



COURT FILE NUMBER 1501-00955

COURT COURT OF QUEEN'S BENCH OF ALBERTA

JUDICIAL CENTRE CALGARY

DOCUMENT SIXTEENTH 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 MARCH 14, 2016

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

Counsel

Gowling WLG (Canada) 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

Introduction and Notice to Reader	1
Introduction	1
Notice to Reader	2
Court Applications	3
The District Plan	5
Potential objections to the District Meeting Order	5
Monitor's recommendations regarding the Meeting Order and the District Plan	7
Deloitte's Prior Engagements.....	8
Cash Flow Forecast	9
District.....	9
Cash Flow Related to CEF	10
Cash Flow Related to Other District Operations	11
DIL	12
ECHS.....	13
EMSS.....	15
Monitor's Report on Cash Flow Statements	17
Variance Analysis.....	19
District.....	19
DIL	19
ECHS.....	20
EMSS.....	20
Conclusion.....	21

SCHEDULES

Schedule 1	Statement of Projected Cash Flow for the Thirteen Week Period Ending June 4, 2016 for the Lutheran Church – Canada, the Alberta – British Columbia District
Schedule 2	Statement of Projected Cash Flow for the Thirteen Week Period Ending June 4, 2016 for the Lutheran Church – Canada, the Alberta – British Columbia District Investments Ltd.
Schedule 3	Statement of Projected Cash Flow for the Thirteen Week Period Ending June 4, 2016 for Encharis Community Housing and Services
Schedule 4	Statement of Projected Cash Flow for the Thirteen Week Period Ending June 4, 2016 for Encharis Management and Support Services
Schedule 5	Variance Analysis for the Twelve Week Period Ended March 5, 2016 for the Lutheran Church – Canada, the Alberta – British Columbia District
Schedule 6	Variance Analysis for the Twelve Week Period Ended March 5, 2016 for the Lutheran Church – Canada, the Alberta British Columbia District Investments Ltd.
Schedule 7	Variance Analysis for the Twelve Week Period Ended March 5, 2016 for Encharis Community Housing and Services
Schedule 8	Variance Analysis for the Twelve Week Period Ended March 5, 2016 for Encharis Management and Support Services

Introduction and Notice to Reader

Introduction

1. On January 23, 2015, Lutheran Church – Canada, the Alberta – British Columbia District (the “District”), Encharis Community Housing and Services (“ECHS”), Encharis Management and Support Services (“EMSS”) and Lutheran Church – Canada, the Alberta – British Columbia District Investments Ltd. (“DIL”, collectively the “Applicants” or the “District Group”) obtained an Initial Order (the “Initial Order”) from the Court of Queen’s Bench of Alberta (the “Court”) under the *Companies’ Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the “CCAA”). Deloitte Restructuring Inc. (“Deloitte”) was appointed as Monitor (the “Monitor”) in the CCAA proceedings.
2. For clarity, the District includes the Church Extension Fund (“CEF”), which was originally created to allow District members to loan their money and earn interest in faith-based developments. CEF was operated under the purview of the District’s Department of Stewardship and Financial Ministries and was not created as a separate legal entity. As such, depositors to CEF are creditors of the District (the “District Depositors”). Depositors to DIL will be referred to as the “DIL Depositors”. The District Depositors and the DIL Depositors will collectively be referred to as the “Depositors”.
3. The Initial Order provided for an initial stay of proceedings (the “Stay”) until February 20, 2015. The Court has now granted six extensions of the Stay. The most recent Order was granted at an application on January 20, 2016 and extended the Stay until April 29, 2016.
4. Prior to the Initial Order being granted, Deloitte prepared a Pre-Filing Report of the Proposed Monitor dated January 22, 2015 (the “Pre-Filing Report”). The Monitor subsequently filed the following reports:
 - 4.1. the First Report of the Monitor dated February 17, 2015;
 - 4.2. the Second Report of the Monitor dated March 23, 2015 (the “Second Report”);
 - 4.3. the Third Report of the Monitor dated June 16, 2015;
 - 4.4. the Fourth Report of the Monitor dated June 24, 2015 (the “Fourth Report”);
 - 4.5. the Fifth Report of the Monitor dated August 24, 2015 (the “Fifth Report”);
 - 4.6. the Sixth Report of the Monitor dated September 9, 2015;
 - 4.7. the Seventh Report of the Monitor dated October 20, 2015;
 - 4.8. the Eighth Report of the Monitor dated October 30, 2015;
 - 4.9. the Ninth Report of the Monitor dated November 26, 2015;

- 4.10. the Tenth Report of the Monitor dated December 22, 2015;
 - 4.11. the Eleventh Report of the Monitor dated January 11, 2016;
 - 4.12. the Twelfth Report of the Monitor dated January 27, 2016;
 - 4.13. the Thirteenth Report of the Monitor dated February 4, 2016;
 - 4.14. The Fourteenth Report of the Monitor dated February 18, 2016 (the “Fourteenth Report”); and
 - 4.15. The Fifteenth Report of the Monitor dated February 25, 2016 (the “Fifteenth Report”, together with the Pre-Filing Report, the reports listed in 4.1 to 4.15 will collectively be referred to as the “Reports”).
5. The Monitor also filed a confidential supplement to the Second Report dated March 25, 2015, a confidential supplement to the Fourth Report dated June 25, 2015, a confidential supplement to the Fifth Report dated August 26, 2015 and a confidential supplement to the Fifteenth Report dated February 26, 2016 (the “Confidential Supplement”, collectively the “Supplements”).
 6. In addition to the Pre-Filing Report, the Reports and the Supplements, the Monitor prepared a First Report to the Creditors of ECHS and EMSS dated November 10, 2015 (the “Encharis Report”) and a First Report to the Creditors of DIL dated December 8, 2015 (the “DIL Report”). Both the Encharis Report and the DIL Report were prepared for the purpose of providing creditors of the corresponding entities with specific information related to the respective plans of compromise and arrangement for ECHS and EMSS, as amended and for DIL, as amended (the “DIL Plan”). The plan of compromise and arrangement for the District will be referred to as the “District Plan”. The DIL Plan and the District Plan will be referred to collectively as the “Depositor Plans”.
 7. Capitalized terms not otherwise defined herein shall have the meanings given to them in the Reports and in the Supplements.
 8. Information on the CCAA proceedings can be accessed on Deloitte’s website at www.insolvencies.deloitte.ca under the link entitled “Lutheran Church – Canada, the Alberta – British Columbia District et. al.”.

Notice to Reader

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

Court Applications

12. The activities of both the Monitor and the Applicants leading up to the most recent Court application on March 3, 2016 (the “March 3 Hearing”) are detailed in the Reports. The Monitor notes that the March 3 Hearing had originally scheduled for February 29, 2016.
13. Following the March 3 Hearing, on March 9, 2016, this Honourable Court granted Orders including the following relief:
 - 13.1. Extending the Stay to the following two class proceedings that were commenced:
 - 13.1.1. An action commenced by Errin Poyner of Sugden McFee & Roos LLP on behalf of her clients Randall Kellen and Elvira Kroeger (the “Sugden Plaintiffs”). The Sugden Plaintiffs filed a statement of claim pursuant to the Class Proceedings Act, R.S.B.C. 1996, c. 50 (British Columbia) on February 23, 2016 (the “Sugden Action”); and
 - 13.1.2. An action commenced by Allan Garber of Allan Garber Professional Corporation on behalf of his clients Sharon Sherman and Marilyn Huber (the “Garber Plaintiffs”). The Garber Plaintiffs filed a statement of claim pursuant to the Class Proceedings Act, 2003, S.A., 2003, c.C-16.5 on February 22, 2016 (the “Garber Action”). The Sugden Action and the Garber Action will collectively be referred to as the “AB – BC Proceedings”;
 - 13.2. Further extending the Stay to all proceedings relating to any and all potential claims of Depositors that seek or could seek, directly or indirectly, to recover the amounts of the claims of Depositors, including but not limited to any claims as against any auditors or legal counsel for DIL or the District and any derivative claims relating to DIL or the District; and
 - 13.3. Sealing the Confidential Supplement.
14. At the March 3 Hearing, the Court also heard the District Group’s application for an Order declaring that the DIL Plan was fair and reasonable and declaring that the DIL Plan and all associated steps, compromises, transactions, arrangements, assignments, releases and reorganizations effected by the DIL Plan were approved, binding and effective upon those creditors affected by the DIL Plan (the “DIL Sanction Application”). On March 9, 2016, the Honourable Justice B.E.C. Romaine deferred her decision on the DIL Sanction Application to the same time as an application sanctioning the District Plan (the “District Sanction Application”). Both the DIL Plan and the District Plan contained provisions related to a future legal action or actions, which may be undertaken on behalf of DIL Depositors and District Depositors respectively by way of a class proceeding or otherwise (the “Representative

Action(s)"). As both the DIL Plan and the District Plans included substantively the same provisions outlining a process whereby the Representative Actions could be advanced, the Court was of the view that the sanction of both the DIL Plan and the District Plan should only be determined at such time as both plans had been considered and voted on by the respective creditors of each entity. In addition, although the DIL Plan and the District Plan are stand-alone plans, they have both been crafted with a view to restructuring the Applicants' affairs such that the District can continue to provide ministry services. As such, the Court ruled they should be considered simultaneously.

15. This report constitutes the Sixteenth Report of the Monitor (the "Sixteenth Report"). The Sixteenth Report provides additional information with respect to the following:
 - 15.1. A hearing on March 15, 2016, adjourned from February 23, 2016 (the "March 15 Hearing"), at which the District will be seeking an Order (the "District Meeting Order") authorizing and directing the District to present the District Plan to their creditors for approval (the "District Meeting Order Application");
 - 15.2. Statements of projected cash flow for each of the Applicants for the thirteen week period ending June 4, 2016; and
 - 15.3. Variance analysis for each of the Applicants for the twelve week period ended March 5, 2016.

The District Plan

Potential objections to the District Meeting Order

16. As previously reported, the application for the District Meeting Order was originally scheduled for February 23, 2015 but was adjourned to the March 15 Hearing in order to allow time for the following objections to be addressed:
 - 16.1. An objection by Fiserv Solutions Canada Inc. and Open Solutions DTS, Inc. (“Fiserv”) who jointly filed a proof of claim (the “Fiserv Claim”) related to the early termination of a contract between Fiserv and the District in the amount of approximately \$268,200. Following negotiations between the District and Fiserv, as further described herein, Fiserv will be withdrawing their objection to the District Meeting Order (provided the settlement of the Fiserv Claim described below is approved by this Honourable Court);
 - 16.2. An objection raised by Sugden on behalf of the Sugden Plaintiffs and Garber on behalf of the Garber Plaintiffs, whereby they claimed that the allegations outlined in the statements of claim filed in the Sugden Action and the Garber Action should be made known to District Depositors ahead of them considering the District Plan. Both of the statements of claim (the “Statements of Claim”) filed in the AB – BC Proceedings named the following defendants:
 - 16.2.1. Lutheran Church – Canada;
 - 16.2.2. Lutheran Church – Canada Financial Ministries;
 - 16.2.3. Bishop & McKenzie LLP (“Bishop”), who acts as legal counsel for the Applicants and Mr. Francis Taman, who is a partner at Bishop and acts as the Applicant’s lead counsel in the CCAA proceedings;
 - 16.2.4. Prowse Chowne LLP (“Prowse”), who formerly acted as legal counsel for the District and DIL and Mr. Ronald Chowne and Mr. John Williams, who are partners at Prowse;
 - 16.2.5. Concentra Trust, who acts as the bare trustee for DIL; and
 - 16.2.6. Shepherd Village Ministries Ltd., an entity related to the Applicants, which is not subject to the CCAA proceedings.
 - 16.3. In addition to commencing the AB – BC Proceedings, Sugden and Garber issued correspondence to the District on March 4, 2016 (the “Sugden – Garber Correspondence”) demanding on behalf of the Sugden Plaintiffs and the Garber Plaintiffs, that the District commence legal proceedings in negligence against the auditors who provided audit opinions

to the District between 1993 and 2012, which would include Deloitte LLP, a related company to Deloitte. As previously reported, Deloitte LLP acted as the auditor of the District between 1990 and 1999.

17. At the DIL Sanction Application, Sugden and Garber represented that, in their view, the Monitor had a conflict in assessing the merits of the Representative Action on the basis that Deloitte LLP had previously acted as auditor of the District and, as such, may be named as a defendant in the Representative Action. Although the DIL Sanction Application has not yet been decided by the Court, the Honourable Justice B.E.C. Romaine expressed the view that the prior engagement of the Monitor as the auditor for DIL and the District was properly disclosed and did not raise any additional concerns. As previously reported, the releases included in both the District Plan and the DIL Plan for all of the Monitor, the Monitor's legal counsel, the Applicant's legal counsel, the CRO, the legal counsel for the District Committee and the District Committee members (the "Released Representatives") are limited to apply only to acts or omissions directly or indirectly related to the CCAA proceedings or their commencement (except to the extent that any liability arises out of any fraud, gross negligence or willful misconduct on the part of the Released Representatives). As such, the inclusion of the Representative Action in each of the Depositor Plans does not preclude the Released Representatives from being pursued in the Representative Action.
18. The Monitor has previously expressed support for the inclusion of the Representative Action in each of the Depositor Plans for the reasons outlined below:
 - 18.1. It provides a streamlined process for the establishment of the group of Depositors for each of DIL and the District, who wish to participate in the Representative Action;
 - 18.2. It prevents a situation where Depositors are being contacted by multiple groups seeking to represent them in a class action or otherwise;
 - 18.3. Increased recoveries may be achieved in settling the claims advanced in the Representative Action on the basis that such settlements will be a resolution of any and all claims by either DIL Depositors or District Depositors;
 - 18.4. It allows for ongoing involvement of members of the District and DIL creditors' committees, who have information and insight into the CCAA Proceedings that may prove useful to the subcommittee that is formed to advance the Representative Action (the "Subcommittee"); and
 - 18.5. Selected Depositors have indicated that they view any involvement in litigation as inconsistent with their personal religious beliefs. The Representative Action Process allows Depositors to opt-out of the Representative Action before litigation is ever commenced should that be their preference.

19. The Monitor does not believe that the Representative Action provides a benefit to any party who may ultimately be named as a defendant in the Representative Action as neither of the Depositor Plans release any claims that may be pursued by Depositors pursuant to the Representative Action. While it is true that the Representative Action contemplates a more streamlined process for legal action to be undertaken on behalf of Depositors, the Monitor is of the view that this streamlined process will, if anything allow for increased recoveries on the basis that the settlement of claims pursuant to the Representative Action will be a resolution of any and all claims by the respective DIL and District Depositors. The Monitor also notes that none of the Released Representatives will have a role in determining who will be pursued in the Representative Action or the nature or extent of any legal action to be taken in the Representative Action with all such decisions being made by the Subcommittee (who are fiduciaries) in consultation with the legal counsel selected by the Subcommittee to lead the Representative Action.

Monitor's recommendations regarding the Meeting Order and the District Plan

20. In the Fourteenth Report, the Monitor indicates as follows with respect to the Meeting Order and the District Plan:
 - 20.1. The Monitor believes that the Meeting Order provides sufficient notice for the District 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.
 - 20.2. The Monitor supports the District Plan and is of the opinion that the District Plan is fair and reasonable and appears to be in the general best interests of all parties for the reasons set out therein.
21. The Fiserv Claim had been partially disallowed by the Monitor and Fiserv had filed a dispute notice in respect of that disallowance. Following negotiations between the District and Fiserv, the Fiserv Claim has now been settled, subject to the approval of the Court. Pursuant to such settlement, the Fiserv Claim will be admitted as filed in the amount of approximately \$268,200; however, Fiserv will agree to waive their entitlement to any distributions in the form of shares in a new company, pursuant to the District Plan.

Deloitte's Prior Engagements

22. The Fifteenth Report included a summary of Deloitte's prior consulting engagements with the Applicants, as originally disclosed in the Pre-Filing Report, and Deloitte's prior engagement as auditor of the District between 1990 and 1999, as originally disclosed in the Fourth Report.
23. Following the March 3 Hearing and the receipt of the Sugden - Garber Correspondence, the Monitor requested that the District Group provide all available financial statements for the Applicants since they were formed so that Deloitte could confirm those parties who acted as auditor during all relevant periods. As part of this review by the Applicants, Deloitte determined that they had also acted as auditor of DIL during the years ended January 31, 1998 and January 31, 1999. The Monitor understands that these were the first two years during which DIL was operational and prepared audited financial statements.
24. As previously reported, Deloitte had completed a conflict check prior to consenting to act as Monitor in the CCAA Proceedings; however, Deloitte LLP's prior audit engagements had not been flagged as part of this conflict check. Upon a further internal review, it is believed that these engagements were not previously identified due to a discrepancy in how the engagements were named on Deloitte's internal system, which made it unclear that the engagements related to the Applicants.

Cash Flow Forecast

District

25. Attached as "Schedule 1" is the Statement of Projected Cash Flow for the District for the thirteen week period ending June 4, 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 outflow of approximately \$367,900 over the Forecast Period and projects that it will have cash on hand of approximately \$4.3 million (including marketable securities) at the end of the Forecast Period.

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

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 June 4, 2016	
	Total
Cash flow from CEF operations	
Receipts	
Lease payments	\$ 87,053
Bank Interest Income	4,500
Management fees	38,685
Loan interest and principal payments	45,501
Total Receipts	175,739
Disbursements	
Mortgage payments	(84,567)
CEF salaries and benefits	(57,600)
Operating expenses	(15,600)
Plant Fund	(1,000)
Emergency fund	(84,000)
Restructuring fees	(300,000)
CRO	(30,870)
Total disbursements	(573,637)
Net cash flow from CEF operations	(397,897)

**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 June 4, 2016**

	Total
Cash flow from other District operations	
Receipts	
Mission remittances	\$ 143,000
Total receipts	143,000
Disbursements	
Salaries and benefits	(26,400)
Administrative expenses, travel and utilities	(22,000)
Outreach operating expenses	(27,374)
Department of Stewardship and Financial	
Ministries operating expenses	(2,000)
President's expenses	(9,750)
Mission Payments to LCC	(18,000)
Contingency	(7,500)
Total disbursements	(113,024)
Net cash flow from other District operations	29,976
Total net cash flow	\$ (367,921)
Cash and marketable securities on hand	
Beginning balance	\$ 4,645,742
Total net cash flow	(367,921)
Ending balance	\$ 4,277,821

Cash Flow Related to CEF

27. The District is forecasting receipts of approximately \$175,700 over the Forecast Period related to CEF. We highlight the following with respect to these receipts:

- 27.1. The District collects monthly lease payments of approximately \$29,000 per month, or approximately \$87,100 over the Forecast Period, from the Golden Hill School Division for a lease on a property in Strathmore, Alberta. The District makes monthly mortgage payments to DIL in respect of the corresponding mortgage in the amount of approximately \$28,200 per month, or approximately \$84,600 over the Forecast Period;
- 27.2. The District anticipates receiving approximately \$38,700 from DIL for a management fee related to administrative assistance provided by the District; and
- 27.3. Other loans and mortgages held within CEF are anticipated to generate cash receipts from loan interest and principal payments totalling approximately \$45,500 over the Forecast Period.

28. The District is forecasting disbursements of approximately \$573,600 over the Forecast Period related to CEF. We highlight the following with respect to these disbursements:
- 28.1. Payments totalling approximately \$57,600 are due for salaries and benefits payable to employees for CEF related activities.
 - 28.2. Payments totalling approximately \$84,000 have been projected to satisfy obligations due pursuant to an emergency fund, approved in the Initial Order, whereby high needs District Depositors can access funds to cover their basic necessities;
 - 28.3. The District estimates disbursements of approximately \$300,000 to pay restructuring fees, including payments to the Applicant's legal counsel, the Monitor, the Monitor's legal counsel and legal counsel for the District Committee. Where appropriate, restructuring fees are allocated between the Applicants; and
 - 28.4. The District estimates fees for the CRO of approximately \$30,900 over the Forecast Period. The fees of the CRO are allocated between the Applicants.

Cash Flow Related to Other District Operations

29. The District is forecasting receipts of approximately \$143,000 over the Forecast Period for mission remittances (the "Donations") from the District's 127 member congregations. Pursuant to the Order granted on June 26, 2015 a portion of the Donations are payable to Lutheran Church Canada (the "LCC Portion"). For the Forecast Period, the LCC Portion is estimated to be \$18,000.
30. The District is forecasting disbursements of approximately \$113,000 over the Forecast Period. We highlight the following with respect to these disbursements:
- 30.1. The District's employees are paid on a bi-weekly basis. Payroll and the corresponding CRA payroll source deduction remittances are anticipated to total approximately \$26,400 over the Forecast Period;
 - 30.2. Administrative expenses, travel and utilities are estimated to total approximately \$22,000 over the Forecast Period; and
 - 30.3. Operating expenses for outreach services are anticipated to total approximately \$27,400 over the Forecast Period.
31. The District had an opening cash balance of approximately \$4.6 million consisting of a cash balance of approximately \$2.4 million and bonds of approximately \$2.2 million, as at March 4, 2016, which are held with FI Capital Ltd. ("FI Capital"). We note that the value of the bonds held by FI Capital decreased in value by approximately \$58,100 between December 13, 2015 and March 5, 2016 as certain investments matured. As noted above, the District, including CEF, is projected to have a net cash outflow of approximately \$367,900 over the Forecast Period. Based on their opening cash balance, the District has sufficient liquidity to sustain its ongoing operations during the Forecast Period.

DIL

32. Attached as "Schedule 2" is the Statement of Projected Cash Flow for DIL for the thirteen week period ending June 4, 2016 (the "DIL Forecast"). DIL estimates a net cash outflow of approximately \$1.5 million over the Forecast Period and projects that it will have cash on hand of approximately \$2.7 million 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 June 4, 2016	
	Total
Receipts	
Bank interest	\$ 4,500
Loan payments	138,377
Total receipts	142,877
Disbursements	
Management fee	(38,685)
Restructuring fees	(225,000)
CRO	(30,870)
Interim distributions	(1,310,769)
Total disbursements	(1,605,324)
Net cash flow	\$ (1,462,447)
Cash and marketable securities on hand	
Beginning balance	\$ 4,141,986
Net cash flow	(1,462,447)
Ending balance	\$ 2,679,539

33. Total projected receipts of approximately \$142,900 for DIL include regular monthly payments received on lines of credit and mortgages, which are estimated to total approximately \$138,400 over the Forecast Period
34. DIL is forecasting disbursements of approximately \$1.6 million over the Forecast Period. We highlight the following with respect to these disbursements:
- 34.1. DIL estimates a disbursement of \$38,700 for management fees payable to the District, who assists in administering the investment fund;
- 34.2. DIL estimates disbursements of approximately \$225,000 to pay restructuring fees, including payments to the Applicant's legal counsel, the Monitor, the Monitor's legal counsel and the DIL Committee's legal counsel over the Forecast Period. Where appropriate, these fees are allocated between the Applicants;
- 34.3. DIL estimates fees for the CRO of approximately \$30,900 over the Forecast Period. The fees of the CRO are allocated between the Applicants; and

- 34.4. Pursuant to the Order granted by the Court of Queen’s Bench of Alberta on August 28, 2015 and amended on November 6, 2015, DIL was authorized to transfer up to \$15.0 million held in registered retirement savings plans on behalf of DIL Depositors to alternate registered retirement savings plans (the “DIL Distribution”). All amounts releasable to DIL Depositors, who were not holders of registered retirement income funds (“RRIFs”) or Locked-in Income Funds (“LIFs”) were paid through accounts in new registered plans established with Great-West Life Assurance Company. All amounts releasable to DIL Depositors, who were RRIF and LIF holders were available to be transferred to an alternative investment fund of the DIL Depositor’s choosing. As at December 12, 2015, DIL had transferred approximately \$13.7 million of the DIL Distribution. Selected RRIF and LIF holders have not yet requested the transfer of their share of the DIL Distribution. As such, \$1.3 million of the DIL Distribution has not yet been transferred by DIL but is anticipated to be paid-out during the Forecast Period.
35. DIL had an opening cash balance of approximately \$4.1 million. As noted above, DIL is projected to have a net outflow of cash of approximately \$1.5 million over the Forecast Period. Based on their opening cash balance, DIL has sufficient liquidity to sustain its ongoing operations during the Forecast Period.

ECHS

36. Attached as “Schedule 3” is the Statement of Projected Cash Flow for ECHS for the thirteen week period ending June 4, 2016 (the “ECHS Forecast”). ECHS estimates a net increase in cash of approximately \$115,800 over the Forecast Period and projects that it will have cash on hand of approximately \$1.0 million 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 June 4, 2016

	Total
Receipts	
Lease revenue	\$ 360,000
Water and sewage revenue	133,008
RV lot rental	3,000
Total receipts	496,008
Disbursements	
Operating expenses	(178,280)
Plan payments	(57,534)
Restructuring fees	(101,180)
CRO	(13,230)
Contingency	(30,000)
Total disbursements	(380,224)
Net cash flow	\$ 115,784
Cash on hand	
Beginning balance	\$ 897,207
Net cash flow	115,784
Ending balance	\$ 1,012,991

37. ECHS is projecting receipts of approximately \$496,000 over the Forecast Period. We highlight the following with respect to these receipts:
- 37.1. ECHS leases land and buildings that they own within the Prince of Peace Development to EMSS. Monthly lease payments of \$120,000 are payable from EMSS to ECHS with respect to this lease. These monthly lease payments are estimated to total \$360,000 over the Forecast Period; and
 - 37.2. ECHS provides water and sewer services to EMSS and to the elementary and junior high school located in the Prince of Peace Development. Receipts for the provision of water and sewer services are estimated to total \$133,000 over the Forecast Period.
38. ECHS is projecting disbursements of approximately \$380,200 over the Forecast Period. We highlight the following with respect to these disbursements:
- 38.1. ECHS estimates disbursements of \$178,300 over the Forecast Period for ongoing operating expenses, which include payments to trade creditors such as for the provision of water and sewer services;
 - 38.2. Pursuant to the ECHS Plan, the trade creditors of ECHS are to be paid in full (the "ECHS Plan Payments"). The ECHS Plan Payments in the amount of approximately \$57,500 will be paid during the Forecast Period;

- 38.3. Disbursements to pay restructuring fees, including payments to the Applicants' legal counsel, the Monitor and the Monitor's legal counsel are estimated to total approximately \$101,200 over the Forecast Period; and
- 38.4. Contingency payments of approximately \$30,000 over the Forecast Period include payments related to the repair of roadways for the Prince of Peace Development.
39. ECHS has an opening cash balance of approximately \$897,200. As noted above, ECHS is projected to have a net cash inflow of approximately \$115,800 over the Forecast Period and has sufficient liquidity to sustain its ongoing operations during the Forecast Period.

EMSS

40. Attached as "Schedule 4" is the Statement of Projected Cash Flow for EMSS for the thirteen week period ending June 4, 2016 (the "EMSS Forecast"). EMSS estimates a net decrease in cash of approximately \$156,300 over the Forecast Period. EMSS projects that it will have cash on hand of approximately \$1.2 million 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 June 4, 2016

	Total
Receipts	
Rent	\$ 1,326,000
Alberta Health Services ("AHS") funding	1,166,532
Miscellaneous revenue	13,000
Total receipts	2,505,532
Disbursements	
Payroll	(1,179,000)
RRSP's	(51,500)
Health Benefits	(135,000)
Administrative expenses	(152,000)
Food services expenses	(119,600)
Housekeeping expenses	(19,900)
Healthcare expenses	(8,500)
Maintenance expenses	(164,000)
Utility expenses	(175,000)
Diversicare	(66,000)
Lease payments	(360,000)
Plan Payments	(78,056)
Restructuring fees	(140,000)
CRO	(13,230)
Total disbursements	(2,661,786)
Net cash flow	\$ (156,254)
Cash on hand	
Beginning balance	\$ 1,385,253
Net cash flow	(156,254)
Ending balance	\$ 1,228,999

41. EMSS is projecting receipts of approximately \$2.5 million over the Forecast Period. We highlight the following with respect to these receipts:
- 41.1. EMSS is estimated to receive \$1.3 million from rental revenue collected over the Forecast Period. The rental revenue is paid by individual residents of the Harbour and the Manor senior's care facilities; and
 - 41.2. EMSS' other main source of revenue is funding from Alberta Health Services pursuant to various grant agreements, which is received in monthly installments at the beginning of each month (the "AHS Payments"). The AHS Payments are anticipated to total approximately \$1.2 million over the Forecast Period.
 - 41.3. EMSS is projecting disbursements of approximately \$2.7 million over the Forecast Period. We highlight the following with respect to these disbursements:

- 41.4. EMSS' employees are paid on a bi-weekly basis. Payroll for EMSS employees is estimated to total approximately \$1.2 million over the Forecast Period, including CRA payroll source deductions. Additional RRSP and health benefits for EMSS employees in the respective amounts of \$51,500 and \$135,000 are anticipated to be payable over the Forecast Period;
 - 41.5. Administrative expenses, food expenses and maintenance expenses are anticipated to total \$152,000, \$119,600 and \$164,000 respectively over the Forecast Period. As previously reported, a contract is in place with the Verve, formerly known as Diversicare Canada Management Services Co. Inc. ("Verve") related to the operation of the Harbour and the Manor seniors' care facilities. Verve has implemented various cost cutting measures that are reflected in the EMSS Forecast.
 - 41.6. As noted above, EMSS makes monthly lease payments to ECHS for use of the land and buildings from which the Harbour and the Manor operate and for water and sewage services. These payments are anticipated to total \$360,000 and \$175,000, respectively, over the Forecast Period;
 - 41.7. Pursuant to the EMSS Plan, the trade creditors of EMSS are to be paid in full (the "EMSS Plan Payments"). The EMSS Plan Payments in the amount of approximately \$78,100 will be paid during the Forecast Period; and
 - 41.8. Disbursements to pay restructuring fees, including payments to the Applicants' legal counsel, the Monitor and the Monitor's legal counsel are estimated to total approximately \$140,000 over the Forecast Period.
42. EMSS has an opening cash balance of approximately \$1.4 million. As noted above, EMSS is projected to have a net cash outflow from operations of approximately \$156,300 over the Forecast Period; however, based on their opening cash balance, EMSS appears to have sufficient liquidity to sustain its ongoing operations during the Forecast Period.

Monitor's Report on Cash Flow Statements

43. The District Forecast, the DIL Forecast, the ECHS Forecast and the EMSS Forecast will collectively be referred to as the "Applicants' Forecasts".
44. The Monitor reports as follows with respect to the Applicants' Forecasts:
 - 44.1. 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;
 - 44.2. 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;
- 44.3. Based on our review, nothing has come to the attention of the Monitor that causes us to believe that, in all material respects:
- 44.3.1. The hypothetical assumptions are not consistent with the purpose of the each of the Applicants' Forecasts;
- 44.3.2. As at the date of the Sixteenth 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
- 44.3.3. Each of the Applicants' Forecasts does not reflect the probable and hypothetical assumptions.
- 44.4. 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
- 44.5. 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

45. Attached as “Schedule 5” is a variance analysis (the “Variance Analysis”) for the District for the twelve week period ended March 5, 2016 (the “Variance Period”). The Variance Analysis for the District reflects an overall net negative variance of approximately \$672,500. The Variance Analysis is based on the Statement of Projected Cash Flow for the Thirteen Week Period Ending March 12, 2016 for the District, which was dated December 21, 2015.
46. The Variance Analysis includes information as to timing and permanent variances reported by the District over the Variance Period. The sole permanent negative variance over \$25,000 reported during the Forecast Period was a negative variance of approximately \$800,900 that relates to the following loan repayments:
 - 46.1. A loan payment from Trinity Lutheran Church in Fort McMurray, Alberta, the receipt of which has been delayed; and
 - 46.2. A loan payment from Concordia Lutheran Church in Edmonton, Alberta, originally included as a forecast receipt for the District during the Variance Period, was paid directly to Bishop to be held in trust for inclusion in the District Plan.
47. As noted above, the value of the marketable securities held by FI Capital decreased in value by approximately \$58,100 during the Variance Period as certain investments matured or were liquidated.

DIL

48. Attached as “Schedule 6” is a Variance Analysis for the Variance Period for DIL. The Variance Analysis reflects an overall net positive variance of approximately \$707,500. The Variance Analysis is based on the Statement of Projected Cash Flow for the Thirteen Week Period Ending March 12, 2016 for DIL, which was dated December 21, 2015.
49. The Variance Analysis includes information as to timing and permanent variances reported by DIL over the Variance Period. There was only one permanent variance over \$25,000 reported during the Variance Period, which related to statutory annual minimum payments due to holders of RRIFs, which were approximately \$29,100 lower than originally forecast due to the fact that the DIL Distributions reduced the amount held on behalf of RRIF holders.

ECHS

50. Attached as “Schedule 7” is a Variance Analysis for the Variance Period for ECHS. The Variance Analysis reflects an overall net positive variance of approximately \$123,400. The Variance Analysis is based on the Statement of Projected Cash Flow for the Thirteen Week Period Ending March 12, 2016 for ECHS, which was dated December 21, 2015.
51. The Variance Analysis includes information as to timing and permanent variances reported by ECHS over the Variance Period. The following permanent variances over \$25,000 were reported during the Variance Period:
 - 51.1. A permanent positive variance totalling approximately \$26,100 related to the receipt of an account receivable for water and sewage services, which had not been forecast during the Variance Period; and
 - 51.2. A permanent positive variance of approximately \$30,000 for contingencies, for which no payments were required during the Variance Period.

EMSS

52. Attached as “Schedule 8” is a Variance Analysis for the Variance Period for EMSS. The Variance Analysis reflects an overall net positive variance of \$314,400. The Variance Analysis is based on the Statement of Projected Cash Flow for the thirteen week period ending March 12, 2015 for EMSS, which was dated December 21, 2015.
53. The Variance Analysis includes information as to timing and permanent variances reported by EMSS over the Variance Period. The following permanent variances over \$25,000 were reported during the Variance Period:
 - 53.1. A permanent negative variance for approximately \$29,400 in health benefits due to an increase in these expenses beyond what was originally forecast;
 - 53.2. Permanent positive variances of approximately \$57,100 in administrative expenses and approximately \$78,300 in maintenance expenses due to cost cutting measures implemented by the Verve.

Conclusion

54. This report has been prepared to provide additional information with respect to the following:
- 54.1. The District Meeting Order Application;
 - 54.2. Statements of projected cash flow for each of the Applicants for the thirteen week period ending June 4, 2016; and
 - 54.3. Variance analysis for each of the Applicants for the twelve week period ended March 5, 2016.

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

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 June 4, 2016

Week ending	12-Mar-16	19-Mar-16	26-Mar-16	2-Apr-16	9-Apr-16	16-Apr-16	23-Apr-16	30-Apr-16	7-May-16	14-May-16	21-May-16	28-May-16	4-Jun-16	Total	Notes
Cash flow from CEF operations															
Receipts															
Lease payments				\$ 29,018				\$ 29,018				\$ 29,018	\$ 87,053	1	
Bank Interest Income				1,500				1,500				1,500	4,500	2	
Management fees			12,895				12,895				12,895		38,685	3	
Loan interest and principal payments		14,782		385		14,782		385	14,782		12,895		385	45,501	
Total Receipts	-	14,782	12,895	30,903	-	14,782	12,895	-	30,903	14,782	12,895	-	30,903	175,739	
Disbursements															
Mortgage payments				(28,189)				(28,189)				(28,189)	(84,567)	1	
CEF salaries and benefits		(15,000)		(4,200)		(15,000)		(4,200)	(15,000)		(1,200)	(1,200)	(4,200)	(57,600)	
Operating expenses	(1,200)	(1,200)	(1,200)	(1,200)	(1,200)	(1,200)	(1,200)	(1,200)	(1,200)	(1,200)	(1,200)	(1,200)	(1,200)	(15,600)	
Plant Fund	(500)	(500)												(1,000)	
Emergency fund				(28,000)				(28,000)					(28,000)	(84,000)	4
Restructuring fees				(100,000)				(100,000)					(100,000)	(300,000)	5
CRO				(10,290)				(10,290)					(10,290)	(30,870)	6
Total disbursements	(1,700)	(16,700)	(1,200)	(171,879)	(1,200)	(16,200)	(1,200)	(1,200)	(171,879)	(16,200)	(1,200)	(1,200)	(171,879)	(573,637)	
Net cash flow from CEF operations	(1,700)	(1,918)	11,695	(140,976)	(1,200)	(1,418)	11,695	(1,200)	(140,976)	(1,418)	11,695	(1,200)	(140,976)	(397,897)	
Cash flow from other District operations															
Receipts															
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	7
Total receipts	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	
Disbursements															
Salaries and benefits		(8,800)				(8,800)			(8,800)	(8,800)				(26,400)	8
Administrative expenses, travel and utilities	(1,000)	(1,000)	(1,000)	(4,000)	(1,000)	(1,000)	(1,000)	(1,000)	(4,000)	(1,000)	(1,000)	(1,000)	(4,000)	(22,000)	9
Outreach operating expenses	(500)	(7,458)	(500)	(500)	(500)	(7,458)	(500)	(500)	(500)	(500)	(7,458)	(500)	(500)	(27,374)	10
Department of Stewardship and Financial Ministries operating expenses				(1,000)					(1,000)					(2,000)	11
President's expenses	(750)	(750)	(750)	(750)	(750)	(750)	(750)	(750)	(750)	(750)	(750)	(750)	(750)	(9,750)	
Mission Payments to LCC			(8,000)				(5,000)				(5,000)			(18,000)	7
Contingency			(2,500)					(2,500)				(2,500)		(7,500)	
Total disbursements	(2,250)	(18,008)	(12,750)	(6,250)	(2,250)	(18,008)	(7,250)	(4,750)	(6,250)	(11,050)	(14,208)	(4,750)	(5,250)	(113,024)	
Net cash flow from other District operations	8,750	(7,008)	(1,750)	4,750	8,750	(7,008)	3,750	6,250	4,750	(50)	(3,208)	6,250	5,750	29,976	
Total net cash flow	\$ 7,050	\$ (8,926)	\$ 9,945	\$ (136,226)	\$ 7,550	\$ (8,426)	\$ 15,445	\$ 5,050	\$ (136,226)	\$ (1,468)	\$ 8,487	\$ 5,050	\$ (135,226)	\$ (367,921)	
Cash and marketable securities on hand															
Beginning balance	\$ 4,645,742	\$ 4,652,792	\$ 4,643,866	\$ 4,653,811	\$ 4,517,585	\$ 4,525,135	\$ 4,516,709	\$ 4,532,154	\$ 4,537,204	\$ 4,400,978	\$ 4,399,510	\$ 4,407,997	\$ 4,413,047	\$ 4,645,742	
Total net cash flow	7,050	(8,926)	9,945	(136,226)	7,550	(8,426)	15,445	5,050	(136,226)	(1,468)	8,487	5,050	(135,226)	(367,921)	
Ending balance	\$ 4,652,792	\$ 4,643,866	\$ 4,653,811	\$ 4,517,585	\$ 4,525,135	\$ 4,516,709	\$ 4,532,154	\$ 4,537,204	\$ 4,400,978	\$ 4,399,510	\$ 4,407,997	\$ 4,413,047	\$ 4,277,821	\$ 4,277,821	12 & 13

Prepared as at the 11th day of March, 2016.

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 June 4, 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: Cameron Sherban, Chief Restructuring
Officer**

Notes & Assumptions - General:

1. Unless otherwise stated, amounts are based on historical data and management estimates.
2. All amounts include applicable GST.
3. 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 the lease of a portion of a property located in Strathmore, Alberta (the "Strathmore Property"). 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 payments on mortgages and lines of credit, which are sometimes paid on inconsistent dates and not always kept current.
4. Represents payments made pursuant to an emergency fund whereby high need individuals are still be able to access funds on a monthly basis during the CCAA proceedings.
5. 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.
6. Includes amounts payable to Klusne Partners as Chief Restructuring Officer.
7. 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.
8. Includes monthly salary, benefits and pension amounts. The District is WCB exempt.
9. Includes information technology, general office expenses and travel.
10. 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.
11. Monthly amount sent to the Lutheran Church Canada for use of the services of the LCC gift planner, who is assigned to the District.
12. Includes marketable securities held with FI Capital with a fair market value of approximately \$2.2 million as at March 4, 2016. \$4,752 was held in a US account, which has been converted at an exchange rate of \$1,000 US: \$1.40 CDN
13. 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 \$390,000 related to the sale of a condominium in Richmond, B.C., approximately \$358,000 related to the sale of a property in Revelstoke, British Columbia, approximately \$4.8 million related to the sale of a property in St. Albert, Alberta and approximately \$200,000 related to a settlement with Concordia Lutheran Church in Edmonton, Alberta (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 2

Lutheran Church - Canada, The Alberta - British Columbia District Investments Ltd. ("DIL")															
Statement of Projected Cash Flow															
For the Thirteen Week Period Ending June 4, 2016															
Week ending	12-Mar-16	19-Mar-16	26-Mar-16	2-Apr-16	9-Apr-16	16-Apr-16	23-Apr-16	30-Apr-16	7-May-16	14-May-16	21-May-16	28-May-16	4-Jun-16	Total	Notes
Receipts															
Bank Interest				1,500				1,500					1,500	4,500	
Loan payments				46,126				46,126					46,126	138,377	1
Total receipts				47,626				47,626					47,626	142,877	
Disbursements															
Management fee			(12,895)				(12,895)			(12,895)				(38,685)	2
Restructuring fees			(75,000)				(75,000)			(75,000)				(225,000)	3
CRO				(10,290)				(10,290)		(10,290)				(30,870)	4
DIL Distribution								(1,310,769)						(1,310,769)	5
Total disbursements			(87,895)	(10,290)			(87,895)	(1,321,059)			(98,185)			(1,605,324)	
Net cash flow	\$ -	\$ -	\$ (87,895)	\$ 37,336	\$ -	\$ -	\$ (87,895)	\$ (1,273,433)	\$ -	\$ -	\$ (98,185)	\$ -	\$ 47,626	\$ (1,462,447)	
Cash and marketable securities on hand															
Beginning balance	\$ 4,141,986	\$ 4,141,986	\$ 4,141,986	\$ 4,054,091	\$ 4,091,427	\$ 4,091,427	\$ 4,091,427	\$ 4,003,532	\$ 2,730,098	\$ 2,730,098	\$ 2,730,098	\$ 2,631,913	\$ 2,631,913	\$ 4,141,986	
Net cash flow	-	-	(87,895)	37,336	-	-	(87,895)	(1,273,433)	-	-	(98,185)	-	47,626	(1,462,447)	
Ending balance	\$ 4,141,986	\$ 4,141,986	\$ 4,054,091	\$ 4,091,427	\$ 4,091,427	\$ 4,091,427	\$ 4,003,532	\$ 2,730,098	\$ 2,730,098	\$ 2,730,098	\$ 2,631,913	\$ 2,631,913	\$ 2,679,539	\$ 2,679,539	6

Prepared as at the 11th day of March, 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 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: Cameron Sherban, Chief
Restructuring Officer

Notes & Assumptions - General:

1. Unless otherwise stated, amounts are based on historical data and management estimates.
2. All amounts include applicable GST.
3. DIL has not processed any depositors redemptions since January 2, 2015.
4. DIL has filed a plan of compromise and arrangement (the "DIL Plan") in the CCAA proceedings, which has been approved by the required majority of creditors but remains subject to Court approval.

Notes & Assumptions - Specific:

1. Includes mortgage payments related to properties in Kelowna, BC and in Strathmore, AB.
2. Represents a monthly management fees payable to the District.
3. 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.
4. Includes amounts payable to Klumbe Partners as the Chief Restructuring Officer.
5. On August 28, 2015 the Court granted an Order (as subsequently amended) 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. Not all RRIF holders have requested the transfer of the corresponding amount.
6. Includes amounts held by DIL in their accounts with Bank of Montreal. Bishop & McKenzie LLP, legal counsel to DIL, are holding approximately \$1 million in trust related to the pay-out of loans from Faith Lutheran Church in Surrey, BC., from Walnut Grove Lutheran Church in Langley, B.C., from Good Shepherd Lutheran Church in Calgary, AB and from Redeemer Lutheran Church in High Prairie, AB.

Schedule 3

Encharis Community Housing and Services ("ECHS")
Statement of Projected Cash Flow
For the Thirteen Week Period Ending June 4, 2016

Week ending	12-Mar-16	19-Mar-16	26-Mar-16	2-Apr-16	9-Apr-16	16-Apr-16	23-Apr-16	30-Apr-16	7-May-16	14-May-16	21-May-16	28-May-16	4-Jun-16	Total	Notes
Receipts															
Lease revenue				\$ 120,000				\$ 120,000				\$ 120,000		\$ 360,000	1
Water and sewage revenue	6,336			38,000	6,336			38,000	6,336					133,008	2
RV lot rental				1,000				1,000						3,000	
Total receipts	6,336	-	-	159,000	6,336	-	-	-	159,000	6,336	-	-	159,000	496,008	
Disbursements															
Operating expenses	(52,000)	(2,380)	(2,000)	(2,380)	(52,000)	(2,380)	(2,000)	(2,380)	(52,000)	(2,380)	(2,000)	(2,380)	(2,000)	(178,280)	3
Plan Payments		(57,534)												(57,534)	4
Restructuring fees	(40,000)				(30,590)					(30,590)				(101,180)	5
CRO				(4,410)					(4,410)				(4,410)	(13,230)	
Contingency				(10,000)				(10,000)					(10,000)	(30,000)	6
Total disbursements	(92,000)	(59,914)	(2,000)	(16,790)	(82,590)	(2,380)	(2,000)	(12,380)	(56,410)	(32,970)	(2,000)	(2,380)	(16,410)	(380,224)	
Net cash flow	\$ (85,664)	\$ (59,914)	\$ (2,000)	\$ 142,210	\$ (76,254)	\$ (2,380)	\$ (2,000)	\$ (12,380)	\$ 102,590	\$ (26,634)	\$ (2,000)	\$ (2,380)	\$ 142,590	\$ 115,784	
Cash on hand															
Beginning balance	\$ 897,207	\$ 811,543	\$ 751,629	\$ 749,629	\$ 891,839	\$ 815,585	\$ 813,205	\$ 811,205	\$ 798,825	\$ 901,415	\$ 874,781	\$ 872,781	\$ 870,401	\$ 897,207	
Net cash flow	(85,664)	(59,914)	(2,000)	142,210	(76,254)	(2,380)	(2,000)	(12,380)	102,590	(26,634)	(2,000)	(2,380)	142,590	115,784	
Ending balance	\$ 811,543	\$ 751,629	\$ 749,629	\$ 891,839	\$ 815,585	\$ 813,205	\$ 811,205	\$ 798,825	\$ 901,415	\$ 874,781	\$ 872,781	\$ 870,401	\$ 1,012,991	\$ 1,012,991	7

Prepared as at the 11th day of March, 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.

Encharis Community Housing and Services



Per: Cameron Sherban, Chief
Restructuring Officer

Notes & Assumptions - General:

1. Unless otherwise stated, amounts are based on historical data and management estimates.
2. All amounts include applicable GST.
3. ECHS' plan of compromise and arrangement (the "ECHS Plan") has been sanctioned by the Court of Queen's Bench of Alberta.

Notes & Assumptions - Specific:

1. ECHS leases land and buildings within the development known as the Prince of Peace to Encharis Management and Support Services ("EMSS"), a related entity. EMSS operates as the Prince of Peace Manor and Harbour, providing integrated supportive living services to seniors based on their assessed care needs. Monthly lease payments are \$120,000. Monthly payments are due on the 1st of each month from EMSS to ECHS with respect to this lease.
2. ECHS provides water and sewer services to EMSS, to the elementary school located in the Prince of Peace development and to residents of a condominium complex known as the Prince of Peace Village (the "Residents"). All Residents have their payments processed by EFT on the first of the month. EMSS makes their payment to ECHS during the first week of each month. The elementary school makes payments each month as funds are available.
3. Monthly accounts payable average approximately \$58,800 per month.
4. This represents the required payments to eligible affected creditors pursuant to the ECHS Plan.
5. Represents anticipated amounts payable to ECHS' legal counsel, the CCAA Monitor and the CCAA Monitor's legal counsel.
6. Includes payments related to the repair of roadways and the master-site plan approval process.
7. Includes amounts held by ECHS in their operating account with Bank of Montreal. 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 the District's plan of compromise and arrangement.

Schedule 4

Encharis Management and Support Services ("EMSS")															
Statement of Projected Cash Flow															
For the Thirteen Week Period Ending June 4, 2016															
Week ending	12-Mar-16	19-Mar-16	26-Mar-16	2-Apr-16	9-Apr-16	16-Apr-16	23-Apr-16	30-Apr-16	7-May-16	14-May-16	21-May-16	28-May-16	4-Jun-16	Total	Notes
Receipts															
Rent					\$ 442,000				\$ 442,000				\$ 442,000	\$ 1,326,000	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	831,844	1,000	1,000	1,000	1,000	831,844	1,000	1,000	1,000	831,844	2,505,532	
Disbursements															
Payroll		(196,500)		(196,500)		(196,500)		(196,500)		(196,500)		(196,500)		(1,179,000)	4
RRSP's		(10,750)		(10,750)		(7,500)		(7,500)		(7,500)		(7,500)		(51,500)	
Health Benefits	(45,000)					(30,000)				(30,000)		(30,000)		(135,000)	
Administrative expenses	(20,000)	(2,000)	(20,000)	(2,000)	(20,000)	(2,000)	(20,000)	(2,000)	(20,000)	(2,000)	(20,000)	(2,000)	(20,000)	(152,000)	5
Food services expenses	(9,200)	(9,200)	(9,200)	(9,200)	(9,200)	(9,200)	(9,200)	(9,200)	(9,200)	(9,200)	(9,200)	(9,200)	(9,200)	(119,600)	
Housekeeping expenses	(2,200)	(750)	(2,200)	(750)	(2,200)	(750)	(2,200)	(750)	(2,200)	(750)	(2,200)	(750)	(2,200)	(19,900)	
Healthcare expenses	(1,000)	(250)	(1,000)	(250)	(1,000)	(250)	(1,000)	(250)	(1,000)	(250)	(1,000)	(250)	(1,000)	(8,500)	
Maintenance expenses	(20,000)	(4,000)	(20,000)	(4,000)	(20,000)	(4,000)	(20,000)	(4,000)	(20,000)	(4,000)	(20,000)	(4,000)	(20,000)	(164,000)	6
Utility expenses	(2,500)	(2,500)	(2,500)	(2,500)	(50,000)	(2,500)	(2,500)	(2,500)	(50,000)	(2,500)	(2,500)	(2,500)	(50,000)	(175,000)	6
Diversicare					(22,000)				(22,000)				(22,000)	(66,000)	7
Lease payments					(120,000)				(120,000)				(120,000)	(360,000)	8
Plan Payments		(78,056)											(78,056)	(78,056)	9
Restructuring fees	(35,000)				(35,000)				(35,000)				(35,000)	(140,000)	10
CRO			(4,410)				(4,410)				(4,410)		(4,410)	(13,230)	
Total disbursements	(134,900)	(304,006)	(59,310)	(225,950)	(279,400)	(252,700)	(59,310)	(222,700)	(279,400)	(252,700)	(59,310)	(287,700)	(244,400)	(2,661,786)	
Net cash flow	\$ (133,900)	\$ (303,006)	\$ (58,310)	\$ 605,894	\$ (278,400)	\$ (251,700)	\$ (58,310)	\$ (221,700)	\$ 552,444	\$ (251,700)	\$ (58,310)	\$ (286,700)	\$ 587,444	\$ (156,254)	
Cash on hand															
Beginning balance	\$ 1,385,253	\$ 1,251,353	\$ 948,347	\$ 890,037	\$ 1,495,931	\$ 1,217,531	\$ 965,831	\$ 907,521	\$ 685,821	\$ 1,238,265	\$ 986,565	\$ 928,255	\$ 641,555	\$ 1,385,253	
Net cash flow	(133,900)	(303,006)	(58,310)	605,894	(278,400)	(251,700)	(58,310)	(221,700)	552,444	(251,700)	(58,310)	(286,700)	587,444	(156,254)	
Ending balance	\$ 1,251,353	\$ 948,347	\$ 890,037	\$ 1,495,931	\$ 1,217,531	\$ 965,831	\$ 907,521	\$ 685,821	\$ 1,238,265	\$ 986,565	\$ 928,255	\$ 641,555	\$ 1,228,999	\$ 1,228,999	11

Prepared as at the 11th day of March, 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.

Encharis Management and Support Services

Per: Cameron Sherban, Chief Restructuring Officer

Notes & Assumptions - General:

1. Unless otherwise stated, amounts are based on historical data and management estimates.
2. All amounts include applicable GST.
3. EMSS holds security deposits for PAL and independent residents in a separate trust account.
4. EMSS' plan of compromise and arrangement (the "EMSS Plan") has been sanctioned by the Court of Queen's Bench of Alberta.

Notes & Assumptions - Specific:

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

Schedule 5

The Lutheran Church - Canada, The Alberta - British Columbia District including the Church Extension Fund
Variance Analysis
For the period from December 13, 2015 to March 5, 2016

	Forecast (F)	Actual (A)	Variance (A-F)	Notes
Cash flow from CEF operations				
Receipts				
Lease payments	87,053	87,053	\$ -	
Bank interest income	1,500	4,167	2,667	1
Management fees	38,685	-	(38,685)	2
Loan payout	810,000	9,098	(800,902)	3
Loan interest and principal payments	47,436	50,900	3,464	2
Total Receipts	984,674	151,218	(833,456)	
Disbursements				
Mortgage payments	(84,567)	(84,566)	-	
CEF salaries and benefits	(63,600)	(60,897)	2,703	2
Operating expenses	(14,400)	(9,720)	4,680	1
Plant fund	(4,650)	(22,000)	(17,350)	4
Emergency fund	(105,000)	(83,697)	21,303	5
Restructuring Fees	(295,000)	(138,962)	156,038	2
CRO	(30,870)	(30,870)	-	
Total disbursements	(598,087)	(430,712)	167,374	
Net cash flow from CEF operations	386,587	(279,494)	(666,081)	
Cash flow from other District operations				
Receipts				
Donations	-	2,068	2,068	1
Sale of furniture	-	7,402	7,402	6
Bank Interest Income	-	19,089	19,089	7
Mission remittances	151,000	148,718	(2,282)	1
Total receipts	151,000	177,277	26,277	
Disbursements				
Salaries and benefits	(30,000)	(19,936)	10,064	2
Administrative expenses, travel and utilities	(21,000)	(16,048)	4,952	1
Outreach operating expenses	(26,874)	(27,119)	(244)	
Department of Stewardship and Financial Ministries operating expenses	(3,000)	(1,000)	2,000	2
President's expenses	(9,000)	(6,786)	2,214	2
Mission to LCC	(17,200)	(15,773)	1,427	2
Contingency	(5,000)	-	5,000	1
Total disbursements	(112,074)	(86,662)	25,412	
Net cash flow from other District operations	38,926	90,615	51,689	
Total net cash flow	\$ 425,512	\$ (188,879)	\$ (614,392)	
Cash and marketable securities on hand				
Beginning balance as per Bank & FI Cap	\$ 4,892,768	\$ 4,892,768	\$ -	
Total net cash flow	425,512	(188,879)	(614,392)	
Net Change in value of marketable securities/adjustment to exchange rates		(58,147)	(58,147)	
Ending Balance as per bank & FI Capital	\$ 5,318,281	\$ 4,645,742	\$ (672,538)	

Notes:

1. Permanent variance due to receipts/ expenses being lower/ higher than initially forecast.
2. Timing related variances, which are expected to reverse themselves in future weeks.
3. Approximately \$600,000 of this variance is timing related and is due to a delay in the repayment of a mortgage due from Trinity Lutheran Church in Fort McMurray, Alberta. The remaining balance relates to a settlement with Concordia Lutheran Church in Edmonton, Alberta, the proceeds of which were paid to the District's legal counsel, Bishop & McKenzie LLP, directly instead of being received by the District. These funds will be held in trust to be paid out pursuant to the District's Plan of Compromise and Arrangement.
4. Permanent variance due to costs associated with relocating the District's head office and the moving archived assets previously held by Lutheran Historical Institute.
5. Permanent variance due to certain parties receiving assistance pursuant to the District's emergency fund reaching their maximum allowable draws.
6. Permanent variance due to receipts from the sale of selected office furniture and equipment, which was no longer required following the relocation of the District's head office.
7. Permanent variance due to the receipt of interest from endowments held by Lutheran Church - Canada

Schedule 6

The Lutheran Church - Canada, The Alberta - British Columbia District Investments Ltd.
Variance Analysis
For the period from December 13, 2015 to March 5, 2016

	Forecast (F)	Actual (A)	Variance (A-F)	Notes
Receipts				
Loan payouts	\$ 365,000	\$ (314,301)	\$ (679,301)	1
Bank Interest Income	3,750	4,412	662	
Loan payments	138,378	141,777	3,399	2
Total receipts	507,128	(168,112)	(675,240)	
Disbursements				
Management fee	(38,685)	(4,292)	34,393	3
Restructuring fees	(225,000)	(214,742)	10,258	3
Operating Expenses	-	(3,825)	(3,825)	4
CRO	(30,870)	(30,870)	-	
DIL Distribution	(1,771,000)	(458,145)	1,312,855	5
Annual minimum RRIF payments	(425,000)	(395,890)	29,110	6
Total disbursements	(2,490,555)	(1,107,764)	1,382,791	
Net cash flow	\$ (1,983,427)	\$ (1,275,876)	\$ 707,552	
Cash and marketable securities on hand				
Beginning balance as per Bank & FI Cap	\$ 5,417,862	\$ 5,417,862	\$ -	
Total net cash flow	(1,983,427)	(1,275,876)	707,552	
Ending Balance as per bank & FI Capital	\$ 3,434,434	\$ 4,141,986	\$ 707,552	

Notes:

1. Permanent variance as a result of loan payouts that were originally forecast to be received by DIL directly being paid into trust with the District's legal counsel, Bishop & McKenzie LLP or being forwarded by DIL to Bishop & McKenzie LLP to be held in trust and included in DIL's plan of compromise and arrangement.
2. Permanent variance as a result of receipts/ disbursements being lower/ higher than originally forecast.
3. Timing related variance, which is expected to reverse itself in future weeks.
4. Permanent variance due to postage fees being required to complete the mail out of various tax information to depositors of DIL.
5. On August 28, 2015 the Court granted an Order (as subsequently amended) 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 or elsewhere for RRIF and LIF holders (the "DIL Distributions"). This is a timing variance as a result of the fact that not all RRIF and LIF holders have requested the transfer of the amount due to them pursuant to the DIL Distribution.
6. Permanent variance as a result of annual minimum payments due to RRIF holders being lower than originally forecast due to the transfer of the DIL Distributions.

Schedule 7

Encharis Community Housing and Services
Variance Analysis
For the period from December 13, 2015 to March 5, 2016

	Forecast (F)	Actual (A)	Variance (A-F)	Notes
Receipts				
Lease revenue	\$ 360,000	\$ 360,000	\$ -	
Water and sewage revenue	126,700	152,756	26,056	1
RV lot rental	3,000	3,000	-	
Total receipts	489,700	515,756	26,056	
Disbursements				
Operating expenses	(125,000)	(174,461)	(49,461)	2
Plan Payment	(57,534)	-	57,534	2
Restructuring fees	(128,770)	(73,937)	54,833	2
CRO	(13,230)	(8,820)	4,410	2
Contingency	(30,000)	-	30,000	3
Total disbursements	(354,534)	(257,219)	97,315	
Net cash flow	\$ 135,166	\$ 258,537	\$ 123,371	
Cash on hand				
Beginning balance	\$ 638,670	\$ 638,670	\$ -	
Net cash flow	135,166	258,537	123,371	
Ending balance	\$ 773,836	\$ 897,207	\$ 123,371	

Notes:

1. Permanent variance as a result of an account receivable being paid, which had not been previously forecast.
2. Timing related variances, which are expected to reverse themselves in future weeks.
3. Permanent variance as a result of receipts/ disbursements being lower/ higher than originally forecast.

Schedule 8

Encharis Management and Support Services
Variance Analysis
For the period from December 13, 2015 to March 5, 2016

	Forecast (F)	Actual (A)	Variance (A-F)	Notes
Receipts				
Rent	\$ 1,320,000	\$ 1,316,259	\$ (3,741)	1
Alberta Health Services ("AHS") funding	1,166,532	1,166,533	1	1
Miscellaneous revenue	12,000	13,656	1,656	1
Total receipts	2,498,532	2,496,448	(2,084)	
Disbursements				
Payroll	(1,179,000)	(1,203,659)	(24,659)	2
RRSP's	(60,750)	(52,906)	7,844	3
Health Benefits	(61,000)	(90,404)	(29,404)	1
Administrative expenses	(180,000)	(122,949)	57,051	4
Food services expenses	(114,000)	(111,974)	2,026	4
Housekeeping expenses	(17,700)	(14,458)	3,242	4
Healthcare expenses	(7,500)	(452)	7,048	4
Maintenance expenses	(161,000)	(82,736)	78,264	4
Utility expenses	(179,500)	(149,705)	29,795	5
Diversicare	(44,000)	(46,127)	(2,127)	1
Lease payments	(360,000)	(360,000)	-	
Plan Payments	(78,056)	-	78,056	5
Restructuring fees	(142,000)	(45,892)	96,108	5
CRO	(13,230)	-	13,230	5
Total disbursements	(2,597,736)	(2,281,261)	316,475	
Net cash flow	\$ (99,204)	\$ 215,187	\$ 314,391	
Cash on hand				
Beginning Balance	\$ 1,170,066	\$ 1,170,066	\$ -	
Net cash flow	(99,204)	215,187	314,391	
Ending Balance	\$ 1,070,862	\$ 1,385,253	\$ 314,391	

Notes:

1. Permanent variance as a result of receipts/ disbursements being lower/ higher than originally forecast.
2. Permanent variance due to the fact that not all statutory holidays were originally included in the forecast.
3. Includes a permanent positive variance of approximately \$10,100 as a result of an additional payment being included in the forecast beyond what was actually required.
4. Permanent variances as a result of cost saving initiatives having been implemented.
5. Timing related variances, which are expected to reverse themselves in future weeks.