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JUDICIAL CENTRE	CALGARY
DOCUMENT	SEVENTH REPORT OF THE MONITOR IN THE MATTER OF THE COMPANIES CREDITORS' ARRANGEMENT ACT, R.S.C. 1985 c. C-36 AS AMENDED AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF LUTHERAN CHURCH – CANADA, THE ALBERTA – BRITISH COLUMBIA DISTRICT, LUTHERAN CHURCH – CANADA, THE ALBERTA – BRITISH COLUMBIA DISTRICT INVESTMENTS LTD., ENCHARIS COMMUNITY HOUSING AND SERVICES AND ENCHARIS MANAGEMENT AND SUPPORT SERVICES DATED OCTOBER 20, 2015
ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT	Counsel Gowling Lafleur Henderson LLP 1600, 421 7th Avenue SW Calgary, Alberta T2P 4K9 Attention: Jeffrey Oliver Telephone/ Facsimile: 403-298-1000/ 403-263-9193 Email: Jeffrey.Oliver@gowlings.com Monitor Deloitte Restructuring Inc. 700 Bankers Court, 850 – 2nd Street SW Calgary, AB T2P 0R8 Attention: Jeff Keeble & Vanessa Allen Telephone/Facsimile: 403-298-5955/ 403-718-3681 Email: jkeeble@deloitte.ca & vanallen@deloitte.ca

Table of Contents

SCHEDULES

Introduction and Notice to Reader

Introduction

1. On January 23, 2015 (the "Filing Date"), Lutheran Church – Canada, the Alberta – British Columbia District (the "District"), Encharis Community Housing and Services ("ECHS"), Encharis Management and Support Services ("EMSS") and Lutheran Church – Canada, the Alberta – British Columbia District Investments Ltd. ("DIL" or "District Investments", collectively the "Applicants" or the "District Group") obtained an Initial Order (the "Initial Order") from the Court of Queen's Bench of Alberta (the "Court") under the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "CCAA"). Deloitte Restructuring Inc. ("Deloitte") was appointed as Monitor (the "Monitor") in the CCAA proceedings.

2. For clarity, the District includes the Church Extension Fund ("CEF"), which was originally created to allow District members to loan their money and earn interest in faith-based developments. CEF was operated under the purview of the District's Department of Stewardship and Financial Ministries and was not created as a separate legal entity. As such, depositors to CEF are creditors of the District (the "District Depositors"). Depositors to DIL will be referred to as the "DIL Depositors". The District Depositors and the DIL Depositors will be collectively be referred to as the "Depositors".

3. The Initial Order provided for an initial stay of proceedings (the "Stay") until February 20, 2015. The Court has now granted four extensions of the stay of proceedings with the most recent Order being granted at an application on August 28, 2015 (the "August 28 Hearing"), which extended the Stay until October 30, 2015.

4. Prior to the Initial Order being granted, Deloitte prepared a Pre-Filing Report of the Proposed Monitor dated January 22, 2015. The Monitor subsequently filed the First Report of the Monitor dated February 17, 2015, the second report of the Monitor dated March 23, 2015, the Third Report of the Monitor dated June 16, 2015, the Fourth Report of the Monitor dated June 24, 2015 (the "Fourth Report"), the Fifth Report of the Monitor dated August 24, 2015 (the "Fifth Report) and the Sixth Report of the Monitor dated September 9, 2015 (the "Sixth Report", collectively the "Reports"). The Monitor also filed a confidential supplement to the Second Report dated March 25, 2015, a confidential supplement to the Fourth Report dated June 25, 2015 and a confidential supplement to the Fifth Report dated August 26, 2015 (the "Fifth Supplement, collectively the "Supplements"). The Supplements provided the Court with additional detail with respect to the District Group's applications for the approval of the sale of six parcels of land (the "Sale Lands"). The Supplements were sealed by the Court in order to

avoid tainting any future sale processes that would be required if any of the transactions involving the Sale Lands failed to be completed.

5. Capitalized terms not otherwise defined herein shall have the meanings given to them in the Reports.

6. Information on the CCAA proceedings can be accessed on Deloitte's website at www.insolvencies.deloitte.ca under the link entitled "Lutheran Church – Canada, the Alberta – British Columbia District et. al." (the "Monitor's Website").

Notice to Reader

7. In preparing this report, the Monitor has relied on unaudited financial information, the books and records of the Applicants and discussions with the Applicant's employees, interested parties and stakeholders. The Monitor has not performed an independent review or audit of the information provided.

8. Certain of the information referred to herein consists of financial forecasts and/or projections. The financial forecasts included in this report are the responsibility of management for the Applicants ("Management"). Management's responsibility extends beyond ensuring that the individual assumptions used to prepare the financial forecasts are appropriate in the circumstances to ensuring that the assumptions as a whole are appropriate. While the Monitor has reviewed the information, the Monitor has not performed an audit or other verification of such information. Future oriented financial information included in this report is based on Management's assumptions regarding future events. Actual results achieved may vary and these variations may be material.

9. The Monitor assumes no responsibility or liability for any loss or damage occasioned by any party as a result of the circulation, publication, reproduction, or use of this report.

10. All amounts included herein are in Canadian dollars unless otherwise stated.

Court Applications

11. The activities of both the Monitor and the Applicants leading up to the August 28 Hearing are detailed in the Reports.

12. The Fifth Report provided additional information with respect to the following:

    12.1. The Monitor's activities since the date of the Fourth Report, June 24, 2015;

    12.2. An update on the plans of arrangement being prepared for each of the Applicants;

    12.3. An update on the Monitor's preliminary review of the use of funds advanced to acquire and build out the Prince of Peace development;

    12.4. An update on the responses received pursuant to an Order granted on June 18, 2015 for the preservation of the Applicants' records;

    12.5. Updates on various matters relevant to the CCAA Proceedings;

    12.6. An update on the sale of real estate properties;

    12.7. The statements of projected cash flow for the period ended November 28, 2015 for each of the Applicants and the variance analysis for the nine week period ended August 15, 2015 for each of the Applicants; and

    12.8. The relief sought by the District Group at the August 28 Hearing.

13. At the August 28 Hearing, this Honourable Court approved Orders including the following relief:

    13.1. Extending the Stay from August 28 to October 30, 2015;

    13.2. Approving an offer (the "Revelstoke Offer") on the sale of the Revelstoke Lands, which are municipally known as 1502 Mountainview Drive in Revelstoke, British Columbia;

    13.3. Authorizing DIL to transfer up to $15.0 million from the registered retirement savings plans currently held by DIL to new registered retirement savings plans (the "New Registered Plans") held by Great-West Life Assurance Company ("GWL", the "DIL Distribution", the "DIL Distribution Order);

    13.4. Authorizing DIL to release personal information respecting DIL Depositors to GWL and its agent, Yellow Raincoat Benefit Consultants ("Yellow Raincoat");

    13.5. Sealing the Confidential Affidavit of Kurtis Robinson, sworn on August 17, 2015 and the Third Supplement, both of which provided additional information related to the Revelstoke Offer;

13.6. Approving payment of real estate commissions payable on the sale of lands defined in the Fifth Report as the "Faith Lands"; and

13.7. Extending the claims bar date set out in the claims process that was approved by the Court on February 20, 2015 to allow ARS Collection Agency of Canada Inc., operating as Fiserv and Fiserv Solutions, to submit a proof of claim in the CCAA proceedings.

14. Subsequent to the August 28 Hearing, the buyer failed to waive the conditions included in the Revelstoke Offer and, as such, the transaction contemplated in the Revelstoke Offer could not be completed.

15. The Sixth Report provided information regarding a subsequent transaction involving the Revelstoke Lands (the "Revelstoke Transaction").

16. At a hearing on September 14, 2015 (the "September 14 Hearing") the Court granted an Order approving the following relief:

16.1. Approving the Revelstoke Transaction; and

16.2. Sealing the Confidential Affidavit of Kurtis Robinson, sworn on September 4, 2015 (the "Confidential Affidavit"), which provided additional information related to the Revelstoke Transaction.

17. This report constitutes the Seventh Report of the Monitor (the "Seventh Report"). The Seventh Report provides additional information with respect to the following:

17.1. The Monitor's activities since the date of the Fifth Report, August 24, 2015;

17.2. The status of the plans of arrangement for the District and DIL (respectively, the "District Plan" and the "DIL Plan", collectively, the "Depositor Plans");

17.3. The plans of arrangement for ECHS and EMSS (respectively, the "ECHS Plan" and the "EMSS Plan", collectively the "Encharis Plans");

17.4. Various matters impacting the CCAA Proceedings;

17.5. The statement of projected cash flow for each of the Applicants for the thirteen week period ending January 9, 2016 and the variance analysis for each of the Applicants for the eight week period ended October 10, 2015; and

17.6. The relief sought by the District Group at a hearing on October 23, 2015 (the "October 23 Hearing").

18. At the October 23 Hearing, the District Group will be seeking an Order of this Honourable Court including the following relief:

18.1. Extending the Stay from October 30, 2015 to January 29, 2016 (the "Extension"). The Monitor notes that the Applicant's original application material included a request to extend to the Stay until only December 4, 2015; however, it was subsequently determined that an extension of the Stay until January 29, 2015 may be required for the reasons outlined herein; and

18.2. Approving an Order ("the Meeting Order") authorizing and directing ECHS and EMSS to present the Encharis Plans (as defined herein) to the creditors of ECHS and EMSS for their respective approval.

Monitor’s Activities

19. The Monitor has and will continue to make regular updates to the Monitor’s Website to ensure that creditors and interested parties have access to all available information in these proceedings.

20. The Monitor’s activities since the Fifth Report have included the following:

    20.1. Preparing an update to the Depositors and creditors of the District and DIL as to recent events in the CCAA Proceedings, which was mailed on September 9, 2015 (the “September 9 Letter”). A copy of the September 9 Letter is attached as “Schedule 1”.

    20.2. Preparing an update to DIL Depositors related to the DIL Distribution, which was mailed on October 13, 2015 (the “October 13 Letter”). A copy of the October 13 Letter is attached as “Schedule 2”.

    20.3. Attending various meetings and calls with Management, the District’s joint restructuring committee (the “Joint Committee”), the Chief Restructuring Officer (the “CRO”) and the Applicant’s legal counsel to advance the restructuring efforts;

    20.4. Attending numerous meetings with each of the Committees and their representative legal counsel and coordinating and attending meetings between each of the Committees, the CRO and the Joint Committee;

    20.5. Meeting with representatives of the Life Lease Equity Protection Group, which represents those residents (the “Life Lease Residents”) of condominiums within the Prince of Peace Village (the “Village Condos”), which are owned by ECHS but are subject to life leases;

    20.6. Assisting as required in the negotiations between the Committees related to the Settlements, as defined herein;

    20.7. Meeting with representatives of the Shepherd of the Valley Lutheran Church in Canmore, Alberta related to their claim against the property owned by the District, which currently houses their congregation;

    20.8. Monitoring the District Group’s cash flow projections and the District Group’s business and financial affairs during the Stay;

    20.9. Assisting the District Group in the development of and reviewing drafts of the plans of arrangement;

    20.10. Continuing to review various matters that may impact the restructuring; and

20.11. Responding to general inquiries from the Depositors and from other stakeholders.

The Depositor Plans

21. The Monitor is continuing to support the District Group in their efforts to formulate the Depositor Plans. All of the Monitor, the Monitor's legal counsel, the Applicants, the CRO, the Applicant's legal counsel, the Committees and legal counsel for the Committees have had the opportunity to review and comment on drafts of the Depositor Plans. In addition, several meetings have been held between variations of these parties related to the content of the Depositor Plans.

22. As of the date of this report, the key elements of the Depositor Plans appear to have been substantially agreed to, however, select provisions of each of the draft Depositor Plans are still subject to ongoing negotiations.

The Settlements

23. One of the key items that needs to be resolved prior to the Depositor Plans being finalized is the settlement of the following two matters being considered by the Committees:

    23.1. The District's potential challenge of a mortgage held by DIL on a District-owned property located in Strathmore, Alberta; and

    23.2. DIL's potential challenge of the priority of two mortgages registered against properties in the Prince of Peace Development (the "DIL – ECHS Mortgages").

24. Multiple meetings have occurred between representatives from each of the Committees and legal counsel for the Committees related to the settlements. As of the date of this report, we are advised that the Committees are continuing to negotiate with respect to the Settlements.

The District Plan

25. The key elements of the District Plan, which may be subject to change, include the following:

    25.1. The District Plan will divide creditors into at least two creditor classes differentiating between the District Depositors and the trade creditors of the District (the District Trades, collectively, the "District Affected Creditors");

    25.2. For the purpose of the District Plan and assuming that the District Plan was approved by the District Affected Creditors, the District's assets would be divided into the non-core assets consisting of cash and marketable securities, loans, mortgages, real properties outside of the Prince of Peace development and other miscellaneous assets (the "Non-Core Assets") and the properties within the Prince of Peace development consisting of the Harbour and Manor seniors' care facilities and the surrounding expansion and development lands (the "Core Assets");

25.3. District Affected Creditors may receive distributions in the form of cash from the sale of the Non-Core Assets and/ or shares in a new company ("NewCo") into which the Core Assets may be transferred; and

25.4. A process would be established to address potential claims against the current and former directors and officers of the District Group as well as claims against third parties.

26. Prior to the District Plan being finalized, the following outstanding matters need to be resolved:

26.1. The Settlements need to be finalized;

26.2. Requested updated appraisal information for the Core Assets, as well as information on some of the potential upside opportunities available to NewCo in maximizing the value of the Core Assets, needs to be received;

26.3. The CRO is finalizing additional information regarding NewCo, which is required by the District Committee as part of their ongoing consideration of the District Plan; and

26.4. The provisions of the Plan that are the subject of ongoing negotiations need to be agreed to by the District, the Committees and their legal counsel and the Monitor.

The DIL Plan

27. The key elements of the draft DIL Plan include the following:

27.1. There will be only one class of creditors consisting of the DIL Depositors;

27.2. The liquidation of all assets held by DIL, which consist of cash and marketable securities, loans and mortgages (the "DIL Assets");

27.3. The proceeds from the liquidation of the DIL Assets to the DIL Depositors being transferred from the current registered retirement savings plans held in DIL to the New Registered Plans held with GWL; and

27.4. A process being established to address potential claims against the current and former directors and officers of the District Group as well as known claims of third parties.

28. Prior to the DIL Plan being finalized, the following outstanding matters need to be resolved:

28.1. The Settlements need to be finalized; and

28.2. The provisions of the Plan that are the subject of ongoing negotiations need to be agreed to by DIL, the Committees and their legal counsel and the Monitor.

Realization of Assets

DIL

29. As previously reported, DIL's assets consist of cash and marketable securities, loans and mortgages. Throughout the CCAA proceedings, the CRO and Management have been working with those congregations with outstanding loans to assist them in obtaining refinancing with third party lenders. DIL anticipates that all loans will be repaid by October 31, 2015 with the exception of two loans, one of which is anticipated to be paid following the Depositor Plans being filed and one of which is secured by a registered mortgage, for which the congregation is still seeking refinancing. The Monitor notes that the loans that are the subject of the Settlements will be resolved as set out in the Settlements, once they are finalized.

30. To date, the Court has also approved the sale of one of the Village Condos over which DIL had registered security, subject to the Life Lease Resident's leasehold interest. Pursuant to the life lease, a surrender fee was payable to DIL upon the sale of that property.

31. DIL will also receive funds from the Life Lease Residents (as set out in the ECHS Plan) and from the sale of a residential lot within the Prince of Peace development, which is only subject to the DIL-ECHS Mortgage.

The District

32. The District's assets consist of cash and marketable securities, loans and mortgages and real properties. The District's efforts to realize on these assets include the following:

    32.1. As with DIL, the CRO and Management have been working with those congregations with outstanding loans to assist them in obtaining refinancing with third party lenders.

    32.2. Throughout the CCAA proceedings, the District has been making efforts to sell those real properties that form part of the Non-Core Assets. To date, the Court has approved the sale of six real properties owned by the District. The District has recently finalized offers on lands located in St. Albert, Alberta as well as the District's former head office, municipally described as 7100 Ada Boulevard in Edmonton (the "Current Sales"). The Current Sales have been approved by both the Monitor and the Committees and the Monitor understands that the Applicants will be seeking Court approval for those sales at a hearing on November 5, 2015.

    32.3. Management is attempting to negotiate settlements with select congregations, who are asserting certain claims against those District-owned lands that currently house their congregations, including for adverse possession or other interests in those lands.

LHI

33. Lutheran Historical Institute ("LHI") was a division of the District that maintained an archive for the District. LHI held assets including books, periodicals, newsletters, other publications, multi-media items and three dimensional artifacts. An appraisal was completed in respect of the LHI Assets and was reviewed by the Monitor and the District Committee. The District Group intends to transfer the LHI Assets to either Lutheran Church – Canada or to select District member congregations so that they can be preserved within the District. Both the Monitor and the District Committee are supportive of this course of action, subject to all member congregations, who wish to, having the opportunity to be transferred the LHI Assets.

The Encharis Plans

34. The Applicants have now finalized the Encharis Plans. As noted above, at the October 23 Hearing, the District Group will be seeking authorization to present the Encharis Plans to the respective creditors of ECHS and EMSS for their approval.

The ECHS Plan

Treatment of Affected Creditors

35. The ECHS Plan divides creditors into two classes with the first class consisting of ECHS' trade creditors (the "ECHS Trades") and the second class consisting of the Life Lease Residents (the "Resident Class"). Attached as "Schedule 3" is a Summary of the ECHS Trades.

36. The ECHS Trades would be paid in full immediately following the ECHS Plan taking effect.

37. The Life Lease Residents will only be affected by the ECHS Plan if the ECHS Plan is approved by the Resident Class. Pursuant to the ECHS Plan, and assuming it is approved by the Resident Class, members of the Resident Class will be treated as follows:

    37.1. Each Life Lease Residents' leasehold interest in the corresponding Village Condo will be converted from a leasehold interest to a fee simple interest. These conversions will be initiated and paid for by the Life Lease Residents. Upon the receipt by ECHS of a $3,000 surrender fee per Village Condo, ECHS will execute all necessary documents to enable the conversion of each Life Lease Resident's leasehold interest into fee simple and Concentra Trust will discharge any mortgage registrations for DIL on the Village Condos (the "Condo Registrations"). The Monitor notes that the Condo Registrations, relating to the DIL – ECHS Mortgage appear to have originally been intended to be registered on all of the Village Condos. The Condo Registrations were only completed for 46 of the 60 Village Condos, however, all amounts collected from Life Lease Residents will be payable to DIL.

    37.2. The treatment of the Resident Class under the ECHS Plan has been settled between the Applicants and the Life Lease Equity Protection Group, with the assistance of the Monitor. The Monitor notes that the Life Lease Residents previously filed a dispute notice in the claims process approved by the Court on February 20, 2015 (the "Dispute Notice"). The Monitor understands that the Dispute Notice may be withdrawn pursuant to any Sanction Order that is granted in respect of the ECHS Plan.

Treatment of Unaffected Creditors

38. Those claims that would be unaffected by the ECHS Plan include Crown claims, post-filing claims, the Government of Alberta, claims with respect to reasonable fees and disbursements of the Monitor, the Monitor's legal counsel and the Applicants' legal counsel, selected claims of current employees directors and officers, critical suppliers (as set out in the Initial Order), claims against directors that are not released by the CCAA, claims related to leases that have not been disclaimed or resiliated, the claims of related parties (the "ECHS Related Claims") and claims by the Life Lease Residents, in event that the Resident Class does not approve the ECHS Plan.

39. Pursuant to the ECHS Plan, the following ECHS Related Claims would be unaffected:

    39.1. The claim of the District for approximately $82.1 million for which the District has a mortgage for $45.0 million, plus accrued interest, registered against the Core Assets and lands in Chestermere, Alberta (the "Chestermere Lands"), with the remainder being unsecured; and

    39.2. Two claims of DIL totalling approximately $7.7 million for which DIL holds the DIL – ECHS Mortgage, which is registered against the Core Assets, the Chestermere Lands, a residential lot within the Prince of Peace development and selected Village Condos.

Key Elements of the ECHS Plan

40. The key elements of the ECHS Plan are as follows:

    40.1. The ECHS Plan would only become effective at such time as Sanction Orders have been granted in respect of all of the Applicant's Plans;

    40.2. The ECHS Trades would be paid in full as set out above;

    40.3. The Life Lease Residents would have their leasehold interests in the Village Condos converted to a fee simple interest as set out above;

    40.4. NewCo would be formed under the *Alberta Business Corporations Act;*

    40.5. The Core Assets would be transferred to NewCo free and clear of any encumbrances, charges, security interests or claims except for those contractual obligations which are to be assumed by NewCo;

    40.6. Outside of the Core Assets, ECHS also holds working capital, computer hardware, equipment, furniture and fixtures and a water treatment plant (collectively the "ECHS Equipment"). The ECHS Equipment would also be transferred to NewCo to use in its ongoing operations and to ensure the viability of NewCo;

    40.7. NewCo would assume the obligations of ECHS under the Rural Affordable Supportive Living Program Grant Funding Agreement and the Affordable Supportive Living Initiative Grant Funding Agreement with the Government of Alberta which provide ongoing funding to the Harbour and the Manor seniors' care facilities and their residents;

40.8. All employees of ECHS would be terminated upon the effective date of the ECHS Plan and would be rehired under the substantially the same terms and with the same seniority by NewCo;

40.9. The transfer of the Core Assets to NewCo would be subject to various holdbacks to pay reasonable fees and disbursements of the Monitor, the Monitor's legal counsel, and the Applicant's legal counsel and to allow ECHS to pay required post-filing claims and complete its duties under the ECHS Plan; and

40.10. ECHS would cease to operate.

The EMSS Plan

Treatment of Affected Creditors

41. The EMSS Plan only has one class of creditors, who consist of trade creditors (the "EMSS Trades"). Attached as "Schedule 4" is a Summary of the EMSS Trades, who would be paid in full immediately following the EMSS Plan taking effect.

Treatment of Unaffected Creditors

42. Those claims that would be unaffected by the EMSS Plan include Crown claims, post-filing claims, claims with respect to reasonable fees and disbursements of the Monitor, the Monitor's legal counsel and the Applicants' legal counsel, selected claims of current employees directors and officers, critical suppliers (as set out in the Initial Order), trade creditors who have contracts that NewCo elects to assume as part of its acquisition of the assets held within EMSS, claims of related parties (the "EMSS Related Claim(s")) and claims against directors that are not released by the CCAA.

43. The only EMSS Related Claim was filed by ECHS against EMSS in the amount of approximately $2.1 million. Pursuant to the EMSS Plan, the EMSS Related Claim would be unaffected.

Key Elements of the EMSS Plan

44. The key elements of the EMSS Plan are as follows:

44.1. The EMSS Plan would only become effective at such time as Sanction Orders have been granted in respect of all of the Applicant's Plans;

44.2. The Trade Creditors would be paid in full as set out above;

44.3. NewCo would be formed, as set out above*;*

44.4. All of the assets held by EMSS, consisting of working capital, furniture and fixtures, computer equipment, medical equipment, a vehicle and all contracts, which EMSS has the benefit of (the "EMSS Contracts"), would be transferred to NewCo free and clear of any encumbrances, charges, security interests or claims except for those contractual obligations which are to be assumed by NewCo. The EMSS Contracts include the Facility Services Agreement between

Alberta Health Services and EMSS related to the operation of the Harbour and the Manor seniors' care facilities;

44.5. All employees of EMSS would be terminated upon the effective date of the ECHS Plan and would be rehired under the substantially the same terms and with the same seniority by NewCo;

44.6. The transfer of the EMSS Assets to NewCo would be subject to various holdbacks to pay reasonable fees and disbursements of the Monitor, the Monitor's legal counsel, and the Applicant's legal counsel and to allow EMSS to pay required post-filing claims and complete its duties under the EMSS Plan; and

44.7. EMSS would cease to operate.

Other Considerations

45. The Encharis Plans meet the criteria outlined in Section 6 of the CCAA in respect of restrictions on the payment of Crown claims, employees and former employees of ECHS and prescribed pension plans.

46. The Plan specifies that Section 36.1 of the CCAA and Sections 38 and 95 to 101 of the *Bankruptcy and Insolvency Act* do not apply.

47. The Encharis Plans provide for releases to the Monitor, the Monitor's legal counsel, the Applicant's legal counsel, the CRO, ECHS and EMSS, the directors, officers and employees of ECHS and EMSS, and any independent contractors of ECHS and EMSS, who were employed three days or more a week on a regular basis (the "Releases"). The Monitor notes that, pursuant to Section 5.1(2) of the CCAA, claims against directors may not be compromised that relate to contractual rights of one or more creditors or are based on allegations or misrepresentations made by directors to creditors or of wrongful or oppressive conduct by directors (the "Section 5.1(2) Claims").

48. The Releases specifically carve out the following claims:

48.1. The Section 5.1(2) Claims;

48.2. Claims prosecuted by the Alberta Securities Commission or the British Columbia Securities Commission arising from compliance requirements of the *Securities Act of Alberta* and the *Financial Institutions Act of British Columbia*;

48.3. Claims made by the Superintendent of Financial Institutions arising from compliance requirements of the *Loan and Trust Corporations Acts of Alberta and British Columbia*; and

48.4. Any claims that are advanced as part of a legal action undertaken in respect of certain claims, which may be advanced as a class proceeding for the Depositors (the "Representative Action").

49. The Encharis Plans further state that, to the extent that they are not released, any claims of the Depositors against the past and present directors of ECHS and EMSS, which may arise by virtue of a derivative action, shall be advanced pursuant to the Representative Action.

50. As the Encharis Plans are being presented to creditors ahead of the Depositor Plans, creditors of ECHS and EMSS will not have the benefit of reviewing the clauses of the Depositor Plans related to the Representative Action, including the complete definition of the Representative Action. The Monitor is of the view, however, that there is no prejudice to any party as a result of the Encharis Plans being advanced ahead of the Depositor Plans, based on the following:

    50.1. The Depositors are not affected by the Encharis Plans; therefore, their claims are not released pursuant to the Encharis Plans;

    50.2. None of the ECHS Trades, the EMSS Trades or the Life Lease Residents are anticipated to have any claims in the Representative Action, other than to the extent that individual Life Lease Residents may also be Depositors in which case they will have the ability to vote on those clauses dealing with the Representative Action in the Depositors Plans; and

    50.3. The implementation of the Encharis Plans is conditional upon the sanction of the Depositor Plans.

Proposed Meeting Orders

51. As previously reported, at the October 23 Hearing, the District is seeking the Meeting Order, which sets out the following time and place for the ECHS' creditors' meeting (the "ECHS Meeting"):

    51.1. Time: Friday, November 27, 2015 at 11:00 a.m.

    51.2. Location: Gowlings Lafleur Henderson LLP, 1600 – 421 7th Avenue SW, Calgary.

52. The Meeting Order further sets out the following time and place for the EMSS creditors' meeting (the "EMSS Meeting"):

    52.1. Time: Friday, November 27, 2015 at 10:00 a.m.

    52.2. Location: Gowlings Lafleur Henderson LLP, 1600 – 421 7th Avenue SW, Calgary.

53. The ECHS Meeting and the EMSS Meeting will collectively be referred to as the "Encharis Meetings".

54. A representative of the Monitor shall preside as the chair of the Encharis Meetings with those individuals entitled to attend the Encharis Meetings including affected creditors for each of ECHS and EMSS or their respective proxy-holders, directors of ECHS and EMSS, the Monitor, the Applicant's legal counsel, the Monitor's legal counsel, members of the Committees, legal counsel for the Committees, the meeting chair, scrutineers and the meeting secretary.

Notice

55. The Meeting Order further sets out the notice requirements for the creditors of ECHS and EMSS as follows:

    55.1. The ECHS and EMSS Notices of Creditors' Meeting (the "Notices") will include the website address where affected creditors can access and retrieve copies of relevant documents including the ECHS and EMSS Plans, the Meeting Orders, this report and/or any further report issued by the Monitor, the time and place of the respective ECHS or EMSS Meeting and the form of proxy, which will collectively form the "Information Packages".

55.2. The Monitor will post the Information Package on the Monitor's Website by no later than October 27, 2015 and send the Information Package as soon as practicable and, in any event, not later than November 6, 2015 to each affected creditor with a proven claim or a disputed claim, which has not yet been settled (the "Eligible Affected Creditors") by regular mail, facsimile, courier or email to the last known address.

55.3. The Monitor will further send the Information Package to all Eligible Affected Creditors of ECHS and EMSS who request a copy by no later than two days prior to the ECHS Meeting or the EMSS Meeting or any adjournments thereof.

55.4. Separate newspaper notices of the ECHS Meeting and the EMSS Meeting will be published once by the Monitor in the Globe and Mail National Edition as soon as practicable and no later than October 31, 2015.

Voting

56. Eligible Affected Creditors can vote in person or via proxy on the approval of the ECHS Plan and the EMSS Plan, as well as on any other items that may be considered at the ECHS Meeting and the EMSS Meeting.

57. Eligible Affected Creditors may vote in person at the ECHS Meeting or the EMSS Meeting, which votes shall be done by a show of hands or by a confidential written ballot, at the discretion of the meeting chair. Eligible Affected Creditors may also vote by proxy (the "Proxy"), which must be submitted, in the form prescribed in the Information Package, to the Monitor by 5:00 p.m. on the last business day preceding the date set for ECHS Meeting or the EMSS Meeting or any adjournments thereof. The Proxy can also be hand delivered to the chair prior to the commencement of the ECHS Meeting or the EMSS Meeting but will not be accepted thereafter.

58. The person named in the Proxy shall vote the relevant claim in accordance with the direction of the Eligible Affected Creditor who appointed them. The Proxy confers a discretionary authority upon the person named therein with respect to amendments or variations of the matters being tabled for consideration.

Approval of Plan

59. In order for the ECHS Plan and the EMSS Plan to be considered approved, each vote must be approved by two-thirds in value and a majority in number of all Eligible Affected Creditors of ECHS and EMSS, respectively. As reported above, should the Resident Class not vote to approve the ECHS Plan, the ECHS Plan can still be approved with the Resident Class becoming unaffected by the ECHS Plan.

Monitor's Recommendation regarding the Meeting Order

60. The Monitor believes that the Meeting Order provides sufficient notice for the ECHS Meeting and the EMSS Meeting and the Monitor is prepared and able to fulfill the duties set out for the Monitor in the Meeting Order. As such, the Monitor recommends that the Meeting Order be approved.

Monitor's Recommendations on the ECHS Plan

61. The Monitor is supportive of the ECHS Plan and is of the opinion that the ECHS Plan is fair and reasonable and appears to be in the general best interest of all parties as follows:

    61.1. The ECHS Trades will be paid in full pursuant to the ECHS Plan. In the absence of the ECHS Plan, any funds available for distribution to ECHS' unsecured creditors would be shared between the ECHS Trades and those creditors who are currently unaffected by virtue of the operations of ECHS being transitioned to NewCo. As such, the ECHS Trades would receive a lesser distribution;

    61.2. As agreed with the Life Lease Equity Protection Group, each Life Lease Resident will have their leasehold interest in the Village Condos converted to fee simple interests; thereby avoiding a situation where the Life Lease Residents hold leasehold interests in property owned by a non-operational insolvent entity;

    61.3. The ECHS Plan provides a mechanism for the Core Assets and the ECHS Equipment to be transferred to NewCo for the benefit of the District Depositors, who hold registered security over the Core Assets and who, pursuant to the District Plan, would become shareholders of NewCo. In the absence of the ECHS Plan and the District Plan, the District would likely commence foreclosure proceedings in respect of the Core Assets, which would likely result in increased costs, an extended time frame to realize on the Core Assets and could potentially jeopardize the operations of the Harbour and the Manor seniors' care facilities by NewCo; and

61.4. As the time of the filing of this report, certain revision are still being made to the ECHS Plan. Based on the Monitor's knowledge of these revisions, the Monitor does not believe that these revisions will affect its views, as expressed above, regarding the ECHS Plan.

Monitor's Recommendations on the EMSS Plan

62. The Monitor supports the EMSS Plan and is of the opinion that the EMSS Plan is fair and reasonable and appears to be in the general best interests of all parties as follows:

62.1. The EMSS Trades will be paid in full pursuant to the EMSS Plan. In the absence of the EMSS Plan, any funds available for distribution to EMSS' unsecured creditors would be shared between the claims of the EMSS Trades and the Related Claims which are currently unaffected by virtue of the operations of EMSS being transitioned to NewCo. As such, the EMSS Trades would receive a lesser distribution.

62.2. The EMSS Plan provides a mechanism for the EMSS Equipment to be transferred to NewCo for the benefit of the District Depositors who, pursuant to the District Plan, would become shareholders of NewCo. In the absence of the EMSS Plan and the District Plan, the Depositors would not have access to the EMSS Equipment, which could jeopardize the operations of the Harbour and the Manor seniors' care facilities by NewCo; and

62.3. As the time of the filing of this report, certain revision are still being made to the EMSS Plan. Based on the Monitor's knowledge of these revisions, the Monitor does not believe that these revisions will affect its views, as expressed above, regarding the EMSS Plan.

Stay of Proceedings

63. As previously reported, at the October 23 Hearing, the District Group will be making an application to extend the stay of proceedings from October 30, 2015 to January 29, 2016 (previously defined as the "Extension").

64. Based on the Monitor's dealings with Management and the Monitor's review of the District Group's operations and restructuring efforts to date, we can advise that:

    64.1. The District Group appears to be acting in good faith and with due diligence;

    64.2. The District Group is cooperating with the Monitor and is making efforts to formulate the Plans for the District and DIL, as further outlined herein. The District Group is further seeking Meeting Orders in respect of ECHS and EMSS at the October 23 Hearing;

    64.3. The Monitor is of the view that the creditors of the District Group will not be materially prejudiced by the Extension.

65. Based on the above, the Monitor supports the Extension.

The DIL Distribution

66. As previously reported, at the August 28 Hearing, the Court granted an Order authorizing the DIL Distribution.

67. The DIL Distribution was contingent on the Monitor receiving a tax opinion with respect to any impact that the DIL Distribution may have for DIL Depositors (the "Tax Opinion"). The Tax Opinion was prepared by Gowlings Lafleur Henderson LLP ("Gowlings"). The Tax Opinion relied on specific facts, assumptions and qualifications set out therein. Based on their review, Gowlings opined that "none of an Old Deferred Plan, New Deferred Plan and annuitant or holder, as the case may be, thereof should be subject to any adverse tax consequences merely as a result of the transfer of funds from an Old RRSP to a New RRSP, of the same annuitant, from an Old RRIF to a New RRIF, of the same annuitant, or from an Old TFSA to a New TFSA, of the same holder. In fact, the Tax Act explicitly provides for the tax-deferred transfers of property in this manner". The Monitor notes that the Tax Opinion should not be relied on for any subsequent transfers by DIL Depositors following the DIL Distribution.

68. DIL experienced the following delays related to the DIL Distribution:

    68.1. GWL required an operating entity to act as the plan sponsor for the New Registered Plans (the "Plan Sponsor"). As the responsibilities of the Plan Sponsor are minimal, GWL agreed that DIL could act as Plan Sponsor on the understanding that DIL's operations would cease post-CCAA but that the Applicants would make staff available to assist with Plan Sponsor responsibilities, consisting mainly of transferring funds, until all funds had been transferred; and

    68.2. Yellow Raincoat requested that no correspondence be sent to DIL Depositors until such time as the New Registered Plan had been established for GWL so that, once contacted, Yellow Raincoat could ensure that they were in a position to assist DIL Depositors with the creation of new accounts in the New Registered Plans.

69. The October 13 Letter advised DIL Depositors of the Tax Opinion and provided them with contact information for Yellow Raincoat. It further advised DIL Depositors that statements would follow providing them with information on the anticipated dollar value they can expect to receive pursuant to the DIL Distribution.

70. The Monitor is advised that GWL is experiencing some technical issues related to their software system for RRIFs, which could result in delays in them being able to transfer funds into RRIF accounts. The Monitor understands that the CRO is working with GWL to resolve this issue and the Monitor will report further to DIL Depositors should these issues result in any changes to the DIL Distribution.

71. The Monitor previously reported that the fees associated with the New Registered Plans included monthly administration fees, which were calculated based on the rate of return associated with the accounts within the New Registered Fund. The Monitor was recently advised that the accounts within the New Registered Plans will also be subject to investment management fees, based on the asset value of each fund and fund operating expenses charged directly to the fund to cover costs including audit and custodial fees, fund transaction costs, taxes paid by the fund, bank fees, fund valuation and reporting. At the time that the DIL Statements are provided, the Monitor will be advising DIL Depositors to consult with Yellow Raincoat on the quantum of fees applicable to their individual accounts.

72. An emergency fund was implemented prior to the filing date and approved by the Court as part of the Initial Order in order to provide support for Depositors, many of whom are seniors, who would not have sufficient funds to cover their basic necessities (the "Emergency Fund"). The Monitor notes that payments to DIL Depositors pursuant to the Emergency Fund will be discontinued effective November 30, 2015 following the release of funds pursuant to the DIL Distribution.

Cash Flow Forecast

District

70. Attached as "Schedule 5" is the Statement of Projected Cash Flow for the District for the thirteen week period ending January 9, 2016 (the "District Forecast", the "Forecast Period"). The District Forecast has been broken down to distinguish between cash flow related to CEF and that related to other District operations. The District, including CEF, estimates a total net cash inflow of approximately $575,100 over the Forecast Period and projects that it will have cash on hand of approximately $5,727,500 (including marketable securities) at the end of the Forecast Period.

71. Cash held by LHI is included in the District Forecast. As previously reported, LHI's operations have now been discontinued.

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

The Lutheran Church - Canada, The Alberta - British Columbia District including the Church Extension Fund ("CEF") Statement of Projected Cash Flow For the Thirteen Week Period Ending January 9, 2016	
	Total
Cash flow from CEF operations	
Receipts	
Lease payments	$ 87,053
Bank Interest Income	375
Management fees	51,580
Loan Payout	890,500
Loan interest and principal payments	53,137
Total Receipts	1,082,645
Disbursements	
Mortgage payments	(84,567)
CEF salaries and benefits	(42,600)
Operating expenses	(23,500)
Plant Fund	(12,250)
Emergency fund	(135,000)
Restructuring fees	(225,000)
CRO	(30,870)
Total disbursements	(553,787)
Net cash flow from CEF operations	**$ 528,859**

The Lutheran Church - Canada, The Alberta - British Columbia District including the Church Extension Fund Statement of Projected Cash Flow For the Thirteen Week Period Ending January 9, 2016		
		Total
Cash flow from other District operations		
Receipts		
Wage recovery	$	19,000
Mission remittances		143,000
Total receipts		162,000
Disbursements		
Salaries and benefits		(40,000)
Administrative expenses, travel and utilities		(26,750)
Outreach operating expenses		(27,375)
Department of Stewardship and Financial Ministries operating expenses		(4,000)
President's expenses		(9,400)
Mission Payments to LCC		(8,250)
Total disbursements		(115,775)
Net cash flow from other District operations		**46,225**
Total net cash flow	**$**	**575,084**
Cash and marketable securities on hand		
Beginning balance	$	5,152,419
Total net cash flow		575,084
Ending balance	**$**	**5,727,502**

Cash Flow Related to CEF

73. The District is forecasting receipts of approximately $1,082,600 over the Forecast Period related to CEF. The Monitor notes that the District Forecast includes anticipated pay-outs from the Lord of Life Lutheran Church in Kamloops, the Concordia Lutheran Church in Edmonton and the Trinity Lutheran Church in Fort McMurray (the “District Pay-outs”).

74. The District is further forecasting disbursements related to CEF of approximately $553,800 over the Forecast Period generating a net cash inflow related to CEF of approximately $528,900.

75. Both the receipts and disbursements forecast by the District related to CEF are largely consistent with those described in the Monitor’s Fifth Report and the Monitor’s prior reports.

Cash Flow Related to Other District Operations

76. The District is forecasting receipts from non-CEF operations of approximately $162,000 over the Forecast Period with those receipts being largely consistent with those described in the Monitor’s Fifth

Report and the Monitor's prior reports. The Monitor notes that the District anticipates receiving donations of approximately $143,000 from its 127 member congregations over the Forecast Period, of which approximately $8,300 is payable to Lutheran Church – Canada ("LCC"). LCC typically receives approximately 35% of the donations by member congregations, however, in many cases, the congregations forward those funds to LCC directly.

77. The District is forecasting disbursements of approximately $115,800 over the Forecast Period. These disbursements are also largely consistent with those described in the Monitor's Fifth Report and the Monitor's prior reports; however, the Monitor highlights the following with respect to these disbursements:

    77.1 Payroll and the corresponding CRA payroll source deduction remittances are anticipated to total approximately $40,000 over the Forecast Period ("Payroll"). Payroll has been reduced as a result of planned reductions in District staff; and

    77.2 The contingency allowance has been removed from the District Forecast as Management has indicated that they believe that any contingencies can be addressed through the existing forecast disbursements.

78. The District had an opening cash balance of approximately $5.2 million consisting of a cash balance of approximately $368,600 and marketable securities of approximately $4.8 million, as at October 11, 2015, which are held with FI Capital Ltd. ("FI Capital"). We note that the value of the marketable securities held by FI Capital decreased in value by approximately $158,600 between August 16, 2015 and October 10, 2015 as certain investments matured. The CRO has indicated that they are working to liquidate all investments in preparation of the District Plan being finalized. As noted above, the District, including CEF, is projected to have a net cash inflow of approximately $575,100 over the Forecast Period, largely due to the District Pay-outs. As such, the District appears to have sufficient liquidity to sustain its ongoing operations during the Forecast Period.

DIL

79. Attached as "Schedule 6" is the Statement of Projected Cash Flow for DIL for the thirteen week period ending January 9, 2016 (the "DIL Forecast"). DIL estimates a net outflow of cash of approximately $12.9 million over the Forecast Period, including the DIL Distribution and projects that it will have cash on hand of approximately $4.9 million (including marketable securities) at the end of the Forecast Period. A summary of the DIL Forecast is included below:

Lutheran Church - Canada, The Alberta - British Columbia District Investments Ltd. Statement of Projected Cash Flow For the Thirteen Week Period Ending January 9, 2016		
		Total
Receipts		
Loan Payouts	$	2,265,926
Bank Interest		1,000
Loan payments		131,377
Total receipts		2,398,303
Disbursements		
Management fee		(51,580)
Restructuring fees		(195,000)
CRO		(41,160)
Emergency fund		(8,400)
DIL Distribution		(15,000,000)
Annual minimum RRIF payments		(1,100)
Total disbursements		(15,297,240)
Net cash flow	**$**	**(12,898,937)**
Cash and marketable securities on hand		
Beginning balance	$	17,779,003
Net cash flow		(12,898,937)
Ending balance	**$**	**4,880,066**

80. The receipts and disbursements reported in the DIL Forecast are largely consistent with those described in the Monitor's Fifth Report and the Monitor's prior reports; however, the Monitor highlights the following:

80.1 DIL is forecasting receipts of approximately $2.4 million over the Forecast Period, which includes loan pay-outs from Walnut Grove Lutheran Church, in Langley, Bethlehem Lutheran Church in Edmonton, Trinity Lutheran Church in Richmond, Zion Lutheran Church in Prince George, Faith Lutheran Church in Surrey and Good Shepherd Lutheran Church in Calgary (the "DIL Payouts");

80.2 DIL is forecasting disbursements of approximately $15.3 million over the Forecast Period, which includes the DIL Distribution. The Monitor notes as follows with respect to these disbursements:

80.2.1 As the management fees payable to the District to assist in administering DIL's investment fund is based on the asset values held by the DIL Fund, the DIL Distribution will result in a corresponding reduction in the management fees from approximately $25,800 per month to approximately $12,900 per month;

80.2.2 As noted above, payments to DIL Depositors pursuant to the Emergency Fund will be discontinued effective November 30, 2015 as a result of the release of funds to DIL Depositors pursuant to the DIL Distribution; and

80.2.3 The DIL Forecast includes approximately $1,100 in statutory annual minimum payments to DIL Depositors pursuant to RRIFs (the "Minimum Payments"). The Minimum Payments will be paid in full by November 30, 2015.

81. DIL had an opening balance of approximately $17.8 million including cash of $12.8 million and market investments of approximately $5.0 million as at October 11, 2015, which were held with FI Capital. We note that the value of the marketable securities held by FI Capital decreased in value by approximately $590,500 between June 14 and August 15, 2015 due to changes in the market. Certain investments matured and others were divested to make cash available to satisfy the DIL Distribution. The CRO has indicated that they are working to liquidate all investments in preparation of the DIL Plan being finalized. DIL is projected to have a net cash outflow of approximately $12.9 million over the Forecast Period, including the DIL Payouts and the DIL Distribution. DIL has sufficient liquidity to sustain its ongoing operations during the Forecast Period.

ECHS

82. Attached as "Schedule 7" is the Statement of Projected Cash Flow for ECHS for the thirteen week period ending January 9, 2016 (the "ECHS Forecast"). ECHS estimates a net increase in cash of approximately $147,000 over the Forecast Period and projects that it will have cash on hand of approximately $681,500 at the end of the Forecast Period. A summary of the ECHS Forecast is included below:

Encharis Community Housing and Services
Statement of Projected Cash Flow
For the Thirteen Week Period Ending January 9, 2016

	Total
Receipts	
Lease revenue	$ 360,000
Water and sewage revenue	126,700
RV lot rental	3,000
Total receipts	489,700
Disbursements	
Operating expenses	(174,500)
Restructuring fees	(116,180)
CRO	(22,050)
Contingency	(30,000)
Total disbursements	(342,730)
Net cash flow	**$ 146,970**
Cash on hand	
Beginning balance	$ 534,567
Net cash flow	146,970
Ending balance	**$ 681,537**

83. The receipts and disbursements reported in the ECHS Forecast are largely consistent with those described in the Monitor's Fifth Report and the Monitor's prior reports. The Monitor notes that the ECHS Forecast does not include any distributions pursuant to the ECHS Plan, as the timing of the Court sanctioning the ECHS Plan is unknown.

84. ECHS has an opening cash balance of approximately $534,600. As noted above, ECHS is projected to have a net cash inflow of approximately $147,000 over the Forecast Period and has sufficient liquidity to sustain its ongoing operations during the Forecast Period.

EMSS

85. Attached as "Schedule 8" is the Statement of Projected Cash Flow for EMSS for the thirteen week period ending January 9, 2016 (the "EMSS Forecast"). EMSS estimates a net decrease in cash of approximately $246,700 over the Forecast Period. EMSS projects that it will have cash on hand of approximately $1,070,300 at the end of the Forecast Period. A summary of the EMSS Forecast is included below:

Encharis Management and Support Services
Statement of Projected Cash Flow
For the Thirteen Week Period Ending January 9, 2016

	Total
Receipts	
Rent	$ 1,315,000
Alberta Health Services ("AHS") funding	1,166,532
Miscellaneous revenue	13,000
Total receipts	2,494,532
Disbursements	
Payroll	(1,375,500)
RRSP's	(70,875)
Health Benefits	(97,000)
Administrative expenses	(192,000)
Food services expenses	(136,000)
Housekeeping expenses	(20,250)
Healthcare expenses	(15,500)
Maintenance expenses	(89,500)
Utility expenses	(168,000)
Diversicare	(74,000)
Lease payments	(360,000)
Restructuring fees	(125,000)
CRO	(17,640)
Total disbursements	(2,741,265)
Net cash flow	**$ (246,733)**

Cash on hand	
Beginning balance	$ 1,317,081
Net cash flow	(246,733)
Ending balance	**$ 1,070,348**

86. The receipts and disbursements reported in the EMSS Forecast are largely consistent with those described in the Monitor's Fifth Report and the Monitor's prior reports. The Monitor notes that the EMSS Forecast does not include any distributions pursuant to the EMSS Plan, as the timing of the Court sanctioning the EMSS Plan is unknown.

87. EMSS has an opening cash balance of approximately $1.3 million. As noted above, EMSS is projected to have a net cash outflow from operations of approximately $246,700 over the Forecast Period; however, based on their opening cash balance, EMSS appears to have sufficient liquidity to sustain its ongoing operations during the Forecast Period.

Monitor's Report on Cash Flow Statements

88. The District Forecast, the DIL Forecast, the ECHS Forecast and the EMSS Forecast will collectively be referred to as the "Applicants' Forecasts".

89. The Monitor reports as follows with respect to the Applicants' Forecasts:

    89.1. Each of the Applicants' Forecasts have been prepared by Management for the purposes described in the notes contained therein (the "Notes") using the probable and hypothetical assumptions set out in the Notes;

    89.2. The Monitor's review consisted of inquiries, analytical procedures and discussion related to information supplied to it by Management and selected employees of the Applicants. Since hypothetical assumptions need not be supported, the Monitor's procedures with respect to them were limited to evaluating whether they were consistent with the purpose of each of the Applicants' Forecasts. We have also reviewed the support provided by Management for the probable assumptions, and the preparation and presentation of the Applicants' Forecasts;

    89.3. Based on our review, nothing has come to the attention of the Monitor that causes us to believe that, in all material respects:

        89.3.1. The hypothetical assumptions are not consistent with the purpose of the each of the Applicants' Forecasts;

        89.3.2. As at the date of the Seventh Report, the probable assumptions developed by Management are not suitably supported and consistent with the Plans of each of the Applicants or do not provide a reasonable basis for each of the Applicants' Forecasts, given the hypothetical assumptions; or

        89.3.3. Each of the Applicants' Forecasts does not reflect the probable and hypothetical assumptions.

    89.4. Since the Applicants' Forecasts are based on assumptions regarding future events, actual results will vary from the information presented even if the hypothetical assumptions occur and the variations may be material. Accordingly, the Monitor expresses no assurance as to whether the Applicants' Forecasts will be achieved. We further express no opinion or other form of assurance with respect to the accuracy of any financial information reported with respect to the Applicants' Forecasts, or relied upon by it in reporting on the Applicants' Forecasts; and

89.5. The Applicants' Forecasts have been prepared solely for the purpose described in the Notes, and readers are cautioned that they may not be appropriate for other purposes.

Variance Analysis

District

90. Attached as “Schedule 9” is a variance analysis (the “Variance Analysis”) for the District for the eight week period ended October 10, 2015 (the “Variance Period”). The Variance Analysis for the District reflects an overall net negative variance of approximately $22,300. The Variance Analysis is based on the Statement of Projected Cash Flow for the Fifteen Week Period Ending November 28, 2015 for the District, which was dated August 21, 2015.

91. The only permanent negative variance over $25,000 reported during the Variance Period relates to the release of approximately $65,200 by the District to participants in a mileage reserve fund, which was established to provide car loans to pastors and church workers (the “Mileage Reserve Payments”). The release of the Mileage Reserve Payments was approved by the Court on March 27, 2015, subject to the approval of the District Committee. The District Committee approved the release of the Mileage Reserve Payments on August 19, 2015.

92. As noted above, the value of the marketable securities held by FI Capital decreased in value by approximately $158,600 during the Variance Period as certain investments matured.

DIL

93. Attached as “Schedule 10” is a Variance Analysis for the Variance Period for DIL. The Variance Analysis reflects an overall net negative variance of $1.6 million. The Variance Analysis is based on the Statement of Projected Cash Flow for the Fifteen Week Period Ending November 28, 2015 for DIL, which was dated August 21, 2015.

94. There were no permanent variances in receipts or disbursements over $25,000 reported over the Variance Period. The net negative variance of $1.6 million is almost entirely due to delays in the receipt of pay-outs on selected loans which are now anticipated to be received during the Forecast Period.

95. As noted above, the value of the marketable securities held by FI Capital decreased in value by approximately $590,500 during the Variance Period as certain investments matured and others were divested to make cash available for the DIL Distribution.

ECHS

96. Attached as “Schedule 11” is a Variance Analysis for the Variance Period for ECHS. The Variance Analysis reflects an overall net negative variance of approximately $49,200. The Variance Analysis is based on the Statement of Projected Cash Flow for the fifteen week period ending November 28, 2015 for ECHS, which was dated August 21, 2015.

97. The only permanent variance over $25,000 reported over the Variance Period was a negative variance of approximately $76,100 for operating expenses, which were higher than anticipated during the Variance Period (the “ECHS Permanent Variance”). Management has indicated that a permanent negative variance for annual audit fees and water maintenance fees reported during the nine week period ended August 15 2015 was higher than originally reported and carried forward into the existing Variance Period. Operating expenses also reflected a timing variance of approximately $40,000 for a total variance of approximately $116,100.

EMSS

98. Attached as “Schedule 12” is a Variance Analysis for the Variance Period for EMSS. The Variance Analysis reflects an overall net positive variance of $58,200. The Variance Analysis is based on the Statement of Projected Cash Flow for the fifteen week period ending November 28, 2015 for EMSS, which was dated August 21, 2015.

99. The only permanent variance over $25,000 reported over the Variance Period was a negative variance of approximately $28,300 for administrative expenses due to the payment of amounts due to the contracted general manager being erroneously excluded from the EMSS Forecast.

Conclusion

100. Based on the Monitor's dealings with Management and the Monitor's review of the District Group's operations and restructuring efforts to date, we can advise that:

    100.1. The District Group appears to be acting in good faith and with due diligence;

    100.2. The District Group is cooperating with the Monitor and is making efforts to formulate the Plans for the District and DIL, as further outlined herein. The District Group is further seeking Meeting Orders in respect of the ECHS and EMSS Plans at the October 23 Hearing; and

    100.3. The Monitor is of the view that the creditors of the District Group will not be materially prejudiced by the Extension.

101. The Monitor believes that the Meeting Order provides sufficient notice for the ECHS Meeting and the EMSS Meeting and the Monitor is prepared and able to fulfill the duties set out for the Monitor in the Meeting Order. As such, the Monitor recommends that the Meeting Order be approved.

102. The Monitor supports the Encharis Plans and is of the opinion that the Encharis Plans are fair and reasonable and appear to be in the general best interest of all parties, as outlined herein.

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

Jeff Keeble CA, CIRP, CBV
Senior Vice-President

Schedules

Schedule 1

Deloitte.

Deloitte Restructuring Inc.
700, 850 – 2nd Street S.W.
Calgary AB T2P 0R8
Canada

Tel: 403-298-5955
Fax: 403-718-3681
www.deloitte.ca

September 9, 2015

Notice to depositors of the Lutheran Church – Canada, the Alberta – British Columbia District (the "District"), including the Church Extension Fund ("CEF"), Encharis Community Housing and Services ("ECHS"), Encharis Management and Support Services and the Lutheran Church – Canada, the Alberta – British Columbia District Investments Ltd. ("DIL", collectively the "District Group" or the "Applicants")

As you are aware, the District Group obtained an Initial order under the *Companies' Creditors Arrangement Act*, R.S.C. 1985 c. C-36, as amended (the "CCAA") on January 23, 2015. Deloitte Restructuring Inc. acts as the Monitor in the CCAA proceedings (the "Monitor"). The purpose of this correspondence is to provide creditors with an update as to recent events in the CCAA proceedings for the District Group. Capitalized terms not otherwise defined herein shall have the meanings given to them in the Fifth Report of the Monitor dated August 24, 2015 (the "Fifth Report").

As previously reported, information on the CCAA proceedings can be accessed on the Monitor's website at www.insolvencies.deloitte.ca under link entitled "Lutheran Church – Canada, the Alberta – British Columbia District et. al." or can be requested from the undersigned via telephone at (403) 298-5955 or via email at vanallen@deloitte.ca.

Recent Court Proceedings

The most recent applications to the Court of Queen's Bench of Alberta (the "Court") were made on August 28, 2015 (the "August 28 Hearing"), at which time the Court approved the following relief:

- Extending the stay of proceedings (the "Stay") until October 30, 2015;
- Approving the sale of lands located in Revelstoke, British Columbia (the "Revelstoke Lands"). The Monitor notes that the sale of the Revelstoke Lands failed to close as anticipated and, as such, the District Group is making a further application for Court approval of a subsequent offer on the Revelstoke Lands on September 14, 2015;
- Authorizing DIL to transfer up to $15.0 million (the "DIL Distribution") from the registered retirement savings plans (the "Registered Plans") currently held by DIL to new registered retirement savings plans (the "New Registered Plans") held by Great-West Life Assurance Company ("GWL"). The New Registered Plans will include the same types of accounts as

the Registered Plans, including Tax Free Savings Accounts, accounts in Registered Retirement Savings Plans and accounts in Registered Retirement Income Funds;

- Authorizing DIL to release personal information respecting depositors of DIL to GWL and its agent, Yellow Raincoat Benefit Consultants;
- Sealing the Confidential Supplement to the Fifth Report and the Confidential Affidavit of Kurtis Robinson, both provided to the Court in advance of the August 28 Hearing; and
- Authorizing the release of realtor commissions payable on the sale of vacant school lands (defined in the Fifth Report as the "Faith Lands") located in Edmonton, Alberta.

The Plans of Arrangement (the "Plans")

The Monitor is continuing to support the District Group in their ongoing efforts to formulate their Plans in the CCAA proceedings. The Monitor has worked with the District Group in developing four draft Plans, one for each of the Applicants (the "Draft Plans"), which have been circulated among the Monitor, the Monitor's legal counsel, the Applicants, the Chief Restructuring Officer, the Applicant's legal counsel, the creditors' committees for the District and DIL (the "Committees") and the representative counsel for the Committees (the "Representative Counsel"). Several meetings have been held between variations of these parties related to the content of the Draft Plans and, although discussions are progressing, several matters remain outstanding. The Monitor reports as follows with respect to the outstanding matters and the District Group's progress in developing the Draft Plans:

- The Committees are currently attempting to negotiate settlements with respect to two issues (as further described in the Fifth Report), which will impact the realization to the District's depositors and to DIL's depositors.
- The Representative Counsel are reviewing potential claims against the current and former directors and officers of the District Group (the "D&O Claims") as well as known third party claims (the "Third Party Claims") and are considering the available options to realize on the D&O Claims and the Third Party Claims in order to provide additional recovery to depositors pursuant to the Plans.
- While the Plans are being formulated, the District is making ongoing efforts to realize on assets, where such realizations are consistent with the intention and proposed course of action set out in the Draft Plans. The Applicants are currently pursuing the sale of the following District-owned real estate properties, subject to District Committee and Court approval:
  - The District's former head office in Edmonton, Alberta, which was listed for sale in June 2015 for $2.25 million;
  - Lands in Elkford, Alberta, which were listed for sale in May 2015 for $375,000; and

- Lands in St. Albert, Alberta (the "St. Albert Lands"), the sale of which was approved by the Court on March 27, 2015 but for which the corresponding transaction failed to close. The District is currently reviewing its options with respect to the St. Albert Lands.

- The Applicants are working with those congregations who hold loans and mortgages to facilitate the repayment of those loans and mortgages.
- The Applicants will be moving forward to complete the DIL Distribution, subject to receipt of a tax opinion from the Monitor's legal counsel with respect to any impact that the DIL Distribution may have for DIL depositors. Additional correspondence will be sent to DIL depositors only in that regard.

Process and timeline

The Monitor anticipates that, on or prior to the expiry of the Stay, the Applicants will be making an application to the Court for an Order (the "Meeting Order") including the following relief:

- Accepting the Plans for filing; and
- Authorizing the District Group to present the Plans to the creditors of each of the Applicants and to seek approval of the creditors of each of the Applicants' Plans in conjunction with the terms of the Meeting Order and the Plans.

In consultation with the Applicants, the Monitor has developed the attached action items and proposed timeline from when the Plans are filed until such time as they are approved by the Court.

Should you have additional questions, please contact the undersigned at 403-298-5955.

Yours truly,

DELOITTE RESTRUCTURING INC.

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

Per: Vanessa Allen, B. Comm, CIRP

Vice-President

Timeline and action items following the filing of a plan

Action	Timing
Meeting Order is granted.	As soon as practicable and no later than October 30, 2015.
Information packages for the creditors/ depositors of the Applicants (the “Creditor Packages”) will be posted to the website.	Within 2 business days following the Meeting Order being granted.
The Creditor Packages will be mailed to all known creditors/ depositors of the Applicants, whose claims have not been disallowed pursuant to the claims process. The Creditor Packages will include the following: • The Plan for the relevant Applicant; • The Monitor’s report on the Plan for the relevant Applicant; • The Meeting Order; • An information summary describing the key elements of the Plan for the relevant Applicant; • An information summary describing how depositors/ creditors can participate in the process set out in the Meeting Order; • For the District, an election form for creditors/ depositors to elect to participate in one of two available options, which are anticipated to be available under the Plan; and • A voting letter and proxy.	Within 14 days following the Meeting Order being granted.
CRO to hold various information sessions with creditors/ depositors.	Between 19 and 45 days after the Meeting Order is granted.
Meetings for the purpose of voting on the Plan (the “Meetings”) to be held as follows: • Two meetings for the creditors/ depositors of the District to be held simultaneously in Edmonton, AB and Kelowna, BC, which are anticipated to be linked via video conference; • Two meetings for the creditors/ depositors of DIL to be held simultaneously in Edmonton, AB and Kelowna, BC, which are anticipated to be linked via video conference; and • Two concurrent meetings for ECHS and EMSS.	Between 45 to 55 days after the Meeting Order is granted.
Assuming the Plans are approved at the Meetings, the Applicants will apply for Court approval of the Plans.	Within 15 days following the Plans being approved at the Meeting or, if the Courts are not available, as soon as practicable thereafter.

Schedule 2

Deloitte.

Deloitte Restructuring Inc.
700, 850 – 2nd Street S.W.
Calgary AB T2P 0R8
Canada

Tel: 403-298-5955
Fax: 403-718-3681
www.deloitte.ca

October 13, 2015

Notice to depositors of the Lutheran Church – Canada, the Alberta – British Columbia District Investments Ltd. ("District Investments" or "DIL")

As you are aware, Lutheran Church Canada, the Alberta – British Columbia District, Encharis Community Housing and Services, Encharis Management and Support Services and District Investments obtained an Initial order under the *Companies' Creditors Arrangement Act*, R.S.C. 1985 c. C-36, as amended (the "**CCAA**") on January 23, 2015. Deloitte Restructuring Inc. acts as the Monitor in the CCAA proceedings (the "**Monitor**"). As previously reported, information on the CCAA proceedings can be accessed on the Monitor's website at www.insolvencies.deloitte.ca under link entitled "Lutheran Church – Canada, the Alberta – British Columbia District et. al." or can be requested from the undersigned via telephone at (403) 298-5955 or via email at vanallen@deloitte.ca.

The purpose of this correspondence is to provide depositors of DIL (the "**DIL Depositors**") with additional information related to an upcoming distribution to DIL Depositors (the "**DIL Distribution**").

Recent Court Proceedings

At a hearing on August 28, 2015, the Court of Queen's Bench of Alberta (the "**Court**") granted an Order approving the following relief:

- Authorizing the DIL Distribution for up to $15.0 million from the registered retirement savings plans (the "**Registered Plans**") currently held by DIL to new registered retirement savings plans (the "**New Registered Plans**") held by Great-West Life Assurance Company ("**GWL**"). The New Registered Plans will include the same types of accounts as the Registered Plans, including Tax Free Savings Accounts ("**TFSA(s)**"), accounts in Registered Retirement Savings Plans ("**RRSP(s)**") and accounts in Registered Retirement Income Funds ("**RRIF(s)**", collectively the "**New Registered Accounts**"); and
- Authorizing DIL to release personal information respecting depositors of DIL to GWL and its agent, Yellow Raincoat Benefit Consultants ("**Yellow Raincoat**").

The DIL Distribution

General Information

The DIL Distribution will be in the amount of $15.0 million, which will be paid to DIL Depositors on a pro-rata basis taking into account all required statutory minimum payments for RRIF holders and any emergency fund payments. Statements outlining the amount payable to each DIL Depositor pursuant to the DIL Distribution will follow.

The New Registered Accounts will be the same types of accounts as those held in the Registered Plans, including TFSAs, RRSPs and RRIFs. Funds transferred to DIL Depositors must be transferred into new accounts with GWL held in the same type of registered plan(s) as the one(s) they are currently invested in with DIL. For greater clarity, if your investment is currently held in a RRIF, it must be transferred into a RRIF.

Should you choose to do so, there are no restrictions on the ability of DIL Depositors to transfer funds held in the New Registered Accounts into other eligible registered investment vehicles following the DIL Distribution and the Account Set-up being completed.

Statutory Minimum Annual Payments

Pursuant to the Initial Order, statutory minimum annual payments due pursuant to RRIFs (the "**Minimum Payments**") continue to be payable. The Monitor notes that it is possible that, depending on the timing of the go-forward CCAA Proceedings, DIL may still hold funds on behalf of DIL Depositors following December 31, 2015. As such, DIL Depositors may receive Minimum Payments from both DIL and GWL during 2016. Should that be the case, further correspondence will follow in that regard.

Account Set-Up

Payments into the New Registered Accounts will only occur once the account set-up has been done for the respective DIL Depositor, which process will be facilitated by Yellow Raincoat. In order to facilitate the account set-up, DIL has provided Yellow Raincoat with available personal information for DIL Depositors, including their name, address and other contact information, date of birth, social insurance number, marital status, language preference, gender and existing beneficiary information (the "**Personal Information**");

In addition to the Personal Information, Yellow Raincoat has advised that new beneficiary designations will be required for all DIL Depositors as part of the account set-up.

Yellow Raincoat has advised that they may use multiple means to contact DIL Depositors. DIL Depositors can also reach out to Yellow Raincoat directly by telephone at 1-888-365-5681, via email at info@yellowraincoat.ca, or via mail at Suite 102, 718 – 12th Avenue SW, Calgary, AB T2R 0H7.

Tax Opinion

As previously reported, the DIL Distribution was contingent on the Monitor receiving a tax opinion with respect to any impact that the DIL Distribution may have for DIL Depositors (the "**Tax Opinion**"). The Tax Opinion was prepared by the Monitor's legal counsel, Gowlings Lafleur Henderson LLP ("Gowlings"). The Tax Opinion relied on specific facts, assumptions and qualifications set out therein. Based on their review, Gowlings opined that "none of an Old Deferred Plan, New Deferred Plan and annuitant or holder, as the case may be, thereof should be subject to any adverse tax consequences merely as a result of the transfer of funds from an Old RRSP to a New RRSP, of the same annuitant, from an Old RRIF to a New

RRIF, of the same annuitant, or from an Old TFSA to a New TFSA, of the same holder. In fact, the Tax Act explicitly provides for the tax-deferred transfers of property in this manner". The Monitor notes that the Tax Opinion should not be relied on for any subsequent transfers by DIL Depositors following the DIL Distribution.

Should you have additional questions, please contact the undersigned at 403-298-5955.

Yours truly,

DELOITTE RESTRUCTURING INC.

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

Per: Vanessa Allen, B. Comm, CIRP
Vice-President

Schedule 3

ECHS - Claims of Trade Creditors		
Name		**Amount**
Alvin Reinhard Fritz Architect Inc.	$	7,875
Canadian Clean Water Technologies Inc.		2,940
Lutheran Church - Canada		31,614
Rocky View County		8,006
Scheffer Andrew Ltd.		6,604
Wallace Appraisal Services Ltd.		315
Total trade creditor claims:	**$**	**57,354**

Schedule 4

EMSS - Claims of Trade Creditors		
Name		**Amount**
Alsco Canada Corporation	$	6,278
Birkby Food Service		3,262
Canada Bread Company		1,766
Concept Electric Ltd.		6,463
General Paint (Sherwin Williams)		435
James Electric Motor Services Ltd.		735
MediChair Calgary		840
PC eSolutions Corporation		10,534
Pratts Foodservice AB		16,527
Sysco Food Services Calgary		27,214
True North Technical Services Inc.		1,413
Wood Wyant Canada Inc.		1,532
Xerox Canada Ltd.		1,059
Total trade creditor claims:	**$**	**78,056**

Schedule 5

The Lutheran Church - Canada, The Alberta - British Columbia District (the "District") including the Church Extension Fund ("CEF")
Statement of Projected Cash Flow
For the Thirteen Week Period Ending January 9, 2016

Week ending	17-Oct-15	24-Oct-15	31-Oct-15	7-Nov-15	14-Nov-15	21-Nov-15	28-Nov-15	5-Dec-15	12-Dec-15	19-Dec-15	26-Dec-15	2-Jan-16	9-Jan-16	Total	Notes
Cash flow from CEF operations															
Receipts															
Lease payments				$ 29,018				$ 29,018				$ 29,018		$ 87,053	1
Bank Interest Income				125				125				125		375	
Management fees			25,790				12,895				12,895			51,580	2
Loan Payout			80,500								810,000			890,500	3
Loan interest and principal payments	16,717		214	782	14,417	2,300		995		16,717		995		53,137	4
Total Receipts	16,717	-	106,504	29,925	14,417	2,300	12,895	30,138	-	16,717	822,895	30,138	-	1,082,645	
Disbursements															
Mortgage payments				(28,189)				(28,189)				(28,189)		(84,567)	1
CEF salaries and benefits				(4,200)	(15,000)			(4,200)		(15,000)		(4,200)		(42,600)	
Operating expenses	(1,500)	(1,500)	(1,500)	(1,500)	(6,000)	(1,500)	(1,500)	(1,000)	(1,500)	(1,500)	(1,500)	(1,500)	(1,500)	(23,500)	
Plant Fund	(250)	(250)	(250)	(2,500)	(250)	(250)	(250)	(2,500)	(250)	(250)	(250)	(2,500)	(2,500)	(12,250)	
Emergency fund				(45,000)				(45,000)				(45,000)		(135,000)	5
Restructuring fees				(75,000)				(75,000)					(75,000)	(225,000)	6
CRO					(10,290)				(10,290)				(10,290)	(30,870)	7
Total disbursements	(1,750)	(1,750)	(1,750)	(156,389)	(31,540)	(1,750)	(1,750)	(155,889)	(12,040)	(16,750)	(1,750)	(81,389)	(89,290)	(553,787)	
Net cash flow from CEF operations	**14,967**	**(1,750)**	**104,754**	**(126,464)**	**(17,123)**	**550**	**11,145**	**(125,751)**	**(12,040)**	**(33)**	**821,145**	**(51,251)**	**(89,290)**	**528,859**	
Cash flow from other District operations															
Receipts															
Wage recovery	9,500				9,500									19,000	8
Mission remittances	11,000	11,000	11,000	11,000	11,000	11,000	11,000	11,000	11,000	11,000	11,000	11,000	11,000	143,000	9
Total receipts	20,500	11,000	11,000	11,000	20,500	11,000	11,000	11,000	11,000	11,000	11,000	11,000	11,000	162,000	
Disbursements															
Salaries and benefits	(15,000)				(15,000)					(10,000)				(40,000)	10
Administrative expenses, travel and utilities	(1,250)	(1,500)	(1,500)	(4,000)	(1,500)	(1,500)	(1,500)	(4,000)	(1,500)	(1,500)	(1,500)	(4,000)	(1,500)	(26,750)	11
Outreach operating expenses	(7,458)	(500)	(500)	(500)	(7,458)	(500)	(500)	(500)	(500)	(7,458)	(500)	(500)	(500)	(27,375)	12
Department of Stewardship and Financial Ministries operating expenses	(1,000)				(1,000)				(1,000)				(1,000)	(4,000)	13
President's expenses	(400)	(750)	(750)	(750)	(750)	(750)	(750)	(750)	(750)	(750)	(750)	(750)	(750)	(9,400)	
Mission Payments to LCC		(2,750)				(2,750)				(2,750)				(8,250)	9
														-	
Total disbursements	(25,108)	(5,500)	(2,750)	(5,250)	(25,708)	(5,500)	(2,750)	(5,250)	(3,750)	(22,458)	(2,750)	(5,250)	(3,750)	(115,775)	
Net cash flow from other District operations	**(4,608)**	**5,500**	**8,250**	**5,750**	**(5,208)**	**5,500**	**8,250**	**5,750**	**7,250**	**(11,458)**	**8,250**	**5,750**	**7,250**	**46,225**	
Total net cash flow	**$ 10,359**	**$ 3,750**	**$ 113,004**	**$ (120,714)**	**$ (22,331)**	**$ 6,050**	**$ 19,395**	**$ (120,001)**	**$ (4,790)**	**$ (11,491)**	**$ 829,395**	**$ (45,501)**	**$ (82,040)**	**$ 575,084**	
Cash and marketable securities on hand															
Beginning balance	$ 5,152,419	$ 5,162,777	$ 5,166,527	$ 5,279,531	$ 5,158,817	$ 5,136,486	$ 5,142,536	$ 5,161,931	$ 5,041,930	$ 5,037,140	$ 5,025,648	$ 5,855,043	$ 5,809,542	$ 5,152,419	14
Total net cash flow	10,359	3,750	113,004	(120,714)	(22,331)	6,050	19,395	(120,001)	(4,790)	(11,491)	829,395	(45,501)	(82,040)	575,084	
Ending balance	**$ 5,162,777**	**$ 5,166,527**	**$ 5,279,531**	**$ 5,158,817**	**$ 5,136,486**	**$ 5,142,536**	**$ 5,161,931**	**$ 5,041,930**	**$ 5,037,140**	**$ 5,025,648**	**$ 5,855,043**	**$ 5,809,542**	**$ 5,727,502**	**$ 5,727,502**	15

Prepared as at the 14 day of October 2015

The Lutheran Church - Canada, The Alberta - British Columbia District (the "District") including the Church Extension Fund ("CEF")
Statement of Projected Cash Flow
For the Thirteen Week Period Ending January 9, 2016

Purpose:

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

The Lutheran Church - Canada - The Alberta British Columbia District

Per: Kurt Robinson, Executive Director of Stewardship and Finance

Notes & Assumptions - General:

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

Notes & Assumptions - Specific:

1. Monthly lease payments made from Golden Hills School Division for lease of a portion of a property located in Strathmore, Alberta. The loan on Strathmore Property is held in the Lutheran Church - Canada, The Alberta - British Columbia District Investments Ltd. ("DIL"); therefore payments are transferred to DIL from CEF on a monthly basis (the "Golden Hill Payment").
2. A monthly management fee is payable from DIL to District.
3. Includes anticipated loan pay-outs from Lord of Life Lutheran Church in Kamloops,Concordia Edmonton and Trinity Lutheran Church in Fort McMurray.
4. Includes payments on mortgages and lines of credit, which are sometimes paid on inconsistent dates and not always kept current.
5. Represents payments made pursuant to an emergency fund whereby high need individuals would still be able to access funds on a monthly basis during the CCAA proceedings.
6. Represents anticipated amounts payable to the District's legal counsel, the CCAA Monitor, the CCAA Monitor's legal counsel and representative counsel for the creditors' committee that was established for the District.
7. Includes amounts payable to Kluane Partners as CRO.
8. Encharis Community and Housing Services makes monthly payments to the District for use of one management employee.
9. Represents the anticipated weekly amount of mission commitments received from the churches throughout the District a portion of which is payable to Lutheran Church-Canada as set out in the Order granted by the Court of Queen's Bench of Alberta on June 26, 2015.
10. Includes monthly salary, benefits and pension amounts. The District is WCB exempt.
11. Includes information technology, general office expenses and travel.
12. Program funding given to churches within the District. Churches have accessed this program by applying for specific funding with all amounts being reviewed by the Outreach Department and approved by the District's board of directors.
13. Monthly amount sent to the Lutheran Church Canada for use of the services of the LCC gift planner, who is assigned to the District.
14. Includes marketable securities held with FI Capital with a fair market value of approximately $4,778,193 as at Oct 9, 2015. $1,282 was held in a US account, which has been converted at an exchange rate of $1.000 US: $1.29 CDN.
15. Bishop & McKenzie LLP, legal counsel to the District are holding amounts in trust related to the sale of various real estate properties that have now closed. These amounts include approximately $3.6 million related to the sale of vacant school lands in Edmonton, Alberta, approximately $389,000 related to the sale of a condominium in Richmond, B.C. and approximately $360,100 related to the sale of a property in Revelstoke, British Columbia (the "Sale Proceeds"). The Sale Proceeds are not reflected herein but are being held in trust for inclusion in a Plan of Arrangement to be filed by the District in the CCAA proceedings.

Schedule 6

Lutheran Church - Canada, The Alberta - British Columbia District Investments Ltd. ("DIL")
Statement of Projected Cash Flow
For the Thirteen Week Period Ending January 9, 2016

Week ending	17-Oct-15	24-Oct-15	31-Oct-15	7-Nov-15	14-Nov-15	21-Nov-15	28-Nov-15	5-Dec-15	12-Dec-15	19-Dec-15	26-Dec-15	2-Jan-16	9-Jan-16	Total	Notes
Receipts															
Loan Payouts	$ 676,926		$ 1,589,000											$ 2,265,926	1
Bank Interest			500					250				250		1,000	
Loan payments			28,189	17,937				46,126				39,126		131,377	2
Total receipts	676,926	-	1,617,689	17,937	-	-	-	46,376	-	-	-	39,376	-	2,398,303	
Disbursements															
Management fee			(25,790)				(12,895)				(12,895)			(51,580)	3
Restructuring fees				(65,000)				(65,000)				(65,000)		(195,000)	4
CRO	(10,290)				(10,290)				(10,290)				(10,290)	(41,160)	5
Emergency fund			(4,200)				(4,200)							(8,400)	6
DIL Distribution			(15,000,000)											(15,000,000)	7
Annual minimum RRIF payments			(550)				(550)							(1,100)	8
Total disbursements	(10,290)	-	(15,030,540)	(65,000)	(10,290)	-	(17,645)	(65,000)	(10,290)	-	(12,895)	(65,000)	(10,290)	(15,297,240)	
Net cash flow	**$ 666,636**	**$ -**	**$ (13,412,851)**	**$ (47,063)**	**$ (10,290)**	**$ -**	**$ (17,645)**	**$ (18,624)**	**$ (10,290)**	**$ -**	**$ (12,895)**	**$ (25,624)**	**$ (10,290)**	**$ (12,898,937)**	
Cash and marketable securities on hand															
Beginning balance	$ 17,779,003	$ 18,445,639	$ 18,445,639	$ 5,032,788	$ 4,985,725	$ 4,975,435	$ 4,975,435	$ 4,957,790	$ 4,939,165	$ 4,928,875	$ 4,928,875	$ 4,915,980	$ 4,890,356	$ 17,779,003	9
Net cash flow	666,636	-	(13,412,851)	(47,063)	(10,290)	-	(17,645)	(18,624)	(10,290)	-	(12,895)	(25,624)	(10,290)	(12,898,937)	
Ending balance	**$ 18,445,639**	**$ 18,445,639**	**$ 5,032,788**	**$ 4,985,725**	**$ 4,975,435**	**$ 4,975,435**	**$ 4,957,790**	**$ 4,939,165**	**$ 4,928,875**	**$ 4,928,875**	**$ 4,915,980**	**$ 4,890,356**	**$ 4,880,066**	**$ 4,880,066**	

Prepared as at the 14 day of October, 2015

Purpose:

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

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

Per: Kurt Robinson, Executive Director of Stewardship and Finance

Notes & Assumptions - General:

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

Notes & Assumptions - Specific:

1. Includes anticipated loan pay-outs for Walnut Grove Lutheran Church, in Langley, Bethlehem Lutheran Church in Edmonton, Trinity Lutheran Church in Richmond, Zion Lutheran Church in Prince George, Faith Lutheran Church in Surrey and Good Shepherd Lutheran Church in Calgary.
2. Includes loan payments from various churches within Lutheran Church - Canada, the Alberta - British Columbia District for mortgages held by DIL.
3. Monthly management fees payable to CEF and quarterly portfolio fees paid to DIL's investment advisor at FI Capital Ltd.
4. Represents anticipated amounts payable to DIL's legal counsel, the CCAA Monitor, the CCAA Monitor's legal counsel and representative counsel for the creditors' committee that was established for DIL.
5. Includes amounts payable to Kluane Partners as CRO.
6. Represents payments made pursuant to an emergency fund whereby high need individuals can access funds on a monthly basis during the CCAA proceedings. No further payments will be made pursuant to the emergency fund following November 30, 2015 as a result of the release of the DIL Distribution.
7. On August 28, the Court granted and Order approving the transfer of $15.0 million from the registered retirement savings plans currently held by DIL to new registered retirement savings plans held by Great West Life Assurance Company.
8. Represents required statuory annual minimum payments (the "Minimum Payments") to be issued to depositors pursuant to their RRIFs. All Minimum Payments will have been issued by November 30, 2015.
9. DIL held marketable securities with a fair market value of approximately $5,030,692 with FI capital as at October 9, 2015.

Schedule 7

Encharis Community Housing and Services ("ECHS")
Statement of Projected Cash Flow
For the Thirteen Week Period Ending January 9, 2016

Week ending	17-Oct-15	24-Oct-15	31-Oct-15	7-Nov-15	14-Nov-15	21-Nov-15	28-Nov-15	5-Dec-15	12-Dec-15	19-Dec-15	26-Dec-15	2-Jan-16	9-Jan-16	Total	Notes
Receipts															
Lease revenue				$ 120,000				$ 120,000				$ 120,000		$ 360,000	1
Water and sewage revenue				38,000	6,350			38,000	6,350			38,000		126,700	2
RV lot rental				1,000				1,000				1,000		3,000	3
Total receipts	-	-	-	159,000	6,350	-	-	159,000	6,350	-	-	159,000	-	489,700	
Disbursements															
Operating expenses	(6,500)	(5,000)	(6,500)	(5,000)	(56,000)	(5,000)	(6,500)	(5,000)	(56,000)	(5,000)	(6,500)	(5,000)	(6,500)	(174,500)	4
Restructuring fees		(55,000)				(30,590)				(30,590)				(116,180)	5
CRO		(13,230)				(4,410)				(4,410)				(22,050)	
Contingency				(10,000)				(10,000)				(10,000)		(30,000)	6
Total disbursements	(6,500)	(73,230)	(6,500)	(15,000)	(56,000)	(40,000)	(6,500)	(15,000)	(56,000)	(40,000)	(6,500)	(15,000)	(6,500)	(342,730)	
Net cash flow	**$ (6,500)**	**$ (73,230)**	**$ (6,500)**	**$ 144,000**	**$ (49,650)**	**$ (40,000)**	**$ (6,500)**	**$ 144,000**	**$ (49,650)**	**$ (40,000)**	**$ (6,500)**	**$ 144,000**	**$ (6,500)**	**$ 146,970**	
Cash on hand															
Beginning balance	$ 534,567	$ 528,067	$ 454,837	$ 448,337	$ 592,337	$ 542,687	$ 502,687	$ 496,187	$ 640,187	$ 590,537	$ 550,537	$ 544,037	$ 688,037	$ 534,567	7
Net cash flow	(6,500)	(73,230)	(6,500)	144,000	(49,650)	(40,000)	(6,500)	144,000	(49,650)	(40,000)	(6,500)	144,000	(6,500)	146,970	
Ending balance	**$ 528,067**	**$ 454,837**	**$ 448,337**	**$ 592,337**	**$ 542,687**	**$ 502,687**	**$ 496,187**	**$ 640,187**	**$ 590,537**	**$ 550,537**	**$ 544,037**	**$ 688,037**	**$ 681,537**	**$ 681,537**	

Prepared as at the 14 day of October, 2015

Purpose:

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

Encharis Community Housing and Services

Per: Kurt Robinson, Executive Director of Stewardship and Finance

Notes & Assumptions - General:

1. Unless otherwise stated, amounts are based on historical data and management estimates.
2. All amounts include applicable GST.
3. The plan of arrangement for ECHS (the "ECHS Plan") in the CCAA proceedings is being filed at a Court application on October 23, 2015. As the timing of the Court sanction of the ECHS Plan is unknown, no anticipated distributions made pursuant to the ECHS Plan are included here.

Notes & Assumptions - Specific:

1. ECHS leases land and buildings that they own within the development known as Prince of Peace to Encharis Management and Support Services ("EMSS"), a related entity. EMSS operates as the Prince of Peace Manor and Harbour, providing integrated supportive living services to seniors based on their assessed care needs. Monthly lease payments increased from $86,500 to $120,000 in April 2015. Monthly payments are due on the 1st of each month from EMSS to ECHS with respect to this lease.
2. ECHS provides water and sewer services to EMSS, to the elementary school located in the POP Development and to residents of a condominium complex known as the "POP Village". All POP Village residents have their water payments paid by EFT on the first of the month. EMSS transfers the funds to ECHS during the first week of each month. The elementary school makes payments each month as funds are available.
3. The RV lot rentals are for POP Village residents only and are paid by EFT on the first of each month.
4. Monthly accounts payable average approximately $55,000 per month.
5. Represents anticipated amounts payable to ECHS' legal counsel, the CCAA Monitor and the CCAA Monitor's legal counsel.
6. Includes payments related to the repair of roadways and the master-site plan approval process.
7. Bishop & McKenzie LLP, legal counsel to ECHS are holding approximately $7.9 million from the sale of lands in Chestermere, Alberta in trust (the "Sale Proceeds"). The Sale Proceeds are not reflected herein but are being held in trust for inclusion in a Plan of Arrangement to be filed by the Applicants.

Schedule 8

Encharis Management and Support Services ("EMSS")
Statement of Projected Cash Flow
For the Thirteen Week Period Ending January 9, 2016

Week ending	17-Oct-15	24-Oct-15	31-Oct-15	7-Nov-15	14-Nov-15	21-Nov-15	28-Nov-15	5-Dec-15	12-Dec-15	19-Dec-15	26-Dec-15	2-Jan-16	9-Jan-16	Total	Notes
Receipts															
Rent				$ 440,000				$ 440,000				$ 435,000		$ 1,315,000	1
Alberta Health Services ("AHS") funding				388,844				388,844				388,844		1,166,532	2
Miscellaneous revenue	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	13,000	3
Total receipts	1,000	1,000	1,000	829,844	1,000	1,000	1,000	829,844	1,000	1,000	1,000	824,844	1,000	2,494,532	
Disbursements															
Payroll	(196,500)		(196,500)		(196,500)		(196,500)		(196,500)		(196,500)		(196,500)	(1,375,500)	4
RRSP's	(10,125)		(10,125)		(10,125)		(10,125)		(10,125)		(10,125)		(10,125)	(70,875)	
Health Benefits	(30,000)	(3,000)			(30,000)	(3,000)			(28,000)	(3,000)				(97,000)	
Administrative expenses		(32,000)		(32,000)		(32,000)		(32,000)		(32,000)		(32,000)		(192,000)	5
Food services expenses	(4,000)	(18,000)	(4,000)	(18,000)	(4,000)	(18,000)	(4,000)	(18,000)	(4,000)	(18,000)	(4,000)	(18,000)	(4,000)	(136,000)	
Housekeeping expenses	(750)	(2,500)	(750)	(2,500)	(750)	(2,500)	(750)	(2,500)	(750)	(2,500)	(750)	(2,500)	(750)	(20,250)	
Healthcare expenses	(500)	(2,000)	(500)	(2,000)	(500)	(2,000)	(500)	(2,000)	(500)	(2,000)	(500)	(2,000)	(500)	(15,500)	
Maintenance expenses	(2,500)	(12,000)	(2,500)	(12,000)	(2,500)	(12,000)	(2,500)	(12,000)	(2,500)	(12,000)	(2,500)	(12,000)	(2,500)	(89,500)	
Utility expenses		(5,000)	(36,000)	(5,000)	(15,000)	(5,000)	(36,000)	(5,000)	(15,000)	(5,000)		(36,000)	(5,000)	(168,000)	6
Diversicare	(15,000)					(15,000)		(22,000)					(22,000)	(74,000)	7
Lease payments			(120,000)				(120,000)					(120,000)		(360,000)	8
Restructuring fees		(55,000)				(35,000)				(35,000)				(125,000)	9
CRO		(8,820)				(4,410)				(4,410)				(17,640)	
Total disbursements	(259,375)	(138,320)	(370,375)	(71,500)	(259,375)	(128,910)	(370,375)	(93,500)	(257,375)	(113,910)	(214,375)	(222,500)	(241,375)	(2,741,265)	
Net cash flow	**$ (258,375)**	**$ (137,320)**	**$ (369,375)**	**$ 758,344**	**$ (258,375)**	**$ (127,910)**	**$ (369,375)**	**$ 736,344**	**$ (256,375)**	**$ (112,910)**	**$ (213,375)**	**$ 602,344**	**$ (240,375)**	**$ (246,733)**	
Cash on hand															
Beginning balance	$ 1,317,081	$ 1,058,706	$ 921,386	$ 552,011	$ 1,310,355	$ 1,051,980	$ 924,070	$ 554,695	$ 1,291,039	$ 1,034,664	$ 921,754	$ 708,379	$ 1,310,723	$ 1,317,081	
Net cash flow	(258,375)	(137,320)	(369,375)	758,344	(258,375)	(127,910)	(369,375)	736,344	(256,375)	(112,910)	(213,375)	602,344	(240,375)	(246,733)	
Ending balance	**$ 1,058,706**	**$ 921,386**	**$ 552,011**	**$ 1,310,355**	**$ 1,051,980**	**$ 924,070**	**$ 554,695**	**$ 1,291,039**	**$ 1,034,664**	**$ 921,754**	**$ 708,379**	**$ 1,310,723**	**$ 1,070,348**	**1,070,348**	

Prepared as at the 14 day of October, 2015

Purpose:

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

Encharis Management and Support Services

Per: Kurt Robinson, Executive Director of Stewardship and Finance

Notes & Assumptions - General:

1. Unless otherwise stated, amounts are based on historical data and management estimates.
2. All amounts include applicable GST.
3. EMSS holds security deposits for PAL and independent residents in a separate trust account.

Notes & Assumptions - Specific:

1. Rents include all Alberta Health Services ("AHS") beds, independent beds and small rental amounts for the drug store and hair salon.
2. Annual funding revenue taken from the funding advice received from AHS on July 23, 2014.
3. Includes food services revenue, damage repair revenue and miscellaneous revenue (stamps, photocopying, etc.).
4. Payroll is withdrawn every second Friday and includes Canada Revenue Agency payroll source deductions.
5. Includes all administrative department expenses, contractors who provide accounting, management and pastoral services, WCB, information technology and cable.
6. EMSS obtains water and sewer services from ECHS.
7. A contract is in place with Verve, formerly known as Diversicare Canada Management Services Co., Inc. related to the operations of the Harbour and the Manor seniors' care facilities.
8. ECHS, a related entity, leases land and buildings that they own within the development known as Prince of Peace to EMSS. EMSS operates as the Prince of Peace Manor and Harbour, providing integrated supportive living services to seniors based on their assessed care needs. Monthly lease payments increased from $86,500 to $120,000 in April 2015. Monthly payments are due on the 1st of each month from EMSS to ECHS with respect to this lease.
9. Represents anticipated amounts payable to EMSS' legal counsel, the CCAA Monitor and the CCAA Monitor's legal counsel.

Schedule 9

The Lutheran Church - Canada, The Alberta - British Columbia District including the Church
Variance Analysis
For the period from August 16, 2015, 2015 to October 10, 2015, 2015

	Forecast (F)	Actual (A)	Variance (A-F)	Notes
Cash flow from CEF operations				
Receipts				
Lease payments	$ 58,036	$ 58,036	$ -	
Loan Payout	130,600	43,540	(87,060)	1
Bank Interest Income	300	267	(33)	
Management fees from DIL	50,500	51,579	1,079	2
Loan interest and principal payments	36,327	23,478	(12,849)	2
Total Receipts	275,763	176,899	(98,864)	
Disbursements				
Mortgage payments	(56,378)	(56,378)	-	
CEF salaries and benefits	(27,200)	(28,781)	(1,581)	3
Operating expenses	(24,000)	(25,007)	(1,007)	2
Plant Fund	(10,000)	(13,539)	(3,539)	2
Emergency fund	(90,260)	(94,620)	(4,360)	3
Restructuring fees	(180,000)	(76,932)	103,068	2
CRO	(20,580)	(20,580)	-	2
Total disbursements	(408,418)	(315,838)	92,580	
		-	-	
Net cash flow from CEF operations	(132,655)	(138,939)	(6,283)	
Cash flow from other District operations				
Receipts				
Wage recovery	10,000	19,000	9,000	2
Donations	-	4,529	4,529	3
Mission remittances	80,000	84,222	4,222	3
Rental income	-	19,845	19,845	3
Total receipts	90,000	127,596	37,596	
Disbursements				
Salaries and benefits	(38,000)	(22,570)	15,430	2
Administrative expenses, travel and utilities	(14,000)	(13,836)	164	2
Outreach operating expenses	(17,916)	(19,228)	(1,312)	2
Department of Stewardship and Financial Ministries operating expenses	(2,000)	(1,000)	1,000	2
President's expenses	(5,200)	(9,300)	(4,100)	2
Mileage Reserve Payout	-	(65,192)	(65,192)	4
Mission to LCC	(5,500)	(8,555)	(3,055)	2
Contingency	(4,500)	(1,026)	3,474	2
Total disbursements	(87,116)	(140,707)	(53,591)	
Net cash flow from other District operations	2,884	(13,112)	(15,996)	
	-	-		
Total net cash flow	**$ (129,771)**	**$ (152,050)**	**$ (22,279)**	
Cash and marketable securities on hand				
Beginning balance as per Bank & FI Cap	**$ 5,457,356**	**$ 5,463,075**	**$ 5,718**	5
Total net cash flow	(129,771)	(152,050)	(22,279)	
Net change in marketable securities		(158,606)	(158,606)	6
Ending balance	**$ 5,327,585**	**$ 5,152,419**	**$ (175,166)**	

Notes:

1. The receipt of a forecast loan pay-out from Lord of Life Church in Kamloops was delayed.
2. Timing related variances, which are expected to reverse themselves in future weeks.
3. Permanent variances as a result of receipts/expenses being higher/lower than originally forecast.
4. Represents the release of payments to participants in a mileage reserve fund, which was approved by both the Court of Queen's Bench of Alberta and the creditors' committee for the District.
5. Variance in beginning balance is due to inclusion of cash held by LHI, which was erroneneously excluded from the original forecast.
6. Permanent variance as a result of a decrease in the value of marketable securities held by FI Capital Ltd.

Schedule 10

The Lutheran Church - Canada, The Alberta - British Columbia District Investments Ltd.
Variance Analysis
For the period from August 16, 2015 to October 10, 2015

	Forecast (F)	Actual (A)	Variance (A-F)	Notes
Receipts				
Bank interest income	$ -	$ 531	$ 531	1
Loan pay-outs	1,614,000	-	(1,614,000)	2
Loan payments	111,378	123,260	11,882	3
Total receipts	1,725,378	123,791	(1,601,587)	
Disbursements				
Management fee	(58,500)	(55,732)	2,768	3
Restructuring fees	(65,000)	(75,249)	(10,249)	1
Operating Expenses	-	(539)	(539)	1
CRO	(20,580)	(20,580)	-	
Emergency fund	(3,944)	(5,442)	(1,498)	1
Annual Minimum RRIF payments	(1,500)	(1,098)	402	
Total disbursements	(149,524)	(158,640)	(9,116)	
Net cash flow	**$ 1,575,854**	**$ (34,849)**	**$ (1,610,703)**	
Cash and marketable securities				
Beginning balance	**$ 18,404,314**	**$ 18,404,315**	**$ -**	
Total net cash flow	1,575,854	(34,849)	(1,610,703)	
Net change in marketable securities		(590,463)	(590,463)	4
Ending balance	**$ 19,980,168**	**$ 17,779,003**	**$ (2,201,166)**	

Notes:

1. Permanent variances as a result of receipts/expenses being higher/lower than originally forecast.

2. Forecast loan payouts from Walnut Grove Lutheran Church in Langley, Bethlehem Lutheran Church in Edmonton, Trinity Lutheran Church in Richmond and Zion Lutheran Church in Prince George had not yet been received but are anticipated to be received by October 31, 2015.

3. Timing related variances, which are expected to reverse themselves in future weeks.

4. Permanent variance as a result of a decrease in the value of marketable securities held by FI Capital Ltd. as certain investments matured and others were divested to make cash available for an anticipated distribution to DIL Depositors.

Schedule 11

Encharis Community Housing and Services
Variance Analysis
For the period from August 16, 2015 to October 10, 2015

	Forecast (F)	Actual (A)	Variance (A-F)	Notes
Receipts				
Lease revenue	$ 240,000	$ 240,000	$ -	
Water and sewage revenue	82,350	84,919	2,569	1
RV lot rental	2,000	2,000	-	
Total receipts	324,350	326,919	2,569	
Disbursements				
Operating expenses	(68,348)	(184,463)	(116,115)	2
Restructuring fees	(61,180)	(25,651)	35,529	3
CRO	(8,820)	-	8,820	3
Contingency	(20,000)	-	20,000	3
Total disbursements	(158,348)	(210,114)	(51,766)	
Net cash flow	**$ 166,002**	**$ 116,805**	**$ (49,197)**	

Cash on hand			
Beginning balance	**$ 417,762**	**$ 417,762**	**$ -**
Net cash flow	166,002	116,805	(49,197)
Ending balance	**$ 583,764**	**$ 534,567**	**$ (49,197)**

Notes:

1. Permanent variance due to water and sewage revenue being slightly higher than originally forecast.

2. Approximately $76,100 of this variance is permanent as a result of annual audit fees and water maintenance fees being higher than originally forecast. The remainder are timing related and are expected to reverse themselves in future weeks.

3. Timing related variances, which are expected to reverse themselves in future weeks.

Schedule 12

Encharis Management and Support Services
Variance Analysis
For the period from August 16, 2015 to October 10, 2015

	Forecast (F)	Actual (A)	Variance (A-F)	Notes
Receipts				
Rent	$ 870,000	$ 924,633	$ 54,633	1
Alberta Health Services ("AHS") funding	777,688	777,688	-	
Miscellaneous revenue	10,000	9,671	(329)	2
Total receipts	1,657,688	1,711,993	54,304	
Disbursements				
Payroll	(780,000)	(787,372)	(7,372)	2
RRSP's	(40,000)	(40,575)	(575)	2
Health Benefits	(34,000)	(26,220)	7,780	2
Administrative expenses	(100,000)	(128,320)	(28,320)	3
Food services expenses	(72,000)	(87,539)	(15,539)	2
Housekeeping expenses	(10,000)	(14,071)	(4,071)	4
Healthcare expenses	(8,000)	(11,810)	(3,810)	4
Maintenance expenses	(48,000)	(70,500)	(22,500)	4
Utility expenses	(87,000)	(99,410)	(12,410)	4
Diversicare	(52,000)	(35,328)	16,672	2
Lease payments	(240,000)	(240,000)	-	
Restructuring fees	(70,000)	(4,829)	65,171	2
CRO	(8,820)	-	8,820	2
Total disbursements	(1,549,820)	(1,545,973)	3,847	
Net cash flow	**$ 107,868**	**$ 166,019**	**$ 58,151**	

Cash on hand			
Beginning Balance	**$ 1,151,062**	**$ 1,151,062**	**$ -**
Net cash flow	107,868	166,019	58,151
Ending Balance	**$ 1,258,930**	**$ 1,317,081**	**$ 58,151**

Notes:

1. Permanent variance due to occupancy being higher than originally forecast.
2. Timing related variances, which are expected to reverse themselves in future weeks.
3. Permanent negative variance as a result of amounts due to the contracted general manager being erroneously excluded from the forecast.
4. Permanent variances as a result of expenses being higher than originally forecast as a result of an increase in occupancy.