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Attorneys for Debtors

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF ARIZONA**

In re:

- NAUGHTON PLUMBING SALES CO., INC.
- FWN INVESTMENTS, LLC
- NAUGHTON CONSTRUCTION, LLC

Debtors.

Chapter 11 Proceedings

Case No. 4:19-bk-11441-SHG

Case No(s). 4:19-bk-11443-BMW
4:19-bk-11444-SHG

(Jointly Administered)

This Filing Applies to:

- All Debtors
- Specified Debtor(s)

**SUPPLEMENT TO DEBTOR'S
EMERGENCY MOTION FOR
INTERIM ORDER AUTHORIZING
USE OF CASH COLLATERAL**

Naughton Plumbing Sales Co., Inc., through undersigned counsel, hereby supplements its *Emergency Motion for Interim Order Authorizing Use of Case Collateral* filed on September 12, 2019 [DE 15], with the attached Budget and Revenue Projections for 2019 and 2020.

DATED this 17th day of September 2019.

GERALD K. SMITH AND JOHN C. SMITH LAW OFFICES, PLLC

By: /s/ John C. Smith

John C. Smith

Attorneys for Debtors

1 Original of the foregoing
2 electronically filed September 17, 2019, with:

3 Clerk, United States Bankruptcy Court
4 38 South Scott Avenue
5 Tucson, Arizona 85701
6 <https://ecf.azb.uscourts.gov>

7 COPY of the foregoing mailed or emailed* on
8 September 17, 2019, to:

9 Renee Sandler Shamblin*
10 Office of the United States Trustee
11 230 North First Avenue, #204
12 Phoenix, AZ 85003-1706
13 Email: renee.s.shamblin@usdoj.gov

14 Isaac D. Rothschild*
15 Mesch, Clark & Rothschild, P.C.
16 259 North Meyer Avenue
17 Tucson, Arizona 85701-1090
18 Email: irothschild@mcranzlaw.com

19 /s/ Kate Manns
20 Kate Manns
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Naughton Plumbing Sales Co., Inc.

	10/2018 to 9/2019		10/2019 to 9/2020	
	Year 1	% OF	Year 2	% OF
	SALE	% OF SALE	SALE	% OF SALE
Income				
Revenue				
Sales	5,000,000.00		5,500,000.00	
Cost of good sold	3,072,000.00	61.44%	3,379,200.00	61.44%
Total Revenues	1,928,000.00		2,120,800.00	
Total Income	1,928,000.00		2,120,800.00	
Gross Profit	1,928,000.00	38.56%	2,120,800.00	38.56%
Expense				
Advertising and Promotion	18,000.00	0.36%	18,000.00	0.33%
Bank Service Charges	24,000.00	0.48%	20,000.00	0.36%
Credit Cards Charges	70,000.00	1.40%	75,000.00	1.36%
Depreciation	30,000.00	0.60%	25,000.00	0.45%
Dues and Subscriptions	3,000.00	0.06%	3,000.00	0.05%
Insurance Expense				
Workman Comp	16,150.00	0.32%	16,950.00	0.31%
Insurance Expense - Other	127,850.00	2.56%	134,250.00	2.44%
Total Insurance Expense	144,000.00	2.88%	151,200.00	2.75%
Interest Expense	175,000.00	3.50%	250,000.00	4.55%
Internet and Cable	9,600.00	0.19%	8,000.00	0.15%
Licenses & Permits	3,000.00	0.06%	4,000.00	0.07%
Office Supplies	16,500.00	0.33%	16,500.00	0.30%
Payroll - for Your Employees	940,000.00	18.80%	847,600.00	15.41%
Payroll - for You the Owner	150,000.00	3.00%	150,000.00	2.73%
Postage and Delivery	2,400.00	0.05%	2,400.00	0.04%
Professional Fees	18,000.00	0.36%	18,000.00	0.33%
Rent	132,000.00	2.64%	125,000.00	2.27%
Repairs and Maintenance	5,000.00	0.10%	5,000.00	0.09%
Supplies	16,000.00	0.32%	15,000.00	0.27%
Taxes				
Payroll Taxes	76,300.00	1.53%	69,832.00	1.27%
Property Tax	0.00	0.00%	0.00	0.00%
Total Taxes				0.00%
Telephone Expense	36,000.00	0.72%	30,000.00	0.55%
Travel	6,000.00	0.12%	5,000.00	0.09%
Utilities				
Garbase Disposal	10,000.00	0.20%	8,000.00	0.15%
Gas and Electricity	36,000.00	0.72%	30,000.00	0.55%
Water	6,000.00	0.12%	6,000.00	0.11%
Total Utilities	52,000.00	1.04%	44,000.00	0.80%
Total Expense	1,926,800.00	38.54%	1,882,532.00	0.34
Net Income	1,200.00	0.02%	238,268.00	4.33%

	Apr-18	May-18	Jun-18	Jul-18	Aug-18	Sep-18	Oct-18	Nov-18	Dec-18	Jan-19	Feb-19	Mar-19	Trailing 12 month Total
SALES	\$ 888,508	\$ 632,740	\$ 665,280	\$ 462,289	\$ 444,035	\$ 396,905	\$ 212,820	\$ 257,696	\$ 239,342	\$ 203,153	\$ 167,496	\$ 341,907	\$ 4,912,171
COST OF SALES	534,146	389,942	410,752	269,438	264,380	212,577	124,949	155,237	108,531	124,519	97,179	209,734	2,899,383
GROSS PROFIT	356,363	242,798	254,528	192,851	179,654	184,328	87,871	102,459	130,811	78,634	70,317	132,173	2,012,788
	40.11%	38.37%	38.26%	41.72%	40.46%	46.44%	41.29%	39.76%	54.65%	38.71%	41.98%	38.66%	40.98%
SELLING, GENERAL AND ADMIN EXPENSES	17,890	5,745	12,974	13,942	9,657	1,511	2,308	1,640	2,601	3,899	2,874	1,887	76,936
Advertising	-	-	-	-	(5,470)	-	-	(2,040)	-	-	-	-	(7,510)
Co-Op Advertising	6,789	2,080	5,489	4,363	12,930	1,545	3,299	707	564	1,703	2,216	958	42,644
Auto & Truck expense	-	-	78	-	-	324	-	-	-	-	(52)	-	350
Bad Debt	-	-	-	-	-	-	-	-	-	-	-	-	-
Bank, Merchant & Cr Card Fees	15,802	17,395	12,092	13,243	13,821	12,364	12,559	7,708	8,183	8,448	7,266	4,526	133,407
Cash (Over) Short	804	(67)	1,029	1,551	(1,250)	(107)	171	2,570	(151)	96	(101)	(315)	4,231
Conventions and seminars	5,984	35	1,816	(1,724)	879	58	1,102	-	171	2,663	871	1,608	13,461
Donations	5,469	-	100	-	2,636	-	24	-	-	987	-	-	9,217
Depreciation	16,397	16,397	14,593	14,593	14,593	14,593	13,203	13,203	13,203	10,150	10,150	10,150	161,227
Dues and subscriptions	2,313	349	1,875	1,433	1,819	1,679	836	1,256	100	1,852	1,005	934	15,450
Freight expense	232	1,176	828	325	499	(65)	632	225	28	339	253	232	4,715
Insurance	20,979	17,193	16,983	14,144	12,688	13,022	10,238	2,740	14,298	5,395	24,827	13,797	166,303
Internet & E-Commerce	790	626	924	706	1,016	779	829	894	894	868	918	818	10,063
Leasehold Expense	19,588	19,633	19,633	14,732	16,223	14,998	14,684	14,652	13,667	13,957	10,166	23,395	195,327
Legal and accounting	20,320	88	798	5,700	6,113	6,113	420	2,500	58,242	264	10,000	-	45,518
Licenses and fees	1,183	62,290	163	484	2,577	1,121	420	532	291	291	-	-	127,566
Maintenance contract expense	41	41	41	41	41	41	41	41	41	41	41	41	487
Office expense	2,956	857	667	691	1,946	5,861	376	305	159	722	407	147	15,093
Postage	553	600	647	(600)	-	600	39	-	159	119	651	11	2,620
Promotional expenses	2,794	314	314	(11,834)	7,201	21	1,463	-	63	196	1,155	-	1,373
Repairs and maintenance	351	1,820	425	905	5,049	696	-	93	-	-	-	-	9,339
Wages	99,000	126,612	117,995	90,693	94,985	138,467	95,940	89,955	93,587	94,881	84,996	89,400	1,216,511
Payroll processing expense	724	802	719	1,274	763	1,019	817	657	696	1,355	690	581	10,098
Payroll taxes	7,432	7,467	10,842	6,694	6,799	6,339	6,522	9,132	7,229	6,712	6,584	6,067	87,820
Sole Harbor 401K Match	-	-	-	-	-	-	-	-	-	-	-	-	-
Store expense	5,039	3,485	3,976	3,139	3,177	2,122	3,780	3,284	2,730	7,206	2,088	544	40,567
Taxes - Real Estate	9,039	8,918	7,274	7,274	8,765	7,274	7,274	7,274	6,955	4,851	4,851	4,851	84,599
Phones - Sales Tax	3	97	97	97	97	73	50	18	73	73	73	-	752
Telephone	5,280	4,836	4,894	4,359	4,241	3,894	3,982	3,947	3,706	3,706	3,706	3,681	50,231
Utilities	5,920	5,576	7,853	8,126	6,794	6,728	5,590	3,554	2,902	5,963	3,700	4,554	67,260
Warranty expense	-	245	-	-	-	-	-	-	-	40	-	-	285
TOTAL SELLING, GENERAL AND ADMIN EXPENSES	\$ 273,672	\$ 304,297	\$ 245,119	\$ 194,350	\$ 222,476	\$ 241,078	\$ 186,179	\$ 164,844	\$ 229,940	\$ 176,485	\$ 179,625	\$ 167,867	\$2,885,930
OTHER	290	873	772	1,367	891	870	982	1,017	177	1,086	770	3,584	12,679
Reorganization Income	-	(50,000)	-	-	(356)	(57,692)	-	-	-	-	-	-	14,987
Rent Income - affiliates	19,588	19,633	19,633	14,732	16,223	14,848	14,684	14,652	13,667	13,957	10,166	20,089	191,872
Gain on Sale of Assets	(36,845)	(37,061)	(37,396)	(32,559)	(32,463)	(32,431)	(32,533)	(32,424)	(27,928)	(33,319)	(25,907)	(25,442)	1,345,633
Interest Income (Expense)	(16,967)	823,322	(16,991)	(16,460)	(15,706)	(74,405)	(16,866)	(16,755)	441,673	(18,277)	(14,972)	121,266	(386,309)
TOTAL OTHER INCOME (EXPENSE)	65,723	761,824	(7,582)	(17,959)	(58,527)	(131,155)	(115,174)	(79,140)	342,544	(116,127)	(124,279)	85,571	605,719
INCOME BEFORE PROVISION FOR INCOME TAXES	-	-	-	-	-	-	-	-	-	-	-	-	-
PROVISION FOR INCOME TAXES	-	-	-	-	-	-	-	-	-	-	-	-	-
NET INCOME (LOSS)	\$65,723	\$761,824	\$7,582	\$(17,959)	\$(58,527)	\$(131,155)	\$(115,174)	\$(79,140)	\$342,544	\$(116,127)	\$(124,279)	\$85,571	\$605,719