for January 1 – December 31, 2014, please call 780-474-0063 ext. 0 or email cef@lccabc.ca.

Lutheran Church–Canada
THE ALBERTA-BRITISH COLUMBIA DISTRICT
7100 Ada Blvd Edmonton, AB
cef@lccabc.ca

Edmonton 780-474-0063 Toll Free 888-474-0063 Fax 780-477-9829



CHURCH EXTENSION

7100 ADA BOULEVARD, EDMONTON, ALBERTA T5B 4E4 PH (780) 474-0063 FAX (780) 477-9829
EMAIL: finances@lccabc.ca TOLL FREE 1-888-474-0063

July 2, 2002

Dear Church Extension investor,

Your CEF investments are **making a difference!** *Making a difference* in the lives of individual investors, such as yourself . . . *Making a difference* in District congregations by providing funds for capital improvement loans . . . *Making a difference* in the lives of believers and non-believers, as the Gospel is spread and the Good News of our salvation is shared through communities in Alberta and British Columbia!

By the overwhelming grace of God, the Church Extension Fund is . . .

- **Growing is Financial Resources:** Since 1995 total investments have grown over 230%, from \$16.81 million in 1995 to \$56.14 million in 2001. Much of the recent growth resulted from the **80th Anniversary** campaign, during which over \$27.5 million was invested.
- **Growing in the Number of CEF products:** CEF currently offers Tracky accounts for young investors, savings accounts, and term investments (90 or 180 day short-term, and 1 year to 5 years). Monthly interest accounts are available for investors who desire disbursement of the earned interest (special account conditions apply). In addition, special "interest" accounts provide zero interest investments to support zero interest loans to Lutheran schools.
- **Growing in number of investors:** During the **80th Anniversary** campaign alone, over 800 new investors joined the CEF investment family for the first time.
- **Growing in services to all ages:** Individuals of all ages – Sunday School children, teenagers, college students, wage earners, retirees – joyfully support the Gospel outreach ministry through Church Extension.
- **Growing in service to congregations:** By sharing its building and project development experience, CEF partners with congregations to help develop innovative ways to expand ministry and outreach within their communities. By providing loans for new facilities, or for renovation and expansion, CEF assists congregations to ensure feasibility and quality of their construction projects.
- **Growing in ministry opportunities:** ABC District has been blessed with new ministry opportunities in remote areas, cross-cultural communities, social ministry, senior's ministry, and Lutheran schools.
- **Growing in number of congregations being served:** Over 95% of congregations within ABC District have, at some time over the past 80 years' history of Church Extension, benefited from a CEF loan. Since January of 2002 alone, over \$10 million has been approved for loans to First, Kelowna; Walnut Grove, Langley; Trinity, Richmond; Zion, Surrey; Peace, Sidney; Redeemer, Didsbury; and St. Matthew, Stony Plain.

Enclosed is a statement of your investment(s) in the Church Extension Fund as of June 30, 2002. On the reverse side of this letter is an explanation of your statement. If you have any questions regarding this statement, please contact us toll-free at 1-888-474-0063, or email finances@lccabc.ca.

Thank you for permitting Church Extension to be part of your investment plans, and for your special part in this unique investment ministry. *Without you*, Church Extension would not be able to extend the much-needed loans to congregations within Alberta - British Columbia District.

We pray that our Lord continues to daily guide and bless you,
Edie Ulmer
Church Extension

This is EXHIBIT "7" referred to
in the Affidavit of
Randall Scott Kellen
Sworn before me this 15
day of May, 2015

[Signature]
A Notary Public in and for the
Province of British Columbia

An Explanation of Your CEF Statement

Column 1	Category Code Of each investment	If you have more than one investment with CEF, each of your investments is set forth separately. The first number is the type of investment, such as: 1 = term investment; 3 = savings; 4 = interest paid out monthly; 30 = interest paid out on anniversary date. The second number reflects the number of the investment, such as -01, -02, -03.
Column 2	Maturity Date of each investment	<i>Special Note re: 7 FOR 7 FOR 7 investments:</i> The designated maturity date is pursuant to your re-investment instructions.
Column 3	Term (in months) of each investment	The term is expressed in months (e.g. a 5-year term is 60 months). If your account is a savings account, Columns 2 and 3 are blank.
Column 4	Interest Rate (APR) applied to each investment	Rate in effect at time of investment.
Column 5	Interest Paid in Current Year	This column reflects the amount of interest compounded or added to your investment during the calendar year.
Column 6	Accrued Interest to Date	This column reflects the amount of interest earned to date – but not yet added (compounded) to your investment.
Column 7	Actual Value <i>Without Accrued Interest</i>	This value does not include accrued interest (the value in Column 6). This value is your initial investment amount, plus any compounded interest.

An Explanation Relating to Interest

Interest is calculated monthly, and compounded according to the type of your investment, as follows:

For 12-month term investments:

For investments for a term longer than 12 months:

For savings accounts:

Interest is compounded:

At maturity.

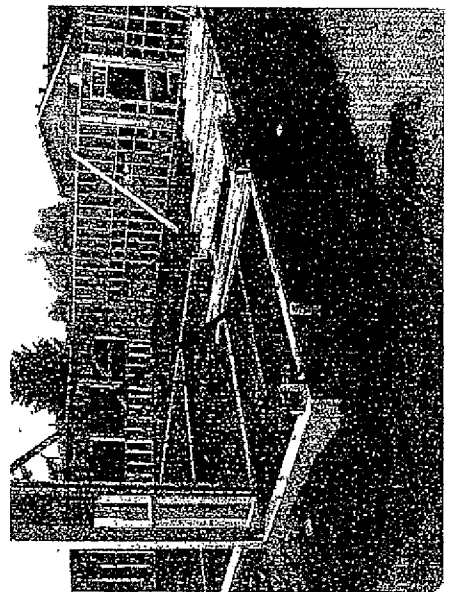
On December 31 of each year
and at maturity.

On June 30 and December 31
of each year.

"All over the world this gospel is producing fruit and growing, just as it has been doing among you since the day you heard it and understood God's grace in all its truth." Colossians 1:6

History of Church Extension Fund and ABC District Investments

The Church Extension Fund was created in 1921. It has been providing loans to congregations and institutions of Lutheran Church-Canada for capital building purposes ever since. With the addition of registered products under the sister company of ABC District Investments in 1997, CEF has been able to assist with even more projects. These projects have enabled their recipients to better shine the light that is Jesus Christ in the dark places of our world. To date, CEF has assisted over 85% of the congregations in the district, and looks forward to continuing that partnership into the future.



The mission of Church Extension is to provide opportunity for making funds and services available in support of the Great Commission through Lutheran Church-Canada, the Alberta-British Columbia District

For more information, please be in touch with your congregational CEF representative, or contact the CEF office directly.

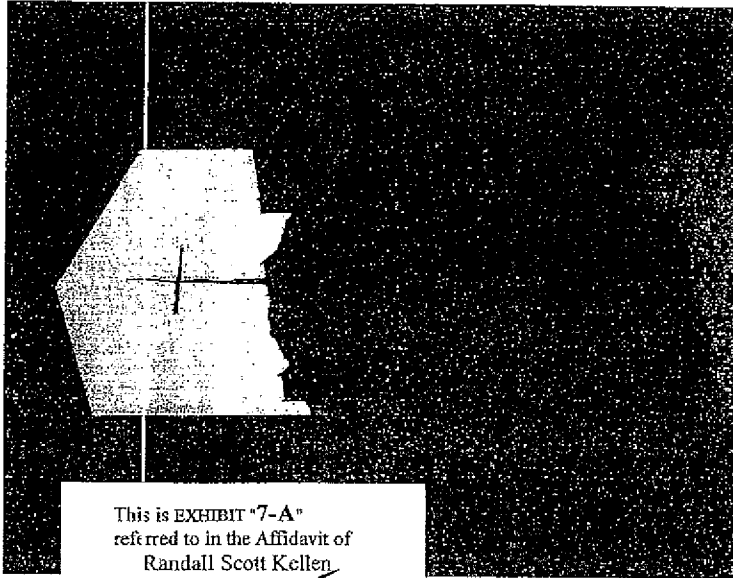
7100 Ada Boulevard
Edmonton, AB T5B 4E4
(780) 474-0063
888-474-0063
cef@lccabc.ca
cef.lccabc.ca



Pictures in this brochure are taken from projects funded through CEF:

Hope, Port Coquitlam, BC
Trinity, Richmond, BC

Church Extension Fund: Partnership of Ministry



This is EXHIBIT "7-A" referred to in the Affidavit of Randall Scott Kellen

Sworn before me this 15 day of May, 2015

A Notary Public in and for the Province of British Columbia

Go therefore and make disciples of all nations, baptizing them in the name of the Father and of the Son and of the Holy Spirit, teaching them to observe all that I have commanded you. And behold, I am with you always, to the end of the age.

Matthew 28: 19-20 (ESV)

What is Church Extension Fund (CEF)?

The Church Extension Fund (CEF) is a 'ministry through investment' organization that provides affordable loans and services to Alberta-British Columbia District churches, schools, and other ministry entities. Loan dollars are made possible through the support of ABC District members who invest their money in CEF and earn a competitive interest rate.

CEF is a Partnership

Church Extension Fund views its relationships with schools, congregations and other entities as a partnership. The CEF staff understand the needs of the District organizations and can help through the entire process.

Why should you invest with CEF?

Money is invested in the Church. Your investment not only benefits you through the reasonable return on your investment, but also allows you to assist in the spread of the Gospel.

Why should your congregation/school take out a loan with CEF?

Your loan allows you to renovate your facilities to better spread the Good News of Jesus.

In addition to the unregistered and registered products of CEF, there is also a program aimed at our younger investors. The K.I.D.S. Stamp Program educates children on the importance of stewardship and savings.



From start to finish CEF is there to help you strengthen ministry. Together we can help others tell the Good News about our Saviour Jesus Christ.

CEF currently offers the following products:

TFSA	Savings
RRSP	K.I.D.S. Stamps
RRIF	Term Investments

Guiding Principles of Church Extension:

- Church Extension is a ministry. Its ministry is not dollars, not size, not growth, but reaching more people with the Gospel.
- Church Extension helps congregations, Lutheran schools, and other ministry entities. It serves by helping to build centres for ministry, service, and outreach. ²²
- Church Extension provides investment opportunities for Lutherans. Through God's grace, these investors make the work of CEF possible.
- Church Extension is a partnership between investors and congregations to share the Good News of Jesus Christ.
- Church Extension is managed prudently and built on solid financial principles. Church Extension actions are based on the question, "Will this further the Great Commission?"



This is EXHIBIT "8" referred to
in the Affidavit of

Randall Scott Kellen

Sworn before me this 15,
day of May, 2015

[Signature]
A Notary Public in and for the
Province of British Columbia

"Investing With a Purpose – for the Present and the Future"

In January 1997 the Alberta – British Columbia District formed *Lutheran Church–Canada, The Alberta – British Columbia District Investments Ltd.*, a not-for-profit corporation commonly known as "ABC District Investments." Through ABC District Investments, Registered Retirement Savings Plan (RRSP) and Registered Retirement Income Fund (RRIF) investment plans are offered to members and affiliates of Lutheran Church-Canada. In addition, ABC District Investments is registered through its Trustee, Co-operative Trust Company of Canada, to manage locked-in funds within Alberta, British Columbia, Saskatchewan, Manitoba and federal jurisdictions. ←

Investing with ABC District Investments provides a threefold blessing to the investor:

- A reasonable return on retirement savings
- A reduction in current income tax, by deferring until retirement income
- The joy and satisfaction of investing with a purpose – making funds available for capital improvement mortgage loans to congregations and entities within ABC District.

An immediate tax break today: RRSP investments reduce the amount of income tax paid by the investor. Because the investments and the interest income are tax-sheltered until withdrawn, an RRSP investment can grow faster than a non-registered investment.

Receive retirement income as directed by investors: RRIF accounts are responsibly managed within ABC District Investments by providing retirement income in accordance with the terms directed by the investor. Minimum payments or greater, as the investor determines, are payable at the time the investor decides – either monthly, quarterly, semi-annually or annually.

Retirement savings grow as investments are made: RRSP and RRIF funds, invested by members and affiliates of LCC congregations within ABC District, earn a rate of interest equal to the earnings of the Plan, less a minimal management expense ratio (MER) for the cost of administering the fund.

Assisting congregations in ministry: RRSP or RRIF investments are used to provide loans to congregations and entities of LCC for capital projects, thereby enabling them to be most effective in reaching out with Christ's love and proclaiming the message of salvation. Through ABC District Investments, investors realize the joy and satisfaction of having their retirement savings at work in our Lord's kingdom!

Highlights From the Department of Financial Ministries Meeting, May 24-25, 2002

The Foundation Committee is undertaking a five-year planning strategy "to help our people leave a divine legacy."

Church Extension Committee

- New growth in the Church Extension fund totaled \$1.6 million for the first four months of the year.

- A new Rate Schedule was approved for implementation on June 1, 2002, with increased rates for 3-year, 4-year, and 5-year term investments. Church Extension rates are, on average, 0.25-1.40% higher than commercial bank rates.
- A new position as CEF assistant/data entry clerk was recommended to the Board of Directors for approval.
- Loans were approved for roof repair at Redeemer, Didsbury, and for a new roof at St. Matthew, Stony Plain
- The "Share the Light" campaign was approved to encourage new investors.



Department of Financial Ministries present includes: (L-R) Rev. Steg Redenbach, Eunice Famme, Helmut Schroeder, Clarence Elle, Dick Lutz, Ted Ulmer, Rev. Mark Beiderwieden, Gene Gabert and Ron Chowne.



This is EXHIBIT "9" referred to in the Affidavit of

Randall Scott Kellen

Sworn before me this 15 day of May, 2015

A Notary Public in and for the Province of British Columbia

Church Extension Committee present were: Greg Lonsbrough, Maro Smith, Doug Hunsley, Rev. Mark Sander and Susan Bacon

Communications Committee

Congregations are encouraged to send articles regarding the congregational activities to Marj Temple for publication in the ABC District News and to Rev. Dave Smilek for publication in the Canadian Lutheran.

Congregational Projects For CEF

Walnut Grove, Langley, BC; First, Kelowna, BC; Faith School, Edmonton, AB; Immanuel, Lethbridge, AB; Trinity, Richmond, BC; Zion, Surrey, BC; Prince of Peace-Manor, Calgary, AB; Shepherd's Village, Valleyview, AB; St. Matthew, Stony Plain, AB; Redeemer, Didsbury, AB.

Reaching Out - Reaching In

There Is No Difference

In a small village in the Chinandenga Province of Nicaragua, a Lutheran Church-Canada pastor is working with God's people, baptizing and teaching. As a result of God's love in action in a time of national disaster, people have opened their hearts and their ears to the message of Jesus!

Now that proclamation is multiplying. Several Nicaraguan men have been trained and ordained to serve as pastors and missionaries in other communities throughout the country.

At the same time, in remote communities on Vancouver Island and Northern Alberta and British Columbia, Lutheran Church-Canada pastors and churchworkers are telling the Good News of Jesus. Many

of these communities have little or no Church presence.

Often beginning with outreach to children, our Church is now finding opportunities to give instruction to adults so that the proclamation of Jesus is multiplies.

While the trend in Canada is to move to larger centers, there remain people in these more remote communities for whom Jesus died.

WHAT'S THE CONNECTION?

You are! As you present your offerings to your Lord in worship, part of that money is sent to do work both far and near. Your elected leaders in the Church have made decisions to devote financial resources in

these areas so that the peace of Christ could be shared there. God is opening doors for ministry beyond our meager plans, though, and calls for an ever greater commitment to Reaching Out/Reaching In.

As a result, God's children are being asked to consider this need and their abilities. This is another opportunity for every member, group and organization within our Church to get personally involved in the task of proclaiming Jesus.

For every dollar that is given in this appeal for Reaching Out-Reaching In, 75 cents will help fund the existing commitments made by our Church, and 25 cents will go to new work in these areas.

This information will be used for receipting purposes only unless more information is requested below

Yes, I would like to give a special gift to bring the Good News of Jesus to others!

- One time gift of _____
- Regular, ongoing gift of _____ every month/quarter/year (circle one)
- I would like this gift to Reach Out Reach In Both
- I would like information in the future as to how my gift is used.

Name: _____

Address: _____

City: _____ Prov. _____ Postal Code _____

Please send this form and your gift to: The Lutheran Church-Canada, ABC District, 7100 Ada Boulevard, Edmonton, AB T5B 4E4

Church Extension Announces Interest Rate Increase



Does Church Extension need new investments? Absolutely! CEF wants to be able to say "yes" to those congregations that ask for our help. CEF helps finance new buildings, schools and other entities in the Alberta-British Columbia District. We rejoice with and give thanks to our Lord for each one of the District congregations, schools and entities which has been able to expand their ministries with the assistance of Church Extension loans.

An interest rate increase was approved by the Alberta-British Columbia District Board of Directors at a recent meeting and became effective March 1, 2006.

For purposes of comparison, the following rates were offered by the "Big Five" commercial banks on March 20, 2006: 90 day: 1.80%; 180 day: 1.90%; 1 year term: 2.75%; 2 year term: 2.95%; 3 year term: 2.95%; 4 year term: 3.05%; and 5 year term: 3.25%. ("Big Five" include Bank of Montreal, Bank of Nova Scotia, CIBC, TD Canada Trust and Royal Bank)

For more information about CEF please see your congregational CEF Representative or contact the CEF office toll free: 1-888-474-0063.

New Interest Rate Schedule

(Effective March 1, 2006)

Savings - 2.35 %
Minimum \$10 Investment

90 Days - 2.50%

180 Days - 2.65%

For investments of \$5,000 or more

1 Year Term - 3.15 %

Minimum \$200 Investment

Interest paid or compounded at maturity

2 Year Term - 3.40 %

3 Year Term - 3.65 %

4 Year Term - 3.90 %

5 Year Term - 4.15 %

Minimum Investment of \$200

Interest paid or compounded on December 31 and at maturity

*Three, Four or Five Year Term Investments of \$25,000.00 or more receive an Additional ¼% interest

Sole Owner _____
 Or Last Name First Initial Social Insurance # Birth Date (YYYY/MM/DD)
 Joint Owners Last Name First Initial Social Insurance # Birth Date (YYYY/MM/DD)
 Address _____
 City _____ Province _____ Postal Code _____
 Telephone () _____ Email _____ Home Congregation _____
 Amount \$ _____ Savings 1 year 2 year 3 year 4 year 5 year
 Signature _____ Date _____ Signature _____ Date _____

(Please make cheques payable to: ABC District Church Extension)
 Renewal: Church Extension will automatically renew this investment for the same term at the interest rate in effect at maturity unless otherwise instructed.
 Lutheran Church-Canada, the Alberta-British Columbia District
 7100 Ada Boulevard, Edmonton, AB T5B 4E4 1-888-474-0063

This is EXHIBIT "10" referred to in the Affidavit of Randall Scott Kellen Sworn before me this 15 day of May, 2015
[Signature]
 A Notary Public in and for the Province of British Columbia

In compliance with privacy legislation, we need to obtain your consent before collecting, using or disclosing your personal information. We require the information on the application form so that we can account to you and provide you with reports respecting to your investments in ABC District Investments.

Please note that we will not disclose any personal information to anyone other than:
 - where permitted or required by law or court order (for example, we may disclose your Social Insurance Number as required by the Income Tax Act to prepare tax slips); or
 - to a public authority, to aid in an investigation, or where an imminent danger could be avoided by disclosing the information.

Rest assured that your personal information will remain confidential.

You have the right to access, verify and amend the personal information with us. To amend your personal information, or if you have any questions or concerns, please call us at

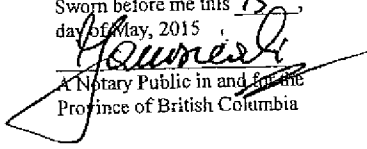
(780) 474-0063 or 1-888-474-0063. You may withdraw or vary this consent at any time by giving us notice at the address above, such notice to be effective on the day following receipt.

By signing this application you are consenting to the disclosure of your personal information as described above.

This is EXHIBIT "II" referred
to in the Affidavit of

Randall Scott Kellen

Sworn before me this 15
day of May, 2015


A Notary Public in and for the
Province of British Columbia

LUTHERAN CHURCH - CANADA, THE ALBERTA-BRITISH COLUMBIA DISTRICT

Non-Consolidated Financial Statements

January 31, 2012

Pennock Acheson Nielsen Devaney

Pennock Acheson Nielsen Devaney
Chartered Accountants

2201 Toronto Dominion Tower
10088 - 102 Avenue
Edmonton, Alberta T5J 2Z1

Telephone: (780) 496-7774
Facsimile: (780) 423-0582

INDEPENDENT AUDITOR'S REPORT

To the Members of Lutheran Church - Canada, The Alberta-British Columbia District

Report on the Non-consolidated Financial Statements

We were engaged to audit the accompanying non-consolidated financial statements of Lutheran Church - Canada, The Alberta-British Columbia District, which comprise the statement of financial position as at January 31, 2012, the statement of operations, changes in fund balances and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Non-consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these non-consolidated financial statements in accordance with Canadian generally accepted accounting principles, and for such internal control as management determines is necessary to enable the preparation of non-consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these non-consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the non-consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the non-consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the non-consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the non-consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the non-consolidated financial statements.

Because of the matter described in the Basis for Disclaimer of Opinion paragraph, however, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

Basis for Disclaimer of Opinion

The District has loans receivable from EnCharis Community Housing Services ("ECHS") in the amount of \$69,737,136 (2011 - \$66,686,453) excluding accrued interest. These funds have been used by ECHS to develop a community for persons above the age of 55 which includes independent living, assisted living, dementia and palliative care within the context of the Lutheran faith. There have been significant principal repayment shortfalls as well as interest payment shortfalls which are indicators of potential impairment of the loan value. Cumulative principal repayments of \$6,000,000 were required to be made in 2007 through 2009. Due to a lack of information, we were unable to determine if an impairment exists or what the value of that impairment may be.

The District has significant influence over ECHS which requires certain financial information to be disclosed in the financial statements. The financial information was not available as of the audit report date.

The District's portfolio investments are carried on the statement of financial position at cost. Management has not stated the portfolio investments at market value which constitutes a departure from Canadian generally accepted accounting principles. Had the portfolio investments been stated at market value, an increase in value of \$247,221 (2011 - increase of \$622,721) would have been required. Accordingly, unrealized losses and would have been \$375,500 (2011 - gain \$622,721).

In 2011, the District changed its accounting policy to record amortization on their property and equipment. The change was made prospectively rather than retroactively which constitutes a departure from Canadian generally accepted accounting principles. Had the correction been made retroactively, expenses and opening fund balances in 2011 would have been reduced by \$511,116.

Disclaimer of Opinion

Because of the significance of the matters described in the Basis for Disclaimer of Opinion, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, we do not express an opinion on these non-consolidated financial statements.

Emphasis of Matter

We draw attention to Note 3 to the financial statements; Summary of Significant Accounting Policies, Financial Instruments, Liquidity Risk, Credit Risk and Measurement Uncertainty which describes the valuation of the loans to EnCharis Community and Housing Services. Our opinion is not qualified in respect of this matter.

PENNOCK ACHESON NIELSEN DEVANEY

Chartered Accountants
November 23, 2012

LUTHERAN CHURCH-CANADA,
THE ALBERTA-BRITISH COLUMBIA DISTRICT
Non-Consolidated Statement of Financial Position
As At January 31, 2012

	District Operations			Restricted Fund			Total	
	2012	2011	2012	2011	2012	2011	2012	2011
	\$	\$	\$	\$	\$	\$	\$	\$
ASSETS								
CURRENT								
Cash (Note 4)	2,509,522	2,680,250	176,997	184,827	2,686,519	2,865,077		
Prepaid expenses	4,398	5,290	-	-	4,398	5,290		
Portfolio investments, at cost (Note 5)	13,878,347	15,736,525	-	-	13,878,347	15,736,525		
Accrued interest on portfolio investments	51,117	48,985	-	-	51,117	48,985		
Accounts receivable	11,879	109,035	-	-	11,879	109,035		
Advances from District Investments (Note 6)	147,220	72,478	-	-	147,220	72,478		
	16,602,483	18,652,563	176,997	184,827	16,779,480	18,837,390		
LOAN INVESTMENTS								
Loans and mortgages receivable (Note 7)	71,948,042	68,832,847	56,266	42,488	72,004,308	68,875,335		
Accrued interest on loans and mortgages receivable (Note 7)	117,799	2,043,507	-	-	117,799	2,043,507		
Land proceeds assignment (Note 8)	6,000,000	6,000,000	-	-	6,000,000	6,000,000		
Deferred loan (Note 9)	150,238	151,193	-	-	150,238	151,193		
	78,216,079	77,027,547	56,266	42,488	78,272,345	77,070,035		
CAPITAL								
Property and equipment (Note 10)	416,714	407,304	-	-	416,714	407,304		
Properties held for sale (Note 11)	14,975,141	14,240,987	-	-	14,975,141	14,240,987		
	15,391,855	14,648,291	-	-	15,391,855	14,648,291		
INTERFUND BALANCES								
Investments (Note 12)	(243,906)	(234,097)	243,906	234,097	-	-		
	109,966,511	110,094,304	477,169	461,412	110,443,680	110,555,716		
LIABILITIES								
CURRENT								
Accrued interest on investor obligations	1,673,407	1,677,695	-	-	1,673,407	1,677,695		
Accounts payable and accrued liabilities	158,247	177,584	-	20,138	158,247	197,722		
Deposits payable	38,383	53,029	95,835	99,111	134,218	152,140		
Investor obligations (Note 13)	101,954,507	96,763,926	-	-	101,954,567	96,763,926		
	103,824,604	98,672,234	95,835	119,249	103,920,439	98,791,483		
MORTGAGE LOAN (Note 6)	6,089,875	6,011,283	-	-	6,089,875	6,011,283		
	109,914,479	104,683,517	95,835	119,249	110,010,314	104,802,766		
CONTINGENCY (Note 14)								
	(1,708,809)	(1,401,043)	-	-	(1,708,809)	(1,401,043)		
FUND BALANCES (DEFICIT)								
Invested in capital assets and other properties	-	-	166,784	133,202	166,784	133,202		
Externally restricted	-	-	214,550	208,961	214,550	208,961		
Internally restricted	-	-	-	-	-	-		
Unrestricted	1,760,841	6,811,830	-	-	1,760,841	6,811,830		
	52,032	5,410,787	381,334	342,163	433,366	5,752,950		
	109,966,511	110,094,304	477,169	461,412	110,443,680	110,555,716		

LUTHERAN CHURCH-CANADA,
THE ALBERTA-BRITISH COLUMBIA DISTRICT
Non-Consolidated Statement of Operations and Changes in Fund Balances
Year Ended January 31, 2012

	District Operations				Restricted Fund		Total	
	2012	2011	2012	2011	2012	2011	2012	2011
	\$	\$	\$	\$	\$	\$	\$	\$
SUPPORT AND REVENUE								
Support								
District congregations	1,271,574	1,356,768	-	-	1,271,574	-	1,356,768	-
Other	49,841	99,697	22,283	206,517	72,124	206,517	306,214	206,517
Revenue								
Interest income	4,214,619	4,039,215	-	-	4,214,619	-	4,039,215	-
Gain on repossession	625,422	-	-	-	625,422	-	-	-
Investment income	529,288	323,004	-	-	529,288	-	323,004	-
Lease and rent income	402,911	541,679	-	-	402,911	-	541,679	-
Management fee (Note 6)	133,041	67,121	-	-	133,041	-	67,121	-
Conventions and conferences	-	-	107,719	108,400	107,719	108,400	108,400	108,400
	7,226,696	6,427,484	130,002	314,917	7,356,698	-	6,742,401	-
EXPENSES								
Designated								
Lutheran Church - Canada	520,000	520,000	-	-	520,000	-	520,000	-
Program Services								
Interest on investor obligations	4,188,032	4,059,586	-	-	4,188,032	-	4,059,586	-
Support	850,683	927,022	-	-	850,683	-	927,022	-
Mortgage interest (Note 6)	385,455	384,012	-	-	385,455	-	384,012	-
Mission and ministry (Outreach)	358,030	329,824	12,093	67,287	370,123	67,287	397,111	67,287
Administration	295,287	328,538	-	-	295,287	-	328,538	-
Special services	114,350	109,813	-	-	114,350	-	109,813	-
Travel	101,184	101,878	-	-	101,184	-	101,878	-
Parish services	95,913	85,883	-	-	95,913	-	85,883	-
Investment management fees	44,809	120,796	-	-	44,809	-	120,796	-
Conventions and conferences	9,192	50,164	78,738	90,742	87,930	90,742	140,906	90,742
Operating expenses of property held for sale	318,935	73,925	-	-	318,935	-	73,925	-
Loss on sale of property held for sale	91,567	52,428	-	-	91,567	-	52,428	-
Write-off and amortization of property and equipment	36,014	546,687	-	-	36,014	-	546,687	-
Allowance for unpaid interest receivable (Note 7)	5,176,000	-	-	-	5,176,000	-	-	-
	12,585,451	7,681,556	90,831	158,029	12,676,282	158,029	7,839,585	158,029
EXCESS (DEFICIENCY) OF SUPPORT AND REVENUE OVER EXPENSES BEFORE TRANSFERS	(5,358,755)	(1,254,072)	39,171	156,888	(5,319,584)	156,888	(1,097,184)	156,888
FUND BALANCES - BEGINNING OF YEAR	5,410,787	6,684,859	342,163	165,275	5,752,950	342,163	6,850,134	342,163
INTERFUND TRANSFERS								
Lutheran Free Conference - CEF	-	(20,000)	-	20,000	-	20,000	-	-
	52,032	5,410,787	381,334	342,163	433,366	342,163	5,752,950	342,163
FUND BALANCES - END OF YEAR								

LUTHERAN CHURCH - CANADA, THE ALBERTA-BRITISH COLUMBIA DISTRICT
 Non-Consolidated Statement of Cash Flows
 Year Ended January 31, 2012

	2012	2011
NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:		
OPERATING ACTIVITIES		
Cash receipts from congregations and donors	\$ 1,916,244	\$ 2,158,095
Cash paid to Synod, suppliers and employees	(2,699,489)	(2,326,200)
Interest received on loans	918,944	3,435,740
Interest paid to members	(4,543,992)	(4,409,418)
	<u>(4,408,293)</u>	<u>(1,141,783)</u>
INVESTING ACTIVITIES		
Purchase of property and equipment	(45,424)	(28,741)
Issuance of loans receivable - net	(3,151,321)	(4,120,449)
Net proceeds from (additions to) properties held for sale	(151,627)	227,050
Proceeds (purchases) of investments - net	2,387,466	2,696,515
	<u>(960,906)</u>	<u>(1,225,625)</u>
FINANCING ACTIVITY		
Investor obligations received - net	<u>5,190,641</u>	<u>2,715,826</u>
(DECREASE) INCREASE IN CASH FLOW	(178,558)	348,418
CASH - BEGINNING OF YEAR	<u>2,865,077</u>	<u>2,516,659</u>
CASH - END OF YEAR (Note 4)	<u>\$ 2,686,519</u>	<u>\$ 2,865,077</u>

LUTHERAN CHURCH - CANADA, THE ALBERTA-BRITISH COLUMBIA DISTRICT

Notes to Non-Consolidated Financial Statements

Year Ended January 31, 2012

1. ORGANIZATION

Lutheran Church - Canada, The Alberta - British Columbia District (the "District") was incorporated by an Act of the Alberta Provincial Legislature on March 24, 1944 and in British Columbia on June 19, June 1955 pursuant to the provisions of the Society Act of British Columbia. As a registered charity, the District is exempt from tax under the Income Tax Act (Canada) provided it maintains its registration.

The Mission Statement of the District is:

1. To support public worship, and to unite the various congregations of the Evangelical Lutheran Church in the Provinces of Alberta and British Columbia, who as congregations and as individual members of such congregations accept, and remain true to, the canonical books of the Old and New Testaments as the sole and exclusive rule of Christian doctrine and practice, and acknowledge as a true exhibit of sound Christian doctrine the Book of Concord;
2. To promote the efficiency and extend the influence of the Lutheran Church - Canada;
3. To hold, own, manage, control, possess, and receive directly and indirectly, by grant, gift, purchase, donation, devise or bequest, real, personal and mixed property of every name, nature, and description whatsoever and dispose of the same;
4. To invest monies and other personal property, with or without interest, in such a manner as the Directors of the District may elect or see fit so to do, subject to the action of the District, with or without security, for religious purposes;
5. To promote efficiency, co-operate in ecclesiastical work in the extension of religion, by educational, charitable and missionary work;
6. To help establish and maintain parochial schools, colleges, seminaries and other institutions of learning;
7. To properly educate and prepare persons for the ministry and for teaching in parochial schools; and
8. To aid in disseminating the knowledge of the Gospel throughout the world.

2. FUTURE CHANGES IN ACCOUNTING FRAMEWORKS

The Canadian Institute of Chartered Accountants issued Accounting Standards for Not-for-Profit Organizations which are effective for fiscal years beginning on or after January 1, 2012. The District will also apply the standards for private enterprises, where standards addressing their unique transactions and circumstances do not exist. The District is currently evaluating the effect of adopting these standards, which it expects to do in fiscal year 2013.

LUTHERAN CHURCH - CANADA, THE ALBERTA-BRITISH COLUMBIA DISTRICT
Notes to Non-Consolidated Financial Statements
Year Ended January 31, 2012

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Canadian Generally Accepted Accounting Principles and include the following significant accounting policies:

Fund accounting

In order to ensure observance of limitations and restrictions placed on the use of resources available to the District, the accounts of the District follow the restricted fund method of accounting for contributions. Accordingly, resources are classified for accounting and financial purposes into funds. These funds are held in accordance with either the objectives specified by the donors or with directives issued by the Board of Directors. To meet these objectives of financial reporting and stewardship over assets, certain interfund transfers are necessary to ensure the appropriate allocation of assets and liabilities to the respective Funds. Transfers between the funds are made when appropriate, as authorized by the Board. These interfund transfers are recorded in the statement of changes in fund balances.

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:

District Operations

District operations includes the Current Fund, the Church Extension Fund and the Plant 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.

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

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. Equipment purchased by the Current and Church Extension Funds are recorded as a transfer to the Plant Fund.

In the case of raw land acquired for future use (included in properties held for sale), interest on funds borrowed is capitalized (subject to a fair market value test) in the determination of the cost of the properties. All other interest expense is charged to operations.

Restricted Fund

The Restricted Fund is used to record funds received by the District which are restricted, either by the donating party or the Board of Directors, for the specific ministry projects and the disbursements of these funds for the specified purpose.

LUTHERAN CHURCH - CANADA, THE ALBERTA-BRITISH COLUMBIA DISTRICT
Notes to Non-Consolidated Financial Statements
Year Ended January 31, 2012

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial instruments

The District applies Sections 3855 "Financial Instruments - Recognition and Measurement," and 3861 "Financial Instruments - Disclosure and Presentation" of Canadian Generally Accepted Accounting Principles. As permitted by these rules, the District has elected not to adopt the standards 3862 and 3863 and continues to apply Section 3861 on disclosure and presentation of financial instruments.

Financial instruments include cash, accrued interest, accounts receivable, portfolio investments, land proceeds assignment, loans and mortgages receivable, accounts payable and accrued liabilities, accrued interest payable, deposits payable, investor obligations and mortgage loan. The carrying value of financial assets and financial liabilities approximate fair value except as otherwise disclosed.

Financial assets and liabilities are classified as either held-for-trading, available-for-sale, loans and receivables, investments held-to-maturity and other financial liabilities. Financial assets classified as held-for-trading and available-for-sale are required to be measured on the statement of financial position at fair value. The District measures one such financial instruments at cost. Loans and receivables, investments held-to-maturity and other financial liabilities are measured on the statement of financial position at amortized cost.

The District has designated cash and portfolio investments as held-for-trading. The District classified accrued interest on investor obligations, accrued interest, accounts receivable, mortgages and loans receivable and land proceeds assignment as loans and receivables and its accounts payable and accrued liabilities, deposits payable, mortgage loan and investor obligations as other financial liabilities.

Cash is recorded at fair value. Portfolio investments are recorded at cost and fair value is disclosed in Note 5. The fair value of the land proceeds assignment and loans and mortgages receivable could not practically be determined because they have no fixed repayment terms and lack an available trading market. The fair value of investor obligations can not be determined because the obligations have no fixed repayment terms. As such, the fair value and the exposure to related risk cannot be determined with any degree of certainty, and the amounts are therefore reported at their carrying value.

Portfolio investments are subject to market risk. The District manages market risk by investing in Canadian and foreign equities, fixed income instruments and short-term investments that meet specific investment criteria established and approved by the District's Directors and designed to adequately diversify the District's investments to reduce exposure to market risk.

The District is subject to interest rate pricing risk to the extent that the investments contain fixed rate government and corporate bonds. The District has not entered into any derivative agreements to mitigate these risks.

Credit risk arises from the potential that a counter party will fail to perform its obligations. The District is exposed to credit risk on the loans and mortgages receivable. The District mitigates its risk by securing the loans with the underlying properties however at this time, they have unsecured loans of \$19M from EnCharis Community and Housing Services ("ECHS"). 98% (2011 - 94%) of the balance of loans and mortgages receivable are from ECHS. The Company is also exposed to credit risk through its investments in corporate bonds. The District mitigates the risk of its investment in bonds through the overall quality and mix of its bond portfolio.

Liquidity risk is the risk that the Organization will not be able to meet a demand for cash to fund its obligations as they come due. Principal repayments and interest payment shortfalls on the loan to ECHS of \$69,737,136 (2011 - \$66,686,457) combined with the amount of the loan relative to total assets of the District may be an indicator of future potential liquidity strain. In the event of a severe liquidity strain, the District may not be able to realize its assets and settle its liabilities and losses may occur.

LUTHERAN CHURCH - CANADA, THE ALBERTA-BRITISH COLUMBIA DISTRICT
Notes to Non-Consolidated Financial Statements
Year Ended January 31, 2012

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*continued*)

Controlled entity

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

On December 2, 1996, RRSP was incorporated under the Companies Act of Alberta as a trust agent and investment manager of registered retirement savings plans and registered retirement income plans for annuitants. The District has the same Board of Directors and management as RRSP and make all of the key decisions for this entity. RRSP's financial statements are not consolidated in the District's financial statements, however summary information of RRSP is provided in Note 6.

Entity subject to significant influence

EnCharis Community Housing Services ("ECHS");

ECHS is a non-profit organization as defined under paragraph 149(1)(l) of the Income Tax Act (Canada) and is therefore not subject to income taxes. ECHS was incorporated on November 9, 2005 under the Companies Act of Alberta and commenced operations on February 1, 2006. The Company provides residential services to persons above the age of 55. Through the use of its properties, ECHS provides rental accommodation, residential units under life leases and palliative care to seniors.

The District is in a position of significant influence over ECHS due to the following factors:

- i) The District's representation on the Board of Directors of ECHS;
- ii) The District provides a credit facility to ECHS to assist in the temporary settlement of life leases (Note 14);
- iii) The significance of District's mortgage loan investments in ECHS (Note 7);
- iv) The high degree of economic dependence of ECHS on the District.

Revenue recognition

Restricted contributions related to general operations are recognized as revenue of the District Operations in the year in which the related expenses are incurred. All other restricted contributions are recognized as revenue of the appropriate restricted fund.

Unrestricted contributions are recognized as revenue of the District Operations in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Contributions for endowment are recognized as revenue in the Restricted Fund.

Investment income earned on restricted Fund resources is recognized as revenue of the Restricted Fund. Unrestricted investment income earned on Restricted Fund resources is recognized as revenue of the District Operations. Investment income earned on building campaign resources is recognized as revenue of District Operations. Other investment income is recognized as revenue of the District Operations.

Seminar fees are recognized as revenue of the Restricted Fund when the seminars are held.

LUTHERAN CHURCH - CANADA, THE ALBERTA-BRITISH COLUMBIA DISTRICT
Notes to Non-Consolidated Financial Statements
Year Ended January 31, 2012

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Measurement uncertainty

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

A key area of estimation relates to the valuation of the mortgages and loans receivable due to the high credit risk of the customers and the uncertainty of the timing of payments.

Impaired loans and allowance for loan impairment

The District regularly assesses loan values for loan impairment. The carrying amount of these loans is compared to the net realized value. Where the net realized value is less than the carrying value, a loan impairment is recorded to lower the carrying value to the net realized value. Where cash flow information is not available, secured value is used.

Interest impairment is measured as the amount by which the carrying amount of the interest receivable exceeds its fair value.

Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into Canadian dollars at the exchange rate in effect at the year end. Transactions in foreign currencies are translated into Canadian dollars at the exchange rate in effect at the date of the transaction. Gains and losses arising from translation of assets and liabilities are included in earnings for the year.

Capital management requirements

Capital is comprised of the District's fund balances, mortgage loan and investor obligations. The District manages its capital primarily through its investments and adheres to the guidelines of the investment policies. There have been no changes to these guidelines during the year.

Cash and term deposits

The District's policy is to disclose bank balances under cash and cash equivalents, including bank overdrafts with balances that fluctuate frequently from being positive to overdrawn and temporary investments with a maturity period of three months or less from the date of acquisition. Term deposits and cash that the entity cannot use for current transactions because they are used for portfolio investments are also excluded from cash and cash equivalents.

LUTHERAN CHURCH - CANADA, THE ALBERTA-BRITISH COLUMBIA DISTRICT
Notes to Non-Consolidated Financial Statements
Year Ended January 31, 2012

4. CASH

	2012	2011
Cash	\$ 453,391	\$ 1,103,821
Portfolio cash	2,233,128	1,761,256
	<u>\$ 2,686,519</u>	<u>\$ 2,865,077</u>

The Overdraft lending facility has a limit of \$8,000,000 payable on demand with interest at the Bank of Montreal's prime lending rate plus 0.75% (2011 - 0.75%). The amount which may be borrowed under the arrangement is the lesser of the limit of the Overdraft Lending Facility and the discounted value of the investments administered by entities of the Bank of Montreal and assigned to the bank as security for the credit facility. Security for the Lending Facility is a General Security Agreement being a floating charge over all of the assets of the District and a specific assignment of investments pledged to the bank. Advances may be converted to a Fixed Rate Operating Loan to a maximum of \$3,000,000.

Additional components of the borrowing facility are as follows:

- i) A \$1,000,000 (2011 - \$1,000,000) Life Lease contingency line of credit (Note 14). The bank undertakes to loan mortgage funds to potential approved purchasers of Life Lease residences in seniors' housing projects. If any of the individual mortgagors default on their mortgage obligation to the bank, the District is obligated to pay the outstanding balance to the bank and recover that amount from the subsequent resale of the Life Leased residence. The life leases are included in the financial statements of the District's debtor, EnCharis Community Housing Services.
- ii) A \$150,000 credit facility for the corporate mastercard.

5. PORTFOLIO INVESTMENTS

The Company had unrealized gains of \$247,221 (2011 - unrealized gains of \$622,771) which are not reflected in the amounts recorded on the statement of financial position. The change during the year, being a loss of \$375,500 (2011 - gain of \$622,771), has not been included in the determination of excess revenues over expenditures for the year.

LUTHERAN CHURCH - CANADA, THE ALBERTA-BRITISH COLUMBIA DISTRICT

Notes to Non-Consolidated Financial Statements

Year Ended January 31, 2012

6. LUTHERAN CHURCH - CANADA, THE ALBERTA - BRITISH COLUMBIA DISTRICT INVESTMENTS LTD.

Lutheran Church - Canada, The Alberta-British Columbia District Investments Ltd. ("RRSP") is a controlled entity. The District holds a mortgage loan payable to RRSP in the amount of \$6,089,875 (2011 - \$6,011,283). The mortgage payable to RRSP is secured by property in Strathmore, Alberta, bears interest at 6.5% per annum, with interest payments due monthly on the first day of each month. During the year, the District recorded interest expense on this mortgage of \$385,455 (2011 - \$384,012).

A summary of this controlled entity's financial statements at January 31, 2012 is as follows:

	<u>2012</u>	<u>2011</u>
Statement of Financial Position		
Cash	\$ 658,190	\$ 1,203,485
Marketable securities and accrued interest	7,222,014	7,255,973
Loans receivable	<u>24,212,607</u>	<u>20,654,505</u>
	<u>32,092,811</u>	<u>29,113,963</u>
Accounts payable	2,250	7,538
Interest payable	119,458	121,444
Advance from District	147,220	72,478
Annuitants' obligations	<u>31,823,883</u>	<u>28,912,503</u>
	<u>\$ 32,092,811</u>	<u>\$ 29,113,963</u>
	<u>2012</u>	<u>2011</u>
Statement of Revenues over expenses		
Revenue	\$ 1,575,999	\$ 1,450,041
Expense	<u>(1,575,999)</u>	<u>(1,450,041)</u>
	<u>\$ -</u>	<u>\$ -</u>
	<u>2012</u>	<u>2011</u>
Statement of cash flows		
Cash flow from operating activities	\$ 509,647	\$ 141,109
Cash flow from investing activities	(3,501,443)	(3,081,116)
Cash flow from financing activities	<u>2,847,793</u>	<u>3,326,214</u>
	<u>\$ (144,003)</u>	<u>\$ 386,207</u>

During the year, the District received management fees of \$133,041 (2011 - \$67,121) from RRSP. These transactions were in the normal course of operations and were measured at the exchange value which represented the amount of consideration established and agreed to by the parties. The amounts due from RRSP are subject to normal trade terms and as such have been included in accounts receivable.

LUTHERAN CHURCH - CANADA, THE ALBERTA-BRITISH COLUMBIA DISTRICT

Notes to Non-Consolidated Financial Statements

Year Ended January 31, 2012

7. LOANS AND MORTGAGES RECEIVABLE

	2012	2011
<i>Church Extension Fund</i>		
Mortgages receivable from EnCharis Community Housing Services ("ECHS"), bearing interest at 5.5% to 7.0% payable monthly on the first day of each month and with principal repayments of \$2,000,000 due annually on February 1. The mortgage is partially secured by Prince of Peace Village, Manor properties and the Chestermere property.	\$ 69,737,136	\$ 66,686,453
Loans receivable with interest rates ranging from 6.0% to 7.0% per annum and are secured by the individual properties to which they relate.	2,210,906	2,146,394
<i>Restricted Fund</i>		
Interest-free unsecured automobile loans made to pastors of the District from funds deposited interest-free by other pastors of the District.	56,266	42,488
	<u>\$ 72,004,308</u>	<u>\$ 68,875,335</u>

There have been significant principal repayment shortfalls and continual interest payment shortfalls. As such, the loan to ECHS could potentially be impaired. However due to lack of information, it could not be determined whether an impairment exists. Principal repayments of \$2,000,000 each were required to be made annually in 2007 through 2009 with the remaining to be negotiated. These principal repayments have not been made. Management has allowed for the unpaid interest of \$5,176,000.

Subsequent to year end, the District approved an additional loan to ECHS in the amount of \$7,200,000 for constructing a pipeline to deliver potable water to the facilities. No amounts have been drawn on this amount to the date of the audit report.

8. LAND PROCEEDS ASSIGNMENT

In 2009, the District entered into an agreement whereby \$6,000,000 of mortgage loans receivable were exchanged by contract for the rights to proceeds from future land sales made by the former mortgage debtor. The assignment of land proceeds receivable has been recorded at the net book value of the mortgage loan receivable extinguished in the Plant Fund. Under this agreement, the District is entitled to receive any proceeds from the land sale in excess of the mortgage loan receivable extinguished but will have no recourse if the eventual proceeds received are not sufficient to discharge the receivable in full. The timing of the related land sale is unknown and because of this, the eventual proceeds are indeterminable. It is management's opinion that the proceeds received from the eventual land sale will be sufficient to discharge the assignment of the land proceeds receivable as recorded in the financial statements.

LUTHERAN CHURCH - CANADA, THE ALBERTA-BRITISH COLUMBIA DISTRICT

Notes to Non-Consolidated Financial Statements

Year Ended January 31, 2012

9. DEFERRED LOAN

In 1996, the District entered into a Mission Subsidy and Loan Repayment Agreement with Concordia Lutheran Church ("Concordia"). Under the terms of the agreement, \$500,000 was advanced to Concordia. In each of January 2002, 2005, 2008 and 2011, Concordia assumed repayment of interest and principal on \$100,000 of the loan. The remaining \$100,000, plus accrued interest, will transfer to Concordia on January 1, 2014 and as such, the amount recorded by the Company reflects the portion of the loan obligation not yet assumed by Concordia.

10. PROPERTY AND EQUIPMENT

	Cost	Accumulated amortization	2012 Net book value	2011 Net book value
Building	\$ 862,832	\$ 495,261	\$ 367,571	\$ 362,379
Equipment	136,585	87,441	49,143	44,925
	<u>\$ 999,417</u>	<u>\$ 582,702</u>	<u>\$ 416,714</u>	<u>\$ 407,304</u>

11. PROPERTIES HELD FOR SALE

Properties held for sale include assets that the District took over from congregations that were unable to continue with the loan arrangements. The Plant Fund took possession of those properties and the corresponding loans to CEF at 7.00%. Interest in the amount of \$2,811,902 (2011 - \$2,043,507) is owed to CEF from the Plant Fund on these properties. The Plant Fund will repay the CEF Fund upon the ultimate disposal of these properties.

12. INTERFUND BALANCES

a) Loans

Funds loaned between the CEF and the Plant Fund accrue interest at 7.00% per annum until the carrying value of the property and accrued interest are in combination equal to the market value of the property. The amount of interest charged during the year was \$961,019 (2011 - \$1,002,868). The Plant Fund Fund has \$14,653,313 (2011 - \$14,197,336) owing to the CEF Fund as of January 31, 2012.

b) Investments

The interfund balances represent amounts the Restricted Fund has advanced to the CEF to be invested along with funds invested by individual investors yielding interest from 2.25% to 7.00%.

13. INVESTOR OBLIGATIONS

	2012	2011
Notes payable to investors, due on demand, bearing interest from 1.75% to 5.5%	\$ 101,820,282	\$ 96,504,246
Balances payable to investors, due on demand, without interest	134,285	259,680
	<u>\$ 101,954,567</u>	<u>\$ 96,763,926</u>

LUTHERAN CHURCH - CANADA, THE ALBERTA-BRITISH COLUMBIA DISTRICT
Notes to Non-Consolidated Financial Statements
Year Ended January 31, 2012

14. CONTINGENCY

The District has entered into an agreement with a debtor, EnCharis Community Housing Services ("ECHS"), that it will provide a credit facility of up to \$1,000,000 (2011 - \$1,000,000) to assist financing in the temporary settlement of any life leases held by ECHS. ECHS is required to repay the funds to the District upon the replacement of the life lease interest. As at January 31, 2012, The District had guaranteed \$422,121 (2011 - \$606,458) related to ECHS life leases.

15. COMPARATIVE FIGURES

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



ABC District News



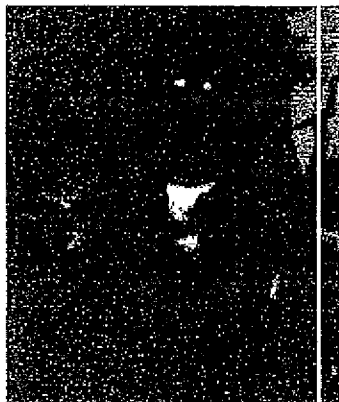
The Official Publication of the Alberta-British Columbia District of The Lutheran Church-Canada

Volume XXV11

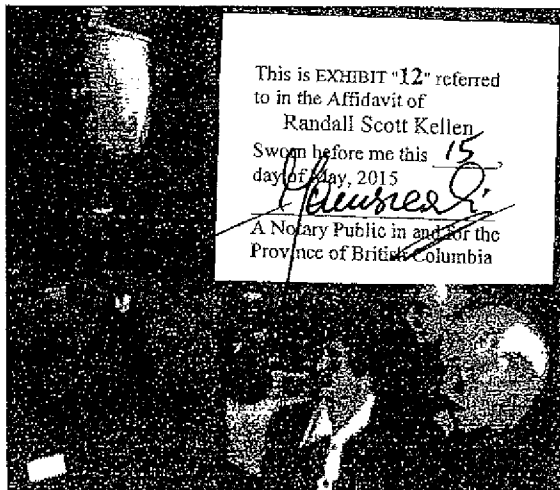
May 1999

No. 3

MAKING A DIFFERENCE... FOR ALL AGES



Don Wharton
sharing at
the Conference.



Some participants at the CEF Conference in Banff.

reminder that God is with us always.

With the close of the 1999 Church Extension Conference, representatives from all over Alberta and British Columbia were reminded of the benefits that Church Extension has to offer. They were told of the many churches who have benefitted, and who benefit still, with the help from Church Extension. They were also assured that no one has ever lost a penny in Church Extension, and that the Church Extension office has been upgraded to be Y2K compatible. Most importantly however, everyone was reminded that Church Extension really does strive to keep "Making a Difference...For All Ages".

"Making a Difference...For All Ages" was the theme for the 1999 Church Extension Conference held April 16-18 at the Buffalo Mountain Lodge in Banff, Alberta. About 90 people from all over Alberta and British Columbia attended the conference, hoping to learn how they too could "make a difference" in their congregations.

Throughout the weekend, Church Extension representatives and their families were given the opportunity to learn, share and grow in their faith. They were encouraged by the Bible Study led by Pastor Don Schieman, to use the Gospel to make a difference in the lives of all people. Mr. Francis Tamar, a member at Prince of Peace Lutheran Church in Calgary, then informed everyone of the need and opportunities to minister to seniors.

The business of the conference got underway with an informative presentation about Church Extension, Foundation and ABC District Investments. Participants were then able to expand their knowledge by attending a couple of the many interest sessions available. Sessions dealing with the changing face of missions, Estate Planning, CEF promotion ideas and Tracky promotion were offered.

Conference registrants were given a real treat at the banquet on Saturday evening. Mr. Don Wharton of Nashville, Tennessee shared with everyone his gift of music and humour. He also astonished the crowd by telling of his miraculous rescue from a plane

crash in the Bering Sea. Using memorized passages from scripture as words of encouragement to each other, he and seven other people survived the frigid waters, cold enough to kill anyone in under 10 minutes. Don provided inspiration for everyone at the conference and served as a living

Prepare For Action

Fifth Convention of
Lutheran Church-Canada

June 10 - 14, 1999

Winnipeg, Manitoba

Special Easter Service in Mission Congregation



Celebration Lutheran Church in Maple Ridge, B.C., joyously celebrated their 3rd Easter Service. (The first service was held in 1996 on Palm Sunday.) This year's service featured special Easter music by our worship team of guitar, keyboard, bass, & drums. Jennifer Sobicinski & Nordene Lyon sang a duet and Pastor Tony played the trumpet.

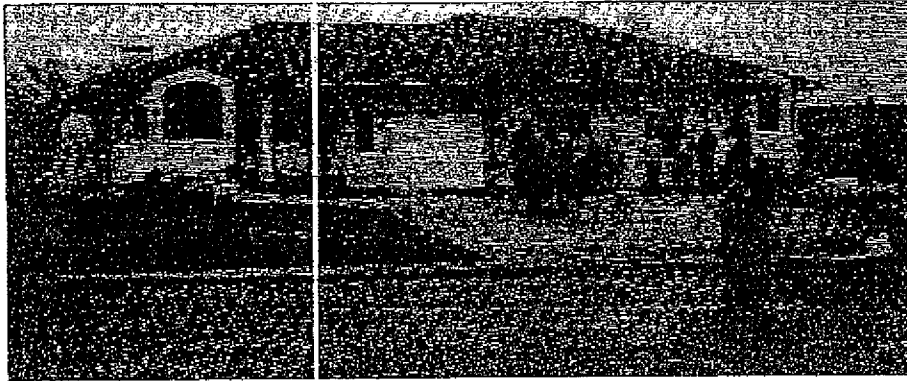
Pastor Tony Sobicinski's sermon, "Because

He Lives" (John 14:18-21), was very inspirational. A member, Colin Craig, made a large cross of balloons, which helped focus our worship on Christ's death and resurrection.

Celebration Lutheran Church is a small but enthusiastic mission station located at Webster's Corner, meeting in an old Finnish Hall. We have just finished drafting our con-

Continued on Page 7

Grand Opening of Prince of Peace Village



On June 20, 1998 Prince of Peace Village in Calgary, Alberta was dedicated to the glory of God with a Dedication and Ribbon Cutting Ceremony which officially opened Calgary's first Christian adult-living bungalow community.

More than 300 people attended the dedication which was held just outside the showhome in Prince of Peace Village. This was the start of week-end festivities that continued throughout Saturday and Sunday. Events included a Festival Worship Service at Prince of Peace on Sunday morning, plus musical entertainment and strolling street entertainment Saturday and Sunday afternoon, as well as refreshments.

More than 1200 people visited the showhome and took part in the ongoing

festivities. Two of Calgary's radio stations set up remote locations at Prince of Peace for the grand opening event.

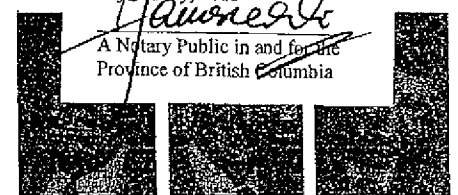
The Prince of Peace Village is a phased 160 unit community for the 55 plus crowd. There are five quality floor plans ranging from 1,072 to 1,296 square foot homes. The homes start at \$159,000 with all the benefits of maintenance-free living and social activities.

Prince of Peace Village is a "Life-Lease Project" which means the resident can build up equity in the home and occupy his or her home for life and when the home is vacated, its lease is returned to the Lutheran Church-Canada, and its value is then transferred to the resident or the resident's estate.

Mission Symposium at Concordia Lutheran Seminary

On 6-7 November 1998, Concordia Lutheran Seminary in Edmonton is hosting an event that will address one of the key issues for our churchbody as it enters the 21st

century. This is EXHIBIT "13" referred to in the Affidavit of Randall Scott Keller, Notary Public in and for the Province of British Columbia.



Henry L. Rowold Roland E. Miller Raymond J. Bakke

Keynote speakers include Dr. Henry Rowold, Dr. Roland Miller, and Dr. Ray Bakke. Rowold spent 20 years as a missionary in Taiwan and is currently missions professor at Concordia Seminary, St. Louis. His topic is *Through a Chinese Looking Glass: Ministry Among Chinese in North America*. Miller has served 23 years as a missionary in India and has been missions professor at various colleges and seminaries and is presently teaching at Luther Seminary in St. Paul, Minnesota. His topic is *Christian Engagement with Muslims and the Issue of Jesus*. Bakke is an ordained Baptist pastor, seminary professor and presently executive director of International Urban Associates in Chicago, Illinois. He is a world-wide and world-renowned urban ministry consultant. His topic is *The City for God's Sake: An Agenda for Urban Ministry*.

The symposium runs from 1 pm Friday November 6 until 5:30 pm Saturday November 7. Cost for the symposium is \$10 per speaker or \$25 for all three. Small group discussion time is also scheduled. Brochures and posters were sent to congregations this summer and another mailing is scheduled for early fall. See your pastor for a registration form (they may be photocopied) or direct your inquiries to Concordia Lutheran Seminary. Phone: (403) 474-1468, Fax: (403) 479-3067, E-Mail: clsadmin@connect.ab.ca Written inquiries may be sent to CLS at 7040 Ada Blvd., Edmonton, AB T5B 4E3.



National Youth Gathering

The national Youth Gathering of Lutheran Church-Canada was held July 3-7, 1998 at the University of Waterloo in Waterloo, Ontario with around 600 in attendance. Young people and youth leaders came from all across Canada, Connecticut, Minnesota, Wisconsin, Iowa and California.

The Youth Gathering included a variety of events including Bible Study, Worship, singing, servant events and mini-olympics.

"The CREW", which was originally called together for the first national youth gathering in 1989, were the music leaders for the gathering. Dr. Oswald Hoffmann, the former

Lutheran Hour Speaker, preached at the Worship Service and also led Bible Studies. Other music groups included, "Lost and Found", "Victory" and "Fear Not".

During the gathering all of the youth signed up for servant events and participated in a variety of activities around the community in providing service and help to people.

The purpose of the five day event was to encourage young people in their Christian faith and let them know there are hundreds of others who share their beliefs. The national youth gatherings of Lutheran Church-Canada are held every three years.

Grace Upon Grace

DIVINE CALLS

ity, Pincher Creek, AB - Called Rev. Nicholas Wasyliowich of Torrington, AB
 ice, Camrose, AB - Rev. Dan Finderknecht declined; calling again Nov. 24
 leemer, Edmonton, AB - Rev. Brian Amison declined; calling Nov. 25
 nity, Quesnel, BC - Called Rev. Forrest Stroup of Chilliwack, BC
 John's, Williams Lake, BC - Pre-call meeting set for November 28th

alls Received

ev. Mark Beiderwieden, Victoria, BC - St. James, Winnipeg, MB - Declined
 ev. Marty Bronsch, CRM, Canmore, AB - Neepawa/McCreary, MB Parish - Declined
 ev. Rod Buck, Osoyoos, BC - Christ, Langenburg, SK - Declined
 ev. Vance Tech, Fort Saskatchewan, AB - St. Peter/First, Wymore/Summerfield, KS - Declined
 ev. Cliff Haberstock, Edmonton, AB - Grace, Regina, SK
 ev. Wally Hambrook, Cranbrook, BC - First, Kingsville, ON
 ev. Larry McKay, Grace, Edmonton to St. Paul's, Saskatoon, SK
 ev. Rob Mohns, Didsbury, AB to Neepawa/McCreary, MB

The year 1999 marks the 75th Anniversary of Grace Lutheran Church, Edmonton, Alberta. Pastors Larry McKay and Wayne Jensen share the ministry of this central Edmonton congregation.

Grace Lutheran had its beginning when Rev. R. Shippanowski was installed on November 30, 1924. Services were held at several different locations over the years, among them Howard and McBride Funeral Home. In 1937 a church was built on 107 St., just south of Jasper Ave. As the congregation grew, a larger church building was required.

In 1954 the new church was built at the present location, 9907 - 114 St. The dedication service took place on July 3, 1955, during Pastor M.J. Bruer's ministry.

Under the theme "Grace Upon Grace" the anniversary committee's mission statement is "In thankfulness for 75 years of God's grace, the mission of the anniversary

celebration is to recognize the grace of God in our lives. This is EXHIBIT "14" referred to in the Affidavit of Randall Scott Kellen Sworn before me this 15th day of May, 2015.

[Signature]
 A Notary Public in and for the Province of British Columbia

Faith Lutheran School Building Fund
 Concordia Seminary Library Fund
 Church Signage
 Special events have taken place from May to October.

On May 2 the Edmonton Swiss Men's Choir presented a concert, followed by a reception.

The June event was a congregational picnic at Faith School, at which time a monetary gift was presented.

On July 11 an anniversary brunch was held at the church at which there was a presentation recognizing the historic relationship with Concordia College.

The next event was hosting an appreciation dinner for the Concordia Seminary community. A cheque for the Seminary library fund was presented.

An Education Workshop, drawing over 100 people from the ABC District was held on September 25. The keynote speaker was Pastor Jim Gimble, the Senior Editor of Youth, Family and Sunday School Resources at Concordia Publishing House.

To conclude the anniversary year a banquet was held on October 30 and two services of praise and thanks on Reformation Sunday with guest preacher, former pastor, Rev. Paul Koester.

To God be the glory for His grace upon grace.

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Prince of Peace Village

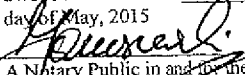
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DEVELOPED BY PRINCE OF PEACE CHURCH AND LUTHERAN CHURCH-CANADA, ALBERTA-BC DISTRICT.

This is EXHIBIT "15" referred
to in the Affidavit of
Randall Scott Kellen
Sworn before me this 15th
day of May, 2015

A Notary Public in and for the
Province of British Columbia

District Lutheran President says he 'bears responsibility' for financial mess, promises review

By Trisha Estabrooks, [CBC News](#) Posted: Jan 23, 2015 6:00 AM MT Last Updated: Jan 23, 2015 6:10 AM MT

The president of the Alberta-British Columbia District of the Lutheran Church-Canada says he takes responsibility for the financial mess the church is now in, a situation that happened under his leadership.

"It happened on my watch," Pastor Don Schiemann said during an interview in his Edmonton office.

He said he realized how serious the financial situation was about a year and a half ago. In March 2014, the investment fund at the centre of the problem stopped accepting deposits.

"I personally feel terrible for what's happened and certainly, as I say, bear responsibility for it, because I'm president of this district."

In a letter to about two thousand investors sent Jan. 5, Schiemann said the Church Extension Fund (CEF), an investment fund that has existed since 1921, has been suspended and is not able to fully pay back the \$95 million owed to investors.

Two staff at the district office have been laid off, though one person left before being given a layoff notice. Schiemann isn't ruling out more layoffs, saying "that's on the table, if need be, we're fully prepared to do that."

In 2012 the Prince of Peace Village development had a loan worth \$70 million from the investment fund. (CBC)

Sources close to the Alberta-B.C. district say the CEF ran into trouble when money from it was used to build the Prince of Peace Manor and Harbour east of Calgary in the 1990s.

"We made decisions in favour of ministry, and as a result there were some poor financial decisions," said Schiemann, who has no regrets over the ministerial work done at the Prince of Peace development east of Calgary.

"Perfect storm" led to financial crisis

Schiemann said he's still trying to understand how the district landed in such financial trouble. The financial crisis was caused by what he describes as a "perfect storm" of factors, including: investors withdrawing; outstanding loans, including the one to the Prince of Peace that in 2012, the last audit available, shows it was worth 70 million dollars; and, not having any other investments that could earn money.

The church must now start selling off assets. Investors are being asked to consider two options: liquidate the district's assets immediately; or receive payments from Prince of Peace Manor and

Harbour, while also selling off assets, such as sites purchased for new churches. There is no timeline for when a final decision will be made. What is clear is that everything, even the building Schiemann currently works in, could eventually be up for sale.

"We're not tied to a building," he said. "If this building needs to be sold, it'll be sold, but we will continue to do our work as the Alberta - British Columbia district of Lutheran Church Canada." Schiemann couldn't say exactly how much the church's assets are worth, but did say if investors choose the first option, of selling off the assets immediately, a return of up to 65 cents on the dollar is expected.

From November 2012 to November 2014, almost 13 million dollars was withdrawn from the CEF. In December, all withdrawals and all accounts were frozen. Schiemann is adamant that anyone who knew about the financial situation did not make withdrawals.

"How could we stand in front of investors and say with inside information we took advantage of that and we saved our dollars but you're stuck with what you've got? There's no way we could do that."

Schiemann, who has served as district president for 15 years, doesn't shy away from the gravity of the situation and said the church administration has a moral and ethical obligation to try to return as much of investors' money as possible.

A review will happen, says Schiemann

He agrees with the Lutheran Church Canada's national president, Reverend Robert Bugbee, that the current precarious financial situation raises the question of whether church's (sic) should be in the business of financing. Schiemann said the district intends to review how it has been running the investment fund with the goal of determining how it ended up in this financial mess, adding that some churches that have relied on fund may need to look at refinancing with the banks.

He confirmed the church has hired a public relations firm to help communicate with investors about what's happening with their money.

Schiemann intends to retire from the position of president in May, a decision he said has nothing to do with the current financial crisis facing the district.

"I look at our church, and I look at our people and I look at our gracious God and we'll pull through this. Our church may look somewhat different, and that may not be bad," he said

This is EXHIBIT "16" referred
to in the Affidavit of
Randall Scott Kellen
Sworn before me this 15
day of May, 2015
[Signature]
A Notary Public in and for the
Province of British Columbia

HOLDINGS IN CEF and DISTRICT INVESTMENTS LTD FUNDS
OF
PRINCE OF PEACE CONGREGATION*

Date	Total Congregational Deposits in CEF	POP Congregation Deposits		
			Amount	% of Total Funds
1995	\$16,810,000 CEF Only		Not Available	Not Available
September 1999	\$30,000,000 CEF Only		Not Available	Not Available
2001	\$56,140,000 CEF Only		Not Available	Not Available
October 2008	\$106,000,000		\$7,545,300	7.12%
December 2008	\$108,000,000		\$7,515,364	6.96%
June 2009	\$109,800,000		\$7,489,225	6.82%
January 2010	\$119,700,000		\$7,400,000	6.18%
March 2010	\$120,000,000		\$7,300,000	6.08%
May 2010	\$121,300,000		\$6,750,000	5.56%
September 2010	\$122,400,000		\$6,600,000	5.39%
March 2011	\$127,200,000		\$6,640,000	5.22%
September 2011	\$128,600,000		\$6,310,000	4.91%
December 2011	\$133,241,000		\$6,251,000	4.69%
November 2012	\$142,863,323		\$5,616,000	3.93%
September 2013	\$143,000,000		\$5,100,000	3.57%
November 2013	\$140,223,522		\$4,824,000	3.44%
February 2014	\$140,433,737		\$3,387,000	2.41%
June 2014	\$138,000,000		\$3,260,000	2.36%
November 2014	\$133,000,000		\$2,900,000	2.18%

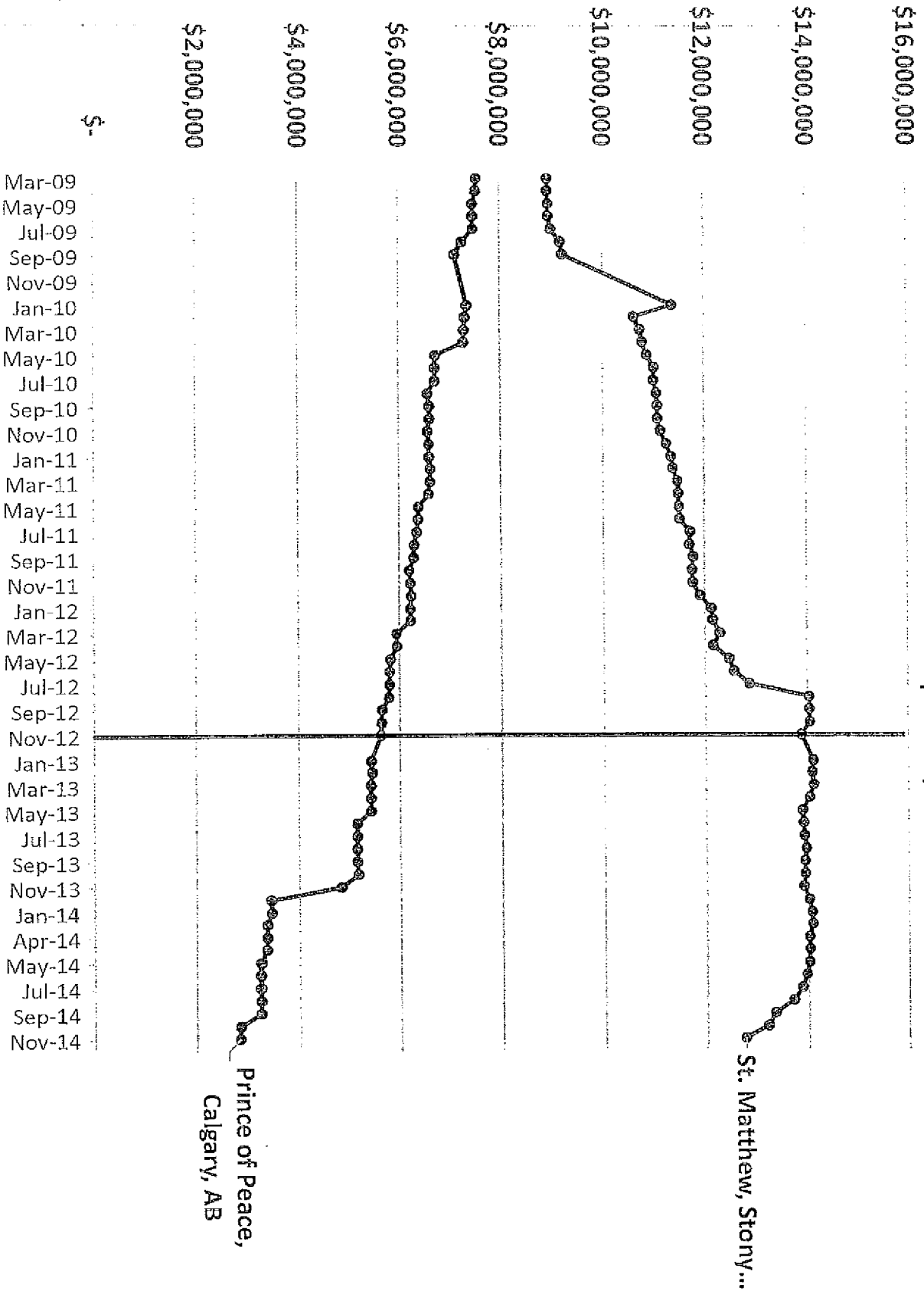
*Source: CEF monthly reports

COMPARISON OF TREND IN CONGREGATIONAL CEF DEPOSIT HOLDINGS*

*Source: CEF monthly reports

Congregation	2008	2009	2010	2011	2012	2013	2014
Prince of Peace (Calgary)	7,549,305 (Nov)	7,137,795 (Sep)	6,620,284 (Dec)	6,251,612 (Dec)	5,615,882 (Nov)	3,162,875 (Dec)	2,870,415 (Nov)
St Matthew (Stony Plain)	8,369,436 (Oct)	9,224,092 (Sep)	11,261,163 (Dec)	11,524,284 ()	12,552,543 (Jun)	13,914,774 (Jun)	13,965,288 (Jun)
St Peter (Wetaskin)	2,988,691 (Sep)	3,622,302 (Sep)	4,138,837 (Jun)	4,349,674 (Nov)	4,349,674 (Nov)	4,524,210 (Dec)	4,645,865 (Nov)
Mt Calvary (Wetaskin)	1,755,224 (Oct)	1,904,798 (Sep)	2,193,437 (Jun)	2,355,251 ()	2,773,475 (Nov)	2,967,526 (Jun)	3,109,716 (Jun)

April 30th, 2013



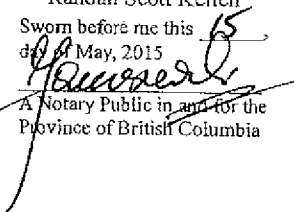


Charities and Giving > Charities Listings > Search

Directors / Trustees and Like Officials - ENCHARIS MANAGEMENT AND SUPPORT SERVICES

11 Directors/Trustees and Like Officials

Registered charities that notice problems with their online information should go to [Amending the T3010 information return](#).

#	Directors/Trustees and Like Officials
1	Last name: SCHIEMANN First name: DONALD Initial/Middle name: R Director/Trustee/Like Officials Term: Start Date: 2008-05-01 End Date: Position: VICE CHAIRMANN At arm's length with other Directors, etc.?: Yes <div style="float: right; text-align: right;"> <p>This is EXHIBIT "16-A" referred to in the Affidavit of Randall Scott Kellen Sworn before me this <u>15</u> day of May, 2015  A Notary Public in and for the Province of British Columbia</p> </div>
2	Last name: MCMASTER First name: GRANT Initial/Middle name: D Director/Trustee/Like Officials Term: Start Date: 2006-06-29 End Date: Position: DIRECTOR At arm's length with other Directors, etc.?: Yes
3	Last name: HEUMANN First name: HANS Initial/Middle name: W Director/Trustee/Like Officials Term: Start Date: 2006-06-29 End Date: Position: CHAIRMAN At arm's length with other Directors, etc.?: Yes
4	Last name: WERSCHLER First name: JAMES Initial/Middle name: K Director/Trustee/Like Officials Term: Start Date: 2007-06-07 End Date: Position: SECRETARY At arm's length with other Directors, etc.?: Yes

5	Last name: RUF First name: MARK Initial/Middle name: Director/Trustee/Like Officials Term: Start Date: 2008-08-01 End Date: Position: DIRECTOR At arm's length with other Directors, etc.?: Yes
6	Last name: SCHEOPP First name: DAVE Initial/Middle name: Director/Trustee/Like Officials Term: Start Date: 2011-07-01 End Date: Position: DIRECTOR At arm's length with other Directors, etc.?: Yes
7	Last name: TAMAN First name: FRANCIS Initial/Middle name: Director/Trustee/Like Officials Term: Start Date: End Date: Position: At arm's length with other Directors, etc.?:
8	Last name: KENTEL First name: JIM Initial/Middle name: Director/Trustee/Like Officials Term: Start Date: End Date: Position: At arm's length with other Directors, etc.?:
9	Last name: MORGAN First name: BILL Initial/Middle name: Director/Trustee/Like Officials Term: Start Date: End Date: Position: At arm's length with other Directors, etc.?:
	Last name: BODE First name: DAVID Initial/Middle name:

10	Director/Trustee/Like Officials Term: Start Date: End Date: Position: At arm's length with other Directors, etc.?:
11	Last name: MUELLER First name: JOHN Initial/Middle name: Director/Trustee/Like Officials Term: Start Date: End Date: Position: At arm's length with other Directors, etc.?:

[Contact us](#)

Date Modified: 2014-07-30

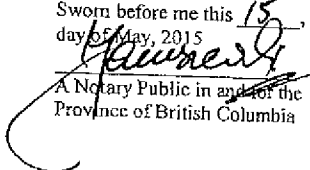


Charities and Giving > Charities Listings > Search

Directors / Trustees and Like Officials - LUTHERAN CHURCH - CANADA, THE ALBERTA - BRITISH COLUMBIA DISTRICT

14 Directors/Trustees and Like Officials

Registered charities that notice problems with their online information should go to [Amending the T3010 information return](#).

#	Directors/Trustees and Like Officials
1	<p>Last name: Ruf First name: Mark Initial/Middle name: D Director/Trustee/Like Officials Term: Start Date: 2006-06-01 End Date: 2015-05-31 Position: 1st Vice President At arm's length with other Directors, etc.?: Yes</p> <p style="text-align: right;"> <i>This is EXHIBIT "16-B"</i> <i>referred to in the Affidavit of</i> <i>Randall Scott Kellen</i> <i>Sworn before me this 15,</i> <i>day of May, 2015</i>  <i>A Notary Public in and for the</i> <i>Province of British Columbia</i> </p>
2	<p>Last name: Schiemann First name: Don Initial/Middle name: R Director/Trustee/Like Officials Term: Start Date: 2006-06-01 End Date: 2015-05-31 Position: President At arm's length with other Directors, etc.?: Yes</p>
3	<p>Last name: Schmidt First name: Harold Initial/Middle name: C Director/Trustee/Like Officials Term: Start Date: 2006-06-01 End Date: 2015-05-31 Position: Board Member At arm's length with other Directors, etc.?: Yes</p>
4	<p>Last name: Robinson First name: Kurt Initial/Middle name: F Director/Trustee/Like Officials Term: Start Date: 2006-06-01 End Date: 2013-05-31 Position: Treasurer</p>

	At arm's length with other Directors, etc.?:
5	<p>Last name: Tufts First name: Craig Initial/Middle name: Director/Trustee/Like Officials Term: Start Date: 2012-06-01 End Date: 2015-05-31 Position: 3rd Vice President At arm's length with other Directors, etc.?: Yes</p>
6	<p>Last name: Buck First name: Rhonda Initial/Middle name: Director/Trustee/Like Officials Term: Start Date: 2012-06-01 End Date: 2015-05-31 Position: Secretary At arm's length with other Directors, etc.?: Yes</p>
7	<p>Last name: Dressier First name: David Initial/Middle name: Director/Trustee/Like Officials Term: Start Date: 2009-06-01 End Date: 2012-05-31 Position: 2nd Vice President At arm's length with other Directors, etc.?: Yes</p>
8	<p>Last name: Giese First name: Greg Initial/Middle name: Director/Trustee/Like Officials Term: Start Date: 2009-06-01 End Date: 2021-05-31 Position: Board Member At arm's length with other Directors, etc.?: Yes</p>
9	<p>Last name: Weist First name: Deloyce Initial/Middle name: Director/Trustee/Like Officials Term: Start Date: 2009-06-01 End Date: 2015-05-31 Position: Board Member At arm's length with other Directors, etc.?: Yes</p>
	<p>Last name: Gergens First name: Lynn</p>

10	<p>Initial/Middle name: Director/Trustee/Like Officials Term: Start Date: 2012-06-01 End Date: 2015-05-31 Position: Board Member At arm's length with other Directors, etc.?: Yes</p>
11	<p>Last name:Haberstock First name: Keith Initial/Middle name: Director/Trustee/Like Officials Term: Start Date: 2009-06-01 End Date: 2015-05-31 Position: Board Member At arm's length with other Directors, etc.?: Yes</p>
12	<p>Last name:Kental First name: Jim Initial/Middle name: T Director/Trustee/Like Officials Term: Start Date: 2006-06-01 End Date: 2015-05-31 Position: Chairman At arm's length with other Directors, etc.?: Yes</p>
13	<p>Last name:Kuhn First name: Melanie Initial/Middle name: Director/Trustee/Like Officials Term: Start Date: 2006-06-01 End Date: 2015-05-31 Position: Board Member At arm's length with other Directors, etc.?: Yes</p>
14	<p>Last name:Esperanza First name: Vic Initial/Middle name: Director/Trustee/Like Officials Term: Start Date: 2012-06-01 End Date: 2015-05-31 Position: Board Member At arm's length with other Directors, etc.?: Yes</p>

[Contact us](#)

Date Modified: 2014-07-30

This is EXHIBIT "17" referred
to in the Affidavit of

Randall Scott Kellen

Sworn before me this 15th
day of May, 2015

Hawner
A Notary Public in and for the
Province of British Columbia

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

FINANCIAL STATEMENTS

31 JANUARY 2010



ROLFE, BENSON LLP
CHARTERED ACCOUNTANTS

**THE LUTHERAN CHURCH - CANADA,
THE ALBERTA - BRITISH COLUMBIA DISTRICT**
Financial Statements
For the Year Ended 31 January 2010

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ROLFE, BENSON LLP

CHARTERED ACCOUNTANTS

1400--900 West Hastings Street

Vancouver, B.C. V6C 1E3

Telephone: 604-684-1101

Fax: 604-684-7937

E-mail: admin@rolfebenson.com

AUDITORS' REPORT

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

We have audited the statement of financial position of The Lutheran Church - Canada, The Alberta - British Columbia District as at 31 January 2010 and the statements of operations and changes in fund balances and cash flows 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 Canadian 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.

Note 4(b) describes the District's accounting policy with respect to its investments in marketable securities (Note 6). In accordance with CICA Handbook Section 3855 Financial Instruments Recognition and Measurement, the District is required to measure and report these investments at fair value. In this respect, the financial statements are not in accordance with Canadian generally accepted accounting principles. If investments were carried at fair value, the investments in marketable securities and fund balances at 31 January 2010 would decrease by \$1,810,479, fund balance at 1 February 2009 would decrease by \$4,044,965, the excess of revenue and support over expenses for the year ended 31 January 2010 would increase by \$2,234,486.

Note 4(c) describes the amortization policy with respect to the District's capital assets. In this respect the financial statements are not in accordance with Canadian generally accepted accounting principles. The estimated useful life of similar assets is usually considered to be approximately 40 years. If amortization had been provided on the basis of an estimated useful life of 40 years, amortization expense net of capital asset write-offs for the year ended 31 January 2010 would have been increased (decreased) by \$129,365 (2009 - (\$129,369)) and the cumulative effect of not recording amortization to date is an overstatement of capital assets and fund balance in the plant fund as of 31 January 2010 of \$688,124 (2009 - \$538,759).

In our opinion, except for the effects of the failure to record amortization as described in the preceding paragraph and to record investments in marketable securities at market value as described in the second preceding paragraph, these financial statements present fairly, in all material respects, the financial position of the District as at 31 January 2010 and the results of its operations, changes in fund balances and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Rolfe Benson LLP

CHARTERED ACCOUNTANTS

Vancouver, Canada
29 April 2010



**THE LUTHERAN CHURCH - CANADA,
THE ALBERTA-BRITISH COLUMBIA DISTRICT
Statement of Financial Position
31 January 2010**

	Current Fund		Restricted Fund		Church Extension Fund		Plant Fund		Total	
	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Assets										
Current										
Cash and term deposits	-	-	89,275	126,700	2,643,423	290,851	2,500	-	2,735,198	417,551
Accrued interest	-	-	-	-	95,988	94,832	-	-	95,988	94,832
Accounts receivable	2,493	51,000	29,800	16,390	105,154	210,609	-	-	137,447	277,999
	2,493	51,000	119,075	143,090	2,844,565	596,292	2,500	-	2,968,633	790,382
Investments										
Loans and mortgages receivable (Note 5)	-	-	44,335	63,296	66,037,581	65,070,130	-	-	66,081,916	65,133,426
Land proceeds assignment (Note 11)	-	-	-	-	18,228,332	17,198,762	6,000,000	6,000,000	6,000,000	6,000,000
Investments (Note 6)	-	-	44,335	63,296	84,265,913	82,268,892	6,000,000	6,000,000	90,310,248	88,332,188
Capital										
Office building	-	-	-	-	-	-	806,822	806,822	806,822	806,822
Equipment	-	-	-	-	-	-	118,428	130,896	118,428	130,896
Other properties	-	-	-	-	-	-	15,221,147	14,464,472	15,221,147	14,464,472
	-	-	-	-	-	-	16,146,397	15,402,190	16,146,397	15,402,190
Interfund balances (Note 9)										
Investments	-	-	90,817	148,847	(90,817)	(148,847)	-	-	-	-
Loans	-	-	-	-	15,759,463	15,494,410	(15,759,463)	(15,494,410)	-	-
	-	-	90,817	148,847	15,668,646	15,345,563	(15,759,463)	(15,494,410)	-	-
	2,493	51,000	254,227	353,233	102,779,124	98,210,747	6,389,434	5,907,780	109,475,278	104,524,760
Liabilities										
Current										
Bank indebtedness (Note 10)	-	-	-	-	-	-	-	-	216,039	212,854
Accrued interest	-	-	-	-	1,699,173	2,083,665	-	-	1,699,173	2,083,665
Accounts payable	15,408	32,783	-	11,000	2,669	-	-	-	18,077	49,783
Deposits payable (Note 7)	-	-	88,952	110,923	38,235	37,072	508,443	492,003	635,630	639,998
Deferred revenue	-	-	-	-	-	-	2,500	-	2,500	-
Investor obligations (Note 8)	-	-	-	-	94,048,100	89,157,038	-	-	94,048,100	89,357,038
	231,447	245,637	88,952	121,923	95,788,177	91,477,775	510,943	492,003	96,619,519	92,337,338
Mortgage Loan (Note 12)	-	-	-	-	-	-	5,955,625	4,586,388	5,955,625	4,586,388
	231,447	245,637	88,952	121,923	95,788,177	91,477,775	6,466,568	5,078,391	102,575,144	96,923,726
Contingent Liability (Note 16)										
Fund balances (deficit)	-	-	-	-	-	-	(77,134)	829,389	(77,134)	829,389
Invested in capital assets and other properties	-	-	165,275	233,310	-	-	-	-	165,275	233,310
Externally restricted	(228,954)	(194,637)	-	-	6,990,947	6,732,972	-	-	6,761,993	6,538,335
Unrestricted	(228,954)	(194,637)	165,275	233,310	6,990,947	6,732,972	(77,134)	829,389	6,850,134	7,601,034
	2,493	51,000	254,227	353,233	102,779,124	98,210,747	6,389,434	5,907,780	109,475,278	104,524,760

APPROVED BY THE DIRECTORS:

..... Director

..... Director

The accompanying notes are an integral part of these financial statements.

**THE LUTHERAN CHURCH - CANADA,
THE ALBERTA-BRITISH COLUMBIA DISTRICT**
Statement of Operations and Changes in Fund Balances
For the Year ended 31 January 2010

	Current Fund		Restricted Fund		Church Extension Fund		Plant Fund		Total	
	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
Support and revenue										
Support	1,354,783	1,400,147	-	-	-	-	-	-	1,354,783	1,400,147
District congregations	124,449	51,989	141,906	101,751	14,400	4,760	-	-	276,555	156,450
Other	-	-	-	-	-	-	-	-	-	-
Revenue	-	-	-	-	3,685,874	3,717,856	-	-	3,685,874	3,717,856
Investment income	-	-	-	-	511,094	(486,476)	-	-	511,094	(486,476)
Lease income	-	-	-	-	-	-	387,841	182,578	387,841	182,578
Conventions and conferences	35,000	51,000	231,934	135,575	-	-	-	-	231,934	135,575
Management fee income (Note 15(a))	1,511,232	1,483,136	373,840	237,306	77,920	183,899	-	-	112,920	234,899
					4,387,088	3,520,059	387,841	182,578	6,561,001	5,323,059
Expenses										
Designated										
Lutheran Church - Canada	520,500	515,000	-	-	-	-	-	-	520,500	515,000
Program Services	432,530	443,198	294,374	127,805	-	-	-	-	636,904	571,003
Mission and ministry	381,750	358,732	-	27,250	-	-	37,946	62,137	419,676	448,119
Support and administration	390,816	357,528	-	-	-	-	-	-	390,816	357,528
Parish services	(2,870)	(2,820)	-	-	-	-	-	-	(2,870)	(2,820)
Special services	-	-	237,501	85,174	-	-	-	-	237,501	85,174
Conventions and conferences	-	-	-	-	629,996	662,141	-	-	629,996	662,141
Operations - Church Extension Fund	-	-	-	-	-	161,002	-	-	-	161,002
System conversion	-	-	-	-	4,077,021	3,790,256	379,412	131,713	4,456,433	3,921,969
Interest	-	-	-	-	(977,713)	(711,927)	977,713	711,927	-	-
Interest on development sites - Plant Fund	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	40,584	-	-	-	-	-	40,584
Write-off of Lutheran Historical Institute Debt	-	-	-	-	-	-	23,745	9,620	23,745	9,620
Write-off of capital assets	1,721,905	1,671,638	441,875	280,813	3,725,304	3,901,472	1,418,816	915,397	7,311,901	6,769,320
	(209,674)	(188,502)	(68,095)	(43,507)	557,784	(481,453)	(3,030,975)	(722,819)	(750,900)	(1,446,261)
Excess (deficiency) of support and revenue over expenses before adjustments and transfers										
	(194,637)	(103,788)	233,310	298,769	6,732,972	7,400,031	829,389	1,452,283	7,601,034	9,047,295
Fund balances - beginning of year										
Interfund Transfers	(8,660)	-	-	-	(72,514)	(68,894)	81,174	68,894	-	-
Debt payments for parish support	-	(40,584)	-	40,584	-	-	-	-	-	-
Forgiveness of Lutheran Historical Institute Debt	-	51,536	-	(51,536)	-	-	-	-	-	-
Deaf Ministry	10,000	11,600	(10,000)	(11,000)	-	-	-	-	-	-
Ethnic Outreach	-	-	10,000	-	(10,000)	-	-	-	-	-
Lutheran Free Conference	200,000	85,000	-	-	(200,000)	(85,000)	-	-	-	-
Transfers for overhead expenses	(5,983)	(1,799)	-	-	(5,295)	(7,232)	11,278	9,031	-	-
Equipment	(20,000)	(20,000)	-	-	(12,000)	(12,000)	32,000	32,000	-	-
Debt payments of District Office	-	12,500	-	-	(12,500)	-	-	-	-	-
Lutheran Historical Institute	175,357	97,653	-	(21,952)	(209,809)	(185,626)	124,452	109,926	-	-
	(228,964)	(194,637)	165,275	233,310	6,990,947	6,732,972	(771,344)	829,389	6,850,134	7,601,034
Fund balances - end of year										

The accompanying notes are an integral part of these financial statements.



THE LUTHERAN CHURCH - CANADA
THE ALBERTA-BRITISH COLUMBIA DISTRICT
Statement of Cash Flows
For the Year Ended 31 January 2010

	2010	2009
Cash provided by (used in):		
Operating activities		
Excess (deficiency) of support and revenue over expenses for the year	\$ (750,900)	\$ (1,446,261)
Items not involving cash		
Write off of capital assets	23,745	9,620
	(727,155)	(1,436,641)
Changes in non-cash working capital balances		
Accrued interest receivable	(1,156)	8,274
Accounts receivable	140,552	21,204
Accrued interest payable	(384,492)	1,759,622
Accounts payable	(25,706)	31,925
Deposits payable	(4,367)	31,367
Deferred revenue	2,500	-
	(999,824)	415,751
Investing activities		
Purchases of capital assets	(11,278)	(9,030)
Net additions to other properties and land proceeds assignment	(756,675)	(11,891,316)
Issuance of loans and mortgages receivable - net	(948,490)	(5,438,515)
(Purchase) proceeds from investments - net	(1,029,570)	3,382,182
	(2,746,013)	(13,956,679)
Financing activities		
Investor obligations (paid) received - net	4,691,062	10,507,117
Increase in mortgage loan payable	1,369,237	4,586,388
	6,060,299	15,093,505
Net increase in cash	2,314,462	1,552,577
Cash (deficiency) - beginning of year	204,697	(1,347,880)
Cash (deficiency) - end of year	\$ 2,519,159	\$ 204,697
Represented by:		
Cash	\$ -	\$ 417,551
Bank indebtedness	(480,841)	(212,854)
Term deposits	3,000,000	-
	\$ 2,519,159	\$ 204,697

The accompanying notes form an integral part of the financial statements

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

**Notes to the Financial Statements
For the Year Ended 31 January 2010**

1. Organization

- (a) The Lutheran Church - Canada, The Alberta - British Columbia District (the "District") was incorporated by an Act of the Alberta Provincial Legislature on 24 March 1944 and in British Columbia on 19 June 1955 pursuant to the provisions of the Society Act of British Columbia.
- (b) The Mission Statement of the District is:
- to support public worship, and to unite in a corporate body the various congregations, organized as corporations, or existing as voluntary organizations, of the Evangelical Lutheran Church in the Provinces of Alberta and British Columbia, who as congregations and as individual members of such congregations accept, and remain true to, the canonical books of the Old and New Testaments as the sole and exclusive rule of Christian doctrine and practice, and acknowledge as a true exhibit of sound Christian doctrine the Book of Concord;
 - to promote the efficiency and extend the influence of the said The Lutheran Church - Canada;
 - to hold, own, manage, control, possess, and receive, directly and indirectly, by grant, gift, purchase, donation, devise or bequest, real, personal and mixed property of every name, nature, and description whatsoever and dispose of the same;
 - to invest monies and other personal property, with or without interest, in such manner as the directors of said corporation may elect or see fit so to do, subject to the action of the corporation, with or without security, for religious purposes;
 - to promote efficiency, co-operate in ecclesiastical work in the extension of religion, by educational, charitable and missionary work;
 - to help to establish and maintain parochial schools, colleges, seminaries and other institutions of learning;
 - to properly educate and prepare persons for the ministry and for teaching in parochial schools; and
 - to aid in disseminating the knowledge of the Gospel throughout the world.

2. Fund Accounting

The District follows the restricted fund method of accounting for contributions.

The accounts are maintained on an accrual basis in accordance with the principles of "Fund Accounting" to ensure observation of limitations and restrictions placed on the use of resources available to the District. 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.

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

**Notes to the Financial Statements
For the Year Ended 31 January 2010.**

2. Fund Accounting - continued

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 disbursements 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 amortization is recorded on the physical plant and equipment; however, individual pieces of equipment are written off after eight years. The cost of items disposed of is written off in the year as a charge to the net investment in plant. Equipment purchased by the Current and Church Extension Funds are recorded as a transfer to the Plant Fund.

In the case of land acquired for future use (included in other properties), interest on funds borrowed is capitalized (subject to a fair market value test) in the determination of the cost of the properties.

All other interest expense is charged to operations.

The amount of interest capitalized during the year was \$Nil (2009 - \$Nil) and cumulative interest capitalized to date totals \$8,483,269 (2009 - \$8,483,269).

**THE LUTHERAN CHURCH - CANADA,
THE ALBERTA - BRITISH COLUMBIA DISTRICT**
Notes to the Financial Statements
For the Year Ended 31 January 2010

3. Changes in Accounting Policies

a. Capital Disclosures

The District adopted the recommendations of the CICA Handbook Section 1535, Capital Disclosures. This section establishes standards for disclosing information about an entity's capital and how it is managed. The District manages its capital primarily through its investments and adheres to the guidelines of the District's investment policies. There have been no changes to these guidelines during the year. This new standard only addresses the disclosure in the financial statements and has no impact on the financial results.

(b) Accounting Standards Not-for-Profit Organizations

Effective 1 February 2009, the District adopted the CICA Handbook amended Sections 4400 and the new Section 4470, "Disclosures of Allocated Expenses by Not-for-Profit Organizations". The amendments clarified the recognizing of revenues and expenses on a gross basis when the not-for-profit organization acts as a principal in the transactions and the treatment and disclosure of internally and externally restricted net assets. The new section requires not-for-profit organizations that make allocations of general support and fundraising costs to other functions to disclose the policies adopted for the allocation of expenses among functions, the nature of the expenses being allocated, the basis on which such allocations have been made, and the functions to which they have been allocated. The adoption of these standards has no impact on the financial statements.

4. Summary of Significant Accounting Policies

The District is a not-for-profit organization. These financial statements reflect the following accounting policies:

(a) Revenue Recognition

Restricted contributions related to general operations are recognized as revenue of the Current Fund in the year in which the related expenses are incurred. All other restricted contributions are recognized as revenue of the appropriate restricted fund.

Unrestricted contributions are recognized as revenue of the Current Fund in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Contributions for endowment are recognized as revenue in the Restricted Fund.

Investment income earned on Restricted Fund resources is recognized as revenue of the Restricted Fund. Unrestricted investment income earned on Restricted Fund resources is recognized as revenue of the Current Fund. Investment income earned on building campaign resources is recognized as revenue of the Plant Fund. Other investment income is recognized as revenue of the Church Extension Fund when earned.

Seminar fees are recognized as revenue of the Restricted Fund when the seminars are held.



**THE LUTHERAN CHURCH - CANADA,
THE ALBERTA - BRITISH COLUMBIA DISTRICT**
Notes to the Financial Statements
For the Year Ended 31 January 2010

4. Summary of Significant Accounting Policies - continued

(b) Investments

Investments are recorded at cost.

(c) Capital Assets

Advance sites, office building, and other properties are recorded at cost. No amortization is provided on the office building, equipment and other properties. This policy is a departure from Canadian generally accepted accounting principles. However, individual pieces of equipment are written off after eight years.

(d) Other Properties

Other properties include land which is recorded at cost plus annual carrying costs not exceeding the fair value of the underlying property.

(e) Use of Estimates

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, support and revenues and expenses and disclosure of contingencies at the date of the statement of financial position. Actual results could differ from those estimates.

5. Loans and Mortgages Receivable

(a) Restricted Fund

These loans represent interest-free unsecured automobile loans made to pastors of the District from funds deposited interest-free by other pastors of the District (Note 7). Maturity dates of these loans vary.



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

**Notes to the Financial Statements
For the Year Ended 31 January 2010**

5. Loans and Mortgages Receivable - continued

(b) Church Extension Fund

	2010	2009
Maturity Dates of loans receivable vary with interest rates ranging from 6.00% to 7.00% per annum and are secured by the individual properties to which they relate.	\$ 4,840,398	\$ 5,056,211
Mortgage receivable from EnCharis Community Housing Services (ECHS) (Note 15(b)), bearing interest at 5.5% to 7.00% payable monthly on the first day of each month and with principal payments of \$2,000,000 due annually on 1 February. The mortgage is secured by Prince of Peace Village and Manor properties and the Chestermere property As at 31 January 2010, interest of \$1,283,870 (2009 - \$3,219,053) was in arrears on the ECHS loan. A payment of \$1,040,000 was received on 6 April 2010.	61,197,183	60,013,919
	<u>\$ 66,037,581</u>	<u>\$ 65,070,130</u>

6. Investments

	2010		2009	
	Market Value	Cost	Market Value	Cost
	\$	\$	\$	\$
Stocks and bonds held by investment brokers and bankers	16,417,853	18,228,332	13,153,797	17,198,762

7. Deposits Payable

(a) 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 auto replacement deposits are repayable upon workers' requests.

(b) Plant Fund

Deposits represent amounts advanced by a congregation toward the purchase of a church and land currently held in trust by the District.

**THE LUTHERAN CHURCH - CANADA,
THE ALBERTA - BRITISH COLUMBIA DISTRICT**
Notes to the Financial Statements
For the Year Ended 31 January 2010

8. Investor Obligations

	2010	2009
Church Extension Fund		
Notes payable to investors - due upon demand, bearing interest from 2.25% to 7.00%	\$ 93,760,540	\$ 89,072,453
Balances payable to investors, due on demand and without interest	287,560	284,585
	\$ 94,048,100	\$ 89,357,038

9. Interfund Loans

Loans

Funds loaned between the Church Extension Fund and the Plant Fund are secured by the underlying property and accrue interest at 7% per annum until the carrying value of the property and accrued interest are in combination equal to the market value of the property. The amount of interest charged during the year was \$977,713 (2009 – \$711,927).

Investments

These interfund balances represent amounts that the Restricted Fund has advanced to the Church Extension Fund to be invested along with funds invested by individual investors yielding interest from 2.25% to 7.00%.

10. Bank Lending Facility

The Overdraft Lending Facility has a limit of \$8,000,000 payable on demand with interest at the Bank of Montreal's prime lending rate plus 1/4 of one percent. The amount which may be borrowed under the arrangement is the lesser of the limit of the Overdraft Lending Facility and the discounted value of investments administered by entities of the Bank of Montreal and assigned to the bank as security for the credit facility. Security for the Overdraft Lending Facility is a General Security Agreement being a floating charge over all of the assets of the District.

An additional component of the borrowing facility is as follows:

A \$3,000,000 Life Lease contingency line of credit. The bank undertakes to loan mortgage funds to potential approved purchasers of Life Lease residences in seniors' housing projects. If any of the individual mortgagors default on their mortgage obligation to the bank, the District is obligated to pay the outstanding balance to the bank and recover that amount from the subsequent resale of the Life Leased residence. The life leases are included in the financial statements of the District's debtor, EnCharis Community Housing Services (Note 5, Note 15(b) and Note 16).

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

**Notes to the Financial Statements
For the Year Ended 31 January 2010**

11. Land Proceeds Assignment

During the prior year, the District entered into an agreement whereby \$6,000,000 of mortgage loans receivable were exchanged by contract for the rights to proceeds from future land sales made by the former mortgage debtor. The assignment of land proceeds receivable has been recorded at the net book value of the mortgage loan receivable extinguished in the Plant Fund. Under this agreement, the District is entitled to receive any proceeds from the land sale in excess of the mortgage loan receivable extinguished but will have no recourse if the eventual proceeds received are not sufficient to discharge the receivable in full. The timing of the related land sale is unknown and because of this, the eventual proceeds are indeterminable. It is management's opinion that the proceeds received from the eventual land sale will be sufficient to discharge the assignment of land proceeds receivable as recorded in the financial statements.

12. Mortgage Loan Payable

The District holds a mortgage loan payable to District Investments related to the Strathmore, Alberta property in the amount of \$5,955,625.

The mortgage loan payable to District Investments is secured by property in Strathmore, Alberta, bears interest at 6.50% per annum, with interest payments due monthly on the first day of each month. During the year, the District recorded interest expense on this mortgage of \$379,412 (2009 - \$131,712).

13. 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 31 January 2010 amounted to \$107,727 (2009 - \$78,884).

14. Financial Instruments and Interest Rate Risk

The District has elected to use the exemption provided by the CICA permitting not-for-profit organizations not to apply the CICA Handbook Section 3862 "Financial Instruments - Disclosure" and Section 3863 "Financial Instruments - Presentation which would otherwise have applied to the financial statements for the year ended 31 March 2010. The District applies the requirements of Section 3861 of the CICA Handbook.

a. Fair Value

The following policies and assumptions were used to determine the fair value of each class of financial assets and financial liabilities.

- i. Cash, accrued interest and accounts receivable, interfund balances, land proceeds assignment, bank indebtedness, accrued interest, accounts payable and deposits payable are classified as held for trading and are measured at their carrying amount since it is comparable to their fair value due to the approaching maturity of these financial instruments.

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

**Notes to the Financial Statements
For the Year Ended 31 January 2010**

14. Financial Instruments and Interest Rate Risk - continued

(a) Fair Value - continued

- ii. Investments are classified as held-for-trading financial assets. They are measured at cost (Note 3(b)).
- iii. Loans and mortgages receivable are classified as loans and receivables. They are measured at amortized cost.
- iv. Investor obligations are classified as other liabilities and are measured at amortized cost.

b. Interest Rate Risk

The District is exposed to interest rate risk on its fixed rate investments and debt due to fluctuations in market interest rates. Because the District's loans and mortgages receivable are renewed every three years, and the investor obligation returns are determined from the investment returns, it is management's opinion that the District is not exposed to significant interest risk.

c. Credit Risk

The District's financial instruments that are exposed to concentrations of credit risk consist of cash and term deposits, and loans and mortgages receivable. Cash and term deposits are in place with major financial institutions. The District is exposed to credit risk with respect to loans and mortgages receivable as 93% of this balance is due from ECHS (Note 5(b) and 15(b)). The District has evaluation and monitoring processes in place and records impairment losses when loans and mortgages receivable are determined to not be fully recoverable.

15. Related Party Transactions

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

During the year, the District received management fees of \$112,920 (2009 - \$234,899) from Lutheran Church, Canada - The Alberta-British Columbia District Investments Ltd. ("District Investments"), a company for which four members of the Board of Directors are also members of District's Board of Directors. These transactions were in the normal course of operations and were measured at the exchange value which represented the amount of consideration established and agreed to by the related parties.

b. EnCharis Community Housing and Services

The District has a position of significant influence over EnCharis Community Housing and Services (ECHS). The factors leading to this determination are as follows:

- i. The District's representation on the Board of Directors of ECHS,
- ii. The District provides a credit facility to ECHS to assist in the temporary settlement of life leases (Note 16),

**THE LUTHERAN CHURCH - CANADA,
THE ALBERTA - BRITISH COLUMBIA DISTRICT**
Notes to the Financial Statements
For the Year Ended 31 January 2010

15. Related Party Transactions - continued

(b) EnCharis Community Housing and Services - continued

- iii. The significance of District's mortgage loan investments in ECHS,
- iv. The District's ability to influence management decisions of ECHS,
- v. The high degree of economic dependence of ECHS on the District, and
- vi. The District's guarantee (Note 17) of ECHS mortgage loans payable.

The financial relationship the District has with ECHS, represented by mortgages receivable of \$61,197,183 (2009 - \$60,013,919), is detailed in Note 5. During the year, the District recorded interest income in the Church Extension Fund on these mortgages of \$3,345,011 (2009 - \$3,075,0854).

In addition, on 1 August 2008, the District acquired title to the Strathmore, Alberta property and extinguished the related mortgage loan receivable in Church Extension fund. This transaction has been measured in these financial statements at the carrying amount of the mortgage loan receivable previously recognized in the accounts of the District at the date of title transfer, which amounts to \$5,891,315. The Strathmore land and buildings have been recorded as other properties in the Plant Fund as of 31 January 2010.

EnCharis Community Housing and Services was incorporated on 9 November 2005 under the Companies Act of Alberta and commenced operations on 1 February 2006. The Company is a non-profit organization that provides residential services to persons above the age of 55. Through the use of its Manor property, ECHS provides rental accommodation to seniors. Through the use of the Village properties, ECHS provides residential units under life leases to seniors.

ECHS is a non-profit organization as defined under paragraph 149(1)(l) of the Income Tax Act and therefore is not subject to income taxes.

16. Contingent Liability

The District has entered into an agreement with its debtor, EnCharis Community Housing Services (ECHS) (Note 13(b)), that it will provide a credit facility (Note 10) of up to \$3,000,000 to assist financing in the temporary settlement of any life leases held by ECHS. ECHS is required to repay these funds to the District upon the replacement of the life lease interest. As of 31 January 2010, the district had extended \$1,143,574 (2009 - \$2,941,330) related to the ECHS life leases.

17. Guarantee

In the prior year, the District guaranteed a commercial mortgage loan of up to \$9,000,000 to ECHS (Note 12(b)). The District is liable to pay any balance owing on demand to the commercial lender in the case of default by ECHS.

Strathmore Standard.COM

News

Building sold for \$5.85 million 0

Thursday, August 16, 2007 10:00:00 MDT AM

Strathmore commercial realtor Bill Andrews was all smiles last week after he brought to a successful conclusion the acquisition of the former Covenant Bible College campus by another Christian group, EnCharis, for the sum of \$ 5.85 million.

We lost CBC, we got back EnCharis and its a positive development for the community, Andrews said of this deal that will be followed by news services being offered for the benefit of local residents.

The EnCharis group has links to the Prince of Peace Lutheran Church, a member of the Lutheran Church Missouri Synod. Founder and executive director of EnCharis Rev. Steve Grande said his group is already very active in providing affordable housing and specialized transportation to seniors. Encharis will consult with the local community starting in September to see how it can help address various needs including such services as daycare, in addition to an affordable housing proposal of 50 apartments.

Grande said his organization will host next month, at its new Strathmore location, a meeting of local organizations that are actively engaged in community service to discuss various options. He said EnCharis wants to offer services in light of those discussions.

Grande also announced that the headquarters of his organization will be transferred from the east side of Calgary, where it is currently located, to Strathmore. The staff of 17, he said, will have also to be increased.

For his part, Covenant Bible College President Paul Lessard expressed sadness at having had to close the Strathmore campus, but said he and his governing board were happy that another Christian organization has stepped in and will propose new services to the community.

He added the closing down of the campus does not affect the Evangelical Covenant Church which continues its mission as usual through a total of 23 churches in Canada, including the local Hope Covenant Church.

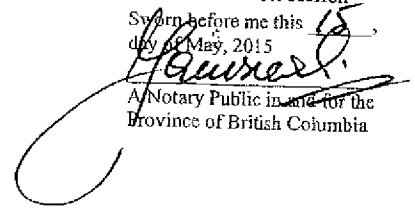
EnCharis took possession of the former CBC property on August 8 and brought a group of staff members to town for a first on site inspection the next day, in anticipation of the transfer of the main office from Calgary from next month.

This is EXHIBIT "18" referred
to in the Affidavit of

Randall Scott Kellen

Sworn before me this
day of May, 2015

A Notary Public in and for the
Province of British Columbia



No rezoning will be needed as the objectives of the new owners are in line with the current P1 status of the zone where the property is located.

Its definitely exciting and challenging, Grande said during an interview at the Strathmore Standard the day after the deal was concluded.

Its been incredibly exciting for us because our organization really focuses in on seniors housing in smaller communities, so we don't particularly want to go in the City of Calgary. It makes more sense for us to have our head office in a smaller community rather than in a city, said Grande.

A major driving force behind the EnCharis bid for the CBC property was an acute lack of space at the Prince of Peace campus on Calgary's east side.

So, with five buildings totalling 52,544 sq. ft. inclusive of 25,000 sq. ft. of office space in the main building, all set on 4.85 acres, the Strathmore property looked more attractive than any other EnCharis could have obtained in Calgary. The four other buildings were dormitories containing single and double rooms where a total of 22 students could be accommodated per building.

Each dorm has plenty of space to lounge about, a games room, laundry room and kitchen. All five buildings are connected for convenience during winter months. The administration or main building had classrooms, a library, cafeteria and a full size gym with hardwood floor.

Grande said there's little modifications envisaged by EnCharis in the main building where his staff will relocate and some services set up for the community.

The asking price was \$ 6.3 million and the organization, according to Lessard, made the least complicated offer for the property that is, he added, no strings attached, we'll just pay for it.

He added, "Their offer was a good offer, was a fair offer."

Lessard was also full of praise for Andrews for his crucial role in the negotiations. Bill did a great job for us.

Before EnCharis came into the picture, there had been other interested parties. We talked to about 10 different groups, Andrews said in a separate interview.

We're running out of space (in Calgary) and we are just building a new Alzheimer's facility at Prince of Peace and a new assisted living facility. Because of the growth of our organization, we're running out of space, Grande said.

We originally planned our (new) building on site at the Prince of Peace campus, but changed our building plans. We then started looking into Calgary and couldn't find the 7,000 sq. ft. Then the CBC was up for sale. We looked at it and put in an offer.

What they looked at was what Grande describes as a specialty building, with over three times the office space they needed, a gym and four buildings formerly used as dormitories.

The actual bid was made by EnCharis Community Housing and Services (ECHS), an arm of the EnCharis group which currently owns and operates the Prince of Peace Village and the Prince of Peace Manor in the Calgary location.

Another member of the group is Shepherd's Village Ministries Ltd., which owns and operates another facility, The Shepherd's Village in Valleyview, Alberta.

He also spoke of his organization's involvement with the Calgary Regional Partnership, an association of Calgary and surrounding municipalities, including Strathmore.

We're looking after the project with the CRP for specialized transportation, and so, we will be hiring somebody on for that. That's part of our work as well, Grande said.

With all the space they now have in their new Strathmore complex, Grande said a Christian daycare and other community services, including getting the Food Bank on board, are in the pipeline as regards the main building. There's a room that's beautifully set up for daycare, Grande said.

An architect has already visited the dormitories and given the nod to a 50-apartment affordable housing project down the road, he added. Grande will provide also for a Lutheran congregation site on the property, with its services to the community. The project already interests the Calgary congregation's leadership, he stated.

The affordable housing project, though, needs the approval of the Town through which any government funding has to be channelled, Grande pointed out. For that purpose, he has already met Justin Rebello, chair of the Town's Affordable Housing Committee. He said that the investment will be approximately a further \$2.8 million into the Strathmore dormitories.

I know the committee is looking at another option and if that is the best option, then that's fantastic. Then we will have to figure out another plan for those dormitories. We do have some ideas and options that we could pursue with that, Grande said.

Grande also revealed that his organization is looking at development in five more communities.

He said that people in small communities want to age in place, they don't want to move into the city and the options we are bringing allow them to stay in their own communities, with their grand-kids, their friends they have known for a lifetime.

He explained that where the regional public health authorities cannot provide facilities within a small community, EnCharis can look at using its transportation expertise acquired with the Calgary Regional Transportation Services Society (CARTSS), an organization he has formed to provide group transportation for those requiring accessible transportation solutions in the Greater Calgary area.?

EnCharis was formed two and a half years ago by Grande. Since then, it has purchased Prince of Peace, the church and school excepted. The Prince of Peace Lutheran Church has been in ministry since October 1, 1961.

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Fairview looking at seniors housing



By Daniele Alcinii, Fairview Post
Wednesday, November 13, 2013 11:31:04 MST AM

This is EXHIBIT "19" referred
to in the Affidavit of

Randall Scott Kellen

Sworn before me this 15
day of May, 2015

R. Kellen
Notary Public in and for the
Province of British Columbia



The Shepherd's Village Seniors Housing Community in Valleyview, Alta. (Town of Valleyview's government website)

The Town of Fairview recently heard one of an estimated three proposals that could bring the town closer to the development of seniors community housing.

During its Tuesday, November 5 meeting, a proposal still in its discussion phase was put forth by Shepherd's Village Ministries site manager Gerry Steinke in which suggestions that the Town of Fairview was in the best position possible to move forth on building a complex that would affordably house those 55 years of age and over.

"It appears as if there is some need for 55-plus housing in Fairview," Steinke said in regards to the interest his organization has within the town's limits. "It does seem that this community is needing some sort of housing as people are taking a look at coming off of their farms and out of their more independent homes in the community, and looking at something that isn't so institutionalized."

Currently, the Shepherd's Village Ministries owns and operates a 12-acre site in Valleyview, Alta. with 43 independent units currently built on site available in four different bungalow floor plans with units ranging in size from 900 to 1,100 square feet. Additionally, the organization is associated with an additional project located outside of Calgary, Alta. within the Prince of Peace, housing 174 units with attached garages, a large manor with an estimated 250 units of assisted living, two units for dementia care, one school, and one church.

"Our site in Valleyview is a long ways from Calgary, and it would make a lot of sense for us to get another site in the Peace area. We could begin to build something we would call 'cluster communities' where we would have a grouping of these kinds of communities within the Peace Country."

The proposed complex, currently dubbed the Fairview Aging-in-Place Complex, will showcase a wrap around U-shaped village with a "very tightly knit" community of fourplexes, as well as a community center that could potentially double as a worship centre, according to Steinke.

"We are setting aside land for the concept of an assisted living wing," Steinke told those in attendance during last Tuesday's meeting, noting Fairview's current assisted living facilities. "Perhaps as time goes on, there may be a need to look at supportive living level 3 or supportive living level 4 units (dementia care units).

"Perhaps at some point there will be a need to have more of a specialized dementia care facility that could be placed in this community. That of course requires significant provincial government funding."

The Town has currently identified a 22-acre parcel of land located on the west side of Fairview as being appropriate for an assisted living and/or dementia care unit. Steps such as these, Steinke says, are steps in the right direction in order to move the discussion phases toward action stages, noting that Valleyview went through a similar process 15 years earlier.

"It's when community based organizations begin to work together that these things can happen. No developer comes in and develops 55-plus housing in small towns, it doesn't happen because they're not going to take that risk. When we start to work together from a community base, we're going to share that risk and make it happen in a more logical way," Steinke said in his address, while indicating that now is the time for the community to come forward and provide conditional support in principle for the project.

That community support, he says, is valuable in allowing Steinke to move forward in seeking loans from the Canada Mortgage and Housing Corporation, as well as any available grants from the provincial government for community initiatives.

While neither the Town of Fairview nor Shepherd's Village Ministries have presently conducted a needs assessment, CAO of Fairview Larry Davidson has put the estimated cost in the \$10,000 to \$20,000 range.

"Quite honestly, if you don't have a needs assessment the chances of getting government monies, provincial or federal, I would say is almost nonexistent," Davidson told council members.

"I would suggest maybe that that's something council would wish to fund ourselves. If we do just that it becomes available -- it's a public document -- and we have some control over the terms of reference and anything else that's an issue."

Asked how this development for the aging population could be justified as something Fairview particularly needs, Davidson toyed with the idea that a community of this nature could be part of the town's economic development strategy to stimulate the local economy. Citing Camrose as a prime example, Davidson explained that the once dwindling Albertan city targeted the seniors market, building a number of private manors similar to Fairview's own Harvest Lodge facility. In turn, those projects created jobs in the construction sector bringing with it an influx of youth more than doubling the areas population in the last 30 years.

"We want to keep the young people in our community, we've heard that loud and clear and I support that, but there's also an opportunity here [...] When we bring in the services, our goal would be to develop and [bring in that workforce]. That's where I see the opportunity to partner to reduce their costs, but as far as paying for their internal development costs I'm not recommending that to council.

"We can tender projects together so we can work together and things like that, but we don't have enough reserves to cover their costs for any foreseeable future at the jeopardy of our own work and hope that we recoup it right back when they make sales."

The Shepherd's Village Ministries is a not for profit corporation dedicated to providing caring, independent, and affordable housing to 55-plus residents within a Christian environment. The Shepherd's Village Ministries board of directors is comprised members and leaders of the Lutheran Church Canada, a church body of 65,000 members with approximately 300 churches across Canada.

Additionally, Shepherd's Village Ministries are supervised by EnCharis, a private senior citizens service organization, and oversees both projects in Valleyview and Prince of Peace in Calgary, Alta.

While acknowledging that while Shepherd's Village Ministries is "absolutely" a faith-based corporation, Steinke says that it is not the goal the Lutheran organization to proselytize, but to rather assist those 55 years of age and over by allowing them to live within a compact and comfortable community. Should members of that community require assistance in ministry areas, Steinke says only then will his organization step in to lend an ear.

Discussions are on going.

daniele.alcinii@sunmedia.ca

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instaflex.com

Doctors are shocked by this 10 second joint pain trick

Reader's comments »

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This is EXHIBIT "20" referred
to in the Affidavit of
Randall Scott Kellen

Sworn before me this
15th day of May, 2015

[Signature]
A Notary Public in and for the
Province of British Columbia

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

Non-Consolidated Financial Statements

January 31, 2011

Pearce Acheson Wilson Dewar

**Pennock Acheson Nielsen Devaney
Chartered Accountants**

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10088 - 102 Avenue
Edmonton, Alberta T5J 2Z1

Telephone: (780) 496-7774
Facsimile: (780) 423-0582

INDEPENDENT AUDITOR'S REPORT

To the Members of The Lutheran Church - Canada, The Alberta-British Columbia District

Report on the Non-consolidated Financial Statements

We have audited the accompanying non-consolidated financial statements of The Lutheran Church - Canada, The Alberta-British Columbia District, which comprise the non-consolidated statement of financial position as at January 31, 2011, and the statement of operations, changes in fund balances and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Non-consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these non-consolidated financial statements in accordance with Canadian generally accepted accounting principles, and for such internal control as management determines is necessary to enable the preparation of non-consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these non-consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the non-consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the non-consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the non-consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the non-consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the non-consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Basis for Qualified Opinion

The District's portfolio investments are carried on the non-consolidated statement of financial position at \$17,497,781 (2010 - \$18,228,332). Management has not stated the portfolio investments at market value which constitutes a departure from Canadian generally accepted accounting principles. Had the portfolio investments been stated at market value, an increase in value of \$622,721 (2010 - decrease in value of \$1,810,479) would have been required. Accordingly, unrealized gains and fund balances would have increased by \$622,721 (2010 - decreased by \$1,810,479).

The District changed its accounting policy during the year to record amortization on their property, plant and equipment. The change was made prospectively rather than retroactively which constitutes a departure from Canadian generally accepted accounting principles. Had the correction been made retroactively, expenses and opening fund balances would have been reduced by \$511,116.

Qualified Opinion

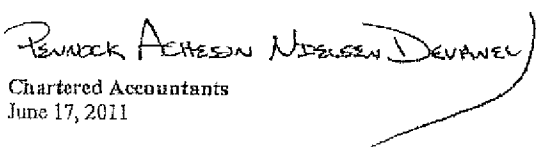
In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion paragraphs, the non-consolidated financial statements present fairly, in all material respects, the financial position of The Lutheran Church - Canada, The Alberta-British Columbia District as at January 31, 2011, and its financial performance and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Emphasis of Matter

We draw attention to Note 4 to the financial statements; Summary of Significant Accounting Policies, Financial Instruments, Credit Risk and Measurement Uncertainty which describes the valuation of the loans to EnCharis Community and Housing Services. Our opinion is not qualified in respect of this matter.

Other Matter

The prior year financial statements were audited by a predecessor auditor who issued a qualified opinion on April 29, 2010. Certain of the comparative figures have been restated to conform to the current presentation.


Chartered Accountants
June 17, 2011

THE ALBERTA-BRITISH COLUMBIA DISTRICT
 Non-Consolidated Statement of Financial Position
 As At January 31, 2011

ASSETS	Current Fund		Restricted Fund		Church Extension Fund		Plant Fund		Total	
	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
CURRENT										
Cash and term deposit (Note 5)	-	-	184,827	89,275	918,984	2,643,423	-	-	1,103,821	2,735,193
Prepaid	2,294	-	-	-	3,000	-	-	-	5,290	-
Portfolio investments, at cost (Note 6)	-	-	-	-	17,497,781	18,228,332	-	-	17,497,781	18,228,332
Accrued interest on portfolio investments	-	-	-	-	48,985	95,388	-	-	48,985	95,988
Accounts receivable (Note 7)	71,000	2,453	-	29,800	110,513	105,154	-	-	181,513	197,447
	73,290	2,493	184,827	119,075	18,579,273	21,072,897	-	-	18,837,390	21,196,965
LOAN INVESTMENTS										
Loans and mortgages receivable (Note 8)	-	-	42,488	44,335	66,810,499	64,688,203	-	-	68,852,987	64,732,538
Accrued interest on loans and mortgages receivable	-	-	-	-	3,999,856	1,349,378	-	-	1,999,856	1,349,378
Land proceeds assignment (Note 10)	-	-	-	-	-	-	6,000,000	6,000,000	6,000,000	6,000,000
Deferred loan (Note 11)	-	-	42,488	44,335	70,810,355	66,037,581	6,151,193	6,251,144	77,004,036	72,333,060
	-	-	84,976	88,670	140,620,854	130,725,784	12,152,193	12,252,144	125,856,922	119,365,998
CAPITAL										
Property and equipment (Note 12)	-	-	-	-	-	-	407,304	925,250	407,304	925,250
Properties held for sale (Note 13)	-	-	-	-	-	-	14,306,986	14,970,003	14,306,986	14,970,003
	-	-	-	-	-	-	14,714,290	15,895,253	14,714,290	15,895,253
INTERFUND BALANCES (Note 14)										
Investments	-	-	234,097	90,817	(234,097)	(90,817)	-	-	-	-
Accrued interest on loans	-	-	-	-	2,043,507	1,145,207	(2,043,507)	(1,145,207)	-	-
Loans	-	-	-	-	(14,197,336)	(14,614,256)	(14,197,336)	(14,614,256)	-	-
	-	-	234,097	90,817	16,006,746	15,668,646	(16,240,843)	(15,759,463)	-	-
	73,290	2,493	461,412	254,227	105,396,374	102,779,124	4,624,640	6,389,434	110,555,716	109,425,278
LIABILITIES										
CURRENT										
Bank overdrafts (Note 9)	-	216,039	-	-	-	-	-	2,500	-	218,539
Accrued interest on investor obligations	-	-	-	-	1,677,695	1,699,173	-	-	1,677,695	1,699,173
Accounts payable and accrued liabilities	98,337	15,408	20,138	-	79,247	2,669	-	-	197,722	18,077
Deposits payable	-	-	99,111	88,952	38,629	38,235	14,400	508,443	152,140	635,630
Investor obligations (Note 15)	-	-	-	-	96,763,926	94,048,100	-	-	96,763,926	94,048,100
	98,337	231,447	119,249	88,952	98,559,497	95,788,177	14,400	510,943	98,791,483	96,619,519
MORTGAGE LOAN (Note 7)										
	98,337	231,447	119,249	88,952	98,559,497	95,788,177	6,011,483	5,955,625	6,011,283	5,955,625
	196,674	462,894	238,498	177,904	197,158,994	191,576,354	6,025,683	6,466,568	104,802,766	102,575,144
COMMITMENTS AND CONTINGENCIES										
FUND BALANCES (DEFICIT)										
Invested in capital assets and other properties	-	-	-	-	-	-	(1,401,043)	(77,134)	(1,401,043)	(77,134)
Externally restricted	-	-	133,202	165,275	-	-	-	-	133,202	165,275
Internally restricted	-	-	208,961	-	-	-	-	-	208,961	-
Unrestricted	(25,047)	(228,954)	-	155,275	6,836,877	6,990,947	-	-	6,811,830	6,761,993
	(25,047)	(228,954)	342,163	155,275	6,836,877	6,990,947	(1,401,043)	(77,134)	5,752,950	6,850,134
	73,290	2,493	461,412	254,227	105,396,374	102,779,124	4,624,640	6,389,434	110,555,716	109,425,278

THE LUTHERAN CHURCH - CANADA, THE ALBERTA-BRITISH COLUMBIA DISTRICT
 Non-Consolidated Statement of Cash Flows
 Year Ended January 31, 2011

	2011	2010
NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:		
OPERATING ACTIVITIES		
Cash receipts from congregations and donors	\$ 2,158,095	\$ 2,504,585
Cash paid to Synod, suppliers and employees	(2,326,200)	(2,847,713)
Interest received	3,435,740	3,684,718
Interest paid	(4,409,418)	(4,840,925)
	<u>(1,141,783)</u>	<u>(1,499,335)</u>
INVESTING ACTIVITIES		
Purchase of property and equipment	(28,741)	(11,278)
Issuance of loans receivable - net	(4,120,449)	(948,490)
Net proceeds from (additions to) properties held for sale	227,050	(756,675)
Proceeds (purchases) of investments - net	932,759	(532,559)
	<u>(2,989,381)</u>	<u>(2,249,002)</u>
FINANCING ACTIVITIES		
Investor obligations received - net	2,715,826	4,691,062
Mortgage proceeds	-	1,369,237
	<u>2,715,826</u>	<u>6,060,299</u>
(DECREASE) INCREASE IN CASH FLOW	(1,415,338)	2,311,962
CASH - BEGINNING OF YEAR	<u>2,519,159</u>	<u>204,697</u>
CASH - END OF YEAR (Note 5)	<u>\$ 1,103,821</u>	<u>\$ 2,516,659</u>

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

Notes to Non-Consolidated Financial Statements.

Year Ended January 31, 2011

1. ORGANIZATION

The Lutheran Church - Canada, The Alberta - British Columbia District (the "District") was incorporated by an Act of the Alberta Provincial Legislature on March 24, 1944 and in British Columbia on June 19, June 1955 pursuant to the provisions of the Society Act of British Columbia. As a registered charity, the District is exempt from tax under its income under the Income Tax Act (Canada) provided it maintains its registration.

The Mission Statement of the District is:

1. To support public worship, and to unite the various congregations of the Evangelical Lutheran Church in the Provinces of Alberta and British Columbia, who as congregations and as individual members of such congregations accept, and remain true to, the canonical books of the Old and New Testaments as the sole and exclusive rule of Christian doctrine and practice, and acknowledge as a true exhibit of sound Christian doctrine the Book of Concord;
2. To promote the efficiency and extend the influence of the said The Lutheran Church - Canada;
3. To hold, own, manage, control, possess, and receive directly and indirectly, by grant, gift, purchase, donation, devise or bequest, real, personal and mixed property of every name, nature, and description whatsoever and dispose of the same;
4. To invest monies and other personal property, with or without interest, in such a manner as the directors of the said corporation may elect or see fit so to do, subject to the action of the corporation, with or without security, for religious purposes;
5. To promote efficiency, co-operate in ecclesiastical work in the extension of religion, by educational, charitable and missionary work;
6. To help establish and maintain parochial schools, colleges, seminaries and other institutions of learning;
7. To properly educate and prepare persons for the ministry and for teaching in parochial schools; and
8. To aid in disseminating the knowledge of the Gospel throughout the world.

2. FUTURE CHANGES IN ACCOUNTING FRAMEWORKS

The Canadian Institute of Chartered Accountants issued Accounting Standards for Not-for-Profit Organizations which are effective for fiscal years beginning on or after January 1, 2012. The District will also apply the standards for private enterprises, where standards addressing their unique transactions and circumstances do not exist. The District is currently evaluating the effect of adopting these standards, which it expects to do in fiscal year 2012.

3. CHANGE IN ACCOUNTING POLICY

During the year, the District began to amortize its building and equipment. Previously, the building and equipment were capitalized but no amortization had been calculated. Equipment was previously written off after seven years. The building is amortized straight line over 40 years and the equipment is amortized on a declining basis of 20% per year. This change in accounting policy was applied prospectively rather than retroactively which is a departure from Canadian Generally Accepted Accounting Principles.

THE LUTHERAN CHURCH - CANADA, THE ALBERTA-BRITISH COLUMBIA DISTRICT
Notes to Non-Consolidated Financial Statements
Year Ended January 31, 2011

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Canadian Generally Accepted Accounting Principles and include the following significant accounting policies:

Fund accounting

In order to ensure observance of limitations and restrictions placed on the use of resources available to the District, the accounts of the District follow the restricted fund method of accounting for contributions. Accordingly, resources are classified for accounting and financial purposes into funds. These funds are held in accordance with either the objectives specified by the donors or with directives issued by the Board of Directors. To meet these objectives of financial reporting and stewardship over assets, certain interfund transfers are necessary to ensure the appropriate allocation of assets and liabilities to the respective Funds. Transfers between the funds are made when appropriate, as authorized by the Board. These interfund transfers are recorded in the statement of changes in fund balances.

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, either by the donating party or the Board of Directors, for the specific ministry projects and the disbursements of these funds for the specified purpose.

Church Extension Fund ("CEF")

The Church Extension Fund is used to record funds received from members at reasonable rates of 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. Equipment purchased by the Current and Church Extension Funds are recorded as a transfer to the Plant Fund.

In the case of raw land acquired for future use (included in properties held for sale), interest on funds borrowed is capitalized (subject to a fair market value test) in the determination of the cost of the properties. All other interest expense is charged to operations.

THE LUTHERAN CHURCH - CANADA, THE ALBERTA-BRITISH COLUMBIA DISTRICT
Notes to Non-Consolidated Financial Statements
Year Ended January 31, 2011

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments

The District applies Sections 3855 "Financial Instruments - Recognition and Measurement," and 3861 "Financial Instruments - Disclosure and Presentation" of Canadian Generally Accepted Principles. As permitted by these rules, the District has elected not to adopt the standards 3862 and 3863 and continues to apply Section 3861 on disclosure and presentation of financial instruments.

Financial instruments include cash and term deposit, accrued interest, accounts receivable, portfolio investments, land proceeds assignment, loans and mortgages receivable, accounts payable and accrued liabilities, accrued interest payable, deposits payable, investor obligations and mortgage loan. The carrying value of financial assets and financial liabilities approximate fair value except as otherwise disclosed.

Financial assets and liabilities are classified as either held-for-trading, available-for-sale, loans and receivables, investments held-to-maturity and other financial liabilities. Financial assets classified as held-for-trading and available-for-sale are required to be measured on the statement of financial position at fair value. The District measures one such financial instruments at cost. Loans and receivables, investments held-to-maturity and other financial liabilities are measured on the statement of financial position at amortized cost.

The District has designated cash and portfolio investments as held-for-trading. The District classified accrued interest on investor obligations, accrued interest, accounts receivable, mortgages and loans receivable and land proceeds assignment as loans and receivables and its accounts payable and accrued liabilities, deposits payable, mortgage loan and investor obligations as other financial liabilities.

Cash is recorded at fair value. Portfolio investments are recorded at cost and fair value is disclosed in Note 6. The fair value of the land proceeds assignment and loans and mortgages receivable could not practically be determined because they have no fixed repayment terms and lack an available trading market. The fair value of investor obligations can not be determined because the obligations have no fixed repayment terms. As such, the fair value and the exposure to related risk cannot be determined with any degree of certainty, and the amounts are therefore reported at their carrying value.

Investments in portfolio investments are subject to market risk. The District manages market risk by investing in Canadian and foreign equities, fixed income instruments and short-term investments that meet specific investment criteria established and approved by the District's Directors and designed to adequately diversify the District's investments to reduce exposure to market risk.

The District is subject to interest rate pricing risk to the extent that the their investments contain fixed rate government and corporate bonds. The District has not entered into any derivative agreements to mitigate these risks.

Credit risk arises from the potential that a counter party will fail to perform its obligations. The District is exposed to credit risk on the loans and mortgages receivable. The District mitigates its risk by securing the loans with the underlying properties however at this time, they have unsecured loans within the range of \$19M and \$23M from EnCharis Community and Housing Services ("ECHS"). 94% (2010 - 93%) of the balance of loans and mortgages receivable are from ECHS. The District is also exposed to credit risk through its investments in corporate bonds. The District mitigates the risk of its investment in bonds through the overall quality and mix of its bond portfolio.

THE LUTHERAN CHURCH - CANADA, THE ALBERTA-BRITISH COLUMBIA DISTRICT
Notes to Non-Consolidated Financial Statements
Year Ended January 31, 2011

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Controlled entity

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

On December 2, 1996, RRSP was incorporated under the Companies Act of Alberta as a trust agent and investment manager of registered retirement savings plans and registered retirement income plans for annuitants. The District has the same Board of Directors and management as RRSP and make all of the key decisions for this entity. RRSP's financial statements are not consolidated in the District's financial statements, however summary information of RRSP is provided in Note 7.

Entity subject to significant influence

Encharis Community Housing Services ("ECHS"):

ECHS is a non-profit organization as defined under paragraph 149(1)(1) of the Income Tax Act (Canada) and is therefore not subject to income taxes. ECHS was incorporated on November 9, 2005 under the Companies Act of Alberta and commenced operations on February 1, 2006. The Company provides residential services to persons above the age of 55. Through the use of its properties, ECHS provides rental accommodation, residential units under life leases and palliative care to seniors. Summary information of ECHS is provided in Note 9.

The District is in a position of significant influence over ECHS due to the following factors:

- i) The District's representation on the Board of Directors of ECHS;
- ii) The District provides a credit facility to ECHS to assist in the temporary settlement of life leases (Note 16);
- iii) The significance of District's mortgage loan investments in ECHS (Note 8);
- iv) The high degree of economic dependence of ECHS on the District; and
- v) The District's guarantee (Note 15) of ECHS mortgage loans payable.

Revenue recognition

Restricted contributions related to general operations are recognized as revenue of the Current Fund in the year in which the related expenses are incurred. All other restricted contributions are recognized as revenue of the appropriate restricted fund.

Unrestricted contributions are recognized as revenue of the Current Fund in the year received or receivable if the amount to be received can be reasonably estimates and collection is reasonably assured.

Contributions for endowment are recognized as revenue in the Restricted Fund.

Investment income earned on restricted Fund resources is recognized as revenue of the Restricted Fund. Unrestricted investment income earned on Restricted Fund resources is recognized as revenue of the Current Fund. Investment income earned on building campaign resources is recognized as revenue of Plant Fund. Other investment income is recognized as revenue of the Church Extension Fund.

Seminar fees are recognized as revenue of the Restricted Fund when the seminars are held.

THE LUTHERAN CHURCH - CANADA, THE ALBERTA-BRITISH COLUMBIA DISTRICT
Notes to Non-Consolidated Financial Statements
Year Ended January 31, 2011

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Measurement uncertainty

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

A key area of estimation relates to the valuation of the mortgages and loans receivable, specifically the loan to ECHS. Summary financial information is included in Note 9. The loan is currently undersecured by approximately \$19,000,000 to \$23,000,000. The valuation of the loan is based on estimates of cash inflows that extend into the distant future beyond 30 years which may result in a change in estimate. Management is contemplating restructuring certain terms of the loan. As of the audit report date, the restructuring had not been finalized and approved by the Board of Directors.

Impaired loans and allowance for loan impairment

The Company regularly assesses loan values for loan impairment. The carrying amount of these loans is compared to the discounted future cash flows at the effective interest rate inherent in the loans. Where the discounted future cash flows are less than the carrying value, a loan impairment is recorded to lower the carrying value to the discounted future cash flow amount. Currently, no allowance for loan impairment exists.

Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into Canadian dollars at the exchange rate in effect at the year end. Transactions in foreign currencies are translated into Canadian dollars at the exchange rate in effect at the date of the transaction. Gains and losses arising from translation of assets and liabilities are included in earnings for the year.

Capital management requirements

Capital is comprised of the District's fund balances, mortgage loan and investor obligations. The District manages its capital primarily through its investments and adheres to the guidelines of the District's investment policies. There have been no changes to these guidelines during the year.

Cash and term deposits

The District's policy is to disclose bank balances under cash and cash equivalents, including bank overdrafts with balances that fluctuate frequently from being positive to overdrawn and temporary investments with a maturity period of three months or less from the date of acquisition. Term deposits and cash that the entity cannot use for current transactions because they are used for portfolio investments are also excluded from cash and cash equivalents.

THE LUTHERAN CHURCH - CANADA, THE ALBERTA-BRITISH COLUMBIA DISTRICT
Notes to Non-Consolidated Financial Statements
Year Ended January 31, 2011

5. CASH AND TERM DEPOSIT

	2011	2010
Cash (bank indebtedness)	\$ 1,103,821	\$ (483,341)
Term deposit with maturity of 90 days or less	-	3,000,000
	<u>\$ 1,103,821</u>	<u>\$ 2,516,659</u>

The Overdraft lending facility has a limit of \$8,000,000 payable on demand with interest at the Bank of Montreal's prime lending rate plus 0.75% (2010 - 0.25%). The amount which may be borrowed under the arrangement is the lesser of the limit of the Overdraft Lending Facility and the discounted value of the investments administered by entities of the Bank of Montreal and assigned to the bank as security for the credit facility. Security for the Lending Facility is a General Security Agreement being a floating charge over all of the assets of the District.

Advances may be converted to a Fixed Rate Operating Loan to a maximum of \$3,000,000.

Additional components of the borrowing facility is as follows:

- i) A \$1,000,000 (2010 - \$3,000,000) Life Lease contingency line of credit. The bank undertakes to loan mortgage funds to potential approved purchasers of Life Lease residences in seniors' housing projects. If any of the individual mortgagors default on their mortgage obligation to the bank, the District is obligated to pay the outstanding balance to the bank and recover that amount from the subsequent resale of the Life Leased residence. The life leases are included in the financial statements of the District's debtor, EnCharis Community Housing Services.
- ii) A \$150,000 credit facility for the corporate mastercard.

6. PORTFOLIO INVESTMENTS

	2011	2010
Cash	\$ 1,573,055	\$ 312,091
Restricted cash	188,201	-
Bonds, equities and funds (market value \$16,359,296, 2010 - \$16,105,762)	<u>15,736,525</u>	<u>17,916,241</u>
	<u>\$ 17,497,781</u>	<u>\$ 18,228,332</u>

The District had unrealized gains of \$622,771 (2010 - unrealized losses of \$1,810,479). These have not been included in the determination of excess revenues over expenditures in the year.

Restricted cash is for future capital commitments required under two investment funds.

THE LUTHERAN CHURCH - CANADA, THE ALBERTA-BRITISH COLUMBIA DISTRICT
Notes to Non-Consolidated Financial Statements
Year Ended January 31, 2011

7. LUTHERAN CHURCH - CANADA, THE ALBERTA - BRITISH COLUMBIA DISTRICT INVESTMENTS LTD.

A summary of RRSP's financial statements at January 31, 2011 is as follows:

	<u>2011</u>	<u>2010</u>
Statement of Financial Position		
Cash	\$ 1,203,485	\$ 580,602
Marketable securities and accrued interest	7,255,973	4,273,555
Loans receivable	<u>20,654,505</u>	<u>20,845,797</u>
	29,113,963	25,699,954
Accounts payable	7,538	-
Interest payable	121,444	108,308
Advance from District	72,478	81,677
Annuitants' obligations	<u>28,912,503</u>	<u>25,509,969</u>
	\$ 29,113,963	\$ 25,699,954
	<u>2011</u>	<u>2010</u>
Statement of Revenues over expenses		
Revenue	\$ 1,450,041	\$ 1,520,402
Expense	<u>(1,450,041)</u>	<u>(1,520,402)</u>
	\$ -	\$ -
	<u>2011</u>	<u>2010</u>
Statement of cash flows		
Cash flow from operating activities	\$ 141,109	\$ 231,237
Cash flow from investing activities	(3,081,116)	(1,711,691)
Cash flow from financing activities	<u>3,326,214</u>	<u>2,123,579</u>
	\$ 386,207	\$ 643,125

During the year, the District received management fees of \$67,121 (2010 - \$112,920) from RRSP. These transactions were in the normal course of operations and were measured at the exchange value which represented the amount of consideration established and agreed to by the parties. The amounts due from RRSP are subject to normal trade terms and as such have been included in accounts receivable.

The District holds a mortgage loan payable to RRSP in the amount of \$6,011,283 (2010 - \$5,955,625). The mortgage payable to RRSP is secured by property in Strathmore, Alberta, bears interest at 6.50% per annum, with interest payments due monthly on the first day of each month. During the year, the District recorded interest expense on this mortgage of \$384,012 (2010 - \$379,412).

THE LUTHERAN CHURCH - CANADA, THE ALBERTA-BRITISH COLUMBIA DISTRICT
Notes to Non-Consolidated Financial Statements
Year Ended January 31, 2011

8. LOANS AND MORTGAGES RECEIVABLE

	2011	2010
<i>Restricted Fund</i>		
Interest-free unsecured automobile loans made to pastors of the District from funds deposited interest-free by other pastors of the District.	\$ 42,488	\$ 44,335
<i>Church Extension Fund</i>		
Mortgage receivable from ECHS, bearing interest at 5.5% to 7.0% payable monthly on the first day of each month and with principal repayments of \$2,000,000 due annually on February 1. The mortgage is partially secured by Prince of Peace Village and Manor properties and the Chestermere property. As at January 31, 2011, interest of \$1,936,000 (2010 - \$1,283,870) was in arrears on the ECHS loan.	4,289,957	3,491,020
Maturity dates of loans receivable vary with interest rates ranging from 6.0% to 7.0% per annum and are secured by the individual properties to which they relate.	64,520,542	61,197,183
	\$ 68,852,987	\$ 64,732,538

During the year, the District recorded interest income in the amount of \$3,707,000 (2010 - \$3,345,000) on the ECHS mortgages.

THE LUTHERAN CHURCH - CANADA, THE ALBERTA-BRITISH COLUMBIA DISTRICT
Notes to Non-Consolidated Financial Statements
Year Ended January 31, 2011

9. ENCHARIS COMMUNITY HOUSING AND SERVICES

A summary of ECHS's unaudited financial statements at March 31, 2010 is as follows:

	<u>2010</u>
Statement of Financial Position	
Cash	\$ 244,961
Accounts receivable	1,419,727
Property, plant and equipment	94,275,772
Due from Encharis Group	<u>16,984,056</u>
	<u>\$ 112,924,516</u>
Accounts payable and other	\$ 508,877
Designated funds	33,970,313
Long-term debt	89,732,586
Net assets	<u>(11,287,260)</u>
	<u>\$ 112,924,516</u>
Statement of Operations	
Revenue	\$ 4,875,238
Expenses	<u>6,303,446</u>
Deficit	<u>\$ (1,428,208)</u>

10. LAND PROCEEDS ASSIGNMENT

In 2009, the District entered into an agreement whereby \$6,000,000 of mortgage loans receivable were exchanged by contract for the rights to proceeds from future land sales made by the former mortgage debtor. The assignment of land proceeds receivable has been recorded at the net book value of the mortgage loan receivable extinguished in the Plant Fund. Under this agreement, the District is entitled to receive any proceeds from the land sale in excess of the mortgage loan receivable extinguished but will have no recourse if the eventual proceeds received are not sufficient to discharge the receivable in full. The timing of the related land sale is unknown and because of this, the eventual proceeds are indeterminable. It is management's opinion that the proceeds received from the eventual land sale will be sufficient to discharge the assignment of the land proceeds receivable as recorded in the financial statements.

11. DEFERRED LOAN

	<u>2011</u>	<u>2010</u>
Deferred loan to Concordia Lutheran Church	\$ 151,193	\$ 251,144

In 1996, the District entered into a Mission Subsidy and Loan Repayment Agreement with Concordia Lutheran Church ("Concordia"). Under the terms of the agreement, \$500,000 was advanced to Concordia. On each of January 2002, 2005, 2008 and 2011, Concordia assumed repayment of interest and principal on \$100,000 of the loan. The remaining \$100,000, plus accrued interest, will transfer to Concordia on January 1, 2014 and as such, the amount above reflects the portion of the loan obligation not yet assumed by Concordia.

THE LUTHERAN CHURCH - CANADA, THE ALBERTA-BRITISH COLUMBIA DISTRICT
Notes to Non-Consolidated Financial Statements
Year Ended January 31, 2011

12. PROPERTY AND EQUIPMENT

	Cost	Accumulated amortization	2011 Net book value	2010 Net book value
Building	\$ 833,892	\$ 471,513	\$ 362,379	\$ 806,823
Equipment	120,100	75,175	44,925	118,427
	<u>\$ 953,992</u>	<u>\$ 546,688</u>	<u>\$ 407,304</u>	<u>\$ 925,250</u>

13. PROPERTIES HELD FOR SALE

Properties held for sale include assets that the District took over from congregations that were unable to continue with the loan arrangements. The Plant Fund took possession of those properties and the corresponding loans to CEF at 7.00%. Interest in the amount of \$2,043,507 (2010 - \$1,145,207) is owed to CEF from the Plant Fund on these properties. The Plant Fund will repay the CEF Fund upon the ultimate disposal of these properties.

14. INTERFUND LOANS

a) Loans

Funds loaned between the CEF and the Plant Fund accrue interest at 7.00% per annum until the carrying value of the property and accrued interest are in combination equal to the market value of the property. The amount of interest charged during the year was \$1,002,868 (2010 - \$977,713).

b) Investments

The interfund balances represent amounts the the Restricted Fund has advanced to the CEF to be invested along with funds invested by individual investors yielding interest from 2.25% to 7.00%.

15. INVESTOR OBLIGATIONS

	2011	2010
Notes payable to investors due on demand, bearing interest from 1.75% to 5.5%	\$ 96,504,246	\$ 93,760,540
Balances payable to investors, due on demand, without interest	259,680	287,560
	<u>\$ 96,763,926</u>	<u>\$ 94,048,100</u>

16. COMMITMENTS AND CONTINGENCIES

The Company has entered into an agreement with its debtor, EnCharis Community Housing Services (ECHS), that it will provide a credit facility of up to \$1,000,000 (2010 - \$3,000,000) to assist financing in the temporary settlement of any life leases held by ECHS. ECHS is required to repay the funds to the District upon the replacement of the life lease interest. As at January 31, 2011, The District had guaranteed \$606,458 (2010 - \$1,143,574) related to ECHS life leases.

The District guaranteed a commercial loan of up to \$5,000,000 to ECHS. The District is liable to pay any balance owing on demand to the commercial lender in the case of default by ECHS.

This is EXHIBIT "21" referred
to in the Affidavit of
Randall Scott Kellen

Sworn before me this 15th
day of May, 2015

[Signature]
A Notary Public in and for the
Province of British Columbia

Encharis Management and Support Services
Financial Statements
For the years ended March 31, 2013 and March 31, 2012

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BDO Canada LLP
520, 905 - 8th Avenue SW
Calgary AB T2P 0P7 Canada

Independent Auditor's Report

To the Board of Directors of Encharis Management and Support Services

We have audited the accompanying financial statements of Encharis Management and Support Services, which comprise the statements of financial position as at March 31, 2013, March 31, 2012 and April 1, 2011, and the statements of revenues and expenditures, changes in net liabilities and cash flows for the years ended March 31, 2013 and March 31, 2012, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our qualified audit opinion.

Basis for Qualified Opinion

Management advised us that there are two entities with the same Boards of Directors and are therefore under common control. We have been unable to obtain satisfactory evidence as to the accuracy of amounts required for the disclosures related to entities under common control, as the entities have not been subject to audits. There are no requirements for these entities to be audited. As a result, management was unable to present the balances as at March 31, 2013, March 31, 2012 and April 1, 2011 or the results of operations for the years ended March 31, 2013 and March 31, 2012 with respect to the disclosure of each controlled organization's financial information as required in accordance with Canadian accounting standards for not-for-profit organizations and these have consequently been excluded from the financial statements.



Qualified Opinion

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of Encharis Management and Support Services as at March 31, 2013, March 31, 2012 and April 1, 2011, and the results of its operations, changes in net liabilities, and its cash flows for the years ended March 31, 2013 and March 31, 2012 in accordance with Canadian accounting standards for not-for-profit organizations.

Emphasis of Matter

In forming our qualified opinion on the financial statements, we draw attention to Note 2 in the financial statements which indicates that the organization has a \$1,920,859 working capital deficit at March 31, 2013 (\$2,314,668 at March 31, 2012), recognized cumulative losses of \$1,851,065 (2012 - \$2,227,088) and is dependent upon the support of Encharis Community Housing Services ("ECHS"), a party related by virtue of common control. These conditions along with other matters as set forth in Note 2, indicate the existence of material uncertainty that may cast significant doubt about the entity's ability to continue as a going concern.

BDO Canada LLP

Chartered Accountants

Calgary, Alberta
December 9, 2013

**Encharis Management and Support Services
Statement of Financial Position**

	March 31, 2013	March 31, 2012	April 1, 2011
Assets			
Current			
Cash	\$ 469,570	\$ 284,415	\$ 1,850
Cash held by related party (Note 4)	-	-	133,305
Restricted cash (Note 5)	260,002	249,088	246,185
Accounts receivable (Note 6)	146,092	54,430	34,309
Inventory	17,954	13,858	-
	<u>893,618</u>	<u>601,841</u>	<u>415,649</u>
Restricted investment (Note 7)	5,000	5,000	5,000
Property and equipment (Note 8)	64,794	82,530	79,654
	<u>\$ 963,412</u>	<u>\$ 689,421</u>	<u>\$ 500,303</u>

Liabilities and Net Liabilities

Current			
Bank indebtedness	\$ -	\$ -	\$ 117,653
Accounts payable and accrued liabilities (Note 6 & Note 9)	641,940	523,265	459,285
Deferred revenue (Note 9)	-	116,282	-
Due to related parties (Note 4)	1,898,699	2,025,378	1,995,723
Customer deposits	7,133	2,526	-
Security deposits payable (Note 5)	266,705	249,058	246,185
	<u>2,814,477</u>	<u>2,916,509</u>	<u>2,818,846</u>
Unrestricted net liabilities	<u>(1,851,065)</u>	<u>(2,227,088)</u>	<u>(2,318,543)</u>
	<u>\$ 963,412</u>	<u>\$ 689,421</u>	<u>\$ 500,303</u>

Commitments (Note 11)

Approved on behalf of the Board:

_____, Director

_____, Director

The accompanying notes are an integral part of these financial statements.

Encharis Management and Support Services Statement of Revenues and Expenditures

For the Years Ended March 31	2013	2012
Revenue		
Alberta health services funding (Note 9)	\$ 4,992,047	\$ 4,192,722
Community centre rental and catering	54,474	49,600
Donations	5,608	13,769
Guest services	9,412	13,152
Recognition of deferred revenue (Note 9)	91,086	45,718
Resident services	115,630	60,045
Suite rental	4,871,193	4,787,674
	<u>10,139,450</u>	<u>9,162,680</u>
Expenditures		
Administration (see schedule of expenses)	503,022	626,080
Advertising and promotion	1,297	3,923
Amortization	23,987	23,486
Bad debt recovery	(14,820)	(5,089)
① Building lease (Note 4)	1,253,640	1,253,640
Cable	43,876	40,401
Computers and software	54,624	50,431
Consulting fees	280,160	100,594
Contract staff	433,815	994,347
Food services (see schedule of expenses)	1,484,692	1,488,230
Health services (see schedule of expenses)	3,608,289	2,549,220
Housekeeping (see schedule of expenses)	416,313	417,172
Insurance	91,245	72,667
Interest and bank charges	3,594	3,920
Maintenance (see schedule of expenses)	446,345	390,888
Memberships and licenses	790	4,272
Office stationery and supplies	17,340	17,815
Pastoral care	28,955	28,526
Professional fees	68,155	45,634
Property taxes	76,318	80,989
Recreational therapy (see schedule of expenses)	276,851	219,248
Resident activities	35,023	25,625
Telephone and internet	58,083	55,299
Utilities (Note 4)	520,774	519,038
Vehicle	170	598
Workers compensation	50,889	64,271
	<u>9,763,427</u>	<u>9,071,225</u>
Excess of revenue over expenditures for the year	\$ 376,023	\$ 91,455

① These payments are paid to ECHS. EMSS is only the operations of the Senior's Ministry and ECHS owns the buildings - had ~~by~~ EMSS operates in. The CEF loans are to ECHS. ECHS takes the majority of the lease payment (less operating costs) and applies those lease payments on the CEF loans.

The accompanying notes are an integral part of these financial statements.

Encharis Management and Support Services
Statement of Changes in Net Liabilities

March 31	2013	2012
Balance, beginning of year	\$ (2,227,088)	\$ (2,318,543)
Excess of revenue over expenditures	376,023	91,455
Deficit, end of year	\$ (1,851,065)	\$ (2,227,088)

	<u>2013</u>	<u>2012</u>
Net Income	\$ 376,023	\$ 91,455
Lease Payment*	1,253,640	1,253,640
*	<u>\$ 1,429,663</u>	<u>\$ 1,345,095</u>

* Available to be paid to ECHS to support CEF loans.

**Encharis Management and Support Services
Statement of Cash Flows**

<u>For the Years Ended March 31</u>	<u>2013</u>	<u>2012</u>
Cash from operating activities:		
Excess of revenue over expenditures for the year	\$ 376,023	\$ 91,455
Item not involving cash:		
Amortization	23,987	23,486
	<u>400,010</u>	<u>114,941</u>
Changes in non-cash working capital balances		
Accounts receivable	(91,612)	(20,171)
Accounts payable and accrued liabilities	105,302	63,981
Customer deposits	4,607	2,526
Security deposits payable	17,647	2,873
Due to related parties	(126,679)	52,235
Inventory	(4,096)	(13,858)
Deferred revenue	(102,909)	116,282
	<u>202,270</u>	<u>318,809</u>
Cash flows used in investing activities:		
Purchase of property and equipment	(6,201)	(26,413)
Restricted cash	(10,914)	(2,903)
	<u>(17,115)</u>	<u>(29,316)</u>
Cash flows used in investing activities:		
Advances to related parties	-	(22,580)
	<u>-</u>	<u>(22,580)</u>
Net increase in cash	185,155	266,913
Cash and cash equivalents, beginning of year	284,415	17,502
Cash and cash equivalents, end of year	\$ 469,570	\$ 284,415

The accompanying notes are an integral part of these financial statements.

Encharis Management and Support Services Notes to the Financial Statements

March 31, 2013 and March 31, 2012

1. Summary of Significant Accounting Policies

Nature of Operations

Encharis Management and Support Services, O/A Prince of Peace Manor and Harbour ("EMSS" - or the "Organization") was incorporated in 2005 as a not-for-profit corporation under the Societies Act of Alberta. The Organization is a Registered Charity under section 149 of the Income Tax Act.

The purpose of the Organization is to provide affordable seniors housing, regardless of faith or race, in an environment which promotes health, wellness and an active lifestyle for all its residents. EMSS continuously strives to be the provider of choice for its residents and employer of choice for its staff. EMSS also provides subsidized housing as prescribed under the Alberta Health Services Designated Assisted Living Program which applies to over 50% of the total residents at the Prince of Peace Manor and Harbour.

EMSS provides Integrated Supportive Living Services which incorporates the following components:

- i) The provision of Alberta Health Services Region funded care for the assessed care needs of all residents in the facility. The Facility must meet Level 4 requirements in the Levels of Supportive Living; and
- ii) The fundamental goal of the Integrated Supportive Living Service Model is to provide housing, hospitality, care and care-related services in accordance with the agreement with Alberta Health Services.

Basis of Accounting

The financial statements of the Organization have been prepared by management in accordance with Canadian accounting standards for not-for-profit organizations ("ASNPO"). The financial statements have, in management's opinion, been properly prepared using careful judgment with reasonable limits of materiality and within the framework of the significant accounting policies. These are the Organization's first financial statements prepared in accordance with ASNPO. An explanation of how the transition to ASNPO has affected the opening statement of financial position is described in Note 3.

Encharis Management and Support Services Notes to the Financial Statements

March 31, 2013 and March 31, 2012

1. Summary of Significant Accounting Policies (continued)

Use of Estimates

The preparation of financial statements in conformity with Canadian ASNPO requires management to make estimates and assumptions that affect the reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Accounts specifically affected by such estimates are accounts receivable, property and equipment and accounts payable and accrued liabilities.

By their nature, these estimates are subject to measurement uncertainty and the effect on the financial statements of changes in such estimates in future periods could be significant. Changes in estimates are recognized in the period of determination.

Cash

Cash consists of cash on hand and bank balances (including temporary overdrafts).

Property and Equipment

Property and equipment is recorded at the lower of cost less accumulated amortization or net realizable value. Amortization is recorded using rates and methods designed to amortize the cost of the assets over their estimated useful lives, as follows:

	Method	Rate
Furniture and fixtures	Declining balance	20%
Computer equipment	Declining balance	45%
Medical equipment	Straight line	20%
Vehicles	Straight line	20%

In the year of acquisition, half of the normal annual rate is recorded for amortization.

When an item of property and equipment no longer has any long-term service potential to the organization, the excess of its net carrying amount over any residual value is recognized as an expense in the statement of revenue and expenditures. Write-downs are not reversed.

Encharis Management and Support Services Notes to the Financial Statements

March 31, 2013 and March 31, 2012

1. Summary of Significant Accounting Policies (continued)

Inventory Inventory comprises food supplies. Inventory is stated at the lower of cost and net realizable value. Cost is determined on a weighted average basis. Total inventory expensed during the year included in food services (see schedule of expenses) was \$410,759 (\$389,689).

Revenue Recognition EMSS follows the deferral method of accounting for contributions. Revenues are recognized when the amount is estimable, collection is reasonably assured and when the following criteria are met:

i) Unrestricted contributions are recognized as revenue in the period received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

ii) Restricted contributions are deferred and recognized in the period in which the related expenses are incurred.

iii) Contributions externally restricted for the purchase of property and equipment are deferred and recognized on the same basis as the amortization expense of the related asset.

iv) Suite rental revenue is recorded on an accrual basis when earned and ultimate collection is reasonably assured.

v) Community centre rental and catering revenue, guest services revenue and resident services revenue are recognized when food and beverages and services have been provided to the consumer and collection is reasonably assured.

vi) Donations are recognized upon receipt. Amounts pledged as future contributions are not recognized unless the amount to be received can be reasonably estimated and ultimate collection is reasonably assured.

**Contributed Materials
and Services**

EMSS recognizes contributed materials and services only when the fair value can be reasonably determined and when the materials and services are used in the normal course of operations and would otherwise have been purchased.

Encharis Management and Support Services Notes to the Financial Statements

March 31, 2013 and March 31, 2012

1. Summary of Significant Accounting Policies (continued)

Financial Instruments

EMSS's financial instruments consist of cash, cash held by related party, restricted cash, accounts receivable, restricted investment, bank indebtedness, accounts payable and accrued liabilities, due to related parties, customer deposits and security deposits payable. All financial instruments are initially measured at fair value and subsequently measured at amortized cost, except for equities quoted in an active market, which are required to be measured at fair value, and financial instruments which are designated at fair value.

Financial assets are tested for impairment when changes in circumstances indicate an asset could be impaired.

Accounting For Entities Under Common Control

EMSS, EnCharis Community Housing and Services ("ECHS") and Shepherd's Village Ministries ("SVM") are under common control. Under ASNPO the Organization may either consolidate these organizations or provide separate note disclosure containing certain financial information about these organizations. EMSS has not consolidated these organizations and has not provided the required disclosure as the entities have not been subject to audits.

2. Going Concern

These financial statements have been prepared on a going concern basis that assumes the realization of assets and the satisfaction of liabilities and commitments in the normal course of operations. The Organization has a working capital deficit of \$1,920,859 (2012 - \$2,314,668) at March 31, 2013, which includes \$1,898,699 (2012 - \$1,941,827) payable to ECHS, a party related by virtue of common control, and recognized cumulative losses of \$1,851,065 (2012 - \$2,227,088). The continuation of the Organization is dependent upon its ability to secure funding from ECHS and Alberta Health Services. These matters indicate a material uncertainty that may cast significant doubt about the Organization's ability to continue as a going concern. These financial statements do not reflect the adjustments that would be necessary to the carrying amount and presentation of assets and liabilities if the going concern assumption were not appropriate and such adjustments may be significant.

Encharís Management and Support Services Notes to the Financial Statements

March 31, 2013 and March 31, 2012

3. First-time Adoption of Canadian ASNPO

Effective April 1, 2012, the Organization adopted the requirements of the new accounting framework, Canadian accounting standards for not-for-profit organizations (ASNPO) or Part III of the requirements of the Canadian Institute of Chartered Accountants (CICA) Handbook - Accounting. These are the Organization's first financial statements prepared in accordance with this framework and the transitional provisions of Section 1501, First-time Adoption have been applied. Section 1501 requires retrospective application of the accounting standards with certain elective exemptions and mandatory exceptions. The accounting policies set out in Note 1 - Summary of Significant Accounting Policies have been applied in preparing the financial statements for the year ended March 31, 2013, the comparative information presented in these financial statements for the year ended March 31, 2012 and in the preparation of an opening ASNPO statement of financial position at the date of transition of April 1, 2011.

The Organization issued financial statements for the year ended March 31, 2012 using generally accepted accounting principles prescribed by the CICA Handbook - Accounting Part V - Pre-changeover Accounting Standards. The adoption of ASNPO resulted in no adjustments to the previously reported assets, liabilities, net liabilities, excess of revenue over expenses and cash flows of the Organization.

The following exemption was used at the date of transition to Canadian accounting standards for not-for-profit organizations:

Business combinations

The Organization elected not to apply Section 1582 - Business combinations retrospectively to past business combinations prior to the date of transition.

Encharis Management and Support Services Notes to the Financial Statements

March 31, 2013 and March 31, 2012

4. Related Party Balances and Transactions

	2013	2012
Due to Encharis Community Housing and Services ("ECHS") - The amount due is unsecured, non-interest bearing and has no set terms of repayment. The organization is related due to being under common control.	\$ 1,898,699	\$ 1,941,827
Due to Shepherd's Village Ministries Ltd. ("SVM") - The amount due is unsecured, non-interest bearing and has no set terms of repayment. The organization is related due to being under common control.	-	83,551
	\$ 1,898,699	\$ 2,025,378

These transactions are in the normal course of operations and have been recorded at the agreed to exchange amounts that have been negotiated between the parties.

Related party balances arose due to advances by ECHS and SVM to EMSS to cover operating expenditures, and payments by ECHS on behalf of EMSS to cover certain of EMSS's expenditures.

Cash held by related party consisted of a bank account held in the name of ECHS, utilized for EMSS's operations. During 2012, funds in this account were transferred to an operating account in the name of EMSS.

The Organization was involved in the following related party transactions with entities under common control:

ECHS provides water and sewer services to EMSS. During the year, ECHS charged EMSS \$225,301 (2012 - \$225,301) for these services which is included in utilities expenses for the year. This charge will be included as a fixed annual charge in an agreement to be drawn up between ECHS and EMSS.

ECHS owns land and the buildings that EMSS is responsible for managing and from which EMSS derives suite rental revenue and other related revenues. ECHS charged EMSS \$1,235,640 (2012 - \$1,235,640) in rent for the buildings. At year end \$Nil (2012 - \$52,235) of this amount is included in due to related parties at year end.

At year end, EMSS had an outstanding balance owing to ECHS of \$13,908 (2012 - \$Nil) for reimbursement of expenses incurred by ECHS on behalf of EMSS.

Encharis Management and Support Services Notes to the Financial Statements

March 31, 2013 and March 31, 2012

4. Related Party Balances and Transactions (continued)

EMSS made a repayment of \$83,551 (2012 - \$Nil) to SVM in settlement of the related party balance outstanding at March 31, 2012.

At year end EMSS had an outstanding balance owing to senior personnel of \$20,814 (2012 - \$11,636).

5. Restricted Cash

Restricted cash consists of security deposits collected from tenants and held in a separate bank account until refunded upon the tenant's departure.

6. Government Remittances and Receivables

The government remittances payable at the year end are \$329 (2012 - \$351). Included in accounts receivable at year end is GST receivable of \$6,879 (2012 - \$6,385).

7. Restricted Investment

The restricted investment consists of a guaranteed investment certificate restricted as collateral for the use of a corporate credit card. This amount will be returned upon the cancellation of the deposit. The interest rate for this investment is 1.8% (2012 - 1.8%) and matures in July 2013.

**Encharis Management and Support Services
Notes to the Financial Statements**

March 31, 2013 and March 31, 2012

8. Property and Equipment

Property and equipment consists of the following:

	2013		2012	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Furniture and fixtures	\$ 24,406	\$ (4,917)	\$ 24,406	\$ (2,656)
Computer equipment	18,018	(10,606)	11,816	(8,093)
Medical equipment	58,068	(39,175)	58,068	(27,561)
Vehicles	38,000	(19,000)	38,000	(11,400)
	<u>\$ 138,492</u>	<u>\$ (73,698)</u>	<u>\$ 132,290</u>	<u>\$ (49,710)</u>
Net Book Value	<u>\$ 64,794</u>		<u>\$ 82,580</u>	

9. Revenue and Deferred Revenue

A total grant of \$4,992,047 (2012 - \$4,192,722) was provided by AHS to EMSS for the purpose of the supportive living program, received in monthly installments at the beginning of each month commencing April 2011 and EMSS is allowed to employ resources at their discretion provided that EMSS shall be responsible to ensure that required outcomes are achieved and accountability criteria are met (Note 11).

Should any of the conditions not be complied with, the funding may be repayable to Alberta Health Services. EMSS was in compliance with the financial conditions of the funding up to the end of the 2012 period and believes they are in compliance to date.

During 2012, AHS provided an additional \$162,000 to EMSS, to cover the costs of an experienced continuing care management consultant, for a one year period commencing November 1, 2011. The Organization utilized \$91,086 (2012 - \$45,718) of these funds for the purpose stipulated. Unused funds of \$25,196 as at March 31, 2013 were reclassified to accounts payable and accrued liabilities in anticipation of repayment to AHS.

During 2013, the Organization received \$13,373 of restricted contributions for the purposes of bus repairs, employee functions, garden improvements and foundation donations. These funds have not been used at year end for their intended purpose and are presented in deferred revenue.

Encharis Management and Support Services Notes to the Financial Statements

March 31, 2013 and March 31, 2012

10. Financial Instruments

As disclosed in the summary of significant accounting policies, EMSS holds various forms of financial instruments. The nature of these instruments and EMSS's operations expose EMSS to credit risk and liquidity risk.

a) Credit Risk

Credit risk is the risk that EMSS will incur a financial loss because a client has failed to discharge an obligation. EMSS is exposed to credit risk on its cash, restricted cash and accounts receivable. This risk is mitigated by the fact that accounts receivable is primarily comprised of GST rebates from the Government of Canada, and small amounts due from a large population of tenants. To further mitigate this risk, EMSS regularly reviews its accounts receivable list and follows up on collections in a timely manner. At March 31, 2013, significantly all of EMSS's cash and restricted cash was held at a recognized Canadian Financial Institution. As a result, EMSS is exposed to all of the risks associated with that institution.

b) Liquidity Risk

Liquidity risk is the risk that EMSS will not be able to meet its financial obligations as they become due. EMSS's approach to managing liquidity risk is to secure support from its related entities. Both actual and forecasted cash flows and operating results are carefully monitored in order to ensure adequate cash flows. EMSS continues to generate revenues in excess of expenditures with a focus on decreasing costs when possible, as well as generating positive cash flows from operations. Alberta Health Services continues to support EMSS's operations with monthly cash advances, due to the need for seniors housing in Alberta.

11. Commitments

a) EMSS entered into a service agreement with Alberta Health Services - Calgary Health Region. In order to receive funding as described in Note 9, EMSS has to comply with certain objectives for the Integrated Supportive Living Service as outlined in Note 1.

b) EMSS entered into a lease agreement with ECHS to rent building space for the period April 1, 2013 - March 31, 2014 (Note 4). Rent for the year is set at \$1,397,640.

Encharis Management and Support Services Notes to the Financial Statements

March 31, 2013 and March 31, 2012

12. Controlled Entities

Encharis Community Housing and Services and Shepherd's Village Ministries Ltd. are both under common control. As noted in Note 1 - Accounting for Entities Under Common Control, these organizations have not been consolidated in EMSS's financial statements, nor has the Organization provided the required note disclosure.

ECHS is a not-for-profit organization under the Canada Corporations Act and is exempt from income taxes. ECHS owns a retirement facility and condominium units under life lease. ECHS performs management functions and leases its facilities to EMSS for the purpose of providing affordable living for seniors in Calgary and surrounding areas.

SVM is a not-for-profit organization under the Canada Corporations Act and is exempt from income taxes. SVM builds and owns condominium units under life lease. SVM performs management functions for the condominium corporation for the purpose of providing affordable living for seniors in the Valleyview and surrounding area. SVM does not provide any services to EMSS.

Encharis Management and Support Services Schedule of Expenses

For the Years Ended March 31	2013	2012
Administration		
Equipment lease	\$ 10,890	\$ 7,364
General and administration	70,642	77,632
Salaries and benefits	<u>421,490</u>	<u>541,084</u>
	<u>\$ 503,022</u>	<u>\$ 626,080</u>
Food Services		
Food costs	\$ 368,237	\$ 347,372
General and administration	63,811	51,854
Salaries and benefits	<u>1,052,594</u>	<u>1,089,004</u>
	<u>\$ 1,484,692</u>	<u>\$ 1,488,230</u>
Health Services		
Salaries and benefits	\$ 3,568,644	\$ 2,532,575
General and administrative	<u>39,645</u>	<u>16,645</u>
	<u>\$ 3,608,289</u>	<u>\$ 2,549,220</u>
Housekeeping		
Salaries and benefits	\$ 356,405	\$ 345,010
General and administrative	<u>59,908</u>	<u>72,162</u>
	<u>\$ 416,313</u>	<u>\$ 417,172</u>
Maintenance		
General and administrative	\$ 89,972	\$ 106,124
Repairs and maintenance - building	56,013	19,724
Repairs and maintenance - equipment	44,239	27,086
Repairs and maintenance - property	11,033	11,804
Salaries and benefits	<u>245,088</u>	<u>226,150</u>
	<u>\$ 446,345</u>	<u>\$ 390,888</u>
Recreational Therapy		
Salaries and benefits	\$ 276,851	\$ 219,248

The accompanying notes are an integral part of these financial statements.

TOWN OF VALLEYVIEW

Portal to the Peace

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It's Within Your Reach ~ 55 + Living in the Peace



THE SHEPHERD'S VILLAGE

A Christian Independent Adult 55+ Living Community

This is EXHIBIT "22" referred to in the Affidavit of Randall Scott Kellen Sworn before me this 15 day of May, 2015

R. Kellen
A Notary Public in and for the Province of British Columbia

AFFORDABILITY

- **Purchase:** Range from \$170,000 to \$235,000 no profit mark-up;
- **Save up to 50% on energy costs** (based on study of comparably-sized home in Valleyview regarding natural gas consumption, Shepherd's Village units size range from 936 to 1096 sq ft used on average 10 - 15 gj in December 2009);
- **Maintenance-free living;**
- **Rental and Life Lease options available.**

LOCATION

Ideally located in Valleyview on newly twinned Highway 43. Convenient access to Edmonton, Grande Prairie and Peace Country. Attractive 11-acre site with park, pond, and walking paths.

A SENSE OF COMMUNITY

Caring, secure, and committed to meeting needs of independent adults. Opportunities for social and recreational activities. Sunroom, exercise room, games and craft room.

Look at the other features of the Shepherd's Village

- **8 exciting floor plans** in bungalow or condo apartment styles
- **800 to 1096 sq. ft.**, choice of single or double attached garages on some homes
- **energy-efficient design**, insulated styrofoam block basements
- **main floor washer/dryer location**, choice of interior finishes, covered patios
- **43 of 75 units** now built
- **many optional extra services** available -- call for more details. 780-524-4987



Beautiful Setting

In Housing:

- [Shepherd's Village](#)

"Nothing like it in Alberta"

Operated as a not-for-profit organization, the Shepherd's Village is committed to providing a caring and secure environment to people over 55.

The Shepherd's Village is a one-of-a-kind development in Alberta. Affordable prices, a guaranteed buy-back, a beautiful setting, well-designed housing, and common gathering and recreation areas make the Village an important addition to the Peace Country. Designed to ensure independent adult living, additional services such as meal and home care are available as needed.

The Shepherd's Village is open to people of all faith backgrounds.

You will find that a visit to the Shepherd's Village is a welcoming, informing, and comfortable experience. Give us a call or stop by at your convenience. 780-524-4987

The Shepherd's Village is located in the northeast area of Valleyview, visible from Highway 49. To drive to the Shepherd's Village, enter Valleyview on Main Street, turn north at 4-way stop, go to end of pavement, turn right, and go 7 blocks. Follow signs to Shepherd's Village.

Project Overview - The Beginnings

The Overall Plan

Housing Styles

Services

Costs

Triplex - Features

Contact us: info@valleyview.ca

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