

COURT FILE NUMBER 1501-00955

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

JUDICIAL CENTRE CALGARY

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

APPLICANTS 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.

MANAGEMENT'S REPORT ON CASH FLOW STATEMENT
PURSUANT TO PARAGRAPH 10(2)(B) OF THE COMPANIES' CREDITORS
ARRANGEMENT ACT, R.S.C. 1985, c. C-36, as amended


1. The Management of the Applicants has developed the assumptions and prepared the attached statements of projected cash flow for each of the Applicants as of the 22 day of December, 2015 for the thirteen week period (the "Forecast Period") ending March 12, 2016 (the "Forecasts").
2. The Forecasts have been prepared for the purpose of determining the liquidity requirements of the Applicants during the Forecast Period.
3. The hypothetical assumptions are reasonable and consistent with the purpose of the projections described in the notes to the Forecast, and the probable assumptions are suitably supported and consistent with the plans of the Applicants and provide a reasonable basis for the Forecasts.
4. Since the Forecasts are based on assumptions regarding future events, actual results will vary from the information presented and variations may be material.
5. The Forecasts have been prepared solely for the purposes described in the notes to the Forecasts. Consequently, readers are cautioned that the Forecasts may not be appropriate for other purposes.

6. The Applicants confirm that the Forecasts and the underlying assumptions are the responsibility of the Applicants, and that all material information relevant to the Forecasts and to the underlying assumptions has been made available to Deloitte Restructuring Inc., in its capacity as the Monitor for the Applicants.

Dated at Calgary, Alberta this 31 day of December, 2015

KLUANE FINANCIAL SERVICES INC.

Per:


CAMERON SHERBAN,
Chief Restructuring Officer for 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.

The Lutheran Church - Canada, The Alberta - British Columbia District (the "District"), including the Church Extension Fund ("CEF")
Statement of Proposed Cash Flow
for the Thirtieth Month Ending January 31, 2015

The Statement of Proposed Cash Flow (the "Cash Flow") has been prepared by management pursuant to section 182(6) 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, which should remain only very far from the estimates presented herein and those estimates may be revised.

The Lutheran Church - Canada in The Alberta
British Columbia District
P.O. Box 1000
Edmonton, Alberta T6C 2E1
Pauline Peterson, Chief Financial Officer

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 dependent redemptions effective January 2, 2015.

Notes & Assumptions - Specific:
1. Monthly lease payments made from Golden Hill School Division for lease of a portion of a property located in Brathwaite, Alberta (the "Brathwaite Property"). The lease on Brathwaite Property is held in the Lutheran Church - Canada, The Alberta - British Columbia District Investments Ltd. ("LBCD"); lessors payments are imputed to LBCD, less CEF, on a monthly basis.
2. A monthly management fee is payable from DL to District.
3. Includes anticipated loan pay-down from Cornerstone Lutheran Church in Edmonton, AB and Trinity Lutheran Church in Fort McMurray, AB.
4. Includes anticipated loan pay-down from Cornerstone Lutheran Church in Edmonton, AB and on incremental dates and not always in full.
5. Represents payments on mortgages and lines of credit, which are likely to be repaid in full over the term of the loans.
6. Represents anticipated interest payments on the District's legal counsel for the CCAA Monitor's legal counsel for the creditors committee that was established by the District.
7. Represents anticipated interest payments on the District's legal counsel for the CCAA Monitor's legal counsel for the creditors committee that was established by the District on June 26, 2015.
8. Includes amounts payable monthly amount of interest 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.
9. Includes monthly salary, benefits and pension amounts. The District is VCB exempt.
10. Includes information technology, general office expenses and travel.
11. 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 District's Department and approved by the District's board of directors.
12. Monthly funding given to the Lutheran Church Canada, which has been converted at an exchange rate of \$1.00 US: \$1.39 CDN.
13. Includes transferable securities held in trust for inclusion in the sale of various real estate properties. These amounts include approximately \$3.6 million related to the sale of various real estate properties, which are currently held in trust for inclusion in a plan of arrangement and assignment to be filed by the District in the CCAA.
14. Bishop & McCreesh LLP, legal counsel for the District are holding amounts in trust related to the sale of various real estate properties, which are currently held in trust for inclusion in a plan of arrangement and assignment to be filed by the District in the CCAA.
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16. Includes approximately \$200,000 related to the sale of a property in Redwood, British Columbia and approximately \$4.8 million related to the sale of assets in St. Albert, Alberta (the "Sale Proceeds"). The Sale Proceeds are not related to the sale of assets in St. Albert, Alberta (the "Sale Proceeds"). The Sale Proceeds are not related to the sale of assets in St. Albert, Alberta (the "Sale Proceeds").

	12-Dec-13	31-Dec-14	30-Jun-15	31-Dec-15	30-Jun-16	31-Dec-16	30-Jun-17	31-Dec-17	30-Jun-18	31-Dec-18	30-Jun-19	Total
Receipts												
Lease revenue	\$ 120,000	\$ 120,000	\$ 6,350	\$ 120,000	\$ 6,350	\$ 120,000	\$ 6,350	\$ 120,000	\$ 6,350	\$ 120,000	\$ 6,350	\$ 960,000
Water and sewage revenue	36,000	36,000		36,000		36,000		36,000		36,000		288,000
RV lot rental	1,000	1,000		1,000		1,000		1,000		1,000		8,000
Total receipts	157,000	157,000	6,350	157,000	6,350	157,000	6,350	157,000	6,350	157,000	6,350	1,256,000
Disbursements												
Operating expenses	(5,000)	(5,000)	(8,500)	(2,000)	(2,000)	(2,000)	(2,000)	(2,000)	(2,000)	(2,000)	(2,000)	(187,000)
Plan Payments	(57,504)	(57,504)		(57,504)		(57,504)		(57,504)		(57,504)		(472,504)
Restructuring fees	(67,500)	(67,500)		(67,500)		(67,500)		(67,500)		(67,500)		(552,500)
CRD	(4,416)	(4,416)		(4,416)		(4,416)		(4,416)		(4,416)		(36,528)
Contingency												
Total disbursements	(174,420)	(174,420)	(8,500)	(174,420)	(8,500)	(174,420)	(8,500)	(174,420)	(8,500)	(174,420)	(8,500)	(1,256,000)
Net cash flow	\$ (17,420)	\$ (17,420)	\$ (2,150)	\$ (17,420)	\$ (2,150)	\$ (17,420)	\$ (2,150)	\$ (17,420)	\$ (2,150)	\$ (17,420)	\$ (2,150)	\$ (17,420)
Cash on hand	\$ 638,870	\$ 644,870	\$ 655,170	\$ 655,170	\$ 664,486	\$ 664,486	\$ 674,486	\$ 674,486	\$ 684,486	\$ 694,486	\$ 704,486	\$ 638,870
Net cash flow	(17,420)	(17,420)	(2,150)	(17,420)	(2,150)	(17,420)	(2,150)	(17,420)	(2,150)	(17,420)	(2,150)	(17,420)
Ending balance	\$ 611,450	\$ 627,450	\$ 653,020	\$ 637,760	\$ 642,336	\$ 625,066	\$ 617,436	\$ 600,016	\$ 582,596	\$ 565,176	\$ 547,756	\$ 621,450

Prepared as at the 31 day of December, 2015

Purpose:
 This Statement of Projected Cash Flow (the "Cash Flow") has been prepared by management pursuant to section 10(21) 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 disclosed 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.

Enchasis Community Housing and Services
 Finance Partner, Chief Accounting Officer

Notes & Assumptions - General:
 1. Unless otherwise stated, amounts are based on historical data and management's estimates.
 2. All amounts include applicable GST.
 3. ECHS' plus of component and management (the "ECHS Party") was approved by the affected creditors of ECHS on December 11, 2015. An application for Court's approval of the ECHS Plan will follow.

Notes & Assumptions - Specific:
 1. ECHS owns land and buildings which are development known as the Price of Peace in Enchasis. Management and Support Services (EMSS), a related entity, EMSS operates as the Price of Peace Manor and Harbour, providing integrated supportive living services to seniors based on their assessed care needs. Monthly lease payments are \$120,000. Monthly payments are due on the 1st of each month from EMSS to ECHS with respect to this lease.
 2. ECHS provides water and sewer service to EMSS, to the elementary school located in the Price of Peace development and to residents of a condominium complex known as the Price of Peace Village (the "Residents"). All Residents have their payments processed by EFT on the 1st of the month. EMSS makes their payment to ECHS being the last week of each month. The elementary school makes payments each month as lands are available.
 3. ECHS is currently in the process of being approved by the Court, this represents the required approvals to allow affected creditors pursuant to the ECHS Plan.
 4. Related to the ECHS Plan being approved by the Court, the COAA Monitor and the COAA Monitor's legal counsel.
 5. Related to the ECHS Plan being approved by the Court, the COAA Monitor and the COAA Monitor's legal counsel.
 6. Includes payments related to the resale of residential and its master's plan approval process.
 7. Includes amounts held by ECHS with Bank of Montreal, Bishop & McKeown LLP, legal counsel to ECHS are holding approximately \$0.2 million from the sale of lands in Chatham, Alberta in trust (the "Sale Proceeds"). The Sale Proceeds are not reflected herein but are being held in trust for inclusion in a plan or compromise and arrangement (as the case may be).

Company's Management and Board of Directors (EMSS)
For the 21-Month Period Ending March 31, 2015

	12-Dec-14	31-Dec-14	31-Jan-15	29-Feb-15	31-Mar-15	30-Apr-15	27-May-15	26-Jun-15	24-Jul-15	23-Aug-15	21-Sep-15	20-Oct-15	18-Nov-15	17-Dec-15	Total
Receipts															
Accounts Health Service (AHS) funding	\$ 440,000	\$ 440,000	\$ 440,000	\$ 440,000	\$ 440,000	\$ 440,000	\$ 440,000	\$ 440,000	\$ 440,000	\$ 440,000	\$ 440,000	\$ 440,000	\$ 440,000	\$ 440,000	\$ 5,280,000
Merchandise 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	1,000	12,000
Total receipts	1,440,000	1,440,000	1,440,000	1,440,000	1,440,000	1,440,000	1,440,000	1,440,000	1,440,000	1,440,000	1,440,000	1,440,000	1,440,000	1,440,000	5,292,000
Disbursements															
Payroll	(198,000)	(198,000)	(198,000)	(198,000)	(198,000)	(198,000)	(198,000)	(198,000)	(198,000)	(198,000)	(198,000)	(198,000)	(198,000)	(198,000)	(2,376,000)
REIPs	(16,125)	(16,125)	(16,125)	(16,125)	(16,125)	(16,125)	(16,125)	(16,125)	(16,125)	(16,125)	(16,125)	(16,125)	(16,125)	(16,125)	(193,500)
Administrative expenses	(20,000)	(20,000)	(20,000)	(20,000)	(20,000)	(20,000)	(20,000)	(20,000)	(20,000)	(20,000)	(20,000)	(20,000)	(20,000)	(20,000)	(240,000)
Food services expenses	(14,000)	(14,000)	(14,000)	(14,000)	(14,000)	(14,000)	(14,000)	(14,000)	(14,000)	(14,000)	(14,000)	(14,000)	(14,000)	(14,000)	(168,000)
Marketing expenses	(2,000)	(2,000)	(2,000)	(2,000)	(2,000)	(2,000)	(2,000)	(2,000)	(2,000)	(2,000)	(2,000)	(2,000)	(2,000)	(2,000)	(24,000)
Printing expenses	(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)	(1,000)	(12,000)
Utilities expenses	(12,000)	(12,000)	(12,000)	(12,000)	(12,000)	(12,000)	(12,000)	(12,000)	(12,000)	(12,000)	(12,000)	(12,000)	(12,000)	(12,000)	(144,000)
Travel expenses	(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)	(1,000)	(12,000)
Depreciation	(5,000)	(5,000)	(5,000)	(5,000)	(5,000)	(5,000)	(5,000)	(5,000)	(5,000)	(5,000)	(5,000)	(5,000)	(5,000)	(5,000)	(60,000)
Other	(170,000)	(170,000)	(170,000)	(170,000)	(170,000)	(170,000)	(170,000)	(170,000)	(170,000)	(170,000)	(170,000)	(170,000)	(170,000)	(170,000)	(2,040,000)
Net cash flow	\$ 1,242,000	\$ 1,242,000	\$ 1,242,000	\$ 1,242,000	\$ 1,242,000	\$ 1,242,000	\$ 1,242,000	\$ 1,242,000	\$ 1,242,000	\$ 1,242,000	\$ 1,242,000	\$ 1,242,000	\$ 1,242,000	\$ 1,242,000	\$ 14,916,000

Prepared as at the 21 day of December, 2015

The statement of the Cash Flow (the "Cash Flow") has been prepared by management pursuant to section 102(1) of the Companies Act (CSA). It is being filed accordingly for the purposes of the public and is not intended to be used for any other purpose. The Cash Flow has been prepared based on the assumptions 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 information presented herein and these variations may be material.

Ernst & Young
 Chartered Accountants
 Chartered Accountants
 Chartered Accountants

Notes & Assumptions - Specific:
 1. Unless otherwise stated, amounts are based on historical data and management estimates.
 2. All amounts include applicable GST.
 3. EMSS holds money deposits for PML and independent residents in a separate trust account.
 4. EMSS has a comprehensive arrangement for EMSS Plan's approval by the principal creditors of EMSS on December 11, 2015. An application to Court of Queen's Bench (the "Court") approval of the EMSS Plan will follow.

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