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**UNITED STATES BANKRUPTCY COURT**  
**DISTRICT OF ARIZONA**

In re:	Chapter 11
<b>MAGELLAN CHRISTIAN ACADEMIES OF ARIZONA, LLC,</b>	Case No. 2:14-bk-12657-MCW
Debtor.	

**DISCLOSURE STATEMENT ACCOMPANYING CHAPTER 11 TRUSTEE'S  
PLAN OF REORGANIZATION DATED MAY 3, 2017**

**I. Introduction**

Debtor Magellan Christian Academies of Arizona, LLC (the "**Debtor**") filed its voluntary petition under Chapter 11 of the United States Bankruptcy Code, 11 U.S.C. §§ 101 *et seq.* (the "**Code**") on August 15, 2014. S. Cary Forrester (the "**Trustee**") was appointed as Chapter 11 Trustee for the Debtor and its estate on August 7, 2015. This Disclosure Statement (the "**Disclosure Statement**") is submitted in support of the Chapter 11 Trustee's Plan of Reorganization dated May 3, 2017 (the "**Plan**"). A copy of the Plan is attached as Exhibit "A." Capitalized terms used in this Disclosure Statement have the meanings attributed to them in the Plan and/or in the Code.

**II. OVERVIEW AND RECOMMENDATION OF PROPONENT**

The Plan provides for the payment in full of all Allowed Claims, with interest, as follows: (A) The amounts owing to holders of priority claims will be paid in full on the Effective Date; (B) the amounts owing holders of priority tax

claims will be paid in full on the Effective Date or within sixty days thereafter; (C) the holders of allowed administrative priority claims will be paid in full through monthly installments after priority claims and priority tax claims are paid in full; (D) Team Funding Solutions' allowed secured claim, if any, will be paid in full through monthly installments, with interest at the non-default contract rate, after priority claims, priority tax claims, and allowed administrative priority claims are paid in full; (E) general unsecured creditors will be paid in full, in monthly installments, together with interest at the rate of 4.5% per annum, after priority claims, priority tax claims, allowed administrative priority claims, and Team Funding Solution's secured claim are paid in full; (F) the cure payments to the landlord will be made at the rate of \$5,000 per month until all other claims are paid in full and will then increase to an amount equal to Debtor's Net Monthly Income, as defined in the Plan, with minimum payments of \$10,000 per month; and (G) Debtor's members will retain their equity interests and their rights will not otherwise be altered.

The funding source for the Plan is the net income generated from the operation of Debtor's business.

The Trustee recommends that the Plan be accepted and approved because it provides for the payment in full of all claims, preserves Debtor's business and business relationships, preserves the jobs of Debtor's employees, and preserves the rights and interests of Debtor's equity holders. The alternative to the plan is the sale of Debtor's business or the liquidation of Debtor's assets, either of which would result in a reduced return to Debtor's equity holders.

#### **A. General Information Regarding the Plan and Disclosure Statement.**

This Disclosure Statement is intended to provide you with sufficient information about Debtor and the Plan to make an informed decision about whether to vote to accept or reject the Plan. It will be used to solicit acceptances of

the Plan only after the Bankruptcy Court has determined that it contains adequate information. Approval of the Disclosure Statement by the Bankruptcy Court is not an opinion or ruling on any issue other than whether it contains adequate information. Approval of the Disclosure Statement does not mean that the Plan has been, or will be, approved by the Bankruptcy Court.

The Bankruptcy Court will conduct a hearing on the Plan on \_\_\_\_\_ (the “**Confirmation Hearing**”) at the United States Bankruptcy Court, 230 North First Avenue, Courtroom 702, 7<sup>th</sup> floor, Phoenix, Arizona 85003, before the Hon. Madeleine C. Wanslee. At the Confirmation Hearing, the Bankruptcy Court will consider whether the Plan satisfies the requirements of the Code. The Bankruptcy Court will also receive and consider a ballot report prepared by the Trustee that will tally the votes accepting or rejecting the Plan. Accordingly, all votes properly and timely cast are important because they can determine whether the Plan will be confirmed. Once confirmed, the Plan is binding on all Creditors and other parties in interest in this case regardless of whether any particular Creditor or shareholder votes to accept the Plan.

THIS DISCLOSURE STATEMENT IS NOT THE PLAN. FOR THE CONVENIENCE OF CREDITORS AND SHAREHOLDERS, THE PLAN IS SUMMARIZED IN THIS DISCLOSURE STATEMENT. THE SUMMARY IS QUALIFIED IN ITS ENTIRETY BY THE PLAN ITSELF. IF THERE IS ANY INCONSISTENCY BETWEEN THIS DISCLOSURE STATEMENT AND THE PLAN, THE PLAN CONTROLS.

**B. Representations Regarding this Disclosure Statement.**

While the Trustee has attempted to insure that all information in this Disclosure Statement is accurate, it has not been subjected to a certified audit or other independent review. Other than as stated in this Disclosure Statement, the

Trustee has not authorized any representations or assurances concerning Debtor's business or assets. In deciding whether to accept or reject the Plan, you should not rely on any information relating to Debtor, the Trustee, or the Plan other than the information contained in this Disclosure Statement or the Plan. You should report any unauthorized representations or inducements to counsel for the Trustee, who may present such information to the Bankruptcy Court for such action as may be appropriate. This Disclosure Statement is a solicitation by the Trustee only, and not by his Professionals.

**C. Who is Entitled to Vote.**

If you hold an Allowed Claim that is impaired by the Plan, you are entitled to vote to accept or reject the Plan. An Allowed Claim is one that has been allowed within the meaning of Section 502 of the Code or temporarily allowed within the meaning of Rule 3018(a), Federal Rules of Bankruptcy Procedure. An impaired Claim is one that is impaired within the meaning of Section 1124 of the Code. Holders of Equity Interests would also have voting rights if their interests were impaired by the Plan, but they are not.

**1. Allowed Claims.**

You have an Allowed Claim if: (a) You timely filed a proof of Claim and no one objected to it; or (b) you timely filed a proof of Claim, an objection was filed, but the Bankruptcy Court overruled the objection and allowed the Claim; or (c) your Claim was listed by Debtor in the schedules it filed with the Bankruptcy Court (including any amendments) as liquidated, non-contingent, and undisputed and no one objected to it; or (d) your Claim was listed by Debtor in the schedules it filed with the Bankruptcy Court (including any amendments) as liquidated, non-contingent, and undisputed, an objection was filed, and the Bankruptcy Court overruled the objection and allowed your Claim.

If your Claim is not an Allowed Claim, it is a Disputed Claim, and you will not be entitled to vote on the Plan unless and until the Bankruptcy Court temporarily or provisionally allows it for voting purposes pursuant to Rule 3018, Federal Rules of Bankruptcy Procedure. If you are uncertain about the status of your Claim, you should review the Bankruptcy Court records carefully, including the schedules and any amendments thereto. You should seek legal advice if you have any dispute with the Trustee about your Claim. Neither the Trustee nor his professionals can advise you about such matters.

All creditors should be aware that their Claims are subject to objection by the Trustee and other interested parties. The deadline for filing such objections is 90 days after the Effective Date. The Trustee reserves all of its rights with respect to the allowance or disallowance of any and all Claims including, without limitation, the right to object to them, assert counterclaims, seek to subordinate them, and seek affirmative relief against creditors. In voting on the Plan, creditors may not rely on the absence of an objection to their proofs of claim as an indication that the Trustee or other parties in interest will not object to them, assert counterclaims, seek to subordinate them, or seek affirmative recoveries against such creditors.

## **2. Impaired Claims and Equity Interests**

An Allowed Claim or Equity Interest is deemed impaired if the holder's legal, equitable, or contractual rights are altered in any manner by the Plan or, in the case of an Allowed Claim, if it will not be paid in full under the Plan. The Plan states whether each Class of Claims or Equity Interests is impaired. Holders of Claims or Equity Interests that are not impaired are deemed to have accepted the Plan. Holders of Claims or Equity Interests that are not entitled to receive or retain any property under the Plan on account of such Claims or Equity Interests are deemed to have rejected it.

**D. Procedures for Voting.**

After this Disclosure Statement has been approved by the Bankruptcy Court, and except as otherwise ordered by the Bankruptcy Court, all Creditors and Equity Security holders who are entitled to vote on the Plan will be sent: (i) a ballot, together with instructions for voting (the “**Ballot**”); (ii) a copy of this Disclosure Statement as approved by the Bankruptcy Court; and (iii) a copy of the Plan. You should read the Ballot carefully and follow the instructions. Please use only the Ballot sent with this Disclosure Statement. You should complete your Ballot and return it by mail, email, or telefax, to:

S. Cary Forrester, Esq.  
FORRESTER & WORTH, PLLC  
3636 North Central Avenue, Suite 700  
Phoenix, Arizona 85012-1927  
Fax No. (602) 271-4300  
E-mail: scf@forresterandworth.com

TO BE COUNTED, YOUR BALLOT MUST BE RECEIVED AT THE ADDRESS LISTED ABOVE BY 11:59 P.M., MOUNTAIN STANDARD TIME, ON                     , 2017. IF YOUR BALLOT IS NOT TIMELY RECEIVED, IT MAY NOT BE COUNTED IN DETERMINING WHETHER THE PLAN HAS BEEN ACCEPTED OR REJECTED.

**E. Summary of Voting Requirements.**

In order for the Plan to be confirmed, the Plan must be accepted by at least one impaired Class of Claims. For a Class of Claims to accept the Plan, votes representing at least two-thirds in amount and a majority in number of the Claims voted in that Class (not including votes of insiders) must be cast to accept the Plan. The Trustee is seeking acceptances from holders of Allowed Claims in the following Classes which are impaired under the Plan: 3 and 4.

For a Class of Equity Interests to accept the Plan, votes representing at least two-thirds in amount of Allowed Equity Interests voted in that Class must be cast to accept the Plan. The Proponents are not seeking acceptances from

holders of Allowed Equity Interests in Class 5 because they are unimpaired under the Plan.

It is important that holders of Allowed Impaired Claims exercise their rights to vote to accept or reject the Plan. The Trustee believes that the treatment of Creditors under the Plan is the best alternative for them and recommends that the holders of Allowed Claims vote in favor of the Plan.

### **III. GENERAL INFORMATION AND BACKGROUND**

Because the Trustee was not appointed until August 7, 2015, he lacks personal knowledge of the events that preceded his appointment. Accordingly, much of the information discussed below is derived from Debtor's First Disclosure Statement, which was filed on February 24, 2015. The information concerning Debtor's financial performance and the projections of Debtor's future performance is derived from information compiled by the Trustee and his professionals.

#### **A. Information Provided by Debtor.**

Debtor operates a child-care facility. It was formed on May 12, 2011. It currently has 18 full time and 3 part-time employees. The startup of its operations took longer than anticipated due to numerous planning changes (which were unanticipated by the general contractor even though it had considerable childcare center build-out experience) required by the state licensing agency and the city building department. Additionally, the local economy had not emerged from the recession as quickly or as strongly as anticipated by local economics experts with resulting higher unemployment and lower wages within the community. Debtor set aside considerable capital in anticipation of the above, but the capital was eventually exhausted (approximately \$450,000) due to the circumstances described above. Enrollments were not as anticipated, and Debtor was unable to produce a sufficient cash flow.

As a result, Debtor fell behind on its rent. Debtor and its landlord were unable to come to terms, and the landlord threatened a lockout, ultimately leaving Debtor no choice but to file this bankruptcy case.

After the bankruptcy filing, Debtor worked diligently to increase enrollment so that it could pay its current expenses, reach resolutions with its secured creditors, pay arrearages, and ultimately pay its general unsecured creditors in full.

**i. SIGNIFICANT EVENTS DURING THE BANKRUPTCY BEFORE THE TRUSTEE'S APPOINTMENT**

**a. Administrative Proceedings**

Debtor filed for relief under Chapter 11 of the Bankruptcy Code on August 15, 2014. A first meeting of creditors was held on September 16, 2014.

**b. Retention of Professionals**

Debtor retained Aiken Schenk Hawkins & Ricciardi P.C. ("**ASHR**") to act as its bankruptcy counsel. An order approving ASHR's employment was signed by the Court on August 27, 2014.

On October 8, 2014, Debtor filed a Petition for Authority to Retain Guy T. Selander, Jr., CPA, CFE and Selander & Associates CPA, PA ("**Selander**") as its accountant. Selander assisted the Debtor in general accounting matters, as needed, financial consulting services, and the preparation of tax returns. On October 8, 2014, the Court signed an Order approving the retention of Selander.

**c. Motion for Order Establishing Adequate Assurance For Utilities Pursuant to 11 U.S.C. §366(c)**

On August 27, 2014, Debtor filed a motion for entry of an order (A) prohibiting utilities from altering, refusing or discontinuing services, and (B) determining that a deposit of one month's average service charges, calculated on the basis of the preceding twelve monthly invoices, suffices to assure the utility companies of Debtor's ongoing performance and constitute adequate assurance of



payment under 11 U.S.C. §366(c)(1)(A)(2). A hearing was held on September 3, 2014.

**d. Emergency Motion for an Order: (A) Authorizing Payment of Unpaid Pre-petition Wages, Salaries, Reimbursement of Expenses and Employee Benefits; and (B) Directing All Banks to Honor Pre-Petition Checks for Payment of Pre-Petition Employee Obligations**

On August 27, 2014, Debtor filed a motion for entry of an order: (a) Authorizing it to pay unpaid pre-petition wages, salaries, reimbursement of expenses and employee benefits; and (b) directing all banks to honor pre-petition checks for payment of such pre-petition employee obligations. On September 2, 2015, the US Trustee's Office filed an objection to the Motion. A hearing was held on September 3, 2014 and the Court signed an Order approving the motion on September 22, 2014.

**e. Claims Bar Date**

On September 10, 2014, Debtor filed a Motion to Set Bar Date to File Claims. On October 10, 2014 the Court signed an Order setting November 28, 2014 as the bar date for claims.

**f. Stipulation for Claim Treatment with TCF Equipment Finance**

On September 11, 2014, Debtor filed a Stipulation for Claim Treatment with TCF Equipment Finance ("TCF") regarding TCF's claim secured by a 2012 Chevrolet Commercial Cutaway Blue Bird Bus (the "**Vehicle**"). The parties agreed to the value of the claim and its treatment. On November 3, 2014 the Court signed an Order approving the Stipulation. Subsequently, Debtor sold the Vehicle and TCF agreed to release its claim. To document the release, the Trustee filed an objection to TCF's claim on November 23, 2015, TCF did not respond, and an order disallowing the claim has been lodged.

**g. Stipulation for Claim Treatment with Pawnee Leasing Corporation**

On October 21, 2014, Debtor filed a Stipulation for Claim Treatment with Pawnee Leasing Corporation (“**Pawnee**”) regarding Pawnee’s claim regarding the “Watch Me Grow” streaming video and digital recording camera system with related equipment, cabling, jacks, plates, and an intercom with air phone parts (collectively the “**Equipment**”). The parties agreed that Magellan would make 24 monthly payments of \$518.00 in full satisfaction of the claim. On November 19, 2014 the Court signed an Order approving the Stipulation. The payments were completed in August of 2016.

**h. Motion to Extend the Lease Assumption or Rejection Deadline**

On November 12, 2014, Debtor filed a motion to extend the deadline for assumption or rejection of its lease with Lumberjack Capital-Greenfield Plaza II, LLC (“**Lumberjack**”) for an additional 90 days, through February 11, 2015. On November 14, 2014, Lumberjack objected, but the Court overruled the objection and granted the motion.

**i. Stipulation for Claim Treatment with CIT Finance, LLC**

On November 13, 2014, Debtor filed a Stipulation for Claim Treatment with CIT Finance, LLC (“**CIT**”) regarding CIT’s claim secured by a Konica Minolta C280 copier (the “**Copier**”). The parties agreed that Debtor would make 12 monthly payments of \$208.33 in satisfaction of CIT’s secured claim, and that CIT would then have an allowed unsecured claim of \$3,182.67. On December 10, 2014 the Court signed an Order approving the Stipulation. The Trustee completed the monthly payments in December of 2015.

**j. Lumberjack’s Motion for Payment of Administrative Costs to Landlord**

On November 14, 2014, Lumberjack filed a Motion for Payment of Administrative Costs to Landlord. Debtor objected and a hearing was held on February 3, 2015. At the hearing, the Court scheduled an evidentiary hearing for

April 1, 2015, which was subsequently postponed and has not yet been held. However, as discussed in more detail below, the Trustee has been making cure payments to Landlord and proposes to pay its allowed claim in full and assume the lease.

**k. Motion to Assume Lease with Lumberjack**

On January 15, 2015, Debtor filed a motion to assume its lease with Lumberjack for the property located at 1847 South Greenfield Road, Suites 101-106, Mesa, Arizona 85206 (the "**Property**"), where Debtor conducts its business. Debtor made various offers to cure the pre-petition arrearages owing to Lumberjack. Lumberjack objected to the motion. The Court scheduled an evidentiary hearing for April 1, 2015, which was subsequently postponed and has not yet been held. However, as discussed in more detail below, the Trustee has been making cure payments to Landlord and proposes to assume the lease. In addition, the Trustee has now joined in Debtor's motion to assume the lease.

**l. Motion to Sell Personal Property Free and Clear of Liens, Claims and Interests and Motion to Purchase Personal Property Free and Clear of Liens, Claims and Interests**

On February 13, 2015, Debtor filed a motion for authorization to sell the Vehicle, as described above, to Hi-Tech Academy and, as part of the transaction, to purchase a 2004 Ford Van from Hi-Tech Academy. The Court approved the motion and the transaction was completed.

**ii. DESCRIPTION OF ASSETS OF THE DEBTOR**

The values ascribed to the assets below are based on the Debtor's best estimate and other factors such as the purchase price, comparable sales, and tax assessments, and where applicable as referenced below, on appraisals obtained.

Bank Accounts. The Debtor held approximately \$1,325 in business bank accounts at the time of the filing of the petition for relief herein. The Debtor's cash has been used in the operation of its business.

Security Deposits. SRP holds a deposit in the total amount of \$2,650.00. Team Funding Solutions holds a deposit in the amount of \$3,834.00.

Miscellaneous Books and Pictures. Debtor listed approximately \$500.00 for miscellaneous books.

Insurance Policies. Debtor listed ownership in the following insurance policies, which have indeterminate surrender value: (i) General liability/Automobile Liability Insurance Policies from Markel Insurance Group; and (ii) Workers' Compensation Insurance Policies from Hartford Insurance Group.

Office Equipment, Furnishings and Supplies. In its Schedule B, Debtor listed three computers valued at \$3,834.00 and desks valued at \$500. It also listed \$25,000.00 in miscellaneous office equipment, furniture and supplies.

Financial Reports. The Debtor's monthly operating reports are current and copies can be obtained from the Court's electronic docket or from the Trustee's counsel.

**B. Information Provided by the Trustee.**

On June 8, 2015, the landlord, Lumberjack, filed a motion to appoint a Chapter 11 Trustee [DE 195]. It argued that Debtor's management was using operating funds to pay personal expenses without reporting this misuse of estate funds and that creditors and the estate were being harmed as a result. The United States Trustee joined in the motion on July 30, 2015 [DE 220]. Debtor opposed it, and a hearing was held on August 3, 2015, after which the Court entered its orders appointing the Trustee [DE 229 and 233].

Following his appointment, the Trustee took control over Debtor's bank accounts and placed Mr. Blich on a salary of \$3,500 per month. The Trustee also retained Edward M. Burr of Henry & Horne, LLP, to act as his financial adviser. One or both of them interviewed Mr. Blich, Debtor's onsite managers, and counsel

for Lumberjack, reviewed operational issues, and outlined a path to a consensual plan of reorganization.

Debtor's operating results had already started to improve when the Trustee was appointed, and continued to do so through the date of this Disclosure Statement. As a result, the Trustee has been able to bring current almost all of Debtor's post-petition obligations, including the following:

1. Completion of lease payments to CIT of \$208.33 per month (residual allowed unsecured claim of \$3,182.67);
2. Completion of lease payments to Pawnee Leasing of \$518.00 per month (no residual);
3. Payment of approximately \$38,132.14 in administrative claims owing to the IRS and ADOR;
4. Payment of approximately \$182,225.51 in administrative claims owing to various professionals, including Debtor's counsel, the Trustee, the Trustee's counsel, the Trustee's financial adviser, and Debtor's tax accountant, leaving an unpaid balance of approximately \$68,000;
5. Cure payments to Lumberjack totaling \$51,855 (post-petition rent is current);

## **VI. DESCRIPTION OF THE PLAN OF REORGANIZATION**

The following description of the Plan is for informational purposes only and does not purport to change or supersede any of the language of the Plan. Each holder of a Claim or Equity Interest is urged to read the Plan carefully with respect to the proposed treatment of their Claim or Equity Interest, and, if necessary, to consult with legal counsel. The Plan, if confirmed, will be binding upon Debtor, its Creditors, and its Equity Security Holders.

**IF THERE IS ANY INCONSISTENCY BETWEEN THE TERMS OF THE PLAN AND THIS DISCLOSURE STATEMENT, THE TERMS OF THE PLAN CONTROL.**

**A. Funding Sources.** Funding for the Plan will come from Debtor’s Net Monthly Income and from any unreserved funds on hand as of the Effective Date. Net Monthly Income is defined as follows: All income generated from the operation of Debtor’s business after payment of operating expenses and overhead, including, without limitation, food, supplies, taxes, rent, Minimum Cure Payments to Landlord (\$5,000 per month), payroll, withholdings, repairs, replacements, tuition rebates and refunds, payments to the Plan Trustee, and professional fees. The amount of Monthly Net Disposable Income will be calculated for each month by the 15<sup>th</sup> of the next succeeding month and will be made available for the payment of creditors in accordance with the terms of the Plan.

**B. Estimated Distributions.** The Trustee provides the following estimate of Claims and distributions:

<b>Class/Nature of Claim</b>	<b>Treatment</b>	<b>Estimated Amount</b>	<b>Est. Date Range of Distributions</b>
Administrative Claims	N/A	\$68,000.00	Within 6 mos. after the Effective Date
Class 1 Priority Claims	Unimpaired	\$100.00	Effective Date
Class 2 Priority Tax Claims	Unimpaired	\$14,204.37	Within 2 mos. after the Effective Date
Class 3 Team Funding Solutions Secured Claim	Impaired	0	N/A
Class 4 Unsecured Claims	Impaired	\$8,505.84	Within 9 mos. after the Effective Date

Unclassified Cure Payments to Lumberjack	N/A	\$103,043.49	\$5,000 per month and balance within 13 mos. after the Effective Date
Payment of Additional Security Deposit to Lumberjack	N/A	\$30,000.00	Within 15 mos. after the Effective Date
Unclassified subrogation claim of Tom Blich	N/A	\$38,132.14	Within 18 mos. after the Effective Date
TOTAL \$261,985.84			

### C. Classification and Treatment of Claims and Interests.

The Plan classifies Claims and Equity Interests in various Classes and specifies the treatment afforded to each Class. As of the Confirmation Hearing, any Class that does not contain a Claim will be deemed deleted from the Plan. Similarly, any Class that does not contain any Allowed Claims (or Claims temporarily allowed for voting purposes) will be deemed deleted for voting purposes. The following is a summary of the treatment provided for each Class.

1. **Class 1 (Priority Claims).** Each holder of an Allowed Class 1 Claim will be paid in cash in full upon the Effective Date. Class 1 is unimpaired under the Plan.

2. **Class 2 (Priority Tax Claims).** Each holder of an Allowed Class 2 Claim will be paid in full on the Effective Date to the extent of available funds. Each holder of a secured Class 2 Claim will retain its lien or other security interest until the Claim has been paid in full. To the extent that there is insufficient Net Monthly Income to pay all Allowed Class 2 Claims on the Effective Date, the balance owing will be paid by the 15<sup>th</sup> day of the first full calendar month after the Effective Date. Class 2 is unimpaired under the Plan.

3. **Class 3 (Team Funding Solutions' Secured Claim).** Team Funding Solutions will retain its security interest in specified items of Debtor's personal property until its claim is paid in full. For so long as the payments required to be made to it under the Plan are not in default, Debtor will be deemed to be current and not delinquent for all purposes. Team Funding Solutions' Allowed Secured Claim will be paid in full, together with interest at the non-default contract rate from and after the Petition Date, from Debtor's Net Monthly Income, but only after Allowed Administrative Claims and Allowed Class 1 and 2 Priority Claims have been paid in full.

4. **Class 4 (General Unsecured Claims).** The Allowed Class 4 Claims will be paid in full, together with interest at the rate of 4.5% per annum from and after the Petition Date, from Debtor's Net Monthly Income, but only after Allowed Administrative Claims, Allowed Class 1 and 2 Priority Claims, and the Allowed Class 3 Secured Claim have been paid in full.

5. **Class 5 (Interests).** All of Debtor's members will retain their Equity Security interests. Class 5 is unimpaired under the Plan.

6. **Disputed Claims** will be treated as follows: At the time of any Distribution to holders of Allowed Claims in a particular Class, an amount sufficient to have paid each holder of a Disputed Claim in that Class its pro rata share of such Distribution, calculated as though such Disputed Claim were an Allowed Claim, will be reserved for the potential benefit of the holders of such Disputed Claims, and thereafter distributed in accordance with the terms and provisions of this Plan.

7. **Unclassified Claims.** Each holder of an Allowed Administrative Claim will be paid in monthly installments beginning on or after the Effective Date but only when all Allowed Priority Claims in Classes 1 and 2 have been paid in full, and continuing until all Allowed Administrative Claims have been paid in



full. The amount of each monthly installment paid to the holder of an Allowed Administrative Claim will be equal to that claimant's *pro rata* share of the Net Monthly Income from the previous month reduced by any payments to holders of Allowed Priority Claims in Classes 1 and 2, unless such holder agrees in writing to other treatment or the amount of such Claim is not due on the Effective Date, in which case it will be paid when it is due. Professionals employed at the expense of the estate on or before the Effective Date, and any entities that may be entitled to reimbursement or allowance of fees and expenses pursuant to Section 503(b) of the Bankruptcy Code, will receive the amount awarded to them at such time as an order is entered pursuant to Sections 330, 331 or 503(b) of the Bankruptcy Code. Ordinary post-petition operating expenses incurred before or after the Effective Date, such as taxes, salaries, fees, and insurance, that do not require Court approval, will be paid in the ordinary course of business as and when due.

Debtor's principal, Thomas Blich, holds an unclassified administrative priority claim in the amount of \$38,213.19, by way of subrogation to the claim of Debtor's counsel, Aiken Schenk Hawkins & Ricciardi, P.C. ("**Aiken Schenk**"). The claim arose on September 10, 2015, when Aiken Schenk received a payment in that amount from the sale of real property owned by Mr. Blich, which had been pledged as security for Aiken Schenk's fees in this case. See, *Supplemental Unsworn Declaration Pursuant to Rule 2016 under Penalty of Perjury by Attorney for Debtor*, DE 258. Mr. Blich has agreed to defer any payments on his subrogation claim until all cure payments to the Landlord have been made and the underlying lease has been fully reinstated, provided only that the Landlord refrain from executing on its judgment against him (on his guaranty of the lease obligations) for so long as the cure payments provided for under this Plan are made in a timely fashion. Landlord has no obligation to refrain from executing on the judgment, but if it chooses to do so Mr. Blich's subrogation claim will then be paid in accordance

with the provisions of this Article IV(A), but only after Aiken Schenk's claim has been paid in full. See 11 U.S.C. § 509(c).

Compensation earned by the Plan Trustee or by professionals employed by the Plan Trustee after the Effective Date need not be approved by the Court pursuant to Sections 330, 331 or 503(b) of the Bankruptcy Code, or otherwise, and will be paid in the ordinary course of business as and when due.

**ANY PERSON OR ENTITY CLAIMING TO HOLD AN EXPENSE OF ADMINISTRATION AS OF THE EFFECTIVE DATE OF THE PLAN, MUST HAVE FILED A MOTION FOR ALLOWANCE OF ADMINISTRATIVE EXPENSE WITH THE COURT AND SERVED A COPY ON COUNSEL FOR THE TRUSTEE NOT LATER THAN 30 DAYS AFTER THE EFFECTIVE DATE, OR SUCH CLAIM WILL BE DISALLOWED.**

**D. Summary of Other Plan Provisions.**

1. **Cash Reserves.** The Trustee will have established an Operating Reserve of not less than \$20,000 on or before the Effective Date. The Cash Reserve will be held in an interest bearing bank account. All cash that is not paid to Creditors on the Effective Date, including the Operating Reserve, will be held by the Plan Trustee and used only for future Plan payments, operating expenses, and overhead.

2. **Disbursing Agent.** The Plan Trustee will function as disbursing agent under the Plan and will be compensated for his services at his standard hourly rate, which is presently \$355.00 per hour.

3. **Management.** Until the Plan is consummated, as defined below, the Plan Trustee will have all decision making authority and powers associated with the ownership and operation of Debtor's business. He will also control all of Debtor's bank accounts and will be the sole signer on those accounts. Nonetheless,

until otherwise directed by the Plan Trustee, Debtor's day-to-day business affairs will continue to be managed by Tom Blitch, who will receive a salary of \$4,500 per month. When the Plan has been consummated, as defined below, all decision making authority and power, and control over Debtor's bank accounts, will revert to Tom Blitch or his designee. The Plan Trustee may retain and compensate such professionals as he deems necessary in his discretion.

4. **Reports to Landlord.** The Plan Trustee will provide monthly reports to Landlord, in the form of a profit and loss statement and bank statements for each of Debtor's bank accounts, for the immediately preceding calendar month. All such reports will be emailed to Landlord by the 20th day of each succeeding month.

5. **Sale of Business.** The Plan Trustee may sell Debtor's business and assign the Real Estate Lease and any equipment leases if it appears at any time that Debtor's operations are unsustainable or that a default under the Plan is imminent, provided, however, that (i) Landlord must consent in writing to the assignment of the Real Estate Lease to any purchaser, or (ii) the Court must enter an order determining that there is adequate assurance of future performance under the Real Estate Lease within the meaning of § 365 of the Code. The Plan Trustee may not sell the Debtor's business unless the sales price is sufficient to satisfy all required payments under the Plan. The Plan Trustee may sell the Debtor's business without obtaining Court approval or, alternatively, may seek such approval under Code §§ 363 and 365.

6. **Consummation of the Plan.** The Plan will be deemed consummated when: (i) all required Plan payments have been made; (ii) the Landlord has received a security deposit in the amount of \$30,000 in addition to its existing security deposit.

7. **Authority to Settle and Assign.** In accordance with Bankruptcy Code §1123(b)(3), the Reorganized Debtor will own and retain, and may prosecute, enforce, compromise, settle, release, or otherwise dispose of, any and all claims, defenses, counterclaims, setoffs, and recoupments belonging to the Debtor or the Estate, without further order of the Court.

8. **Location of Claimants.** If the Plan Trustee is unable to locate a Claimant, he will hold the amount of any Distribution to such Claimant as though such Claim were a Disputed Claim. He will hold that amount for 120 days and, if the address of the Claimant is then still unknown, the amount will be distributed to other Claimants. The Plan Trustee will have fulfilled any duty that it may have to locate the holder of a Claim by mailing any Distribution to the address for that Claimant set forth in the Master Mailing List or in any Proof of Claim or Notice of Appearance filed with the Court. The Plan Trustee will be under no obligation to undertake further efforts to locate the holder of a Claim if the Distribution is returned "addressee unknown," and the Plan Trustee may delete any such Claimant from its mailing list.

9. **Uncashed Distribution Checks.** Any Distribution check that has not been returned by the U.S. Post Office but which has not been cashed within 60 days after it is mailed, will be deemed undeliverable. The Plan Trustee will be authorized to stop payment on such check and the payee will thereafter be treated in the manner set forth above for Claimants whose addresses are unknown.

10. **Notices.** In order to minimize the expense of providing notices after the Confirmation Date, only Special Notice Creditors will receive notice of matters brought before the court after the Confirmation Date. The failure of a creditor to become a Special Notice Creditor by filing a Notice of Appearance and/or Request for Notice after the Confirmation Date will not affect such creditor's right to receive any Distributions provided for under the Plan.

11. **Effective Date/Condition to Confirmation.** The Effective Date is thirty calendar days after the Confirmation Order has been entered by the Clerk of the Bankruptcy Court.

12. **Discharge.** Except as otherwise specifically provided in the Plan, confirmation of the Plan will discharge the Debtor from any debt that arose prior to the Confirmation Date and any debt of a kind specified in §§ 502(g) through (i) of the Code, whether or not a proof of claim based upon such debt is filed or deemed filed under § 501 of the Code, whether or not such Claim is allowed under § 502 of the Code and whether or not the holder of such Claim has accepted the Plan. The provisions of this Article are not intended to, nor shall they be construed as, limiting the scope of the discharge provided by § 1141 of the Code.

13. **Automatic Stay and Post-Confirmation Injunction.** Notwithstanding any other provisions of the Plan, the automatic stay will terminate on the Effective Date, but all holders of Claims dealt with by the Plan, and all creditors who received notice of the Case, will be enjoined from pursuing collection of their Claims from the assets of the Debtor, the estate, and the Reorganized Debtor.

14. **Release and Extinguishment of Liens, Claims and Encumbrances.** Except as otherwise provided herein, all property dealt with by the Plan is free and clear of all liens, claims, and interests of creditors and Equity Security holders from and after the Effective Date.

15. **Executory Contracts.** With the exception of the Real Estate Lease, which is assumed under the Plan, all executory contracts and unexpired leases that have not previously been assumed will be deemed rejected as of the Effective Date, unless specific written notice of intent to assume is mailed or delivered by the Trustee to the other contracting party before the Effective Date. All prepetition arrearages and other cure amounts owing to Landlord will be paid as follows: (A)

the Minimum Monthly Cure Payment to Landlord will be added to the rent payment for the first full calendar month after the Effective Date and each subsequent monthly rent payment until all Allowed Administrative Claims and Allowed Claims in Classes 1-4 are paid in full; and (B) once all Allowed Administrative Claims and Allowed Claims in Classes 1-4 are paid in full, Landlord will receive all Net Monthly Income until it has received an amount equal to all prepetition arrearages and other cure amounts owing to it, provided, however, that the payments of Net Monthly Income together with the Minimum Monthly Cure Payment must be in an amount equal to or greater than \$10,000 beginning with the first full calendar month after all Allowed Administrative Claims and Allowed Claims in Classes 1-4 are paid in full. Payments of Net Monthly Income will continue after all prepetition arrearages and other cure amounts have been paid to Landlord until Landlord has received an additional \$30,000, which it will hold as an additional security deposit under the terms of the Real Estate Lease. Any dispute over the cure amount will be resolved by the Court

In the event of assumption of any executory contracts or unexpired leases other than the Real Estate Lease, and except as otherwise agreed to by the other contracting party, all pre-petition defaults will be cured on the Effective Date or as soon thereafter as is reasonably practicable. In the event of any dispute over the cure amounts, the dispute will be resolved by the Court. All parties to rejected executory contracts and unexpired leases will have 14 calendar days after the Confirmation Date to file a Proof of Claim for the damages, if any, resulting from such rejection. All parties to rejected contracts and leases who have timely filed Proofs of Claim for damages, if any, resulting from such rejection, will be treated as holders of Class 4 Allowed or Disputed Claims, as appropriate. Any party in interest may file an objection to a Claim for damages arising from rejection of an executory contract or lease. The failure of any party to a rejected contract or lease

to timely file a Proof of Claim will bar said party from participating under the Plan or from receiving any payment on account of such rejected executory contract or lease.

16. **Retention and Enforcement of Claims.** The Plan preserves in full for the benefit of the Reorganized Debtor the Retained Causes of Action and all other claims and causes of action of any sort owned by the Debtor or estate, pursuant to § 1123(b)(3) of the Code, other than those expressly released by the terms hereof. Such Retained Causes of Action and all other claims and causes of action will be controlled by the Plan Trustee. The Plan Trustee is hereby designated as the estate representative pursuant to and in accordance with Bankruptcy Code §1123(b)(3)(B).

17. **Modification of the Plan.** The Trustee reserves the right to propose modifications or amendments to the Plan at any time prior to the Confirmation Date. After confirmation, the Plan Trustee may, with Court approval, and so long as it does not materially or adversely affect the interests of creditors, remedy any defect or omission, or reconcile any inconsistencies in the Plan, or in the Confirmation Order, in such manner as may be necessary to carry out the purposes and effect of the Plan. The foregoing provisions of this Article do not limit the ability of any party to modify the Plan under Code § 1127 and applicable Rules.

18. **Exculpation.** The Trustee, the Plan Trustee, and their advisors, attorneys, consultants, officers, managers, and agents (the “**Exculpated Parties**”) will neither have nor incur any liability to any holder of a Claim or Equity Security, or any other party in interest, or any of their respective shareholders, former shareholders, members, former members, agents, employees, representatives, financial advisors, attorneys, consultants, affiliates, successors, or assigns (the “**Exculpating Parties**”), for any post-petition acts or omissions relating to or arising out of this Case, the preparation for and administration of this Case, or the

negotiation, execution, confirmation, consummation, or administration of the Plan (the “**Exculpated Acts**”), other than acts of gross negligence, fraud, breach of fiduciary duty, or willful misconduct. The Exculpating Parties will have no right of action against any of the Exculpated Parties for any of the Exculpated Acts, and the Exculpated Parties are released of and from all claims or liabilities, known or unknown, arising out of or related to the Exculpated Acts. The provisions of this Article will not be deemed to limit any protections or immunities afforded to the Exculpated Parties under existing law.

19. **Retention of Jurisdiction.** Notwithstanding confirmation of this Plan, the Bankruptcy Court will retain jurisdiction to: (a) Determine the allowability of Claims and interests upon objection to such Claims or interests by the Plan Trustee, or by any other party in interest; (b) consider requests for payment of Claims entitled to priority under Code § 507(a), including, without limitation, compensation of professionals pursuant to §§ 330 and 503; (c) hear, determine and enforce all claims and causes of action which may exist on behalf of Debtor or the estate, including, but not limited to, any right of the Reorganized Debtor or the estate to recover assets pursuant to the provisions of the Code, whether or not such claims, causes of action, or rights are Retained Causes of Action, and whether they are pursued by the Plan Trustee or another appropriate party; (d) consider and act upon the compromise and settlement of any Claims against, or cause of action on behalf of, the Debtor or the Estate; (e) resolve controversies and disputes regarding the interpretation or enforcement of the terms of the Plan, or any documentation relating thereto; (f) resolve controversies and disputes regarding implementation of the Plan, and to enter orders in aid of confirmation of the Plan and appropriate orders to protect the Debtor or its successors in interest; (g) determine all matters and controversies regarding state, local, and federal taxes pursuant to all



applicable provisions of the Bankruptcy Code; and (h) enter a Final Decree closing Debtor's case.

## **VII. TAX CONSEQUENCES OF THE PLAN**

Debtor is a “pass through” entity, so any taxes will be the responsibility of its members. Because the Plan provides for the full payment of all claims, no material cancellation of debt income is anticipated. Consequently, the Trustee does not believe that there will be any material adverse tax consequences as a result of confirmation of the Plan to Debtor, its creditors, or its members (other than pass through taxes and the like). However, the Trustee does not express any opinion as to the tax consequences of the Plan to creditors or members, who are advised and strongly encouraged to obtain their own tax advice.

While this Disclosure Statement does not attempt to describe all of the tax consequences of the transactions contemplated by the Plan to the Debtor and other interested parties, Debtor and the Plan Trustee will use all reasonable efforts to preserve Debtor’s tax attributes and minimize the tax consequences to Debtor.

BECAUSE THE TRUSTEE EXPRESSES NO TAX ADVICE, NEITHER THE TRUSTEE NOR ANY OF HIS PROFESSIONAL ADVISORS SHALL BE LIABLE IF, FOR ANY REASON, THE TAX CONSEQUENCES OF THE PLAN ARE OTHER THAN AS ANTICIPATED. CREDITORS AND EQUITY SECURITY HOLDERS MUST RELY SOLELY UPON THEIR OWN ADVISORS AS TO THE TAX CONSEQUENCES OF THE PLAN.

## **VIII. Confirmation over Dissenting Class**

The Code contains provisions for confirmation of the Plan even if it is not accepted by all impaired classes, provided that at least one impaired class of Claims votes to accept the Plan. These “cramdown” provisions are set forth in Section 1129(b) of the Code. If one or more classes of impaired Claims does not accept the Plan, the Bankruptcy Court may confirm the Plan if it finds that the Plan:

(i) was accepted by at least one impaired class of claims; and (ii) does not discriminate unfairly against, and is fair and equitable as to, all non-accepting impaired classes. The Trustee will request confirmation of the Plan pursuant to Section 1129(b) of the Code if all impaired classes do not accept the Plan.

#### **IX. FEASIBILITY OF THE PLAN**

For the Court to confirm the Plan it must find that confirmation "is not likely to be followed by the liquidation, or the need for further financial reorganization, of the debtor ... unless such liquidation or reorganization is proposed in the plan." This is generally referred to as the "feasibility" requirement of Section 1129(a)(11) of the Code. The Trustee's financial adviser has prepared the cash flow projections attached hereto as Exhibit "B" based upon Debtor's performance over the past year. As the projections demonstrate, the Plan is feasible and all Plan payments should be completed within 18 months after the Effective Date.

#### **X. ALTERNATIVES TO THE PLAN**

The Trustee has considered alternatives to the Plan, including a sale of Debtor's business. Such a sale at this time, however, would depress the value of the business and reduce the return to Debtor's members. Accordingly, the Trustee does not consider liquidation as a viable alternative to the Plan.

#### **XI. RECOMMENDATION AND CONCLUSION**

The Trustee believes that the Plan is in the best interests of all creditors and parties in interest and recommends that it be approved.

Dated May 3, 2017.

FORRESTER & WORTH, PLLC

/s/ SCF (006342)

S. Cary Forrester

Chapter 11 Trustee and Attorney for the  
Chapter 11 Trustee

EXHIBIT "A"

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COUNSEL FOR CHAPTER 11 TRUSTEE

**UNITED STATES BANKRUPTCY COURT**  
**DISTRICT OF ARIZONA**

In re: <b>MAGELLAN CHRISTIAN ACADEMIES OF ARIZONA, LLC,</b>  Debtor.	Chapter 11 Case No. 2:14-bk-12657-MCW
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**CHAPTER 11 TRUSTEE'S PLAN OF REORGANIZATION**  
**DATED MAY 3, 2017**

This Plan of Reorganization (the "**Plan**") is proposed by S. Cary Forrester in his capacity as Chapter 11 Trustee (the "**Trustee**") for Debtor Magellan Christian Academies of Arizona, LLC (the "**Debtor**"), for the resolution of all outstanding creditor claims and equity interests. All creditors and equity security holders are encouraged to consult the Disclosure Statement accompanying this Plan (the "**Disclosure Statement**") before voting to accept or reject the Plan. The Disclosure Statement contains a discussion of the Debtor's history, a description of its assets, and a summary and analysis of the Plan.

NO SOLICITATION MATERIALS OTHER THAN THE DISCLOSURE STATEMENT AND THE MATERIALS ACCOMPANYING IT HAVE BEEN AUTHORIZED BY THE BANKRUPTCY COURT FOR USE IN SOLICITING ACCEPTANCES OR REJECTIONS OF THIS PLAN.

**ARTICLE I**  
**DEFINITIONS**

Defined Terms. The following terms have the following meanings whenever used in the Plan.

A. **Administrative Claim** means: (a) every cost or expense of administration of the Bankruptcy Case, including any actual and necessary post-petition expenses entitled to priority under Bankruptcy Code §§503(b) and 507(a)(1); (b) any actual and necessary post-petition expenses of operating the Debtor; (c) all Professional Charges approved by the Bankruptcy Court pursuant to interim and final allowances in accordance with Bankruptcy Code §§105, 330, 331, and 503(b); and, (d) all fees and charges assessed against the Estate under 28 U.S.C. § 1930.

B. **Allowed Claim** means every Claim, other than an Administrative Claim:

1. As to which a timely Proof of Claim has been filed within the time fixed by the Bankruptcy Court; or,
2. If such claim arises from an Executory Contract that is rejected by the Plan or the Confirmation Order, as to which a timely Proof of Claim has been filed no later than the first Business Day that is 14 calendar days after the Confirmation Date; or,
3. If Debtor has scheduled such claim in its Schedules (including any amendments thereto) as liquidated in amount, undisputed, and non-contingent;
4. And, in regard to all of the foregoing claims that have either been filed or deemed filed:

- a. As to which no objection has been filed within any applicable time period fixed by the Bankruptcy Court or Plan; or
  - b. As to which an order has been entered allowing such claim and
    - (a) such order has become final and non-appealable without any appeal, review, or other challenge having been taken, or (b) if taken, any such appeal, review or other challenge has been finally resolved in favor of the claimant.
5. The term Allowed Claim may be used throughout the Plan with each of the various creditor's claims or classes of those claims (*e.g.*, "Allowed Class 1 Claims") to signify that such claims must be, unless otherwise indicated, Allowed Claims in order to qualify for the specified treatment under the Plan.
- C. **Bankruptcy Code** or **Code** means Title 11 of the United States Code.
- D. **Bankruptcy Court** or **Court** means the United States Bankruptcy Court for the District of Arizona or any other court that may have jurisdiction over any particular proceeding arising under, in, or relating to this Chapter 11 case.
- E. **Case** means the Debtor's bankruptcy case before the Bankruptcy Court, and all adversary proceedings, contested matters and other litigation arising in or related to the Case.
- F. **Claim** means "claim" as defined in Bankruptcy Code §101(5).
- G. **Claimant** means the holder of a Claim.
- H. **Confirmation Date** means the date of entry of the Confirmation Order.
- I. **Confirmation Order** means the appealable order of the Bankruptcy Court confirming the Plan.
- J. **Debtor** or **Debtor-in-Possession** means Magellan Christian Academies of Arizona, LLC.

K. **Disclosure Statement** means the Disclosure Statement pertaining to the Plan, including any amendments or modifications thereto.

L. **Disputed Claim** means a Claim, including one that is deemed filed pursuant to Code § 1111(a), as to which the Debtor or any other party in interest has filed an objection within 90 days after the Effective Date and which has not been resolved by a Final Order or pursuant to this Plan. Contingent Claims will be treated as Disputed Claims for all purposes relating to Distributions under the Plan until such time as any such contingent Claim becomes fixed or absolute or becomes an Allowed Claim.

M. **Distribution** means the property required by the Plan to be distributed to the holders of Allowed Claims.

N. **Effective Date** is defined in Article VI.

O. **Equity Security** means any ownership interest in the Debtor.

P. **Filing Date** or **Petition Date** means August 15, 2014.

Q. **Final Order** means an order, judgment or other decree of the Bankruptcy Court, including, without limitation, a stipulation or other agreement which is "so ordered" by the Bankruptcy Court, the operation or effect of which has not been reversed or stayed and as to which order, judgment or other decree (or any revision, modification or amendment thereof) the time to appeal or seek review has expired and as to which no appeal or petition for review or certiorari has been taken or is pending or, if such appeal or petition has been taken or granted, it has been finally resolved.

R. **Landlord** means Lumberjack Capital—Greenfield Plaza II, LLC.

S. **Minimum Monthly Cure Payment to Landlord** means a monthly payment in the amount of \$5,000 beginning with the rent payment for the first full calendar month after the Effective Date.

T. **Net Monthly Income** means all income generated from the operation of Debtor' business after payment of operating expenses and overhead, including, without limitation, food, supplies, taxes, rent, Minimum Cure Payments to Landlord, payroll, withholdings, repairs, replacements, tuition rebates and refunds, payments to the Plan Trustee, and professional fees. The amount of Monthly Net Disposable Income will be calculated for each month by the 15<sup>th</sup> of the next succeeding month and will be made available for the payment of creditors in accordance with the terms of the Plan.

U. **Penalty Claims** means any unsecured Claims for any fine, penalty, forfeiture, multiple damages, punitive damages, or exemplary damages not meant to compensate the claimant for actual pecuniary loss.

V. **Plan** means this Chapter 11 Trustee's Plan of Reorganization dated May 3, 2017, including any amendment or modification made in accordance with the applicable provisions of the Code.

W. **Plan Trustee** means Edward M. Burr, a director of Henry & Horne, LLP, whose address is 7098 E, Cochise Rd., Ste. 100, Scottsdale, Arizona 85253. The Plan Trustee will serve until relieved of his duties by an order of the Court and the appointment by the Court of a replacement Plan Trustee.

X. **Real Estate Lease** means the Lease Agreement by and between Debtor and Landlord dated July 12, 2011.

Y. **Reorganized Debtor** means the Debtor on or after the Effective Date. The Reorganized Debtor may also be referred to as the Debtor in this Plan.

Z. **Retained Causes of Action** means all claims and causes of action of every kind and nature whatsoever arising before the Effective Date which have not been resolved or disposed of prior to the Effective Date, whether or not such claims or causes of action are specifically identified in the Disclosure Statement.



AA. **Special Notice Creditors** means every Creditor or party in interest that files a Notice of Appearance and/or Request for Notice, and forwards a copy to Trustee's counsel at the address set forth above, before or after the Confirmation Date.

BB. **Tax Claim Rate** means the applicable rate of interest on tax claims under Section 511 of the Bankruptcy Code, determined as of the Effective Date.

**General Rules Regarding Defined and Undefined Terms.** As used in this Plan, all capitalized words and other terms defined in the Bankruptcy Code or the Rules of Bankruptcy Procedure will have the meanings given to them in the Bankruptcy Code or the Rules of Bankruptcy Procedure unless the context clearly requires otherwise. For purposes of this Plan, the singular and plural uses of all defined terms and the conjunctive and disjunctive uses thereof will be interchangeable (unless the context otherwise requires), and the defined terms will include masculine, feminine, and neuter genders.

## ARTICLE II

### CLASSIFICATION OF CLAIMS AND INTERESTS

A. All Allowed Administrative Claims are treated as unclassified claims.

B. All other Allowed Claims and Allowed Interests are placed in the classes described below, and will receive the treatment set forth in Article IV and in other sections of the Plan:

1. **Class 1 (Priority Claims):** All Allowed Claims entitled to priority under § 507 of the Code other than the priority tax claims classified in Class 2.
2. **Class 2 (Priority Tax Claims):** All Allowed Claims entitled to priority under Section 507(a)(8) of the Bankruptcy Code and each holder of a secured claim that would otherwise meet the description of a

governmental unit under Section 507(a)(8) of the Bankruptcy Code but for the secured status of the claim.

3. **Class 3 (Team Funding Solution's Secured Claim).** The Allowed Secured Claim of Team Funding Solutions, which is secured by a security interest in certain items of equipment owned and used by Debtor in the operation of its business.
4. **Class 4 (General Unsecured Claims).** All Allowed Unsecured Claims other than Priority Claims.
5. **Class 5 (Interests).** All Allowed Equity Security holders in the Debtor.

### ARTICLE III

#### IMPAIRED AND UNIMPAIRED CLAIMS

Class 1 Priority Claims, Class 2 Priority Tax Claims, and Class 5 Interests are unimpaired. All other Classes are impaired.

### ARTICLE IV

#### TREATMENT OF CLAIMS AND INTERESTS

The treatment of the various classes of Claims and Interests under the Plan will be as follows:

A. **Unclassified Claims.** Each holder of an Allowed Administrative Claim will be paid in monthly installments beginning on or after the Effective Date but only when all Allowed Priority Claims in Classes 1 and 2 have been paid in full, and continuing until all Allowed Administrative Claims have been paid in full. The amount of each monthly installment paid to the holder of an Allowed Administrative Claim will be equal to that claimant's *pro rata* share of the Net Monthly Income from the previous month reduced by any payments to holders of Allowed Priority Claims in Classes 1 and 2, unless such holder agrees in writing to other treatment or the amount of such Claim is not due on the Effective Date, in which case it will be paid when it is due. Professionals employed at the expense of

the estate on or before the Effective Date, and any entities that may be entitled to reimbursement or allowance of fees and expenses pursuant to Section 503(b) of the Bankruptcy Code, will receive the amount awarded to them at such time as an order is entered pursuant to Sections 330, 331 or 503(b) of the Bankruptcy Code. Ordinary post-petition operating expenses incurred before or after the Effective Date, such as taxes, salaries, fees, and insurance, that do not require Court approval, will be paid in the ordinary course of business as and when due.

Debtor's principal, Thomas Blich, holds an unclassified administrative priority claim in the amount of \$38,213.19, by way of subrogation to the claim of Debtor's counsel, Aiken Schenk Hawkins & Ricciardi, P.C. ("**Aiken Schenk**"). The claim arose on September 10, 2015, when Aiken Schenk received a payment in that amount from the sale of real property owned by Mr. Blich, which had been pledged as security for Aiken Schenk's fees in this case. See, *Supplemental Unsworn Declaration Pursuant to Rule 2016 under Penalty of Perjury by Attorney for Debtor*, DE 258. Mr. Blich has agreed to defer any payments on his subrogation claim until all cure payments to the Landlord have been made and the underlying lease has been fully reinstated, provided only that the Landlord refrain from executing on its judgment against him (on his guaranty of the lease obligations) for so long as the cure payments provided for under this Plan are made in a timely fashion. Landlord has no obligation to refrain from executing on the judgment, but if it chooses to do so Mr. Blich's subrogation claim will then be paid in accordance with the provisions of this Article IV(A), but only after Aiken Schenk's claim has been paid in full. See 11 U.S.C. § 509(c).

Compensation earned by the Plan Trustee or by professionals employed by the Plan Trustee after the Effective Date need not be approved by the Court pursuant to Sections 330, 331 or 503(b) of the Bankruptcy Code, or otherwise, and will be paid in the ordinary course of business as and when due.

**ANY PERSON OR ENTITY CLAIMING TO HOLD AN EXPENSE OF ADMINISTRATION AS OF THE EFFECTIVE DATE OF THE PLAN, MUST HAVE FILED A MOTION FOR ALLOWANCE OF ADMINISTRATIVE EXPENSE WITH THE COURT AND SERVED A COPY ON COUNSEL FOR THE TRUSTEE NOT LATER THAN 30 DAYS AFTER THE EFFECTIVE DATE, OR SUCH CLAIM WILL BE DISALLOWED.**

**B. Classes of Claims and Interests.** The treatment of the various classes of Claims and Equity Interests under the Plan is as follows:

1. **Class 1 (Priority Claims).** Each holder of an Allowed Class 1 Claim will be paid in cash in full upon the Effective Date. Class 1 is unimpaired under the Plan.

2. **Class 2 (Priority Tax Claims).** Each holder of an Allowed Class 2 Claim will be paid in full on the Effective Date. Each holder of a secured Class 2 Claim will retain its lien or other security interest until the Claim has been paid in full. To the extent that there is insufficient Net Monthly Income to pay all Allowed Class 2 Claims on the Effective Date, the balance owing will be paid by the 15<sup>th</sup> day of the first full calendar month after the Effective Date. Class 2 is unimpaired under the Plan.

3. **Class 3 (Team Funding Solutions' Secured Claim).** Team Funding Solutions will retain its security interest in specified items of Debtor's personal property until its claim is paid in full. For so long as the payments required to be made to it under the Plan are not in default, Debtor will be deemed to be current and not delinquent for all purposes. Team Funding Solutions' Allowed Secured Claim will be paid in full, together with interest at the non-default contract rate from and after the Petition Date, from Debtor's Net Monthly Income, but only after Allowed Administrative Claims and Allowed Class 1 and 2 Priority Claims have been paid in full.

4. **Class 4 (General Unsecured Claims).** The Allowed Class 4 Claims will be paid in full, together with interest at the rate of 4.5% per annum from and after the Petition Date, from Debtor's Net Monthly Income, but only after Allowed Administrative Claims, Allowed Class 1 and 2 Priority Claims, and the Allowed Class 3 Secured Claim have been paid in full.

5. **Class 5 (Interests).** All Equity Security holders in the Debtor will retain their Equity Security interests. Class 5 is unimpaired under the Plan

6. **Disputed Claims** will be treated as follows: At the time of any Distribution to holders of Allowed Claims in a particular Class, an amount sufficient to have paid each holder of a Disputed Claim in that Class its pro rata share of such Distribution, calculated as though such Disputed Claim were an Allowed Claim, will be reserved for the potential benefit of the holders of such Disputed Claims, and thereafter distributed in accordance with the terms and provisions of this Plan.

## ARTICLE V

### MEANS FOR EXECUTION OF THE PLAN

A. **Funding.** Funding for the Plan will come from Debtor's Net Monthly Income and from any unreserved funds on hand as of the Effective Date.

B. **Cash Reserves.** The Trustee will have established an Operating Reserve of not less than \$20,000 on or before the Effective Date. The Cash Reserve will be held in an interest bearing bank account. All cash that is not paid to Creditors on the Effective Date, including the Operating Reserve, will be held by the Plan Trustee and used only for future Plan payments, operating expenses, and overhead.

C. **Disbursing Agent.** The Plan Trustee will function as disbursing agent under the Plan and will be compensated for his services at his standard hourly rate, which is presently \$355.00 per hour.

D. **Management.** Until the Plan is consummated, as defined below, the Plan Trustee will have all decision making authority and powers associated with the ownership and operation of Debtor's business. He will also control all of Debtor's bank accounts and will be the sole signer on those accounts. Nonetheless, until otherwise directed by the Plan Trustee, Debtor's day-to-day business affairs will continue to be managed by Tom Blich, who will receive a salary of \$4,500 per month. When the Plan has been consummated, as defined below, all decision making authority and power, and control over Debtor's bank accounts, will revert to Tom Blich or his designee. The Plan Trustee may retain and compensate such professionals as he deems necessary in his discretion.

E. **Reports to Landlord.** The Plan Trustee will provide monthly reports to Landlord, in the form of a profit and loss statement and bank statements for each of Debtor's bank accounts, for the immediately preceding calendar month. All such reports will be emailed to Landlord by the 20th day of each succeeding month.

F. **Sale of Business.** The Plan Trustee may sell Debtor's business and assign the Real Estate Lease and any equipment leases if it appears at any time that Debtor's operations are unsustainable or that a default under the Plan is imminent, provided, however, that (i) Landlord must consent in writing to the assignment of the Real Estate Lease to any purchaser, or (ii) the Court must enter an order determining that there is adequate assurance of future performance under the Real Estate Lease within the meaning of § 365 of the Code. The Plan Trustee may not sell the Debtor's business unless the sales price is sufficient to satisfy all required payments under the Plan. The Plan Trustee may sell the Debtor's business without obtaining Court approval or, alternatively, may seek such approval under Code §§ 363 and 365.

G. **Consummation of the Plan.** The Plan will be deemed consummated when: (i) all required Plan payments have been made; (ii) the Landlord has received a security deposit in the amount of \$30,000 in addition to its existing security deposit.

H. **Authority to Settle and Assign.** In accordance with Bankruptcy Code §1123(b)(3), the Reorganized Debtor will own and retain, and may prosecute, enforce, compromise, settle, release, or otherwise dispose of, any and all claims, defenses, counterclaims, setoffs, and recoupments belonging to the Debtor or the Estate, without further order of the Court.

I. **Location of Claimants and Uncashed Distribution Checks.**

1. **Bad Addresses.** If the Plan Trustee is unable to locate a Claimant, he will hold the amount of any Distribution to such Claimant as though such Claim were a Disputed Claim. He will hold that amount for 120 days and, if the address of the Claimant is then still unknown, the amount will be distributed to other Claimants. The Plan Trustee will have fulfilled any duty that it may have to locate the holder of a Claim by mailing any Distribution to the address for that Claimant set forth in the Master Mailing List or in any Proof of Claim or Notice of Appearance filed with the Court. The Plan Trustee will be under no obligation to undertake further efforts to locate the holder of a Claim if the Distribution is returned "addressee unknown," and the Plan Trustee may delete any such Claimant from its mailing list.
2. **Uncashed Distribution Checks.** Any Distribution check that has not been returned by the U.S. Post Office but which has not been cashed within 60 days after it is mailed, will be deemed undeliverable. The Plan Trustee will be authorized to stop payment on such check and

the payee will thereafter be treated in the manner set forth above for Claimants whose addresses are unknown.

J. **Notices.** In order to minimize the expense of providing notices after the Confirmation Date, only Special Notice Creditors will receive notice of matters brought before the court after the Confirmation Date. The failure of a creditor to become a Special Notice Creditor by filing a Notice of Appearance and/or Request for Notice after the Confirmation Date will not affect such creditor's right to receive any Distributions provided for under the Plan.

## ARTICLE VI

### EFFECTIVE DATE

The Effective Date is thirty calendar days after the Confirmation Order has been entered by the Clerk of the Bankruptcy Court.

## ARTICLE VII

### EFFECT OF CONFIRMATION

A. **Discharge.** Except as otherwise specifically provided in the Plan, confirmation of the Plan will discharge the Debtor from any debt that arose prior to the Confirmation Date and any debt of a kind specified in §§ 502(g) through (i) of the Code, whether or not a proof of claim based upon such debt is filed or deemed filed under § 501 of the Code, whether or not such Claim is allowed under § 502 of the Code and whether or not the holder of such Claim has accepted the Plan. The provisions of this Article are not intended to, nor shall they be construed as, limiting the scope of the discharge provided by § 1141 of the Code.

B. **Automatic Stay and Post-Confirmation Injunction.** Notwithstanding any other provisions of the Plan, the automatic stay will terminate on the Effective Date, but all holders of Claims dealt with by the Plan, and all creditors who received notice of the Case, will be enjoined from pursuing



collection of their Claims from the assets of the Debtor, the estate, and the Reorganized Debtor.

**C. Release and Extinguishment of Liens, Claims, and Encumbrances.**

Except as otherwise provided herein, all property dealt with by the Plan is free and clear of all liens, claims, and interests of creditors and Equity Security holders from and after the Effective Date.

**ARTICLE VIII**

**EXECUTORY CONTRACTS**

With the exception of the Real Estate Lease, which is assumed under the Plan, all executory contracts and unexpired leases that have not previously been assumed will be deemed rejected as of the Effective Date, unless specific written notice of intent to assume is mailed or delivered by the Trustee to the other contracting party before the Effective Date. All prepetition arrearages and other cure amounts owing to Landlord will be paid as follows: (A) the Minimum Monthly Cure Payment to Landlord will be added to the rent payment for the first full calendar month after the Effective Date and each subsequent monthly rent payment until all Allowed Administrative Claims and Allowed Claims in Classes 1-4 are paid in full; and (B) once all Allowed Administrative Claims and Allowed Claims in Classes 1-4 are paid in full, Landlord will receive all Net Monthly Income until it has received an amount equal to all prepetition arrearages and other cure amounts owing to it, provided, however, that the payments of Net Monthly Income together with the Minimum Monthly Cure Payment must be in an amount equal to or greater than \$10,000 beginning with the first full calendar month after all Allowed Administrative Claims and Allowed Claims in Classes 1-4 are paid in full. Payments of Net Monthly Income will continue after all prepetition arrearages and other cure amounts have been paid to Landlord until Landlord has received an additional \$30,000, which it will hold as an additional

security deposit under the terms of the Real Estate Lease. Any dispute over the cure amount will be resolved by the Court

In the event of assumption of any executory contracts or unexpired leases other than the Real Estate Lease, and except as otherwise agreed to by the other contracting party, all pre-petition defaults will be cured on the Effective Date or as soon thereafter as is reasonably practicable. In the event of any dispute over the cure amounts, the dispute will be resolved by the Court. All parties to rejected executory contracts and unexpired leases will have 14 calendar days after the Confirmation Date to file a Proof of Claim for the damages, if any, resulting from such rejection. All parties to rejected contracts and leases who have timely filed Proofs of Claim for damages, if any, resulting from such rejection, will be treated as holders of Class 4 Allowed or Disputed Claims, as appropriate. Any party in interest may file an objection to a Claim for damages arising from rejection of an executory contract or lease. The failure of any party to a rejected contract or lease to timely file a Proof of Claim will bar said party from participating under the Plan or from receiving any payment on account of such rejected executory contract or lease.

## **ARTICLE IX**

### **RETENTION AND ENFORCEMENT OF CLAIMS**

The Plan preserves in full for the benefit of the Reorganized Debtor the Retained Causes of Action and all other claims and causes of action of any sort owned by the Debtor or estate, pursuant to § 1123(b)(3) of the Code, other than those expressly released by the terms hereof. Such Retained Causes of Action and all other claims and causes of action will be controlled by the Plan Trustee. The Plan Trustee is hereby designated as the estate representative pursuant to and in accordance with Bankruptcy Code §1123(b)(3)(B).

**ARTICLE X**  
**MODIFICATION OF PLAN**

The Trustee reserves the right to propose modifications or amendments to the Plan at any time prior to the Confirmation Date. After confirmation, the Plan Trustee may, with Court approval, and so long as it does not materially or adversely affect the interests of creditors, remedy any defect or omission, or reconcile any inconsistencies in the Plan, or in the Confirmation Order, in such manner as may be necessary to carry out the purposes and effect of the Plan. The foregoing provisions of this Article do not limit the ability of any party to modify the Plan under Code § 1127 and applicable Rules.

**ARTICLE XI**  
**EXCULPATION**

The Trustee, the Plan Trustee, and their advisors, attorneys, consultants, officers, managers, and agents (the “**Exculpated Parties**”) will neither have nor incur any liability to any holder of a Claim or Equity Security, or any other party in interest, or any of their respective shareholders, former shareholders, members, former members, agents, employees, representatives, financial advisors, attorneys, consultants, affiliates, successors, or assigns (the “**Exculpating Parties**”), for any post-petition acts or omissions relating to or arising out of this Case, the preparation for and administration of this Case, or the negotiation, execution, confirmation, consummation, or administration of the Plan (the “**Exculpated Acts**”), other than acts of gross negligence, fraud, breach of fiduciary duty, or willful misconduct. The Exculpating Parties will have no right of action against any of the Exculpated Parties for any of the Exculpated Acts, and the Exculpated Parties are released of and from all claims or liabilities, known or unknown, arising out of or related to the Exculpated Acts. The provisions of this Article will not be

deemed to limit any protections or immunities afforded to the Exculpated Parties under existing law.

## **ARTICLE XII**

### **RETENTION OF JURISDICTION**

Notwithstanding confirmation of this Plan, the Bankruptcy Court will retain jurisdiction for the following purposes:

A. To determine the allowability of Claims and interests upon objection to such Claims or interests by the Plan Trustee, or by any other party in interest.

B. To consider requests for payment of Claims entitled to priority under Code § 507(a), including, without limitation, compensation of professionals pursuant to §§ 330 and 503.

C. To hear, determine and enforce all claims and causes of action which may exist on behalf of Debtor or the estate, including, but not limited to, any right of the Reorganized Debtor or the estate to recover assets pursuant to the provisions of the Code, whether or not such claims, causes of action, or rights are Retained Causes of Action, and whether they are pursued by the Plan Trustee or another appropriate party.

D. To consider and act upon the compromise and settlement of any Claims against, or cause of action on behalf of, the Debtor or the Estate.

E. To resolve controversies and disputes regarding the interpretation or enforcement of the terms of the Plan, or any documentation relating thereto.

F. To resolve controversies and disputes regarding implementation of the Plan, and to enter orders in aid of confirmation of the Plan and appropriate orders to protect the Debtor or its successors in interest.

G. To determine all matters and controversies regarding state, local, and federal taxes pursuant to all applicable provisions of the Bankruptcy Code.

H. To enter a Final Decree closing Debtor's case.

**ARTICLE XIII**  
**CLOSING OF THE CASE**

The Court, upon motion of any interested party, will enter a Final Decree pursuant to § 350 of the Code and Bankruptcy Rule 3022, thereby closing this Case and making provisions, by way of injunction or otherwise, as may be equitable.

**ARTICLE XIV**  
**GENERAL PROVISIONS**

A. **Extension of Payment Dates and Other Deadlines.** If any payment date or other deadline falls due on a Saturday, Sunday or legal holiday, then such due payment date or other deadline will be extended to the next business day.

B. **Notices.** Any notice required or permitted to be provided under the Plan will be in writing and served by first class mail, hand-delivery, telecopy or e-mail, on all Special Notice Beneficiaries.

C. **Interest.** Whenever interest is to be computed under the Plan, interest will be simple interest and not compounded. Unless otherwise specifically provided for in the Plan or the Confirmation Order, post-petition interest will not accrue or be paid on Claims, and no holder of a Claim will be entitled to interest accruing on or after the Petition Date on any Claim.

D. **Vesting.** As of the Effective Date, the Reorganized Debtor will be vested with all property of the Debtor and the Estate free and clear of all Claims, liens, security interests, assignments, encumbrances, charges, and other interests of Creditors, except as otherwise provided in the Plan.

E. **Successors and Assigns.** The rights and obligations of any Creditor or holder of an Equity Interest referred to in the Plan will be binding upon, and will inure to the benefit of, the successors, assigns, heirs, devisees, executors, and personal representatives of such Creditor or such holder of an Equity Interest.

F. **Payment of Statutory Fees and Filing of Quarterly Reports.** All fees payable pursuant to 28 U.S.C. §1930, as determined by the Bankruptcy Court at or in conjunction with the Confirmation Hearing, will be paid on or before the Effective Date, and thereafter, in accordance with applicable bankruptcy law. All quarterly reports of disbursements required to be filed by applicable bankruptcy law will be filed in a timely manner.

Dated May 3, 2017.

FORRESTER & WORTH, PLLC

/s/ SCF (006342)

S. Cary Forrester

Chapter 11 Trustee and Attorney for the  
Chapter 11 Trustee

EXHIBIT "B"









**Magellan Christian Academies of AZ LLC  
Feasibility Analysis**

	Year 1												Total	Year 2	Year 3	Year 4	Year 5		
	Mar-17	Apr-17	May-17	Jun-17	Jul-17	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17	Jan-18	Feb-18							
<b>Graduation Expenses</b>	2.0%	61.20	1,008.63	-	-	-	-	-	382.50	-	-	-	-	-	1,452.33	1,481.37	1,511.00	1,541.22	1,572.05
<b>Health Supplies</b>	2.0%	2.14	-	-	-	-	67.55	-	-	-	-	21.92	-	-	91.62	93.45	95.32	97.22	99.17
<b>Insurance</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Insurance - Commercial Package	2.0%	440.95	-	371.12	371.12	371.12	371.12	371.12	371.12	371.12	371.12	371.12	371.12	371.12	4,152.11	4,235.16	4,319.86	4,406.26	4,494.38
Insurance - Student Accident	2.0%	68.65	-	57.20	57.20	57.20	57.20	57.20	57.20	57.20	57.20	57.20	57.20	57.20	640.66	653.48	666.54	679.88	693.47
Insurance - Vehicle	2.0%	-	-	88.66	88.66	88.66	88.66	88.66	88.66	88.66	88.66	88.66	88.66	88.66	886.58	904.32	922.40	940.85	959.67
<b>Total Insurance</b>	-	509.59	-	516.98	516.98	516.98	516.98	516.98	516.98	516.98	516.98	516.98	516.98	516.98	5,679.36	5,792.95	5,908.81	6,026.98	6,147.52
<b>Interest Expense</b>	2.0%	-	-	22.23	22.23	22.23	22.23	22.23	22.23	22.23	22.23	22.23	22.23	22.23	222.26	226.70	231.24	236.86	240.58
<b>Internet Video System Service</b>	2.0%	330.99	165.75	165.75	165.75	165.75	165.75	165.75	165.75	165.75	165.75	165.75	166.26	526.99	2,515.99	2,566.31	2,617.64	2,669.99	2,723.39
<b>Janitorial Services</b>	2.0%	-	-	916.98	916.98	916.98	916.98	916.98	916.98	916.98	916.98	916.98	916.98	916.98	9,169.80	9,353.20	9,540.26	9,731.07	9,925.69
<b>Janitorial Supplies</b>	2.0%	533.09	711.47	495.20	439.23	319.62	106.52	273.65	319.62	319.62	319.62	319.62	319.62	573.61	5,624.05	5,736.53	5,851.26	5,968.28	6,087.65
<b>Leased Office Equipment</b>	2.0%	213.86	100.67	348.83	-	192.78	-	-	-	71.73	-	-	-	-	927.87	946.43	965.36	984.67	1,004.36
<b>Legal and Professional</b>	2.0%	-	-	-	-	2,621.40	-	-	-	-	-	-	2,014.50	-	4,635.90	4,728.62	4,823.19	4,919.65	5,018.05
<b>Licenses and Fees</b>	2.0%	397.80	-	-	270.30	-	-	-	-	-	-	40.80	-	-	729.30	743.89	758.76	773.94	789.42
<b>Office Equipment</b>	2.0%	-	-	-	-	-	-	20.40	-	-	-	-	-	-	154.29	157.37	160.52	163.73	167.00
<b>Office Supplies</b>	2.0%	58.36	72.12	141.04	86.99	27.54	27.52	109.13	97.20	74.22	85.30	77.02	-	196.25	1,073.73	1,095.21	1,117.11	1,139.46	
<b>Parent Appreciation</b>	2.0%	-	-	159.01	-	-	-	-	-	-	-	-	-	-	159.01	162.19	165.43	168.74	172.12
<b>Payroll Service</b>	2.0%	446.25	335.07	363.12	438.60	307.02	419.21	481.44	369.24	414.63	453.90	355.98	399.33	4,783.79	4,879.47	4,977.05	5,076.60	5,178.13	
<b>Pest Control Service</b>	2.0%	66.30	66.30	66.30	66.30	66.30	66.30	66.30	66.30	66.30	66.30	66.30	66.30	663.00	811.51	827.74	844.30	861.18	
<b>Postage Shipping and Delivery</b>	2.0%	-	6.08	1.45	-	-	-	-	-	-	19.18	-	121.71	170.94	174.36	177.84	181.40	184.96	
<b>Printing and Copying</b>	2.0%	-	-	-	-	-	-	-	475.09	-	-	-	14.77	-	489.86	499.65	509.65	519.84	530.23
<b>Rent or Lease</b>	3.0%	14,108.00	14,531.24	14,531.24	14,531.24	14,531.24	14,531.24	14,531.24	14,531.24	14,531.24	14,531.24	14,531.24	14,531.24	173,951.64	179,170.19	184,545.29	190,081.65	195,784.10	
Rent or Lease - Storage Unit	2.0%	128.41	128.41	128.41	128.41	128.41	128.41	128.41	128.41	128.41	128.41	128.41	128.41	1,269.30	1,702.69	1,736.74	1,771.48	1,806.91	
Repair and Maintenance	2.0%	-	554.88	293.76	-	439.39	1,823.76	966.96	911.82	473.65	65.69	1,367.94	535.27	7,433.11	7,581.77	7,733.40	7,888.07	8,045.83	
Telephone and Data Access	2.0%	364.10	363.94	363.92	369.82	370.67	376.06	373.41	377.12	377.08	1,047.40	817.35	777.72	5,978.59	6,098.16	6,220.12	6,344.52	6,471.42	
Telephone and Data Equipment	2.0%	-	-	-	-	-	-	-	-	-	-	-	-	22.94	23.40	23.87	24.34	24.83	
Utilities - Electric	2.0%	737.30	802.60	939.97	1,361.12	1,645.94	2,350.83	2,312.57	1,676.42	1,392.66	1,069.24	782.61	726.80	15,798.06	16,114.02	16,436.30	16,765.02	17,100.32	
Vehicle - Gas and Oil	2.0%	90.78	142.13	71.44	144.23	-	163.08	-	155.59	111.45	107.10	226.46	135.16	1,347.41	1,374.36	1,401.85	1,429.88	1,458.48	
Vehicle - License and Registration	2.0%	-	130.93	19.38	-	-	-	-	-	-	-	-	-	150.31	153.31	156.38	159.51	162.70	
Vehicle - Repair and Maintenance	2.0%	-	-	885.70	87.28	15.30	36.87	-	30.55	30.55	30.55	64.10	702.56	1,883.45	1,921.12	1,959.54	1,998.73	2,038.71	
<b>Total Expenses - Greenfield Plaza II</b>	-	77,587.36	75,867.33	72,817.98	72,725.51	75,207.69	67,934.63	83,017.98	80,318.20	72,777.89	75,718.82	70,734.97	76,452.56	901,160.93	920,923.66	941,133.84	961,801.97	982,938.82	
<b>Facilities &amp; Plant</b>	-	-	-	-	-	-	177.24	-	-	-	-	-	124.95	302.19	308.23	314.39	320.68	327.09	
Safety Supplies & Materials	2.0%	-	-	-	-	-	177.24	-	-	-	-	-	124.95	302.19	308.23	314.39	320.68	327.09	
<b>Total Facilities &amp; Plant</b>	2.0%	-	-	-	-	-	177.24	-	-	-	-	-	124.95	302.19	308.23	314.39	320.68	327.09	
<b>Total Expenses</b>	2.0%	78,142.47	76,407.13	73,049.79	73,474.78	75,228.05	68,460.05	83,700.07	80,559.09	73,004.61	76,192.08	71,018.00	76,956.42	906,192.54	926,055.91	946,368.73	967,141.56	988,385.21	
<b>Net Operating Income</b>	-	31,704.09	19,872.91	16,012.97	16,672.47	7,527.20	14,808.21	17,415.59	5,744.28	15,530.78	31,629.07	15,294.35	12,472.89	204,684.80	207,038.98	209,388.06	211,730.37	214,064.16	
<b>Post Confirmation Professional Fees</b>	-	5,000.00	5,000.00	5,000.00	5,000.00	5,000.00	5,000.00	5,000.00	5,000.00	5,000.00	5,000.00	5,000.00	5,000.00	60,000.00	60,000.00	-	-	-	
<b>Chapter 11 Professional Fees - Beg Balance</b>	-	98,000.00	93,000.00	88,000.00	83,000.00	78,000.00	73,000.00	68,000.00	63,000.00	58,000.00	53,000.00	48,000.00	43,000.00	98,000.00	38,000.00	-	-	-	
<b>Payments</b>	5,000	5,000.00	5,000.00	5,000.00	5,000.00	5,000.00	5,000.00	5,000.00	5,000.00	5,000.00	5,000.00	5,000.00	5,000.00	60,000.00	38,000.00	-	-	-	
<b>Ending Balance</b>	-	93,000.00	88,000.00	83,000.00	78,000.00	73,000.00	68,000.00	63,000.00	58,000.00	53,000.00	48,000.00	43,000.00	38,000.00	38,000.00	-	-	-	-	
<b>Landlord Pre-petition Balance</b>	-	109,892.24	104,892.24	99,892.24	94,892.24	89,892.24	84,892.24	79,892.24	74,892.24	69,892.24	64,892.24	59,892.24	54,892.24	109,892.24	49,892.24	-	-	-	
<b>Payment</b>	5,000	5,000.00	5,000.00	5,000.00	5,000.00	5,000.00	5,000.00	5,000.00	5,000.00	5,000.00	5,000.00	5,000.00	5,000.00	60,000.00	49,892.24	-	-	-	
<b>Ending Balance</b>	-	104,892.24	99,892.24	94,892.24	89,892.24	84,892.24	79,892.24	74,892.24	69,892.24	64,892.24	59,892.24	54,892.24	49,892.24	49,892.24	-	-	-	-	
<b>Priority Claims</b>	-	14,304.00	9,304.00	4,304.00	-	-	-	-	-	-	-	-	-	14,304.00	-	-	-	-	
<b>Payment</b>	5,000	5,000.00	5,000.00	4,304.00	-	-	-	-	-	-	-	-	-	14,304.00	-	-	-	-	
<b>Ending Balance</b>	-	9,304.00	4,304.00	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
<b>GUC Claims</b>	-	8,500.00	3,500.00	-	-	-	-	-	-	-	-	-	-	8,500.00	-	-	-	-	
<b>Payment</b>	5,000	5,000.00	3,500.00	-	-	-	-	-	-	-	-	-	-	8,500.00	-	-	-	-	
<b>Ending Balance</b>	-	3,500.00	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
<b>Total Plan Payments</b>	-	25,000.00	23,500.00	19,304.00	15,000.00	15,000.00	15,000.00	15,000.00	15,000.00	15,000.00	15,000.00	15,000.00	15,000.00	202,804.00	147,892.24	-	-	-	
<b>Net Cash Flow</b>	-	6,704.09	(3,627.09)	(3,291.03)	1,672.47	(7,472.80)	(191.79)	2,415.59	(9,255.72)	530.78	16,629.07	294.35	(2,527.11)	1,880.80	59,146.74	209,388.06	211,730.37	214,064.16	
<b>Beginning Cash</b>	-	14,969.59	21,673.68	18,046.59	14,755.55	16,428.02	8,955.22	8,763.43	11,179.02	1,923.30	2,454.08	19,083.16	19,377.50	14,969.59	16,850.39	16,850.39	16,850.39	16,850.39	
<b>Ending Cash</b>	-	21,673.68	18,046.59	14,755.55	16,428.02	8,955.22	8,763.43	11,179.02	1,923.30	2,454.08	19,083.16	19,377.50	16,850.39	16,850.39	75,997.14	285,385.20	497,115.57	711,179.73	