

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF ALABAMA**

IN RE: COLOURS, INC., <p style="text-align: center;">Debtor.</p>	} } } } }	Bankruptcy Case No. 16-40132-JJR11 Chapter 11
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DEBTOR'S DISCLOSURE STATEMENT AND PLAN SUMMARY

ARTICLE I. - INTRODUCTION

1.1. The above-named Debtor, COLOURS, INC., (hereinafter referred to as "Debtor"), filed a petition under Chapter 11, Title 11, United States Code, entitled "Reorganization" on January 28, 2016. This case was filed with the United States Bankruptcy Court for the Northern District of Alabama and the case is now pending before the Honorable James J. Robinson, Bankruptcy Judge. No Trustee has been appointed. The file is located in Anniston, Alabama, in the office of the Clerk of the United States Bankruptcy Court, Federal Building, 12th and Noble Streets, Anniston, Alabama, 36201. The attorney for the Debtor is Robert D. McWhorter, Jr., Post Office Drawer 287, Gadsden, Alabama 35902.

1.2. To aid in understanding this Disclosure Statement, the reader should recognize that the definitions and meanings given to words and phrases in *Title 11, United States Code* and the *Federal Rules of Bankruptcy Procedure* shall apply to such words and phrases used in this Disclosure Statement and the Plan of Reorganization unless a different meaning is expressly clear from the content hereof or unless it is further defined in Article IX. herein or in the Plan of Reorganization.

1 1.3. The Debtor sought relief under Chapter 11 to restructure debt repayment so as to
2 accomplish the purpose of relieving the Debtor from a problem with meeting payments to
3 creditors as a result financial problems arising from short term working capital loans obtained
4 from out of state lenders. These working capital loans provided for daily automatic withdrawals
5 from Debtor's operating bank account. The total amount of these withdrawals were in excess of
6 Debtor's cash flow capabilities and resulted in defaults by Debtor. Debtor was threatened with
7 multiple civil actions in out of state forums which the Debtor did not have resources to resist the
8 actions. This Chapter 11 case was filed to allow Debtor to restructure its obligations within its
9 cash flow capabilities.

10 1.4. While allowing the Debtor to restructure its obligations, the Plan also allows the
11 creditors to receive not less than the amount that they would receive if the Debtor filed a petition
12 under Chapter 7, Title 11, United States Code, commonly referred to as a liquidation or "straight
13 bankruptcy".

14 1.5. The Debtor in the above-styled case has filed a Plan of Reorganization under Chapter
15 11, Title 11, United States Code, and in said Plan, the Debtor proposes to pay the creditors at least
16 the return the creditors would receive if the Debtor simply exercised the Debtor's right to "go
17 bankrupt" under Chapter 7, Title 11, United States Code.

18 1.6. In the Plan referred to in this Disclosure Statement, your claim will be identified as a
19 claim or interest in a certain class. That class will either be identified as an impaired class or an
20 unimpaired class. If the Debtor identified your claim in an unimpaired class, then the Debtor is
21 saying that:

22 A. The Plan either leaves your claim or relates to the legal, equitable, and contractual rights
 to entitles you the holder of such claim or interest; or, interest unaltered as it which such

1 claim or interest;

2
3 B. Notwithstanding any contractual provisions or applicable law, that entitles the holder of
4 such claim or interest to demand or receive accelerated payment of such claim or interest
5 after the occurrence of a default, if there has been a default, the Plan provides for the
6 curing of any default that occurred before or after the commencement of this case,
7 reinstates the maturity of such claim or interest as such maturity existed before such
8 default, compensates you as the holder of such claim or interest for any damages incurred
9 as the result of any reasonable reliance by you on such contractual provision or under
10 such applicable law, and does not otherwise alter the legal, equitable and contractual
11 rights to which such claim or interest entitles the holder of such claim or interest; or

12 C. The Plan provides that on the effective date of the Plan, you, as the holder of such claim
13 or interest, received on account of such claim or interest, cash equal to either:

14 (1) If you are the holder of a creditor claim, the allowed amount of such claim; or

15 (2) If you are the holder of an equity (owner) interest, the greater of any fixed
16 liquidation preferences to which the terms of any security representing such
17 interest entitles you as the holder of such interest, or any fixed price at which the
18 Debtor under the terms of such security, may redeem such security from you as
19 holder.

20 1.7. If the Plan does not provide this type of treatment for you, then you are deemed to be
21 an impaired class for consideration of the Plan.

22 1.8. If you are the holder of a claim or interest in an UNIMPAIRED CLASS, you do not have

1 to vote because those classes have been deemed to have accepted the Plan. If you are in an
2 IMPAIRED CLASS, then you should vote. If there are no votes for a particular impaired class, that
3 class is deemed to have rejected the Plan. For an impaired class to have accepted the Plan by
4 votes, the required acceptance level is described in the next paragraph.

5 1.9. The Plan referred to in this Disclosure Statement can be confirmed by the Court and
6 thereby made binding on the creditors if it is accepted by holders of two third's (2/3's) in amount
7 and more than one-half (1/2) in number of the claims in each class of claims and by the holders
8 of two third's (2/3's) in amount of equity security holders in each class, if any, voting on the Plan.

9 1.10. In the event sufficient acceptances for consensual approval are not obtained, the
10 Debtor intends to request that the Court nevertheless confirm the Plan under 11 U.S.C. Section
11 1129(b) if the Court finds the Plan accords fair and equitable treatment under the Class or Classes
12 rejecting it.

13 1.11. To have your vote count, you must complete and return the ballots which will be
14 provided to you with the Plan within the time provided for by the Notice and Order which will be
15 provided to you with the Plan.

16 1.12. At the hearing on Confirmation, the Debtor shall request that the Court value the
17 Debtor's property pursuant to 11 U.S.C. Section 506 and Rule 3012 of the Federal Rules of
18 Bankruptcy Procedure.

19 1.13. EXCEPT AS PROVIDED IN THIS DISCLOSURE STATEMENT AND IN THE PLAN OF
20 REORGANIZATION, ANY OTHER REPRESENTATIONS OR INDUCEMENTS MADE TO INFLUENCE
21 YOUR ACCEPTANCE, REJECTION, OR OBJECTION TO THIS PLAN SHOULD NOT BE RELIED UPON
22 BY YOU IN ARRIVING AT YOUR DECISION AND WILL NOT BE ENFORCEABLE BY YOU.

1 1.14. THE INFORMATION CONTAINED HEREIN HAS NOT BEEN SUBJECT TO AN
2 INDEPENDENT AUDIT OR VERIFICATION. UNLESS OTHERWISE NOTED, ALL OF THE FINANCIAL
3 INFORMATION CONTAINED IN THE PLAN WAS COMPILED FROM THE DEBTOR'S RECORDS AND
4 INFORMATION SUPPLIED BY THE DEBTOR.

5 ARTICLE II. - DEBTOR

6 2.1. Colours, Inc., the Debtor, is a paint, flooring and related materials sales business
7 located at 110 East Meighan Boulevard, Gadsden, Alabama. The Debtor was incorporated in 1999
8 by Herman Helms and Susan Helms. Herman Helms and Susan Helms currently hold all of the
9 outstanding shares of stock in the Debtor. The business of the Debtor is managed by Herman
10 Helms. Susan Helms does not work in the Debtor's business except on an occasional, infrequent
11 and part time basis. While the Debtor maintains sales of paint, flooring and related products to
12 the consumer general public, the majority of its business is with building and paint contractors,
13 industrial clients and governmental agencies.

14 2.2. The Debtor rents its business location from the H.M. Freeman Estate.

15 2.3. In 2015 the Debtor began to experience cash flow problems due primarily to the delay
16 between the date of invoice and the date of payment by some of the Debtor's larger industrial and
17 governmental customers. Payment of these large invoices was not in doubt. The invoices were
18 eventually paid. The problem was the delay between invoice and payment.

19 2.4. In an attempt to provide additional operating funds to allow the Debtor to operate
20 while awaiting payment of these larger invoices, the Debtor turned to a business loan broker who
21 arranged for three operating funds loans through out of state lenders. The repayment
22 arrangement for these loans were essentially the same. Each loan made a daily automatic
withdrawal from the Debtor's bank account, Monday through Friday (five days per week). These

1 automatic withdrawals resulted in a monthly payment on these three loans in excess of \$20,000.00
2 per month.

3 2.5. The repayment schedule for these three operating funds loans quickly drained away
4 all of the Debtor's cash. The Debtor's cash being depleted, the Debtor was caused to default on
5 these operating cash loans and other obligations. The Debtor was threatened with multiple civil
6 collection actions in courts outside the State of Alabama. The Debtor did not have the resources
7 to defend these foreign civil actions and filed the instant Chapter 11 case to restructure its debt
8 in a manner that would permit repayment of the Debtor's obligations from its business operations.

9 ARTICLE III. - ASSETS

10 3.1. The primary assets of the Debtor as of the commencement of this case consisted of
11 the items set out in Exhibit "A" attached hereto and incorporated herein by reference.

12 3.2. Under Alabama Law and Bankruptcy Law, corporations have no exemption rights and
13 there is at least one secured creditor in this case. The estimated amount available for
14 administrative expenses and creditors other than secured creditors on a going concern basis
15 would be \$21,736.30 if this case were converted to Chapter 7, the amount recovered would be
16 substantially less and certainly less than the total amount of unsecured claims, as set forth in
17 Exhibit "B" attached hereto and incorporated herein by reference.

18 ARTICLE IV. - CASH FLOW

19 4.1. The cash flow and income statements of the Debtor have been filed with the
20 Clerk's Office in Anniston, Alabama, since the commencement of this case. The Debtor believes
21 that the statements are accurate and reflect the financial condition of the Debtor during the
22 pendency of this case.

1 4.2. The Debtor has set forth in Exhibit "C", which is attached hereto and incorporated
2 herein by reference, a statement of estimated future monthly income and expenses and other
3 information related to the future operations of the business of the Debtor.

4 ARTICLE V. - CREDITORS' CLAIMS AND OBJECTIONS

5 5.1. A list of the creditors and the amount of their claims which were listed as not
6 disputed, or listed as disputed or contested and who filed claims, is attached hereto as Exhibit "D"
7 and incorporated herein by reference.

8 5.2. ADMINISTRATIVE CLAIMS - There appear to be no unpaid administrative expenses
9 in this case other than attorney's fees and expenses and any costs or fees due the Clerk's Office.
10 There are approximately \$5,000.00 due in attorney's fees and expenses to the attorney for the
11 Debtor and it is anticipated that another \$2,500.00 in attorney's fees will be incurred. It is
12 anticipated that the costs and fees due the Clerk will be less than \$500.00.

13 5.3. PRIORITY CLAIMS - The priority claims filed by claimants or listed by the Debtor as
14 undisputed in this case are as follows:

15 A. The Internal Revenue Service filed Amended Proof of Claim number 2-4 claiming priority
16 for \$20.27.

17 5.4 SECURED CLAIMS - There have been listed or filed in the above styled Chapter 11 case
18 secured claims as follows:

19 A. The Exchange Bank of Alabama filed Proof of Claim Number 3-1 for 50,763.70. Said claim
20 is secured by the inventory, accounts, equipment and fixtures of the Debtor, plus a
21 mortgage on certain real property owned by Herman and Susan Helms. The current

1 balance owed on this claim is \$54,249.55.

2
3 5.5. UNSECURED CLAIMS - There were unsecured claims filed or scheduled as undisputed
4 or scheduled as disputed but who filed claims as follows:

5 A. Alta Financial, LLC, f/k/a The Business Backer, filed Proof of Claim number 5-1 in the
6 amount of \$17,824.36.

7 B. Colonial Funding Network, Inc. as servicing provider for Core Business Finance filed Proof
8 of Claim number 1-1 in the amount of \$96,563.72.

9 C. Smart Business Funding did not file a proof of claim. The Debtor listed the Smart Business
10 Funding Claim at \$47,000.00.

11 D. The Exchange Bank of Alabama filed Proof of Claim number 4-1 in the amount of
12 \$1,725.82.

13
14 E. The Debtor believes the above listed unsecured claims are all of the unsecured claims
15 owed by the Debtor.

16 5.6. EQUITY SECURITY HOLDERS - The equity security holders in this case are Herman
17 Helms and Susan Helms who are husband and wife. They hold one hundred percent (100 %) of
18 the stock of the Debtor corporation.

19 5.7. OBJECTIONS TO CLAIMS - The Debtor will file, prior to confirmation of the Plan of
20 Reorganization, a separate objection to any Proofs of Claim which the Debtor disagrees with.

1 5.8. VALUATION OF COLLATERAL - For the purposes of *11 U.S.C. Section 363, 11 U.S.C.*
2 *Section 506, Rule 3012* and *Rule 6004 of the Federal Rules of Bankruptcy Procedure*, the Plan, and
3 for determining the value of the Debtor's assets and collateral securing claims or liens in this case,
4 the Debtor alleges that the fair market value of assets is as set forth in Exhibit "A-I" attached hereto,
5 the terms of which are incorporated herein by reference. By separate written Motion, the Debtor
6 intends to offer evidence and request valuation of the property under 11 U.S.C. Section 506 at the
7 time of the hearing on confirmation of this Plan or such other time as the Court may set. If a party
8 in interest intends to contest the valuations of the Debtor, said party should set forth its objection,
9 in writing, to the proposed values of any of the Debtors assets within the time provided for in the
10 Notice of the hearing on the Debtor's Motion for Valuation. The party objecting to the values shall
11 serve a copy of said objection upon the attorney for the Debtor and the Bankruptcy Administrator's
12 Office at 914 Noble Street, Anniston, Alabama, 36201.

11 ARTICLE VI. - PLAN SUMMARY

12 6.1. The Plan of Reorganization filed by the Debtor herein provides for the Debtor to retain
13 the assets of the Debtor and to pay the plan payments and future expenses from future income.
14 Nothing in this Disclosure Statement or in the Plan is intended to alter the priority or perfection
15 of a security interest, mortgage, or lien of a creditor in regards to its standing or priority with the
16 Debtor or with another creditor.

17 6.2. The payments under the Plan can be summarized as follows:

- 18 A. Class I - ADMINISTRATIVE EXPENSES - To pay all allowed administrative expenses in full.
- 19 B. Class II - PRIORITY CLAIMS - To pay all allowed priority claims in full upon the effective
20 date of the Plan unless otherwise allowed by Title 11, United States Code or agreed to
21 between the parties except the Debtor reserves the right to pay the priority claims pursuant

1 to 11 U.S.C. Section 11 29(a)(9)(c).

2 (1). The priority claim of the Internal Revenue Service, Claim Number 2-4 in the
3 amount of \$20.27 will be paid in full by the effective date of the Plan.

4
5 C. SECURED CLAIMS - To pay all allowed secured claims as follows:

6 (1). Class III - The Exchange Bank of Alabama filed Proof of Claim number 3-1 in the
7 amount of \$50,763.70, secured by a security agreement on all of the inventory,
8 equipment and accounts of the Debtor, together with a real estate mortgage on the
9 residence and real property of Herman Helms, the president of the Debtor. The
10 Debtor proposes to pay the current balance of this obligation (to-wit: \$54,249.55),
11 in full with interest at the rate of 6.25% per annum in 30 equal and consecutive
12 monthly installments of \$2,000.00. Except as modified herein all other terms and
13 conditions of the pre-petition contracts shall remain the same. If the Claimant
14 requires any loan modification documents they shall be submitted to the Debtor
15 not later than the Effective Date of the Plan.

16 D. UNSECURED CLAIMS - To pay the allowed Unsecured Claims as follows:

17 (1). Class IV - Alta Financial, LLC, f/k/a The Business Backer, filed Proof of Claim
18 number 5-1 in the amount of \$17,824.36. The Debtor proposes to pay this claim in
19 full with interest at 6.25% per annum interest in 96 monthly installments of \$236.41.

20 (2). Class V - Colonial Funding Network, Inc. as servicing provider for Core Business
21 Finance filed Proof of Claim number 1-1 in the amount of \$96,563.72. Debtor
22 proposes to pay this Claim in full with interest at 6.25% per annum in 96 monthly

1 installments of \$1,280.77.

2 (3). Class VI - Smart Business Funding did not file a proof of claim. The Debtor listed
3 the Smart Business Funding Claim at \$47,000.00. Debtor proposes to pay this claim
4 in full with interest at 6.25% per annum in 96 monthly installments of \$623.38.

5 (4). Class VII - The Exchange Bank of Gadsden, Alabama filed Proof of Claim number
6 4-1 in the amount of \$1,725.82. Because of the small amount of this claim, the
7 Debtor proposes to pay this claim in full with interest at 6.25% in 12 monthly
8 installments of \$148.73.

9 (5). Class VIII - Other Unsecured Creditors. Debtor believes there are no claims that
10 are within this class of creditors. If any such claims or creditors arise, Debtor
11 proposed to pay the claims in this class in full with interest at 6.25% per annum in
12 96 monthly installments.

13 E. EQUITY SECURITY HOLDERS - The equity security holders shall retain their equity security
14 interest but shall receive nothing on account of their equity security interest until all higher
15 priority classes have been satisfied.

16 F. After confirmation, notwithstanding the foregoing, and subject to the creditor's right to
17 elect to be treated as provided under *11 U.S.C. Section 1111(b)*, the Debtor reserves the
18 right to surrender collateral to the holder of the secured claim or pay said secured claim
19 cash in the amount of the allowed secured claim in full satisfaction of said secured claim,
20 and all debts provided for herein may be prepaid, at any time, without prepayment or
21 other penalty. The Debtor must make the election to surrender the collateral on or before
22 the Effective Date of the Plan and will file a Motion to Modify the Plan if such an election

1 is made. The Debtor may not make the election thereafter.

2
3 6.3. The Debtor intends to employ such other persons, including attorneys, accountants,
4 and such other professional persons, as are necessary to administer this Plan and case. The
5 compensation of said professionals is subject to review by the Court as reasonable.

6 6.4. The insiders in this case are Herman Helms and Susan Helms.

7 6.5. Compensation to the insiders in this case shall be as follows:

8 A. Herman Helms shall receive a salary of \$1,024.80 after taxes per month.

9
10 B. No other insiders shall receive a salary or other compensation from the Debtor during the
11 pendency of this Plan.

12 6.6. There shall be no change in stock ownership or any stock redemption pursuant to this
13 plan and the Debtor shall provide for including in the charter of the Debtor a provision prohibiting
14 the issuance of non-voting equity securities and providing that as to the classes of securities
15 possessing voting powers and appropriate distribution of such powers under such classes,
16 including, in the case of any classes of equity securities having preference over another class of
17 equity securities with respect to dividends, adequate provisions for the election of directors
18 representing such preferred class in the event of default in the payment of such dividends.

19 6.7. Robert D. McWhorter, Jr. shall continue to represent the Debtor in this case and he
20 shall be compensated at his standard hourly rate or as otherwise allowed by the Court. Robert D.
21 McWhorter, Jr.'s current standard hourly rate is \$200.00 per hour, subject to change and to review
22 by the Court as reasonable.

ARTICLE VII. - MISCELLANEOUS

7.1. Except to the extent provided in the Plan or the Order confirming the Plan, to the extent that a debt, claim, lien or interest is satisfied pursuant to this Plan, either by the payment of cash, the surrender of collateral, or the issuance of new documents, or otherwise, said holder of said debt, claims, or interest shall have no further claim or lien against or interest in the Debtor, the bankrupt estate of the Debtor, or the assets of the bankruptcy estate or the Debtor; provided further, that if nothing is to be paid to said creditor, lienholder, claimant, or equity security holder, said debt, claim, lien or interest will be discharged pursuant to *11 U.S.C. Section 1141*.

7.2. Confirmation of this Plan will bind the Debtor and any creditors or holders of claims or liens against or interests in the Debtor or the Debtor's assets, whether or not the claim, lien or interest is impaired under the Plan and whether or not such creditor; lienholder or equity security holder has accepted the Plan. In addition, the confirmation of this Plan will vest all property of the Estate in the Debtor except as otherwise provided in the Plan or the Order confirming the Plan, after confirmation of the Plan, the property dealt with by the Plan is free and clear of all claims, liens, and interests of creditors or equity security holders.

7.3. There may be debt forgiveness under this Plan, but there should be no significant tax consequences.

7.4. All fees payable to the Clerk under *28 U.S.C. Section 1930* have been paid or will be paid by the effective date of the Plan.

7.5. There are no retiree benefits as defined in *11 U.S.C. Section 1114*, therefore, none will be paid after confirmation.

1 7.6. LAWSUITS-

2 A. There was two lawsuits pending at the time of the filing of The style and status of those
3 lawsuits is as follows:

4
5 (1). Atla Financial v. Colours, Inc.; Commons Pleas, Montgomery County, Ohio. This
6 case is pending.

7 (2). Smart Business Funding v. Colours, Inc.; Supreme Court, New York County, New
8 York. This case is pending.

9 7.7. CAUSES OF ACTION - The Debtor is not aware of any causes of action that the Debtor
10 has against any other party for any bankruptcy, nonbankruptcy or other contract, tort or statutory
11 causes of action.

12 7.8. The Debtor is not aware of any contingent claims against the Debtor nor is the Debtor
13 aware of any claims, disputes, or controversies over environmental or work safety concerns with
14 any governmental agency.

15 7.9. IF YOUR DEBT CLAIM, LIEN OR INTEREST ES NOT LISTED IN EXHIBIT "D" ATTACHED
16 HERETO, THE DEBTOR PROPOSES TO PAY NOTHING ON YOUR DEBT, CLAIM, LIEN OR
17 INTEREST.

18 ARTICLE VIII. - LEASES EXECUTORY CONTRACTS AND OTHER INTANGIBLES

19 8.1. All licenses or other intangibles rights owned by the Debtor at the time of the filing of
20 the petition or since then are hereby assumed.

1 8.2. The Debtor's lease with the H. M. Freeman Estate concerning the East Gadsden,
2 Alabama business location is assumed.

3 8.3. All other executory contracts not specifically hereby rejected under the plan.
4

5 ARTICLE IX. - DEFINITIONS

6 9.1. The definitions and meanings given to words and phrases in Title 11, United States
7 Code and the Federal Rules of Bankruptcy Procedure shall apply to such words and phrases used
8 in this Disclosure Statement and the Plan of Reorganization unless a different meaning is
9 expressly clear from the context hereof.

10 9.2. "Effective date of the Plan" shall mean sixty (60) days after the approval and
11 confirmation of the Plan.

12 9.3. "Value on the effective date of the Plan" or "value" shall mean the value as set forth
13 in Exhibit "A-1" to the Disclosure Statement or a value established by the Court if a party objects
14 to a value set forth in Exhibit "A-1" to the Disclosure Statement.

15 Dated: 08/24/2016

16 COLOURS, INC.

17 By: /s/ Herman Helms

Herman Helms

As President

18 /s/ Robert D. McWhorter, Jr.

19 Robert D. McWhorter, Jr.

Attorney for Debtor

20 Inzer, Haney, McWhorter & Haney, LLC

Post Office Drawer 287

21 Gadsden, Alabama 35902

256-546-1656

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CERTIFICATE OF SERVICE

The undersigned hereby certifies that a copy of the foregoing together with all exhibits and attachments thereto have been served on the following:

Mr. Robert J. Landry, III
U.S. Bankruptcy Administrator's Office
1129 Noble Street, Room 117
Anniston, Alabama 36021

by placing said copy in the US Mails, properly addressed, with sufficient postage affixed, First Class, this 24th day of August, 2016.

/s/ Robert D. McWhorter, Jr.
Robert D. McWhorter, Jr.
Attorney for Debtor

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF ALABAMA

IN RE:	}	
	}	Bankruptcy Case No.
COLOURS, INC.,	}	16-40132-JJR11
	}	Chapter 11
Debtor.	}	

EXHIBIT "A"

LIST OF ASSETS AS OF THE FILING OF THE PETITION

Asset	Debtor's Estimated Value
Checking Account - Exchange Bank	\$ 3,000.00
Accounts Receivable (invoices outstanding)	20,000.00
Paint Store Retail Inventory	40,000.00
Office Equipment	500.00
2006 Ford Pickup Truck	6,000.00
1951 Forklift	<u>3,000.00</u>
 Total Assets	 \$ 72,500.00

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF ALABAMA

IN RE:	}	
	}	Bankruptcy Case No.
COLOURS, INC.,	}	16-40132-JJR11
	}	Chapter 11
Debtor.	}	

EXHIBIT "A-1"

LIST OF DEBTOR'S VALUATION OF ASSETS
FOR PURPOSES OF THE PLAN OF REORGANIZATION AND CONFIRMATION

Asset	Debtor's Value
Checking Account - Exchange Bank	\$ 3,000.00
Accounts Receivable (invoices outstanding)	20,000.00
Paint Store Retail Inventory	40,000.00
Office Equipment	500.00
2006 Ford Pickup Truck	6,000.00
1951 Forklift	<u>3,000.00</u>
 Total Assets	 \$ 72,500.00

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF ALABAMA**

IN RE: COLOURS, INC., <p style="text-align: center;">Debtor.</p>	} } } } }	Bankruptcy Case No. 16-40132-JJR11 Chapter 11
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EXHIBIT "B"

LIQUIDATION ANALYSIS

Value of Assets:

Checking Account - Exchange Bank	\$	3,000.00
Accounts Receivable (invoices outstanding)		20,000.00
Paint Store Retail Inventory		40,000.00
Office Equipment		500.00
2006 Ford Pickup Truck		6,000.00
1951 Forklift		<u>3,000.00</u>
Total	\$	72,500.00

Less:

Secured Claims:

The Exchange Bank	\$50,763.70	
Administrative Expenses	7,500.00	
Priority Claims	<u>20.27</u>	<u>58,283.97</u>

Equity Available to Unsecured Claims \$ 14,216.03

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IN RE:	}	
	}	
COLOURS, INC.,	}	Bankruptcy Case No.
	}	16-40132-JJR11
Debtor.	}	Chapter 11

EXHIBIT "C"
FEASIBILITY ANALYSIS

Following numbers are adjusted averages based on the months of March, April, May, June and July 2016:

Revenues	\$	<u>50,000.00</u>
Accounting Fees		244.00
Advertising		47.27
Automobile Expense		950.00
Internet Service		250.34
Insurance		1,835.23
Telephone		633.63
Inventory Purchases		24,000.00
Bank Charges		10.00
Rent		3,000.00
Repairs & Maintenance		280.01
Salaries/Wages/Contract Labor		7,302.16
Miscellaneous Expense		1,500.00
Taxes		4,651.14
Electricity		821.44
Gas		86.12
Water		<u>14.97</u>
Total Expenses	\$	<u>45,626.31</u>
 Funds Available for Debt Service	 \$	 <u>4,373.69</u>
 Debt Service Under The Plan	 \$	 <u>4,289.29</u>

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF ALABAMA

IN RE:	}	
	}	Bankruptcy Case No.
COLOURS, INC.,	}	16-40132-JJR11
	}	Chapter 11
Debtor.	}	

EXHIBIT "C-1"

MONTHLY PLAN PAYMENTS

Debt Service Under The Plan:

Exchange Bank	\$ 2,000.00
Alta Financial	236.41
Colonial Funding Network	1,280.77
Smart Business Funding	623.38
Exchange Bank	<u>148.73</u>

Funds Required For Debt Service	\$ 4,289.29
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IN RE:	}	
	}	Bankruptcy Case No.
COLOURS, INC.,	}	16-40132-JJR11
	}	Chapter 11
Debtor.	}	

EXHIBIT "D" - LIST OF CREDITORS

<u>Creditor</u>	<u>Allowed Claim Amount</u>
Internal Revenue Service	\$ 20.27
The Exchange Bank of Alabama	54,249.55
Alta Financial, LLC, f/k/a The Business Backer	17,824.36
Colonial Funding Network, Inc.	96,563.72
Smart Business Funding	47,000.00
The Exchange Bank of Alabama	1,725.82