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8 **UNITED STATES BANKRUPTCY COURT**  
9 **NORTHERN DISTRICT OF CALIFORNIA – OAKLAND DIVISION**

10  
11 In re:

12 EAST OAKLAND FAITH DELIVERANCE  
13 CENTER CHURCH,

No. 17-42951

Chapter 11

14 Debtor.  
15 \_\_\_\_\_/

16 **DEBTOR'S FIRST AMENDED DISCLOSURE STATEMENT**

17 **Dated: June 19, 2018**

18 **I. INTRODUCTION**

19 **A. Purpose of this Document**

20 This Disclosure Statement contains information about the Chapter 11 bankruptcy case  
21 of East Oakland Faith Deliverance Center Church (the "Debtor") and describes the Debtor's  
22 Plan of Reorganization (the "Plan") filed by the Debtor. A copy of the Plan is attached to this  
23 Disclosure Statement as Exhibit A.

24 *Your rights as a Creditor may be affected by the Plan. You should read the Plan  
and this Disclosure Statement carefully and discuss them with an attorney.*

25 The Plan designates the holders of non-priority, unsecured creditors as "Class G".  
26 Holders of allowed Class G claims will receive full payment of their allowed claims on the  
27 effective date of the Plan. See Section IV-B-1, below, for a discussion about "allowed"  
28 claims.

1 This Disclosure Statement describes the financial condition of the Debtor, significant  
2 events during the bankruptcy case, and how much creditors will be paid if the Bankruptcy  
3 Court confirms the Plan. It also describes which creditors can vote to accept or reject the  
4 Plan, and the factors the Court must consider in deciding whether to confirm the Plan.

5 The Disclosure Statement also discusses why the Debtor believes that it can make  
6 payments under the Plan, and whether the Plan pays creditors at least as much as they would  
7 receive if the Debtor had filed for relief under Chapter 7 of the Bankruptcy Code.

### 8 **B. Deadlines for Voting and Objecting; Date of Plan Confirmation Hearing**

9 The Court will hold a hearing to determine whether the Plan meets the requirements  
10 for confirmation. The date and time of the confirmation hearing is stated in the Notice of the  
11 hearing.

12 If you may vote to accept or reject the plan, please indicate your acceptance or  
13 rejection of the Plan on the enclosed ballot and return the ballot to counsel for the Debtor,  
14 Lawrence L. Szabo, 3608 Grand Ave., Oakland, CA 94610.

15 Your ballot must be received by [insert date]. Untimely-received ballots will not be  
16 included in the tally of ballots.

17 Objections to this Disclosure Statement or to the confirmation of the Plan must be  
18 filed and served upon Debtor's counsel by [insert date].

19 If you want additional information about the Plan, contact Lawrence L. Szabo, 3608  
20 Grand Ave., Oakland, CA 94610, 510-834-4893, [szabo@sbcglobal.net](mailto:szabo@sbcglobal.net).

### 21 **C. Representations in the Disclosure Statement**

22 Debtor has made reasonable efforts to insure the information in this Disclosure  
23 Statement is accurate, complete and free from error; however, Debtor cannot guarantee that  
24 the information in this Disclosure Statement is without error. All estimates and analysis  
25 regarding Debtor's assets, claims against Debtor, property values, and pending or anticipated  
26 litigation, are Debtor's best estimates.

27 The Court has conditionally approved this Disclosure Statement as containing  
28 adequate information to enable parties affected by the Plan to make an informed judgment  
about the Plan. The Court has not yet determined whether the Plan meets the legal  
requirements for confirmation. The Court's conditional approval of this Disclosure Statement  
constitutes no endorsement of the Plan by the Court, or a recommendation it be accepted. The  
Court's conditional approval of this Disclosure Statement is subject to final approval at the  
hearing on confirmation of the Plan.

## **II. BACKGROUND**

### **A. Description and History of the Debtor's Activities**

1 The Debtor was organized as a non-profit religious California corporation in 1968.  
2 Debtor has no partners or affiliates, and no person is in control of the Debtor other than the  
3 directors and officers of the Debtor. As a non-profit California corporation, the Debtor may  
4 issue no stock or pay any dividends.

4 Debtor has operated a church in Oakland, California ever since its formation. The  
5 pastor of the Church is the Rev. Ray E. Mack, the president of the Debtor. Debtor purchased  
6 four, 4-unit residential buildings located at 1267-1303 75th Avenue, Oakland, California in  
7 1971. Debtor purchased the adjacent 19,970 sq. ft. building at 7425 International Blvd.,  
8 Oakland CA and the adjacent parking lot to use for its services and offices in 1988.

### 8 **B. Events Leading to Chapter 11 Filing**

9 A decline in Debtor's membership and offerings in the years leading to 2014 made it  
10 difficult for Debtor to pay the expenses of its 16 rental units and the expenses of Debtor's  
11 church operations. Debtor refinanced its real property several times to obtain funds to pay its  
12 operating expenses. The refinancing culminated in a loan of \$1,600,000 with interest at 13%  
13 *per annum* from Sequoia Capital, Inc. in February of 2014.

12 Debtor paid the \$17,333.33 "interest" only" monthly installments of the Sequoia  
13 Capital loan, but it fell behind on its property tax, gas and electric, water, and waste  
14 collection obligations. Debtor failed to pay the \$1,617,333 principal amount of the loan when  
15 it became all due and payable on February 1, 2017. Debtor's default caused the balance of the  
16 Sequoia Capital loan to accrue interest at the "Default Rate" of 22% *per annum*. In March  
17 2017 Debtor obtained appraisals which estimated the fair market value of its real property  
18 assets to be \$4,165,000. Debtor unsuccessfully attempted to refinance the Sequoia Capital  
19 loan. Debtor listed its four rental properties for sale, but it could not obtain an offer sufficient  
20 to fully pay the Sequoia Capital loan. In August 2017 Sequoia Capital gave formal notice of  
21 the Debtor's default and commenced foreclosure on the all of Debtor's real property. Debtor  
22 filed for relief under Chapter 11 on November 28, 2017, one day before Sequoia Capital's  
23 scheduled foreclosure sales.

### 20 **C. Significant Events During the Bankruptcy Case**

21 Debtor continued its search for a buyer of its properties after it filed for relief. As a  
22 nonprofit, the Debtor must consider a purchaser's commitment to continuing the Debtor's  
23 mission when it sells its assets. Debtor preferred to sell the properties to a non-profit entity  
24 which would continue use the properties for religious purposes and to provide low-income  
25 housing. Debtor found such a buyer in January 2018: Acts Full Gospel Church, a California  
26 non-profit religious corporation which operates a church in Oakland, California. Acts Full  
27 Gospel Church agreed to lease back to Debtor 7425 International Boulevard, the building  
28 Debtor uses to conduct its services, for a term of five years.

27 Debtor agreed to sell its real property to Acts Full Gospel church for an amount  
28 sufficient to pay its secured and unsecured debt. The bankruptcy court granted Debtor's  
motion for approval of the sale of its properties to Acts Full Gospel Church on March 7,  
2018. See "Order Granting Motion for Approval of Debtor's Proposed Private Sale of Real

1 Property and for Authorization to Pay Claims Secured by Real Property from Proceeds of  
2 Sale" [Doc. # 37]. The sale agreement established a nominal sale price of \$2,300,000.  
3 However, Acts Full Gospel Church deposited an additional \$247,553.28 to the escrow, an  
4 amount of money sufficient to pay all claims secured by the properties. Claims secured by  
5 liens on the properties and the costs of the sale were paid through escrow. The Debtor  
6 received \$93,128.28 of the sale proceeds from escrow, an amount sufficient to pay Debtor's  
7 unsecured debt. The escrow closed March 27, 2018. See "Seller's Settlement Statement",  
8 Exhibit B.

9 On February 13, 2018, Debtor and the Rev. Ray E. Mack, president of the Debtor, filed  
10 a complaint in the Superior Court of the State of California, Alameda County, *East Oakland  
11 Faith Deliverance Center Church v. Juarez, et al.*, No. RG188929913. The complaint alleges  
12 that in late 2013 the Debtor and Mack employed Mario Juarez, a real estate broker, to obtain a  
13 loan, and that Juarez damaged Debtor and Mack by submitting false and fraudulent claims to  
14 the loan's escrow. To the best of Debtor's knowledge, no other actions or administrative  
15 proceedings by or against Debtor are pending in any court or tribunal.

#### 16 **D. Avoidable Transfers**

17 Bankruptcy law allows a bankruptcy estate to avoid certain transfers of a debtor's  
18 property that occurred before the bankruptcy case is filed. To the best of Debtor's knowledge,  
19 Debtor made no avoidable preferential payments to a creditor before filing its case.  
20 Bankruptcy law also allows a bankruptcy estate to avoid transfers made by a debtor with the  
21 intent to hinder, delay or defraud creditors, or transfers for which the debtor received a less  
22 than a reasonably equivalent value. To the best of Debtor's knowledge, Debtor made no such  
23 transfers. Debtor therefore does not intend to pursue preference, fraudulent conveyance, or  
24 other avoidance actions. The Plan gives the Debtor the right to pursue such actions if the  
25 Debtor discover grounds for such actions.

#### 26 **E. Claims Objections**

27 The Plan preserves the right of parties to object to claims not allowed by a final, non-  
28 appealable order. If your claim is objected to the court may allow your claim for voting  
purposes but the Plan will pay your claim only if the court allows your claim for all purposes.  
The procedures for resolving disputed claims are in Section 6.1 of the Plan. Debtor is not  
aware of any grounds to object to an allowed claim and does not expect to object to any  
allowed claims.

### 29 **III. SUMMARY OF THE PLAN OF REORGANIZATION AND TREATMENT OF 30 CLAIMS AND EQUITY INTERESTS**

31 The Plan places claims and equity interests in various classes and describes the  
32 treatment each class will receive under the Plan. The Plan also states whether a class of  
33 claims or interests is "impaired" under the Plan, *i.e.*, whether the Plan alters the legal,  
34 equitable and contractual rights of the claims or interests of a class. Only a class of claims or  
35 interests impaired by the Plan may "vote" on the Plan, *i.e.*, accept or reject the Plan.

1                   **A. Unclassified Claims.**

2                   Certain types of claims are entitled to full payment under the Bankruptcy Code. The  
3 Code deems such claims "unimpaired". Holders of such unclassified, unimpaired claims may  
4 not vote on the Plan; however, they may object to confirmation if their treatment under the Plan  
5 does not comply with Bankruptcy Code requirements. The Plan does not classify these claims:

6                   **1. Administrative Expenses.** Administrative expenses are the costs and expenses of  
7 administering a Debtor's chapter 11 case, as allowed under § 507(a)(2) of the Code. The Code  
8 requires Debtor to pay all administrative expenses on the effective date of the Plan unless a  
9 claimant agrees to a different treatment. Such costs and expenses include post-petition  
10 expenses arising in the ordinary course of business, professional fees and fees due the Office  
11 of the U.S. Trustee.

12                   **2. Priority Tax Claims.** Priority tax claims are unsecured income, employment, and  
13 other taxes described by § 507(a)(8) of the Code. Unless the holder of a § 507(a)(8) priority  
14 tax claim agrees otherwise, § 1129 (a) (9) (C) of the Code requires a plan to pay such claim in  
15 full, with interest, in equal regular installments over a period not exceeding 5 years from filing  
16 the Chapter 11 case. The debtor is a non-profit religious corporation; such entities need not  
17 pay income taxes. Debtor is not liable for any employment taxes or any other tax described by  
18 § 507(a)(8) of the Code.

19                   **B. Designated Classes of Claims and Equity Interests**

20                   **1. Classes of Unimpaired Secured Claims – Classes A through F**

21                   The plan designates six classes of claims secured by interests in the Debtor's real  
22 property: Classes A, B, C, D, E, and F. The claims of Classes A through F have been paid  
23 from the proceeds of the sale of Debtor's real property. The Plan therefore does not treat the  
24 Claims of Classes A through F. The Plan states that the legal, equitable and contractual rights  
25 of the holders of such claims are not altered by the Plan. Such claims may not accept or reject  
26 the Plan because they are not impaired by the Plan.

27                   **2. Class of Unimpaired Non-priority Unsecured Claims – Class G**

28                   Allowed claims not secured by property of the estate and not entitled to priority under  
§ 507(a) of the Code (i.e., non-priority, unsecured claims) are designated as "Class G" claims  
under the Plan. The Plan pays the holders of Class G claims the allowed amount of their  
claims in cash on the effective date of the Plan, which is one day after the bankruptcy court  
confirms the Plan. Class G claims are impaired by the Plan. The holders of Class G claims  
may therefore vote to accept or reject the Plan.

**3. Unimpaired Class of Priority Unsecured Claims – Class H**

                  Allowed, unsecured claims for rental security deposits paid to the Debtor before the  
commencement of the case and entitled to priority under section 507 (a)(7) of the Code are  
designated as "Class H" claims. Debtor scheduled claims arising from rental security

1 deposits as contingent and unliquidated claims because no holder of such claim had vacated  
2 the premises and demanded the return of a security deposit. Because no holder of such a  
3 claim has filed a proof of claim, the tenant security deposit claims are not "allowed" claims.  
4 Debtor credited the \$4,300 total amount of tenant security deposits to the buyer of its real  
5 property, Acts Full Gospel Church, as stated in the "Seller's Settlement Statement", Exhibit  
6 B. Debtor has notified its former tenants that it has transferred the security deposits to the  
7 new owner and has given the tenants the name and address of the new owner. Under  
8 California law, tenants may enforce their claims for the return of their security deposits  
9 against the new owner, if the new owner receives the security deposits from the prior owner.  
10 In the unlikely event that such a claim is allowed, the Plan pays the holder of a Class H  
11 claim the allowed amount of the claim on the effective date of the Plan.

#### 8 **4. Class of Interest Holder – Class I**

9 Equity interest holders are entities which hold an interest in a debtor's property after  
10 all claims against the debtor and its property are paid. A non-profit corporation has no  
11 shareholders. An equity interest in a nonprofit corporation belongs to the corporation itself,  
12 not to its officers, members of its board of directors or employees. The Debtor's equity in the  
13 property of the Debtor is designated as "Class I" under the Plan. The Plan leaves unaltered  
14 the legal, equitable and contractual rights to which Debtor's equitable interest entitles the  
15 Debtor. The Debtor may not accept or reject the Plan.

#### 14 **C. Means of Implementing the Plan**

15 All property of the bankruptcy estate will revert in the Debtor upon confirmation of the  
16 Plan. The primary source of the money to be paid creditors and administrative expenses under  
17 the Plan is the \$93,128.28 net proceeds of the sale of the debtor's real property. Debtor will  
18 also fund the Plan with the accumulated post-petition rents, offerings and tithes of the Debtor's  
19 church, and the future offerings and tithes to the Debtor's church. The combined balance of  
20 Debtor's bank accounts as of April 20, 2018 was \$136,723.76.

#### 20 **D. Risk Factors**

21 The proposed Plan has virtually no risk because the Debtor can pay all allowed  
22 claims and administrative expenses from its cash on hand. See Section IV, D-1, below.

#### 23 **E. Tax Consequences of Plan**

24 **1. Tax consequences to the Debtor.** Debtor is a religious non-profit entity. Churches  
25 and religious organizations are exempt from federal income tax under IRC section  
26 501(c)(3). Debtor is also exempt from California's income tax. Confirmation of the plan will  
27 have no income tax consequences to the Debtor.

28 **2. Tax consequences to Creditors.** Confirmation of the Plan should not result in any  
income tax consequences to any class of creditors except those creditors who receive a  
distribution for the Plan after they have "charged off" a claim for tax purposes. Creditors  
who have "charged off" their claims may incur a recognizable gain when their claims are

1 paid. Creditors may wish to consult with a tax advisor to determine the effect of  
2 confirmation of the Plan on their tax liability.

#### 3 **IV. CONFIRMATION REQUIREMENTS AND PROCEDURES**

4 The bankruptcy court must find that the Plan must meet the requirements listed in §§  
5 1129 (a) or (b) of the Code before it may be confirmed by the court. The Plan may be  
6 confirmed if (i) it is accepted by each impaired class, or (ii) it is accepted by at least one  
7 impaired class (exclusive of insiders) and the Court determines that the plan is "fair and  
8 equitable" (as defined by 11 U.S.C. § 1129(b)) to rejecting classes of creditors. The issues  
9 regarding the bankruptcy court's determination of whether a plan is "fair and equitable" are  
10 complex. If the Debtor asks the bankruptcy court to confirm the Plan over a Class's rejection  
11 of the Plan, consult an attorney for advice if you are a member of the rejecting Class.

12 Under section 1126 (c) of the Code, a class of claims has accepted a plan if such  
13 plan has been accepted by creditors that hold at least two-thirds in amount and more than  
14 one-half in number of the allowed claims of such class held by creditors that have voted.

15 There are other requirements for confirmation of a plan. You may wish to discuss  
16 with your attorney whether the Plan meets all the requirements for confirmation.

##### 17 **A. Who May Object to Confirmation of the Plan**

18 Any creditor or party in interest may object to confirmation of the Plan. An  
19 objection to confirmation must be filed, served on interested parties, and state the grounds  
20 for the objection. Even if you are not entitled to "vote" on the Plan, you may object to the  
21 confirmation of the plan and to the adequacy of this disclosure statement.

##### 22 **B. Who May Vote on the Plan**

23 A creditor or equity interest holder may "vote", *i.e.*, accept or reject the Plan, if it  
24 holds an "allowed" claim or equity interest, unless the creditor or interest holder is a member  
25 of a class of claims or interests that is "unimpaired" by the Plan. See section B-2, below, for  
26 a discussion of what constitutes impairment of a class of claims under Section 1124 of the  
27 Bankruptcy code. Classes A, B, C, D, E, F, and H are unimpaired by the Plan. If you are a  
28 member of a class that the Plan designates unimpaired, you may wish to consult with an  
attorney to determine whether the Plan impairs your claim.

The Plan impairs the claims of Class G, the class of non-priority unsecured claims,  
because the Plan does not propose to pay interest which may have accrued on such claims  
after the case was filed. The holders of Class G claims may therefore vote to accept or reject  
the Plan.

##### **1. What Is an Allowed Claim or Equity Interest?**

Generally, a claim or equity interest is allowed if either (1) the Debtor has included  
the claim on the schedules it files with the court, unless the Debtor schedules the claim as

1 disputed, contingent, or unliquidated; or (2) the creditor or interest holder has filed a proof  
2 of claim or equity interest, unless an objection has been filed to such proof of claim or  
3 equity interest. Debtor scheduled no claims as disputed, contingent or unliquidated; all  
4 scheduled claims are deemed allowed in the amount scheduled unless a party objects to a  
5 claim, other than the claims of governmental entities, who may file claim no later than May  
27, 2018. No party has objected to the allowance of a claim, and the Debtor does not  
intend to object to the allowance of any claim.

6 If a claim or equity interest is not allowed because an objection has been filed, the  
7 holder of the claim or equity interest cannot vote unless the bankruptcy court, after notice  
8 and hearing, either overrules the objection or temporarily allows the claim or equity interest  
for the purpose of accepting or rejecting the Plan under Rule 3018(a) of the Federal Rules of  
Bankruptcy Procedure.

## 9 **2. What Is an Impaired Claim or Equity Interest?**

10 Under § 1124 of the Code, a class is "impaired" if the Plan alters the legal, equitable,  
11 or contractual rights of the members of that class. Section 1124 of the Code originally  
12 provided that a plan did not impair a class of claims if the plan paid the holders of claims cash  
13 equal to the allowed amount the claims, without post-petition interest. This provision was  
14 removed by the Bankruptcy Reform Act of 1994. Thus, a class of claims which does not  
receive postpetition interest under a plan proposed by a solvent debtor is impaired and may  
vote to accept or reject the plan.

15 **3. Claims Not Entitled to Vote.** The holders of these types of claims and  
16 equity interests may not accept or reject the Plan:

- 17 (a) claims and equity interests disallowed by a court order, unless the claim or  
18 interest is temporarily allowed for voting purposes;
- 19 (b) claims or equity interests of the members of an unimpaired class;
- 20 (c) holders of claims entitled to priority under sections 507 (a) (2) (administrative  
21 expenses and certain statutory fees), 507(a)(3) (certain claims allowed in an  
22 involuntary case, and 507(a)(8) (allowed unsecured claims of governmental units  
23 for certain taxes) of the Bankruptcy Code;
- (d) holders of claims or equity interests in classes that do not receive or retain any  
value under the Plan; and
- (e) administrative expense claims.

## 24 **4. Who Can Vote in More Than One Class?**

25 Under section 506 of the Code a claim secured by a lien on property in which the  
26 estate has an interest may be "bifurcated", i.e., allowed partly as a secured claim and partly  
27 as an unsecured claim. No party has requested that the bankruptcy court bifurcate a claim  
28 under section 506 of the Code. A creditor who hold claims in multiple classes may accept  
or reject a Plan in each capacity. To the best of Debtor's knowledge, none of Debtor's  
creditors hold a claim in multiple classes.



1 **C. Liquidation Analysis**

2 To confirm the Plan over the rejection of the Plan by a class of claims or interests, the  
3 Debtor's Plan must give the rejecting class of creditors or interest holders at least as much  
4 under the Plan as they would receive in a chapter 7 liquidation. Under chapter 7, a trustee  
5 appointed by the court would liquidate all assets of the Debtor's estate and distribute the  
6 proceeds to administrative expenses and allowed claims. Debtor scheduled its real and  
7 personal property in its Schedule A/B at a value of \$4,207,084.71. Debtor scheduled  
8 \$2,278,304.32 in secured debt in its Schedule D, and \$98,945.56 of unsecured debt in its  
9 amended Schedules E/F. Unsecured claims would receive full payment of their allowed  
10 claims in a hypothetical Chapter 7 liquidation of Debtor's bankruptcy estate and would be  
11 paid interest on their claims as required by §726(a)(5) of the Code.

12 Under the Plan, all creditors and interest holders receive full payment of their allowed  
13 claims. However, the plan does not pay post-petition interest to Class G, the class of  
14 nonpriority unsecured claims. If Class G does not accept its treatment under the Plan, Debtor  
15 could not obtain confirmation of the Plan. If Class G rejects the Plan, Debtor would need to  
16 modify the Plan to pay post-petition interest. to the holders of Class G claims.

17 **D. Feasibility**

18 The Court must find that confirmation of the Plan is not likely to be followed by the  
19 liquidation, or the need for further financial reorganization, of the Debtor or any successor  
20 to the Debtor, unless such liquidation or reorganization is proposed in the Plan.

21 **1. Ability to Initially Fund Plan**

22 The Debtor will be liable to pay the holders of Class G claims these amounts under  
23 the Plan on the effective date of the Plan:

24 Waste Management	\$34,082.69
25 Accord	813.36
26 Accord	226.24
27 Daniels & Company	1,200.00
28 McPhee & McPhee	29,434.50
Office Depot	175.82
Victor and Arlene Brice	<u>\$19,000.00</u>
<u>Total:</u>	\$83,932.61

The Debtor will also be liable to pay the \$18,424.38 balance of the allowed  
administrative expense claim of Lawrence L. Szabo. The total amount the Plan must pay  
claims and administrative expenses on the effective date of the Plan is approximately  
\$102,356.00. The Debtor will have enough cash on hand on the effective date of the Plan to  
pay all allowed claims and expenses. As of May 30, 2018, Debtors bank accounts had a  
combined balance of \$109,995.55.

The Bankruptcy Judgeship Act of 2017, Pub L. No. 115-72, amended the calculation of chapter 11 quarterly fees effective January 1, 2018. The amended schedule requires the Debtor to pay 1% of a quarterly disbursement of \$1,000,000 or more as a quarterly fee. Debtor's quarterly disbursement for the first quarter of 2018 exceeded \$1,000,000 because of the disbursement of the proceeds of the sale of its real property. Debtor has paid the \$25,034.00 quarterly U.S. Trustee Fee that was the result of the disbursement of the proceeds sale of the real property to creditors whose claims were secured by the property.

**2. Ability to Operate Without Further Reorganization.**

The Plan requires Debtor to pay all allowed impaired claims and administrative expenses on the effective date of the Plan, except for U.S. Trustee's fees that accrue before the case is closed. Such fees are unlikely to be more than \$650.00. Commencing May 1, 2018 Debtor will be liable to pay Acts Full Gospel Church \$4,000 per month rent for the church building (7424 International Boulevard). The lease requires Debtor to pay utilities (PG&E, Waste Management and EBMUD). Debtor's monthly operating reports for the period December 2017 through April 2018 indicate the amount of the offering and tithes Debtor has received while operating under Chapter 11:

December 2017	\$12,274.00
January 2018	\$15,517.00
February 2018	\$16,597.00
March 2018	\$15,004.00
April 2018	<u>\$15,603.00</u>
Average monthly income:	\$14,999.00

Debtor believes that its monthly income will remain the same or gradually increase. Debtor's post-confirmation monthly expenses will be:

Rent	\$4,000.00
Musicians	\$2,550.00
Rev. Mack's living expenses:	\$1,565.00
Assistant Pastor compensation	\$1,200.00
Insurance	\$1,200.00
Church dinners	\$650.00
Repairs and maintenance	\$250.00
Waste Management	\$374.00
EBMUD (water)	\$250.00
PG&E (gas and electric)	\$1,000.00
Telecommunications	\$196.00
Bank charges	<u>\$75.00</u>
Total projected monthly expenses:	\$13,310.00

Based on the projection of income and expenses set forth above, Debtor will have no further need for reorganization after confirmation of the Plan.

**V. EFFECT OF CONFIRMATION OF THE PLAN**

