



No. S-137436
Vancouver Registry

IN THE SUPREME COURT OF BRITISH COLUMBIA

**IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*,
R.S.C. 1985, c. C-36, AS AMENDED**

AND

IN THE MATTER OF

**TLC THE LAND CONSERVANCY OF BRITISH COLUMBIA, INC. NO. S36826
&
TLC THE LAND CONSERVANCY (ENTERPRISES) LTD.**

MONITOR'S TWELFTH REPORT TO THE COURT

JANUARY 28, 2015

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i. EXECUTIVE SUMMARY

- There is a significant favourable variance (\$360,199) in TLC's operating cash flow (receipts and disbursements) during the period ended December 31, 2014, primarily arising from the un-budgeted receipt of bequests and higher than anticipated membership and donation revenue;
- TLC's updated cash flow projections to April 30, 2015 indicate the Petitioner will have sufficient cash to fund operations until April 30, 2015;
- TLC's legal counsel are finalizing the terms of the Plan of Arrangement ("**the Plan**") and have secured court time for February 23, 2015 for the purpose of seeking a Meeting and Process Order, pursuant to which the Petitioner will present the Plan to creditors;
- In conjunction with TLC applying for a Meeting and Process Order, the Monitor will seek to update the Amended Claims Register for secured creditors' claims that have been repaid from proceeds of property sales, as well as claims of unsecured creditors wishing to decrease their proven claim amounts.

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1. RECAP & DISCLOSURE

1.1. Introduction

- 1.1.1. Wolrige Mahon Limited is the Court appointed Monitor (“**WML**” or the “**Monitor**”) in these CCAA proceedings.
- 1.1.2. On October 7, 2013, the Supreme Court of British Columbia (the “**Court**”) made an Initial Order (the “**Initial Order**”), pursuant to the *Companies’ Creditors Arrangement Act* (the “**CCAA**”), granting a stay of proceedings against TLC The Land Conservancy of British Columbia, Inc. No. S36826 and TLC The Land Conservancy (Enterprises) Ltd. (collectively referred to herein as “**TLC**” or the “**Petitioner**”) until November 4, 2013 (the “**Stay Period**”).
- 1.1.3. On November 4, 2013, the Court confirmed the terms of the Initial Order and extended the Stay Period to January 20, 2014 (the “**Comeback Order**”) and on January 20, 2014 the Court further extended the Stay Period to April 25, 2014 (the “**January 2014 Extension Order**”).
- 1.1.4. On March 4, 2014, the Court made an Order setting out the procedure for the determination of validity and values of claims by the Petitioner’s creditors, together with a dispute resolution process (the “**Claims Process Order**”).
- 1.1.5. Further extensions to the Stay Period have been granted by the Court as follows:
 - 1.1.5.1. On April 25, 2014 the Court extended the Stay Period to June 25, 2014;

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- 1.1.5.2. On June 25, 2014 the Court extended the Stay Period to October 17, 2014;
- 1.1.5.3. On October 17, 2014 the Court extended the Stay Period to February 2, 2015.
- 1.1.6. Copies of all Orders made by the Court, together with other information on these CCAA proceedings, are posted on the Monitor's website at www.wmltrustees.com.

1.2. Purpose of Report

- 1.2.1. The purpose of the Monitor's Twelfth Report to the Court (this "**Report**") is to provide the Court with information, as well as the Monitor's assessment and recommendations concerning the following matters:
 - 1.2.1.1. TLC's cash flow variances for the period ended December 31 2014;
 - 1.2.1.2. TLC's projected cash flow for the 4 month period January 1 to April 30, 2015;
 - 1.2.1.3. TLC's canvassing of its creditors for input by the creditors as to their expectations of recovery on amounts owing to them by TLC;
 - 1.2.1.4. Secured and unsecured claim amounts contained in the Amended Claims Register;
 - 1.2.1.5. TLC's progress in formulating the Plan;
 - 1.2.1.6. TLC's request for an extension of the Stay Period to April 30, 2015.

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1.3. Restrictions, Limitations & Qualifications of Report

1.3.1. In preparing this Report, WML has relied upon:

1.3.1.1. Discussions with, representations made by, and information provided by:

1.3.1.1.1. John Shields, TLC's Director of Operations (the "DoO"),
some members of the BoD ("BoD Members") and TLC staff;

1.3.1.1.2. Professional consultants retained by TLC;

1.3.1.2. TLC's books and records, together with other documents and information
provided by the DoO and TLC staff.

1.3.2. WML has not audited or otherwise verified the information contained herein as to its
accuracy or completeness. Accordingly, WML does not express any form of
assurance about the information contained herein.

1.3.3. Unless otherwise stated, all monetary amounts contained in this Report are expressed
in Canadian dollars.

1.3.4. Capitalized terms not defined in this Report are defined in the motion materials filed
by TLC in connection with these CCAA proceedings.

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2. CASH FLOW PROJECTIONS

2.1. Variances Between Actual and Projected Cash Flow to December 31, 2014

2.1.1. Attached as **Appendix A** is a detailed analysis of actual results versus forecast for the period ended December 31, 2014. The table below provides a summary of the variances:

Description	Forecast \$	Actual \$	Variance Favourable (Unfavourable) \$
Opening Cash	358,027	358,027	0
Funds in Trust (BHT)	125,609	125,609	0
Net Receipts / (Disbursements)	(361,277)	(1,078)	360,199
Net Proceeds from Sale of Assets	0	0	0
Professionals' Fee Payments	165,000	0	(165,000)
DIP Borrowing / (Repayment)	0	0	0
Payments to Secured Creditors	0	0	0
Closing Cash	287,359	482,558	195,199

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2.1.2. As detailed in **Appendix A** there is a favourable variance of \$360,199 in TLC's Net Cash Receipts / (Disbursements). This variance results from the following:

2.1.2.1. TLC receiving \$86,444 more in membership / donation and rental revenue than forecast;

2.1.2.2. Operating disbursements had a favourable variance due to a combination of factors including:

2.1.2.2.1. TLC's conservative budget estimates compared with efforts to control and minimize expenses;

2.1.2.2.2. Office operating expense includes a contingency estimate that has not been required;

2.1.2.2.3. Timing of actual expenses compared to budget;

2.1.2.2.4. Staffing reductions;

2.1.2.3. The Monitor, the Monitor's legal counsel and TLC's legal counsel (the "**Professionals**") agreeing to defer payment of their respective fees and disbursements, pending TLC's receipt of sufficient surplus funds from the sale of property.

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2.2. TLC's Cash Flow Projection to April 30, 2015

2.2.1. TLC's Cash Flow Projection has been prepared on a monthly basis and updated for the period ending April 30, 2015 (the "**Cash Flow Projection**"). The Cash Flow Projection, together with the Notes to the Cash Flow Projection (the "**Notes**"), are attached as **Appendix B**. The Notes describe the purposes for which the Cash Flow Projection was prepared, as well as describe the probable and hypothetical assumptions underpinning the Cash Flow Projection.

2.2.2. The Monitor's review of the Cash Flow Projection consisted of inquiries, analytical procedures and discussions related to information supplied to the Monitor by the DoO and TLC's staff. Since hypothetical assumptions need not be supported, the procedures with respect to the hypothetical assumptions were limited to evaluating whether they are consistent with the purpose of the Cash Flow Projection. The Monitor also reviewed the support provided by the DoO for the probable assumptions and the preparation and presentation of the Cash Flow Projection.

2.2.3. Based on the Monitor's review, nothing has come to our attention that causes us to believe that, as at the date of this Report, in all material respects:

2.2.3.1. The hypothetical assumptions are not consistent with the purpose of the Cash Flow Projection;

2.2.3.2. The probable assumptions developed by the DoO are not suitably supported and consistent with the plans of TLC or do not provide a reasonable basis for the Cash Flow Projection, given the hypothetical assumptions;

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- 2.2.3.3. The Cash Flow Projection does not reflect the probable or hypothetical assumptions.
- 2.2.4. During the period ending April 30, 2015, TLC is projecting sufficient funds on hand to fund the payment of all current operational obligations, including interest on DIP Loans, but excluding payments to the Professionals (the Professionals' fee estimates are shown as both disbursements and add backs, as the amounts are being voluntarily deferred pending the disposition of charged properties).
- 2.2.5. Since the Cash Flow Projection is based on assumptions and estimates regarding future events, actual results will vary from the information presented and the variances may be material. Accordingly, we express no assurance as to whether the Cash Flow Projection will be achieved. We express no opinion or other form of assurance with respect to the accuracy of any financial information presented in this report, or relied upon by us in preparing this report.
- 2.2.6. The Cash Flow Projection has been prepared solely for the purpose described in the Notes, using probable and hypothetical assumptions set out in the Notes. Consequently, readers are cautioned that the Cash Flow Projection may not be appropriate for other purposes.
- 2.2.7. WML *has not* performed an examination or review of the cash flow forecasts and financial projections, as outlined in the Canadian Institute of Chartered Professional Accountants' Handbook. Readers are cautioned that, because cash flow forecasts and financial projections are based upon assumptions about future events and conditions that are not readily and currently ascertainable, the actual results will vary from the forecasts and projections, and these variances could be material.

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3. ADMINISTRATIVE

3.1. Canvassing Creditors

- 3.1.1. On January 7, 2015 TLC convened a town hall meeting, open to all creditors, to discuss content and intended results of the Plan.
- 3.1.2. As a follow up to the January 7, 2015 meeting, after discussions with the Monitor, TLC issued a letter to all creditors, providing feedback about the January 7, 2015 meeting and soliciting feedback from creditors about their expectations as to recovery on amounts owing to them by TLC.
- 3.1.3. TLC advises that the feedback received from creditors (in particular the unsecured creditors) has been used in finalizing the terms of the Plan.

3.2. The Plan

- 3.2.1. The Monitor is advised by TLC's legal counsel that with the expectation of filing the Plan shortly, it has secured court time on February 23, 2015 whereat it anticipates making application for a Meeting and Process Order, pursuant to which TLC will present the Plan to creditors,
- 3.2.2. The Monitor has reviewed a draft of the Plan. Upon the Plan being finalized and filed with the Court, the Monitor will file a report advising the Court as to the reasonableness and fairness of the Plan.

3.3. Amended Claims Register

- 3.3.1. The Amended Claims Register reflects the now proven secured and unsecured claims, as at October 7, 2013 (the date of filing).

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- 3.3.2. Subsequent to October 7, 2013, with approval by the Court, TLC has sold certain of its properties, some of which had secured charges registered against them which were paid out at time of sale completion. These secured charges have yet to be deleted from the Amended Claims Register.
- 3.3.3. As well, certain unsecured creditors with proven claims in the Amended Claims Register have advised TLC of their decisions to make donations to TLC, the end result being the elimination of their claims from the Amended Claims Register.
- 3.3.4. When TLC makes application for a Meeting and Process Order, the Monitor expects to seek an amendment to the Amended Claims Register to reflect the current status of proven claims.

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4. MONITOR'S RECOMMENDATIONS & CONCLUSIONS

- 4.1. The Cash Flow Projection does not include payment of prior period fees and disbursements incurred by the Professionals, which have been accrued and are secured by the Administration Charge, but does indicate that TLC will have sufficient cash available to fund operations to April 30, 2015.
- 4.2. The Monitor recommends that TLC be permitted to finalize the terms of the Plan for purposes of filing the Plan with the Court and then seek a Meeting and Process Order on February 23, 2015.
- 4.3. The Monitor recommends that the Amended Claims Register be updated, for secured claim repayments and unsecured creditor requests for decreases to their claims, at the same time as TLC's application for a Meeting and Process Order on February 23, 2015.
- 4.4. The Monitor believes that the Petitioner has been acting, and are continuing to act, in good faith and with due diligence in the furtherance of TLC's restructuring activities.
- 4.5. The Monitor believes it is appropriate in the circumstances that the Petitioner be granted an extension of the Stay Period until April 30, 2015, thereby affording the Petitioner sufficient time:
- 4.5.1. to file the Plan;
 - 4.5.2. to obtain a Meeting and Process Order; and
 - 4.5.3. to convene the meeting of creditors.

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All of which is respectfully submitted on this, the 28th day of January, 2015.

WOLRIGE MAHON LIMITED
in its capacity as Court Appointed Monitor
for TLC The Land Conservancy of British Columbia &
TLC The Land Conservancy (Enterprises) Ltd.

Per:



Gord McMorrin, CPA, CA, CIRP
President

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January 28, 2015

A P P E N D I X A

VARIANCES BETWEEN PROJECTED AND
ACTUAL CASH FLOW TO DECEMBER 31, 2014

TLC THE LAND CONSERVANCY OF BRITISH COLUMBIA
APPENDIX "A"
VARIANCES BETWEEN PROJECTED AND ACTUAL CASH FLOW
FOR THE PERIOD OCTOBER 1 TO DECEMBER 31, 2014

	Forecast	Actual	Variance Fav / (Unfav)	Variance Notes
Period #				
Period Ended				
Receipts - Operating				
Sale of Assets		-	-	
Memberships / Donations	90,000	159,936	69,936	1
Rental Income	6,705	23,213	16,508	3
Miscellaneous		19		2
Total Receipts - Operating	96,705	183,167	86,444	
Disbursements - Operating				
Office Operating	93,099	35,504	57,595	4
Property Operating	26,065	8,893	17,172	4
Employee Costs	148,318	120,813	27,505	4
Total Disbursements - Operating	267,482	165,209	102,273	
Net Operating Cash In (Out)Flow	(170,777)	17,958	188,735	
Disbursements - Non Operating				
Interest on pre-filing secured debt	-	-		
Restructuring Professional Fees	190,500	19,037	171,463	5
DIP Loan Service	-	-		
Total Disbursements - Non-Operating	190,500	19,037	171,463	
Net Receipts (Disbursements)	(361,277)	(1,078)	360,199	
Cash Balance - TLC				
Cash - beginning	358,027	358,027	-	
Transferred from / (to) BHT		-		
Net Receipts (Disbursements)	(361,277)	(1,078)	360,199	as above
Add back fee accruals	165,000	-	(165,000)	5
Cash - ending	161,750	356,949		
Funds in Trust - BHT				
Cash - beginning	125,609	125,609		
Net Proceeds from sale of assets		-	-	
Net DIP Borrowing (Repayment)	-	-	-	
Net Transfers from / (to) TLC		-	-	
Payments to Secured Creditors		-	-	
Professional fees disbursed		-	-	
Funds in trust (BHT) - ending	125,609	125,609		
Combined Cash - ending	287,359	482,557	195,199	

Variance Notes

- 1) Favourable variance due to receipt of un-budgeted bequests as well as higher than anticipated memberships / donations.
- 2) Favourable variance is immaterial to warrant further investigation.
- 3) Favourable variance due to higher than anticipated rental revenue.
- 4) Favourable variance due to a combination of factors including: TLC's conservative budget estimates compared with efforts to control and minimize expenses. Office Operating expense includes a contingency estimate that has not been required. Timing of actual expenses compared to budget as well as staffing reductions.
- 5) Variance due to the Monitor, the Monitor's legal counsel and counsel to TLC agreeing to accrue their fees and disbursements pending receipt of sufficient available funds. Payment most likely to be derived from proceeds from the sale of Property.

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A P P E N D I X B

TLC'S CASH FLOW PROJECTION TO APRIL 30, 2015

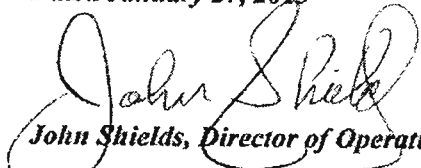
TLC THE LAND CONSERVANCY OF BRITISH COLUMBIA

APPENDIX B

**REPORT ON THE CASH FLOW PROJECTION
FOR THE PERIOD FEBRUARY 1 TO APRIL 30, 2015**

1. TLC prepared the attached statement of projected cash flows (the "Cash Flow Projection") on a monthly basis, for the period ended April 30, 2015. The Cash Flow Projection, together with the Notes to the Cash Flow Projection (the "Notes") are attached as **Appendix B**.
2. The Cash Flow Projection was prepared by TLC pursuant to proceedings under the CCAA, using probable and hypothetical assumptions set out in the Notes.
3. The hypothetical assumptions contained in the Notes are reasonable and consistent with the purpose of the projection as described in the Notes, and the probable assumptions are suitably supported and consistent with the plans of TLC and provide a reasonable basis for the Cash Flow Projection.
4. Since the Cash Flow Projection is based on assumptions and estimates regarding future events, actual results will vary from the information presented herein, and the variances may be material.
5. The Cash Flow Projection has been prepared solely for the purpose described above, using the probable and hypothetical assumptions set out in the Notes. Accordingly, readers are cautioned that the Cash Flow Projection may not be appropriate for other purposes.

Dated January 27, 2015

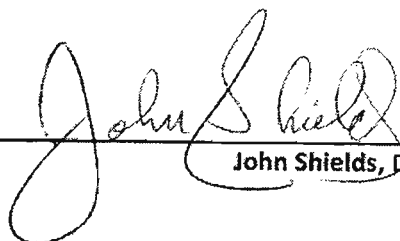

John Shields, Director of Operations

TLC The Land Conservancy of British Columbia

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APPENDIX "B"
CASH FLOW PROJECTION
FOR THE PERIOD FEBRUARY 1 TO APRIL 30, 2015

Period #	1	2	3
Period Ended	28-Feb-15	31-Mar-15	30-Apr-15
Receipts - Operating			
Memberships / Donations	30,000	30,000	30,000
Rental Income	2,235	2,235	2,235
Total Receipts - Operating	32,235	32,235	32,235
Disbursements - Operating			
Office Operating	32,705	26,550	28,070
Property Operating	61,950	7,950	17,950
Employee Costs	36,356	33,856	37,056
Total Disbursements - Operating	131,011	68,356	83,076
Net Operating Cash In (Out)Flow	(98,776)	(36,121)	(50,841)
Disbursements - Non Operating			
Restructuring Professional Fees	131,500	93,500	88,500
DIP Loan Service	-	-	-
Total Disbursements - Non-Operating	131,500	93,500	88,500
Net Receipts (Disbursements)	(230,276)	(129,621)	(139,341)
Cash Balance			
Cash - beginning (TLC)	358,027	143,360	98,739
Funds in trust (BHT)	125,609	-	-
Net Receipts (Disbursements)	(230,276)	(129,621)	(139,341)
Add back fee accruals	115,000	85,000	80,000
DIP Borrowing (Repayment)	(225,000)	-	-
Cash - ending - Combined	143,360	98,739	39,398

PLEASE SEE ACCOMPANYING NOTES WHICH FORM AN INTEGRAL PART OF THIS CASH FLOW PROJECTION



John Shields, Director of Operations

1/27/15
Date

**TLC THE LAND CONSERVANCY OF BRITISH COLUMBIA
NOTES TO THE CASH FLOW PROJECTION
FOR THE PERIOD FEBRUARY 1 TO APRIL 30, 2015**

APPENDIX "B"

GENERAL All receipts and disbursements in this Cash Flow Projection are denominated in Canadian dollars.

PURPOSE The Cash Flow Projection was prepared by TLC Management pursuant to proceedings under the CCAA, using probable and hypothetical assumptions set out below.

PROBABLE ASSUMPTIONS

Cash Balance - beginning

This is the estimated opening cash balance as at February 1, 2015

Receipts - Operating

Memberships / Donations

This estimate is based on actual donations received during these CCAA proceedings.

Rental income

TLC receives rental income from several tenants occupying land and/or buildings owned by TLC. It is assumed that this revenue stream will continue in the ordinary course.

Disbursements - Operating

Office Operating

Estimate based on historical costs incurred. Represents payment of telephone and internet, postage and courier, disposal and recycling, Travel, IT services, Bank Charges and lease payments on office equipment. Also includes a contingency related to unanticipated costs.

Property Operating

Estimate based on historical costs incurred to operate and maintain TLC's properties. Costs include repairs and maintenance, property taxes, utilities and insurance.

**TLC THE LAND CONSERVANCY OF BRITISH COLUMBIA
NOTES TO THE CASH FLOW PROJECTION
FOR THE PERIOD FEBRUARY 1 TO APRIL 30, 2015**

APPENDIX "B"

Employee Costs

Calculated based on current staffing levels and wage rates. Payroll is paid bi-weekly. Includes payment of all benefits and deductions at source. Does not include severance payments, or deductions at source related thereto, for employees terminated pre-filing which are subject to a determination by the Employment Standards Branch.

Disbursements - Non Operating

Interest on pre-filing secured debt

Payment of principal and interest on account of amounts owing by the petitioners to any of their creditors as of the date of the Initial Order, except as authorized in the Initial Order, have been removed.

Restructuring Professional Fees

Represents payments (fees and disbursements) to various professionals engaged by TLC to provide services related to its CCAA filing. This includes Property Consultants, Appraisers, independent legal counsel for each of TLC, the Monitor, the Directors and Officers, and the DIP lenders. It is assumed that the Monitor, Monitor's counsel and TLC's legal counsel continue to accrue their fees and disbursements pending receipt of additional funds.

Cash Balance

Funds in trust (BHT)

Debtor's counsel (Davis LLP) holds approximately \$125,000 in trust. These funds were derived from the following sources: balance of undrawn DIP funds and net proceeds from the sale of land.

HYPOTHETICAL ASSUMPTIONS

Property Sales

While TLC's planned course of action in these CCAA proceedings includes the sale of properties, the timing and quantum of sales and the receipt of proceeds is unpredictable at this time and have therefore, to be conservative, been excluded.

VANCOUVER REGISTRY: No. S-137436

DATED JANUARY 28, 2015

**IN THE SUPREME COURT OF BRITISH COLUMBIA
IN BANKRUPTCY & INSOLVENCY**

**IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*,
R.S.C. 1985, c. C-36, AS AMENDED**

AND

IN THE MATTER OF

**TLC THE LAND CONSERVANCY OF BRITISH COLUMBIA, INC. NO. S36826
&
TLC THE LAND CONSERVANCY (ENTERPRISES) LTD.**

MONITOR'S TWELFTH REPORT TO THE COURT
