

District of
Newfoundland and
Labrador
Division No. 01-NL
Court No. 24092
Estate No. 51-2792506

**IN THE SUPREME COURT OF NEWFOUNDLAND AND LABRADOR
GENERAL DIVISION
IN BANKRUPTCY AND INSOLVENCY**

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 Arrangement
of the Roman Catholic Episcopal Corporation
of St. John's

SECOND REPORT OF THE MONITOR

INTRODUCTION AND PURPOSE

- 1) On December 21, 2021 (the "**NOI Filing Date**"), the Roman Catholic Episcopal Corporation of St. John's (the "**RCECSJ**" or the "**Corporation**") filed a notice of intention to make a proposal ("**NOI**") pursuant to the provisions of the *Bankruptcy and Insolvency Act* (the "**BIA**") with the Office of the Superintendent of Bankruptcy (the "**OSB**"). Ernst & Young Inc. consented to act as the designated Trustee (the "**Trustee**").
- 2) Pursuant to Section 69(1) of the BIA, the effect of the filing of the NOI was an automatic stay of proceedings against the Corporation for an initial period of 30 days (the "**Stay Period**"). Stay Period extensions were requested and granted on various occasions during the NOI proceedings.
- 3) The NOI proceedings were converted to a stay of proceedings under the *Companies' Creditors Arrangement Act*, R.S.C., 1985, c. C-36 (the "**CCAA**") pursuant to an Order of the Honourable Justice Handrigan dated May 11, 2022 and effective May 17, 2022 (the "**Initial Order**"). The Initial Order appointed Ernst & Young Inc. as monitor (the "**Monitor**") of the RCECSJ with the powers and obligations set out in the CCAA and extended the Stay Period to May 27, 2022. The Stay Period was subsequently extended to July 31, 2022 pursuant to an amended and restated Initial Order (the "**ARIO**") dated May 27, 2022.
- 4) Additional background information concerning the Corporation, the NOI proceedings and these CCAA proceedings is available on the Monitor's website at www.ey.com/ca/rcecsj.

- 5) The purpose of this report (the “**Second Report**”) is to provide this Honourable Court with the Monitor’s comments on the following:
- a. Summary Results of the Sale by Tender Process
 - b. Residual Property Realization Strategy
 - c. Rectory Property Sale Approval - Coady’s Lane
 - d. Claims Process Update
 - e. Cash Flow Variance
 - f. Revised Cash Flow Projection
 - g. Stay Period Extension

TERMS OF REFERENCE

- 6) In preparing this Second Report and making the comments herein, the Monitor has been provided with, and has relied upon unaudited financial information, books and records and financial information prepared by the Corporation, discussions with the management and employees of the Corporation and other information from various sources (collectively the “**Information**”). Except as otherwise described in this Second Report:
- a. The Monitor has reviewed the Information for reasonableness, internal consistency and use in the context in which it was provided. However, the Monitor has not audited or otherwise attempted to verify the accuracy or completeness of the Information in a manner that would wholly or partially comply with Generally Accepted Assurance Standards pursuant to the Chartered Professional Accountants Canada Handbook and, accordingly, the Monitor expresses no opinion or other form of assurance in respect of the Information; and
 - b. Some of the Information referred to in this Second Report consists of forecasts and projections. An examination or review of the financial forecasts and projections, as outlined in the Chartered Professional Accounts Canada Handbook, has not been performed.
- 7) Future oriented financial information referred to in this Second Report was prepared based on management’s estimates and assumptions. Readers are cautioned that since projections are based upon assumptions about future events and conditions that are not ascertainable, the actual

results will vary from the projections, even if the assumptions materialize, and the variations could be significant.

- 8) All references to monetary amounts in this Second Report are in Canadian dollars unless otherwise noted. Capitalized terms not otherwise defined herein are as defined in the Initial Order or the earlier reports filed by the Monitor in these proceedings.
- 9) Copies of Court materials filed in the NOI and the CCAA proceedings may be obtained from the Monitor's website established in connection with this restructuring.

SUMMARY RESULTS OF THE SALE BY TENDER PROCESS

- 10) On March 4, 2022, this Honourable Court approved the tender sale process (the "**Tender Process**") with respect to an inventory of church, parish hall, rectory, vacant land, and other real estate holdings situated within the St. John's region but specifically excluding the Corporation's ownership rights in relation to 19 school properties (collectively the "**Real Property**"). The deadline for interested parties to submit tender bids was noon (Atlantic Standard Time) on June 2, 2022.
- 11) The Monitor's efforts to prepare, advertise, market and solicit interest in the Tender Process have been outlined in prior Court reports and included:
 - a. Coordination of real estate appraisals through Neil Tedstone Realty Advisors (the "**Tedstone Appraisals**");
 - b. Solicitation of stakeholder comments, including comments from Representative Counsel, on the proposed form of tender, the advertising program, tender timelines and the development of a targeted listing of potentially interested parties;
 - c. Advertisements with respect to the Tender Process were placed in the St. John's Telegram newspaper and the Insolvency Insider, a national on-line publication reporting upon insolvency administrations in Canada; and
 - d. The Monitor engaged in discussions and or corresponded with approximately 385 prospective bidders during the Tender Process to promote interest in the opportunity.
- 12) The Tender Process produced 71 tender submissions (the "**Bids**") from 57 individual parties providing offers on individual parcels, multiple parcels, enbloc submissions and submissions incorporating unique tender conditions. The Monitor prepared an analysis of the Bids against the Tedstone Appraisal fair market value ("**FMV**") and orderly liquidation value ("**OLV**") estimates

along with other considerations the Monitor believed relevant to the Tender Process analysis including the number of bidders responding, holding cost considerations and the likelihood that an alternative sales process might produce a more favourable recovery for the estate.

- 13) The Monitor's analysis allocated the Bids into three categories:
 - a. Recommend for acceptance (37 sub-parcels);
 - b. Solicit competitive bid re-submissions (6 sub-parcels); and
 - c. Recommend bid rejection and pursue an alternative realization strategy (18 sub-parcels).
- 14) A copy of the tender register (showing all tenders with conditions), a summary of the highest Bid value responses on a parcel-by-parcel basis and a written analysis of the Bids supporting the Monitor's proposed recommendations was provided to Representative Counsel for their consideration and comments (collectively the "**Rep Counsel Analysis Package**").
- 15) A redacted copy of the summary of highest Bid value responses on a parcel-by-parcel basis and a modified written analysis of the Bids supporting the Monitor's proposed recommendations was provided to the Corporation. The redactions and modifications were necessary as the Monitor proposed to invite certain parishioner groups to participate in the competitive bid re-submission process discussed below.
- 16) On June 14, 2022, with the support of Representative Counsel and the Corporation, successful bidders were notified by e-mail that their sub-parcel bids were accepted subject to the approval of this Honourable Court. Unsuccessful bidders were similarly notified by e-mail that their bids were not accepted, and their deposits were returned either by registered mail or by return wire.
- 17) The Tender Process produced comparable bids on six sub-parcels from separate bidder groups. A short list of bidders was asked to re-submit tenders for sub-parcels 3A, 3B, 9B and 20 A, B and C for the Monitor's consideration. Amended bid submissions were received and reviewed by the Monitor on June 22, 2022. Recommendations with respect to the amended submissions were presented to Representative Counsel and the Corporation resulting in successful bidders for Parcels 3, 9 and 20, excluding sub-parcel 3B, collectively being agreed to and all parties were notified accordingly.
- 18) The Monitor respectfully requests this Honourable Court approve the following 42 sub-parcel sales (collectively the "**Accepted Bid Property**") to the parties identified. The aggregate sales

value attributable to the Accepted Bid Property totals \$20,622,332 representing 65.4% of the Tedstone Appraisal FMV and 112.9% of the Tedstone Appraisal OLV for the subject properties.

Tender Parcel	Property Description	Successful Bidder Recommendation
1A	Basilica Cathedral and Pastoral Centre	Basilica Heritage Foundation, Inc.
1B	St. Bonaventure's College	Basilica Heritage Foundation, Inc.
1C	St. Bon's Forum	Basilica Heritage Foundation, Inc.
2A	St. Patrick's Church	Howard Real Estate Holdings
2C	Vacant Land (located at 18 Deanery Ave, St. John's)	84392 Newfoundland and Labrador Inc.
2D	Vacant Land (located on Patrick Street, St. John's)	St. John's Independent School Inc.
3A	St. Teresa's Church and other adjoining structures	St. Teresa's Mundy Pond Corporation
4A	Corpus Christi Church, Parish Office and Community Centre	Stewart McKelvey, as Agent
4B	Vacant Land (231 Waterford Bridge Road, St. John's)	Stewart McKelvey, as Agent
5A	St. Pius X Church and St. Pius X Junior High School	Association For New Canadians
6A	Mary Queen of Peace Church and Rectory	54105 Newfoundland and Labrador Ltd.
6B	Mary Queen of Peace Hall	10981 Newfoundland Ltd.
8B	Vacant Land (Topsail Road, Mount Pearl)	P.M.C. Holdings Ltd.
8C	Vacant Land (Topsail Road, Mount Pearl)	City of Mount Pearl
8D	Vacant Land (Pinebud Crescent, Mount Pearl)	City of Mount Pearl
9B	St. Peter's Rectory	84392 Newfoundland and Labrador Inc.
11A	St. Thomas of Villanova Church and Vacant Land (Ball Field)	Archdiocesan Renewal Corp.
12B	St. Edward's Rectory	Pine Bud Investments Inc.
12C	Vacant Land (St. Edwards Road, Conception Bay South)	Pine Bud Investments Inc.
13A	Holy Rosary Church, Rectory and Hall	Portugal Cove-St. Phillip's Chamber of Commerce Inc. / Holy Rosay on behalf of Newco
14A	St. Joseph's Church	89149 Newfoundland and Labrador Corp.
14B	Vacant Land (Cribbies Road, Petty Harbour-Maddox Cove)	89149 Newfoundland and Labrador Corp.
15A	St. Francis of Assisi Church	Rocky Hill Holdings Inc.
15B	Archbishop's Residence	Rocky Hill Holdings Inc.
15C	St. Francis of Assisi Rectory	Rocky Hill Holdings Inc.
15D	Vacant Land (51 Outer Cove Road, Logy Bay-Middle Cove-Outer Cove)	Rocky Hill Holdings Inc.
15E	Vacant Land (23 - 25 Outer Cove Rd, Logy Bay-Middle Cove-Outer Cove)	Pine Bud Investments Inc.
16B	Holy Trinity Parish Hall	YBC Development Ltd.
17A	St. Michael's Church	Town of Flatrock
17B	Our Lady of Lourdes Grotto	Town of Flatrock
18A	St. Agnes Church and Rectory	G.J. Shortall Ltd.
19A	O'Dwyer Apartments	Ashley and Wajdi Bensaid
19B	Vacant Land (51 Hazelwood Crescent, St. John's)	P.M.C. Holdings Ltd.
20A	Ecole Rocher du Nord	Emerald Atlantic Group Inc
20B	Vacant Land (Ricketts Road, St. John's)	Emerald Atlantic Group Inc
20C	Vacant Land (Ricketts Road, St. John's)	Emerald Atlantic Group Inc
23C	Vacant Land (370-410 Beachy Cove Road)	Emerald Atlantic Group Inc
25A	<i>Intentionally Deleted</i>	N/A
25B	Vacant Land (Octagon Pond, Paradise)	Emerald Atlantic Group Inc
25D	Vacant Land (456-466 Bauline Line, Torbay)	640 Torbay Road Inc.
25E	Vacant Land (27A Piperstock Place, Torbay)	Blair White
25F	Vacant Land (Bullock Town Road, Torbay)	YBC Development Ltd.
25G	Vacant Land (Route 90, Salmonier Arm)	Nature Conservancy of Canada

19) The Monitor has prepared and will submit to this Honourable Court on a confidential basis, a supplement to this Second Report (the "**Supplemental Second Report**") attaching copies of:

- a. the Rep Counsel Analysis Package including the tender register (showing all tenders with conditions), a summary of the highest Bid value responses on a parcel-by-parcel basis and a written analysis of the Bids supporting the Monitor's proposed recommendations;

- b. excerpts from the Tedstone Appraisals summarizing the FMV and OLV appraisal estimates by property; and
 - c. the Monitor's analysis of the amended bid submissions with respect to Parcels 3, 9 and 20.
- 20) The Monitor will be seeking a sealing order from this Honourable Court with respect to the Supplemental Second Report, on the basis that the Supplemental Second Report contains sensitive commercial information with respect to the Corporation's assets, the dissemination of which could be prejudicial to the best interests of the estate prior to such property sales concluding.

RESIDUAL PROPERTY REALIZATION STRATEGY

- 21) The Tender Process did not produce satisfactory submissions on all sub-parcels. Acceptable bids were not received for 19 sub-parcels (the "**Residual Parcels**"). The Corporation intends to list the Residual Parcels with a qualified realtor as a means to liquidate the Residual Parcels for the benefit of the estate.
- 22) In addition to the Residual Parcels, the Corporation has determined that it will also engage the services of multiple qualified real estate agents to list RCECSJ properties situated in the Burin and Southern Avalon regions (the "**Rural Properties**") for sale. The Corporation, with the assistance of the Monitor and in consultation with Representative Counsel is actively pursuing formal listing agreements for approximately 70 Rural Properties subject to confirmation of specific Rural Property details.
- 23) Pursuant to the terms of the ARIO, real property sales exceeding \$500,000 in any single transaction or \$2,500,000 in aggregate will remain subject to Court approval. The Monitor will periodically report upon the sales of Residual Parcels and Rural Properties where Court approval is not otherwise specifically requested or required.
- 24) Representative Counsel will continue to be consulted on all sales of Corporation assets.

RECTORY PROPERTY SALE APPROVAL – COADY'S LANE

- 25) As previously reported to the Honourable Court, the Corporation listed the following four (4) stand-alone rectory properties for sale with a local qualified realtor with the following asking prices:
- a. 20 Boland Street, St. John's NL \$299,900
 - b. 38 The Boulevard, St. John's NL \$399,900

- c. 1 Coady's Lane, Torbay NL \$389,900
- d. 3 Burling Crescent, St. John's NL \$319,900

- 26) Agreements of purchase and sale with respect to the Boland Street, The Boulevard and Burling Crescent properties have previously been approved by this Court. The listing agent advised that limited interest had been shown on the Coady's Lane property which appears to have been aggressively priced. Accordingly, at the recommendation of the Corporation's realtor, the list price was reduced from \$389,900 to \$374,900 as a means of soliciting interest in the property.
- 27) The listing price reduction appears to have been a successful strategy as the Corporation received and accepted an offer on the Coady's Lane property which remains subject to Court approval. A redacted copy of the Coady's Lane agreement of purchase and sale (the "**Coady Lane Agreement**") is attached as **Appendix "A"**.
- 28) The Monitor will attach an unredacted copy of the Coady Lane Agreement to the Supplemental Second Report as a means to protect sensitive commercial information with respect to the Corporation's assets, the dissemination of which could be prejudicial to the best interests of the estate prior to the proposed sale concluding.
- 29) The Monitor supports the proposed sale of the Coady's Lane property and recommends this Honourable Court approve the sale which is supported by the appraisal reports previously filed.

CLAIMS PROCESS UPDATE

- 30) Representative Counsel recently provided submissions in relation to the claims process for the Corporation and Monitor's consideration as the parties collectively work towards the development of a claims process that is fair, timely, cost-effective and reduces the evidentiary burden to be placed upon victims of past sexual abuse while ensuring that all claims are properly proven.
- 31) The Monitor is preparing a draft claims package (the "**Claim Package**") substantially leveraging the submissions from Representative Counsel but also incorporating comments from the Corporation. The Claim Package includes a claims process Order, abuse claim protocol and support schedules including but not limited to claim forms, instruction letters and Claimant notices developed for this unique claims process. The Monitor has undertaken to provide Representative Counsel with a Claim Package, incorporating Corporation comments, by no later than July 15, 2022 for their review and comments.
- 32) In addition, the Monitor, the Corporation and Representative Counsel have identified a possible Claims Officer candidate who the parties agree has the necessary skills and background to adjudicate and value claims of sexual abuse against the RCECSJ. The Monitor, subject to receipt

of supplemental Representative Counsel comments, will provide the Claim Package (with amendments if necessary) to the proposed Claims Officer for his consideration and comments and seek to confirm terms of the proposed Claims Officer's engagement.

- 33) The Monitor will return to this Court to seek approval for the proposed claims process and the appointment of a Claims Officer with full input from Representative Counsel and other key stakeholders as soon as possible in order to advance the claims process.

CASH FLOW VARIANCE

- 34) Attached as **Appendix "B"** is a variance analysis comparing the Corporation's actual cash flow for the period April 2, 2022 through June 24, 2022 (the "**Period**") to the Corporation's Third CF filed with this Honourable Court as Appendix F to the Trustee's Fourth Report filed within the NOI proceedings.

- 35) Actual Archdiocese total cash receipts of \$2,708,000 were approximately \$960,000 higher than forecast for the Period. The variance is primarily attributable to:

- a. a permanent favourable variance associated with the St. Kevin's Parish Settlement agreement resulting in \$1,000,000 of settlement funds being deposited into the RCECSJ operating account which conservatively had not been included within the Third CF projection;
- b. a permanent unfavourable variance associated with the property sales of 3 Burling Crescent and 38 The Boulevard of approximately \$99,000 attributable to standard closing adjustments, fees and a negotiated purchase price reduction arising post identification of kitec piping at one of the properties; and
- c. favourable cemetery (\$47,000) and donation (\$42,000) receipts in the Period attributed to elevated sales of niches, plots and interment fees arising from the lifting of COVID restrictions in the Province and elevated special purpose Parishioner donations for cemetery, ecclesiastical students, Centre for Life and other national collections. Parishioner donations denoted for national collections were subsequently allocated to the intended recipient organization one month post receipt.

- 36) Actual Archdiocese operating disbursements (excluding professional fees) of \$1,209,000 were generally in line with total forecast spending with modest favourable and offsetting unfavourable disbursement variances arising in different spending categories.

- 37) Restructuring professional fees paid in the Period were approximately \$58,000 less than forecast representing a favourable timing variance generally associated with the CCAA Monitor and its legal counsel's invoice timing.
- 38) The Parishes consolidated cash balance decreased by approximately \$44,000 from April 2, 2022 to June 24, 2022. The reduction is primarily attributable to cash account reductions at three family aid operations over the Period who have been unable to access certain grants as a result of these insolvency proceedings.

REVISED CASH FLOW PROJECTION

- 39) The Corporation, with the assistance of the Monitor, has prepared a revised cash flow projection (the "**Fourth CF**") incorporating actual results for the Period and projected results for the 24 week period ending December 9, 2022 (the "**Projection Period**"). A copy of the Fourth CF with supporting notes is attached as **Appendix "C"**. The Monitor has reviewed the notes and assumptions supporting the Fourth CF (the "**Fourth CF Notes**") and believes these to be reasonable.
- 40) The Corporation projects cash receipts of \$2,363,600 (inclusive of the Coady Lane sale) and operating disbursements of \$2,424,800 over the Projection Period. The Fourth CF forecasts professional costs of \$1,725,000 over the Projection Period including fees payable to Deloitte in its capacity as financial advisor to Representative Counsel, the Claims Officer and professional fees associated with real property survey costs.
- 41) Realization proceeds associated with the Accepted Bid Properties are forecast to be held by the Corporation's solicitor and not deposited within the Corporation's main operating account. The Corporation has not forecast additional recoveries from other property sales, chattel sales or insurance recoveries as the quantum and timing of these recoveries is unknown.
- 42) The Corporation forecasts to have approximately \$422,000 of cash on hand at the end of the Projection Period exclusive of cash held by the Parishes (\$804,000) and approximately \$23.8 million with its solicitor attributable to the St. Kevin's Settlement Agreement and Accepted Bid Property sales. Accordingly, the Corporation believes it will have adequate cash available to fund operations through the Projection Period.
- 43) Parishioners (at the Parish level) have donated and/or fund raised approximately \$1.4 million during the Period and \$3.3 million since the NOI Filing Date. As previously noted, these funds have been used by the Parishes to sustain operations including, amongst other things, the funding of real property preservation costs and Parish Assessments payable to the Archdiocese.

STAY PERIOD EXTENSION

- 44) The RCECSJ Stay Period was extended from May 27, 2022 to July 31, 2022 pursuant to the ARIO. The Corporation now seeks an extension of the Stay Period until December 9, 2022.
- 45) The Corporation requires additional time to (1) finalize the sale of the Accepted Bid Properties and the Coady Lane Agreement, subject to the approval of this Honourable Court; (2) continue its realization efforts with respect to the Residual Properties, the Rural Properties, school properties, Excluded Chattels and potential insurance recoveries; and (3) formalize the Claim Package and seek Court approval of a claims process to call for and value all claims against the Corporation.
- 46) There has been open and transparent dialogue between the Corporation, the Monitor and counsel representing the majority of the identified victim claimants throughout the Stay Period and the Corporation has made substantial progress liquidating real estate holdings in advance of the claims process for the benefit of the estate creditors.
- 47) The Corporation has continued to cooperate with the Monitor and provide the Monitor with full access to its books and records. The Monitor is not aware, and has not been informed, of any acts that would lead the Monitor to believe that the Corporation has not acted or is not continuing to act in good faith and with due diligence. The Monitor respectfully submits that no creditor will be materially prejudiced by the granting of the extension.

DATED at the City of Halifax, in the Province of Nova Scotia this 13th day of July 2022.

Ernst & Young Inc.

Licensed Insolvency Trustee
Acting in its capacity as Court Appointed Monitor
of the Roman Catholic Episcopal Corporation of St. John's
and not in its personal capacity

Per:



George Kinsman CPA, CA, CIRP, LIT
Senior Vice President

attachment

Appendix A



COUNTER OFFER
(For Use By Members of the Newfoundland and Labrador Association of REALTORS® Inc.)



Attached to and forming part of the Agreement of Purchase & Sale between:

Seller(s): Roman Catholic Episcopal Corporation of st john's and

Buyer(s): Stephen Oates Marilyn Oates

on the property known as 1 Coadys Lane Torbay

in the Province of Newfoundland & Labrador, dated May 26 2022

The Seller accepts the attached offer and all its terms and conditions subject to the following amendments, exceptions and/or additions:

- 1) purchase price to [REDACTED]
- 2) Subject to court approval
- 3) Closing date to be agreed to by both parties, after court approval.

This Counter Offer shall be irrevocable by the Seller(s) until 10 am on the 28 day of May 2022
(AM/PM) (Month) (Year)

after which time, if not accepted by the Buyer and a copy delivered to the Seller or his Broker, this Counter Offer shall be null and void and all deposit monies shall be returned to the Buyer(s) without interest. If this Counter Offer is accepted by the Buyer(s), the Seller(s) hereby agrees to pay the Broker a commission as per listing agreement for having procured this agreement, said Commission and HST to be deducted from the deposit. In consideration of the Broker procuring this Agreement the Seller(s) hereby irrevocably assigns to, and instructs his solicitor to pay direct to, the said Broker, any unpaid balance of commissions and HST from the proceeds of the sale, and further instructs the Broker to remit any balance of monies (if any) to the Seller(s) solicitor herein.

Buyer(s) and Seller(s) to initial indicating that both have read and understand the above.

Date: May 26, 2022

Witness Initials: TW

Buyer's Initials SO MO

Witness Initials: TW Seller's Initials TPH



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COUNTER OFFER
(For Use By Members of the Newfoundland and Labrador Association of REALTORS® Inc.)



I hereby accept the above Counter Offer.
I acknowledge having read and received a copy of this Agreement at time of signing.

Dated at _____ at _____ this _____ day of _____
(Municipality, Province, State, etc) (AM/PM) (Month) (Year)

_____	Buyer	^{AuthentiSIGN} <i>Stephen Oates</i>	05/27/22
Witness			
_____	Buyer	^{AuthentiSIGN} <i>Marilyn Oates</i>	05/27/22
Witness			

I hereby reject the Counter Offer to purchase on the above terms and conditions.

Dated at _____ at _____ this _____ day of _____
(Municipality, Province, State, etc) (AM/PM) (Month) (Year)

_____	Buyer	Stephen Oates
Witness		
_____	Buyer	Marilyn Oates
Witness		

I acknowledge having read and received a copy of this Agreement at time of signing.

Dated at St John's at pm this 26th day of May 2022
(Municipality, Province, State, etc) (AM/PM) (Month) (Year)

<i>Theresa Whiffen</i>	Seller	<i>+ Peter O'Connell</i>	<small>Roman Catholic Episcopal Corporation of St John's</small>
Witness			
_____	Seller		
Witness			



Appendix B

In the Matter of the Companies' Creditors Arrangement Act ("CCAA")
Roman Catholic Episcopal Corporation of St. John's ("RCECSJ")
Statement of Cash Flow - Variance

		Actuals	Projected	Variance
		02-Apr-22 24-Jun-22	02-Apr-22 24-Jun-22	02-Apr-22 24-Jun-22
RCECSJ - Cumulative Opening Cash Position	(A+C)	2,238,917	2,238,917	–
Archdiocese - Opening Cash Position	A	1,391,182	1,391,182	0
Archdiocese - Receipts				
Parishes - Assessments		152,671	143,000	9,671
Parishes - Salary and Benefits Recovery		442,829	506,100	(63,271)
Parishes - Insurance Recovery		91,687	72,400	19,287
Parishes - Fees		6,800	6,800	–
Parishes - Total Assessments, Fees and Recoveries		693,986	728,300	(34,314)
Cemetery Operations		195,405	148,800	46,605
Rental and Miscellaneous Revenue		30,135	32,700	(2,565)
Donations		99,568	57,000	42,568
Sale of Real Property		620,521	719,800	(99,279)
St. Kevin's Settlement		1,000,000	–	1,000,000
HST Refund		69,905	60,000	9,905
HST Refund - Parish Allocation		(29,612)	(21,000)	(8,612)
HST on applicable Revenue		28,400	22,800	5,600
Archdiocese - Total Receipts		2,708,308	1,748,400	959,908
Archdiocese - Disbursements (HST inclusive if applicable)				
Archdiocese - Salary and Benefits		204,724	199,200	5,524
Parishes - Salary and Benefits		485,504	520,400	(34,896)
Insurance Premiums (Archdiocese and Parishes)		121,908	105,400	16,508
Cemetery Operations		72,682	44,000	28,682
Property Repairs & Maintenance		71,088	66,000	5,088
Programs, Office Supplies & Other Administrative		59,117	29,500	29,617
Utilities		45,524	39,900	5,624
Bank Fees (Interest & Charges)		11,446	20,400	(8,954)
Professional Fees - Other		125,248	120,800	4,448
Parishes - Holding Costs Contingency		8,156	36,000	(27,844)
Contingency		3,234	30,000	(26,766)
Archdiocese - Total Disbursements (HST inclusive if applicable)		1,208,629	1,211,600	(2,971)
Archdiocese - Net Cash Flow from Operations		1,499,679	536,800	962,879
Restructuring Measures				
Professional Fees - RCECSJ Legal Counsel		150,840	140,000	10,840
Professional Fees - CCAA Monitor		231,532	250,000	(18,468)
Professional Fees - CCAA Monitor Counsel		99,895	150,000	(50,105)
Professional Fees - Real Estate Appraisal		82,225	82,200	25
Professional Fees - Representative Counsel Financial Advisor		118,410	115,000	3,410
Restructuring Measures - Total		564,492	622,200	(57,708)
Archdiocese - Net Cash Flow		935,187	(85,400)	1,020,587
Archdiocese - Closing Cash Position	B	2,326,369	1,305,782	1,020,587
Parishes - Opening Consolidated Cash Position	C	847,735	847,735	–
Parishes - Net Cash Flow		(43,594)	–	(43,594)
Parishes - Closing Consolidated Cash Position	D	804,141	847,735	(43,594)
RCECSJ - Cumulative Closing Cash Position	(B+D)	3,130,510	2,153,517	976,993

Appendix C

**IN THE MATTER OF THE PLAN OF COMPROMISE OR ARRANGEMENT
PURSUANT TO THE COMPANIES' CREDITORS ARRANGEMENT ACT
(the "CCA") OF THE
ROMAN CATHOLIC EPISCOPOCAL CORPORATION OF ST. JOHN'S**

**NOTES TO STATEMENT OF PROJECTED CASH FLOW
(the "Fourth CF")
FOR THE PERIOD ENDING 9 DECEMBER 2022 (the "Projection Period")**

The Fourth CF is to be read in conjunction with the attached Report on the Cash Flow Statement pursuant to S.10(2)(b) of the CCA.

Management has prepared the Fourth CF solely for the purpose of determining the ability of the Roman Catholic Episcopal Corporation of St. John's (the "**Corporation**" or the "**RCECSJ**") to fund the operating activities of the Corporation during the Stay. Readers are cautioned that the Fourth CF may not be appropriate for any other purpose.

The Fourth CF is based on the probable and hypothetical assumptions detailed below. Actual results may vary from the projection and such variances may be material.

The operations of the Corporation are divided between the Archdiocese (the "**Archdiocese**") and 34 individual parishes (the "**Parishes**"). The Archdiocese is primarily responsible for the administration of the Corporation as a whole, whereas the Parishes are individually responsible for managing their individual regional financial affairs and day-to-day operations. The Fourth CF reflects the operations of the Archdiocese and includes certain Parish operating obligations.

As more fully described below, the Archdiocese processes certain payments, including salary, benefits and insurance payments, on behalf of the Parishes for administrative purposes. The Parishes subsequently reimburse the Archdiocese for such charges.

1. The Corporation's opening cash position of \$10,417,572 is comprised of Archdiocese opening cash of \$2,207,829, Parish opening cash of \$804,141 and funds held with RCECSJ's legal counsel of \$7,405,602.
2. The Parishes are responsible for remitting a portion of their income to the Archdiocese every month (the "**Parish Assessments**") to offset Archdiocesan operating costs. Parish Assessments forecast to be collected by the Archdiocese during the Projection Period arise, in large part, from parishioner donations and other fund-raising activities. Parish Assessments are projected to decrease over the Projection Period as certain properties are sold and select Parish operations are amalgamated.
3. Payroll is processed every two weeks through a third-party payroll service provider. Salary and Benefits includes net payroll obligations paid to Archdiocese and Parish employees, statutory remittances payable to CRA, pension plan contributions and medical benefit insurance premiums payable on behalf of employees and retirees. Payroll attributable to Parish operations is reimbursed back to the Archdiocese. Parish payroll is projected to decrease over the Projection Period as certain properties are sold and select Parish operations are amalgamated.

The Corporation maintains two pension plans. Clergy participate in a defined benefit plan (the "**DB Plan**") and certain lay employees participate in a defined contribution plan. The DB Plan is estimated to have a solvency surplus of approximately \$781,000 as at 31 December 2021.

Medical benefit insurance premiums for lay employees are cost shared equally by the Corporation and employees (50% each). Active priests are responsible for 100% of their medical benefit insurance premiums. The Archdiocese pays 100% of retired priest medical benefit insurance premiums in addition to various supplemental pension top up amounts.

4. The Corporation maintains four primary insurance policies (the “**Insurance Policies**”) held for the benefit of both the Archdiocese and Parishes. Insurance premiums are paid by the Archdiocese at the beginning of each month over a 10-month period beginning in September and ending in June. Consequently, there are limited insurance premium payments forecast during July 2022 and August 2022. Insurance premiums attributable to Parish operations are generally reimbursed to the Archdiocese at the end of each month. Insurance premiums are projected to reduce as certain properties are sold.
5. The Archdiocese operates and maintains five cemeteries in the greater St. John’s area. Revenues are generated from the sale of liners, niches and plots, as well as interment fees covering various operational and administrative costs. Costs attributed to cemetery operations are primarily property repairs and maintenance expenses.
6. Rental and miscellaneous revenues are primarily attributable to rental revenue generated from the lease of an Archdiocese real estate holding.
7. The Archdiocese receives non-recurring bequests and special donations from Catholic supporters from time to time for specific programs or projects administered by the Archdiocese or for Archdiocese general use. The Fourth CF reflects donations of \$114,000 over the Projection Period attributable to one specific donation pledge. Given the nature of donations, no additional donations have been reflected in the Fourth CF as the frequency and amount of additional donations cannot be estimated and consequently have conservatively been estimated at \$nil for the Projection Period.
8. Sale of Real Property reflects the sale of 1 Coady Lane at its list price of \$374,900. The Coady Lane Agreement remains subject to Court approval.
9. The St. Kevin’s Settlement Agreement (the “**SKP Settlement Agreement**”) was approved by this Honourable Court on 27 May 2022. The Fourth CF reflects the collection of \$4,206,680 (\$1,000,000 was deposited in the Archdiocese operating account and the remainder is held by McInnes Cooper, consistent with the terms of the SKP Settlement Agreement).
10. The Corporation, as a religious charitable organization, is eligible to recover a percentage of net HST input tax credits which are offset by HST collections on certain sales. The Corporation files HST returns on a quarterly basis comprising both the Archdiocese and Parish operations. The Corporation is generally in an HST refund position given the nature of its operations. Upon receipt of any HST refund the Corporation allocates the proceeds received from CRA between the Archdiocese and Parishes as if each operated as a stand-alone entity. The Corporation anticipates its next HST refund will be received at the end of August 2022 and November 2022.
11. Archdiocese property repairs & maintenance, utilities, bank fees, programs expense, office supplies & other administrative costs are forecast to be maintained at historical levels.
12. Professional fees – other is comprised of IT and accounting administrative support, licensing fees, and pension actuarial fees as required.
13. A contingency provision regards to holding costs for discontinued Parishes has been reflected in the Fourth CF.
14. A contingency provision for unexpected expenses has been incorporated.
15. Professional fees projected to be incurred over the Projection Period by the Corporation’s legal counsel, the CCAA Monitor, its counsel and Deloitte in connection with these proceedings.
16. Professional fees projected in relation to survey costs for the Accepted Bid Property sales. These sales remain subject to Court approval.

17. As noted in the Second Report of the Monitor, the Corporation is preparing materials for the claims process which is expected to incorporate the services of a Court approved Claims Officer. The Monitor anticipates the claims process may commence late summer or early fall 2022. A preliminary estimate of Claims Officer funding during the Projection Period has been included within the Fourth CF.
18. A detailed forecast of Parish operations has not been incorporated within the Fourth CF other than as articulated above. The Corporation has and will continue to report changes in the Parishes' consolidated cash position throughout the CCAA proceeding to provide financial transparency to stakeholders. As described above, while not legally separate from the Corporation, the Parishes individually manage their financial affairs and day-to-day operations. The Corporation will continue to closely monitor the financial viability of the Parishes and make all efforts to minimize holding costs during the Projection Period.
19. The Corporation is seeking Court approval to complete the Accepted Bid Property sales valued at \$20,622,332. The Corporation's solicitor is holding deposits on said sales of \$4,197,158. The remaining \$16,425,174 is forecast to be collected in September 2022 subject to court approval and preparation of legal documentation. The Accepted Bid Property receipts are forecast to be held with RCECSJ's solicitor as the funds are not anticipated to be required for operations during the Projections Period.
20. The valuation and timing of other asset realizations including but not limited to the sale of residual real estate located within Greater St. John's, Burin Peninsula, Southern Avalon and S.84 School Properties and recoveries from the sale of certain excluded chattels and or recoveries from the Guardian Insurance policies are not readily determinable. Consequently, estimated recoveries from such assets have not been projected in this Fourth CF.

**Roman Catholic Episcopal Corporation
of St. John's**

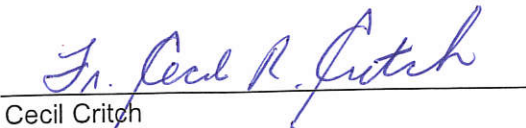
Per:



Peter Hundt
Archbishop

**Roman Catholic Episcopal Corporation
of St. John's**

Per:



Cecil Critch
Vicar General

District of Newfoundland
and Labrador
Division No. 01-NL
Court No. 24092
Estate No. 51-2792506

2022 01G
IN THE SUPREME COURT OF NEWFOUNDLAND AND LABRADOR
GENERAL DIVISION
IN BANKRUPTCY AND INSOLVENCY

IN THE MATTER OF an application of the
Roman Catholic Episcopal Corporation of St.
John's (the "**Applicant**" or the "**Company**")

AND IN THE MATTER OF the *Companies'*
Creditors Arrangement Act, R.S.C. 1985,
C. c-36, as amended

REPORT ON CASH FLOW STATEMENT

(Section 10(2)(b) of the *Companies' Creditors Arrangement Act* "CCAA")

The Roman Catholic Episcopal Corporation of St. John's has prepared the attached statement of projected cash flow of the Company as of 12 July 2022 the ("**Fourth CF**") consisting of a 24 week cash flow for the period of 25 June 2022 through 9 December 2022.

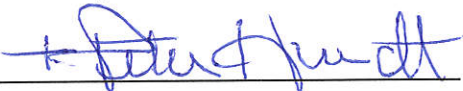
The Fourth CF has been prepared for the purposes of an Application of the Company pursuant to the CCAA.

The hypothetical assumptions contained in the Notes to the Fourth CF are reasonable and consistent with the purpose of the projections described in the Fourth CF and the Notes to the Fourth CF, and the probable assumptions are suitably supported and consistent with the plans of the Company and provide a reasonable basis for the projections.

Since the projections are based on assumptions regarding future events, actual results will vary from the information presented, and the variations may be material.

The projections have been prepared solely for the purposes described above, using the probable and hypothetical assumptions set out in the Notes. Consequently, readers are cautioned that the Fourth CF may not be appropriate for other purposes.

Dated 13 July 2022

Per: 

Name: Peter Hundt
Title: Archbishop

I have authority to bind the corporation.