

United States Bankruptcy Court  
Northern District of California

In re Santa Cruz Plumbing, Inc.,  
Debtor

Case No. 17-50324-SLJ

Small Business Case under Chapter 11

**[SANTA CRUZ PLUMBING, INC.'S DISCLOSURE STATEMENT, DATED AUGUST 14, 2017]**

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## I. INTRODUCTION

This is the disclosure statement (the “Disclosure Statement”) in the small business chapter 11 case of Santa Cruz Plumbing, Inc. (the Debtor). This Disclosure Statement contains information about the Debtor and describes the Plan dated Aug. 14, 2017 (the “Plan”) filed by the Debtor on Aug 14, 2017. A full copy of the Plan is attached to this Disclosure Statement as Exhibit A. ***Your rights may be affected. You should read the Plan and this Disclosure Statement carefully and discuss them with your attorney. If you do not have an attorney, you may wish to consult one.***

The proposed distributions under the Plan are discussed at pages \_\_\_ - \_\_\_ 6-111 of this Disclosure Statement. General unsecured creditors are classified in Class 4 \_\_\_\_\_, and will receive a \_\_\_\_\_ 9% of their allowed claims, to be distributed as a pro- \_\_\_\_\_ distribution of \_\_\_\_\_ rata distribution of \$153,374.60 distributed in the same \_\_\_\_\_ proportion as each allowed claimant bears to the total \_\_\_\_\_ of all allowed Class 4 claims.

### A. Purpose of This Document

This Disclosure Statement describes:

1. The Debtor and significant events during the bankruptcy case,
2. How the Plan proposes to treat claims or equity interests of the type you hold (*i.e.*, what you will receive on your claim or equity interest if the plan is confirmed),
3. Who can vote on or object to the Plan,
4. What factors the Bankruptcy Court (the “Court”) will consider when deciding whether to confirm the Plan,
5. Why the Proponent believes the Plan is feasible, and how the treatment of your claim or equity interest under the Plan compares to what you would receive on your claim or equity interest in liquidation, and
6. The effect of confirmation of the Plan.

Be sure to read the Plan as well as the Disclosure Statement. This Disclosure Statement describes the Plan, but it is the Plan itself that will, if confirmed, establish your rights.

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

The Court has not yet confirmed the Plan described in this Disclosure Statement. This section describes the procedures pursuant to which the Plan will or will not be confirmed.

1. *A hearing on the approval of this Disclosure Statement will be held on Sept. 7, 2017 at 1:30 p.m.*

The hearing at which the Court will determine whether to approve this Disclosure Statement will take place on Sept. 7, 2017, at 1:30 P.M. in Courtroom 3099, at the United States Bankruptcy Court, Northern District of California, San Jose Division at 280 So. First St., San Jose, CA 95113.

2. *Deadline For Voting to Accept or Reject the Plan*

If you are entitled to vote to accept or reject the plan, vote on the enclosed ballot and return the ballot in the enclosed envelope to The Fuller Law Firm, P.C., 60 No. Keeble Ave. San Jose, CA 95126. See section IV.A. below for a discussion of voting eligibility requirements.

Your ballot must be received by insert date or it will not be counted.

3. *Deadline For Objecting to the Confirmation of the Plan*

Objections to this Disclosure Statement must be filed with the Court and served upon debtor, debtor's counsel, the Office of the United States Trustee and all parties requesting special notice by Aug. 24, 2017.

4. *Identity of Person to Contact for More Information*

If you want additional information about the Plan, you should contact The Fuller Law Firm, P.C. 60 No. Keeble Ave. San Jose, CA 95126 at 408 295-5595.

C. **Disclaimer**

*This Disclosure Statement, if approved, does not constitute an endorsement of the Plan by the Court, or a recommendation that it be accepted.*

II. **BACKGROUND**

A. **Description and History of the Debtor's Business**

Debtor operated as a plumbing contractor since May 2006. Debtor's problems began when in or about 2013, it underbid a prevailing wage job at Cal State Monterey Bay by approximately \$1,000,000. In 2014, because of cash flow constraints, Debtor failed to pay worker's fringe benefits and defaulted in the payment of trust fund payroll taxes. With the assistance of the general contractor who advanced part of the job retention, the workers' fringe benefits were paid. However, Pipe Trades District Council Number 36 Joint Labor Management Trust Fund commenced Superior Court litigation to recover approximately \$1.39 million in statutory penalties some of which are discretionary.

B. **Insiders of the Debtor**

Jason Allison is the only insider of the Debtor. In the two years before the commencement date, Jason Allison received \$72,289.53 in repayment of a loan representing cash that Jason Allison infused back into the Debtor to maintain operations.

In addition, from Jan. 1, 2016 to the commencement date, Jason Allison received \$72,273.60 in salary.

From Feb. 10, 2015- Feb. 10, 20175 Jason Allison received \$213,273.60 in gross wages.

**C. Management of the Debtor Before and During the Bankruptcy**

During the two years prior to the date on which the bankruptcy petition was filed, the officers, directors, managers or other persons in control of the Debtor (collectively the “Managers”) were Jason Allison.

The Managers of the Debtor during the Debtor's chapter 11 case have been: Jason Allison

After the effective date of the order confirming the Plan, the directors, officers, and voting trustees of the Debtor, any affiliate of the Debtor participating in a joint Plan with the Debtor, or successor of the Debtor under the Plan (collectively the "Post Confirmation Managers"), will be: Jason Allison.

**D. Events Leading to Chapter 11 Filing**

See IIA above.

**E. Significant Events During the Bankruptcy Case**

Since the filing of this petition, debtor has obtained an order authorizing debtor to use cash collateral (specifically accounts receivable) to continue operations so long as the secured creditors whose cash collateral is used receive a replacement lien on new receivables and conditioned on debtor commencing payments, as of April 2017 in the amount of \$14,000/month distributed pro-rata amongst secured creditors in the same ratio as their secured position.

On June 23, 2017 Debtor, Pipe Trades District Council 36 Joint Labor Trade and four individual labor claimants participated in a bankruptcy dispute resolution program in an effort to resolve the disputed claims. Though there is an understanding between counsel, because votes could not be solicited, the parties did not enter into any binding agreement. The plan, however, has been modified to represent the understanding reached.

Debtor has filed a motion to value collateral seeking to avoid the totally under-secured liens of Pace Supply, EDD, Cap Call, LLC, Yellowstone Capital LLC, Everest Business Funding Partners, LLC and Security National Insurance. The motion further seeks to expunge the lien of Knight Capital Funding which has been paid in full and to value the lien of the IRS which is partially secured. An order valuing these liens was entered on August 14, 2107.

Debtor has trimmed staff where possible to improve profitability.

**F. Projected Recovery of Avoidable Transfers**

The Debtor does not intend to pursue preference, fraudulent conveyance, or other avoidance actions.

### G. Claims Objections

Except to the extent that a claim is already allowed pursuant to a final non-appealable order, the Debtor reserves the right to object to claims. Therefore, even if your claim is allowed for voting purposes, you may not be entitled to a distribution if an objection to your claim is later upheld. The procedures for resolving disputed claims are set forth in Article V of the Plan.

### H. Current and Historical Financial Conditions

The identity and fair market value of the estate's assets are listed in Exhibit B.

The most recent post-petition operating report filed since the commencement of the Debtor's bankruptcy case are set forth in Exhibit C.

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

### A. What is the Purpose of the Plan of Reorganization?

As required by the Code, the Plan places claims and equity interests in various classes and describes the treatment each class will receive. The Plan also states whether each class of claims or equity interests is impaired or unimpaired. If the Plan is confirmed, your recovery will be limited to the amount provided by the Plan.

### B. Unclassified Claims

Certain types of claims are automatically entitled to specific treatment under the Code. They are not considered impaired, and holders of such claims do not vote on the Plan. They may, however, object if, in their view, their treatment under the Plan does not comply with that required by the Code. As such, the Plan Proponent has *not* placed the following claims in any class:

#### 1. *Administrative Expenses*

Administrative expenses are costs or expenses of administering the Debtor's chapter 11 case which are allowed under § 507(a)(2) of the Code. Administrative expenses also include the value of any goods sold to the Debtor in the ordinary course of business and received within 20 days before the date of the bankruptcy petition. The Code requires that all administrative expenses be paid on the effective date of the Plan, unless a particular claimant agrees to a different treatment.

The following chart lists the Debtor's estimated administrative expenses, and their proposed treatment under the Plan:

| Type   | Estimated Amount Owed | Proposed Treatment  |
|--|-----------------------|---|
| Professional Fees, as approved by the Court. | \$29,166              | Payable over 84 months in payments of \$347.22/mo. subject to approval of the Court.      |
| Clerk's Office Fees                          | \$0                   | Paid in full on the effective date of the Plan  |
| EDD Expense of Administration claim          | 1,959.46              | Paid in full on the effective date of the Plan or according to separate written agreement |
| Office of the U.S. Trustee Fees              | 4,875                 | Paid in full on the effective date of the Plan  |
| <b>TOTAL</b>                                 | <b>36,000.46</b>      |   |

## 2. *Priority Tax Claims*

Priority tax claims are unsecured income, employment, and other taxes described by § 507(a)(8) of the Code. Unless the holder of such a § 507(a)(8) priority tax claim agrees otherwise, it must receive the present value of such claim, in regular installments paid over a period not exceeding 5 years from the order of relief.



The following chart lists the Debtor-s estimated § 507(a)(8) priority tax claims and their proposed treatment under the Plan:

| Description<br>(name and type of tax) | Estimated<br>Amount<br>Owed | Date of<br>Assessment  | Treatment  |
|---------------------------------------|-----------------------------|--|--|
| IRS                                   | 513,373.11                  | 6-8-2015; 9-14-2015; 12-28-2015;<br>4-11-2016;<br>12-19-2016 | Pmt interval - monthly<br>Monthly payment: \$7,255.97<br>Begin date Nov. 2017<br>End date Oct. 2024<br>Interest Rate 5%<br>Total Payout Amt.<br>\$609,501.48 |
| EDD                                   | 106,853.45                  |  | Pmt interval - monthly<br>Monthly payment: \$2,289.77<br>Begin date Nov. 2017<br>End date Feb. 2022<br>Interest Rate 5%<br>Total Payout Amt.<br>\$119,068.04 |

### C. Classes of Claims and Equity Interests

The following are the classes set forth in the Plan, and the proposed treatment that they will receive under the Plan:

#### 1. *Classes of Secured Claims*

Allowed Secured Claims are claims secured by property of the Debtor-s bankruptcy estate (or that are subject to setoff) to the extent allowed as secured claims under § 506 of the Code. If the value of the collateral or setoffs securing the creditor's claim is less than the amount of the creditor's allowed claim, the deficiency will be classified as a general unsecured claim.

The following chart lists all classes containing Debtor-s secured prepetition claims and their proposed treatment under the Plan:

| Class # | <u>Description</u>  | Insider?<br>(Yes or No) | Impairment | Treatment   |
|---------|---|-------------------------|------------|---|
| 1       | <p><i>Secured claim of:</i><br/>                     Name = FC Partners<br/>                     Collateral description = all assets<br/>                     Allowed Secured Amount = \$ 98,167.33<br/>                     Priority of lien = 1<sup>st</sup> position<br/>                     Total claim = \$ 98,167.33 but is reduced to \$93,453.01 after credit of post-petition pre-confirmation payments per Cash collateral order</p> | No                      | impaired   | <p>Monthly Pmt = \$389.39 representing interest only payments through Month 52 after the Effective Date, then monthly payments of \$1,763.57 for 60 months (Months 53-113 after the Effective Date).<br/>                     Interest rate 5.00%</p> |
| 2       | <p><i>Secured claim of:</i><br/>                     Name = ACH Capital<br/>                     Collateral description = all assets<br/>                     Allowed Secured Amount = \$ 29,732.02<br/>                     Priority of lien = 2<sup>nd</sup> position<br/>                     Total claim = \$ 29,732.02 but is reduced to \$28,304.22 after credit of post-petition pre-confirmation payments per Cash collateral order</p> | No                      | impaired   | <p>Monthly Pmt = \$117.93 representing interest only payments through Month 52 after the Effective Date, then monthly payments of \$534.13 for 60 months (Months 53-113 after the Effective Date).<br/>                     Interest rate 5.00%</p>   |

|   |   |    |          |  |
|---|---|----|----------|--|
| 3 | <i>Secured claim of:</i><br>Name = IRS<br>Collateral description = all assets<br>Allowed Secured Amount = \$ 650,908.26<br>Priority of lien = 3rd position<br>Total secured claim = \$650,908.26 but is reduced to \$609,105.25 after credit of post-petition pre-confirmation payments per Cash Collateral order | No | Impaired | Monthly Pmt. = \$8,495.96 subject to stipulation with IRS memorializing agreement to extend repayment term to 84 months from the Effective Date. |
|---|---|----|----------|--|

2. *Classes of Priority Unsecured Claims*

Certain priority claims that are referred to in §§ 507(a)(1), (4), (5), (6), and (7) of the Code are required to be placed in classes. The Code requires that each holder of such a claim receive cash on the effective date of the Plan equal to the allowed amount of such claim. However, a class of holders of such claims may vote to accept different treatment.

The following chart lists all classes containing claims under §§ 507(a)(1), (4), (5), (6), and (a)(7) of the Code and their proposed treatment under the Plan:

| Class # | Description | Impairment | Treatment |
|---------|-------------|------------|-----------|
|         | None        |            |           |

3. *Class of General Unsecured Claims*

General unsecured claims are not secured by property of the estate and are not entitled to priority under § 507(a) of the Code.

The following chart identifies the Plan’s proposed treatment of Class 4 which contain general unsecured claims against the Debtor:

| Class # | Description             | Impairment | Treatment   |
|---------|-------------------------|------------|---|
| 4       | General Unsecured Class | Impaired   | Monthly Pmt.<br>Pmts begin in Month 53 after the Effective Date.<br>Payments of \$ 2,552.24<br>Interest rate 0%<br>Total claims: \$1,704,162<br>=<br>Estimated percent of claim paid = 9%<br>A list of General unsecured creditors is attached as Exhibit G |

4. *Class of Equity Interest Holders*

Equity interest holders are parties who hold an ownership interest (*i.e.*, equity interest) in the Debtor. In a corporation, entities holding preferred or common stock are equity interest holders. In a partnership, equity interest holders include both general and limited partners. In a limited liability company (“LLC”), the equity interest holders are the members. Finally, with respect to an individual who is a debtor, the Debtor is the equity interest holder.

The following chart sets forth the Plan’s proposed treatment of the class of equity interest holders:

| Class # | Description             | Impairment | Treatment             |
|---------|-------------------------|------------|-----------------------|
| 5       | Equity interest holders | Unimpaired | Retain stock interest |

**D. Means of Implementing the Plan**

1. *Source of Payments*

Payments and distributions under the Plan will be funded by the following:

Debtor's Operating Profits

2. *Post-confirmation Management*

The Post-Confirmation Managers of the Debtor, and their compensation, shall be as follows:

| Name          | Affiliations | Insider (yes or no)? | Position  | Compensation     |
|---------------|--------------|----------------------|-----------|------------------|
| Jason Allison | President    | Yes                  | President | \$6,000.00/month |

**E. Risk Factors**

The proposed Plan has the following risks:

**Economic Risk.** Though business is stable or increasing modestly, business is dependent in part on new construction. If there is an economic downturn and construction slows, business could be negatively impacted.

**Market Risk.** Though debtor has an established name in the industry, the potential influx of new competitors could reduce market share.

**F. Executory Contracts and Unexpired Leases**

Debtor leased a 2014 Audi A6. The balance was approximately \$600 on the Commencement Date. It has since been paid off.

There are no other leases or executory contracts.

All executory contracts and unexpired leases that are not identified will be rejected under the Plan. Consult your adviser or attorney for more specific information about particular contracts or leases.

#### **G. Tax Consequences of Plan**

*Creditors and Equity Interest Holders Concerned with How the Plan May Affect Their Tax Liability Should Consult with Their Own Accountants, Attorneys, And/Or Advisors.*

The following are the anticipated tax consequences of the Plan: The increased profitability of the debtor will result in increased taxes which are reflected in the Plan. Creditors should consult with their tax advisers with respect to the tax consequences of the discharge of any obligation owed to them.

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

To be confirmable, the Plan must meet the requirements listed in §§ 1129(a) or (b) of the Code. These include the requirements that: the Plan must be proposed in good faith; at least one impaired class of claims must accept the plan, without counting votes of insiders; the Plan must distribute to each creditor and equity interest holder at least as much as the creditor or equity interest holder would receive in a chapter 7 liquidation case, unless the creditor or equity interest holder votes to accept the Plan; and the Plan must be feasible. These requirements are not the only requirements listed in § 1129, and they are not the only requirements for confirmation.

### A. Who May Vote or Object

Any party in interest may object to the confirmation of the Plan if the party believes that the requirements for confirmation are not met.

Many parties in interest, however, are not entitled to vote to accept or reject the Plan. A creditor or equity interest holder has a right to vote for or against the Plan only if that creditor or equity interest holder has a claim or equity interest that is both (1) allowed or allowed for voting purposes and (2) impaired.

In this case, the Plan Proponent believes that classes 1-4 are impaired and that holders of claims in each of these classes are therefore entitled to vote to accept or reject the Plan. The Plan Proponent believes that class 5, though impaired, is an Insider of the debtor and therefore does not have the right to vote to accept or reject the Plan.

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

Only a creditor or equity interest holder with an allowed claim or an allowed equity interest has the right to vote on the Plan. Generally, a claim or equity interest is allowed if either (1) the Debtor has scheduled the claim on the Debtors schedules, unless the claim has been scheduled as disputed, contingent, or unliquidated, or (2) the creditor has filed a proof of claim or equity interest, unless an objection has been filed to such proof of claim or equity interest. When a claim or equity interest is not allowed, the creditor or equity interest holder holding the claim or equity interest cannot vote unless the Court, after notice and hearing, either overrules the objection or allows the claim or equity interest for voting purposes pursuant to Rule 3018(a) of the Federal Rules of Bankruptcy Procedure.

***The non-governmental deadline for filing a proof of claim in this case was 6-19-17***

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

As noted above, the holder of an allowed claim or equity interest has the right to vote only if it is in a class that is *impaired* under the Plan. As provided in § 1124 of the Code, a class is considered impaired if the Plan alters the legal, equitable, or contractual rights of the members of that class.

#### 3. *Who is Not Entitled to Vote*

The holders of the following five types of claims and equity interests are *not* entitled to vote:

- holders of claims and equity interests that have been disallowed by an order of the Court;
- holders of other claims or equity interests that are not “allowed claims” or “allowed equity interests” (as discussed above), unless they have been “allowed” for voting purposes.
- holders of claims or equity interests in unimpaired classes;

- holders of claims entitled to priority pursuant to §§ 507(a)(2), (a)(3), and (a)(8) of the Code; and
- holders of claims or equity interests in classes that do not receive or retain any value under the Plan;
- administrative expenses.

***Even If You Are Not Entitled to Vote on the Plan, You Have a Right to Object to the Confirmation of the Plan [and to the Adequacy of the Disclosure Statement].***

4. *Who Can Vote in More Than One Class*

A creditor whose claim has been allowed in part as a secured claim and in part as an unsecured claim, or who otherwise hold claims in multiple classes, is entitled to accept or reject a Plan in each capacity, and should cast one ballot for each claim.

**B. Votes Necessary to Confirm the Plan**

If impaired classes exist, the Court cannot confirm the Plan unless (1) at least one impaired class of creditors has accepted the Plan without counting the votes of any insiders within that class, and (2) all impaired classes have voted to accept the Plan, unless the Plan is eligible to be confirmed by cram down on non-accepting classes, as discussed later in Section [B.2.].

1. *Votes Necessary for a Class to Accept the Plan*

A class of claims accepts the Plan if both of the following occur: (1) the holders of more than one-half (1/2) of the allowed claims in the class, who vote, cast their votes to accept the Plan, and (2) the holders of at least two-thirds (2/3) in dollar amount of the allowed claims in the class, who vote, cast their votes to accept the Plan.

A class of equity interests accepts the Plan if the holders of at least two-thirds (2/3) in amount of the allowed equity interests in the class, who vote, cast their votes to accept the Plan.

2. *Treatment of Nonaccepting Classes*

Even if one or more impaired classes reject the Plan, the Court may nonetheless confirm the Plan if the nonaccepting classes are treated in the manner prescribed by § 1129(b) of the Code. A plan that binds nonaccepting classes is commonly referred to as a "cram down" plan. The Code allows the Plan to bind nonaccepting classes of claims or equity interests if it meets all the requirements for consensual confirmation except the voting requirements of § 1129(a)(8) of the Code, does not "discriminate unfairly," and is "fair and equitable" toward each impaired class that has not voted to accept the Plan.

***You should consult your own attorney if a "cramdown" confirmation will affect your claim or equity interest, as the variations on this general rule are numerous and complex.***



### C. Liquidation Analysis

To confirm the Plan, the Court must find that all creditors and equity interest holders who do not accept the Plan will receive at least as much under the Plan as such claim and equity interest holders would receive in a chapter 7 liquidation. A liquidation analysis is attached to this Disclosure Statement as Exhibit D.

### D. Feasibility

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

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

The Plan Proponent believes that the Debtor will have enough cash on hand on the effective date of the Plan to pay all the claims and expenses that are entitled to be paid on that date. Tables showing the amount of cash on hand on the effective date of the Plan, and the sources of that cash are attached to this disclosure statement as Exhibit E.

#### 2. *Ability to Make Future Plan Payments And Operate Without Further Reorganization*

The Plan Proponent must also show that it will have enough cash over the life of the Plan to make the required Plan payments.

The Plan Proponent has provided projected financial information which demonstrates plan feasibility. Those projections are listed in Exhibit F.

The Plan Proponent's financial projections show that the Debtor will have an aggregate annual average cash flow, after paying operating expenses and post-confirmation taxes, of \$275868. The final Plan payment is expected to be paid on March 2027.

***You Should Consult with Your Accountant or other Financial Advisor If You Have Any Questions Pertaining to These Projections.***

## V. EFFECT OF CONFIRMATION OF PLAN

### A. DISCHARGE OF DEBTOR

Discharge. On the effective date of the Plan, the Debtor shall be discharged from any debt that arose before confirmation of the Plan, subject to the occurrence of the effective date, to the extent specified in § 1141(d)(1)(A) of the Code, except that the Debtor shall not be discharged of any debt (i) imposed by the Plan, (ii) of a kind specified in § 1141(d)(6)(A) if a timely complaint was filed in accordance with Rule 4007(c) of the Federal Rules of Bankruptcy Procedure, or (iii) of a kind specified in § 1141(d)(6)(B). After the effective date of the Plan your claims against the Debtor will be limited to the debts described in clauses (i) through (iii) of the preceding sentence.

**B. Modification of Plan**

The Plan Proponent may modify the Plan at any time before confirmation of the Plan. However, the Court may require a new disclosure statement and/or revoting on the Plan.

The Plan Proponent may also seek to modify the Plan at any time after confirmation only if (1) the Plan has not been substantially consummated *and* (2) the Court authorizes the proposed modifications after notice and a hearing.

**C. Final Decree**

Once the estate has been fully administered, as provided in Rule 3022 of the Federal Rules of Bankruptcy Procedure, the Plan Proponent, or such other party as the Court shall designate in the Plan Confirmation Order, shall file a motion with the Court to obtain a final decree to close the case. Alternatively, the Court may enter such a final decree on its own motion.

## VI. OTHER PLAN PROVISIONS

Debtor agrees, conditioned on Pipe Trades District Council 36 Joint Labor Trade, Louis Bianchi, Ricardo Toscano, Ysaurio Aparicio and Hector Aparicio supporting the plan, that it will not bid on or perform work on any "public works" as that term is defined in California Labor Code sections 1720 et seq. This restriction would remain in place through and including July 1, 2027.

Dated: Aug. 14, 2017

/s/ Jason Allison

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/s/Lars T. Fuller

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**EXHIBITS**

**Exhibit A** Copy of Proposed Plan of Reorganization

United States Bankruptcy Court  
Northern District of California

In re Santa Cruz Plumbing, Inc.,  
Debtor

Case No. 17-50324-SLJ

Small Business Case under Chapter 11

**SANTA CRUZ PLUMBING, INC.’S PLAN OF REORGANIZATION, DATED AUG. 14, 2017**

**ARTICLE I  
SUMMARY**

This Plan of Reorganization (the “Plan”) under chapter 11 of the Bankruptcy Code (the “Code”) proposes to pay creditors of Santa Cruz Plumbing, Inc. (the “Debtor”) from cash flow from operations

This Plan provides for \_\_\_\_\_ 3 classes of secured, \_\_\_\_\_ 1 class of unsecured unsecured \_\_\_\_\_ 1 class of equity security holders. Unsecured creditors holding allowed claims will receive distributions, which the proponent of this Plan has valued at approximately 9 cents on the dollar. This Plan also provides for the payment of administrative and priority claims. As to the IRS the Plan provides for it to be paid over 84 months consistent with an agreement reached with the IRS, subject to execution of a stipulation and approval of its counsel.

All creditors and equity security holders should refer to Articles III through VI of this Plan for information regarding the precise treatment of their claim. A disclosure statement that provides more detailed information regarding this Plan and the rights of creditors and equity security holders has been circulated with this Plan. **Your rights may be affected. You should read these papers carefully and discuss them with your attorney, if you have one. (If you do not have an attorney, you may wish to consult one.)**

**ARTICLE II  
CLASSIFICATION OF CLAIMS AND INTERESTS**

2.01 The claim of FC Partners, to the extent allowed as a secured claim under § 506 of the Code.

2.02 The claim of ACH Capital, to the extent allowed as a secured claim under § 506 of the Code.

2.03 The claim of the IRS, to the extent allowed as a secured claim under § 506 of the Code.

**B25A (Official Form 25A) (12/11)**

2.04 All unsecured claims allowed under §502 of the Code.

2.05 Equity interests of the Debtor

**ARTICLE III**  
**TREATMENT OF ADMINISTRATIVE EXPENSE CLAIMS,**  
**U.S. TRUSTEES FEES, AND PRIORITY TAX CLAIMS**

3.01 Unclassified Claims. Under section §1123(a)(1), administrative expense claims, and priority tax claims are not in classes.

3.02 Administrative Expense Claims. Each holder of an administrative expense claim allowed under § 503 of the Code will be paid in full on the effective date of this Plan (as defined in Article VII), in cash, or upon such other terms as may be agreed upon by the holder of the claim and the Debtor.

3.03 Priority Tax Claims. Each holder of a priority tax claim will be paid. The claim of the EDD in the amount of \$106,853.45 will be paid in monthly payments of \$2,289.77 , inclusive of interest at 5% per annum, beginning on the Effective Date (projected as Nov. 2017) and continuing for 52 months (such that payments will complete within 60 months of the commencement date).

The priority claim of the IRS, in the amount of \$513,373.11 will be paid in monthly payments of \$7,255.97 , inclusive of interest at 5% per annum, beginning on the Effective Date (projected as Nov. 2017) and continuing for 84 months (consistent with an agreement between the debtor and the IRS subject to a written stipulation approved by its counsel).

3.04 United States Trustee Fees. All fees required to be paid by 28 U.S.C. §1930(a)(6) (U.S. Trustee Fees) will accrue and be timely paid until the case is closed, dismissed, or converted to another chapter of the Code. Any U.S. Trustee Fees owed on or before the effective date of this Plan will be paid on the effective date.

**ARTICLE IV**  
**TREATMENT OF CLAIMS AND INTERESTS UNDER THE PLAN**

4.01 Claims and interests shall be treated as follows under this Plan:



| Class                                  | Impairment | Treatment  |
|--|------------|--|
| Class 1 – FC Partners                  | Impaired   | Commencing on the Effective Date and continuing through the 52 <sup>nd</sup> month after the Effective Date, the Class 1 claimant shall receive interest only payments of \$389.39 representing interest at 5% per annum, on its allowed claim reduced by the principal of cash collateral payments received post-petition and pre-confirmation consistent with the cash collateral order from the Court. Then, commencing on the 53 <sup>rd</sup> month after the Effective Date, debtor shall make payments of \$1,763.57 for 60 months.     |
| Class 2 – Secured Claim of ACH Capital | Impaired   | Commencing on the Effective Date and continuing through the 52 <sup>nd</sup> month after the Effective Date, the Class 2 claimant shall receive interest only payments of \$117.93/month representing interest at 5% per annum, on its allowed claim reduced by the principal of cash collateral payments received post-petition and pre-confirmation consistent with the cash collateral order from the Court. Then, commencing on the 53 <sup>rd</sup> month after the Effective Date, debtor shall make payments of \$534.13 for 60 months. |
| Class 3 – Secured Claim of IRS         | Impaired   | Commencing on the Effective Date and continuing through Month 84, the Class 3 Claimant shall receive Monthly payments of \$8,495.96 together with interest at 5% per annum consistent with an extension of term agreement with the IRS.  |
| Class 4 - General Unsecured Creditors  | Impaired   | The Class 4 Claimants shall receive \$153,374.60 in payments of \$2,556.24/mo commencing in the 53 <sup>rd</sup> month after the Effective Date of the Plan and continuing for 60 months distributed pro-rata in the same ratio as the amount of an allowed claimant's claim amount bears to the amount of the total allowed Class 4 claims.   |

|   |  |  |
|---|--|--|
| Class 5 - Equity Security Holders of the Debtor | Impaired (cannot vote because insider) | Shall retain all the stock of the Debtor |
|---|--|--|

**ARTICLE V**  
**ALLOWANCE AND DISALLOWANCE OF CLAIMS**

5.01 Disputed Claim. A disputed claim is a claim that has not been allowed or disallowed [by a final non-appealable order], and as to which either: (i) a proof of claim has been filed or deemed filed, and the Debtor or another party in interest has filed an objection; or (ii) no proof of claim has been filed, and the Debtor has scheduled such claim as disputed, contingent, or unliquidated.

5.02 Delay of Distribution on a Disputed Claim. No distribution will be made on account of a disputed claim unless such claim is allowed.

5.03 Settlement of Disputed Claims. The Debtor will have the power and authority to settle and compromise a disputed claim with court approval and compliance with Rule 9019 of the Federal Rules of Bankruptcy Procedure.

**ARTICLE VI**  
**PROVISIONS FOR EXECUTORY CONTRACTS AND UNEXPIRED LEASES**

6.01 Assumed Executory Contracts and Unexpired Leases.

(a) There are no executory contracts or unexpired leases.

(b) The Debtor will be conclusively deemed to have rejected all executory contracts and/or unexpired leases not expressly assumed under section 6.01(a) above, or before the date of the order confirming this Plan, upon the effective date of this Plan. A proof of a claim arising from the rejection of an executory contract or unexpired lease under this section must be filed no later than ninety (90) days after the date of the order confirming this Plan.

**ARTICLE VII**  
**MEANS FOR IMPLEMENTATION OF THE PLAN**

Jason Allison, the sole shareholder, shall continue as President of the Debtor and continue to operate the business of the Debtor.

The Plan will be funded from the cash flow of the debtor.

**ARTICLE VIII**  
**GENERAL PROVISIONS**

8.01 Definitions and Rules of Construction. The definitions and rules of construction set forth in §§ 101 and 102 of the Code shall apply when terms defined or construed in the Code are used in this Plan.

8.02 Effective Date of Plan. The effective date of this Plan is the first business day following the date that is fourteen days after the entry of the order of confirmation. If, however, a stay of the confirmation order is in effect on that date, the effective date will be the first business day after the date on which the stay of the confirmation order expires or is otherwise terminated.

8.03 Severability. If any provision in this Plan is determined to be unenforceable, the determination will in no way limit or affect the enforceability and operative effect of any other provision of this Plan.

8.04 Binding Effect. The rights and obligations of any entity named or referred to in this Plan will be binding upon, and will inure to the benefit of the successors or assigns of such entity.

8.05 Captions. The headings contained in this Plan are for convenience of reference only and do not affect the meaning or interpretation of this Plan.

8.06 Controlling Effect. Unless a rule of law or procedure is supplied by federal law (including the Code or the Federal Rules of Bankruptcy Procedure), the laws of the State of \_\_\_\_\_ California govern this Plan and any agreements, documents, and instruments executed in connection with this Plan, except as otherwise provided in this Plan.

8.07 Corporate Governance. The Debtor shall amend its by-laws to prohibit the issuance of non-voting equity securities.

**ARTICLE IX**  
**DISCHARGE**

8.03 Severability. If any provision in this Plan is determined to be unenforceable, the Discharge. On the confirmation date of this Plan, the debtor will be discharged from any debt that arose before confirmation of this Plan, subject to the occurrence of the effective date, to the extent specified in § 1141(d)(1)(A) of the Code, except that the Debtor will not be discharged of any debt: (i) imposed by this Plan; (ii) of a kind specified in § 1141(d)(6)(A) if a timely complaint was filed in accordance with Rule 4007(c) of the Federal Rules of Bankruptcy Procedure; or (iii) of a kind specified in § 1141(d)(6)(B).

**ARTICLE X OTHER PROVISIONS**

Debtor agrees, conditioned on Pipe Trades District Council 36 Joint Labor Trade, Louis Bianchi, Ricardo Toscano, Ysaurio Aparicio and Hector Aparicio supporting the plan, that it will not bid on or perform work on any "public works" as that term is defined in California Labor Code sections 1720 et seq. This restriction would remain in place through and including July 1, 2027.

Dated August 14, 2017

Respectfully submitted,

By: /s/ Jason Allison \_\_\_\_\_  
The Plan Proponent

By:/s/ Lars T. Fuller \_\_\_\_\_  
Attorney for the Plan Proponent

**Exhibit B** Identity and Value of Material Assets of Debtor

EXHIBIT B  
(Value of Estate's Assets)

| Category                            | Source of Valuation                              | Amount        | Subtotal        |
|-------------------------------------|--|---------------|-----------------|
| Cash Deposits                       |  |               |                 |
| PayPal                              | Statement  | \$0           |                 |
| Chase                               | Statement  | 3,092.32      |                 |
| Chase Savings                       | Statement  | 1.92          |                 |
| Santa Cruz Co. Bank (x1199)         | Statement  | 17189         |                 |
| Santa Cruz Co. Bank (x8563)         | Statement  | <u>334.17</u> |                 |
|                                     |  |               | \$20,617        |
| Lease Deposit                       | Lease Agreement                                  |               | 2000            |
| Pre-paid FTB Tax                    | Tax records                                      |               | 800             |
| Accounts Receivable                 | AR Aging Software-see details attached           | 646576.6      |                 |
| less doubtful AR                    | AR Aging software                                | -49832.9      |                 |
|                                     |  |               | 596743.7        |
| Office Furntirue and Fixtures       | Debtor opinion of value                          |               | 3000            |
| Vehicles                            | Debtor opiion of value/KBB. See details attached |               | 122200          |
| Machinery & Equipment               |  |               |                 |
| Ladders                             | Debtor opinion of value                          | 2500          |                 |
| Extension Cords                     | Debtor opinion of value                          | 1100          |                 |
| Drain Cleaning Equipment            | Debtor opinion of value                          | 6100          |                 |
| Sewer Camera                        | Debtor opinion of value                          | 7500          |                 |
| Job boxes                           | Debtor opinion of value                          | 1759          |                 |
| Power tools                         | Debtor opinion of value                          | <u>8600</u>   |                 |
|                                     |  |               | 27559           |
| Inventory                           |  |               |                 |
| Cast iron pipe & fittings           | Debtor opinion of value                          | 3900          |                 |
| Copper Pipe & fittings              | Debtor opinion of value                          | 5300          |                 |
| Steel piple/maleable iron fittings  | Debtor opinion of value                          | 8700          |                 |
| ABS pipe & fittings                 | Debtor opinion of value                          | 2600          |                 |
| PVC Pipe and fittings               | Debtor opinion of value                          | 1800          |                 |
| Aqua Pex Pipe and fittings          | Debtor opinion of value                          | 6500          |                 |
| Testing equipment                   | Debtor opinion of value                          | 3300          |                 |
| Hangars and hardware                | Debtor opinion of value                          | 4200          |                 |
| Plumbing fixtures                   | Debtor opinion of value                          | 24200         |                 |
| Radiators                           | Debtor opinion of value                          | 11300         |                 |
| Water heaters                       | Debtor opinion of value                          | <u>3200</u>   |                 |
|                                     |  |               | 75000           |
| Preference payment to Jason Allison | Accounting records                               |               | <u>72289.53</u> |
|                                     |  |               | \$920,209       |

**Exhibit C** Most Recently Filed Postpetition Operating Report



**UNITED STATES BANKRUPTCY COURT  
NORTHERN DISTRICT OF CALIFORNIA**

In re: SANTA CRUZ PLUMBING, INC.

Case No. 17-50324

**CHAPTER 11  
MONTHLY OPERATING REPORT  
(GENERAL BUSINESS CASE)**

**SUMMARY OF FINANCIAL STATUS**

MONTH ENDED: Jun-17

PETITION DATE: 02/10/17

1. Debtor in possession (or trustee) hereby submits this Monthly Operating Report on the Accrual Basis of accounting (or if checked here the Office of the U.S. Trustee or the Court has approved the Cash Basis of Accounting for the Debtor).

Dollars reported in \$1

|  | <u>End of Current<br/>Month</u> | <u>End of Prior<br/>Month</u> | <u>As of Petition Filing</u>         |
|--|---------------------------------|-------------------------------|--------------------------------------|
| <b>2. Asset and Liability Structure</b>                            |                                 |                               |                                      |
| a. Current Assets  | \$990,102                       | \$845,390                     |                                      |
| b. Total Assets  | \$1,093,585                     | \$948,873                     | \$1,093,585                          |
| c. Current Liabilities   | \$323,391                       | \$176,952                     |                                      |
| d. Total Liabilities   | \$2,098,249                     | \$1,698,652                   | \$2,098,249                          |
|  |                                 |                               | <u>Cumulative<br/>(Case to Date)</u> |
| <b>3. Statement of Cash Receipts &amp; Disbursements for Month</b> | <u>Current Month</u>            | <u>Prior Month</u>            |                                      |
| a. Total Receipts  | \$318,768                       | \$290,065                     | \$1,301,410                          |
| b. Total Disbursements   | \$240,941                       | \$314,424                     | \$1,248,755                          |
| c. Excess (Deficiency) of Receipts Over Disbursements (a - b)      | \$77,828                        | (\$24,359)                    | \$52,655                             |
| d. Cash Balance Beginning of Month                                 | \$5,002                         | \$29,362                      |                                      |
| e. Cash Balance End of Month (c + d)                               | \$82,830                        | \$5,003                       |                                      |
|  | <u>Current Month</u>            | <u>Prior Month</u>            | <u>Cumulative<br/>(Case to Date)</u> |
| 4. Profit/(Loss) from the Statement of Operations                  | \$8,357                         | \$38,622                      | \$308,851                            |
| 5. Account Receivables (Pre and Post Petition)                     | \$915,102                       | \$770,390                     |                                      |
| 6. Post-Petition Liabilities                                       | \$323,391                       | \$176,952                     |                                      |
| 7. Past Due Post-Petition Account Payables (over 30 days)          | \$111,154                       | \$39,156                      |                                      |

At the end of this reporting month:

|  | <u>Yes</u>          | <u>No</u> |
|--|---------------------|-----------|
| 8. Have any payments been made on pre-petition debt, other than payments in the normal course to secured creditors or lessors? (if yes, attach listing including date of payment, amount of payment and name of payee) | X See attached list |           |
| 9. Have any payments been made to professionals? (if yes, attach listing including date of payment, amount of payment and name of payee)   |                     | X         |
| 10. If the answer is yes to 8 or 9, were all such payments approved by the court?  | X                   |           |
| 11. Have any payments been made to officers, insiders, shareholders, relatives? (if yes, attach listing including date of payment, amount and reason for payment, and name of payee)                                   | X                   |           |
| 12. Is the estate insured for replacement cost of assets and for general liability?  | X                   |           |
| 13. Are a plan and disclosure statement on file?   | X                   |           |
| 14. Was there any post-petition borrowing during this reporting period?  |                     | X         |
| 15. Check if paid: Post-petition taxes <u>X</u> ; U.S. Trustee Quarterly Fees <u>X</u> ; Check if filing is current for: Post-petition tax reporting and tax returns: <u>X</u> .                                       |                     |           |

(Attach explanation, if post-petition taxes or U.S. Trustee Quarterly Fees are not paid current or if post-petition tax reporting and tax return filings are not current.)

I declare under penalty of perjury I have reviewed the above summary and attached financial statements, and after making reasonable inquiry believe these documents are correct.

Date: 7/17/2017

/s/ Jason Allison  
Responsible Individual

**STATEMENT OF OPERATIONS  
(General Business Case)**

For the Month Ended 06/30/17

**Current Month**

| <u>Actual</u> | <u>Forecast</u> | <u>Variance</u> |  | <u>Cumulative<br/>(Case to Date)</u> | <u>Next Month<br/>Forecast</u> |
|---------------|-----------------|-----------------|--|--------------------------------------|--------------------------------|
| \$380,696     | \$310,000       | \$70,696        | <b>Revenues:</b>   |                                      |                                |
|               |                 | \$0             | 1 Gross Sales  | \$1,649,652                          | \$332,000                      |
|               |                 | \$0             | 2 less: Sales Returns & Allowances                                   |                                      |                                |
| \$380,696     | \$310,000       | \$70,696        | 3 Net Sales  | \$1,649,652                          | \$332,000                      |
| \$167,429     | \$105,000       | (\$62,429)      | 4 less: Cost of Goods Sold (Schedule 'B')                            | \$563,295                            | \$132,000                      |
| \$213,267     | \$205,000       | \$8,267         | 5 Gross Profit   | \$1,086,357                          | \$200,000                      |
|               |                 | \$0             | 6 Interest   |                                      |                                |
|               |                 | \$0             | 7 Other Income:  |                                      |                                |
|               |                 | \$0             | 8  |                                      |                                |
|               |                 | \$0             | 9  |                                      |                                |
| \$213,267     | \$205,000       | \$8,267         | 10 <b>Total Revenues</b>   | \$1,086,357                          | \$200,000                      |
|               |                 | \$0             | <b>Expenses:</b>   |                                      |                                |
| \$10,000      | \$10,000        | \$0             | 11 Compensation to Owner(s)/Officer(s)                               | \$33,200                             | \$8,000                        |
| \$148,842     | \$135,000       | (\$13,842)      | 12 Salaries  | \$558,086                            | \$120,000                      |
|               |                 | \$0             | 13 Commissions   |                                      |                                |
|               |                 | \$0             | 14 Contract Labor  |                                      |                                |
|               |                 | \$0             | Rent/Lease:  |                                      |                                |
|               |                 | \$0             | 15 Personal Property   |                                      |                                |
| \$3,200       | \$3,200         | \$0             | 16 Real Property   | \$16,000                             | \$3,200                        |
| \$17,491      | \$13,500        | (\$3,991)       | 17 Insurance   | \$63,564                             | \$17,491                       |
|               |                 | \$0             | 18 Management Fees   |                                      |                                |
|               |                 | \$0             | 19 Depreciation  |                                      |                                |
|               |                 | \$0             | Taxes:   |                                      |                                |
| \$13,468      | \$12,500        | (\$968)         | 20 Employer Payroll Taxes  | \$51,043                             | \$10,000                       |
|               |                 | \$0             | 21 Real Property Taxes   |                                      |                                |
|               |                 | \$0             | 22 Other Taxes   |                                      |                                |
|               |                 | \$0             | 23 Other Selling   |                                      |                                |
| \$5,171       | \$5,000         | (\$171)         | 24 Other Administrative  | \$38,311                             | \$9,375                        |
|               |                 | \$0             | 25 Interest  |                                      |                                |
|               |                 | \$0             | 26 Other Expenses:   |                                      |                                |
| \$4,807       | \$3,500         | (\$1,307)       | 27 Fuel  | \$14,624                             | \$3,500                        |
| \$1,932       | \$1,200         | (\$732)         | 28 Repair & Maintain Autos   | \$7,553                              | \$2,000                        |
|               |                 | \$0             | 29   |                                      |                                |
|               |                 | \$0             | 30   |                                      |                                |
|               |                 | \$0             | 31   |                                      |                                |
|               |                 | \$0             | 32   |                                      |                                |
|               |                 | \$0             | 33   |                                      |                                |
|               |                 | \$0             | 34   |                                      |                                |
| \$204,910     | \$183,900       | (\$21,010)      | 35 <b>Total Expenses</b>   | \$782,381                            | \$173,566                      |
| \$8,357       | \$21,100        | (\$12,743)      | 36 <b>Subtotal</b>   | \$303,976                            | \$26,434                       |
|               |                 | \$0             | <b>Reorganization Items:</b>   |                                      |                                |
|               |                 | \$0             | 37 Professional Fees   |                                      |                                |
|               |                 | \$0             | 38 Provisions for Rejected Executory Contracts                       |                                      |                                |
|               |                 | \$0             | 39 Interest Earned on Accumulated Cash from<br>Resulting Chp 11 Case |                                      |                                |
|               |                 | \$0             | 40 Gain or (Loss) from Sale of Equipment                             |                                      |                                |
|               |                 | \$0             | 41 U.S. Trustee Quarterly Fees                                       | \$4,875                              | \$4,875                        |
|               |                 | \$0             | 42   |                                      |                                |
|               | \$0             | \$0             | 43 <b>Total Reorganization Items</b>                                 | \$4,875                              | \$4,875                        |
| \$8,357       | \$34,800        | (\$26,443)      | 44 <b>Net Profit (Loss) Before Federal &amp; State Taxes</b>         | \$308,851                            | \$31,309                       |
|               |                 | \$0             | 45 Federal & State Income Taxes                                      |                                      |                                |
| \$8,357       | \$38,970        | (\$30,613)      | 46 <b>Net Profit (Loss)</b>  | \$308,851                            | \$31,309                       |

Attach an Explanation of Variance to Statement of Operations (For variances greater than +/- 10% only):

**BALANCE SHEET**  
**(General Business Case)**

For the Month Ended 06/30/2017

**Assets**

|  |  | <u>From Schedules</u> | <u>Market Value</u> |
|--|--|-----------------------|---------------------|
| <b>Current Assets</b>                        |  |                       |                     |
| 1  | Cash and cash equivalents - unrestricted |                       |                     |
| 2  | Cash and cash equivalents - restricted   |                       |                     |
| 3  | Accounts receivable (net)                | A                     | \$915,102           |
| 4  | Inventory                                | B                     | \$75,000            |
| 5  | Prepaid expenses                         |                       |                     |
| 6  | Professional retainers                   |                       |                     |
| 7  | Other: _____                             |                       |                     |
| 8  | _____                                    |                       |                     |
| 9  | <b>Total Current Assets</b>              |                       | <b>\$990,102</b>    |
| <b>Property and Equipment (Market Value)</b> |  |                       |                     |
| 10   | Real property                            | C                     | \$0                 |
| 11   | Machinery and equipment                  | D                     | \$27,559            |
| 12   | Furniture and fixtures                   | D                     | \$23,060            |
| 13   | Office equipment                         | D                     | \$0                 |
| 14   | Leasehold improvements                   | D                     | \$3,683             |
| 15   | Vehicles                                 | D                     | \$241,255           |
| 16   | Accumulated Depreciation                 | D                     | (\$192,074)         |
| 17   | _____                                    | D                     |                     |
| 18   | _____                                    | D                     |                     |
| 19   | _____                                    | D                     |                     |
| 20   | _____                                    | D                     |                     |
| 21   | <b>Total Property and Equipment</b>      |                       | <b>\$103,483</b>    |
| <b>Other Assets</b>                          |  |                       |                     |
| 22   | Loans to shareholders                    |                       |                     |
| 23   | Loans to affiliates                      |                       |                     |
| 24   | _____                                    |                       |                     |
| 25   | _____                                    |                       |                     |
| 26   | _____                                    |                       |                     |
| 27   | _____                                    |                       |                     |
| 28   | <b>Total Other Assets</b>                |                       | <b>\$0</b>          |
| 29   | <b>Total Assets</b>                      |                       | <b>\$1,093,585</b>  |

**NOTE:** Indicate the method used to estimate the market value of assets (e.g., appraisals; familiarity with comparable market prices, etc.) and the date the value was determined.

**Liabilities and Equity**  
(General Business Case)

**Liabilities From Schedules**

**Post-Petition**

**Current Liabilities**

|    |  |   |                  |
|----|--|---|------------------|
| 30 | Salaries and wages   |   |                  |
| 31 | Payroll taxes  |   | \$31,384         |
| 32 | Real and personal property taxes                                       |   |                  |
| 33 | Income taxes   |   |                  |
| 34 | Sales taxes  |   |                  |
| 35 | Notes payable (short term)   |   |                  |
| 36 | Accounts payable (trade)   | A | \$292,007        |
| 37 | Real property lease arrearage  |   |                  |
| 38 | Personal property lease arrearage                                      |   |                  |
| 39 | Accrued professional fees  |   |                  |
| 40 | Current portion of long-term post-petition debt (due within 12 months) |   |                  |
| 41 | Other: _____   |   |                  |
| 42 | _____  |   |                  |
| 43 | _____  |   |                  |
| 44 | <b>Total Current Liabilities</b>                                       |   | <b>\$323,391</b> |

**Long-Term Post-Petition Debt, Net of Current Portion**

|    |  |  |                  |
|----|--|--|------------------|
| 46 | <b>Total Post-Petition Liabilities</b> |  | <b>\$323,391</b> |
|----|--|--|------------------|

**Pre-Petition Liabilities (allowed amount)**

|    |                                       |   |                    |
|----|---------------------------------------|---|--------------------|
| 47 | Secured claims                        | F | \$863,790          |
| 48 | Priority unsecured claims             | F | \$689,260          |
| 49 | General unsecured claims              | F | \$221,808          |
| 50 | <b>Total Pre-Petition Liabilities</b> |   | <b>\$1,774,858</b> |
| 51 | <b>Total Liabilities</b>              |   | <b>\$2,098,249</b> |

**Equity (Deficit)**

|    |  |  |                    |
|----|--|--|--------------------|
| 52 | Retained Earnings/(Deficit) at time of filing          |  | (\$1,258,622)      |
| 53 | Capital Stock  |  | \$5,000            |
| 54 | Additional paid-in capital                             |  |                    |
| 55 | Cumulative profit/(loss) since filing of case          |  | \$308,851          |
| 56 | Post-petition contributions/(distributions) or (draws) |  | (\$28,525)         |
| 57 | _____  |  |                    |
| 58 | Market value adjustment                                |  |                    |
| 59 | <b>Total Equity (Deficit)</b>                          |  | <b>(\$973,296)</b> |
| 60 | <b>Total Liabilities and Equity (Deficit)</b>          |  | <b>\$1,124,953</b> |

**SCHEDULES TO THE BALANCE SHEET**  
(General Business Case)

**Schedule A**

**Accounts Receivable and (Net) Payable**

| <b>Receivables and Payables Agings</b> | <b>Accounts Receivable</b>     | <b>Accounts Payable</b> | <b>Past Due</b>           |
|--|--------------------------------|-------------------------|---------------------------|
|  | <b>[Pre and Post Petition]</b> | <b>[Post Petition]</b>  | <b>Post Petition Debt</b> |
| 0 -30 Days                             | \$364,887                      | \$180,853               |                           |
| 31-60 Days                             | \$196,734                      | \$109,848               |                           |
| 61-90 Days                             | \$9,574                        | \$1,306                 | \$111,154                 |
| 91+ Days                               | \$107,342                      |                         |                           |
| Retention                              | \$292,442                      |                         |                           |
| Total accounts receivable/payable      | \$970,978                      | \$292,007               |                           |
| Allowance for doubtful accounts        | \$55,876                       |                         |                           |
| Accounts receivable (net)              | \$915,102                      |                         |                           |

**Schedule B**

**Inventory/Cost of Goods Sold**

| <b>Types and Amount of Inventory(ies)</b> | <b>Inventory(ies)</b> | <b>Cost of Goods Sold</b>           |                 |
|---|-----------------------|-------------------------------------|-----------------|
|   | <b>Balance at</b>     | <b>Inventory Beginning of Month</b> | <b>\$75,000</b> |
|   | <b>End of Month</b>   | <b>Add -</b>                        |                 |
| Retail/Restaurants -                      |                       | Net purchase                        |                 |
| Product for resale                        |                       | Direct labor                        |                 |
|   |                       | Manufacturing overhead              |                 |
| Distribution -                            |                       | Freight in                          |                 |
| Products for resale                       |                       | Other:                              |                 |
|   |                       | Cost of Contracts-Materials         | \$167,368       |
| Manufacturer -                            |                       | Cost of Service-Materials           | \$0             |
| Raw Materials                             |                       | Cost of Contracts-Equip             | \$61            |
| Work-in-progress                          |                       | Cost-Other                          | \$0             |
| Finished goods                            |                       | Less -                              |                 |
|   |                       | Inventory End of Month              | \$75,000        |
| Other - Explain                           | \$75,000              | Shrinkage                           |                 |
| Plumbing Materials                        |                       | Personal Use                        |                 |
|   |                       | Cost of Goods Sold                  | \$167,429       |
| <b>TOTAL</b>                              | <b>\$75,000</b>       |                                     |                 |

**Method of Inventory Control**

Do you have a functioning perpetual inventory system?

Yes  No

How often do you take a complete physical inventory?

Weekly   
 Monthly   
 Quarterly   
 Semi-annually   
 Annually

Date of last physical inventory was \_\_\_\_\_

Date of next physical inventory is \_\_\_\_\_

**Inventory Valuation Methods**

Indicate by a checkmark method of inventory used.

Valuation methods -

FIFO cost   
 LIFO cost   
 Lower of cost or market   
 Retail method   
 Other   
 Explain

**Schedule C  
Real Property**

| Description  | <u>Cost</u> | <u>Market Value</u> |
|--------------|-------------|---------------------|
| _____        | _____       | _____               |
| _____        | _____       | _____               |
| _____        | _____       | _____               |
| _____        | _____       | _____               |
| _____        | _____       | _____               |
| <b>Total</b> | <b>\$0</b>  | <b>\$0</b>          |

**Schedule D  
Other Depreciable Assets**

| Description                        | <u>Cost</u> | <u>Market Value</u> |
|------------------------------------|-------------|---------------------|
| <b>Machinery &amp; Equipment -</b> |             |                     |
| _____                              | _____       | _____               |
| _____                              | _____       | _____               |
| _____                              | _____       | _____               |
| <b>Total</b>                       | <b>\$0</b>  | <b>\$0</b>          |
| <b>Furniture &amp; Fixtures -</b>  |             |                     |
| _____                              | _____       | _____               |
| _____                              | _____       | _____               |
| _____                              | _____       | _____               |
| <b>Total</b>                       | <b>\$0</b>  | <b>\$0</b>          |
| <b>Office Equipment -</b>          |             |                     |
| _____                              | _____       | _____               |
| _____                              | _____       | _____               |
| <b>Total</b>                       | <b>\$0</b>  | <b>\$0</b>          |
| <b>Leasehold Improvements -</b>    |             |                     |
| _____                              | _____       | _____               |
| _____                              | _____       | _____               |
| _____                              | _____       | _____               |
| <b>Total</b>                       | <b>\$0</b>  | <b>\$0</b>          |
| <b>Vehicles -</b>                  |             |                     |
| _____                              | _____       | _____               |
| _____                              | _____       | _____               |
| _____                              | _____       | _____               |
| <b>Total</b>                       | <b>\$0</b>  | <b>\$0</b>          |

**Schedule E**  
**Aging of Post-Petition Taxes**  
(As of End of the Current Reporting Period)

| Taxes Payable                        | <u>0-30 Days</u> | <u>31-60 Days</u> | <u>61-90 Days</u> | <u>91+ Days</u> | <u>Total</u>    |
|--------------------------------------|------------------|-------------------|-------------------|-----------------|-----------------|
| <b>Federal</b>                       |                  |                   |                   |                 |                 |
| Income Tax Withholding               | \$10,910         |                   |                   |                 | \$10,910        |
| FICA - Employee                      | \$9,597          |                   |                   |                 | \$9,597         |
| FICA - Employer                      | \$9,597          |                   |                   |                 | \$9,597         |
| Unemployment (FUTA)                  |                  |                   |                   |                 | \$0             |
| Income                               |                  |                   |                   |                 | \$0             |
| Other (Attach List)                  |                  |                   |                   |                 | \$0             |
| <b>Total Federal Taxes</b>           | <b>\$30,104</b>  | <b>\$0</b>        | <b>\$0</b>        | <b>\$0</b>      | <b>\$30,104</b> |
| <b>State and Local</b>               |                  |                   |                   |                 |                 |
| Income Tax Withholding               | \$776            |                   |                   |                 | \$776           |
| Unemployment (UT)                    | \$296            |                   |                   |                 | \$296           |
| Disability Insurance (DI)            | \$208            |                   |                   |                 | \$208           |
| Empl. Training Tax (ETT)             |                  |                   |                   |                 | \$0             |
| Sales                                |                  |                   |                   |                 | \$0             |
| Excise                               |                  |                   |                   |                 | \$0             |
| Real property                        |                  |                   |                   |                 | \$0             |
| Personal property                    |                  |                   |                   |                 | \$0             |
| Income                               |                  |                   |                   |                 | \$0             |
| Other (Attach List)                  |                  |                   |                   |                 | \$0             |
| <b>Total State &amp; Local Taxes</b> | <b>\$1,280</b>   | <b>\$0</b>        | <b>\$0</b>        | <b>\$0</b>      | <b>\$1,280</b>  |
| <b>Total Taxes</b>                   | <b>\$31,384</b>  | <b>\$0</b>        | <b>\$0</b>        | <b>\$0</b>      | <b>\$31,384</b> |

**Schedule F**  
**Pre-Petition Liabilities**

| <u>List Total Claims For Each Classification -</u>   | <u>Claimed Amount</u> | <u>Allowed Amount (b)</u> |                        |
|--|-----------------------|---------------------------|------------------------|
| Secured claims (a)   | \$863,790             | \$863,790                 | per plan dated 5/31/17 |
| Priority claims other than taxes   | \$29,166              | \$29,166                  |                        |
| Priority tax claims  | \$660,094             | \$660,094                 |                        |
| General unsecured claims   | \$2,464,532           | \$221,808                 | as proposed in         |
| (a) List total amount of claims even it under secured.   | \$4,017,583           |                           | plan dated 5/31/17     |
| (b) Estimated amount of claim to be allowed after compromise or litigation. As an example, you are a defendant in a lawsuit alleging damage of \$10,000,000 and a proof of claim is filed in that amount. You believe that you can settle the case for a claim of \$3,000,000. For Schedule F reporting purposes you should list \$10,000,000 as the Claimed Amount and \$3,000,000 as the Allowed Amount. |                       |                           |                        |

**Schedule G**  
**Rental Income Information**  
Not applicable to General Business Cases

**Schedule H**  
**Recapitulation of Funds Held at End of Month**

|                                      | <u>Account 1</u>  | <u>Account 2</u>           | <u>Account 3</u>           | <u>Account 4</u> | <u>Account 5</u> |
|--------------------------------------|-------------------|----------------------------|----------------------------|------------------|------------------|
| Bank                                 | Bank of the West  | S. Cruz County Bank-closed | S. Cruz County Bank-closed | Paypal           | Chase            |
| Account Type                         | Checking          | Checking                   | Checking                   | Credit Card      | Checking         |
| Account No.                          | 4962              | 1199                       | XXXXXXXX8563               |                  | 40506            |
| Account Purpose                      | Business Checking | Business Checking          | Business Checking          |                  |                  |
| Balance, End of Month                | \$34,549          | \$0                        | \$0                        | \$303            | \$3,095          |
| Total Funds on Hand for all Accounts | <u>\$37,950</u>   |                            |                            |                  |                  |
|                                      | <u>Account 6</u>  |                            |                            |                  |                  |
|                                      | Chase             |                            |                            |                  |                  |
|                                      | Savings           |                            |                            |                  |                  |
|                                      | 2633              |                            |                            |                  |                  |
|                                      | <u>\$2</u>        |                            |                            |                  |                  |

Attach copies of the month end bank statement(s), reconciliation(s), and the check register(s) to the Monthly Operating Report.

**STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS**

Increase/(Decrease) in Cash and Cash Equivalents

For the Month Ended 06/30/17

|  | Actual<br>Current Month | Cumulative<br>(Case to Date) |
|--|-------------------------|------------------------------|
| <b>Cash Receipts</b>                                   |                         |                              |
| 1 Rent/Leases Collected                                |                         |                              |
| 2 Cash Received from Sales                             | \$318,768               | \$1,244,410                  |
| 3 Interest Received                                    |                         |                              |
| 4 Borrowings   |                         |                              |
| 5 Funds from Shareholders, Partners, or Other Insiders | \$0                     | \$57,000                     |
| 6 Capital Contributions                                |                         |                              |
| 7  |                         |                              |
| 8  |                         |                              |
| 9  |                         |                              |
| 10   |                         |                              |
| 11   |                         |                              |
| 12 <b>Total Cash Receipts</b>                          | \$318,768               | \$1,301,410                  |
| <b>Cash Disbursements</b>                              |                         |                              |
| 13 Payments for Inventory                              |                         |                              |
| Cash Paid to Suppliers                                 | \$53,462                | \$418,400                    |
| Cash Paid to Subcontractors                            | \$390                   | \$1,960                      |
| 14 Selling   |                         |                              |
| 15 Administrative                                      | \$10,873                | \$115,144                    |
| 16 Capital Expenditures                                |                         |                              |
| 17 Principal Payments on Debt                          |                         |                              |
| 18 Interest Paid                                       |                         |                              |
| Rent/Lease:  |                         |                              |
| 19 Personal Property                                   |                         |                              |
| 20 Real Property                                       | \$3,200                 | \$16,000                     |
| Amount Paid to Owner(s)/Officer(s)                     |                         |                              |
| 21 Salaries  | \$4,317                 | \$12,944                     |
| 22 Draws   |                         | \$6,000                      |
| 23 Commissions/Royalties                               |                         |                              |
| 24 Expense Reimbursements                              | \$45                    | \$762                        |
| Repayment of Loan from Jason Allison                   | \$9,000                 | \$13,000                     |
| 25 Other   |                         |                              |
| 26 Salaries/Commissions (less employee withholding)    | \$112,058               | \$419,930                    |
| Expense Reimbursements                                 | \$6,341                 | \$13,153                     |
| Employee Advance                                       | \$300                   | \$300                        |
| 27 Management Fees                                     |                         |                              |
| Taxes:   |                         |                              |
| 28 Employee Withholding                                | \$14,790                | \$85,455                     |
| 29 Employer Payroll Taxes                              | \$5,867                 | \$39,013                     |
| 30 Real Property Taxes                                 |                         |                              |
| 31 Other Taxes   |                         | \$1,550                      |
| 32 Other Cash Outflows:                                |                         |                              |
| 33 401K  | \$4,580                 | \$22,040                     |
| Cost of Contracts- Equipment                           | \$61                    | \$61                         |
| 34 Cost of Contracts- Other                            | \$0                     | \$14,644                     |
| 35 Misc-Disbursements                                  | \$1,657                 | \$21,525                     |
| 36 US Trustee Quarterly Fee                            |                         | \$4,875                      |
| 37 Monthly payment on pre-petition debt                | \$14,000                | \$42,000                     |
| 38 <b>Total Cash Disbursements:</b>                    | \$240,941               | \$1,248,755                  |
| 39 <b>Net Increase (Decrease) in Cash</b>              | \$77,828                | \$52,655                     |
| 40 <b>Cash Balance, Beginning of Period</b>            | \$5,002                 |                              |
| 41 <b>Cash Balance, End of Period</b>                  | \$82,830                |                              |



**STATEMENT OF CASH FLOWS**  
 (Optional) Increase/(Decrease) in Cash and Cash Equivalents  
 For the Month Ended \_\_\_\_\_

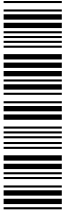
|   |   | <u>Actual</u><br><u>Current Month</u> | <u>Cumulative</u><br><u>(Case to Date)</u> |
|---|---|---------------------------------------|--|
| <b>Cash Flows From Operating Activities</b> |   |                                       |  |
| 1   | Cash Received from Sales  | _____                                 | _____                                      |
| 2   | Rent/Leases Collected   | _____                                 | _____                                      |
| 3   | Interest Received   | _____                                 | _____                                      |
| 4   | Cash Paid to Suppliers  | _____                                 | _____                                      |
| 5   | Cash Paid for Selling Expenses  | _____                                 | _____                                      |
| 6   | Cash Paid for Administrative Expenses   | _____                                 | _____                                      |
|   | Cash Paid for Rents/Leases:   |                                       |  |
| 7   | Personal Property   | _____                                 | _____                                      |
| 8   | Real Property   | _____                                 | _____                                      |
| 9   | Cash Paid for Interest  | _____                                 | _____                                      |
| 10  | Cash Paid for Net Payroll and Benefits  | _____                                 | _____                                      |
|   | Cash Paid to Owner(s)/Officer(s)  |                                       |  |
| 11  | Salaries  | _____                                 | _____                                      |
| 12  | Draws   | _____                                 | _____                                      |
| 13  | Commissions/Royalties   | _____                                 | _____                                      |
| 14  | Expense Reimbursements  | _____                                 | _____                                      |
| 15  | Other   | _____                                 | _____                                      |
|   | Cash Paid for Taxes Paid/Deposited to Tax Acct.                                     |                                       |  |
| 16  | Employer Payroll Tax  | _____                                 | _____                                      |
| 17  | Employee Withholdings   | _____                                 | _____                                      |
| 18  | Real Property Taxes   | _____                                 | _____                                      |
| 19  | Other Taxes   | _____                                 | _____                                      |
| 20  | Cash Paid for General Expenses  | _____                                 | _____                                      |
| 21  | _____   | _____                                 | _____                                      |
| 22  | _____   | _____                                 | _____                                      |
| 23  | _____   | _____                                 | _____                                      |
| 24  | _____   | _____                                 | _____                                      |
| 25  | _____   | _____                                 | _____                                      |
| 26  | _____   | _____                                 | _____                                      |
| 27  | <b>Net Cash Provided (Used) by Operating Activities before Reorganization Items</b> | \$0                                   | \$0  |
| <b>Cash Flows From Reorganization Items</b> |   |                                       |  |
| 28  | Interest Received on Cash Accumulated Due to Chp 11 Case                            | _____                                 | _____                                      |
| 29  | Professional Fees Paid for Services in Connection with Chp 11 Case                  | _____                                 | _____                                      |
| 30  | U.S. Trustee Quarterly Fees   | _____                                 | _____                                      |
| 31  | _____   | _____                                 | _____                                      |
| 32  | <b>Net Cash Provided (Used) by Reorganization Items</b>                             | \$0                                   | \$0  |
| 33  | <b>Net Cash Provided (Used) for Operating Activities and Reorganization Items</b>   | \$0                                   | \$0  |
| <b>Cash Flows From Investing Activities</b> |   |                                       |  |
| 34  | Capital Expenditures  | _____                                 | _____                                      |
| 35  | Proceeds from Sales of Capital Goods due to Chp 11 Case                             | _____                                 | _____                                      |
| 36  | _____   | _____                                 | _____                                      |
| 37  | <b>Net Cash Provided (Used) by Investing Activities</b>                             | \$0                                   | \$0  |
| <b>Cash Flows From Financing Activities</b> |   |                                       |  |
| 38  | Net Borrowings (Except Insiders)  | _____                                 | _____                                      |
| 39  | Net Borrowings from Shareholders, Partners, or Other Insiders                       | _____                                 | _____                                      |
| 40  | Capital Contributions   | _____                                 | _____                                      |
| 41  | Principal Payments  | _____                                 | _____                                      |
| 42  | _____   | _____                                 | _____                                      |
| 43  | <b>Net Cash Provided (Used) by Financing Activities</b>                             | \$0                                   | \$0  |
| 44  | <b>Net Increase (Decrease) in Cash and Cash Equivalents</b>                         | \$0                                   | \$0  |
| 45  | <b>Cash and Cash Equivalents at Beginning of Month</b>                              | _____                                 | _____                                      |
| 46  | <b>Cash and Cash Equivalents at End of Month</b>                                    | \$0                                   | \$0  |

# Account Statement


June 1, 2017 - June 30, 2017


Page 1 of 6


>007151 7692966 0002 008230 10Z  
SANTA CRUZ PLUMBING INC  
DEBTOR-IN-POSSESSION  
440 KINGS VILLAGE DRIVE  
SCOTTS VALLEY CA 95066-4027



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## CHOICE BUSINESS CHECKING

4962

SANTA CRUZ PLUMBING INC  
DEBTOR-IN-POSSESSION

### ACCOUNT SUMMARY

|                          |                    |
|--------------------------|--------------------|
| <b>Beginning Balance</b> | <b>\$17,655.06</b> |
| 4 Credits                | 10,520.00          |
| 15 Deposits              | 223,213.12         |
| 56 Withdrawals           | -30,311.50         |
| 184 Checks               | -186,527.47        |
| <b>Ending Balance</b>    | <b>\$34,549.21</b> |

### EARNINGS SUMMARY

|                                |             |
|--------------------------------|-------------|
| Interest this statement period | \$0.00      |
| Interest credited year-to-date | \$0.00      |
| Annual percentage yield earned | 0.00%       |
| Average monthly balance        | \$35,334.91 |

### For your protection:

Examine this statement promptly. Any discrepancy must be reported within 30 days. Consumer customers: A discrepancy regarding an electronic payment or line of credit must be reported within 60 days.

**CHOICE BUSINESS CHECKING xxx-xx4962 (continued)**

**ACCOUNT DETAIL**

**Credits**

| <i>Date</i>                                 | <i>Amount</i> | <i>Description</i>   |
|---|---------------|--|
| 06/01                                       | \$20.00       | SERVICE CHG REBATE VALUED CUSTOMER MONTHLY SERVICE CHARGE REBATE |
| 06/22                                       | 4,000.00      | ELECTRONIC DEP PAYPAL TRANSFER 062217PPD                         |
| 06/27                                       | 4,500.00      | ELECTRONIC DEP PAYPAL TRANSFER 062717PPD                         |
| 06/28                                       | 2,000.00      | ELECTRONIC DEP PAYPAL TRANSFER 062817PPD                         |
| <b>4 credits for a total of \$10,520.00</b> |               |  |

**Deposits**

| <i>Date</i>                                    | <i>Amount</i> | <i>Date</i> | <i>Amount</i> | <i>Date</i> | <i>Amount</i> |
|--|---------------|-------------|---------------|-------------|---------------|
| 06/01  | \$2,886.43    | 06/09       | \$35,557.53   | 06/13       | \$18,000.00   |
| 06/01  | 62,059.37     | 06/12       | 632.00        | 06/19       | 3,640.00      |
| 06/05  | 867.57        | 06/12       | 1,000.00      | 06/19       | 4,566.98      |
| 06/05  | 10,000.00     | 06/12       | 6,064.05      | 06/22       | 16,001.70     |
| 06/09  | 6,746.96      | 06/13       | 2,368.00      | 06/29       | 52,822.53     |
| <b>15 deposits for a total of \$223,213.12</b> |               |             |               |             |               |

**Withdrawals**

| <i>Date</i> | <i>Amount</i> | <i>Description</i>  |
|-------------|---------------|---|
| 06/01       | \$37.08       | DEBIT CARD POS 76 - SCOTTS VALLEY 76 SCOTTS VALLEY CA ON 170601 #4668       |
| 06/01       | 5.00          | DEBIT CARD POS 76 - SCOTTS VALLEY 76 SCOTTS VALLEY CA ON 170601 #4668       |
| 06/01       | 12.95         | DEBIT CARD POS J2 *METROFAX 888-929-4141 CA ON 170601 #4668                 |
| 06/01       | 20.00         | MONTHLY SVC CHG PREVIOUS PERIOD ACTIVITY RESULTED IN MONTHLY SERVICE CHARGE |
| 06/02       | 6.00          | DEBIT CARD POS SC WHARF GATE SANTA CRUZ CA ON 170602 #4668                  |
| 06/02       | 44.95         | DEBIT CARD POS DAVENPORT ROADHOUSE DAVENPORT CA ON 170602 #4668             |
| 06/05       | 27.01         | DEBIT CARD POS 76 - SCOTTS VALLEY 76 SCOTTS VALLEY CA ON 170604 #4668       |
| 06/05       | 50.00         | DEBIT CARD POS 76 - SCOTTS VALLEY 76 SCOTTS VALLEY CA ON 170604 #4668       |
| 06/05       | 30.00         | DEBIT CARD POS PAYFLOW/PAYPAL 08888839770 NE ON 170605 #4668                |
| 06/05       | 64.75         | DEBIT CARD POS 76 - SCOTTS VALLEY 76 SCOTTS VALLEY CA ON 170605 #4668       |
| 06/06       | 75.00         | DEBIT CARD POS 76 - SCOTTS VALLEY 76 SCOTTS VALLEY CA ON 170606 #4668       |
| 06/07       | 26.66         | DEBIT CARD POS ORCHARD SUPPLY #060 CAPITOLA CA ON 170607 #4668              |
| 06/07       | 75.00         | DEBIT CARD POS 76 - SCOTTS VALLEY 76 SCOTTS VALLEY CA ON 170607 #4668       |
| 06/07       | 1,488.91      | ELECTRONIC DBT EMPLOYMENT DEVEL EDD EFTPMT 060717 605877120 CCD             |
| 06/08       | 8,120.66      | ELECTRONIC DBT IRS USATAXPYMT 060817 270755914812569 CCD                    |
| 06/09       | 80.94         | DEBIT CARD POS OFFICEMAX/OFFICEDEPOT6 SANTA CRUZ CA ON 170609 #4668         |
| 06/09       | 294.29        | POS PURCHASE 585109 AMAZON.COM SEATTLE WA ##4668                            |
| 06/09       | 73.94         | DEBIT CARD POS 76 - SCOTTS VALLEY 76 SCOTTS VALLEY CA ON 170609 #4668       |
| 06/09       | 7.99          | ELECTRONIC DBT GO DADDY WEB ORDER 060917 1750994937 CCD                     |
| 06/12       | 72.22         | DEBIT CARD POS JOBBER EDMONTON AB ON 170611 #4668                           |
| 06/12       | 157.58        | DEBIT CARD POS SAKE JAPANESE STEAK HO SANTA CRUZ CA ON 170611 #4668         |
| 06/13       | 125.28        | DEBIT CARD POS SCARBOROUGH ACE HARDWA SCOTTS VALLEY CA ON 170613 #4668      |
| 06/13       | 66.07         | DEBIT CARD POS 76 - SCOTTS VALLEY 76 SCOTTS VALLEY CA ON 170613 #4668       |
| 06/13       | 55.00         | DEBIT CARD POS TSHEETS COM 8888362720 ID ON 170613 #4668                    |
| 06/14       | 48.85         | DEBIT CARD POS RIVA FISH HOUSE SANTA CRUZ CA ON 170614 #4668                |
| 06/14       | 57.92         | DEBIT CARD POS HARDWAREANDTOOLS.CO 540-535-7277 VA ON 170614 #4668          |
| 06/14       | 109.50        | DEBIT CARD POS WWW COSTCO COM 800-955-2292 WA ON 170614 #4668               |
| 06/14       | 76.26         | DEBIT CARD POS WWW COSTCO COM 800-955-2292 WA ON 170614 #4668               |
| 06/14       | 47.95         | DEBIT CARD POS WWW COSTCO COM 800-955-2292 WA ON 170614 #4668               |
| 06/14       | 14.32         | DEBIT CARD POS WWW COSTCO COM 800-955-2292 WA ON 170614 #4668               |
| 06/14       | 1,121.44      | ELECTRONIC DBT EMPLOYMENT DEVEL EDD EFTPMT 061417 1774750592 CCD            |

8230-0108



**CHOICE BUSINESS CHECKING xxx-xx4962** (continued)

**ACCOUNT DETAIL**

**Withdrawals**

| <i>Date</i> | <i>Amount</i> | <i>Description</i>   |
|-------------|---------------|--|
| 06/14       | \$7,444.56    | ELECTRONIC DBT IRS USATAXPYMT 061417 270756522223759 CCD               |
| 06/15       | 46.60         | DEBIT CARD POS 7 ELEVEN 38008 SCOTTS VALLEY CA ON 170615 #4668         |
| 06/15       | 99.78         | DEBIT CARD POS 7 ELEVEN 38008 SCOTTS VALLEY CA ON 170615 #4668         |
| 06/15       | 40.99         | DEBIT CARD POS WWW COSTCO COM 800-955-2292 WA ON 170615 #4668          |
| 06/15       | 37.46         | DEBIT CARD POS CHEVRON 0207808 MORGAN HILL CA ON 170615 #4668          |
| 06/15       | 53.08         | DEBIT CARD POS SQU*SQ *SCOTTS VALLEY SCOTTS VALLEY CA ON 170615 #4668  |
| 06/19       | 40.74         | DEBIT CARD POS 76 - SCOTTS VALLEY 76 SCOTTS VALLEY CA ON 170619 #4668  |
| 06/19       | 34.81         | DEBIT CARD POS SCARBOROUGH ACE HARDWA SCOTTS VALLEY CA ON 170619 #4668 |
| 06/20       | 54.10         | DEBIT CARD POS 76 - SCOTTS VALLEY 76 SCOTTS VALLEY CA ON 170620 #4668  |
| 06/20       | 43.00         | DEBIT CARD POS EXPEDIA 7274262110219 EXPEDIA.COM WA ON 170620 #4668    |
| 06/21       | 1,697.79      | DEBIT CARD POS INTEGRITY AUTOMOTIVE S SCOTTS VALLEY CA ON 170621 #4668 |
| 06/21       | 666.40        | DEBIT CARD POS ALASKA A 02786316461902 08006545669 WA ON 170621 #4668  |
| 06/21       | 1,265.48      | ELECTRONIC DBT EMPLOYMENT DEVEL EDD EFTPMT 062117 1879780224 CCD       |
| 06/22       | 8.38          | DEBIT CARD POS SAN LORENZO 63 S CRUZ SANTA CRUZ CA ON 170622 #4668     |
| 06/23       | 80.00         | DEBIT CARD POS SHELL OIL 57443634100 SCOTTS VALLEY CA ON 170623 #4668  |
| 06/26       | 100.00        | DEBIT CARD POS SAFEWAY STORE00003004 SCOTTS VALLEY CA ON 170626 #4668  |
| 06/26       | 20.35         | DEBIT CARD POS PEETS 14702 SCOTTS VALLEY CA ON 170626 #4668            |
| 06/27       | 63.13         | DEBIT CARD POS AMIDRON MOSS LANDING MOSS LANDING CA ON 170627 #4668    |
| 06/28       | 1,215.94      | ELECTRONIC DBT EMPLOYMENT DEVEL EDD EFTPMT 062817 129559936 CCD        |
| 06/29       | 5.43          | DEBIT CARD POS SCARBOROUGH ACE HARDWA SCOTTS VALLEY CA ON 170629 #4668 |
| 06/29       | 37.83         | DEBIT CARD POS OTORO SUSHI SCOTTS VALLEY CA ON 170629 #4668            |
| 06/29       | 69.02         | DEBIT CARD POS CHEVRON 0203262 WATSONVILLE CA ON 170629 #4668          |
| 06/29       | 60.50         | DEBIT CARD POS A TOOL SHED SANTA CRUZ CA ON 170629 #4668               |
| 06/30       | 73.45         | POS PURCHASE 000009 AMAZON.COM SEATTLE WA ##4668                       |
| 06/30       | 4,559.16      | ELECTRONIC DBT OAK RIVER INSUR WORK COMP 063017 SAWC713861 CCD         |

**56 withdrawals for a total of \$30,311.50**

**Checks Paid**

| <i>Number</i> | <i>Date paid</i> | <i>Amount</i> | <i>Number</i> | <i>Date paid</i> | <i>Amount</i> | <i>Number</i> | <i>Date paid</i> | <i>Amount</i> |
|---------------|------------------|---------------|---------------|------------------|---------------|---------------|------------------|---------------|
| 0             | 06/02            | 51.70         | 1537*         | 06/02            | 7,261.78      | 1560          | 06/07            | 495.00        |
| 0*            | 06/23            | 937.03        | 1541*         | 06/02            | 497.73        | 1562*         | 06/06            | 914.35        |
| 0*            | 06/30            | 302.03        | 1542          | 06/19            | 300.00        | 1563          | 06/02            | 930.32        |
| 649*          | 06/16            | 624.53        | 1543          | 06/05            | 149.23        | 1564          | 06/01            | 863.43        |
| 1304*         | 06/07            | 1,677.50      | 1544          | 06/07            | 185.00        | 1565          | 06/07            | 1,043.26      |
| 1341*         | 06/06            | 1,164.00      | 1545          | 06/29            | 7,679.07      | 1566          | 06/02            | 1,072.09      |
| 1381*         | 06/06            | 1,164.00      | 1546          | 06/19            | 74.43         | 1567          | 06/05            | 624.53        |
| 1436*         | 06/23            | 1,164.00      | 1547          | 06/19            | 455.20        | 1568          | 06/06            | 671.83        |
| 1439*         | 06/01            | 1,165.13      | 1548          | 06/02            | 266.06        | 1569          | 06/02            | 1,664.13      |
| 1500*         | 06/15            | 200.00        | 1549          | 06/05            | 17.50         | 1570          | 06/01            | 679.44        |
| 1502*         | 06/21            | 676.05        | 1550          | 06/20            | 54.77         | 1571          | 06/06            | 738.35        |
| 1503          | 06/27            | 491.83        | 1551          | 06/21            | 113.00        | 1572          | 06/05            | 807.14        |
| 1505*         | 06/21            | 147.04        | 1552          | 06/06            | 70.00         | 1573          | 06/05            | 1,333.38      |
| 1507*         | 06/16            | 361.85        | 1553          | 06/06            | 95.89         | 1574          | 06/02            | 990.07        |
| 1508          | 06/22            | 807.09        | 1554          | 06/15            | 574.08        | 1575          | 06/05            | 902.84        |
| 1509          | 06/15            | 173.10        | 1556*         | 06/16            | 3,989.54      | 1576          | 06/05            | 698.07        |
| 1513*         | 06/06            | 208.37        | 1557          | 06/01            | 1,415.50      | 1577          | 06/02            | 1,312.49      |
| 1523*         | 06/05            | 698.07        | 1558          | 06/01            | 204.87        | 1578          | 06/05            | 593.52        |
| 1529*         | 06/02            | 1,321.70      | 1559          | 06/07            | 390.00        | 1579          | 06/05            | 644.16        |

\* Break in check number sequence.



07151 7692966 014636 029271 0002/0003

**CHOICE BUSINESS CHECKING xxx-xx4962 (continued)**

**ACCOUNT DETAIL**

**Checks Paid**

| <i>Number</i> | <i>Date paid</i> | <i>Amount</i> | <i>Number</i> | <i>Date paid</i> | <i>Amount</i> | <i>Number</i> | <i>Date paid</i> | <i>Amount</i> |
|---------------|------------------|---------------|---------------|------------------|---------------|---------------|------------------|---------------|
| 1580          | 06/05            | 713.76        | 1631          | 06/09            | 1,567.43      | 1687          | 06/27            | 695.11        |
| 1581          | 06/02            | 641.96        | 1632          | 06/13            | 185.28        | 1688          | 06/26            | 852.09        |
| 1582          | 06/02            | 1,453.24      | 1633          | 06/12            | 755.29        | 1689          | 06/23            | 1,081.48      |
| 1583          | 06/12            | 1,086.21      | 1635*         | 06/09            | 329.80        | 1690          | 06/27            | 220.86        |
| 1584          | 06/02            | 714.97        | 1644*         | 06/16            | 846.92        | 1691          | 06/27            | 990.07        |
| 1585          | 06/01            | 1,357.51      | 1645          | 06/14            | 908.25        | 1692          | 06/23            | 902.84        |
| 1587*         | 06/06            | 788.33        | 1646          | 06/14            | 1,043.26      | 1693          | 06/26            | 569.07        |
| 1588          | 06/05            | 490.83        | 1647          | 06/19            | 252.92        | 1694          | 06/23            | 1,576.00      |
| 1589          | 06/05            | 946.46        | 1648          | 06/16            | 1,201.41      | 1695          | 06/23            | 593.52        |
| 1591*         | 06/02            | 229.55        | 1650*         | 06/19            | 612.43        | 1696          | 06/26            | 503.22        |
| 1592          | 06/05            | 300.00        | 1651          | 06/16            | 1,564.35      | 1697          | 06/28            | 735.40        |
| 1593          | 06/05            | 1,192.35      | 1652          | 06/16            | 700.00        | 1698          | 06/23            | 641.96        |
| 1595*         | 06/06            | 3,268.00      | 1653          | 06/20            | 738.35        | 1699          | 06/26            | 1,076.28      |
| 1596          | 06/08            | 3,200.00      | 1654          | 06/16            | 560.21        | 1700          | 06/27            | 937.18        |
| 1597          | 06/05            | 5,000.00      | 1655          | 06/19            | 1,435.72      | 1701          | 06/26            | 570.64        |
| 1598          | 06/09            | 984.57        | 1656          | 06/19            | 1,160.18      | 1702          | 06/23            | 903.61        |
| 1599          | 06/07            | 863.43        | 1657          | 06/19            | 902.84        | 1703          | 06/23            | 1,192.35      |
| 1600          | 06/07            | 1,043.26      | 1658          | 06/26            | 698.07        | 1704          | 06/26            | 788.33        |
| 1601          | 06/09            | 245.13        | 1659          | 06/16            | 1,281.14      | 1705          | 06/23            | 946.46        |
| 1602          | 06/12            | 1,072.09      | 1660          | 06/19            | 593.52        | 1706          | 06/23            | 460.21        |
| 1603          | 06/12            | 509.16        | 1661          | 06/15            | 675.59        | 1710*         | 06/29            | 106.84        |
| 1604          | 06/14            | 550.99        | 1662          | 06/16            | 577.40        | 1711          | 06/27            | 21.50         |
| 1605          | 06/09            | 1,550.32      | 1663          | 06/16            | 641.96        | 1712          | 06/28            | 223.56        |
| 1606          | 06/09            | 560.20        | 1664          | 06/19            | 1,074.08      | 1715*         | 06/30            | 74.43         |
| 1607          | 06/12            | 616.09        | 1665          | 06/27            | 1,052.48      | 1717*         | 06/30            | 1,033.87      |
| 1609*         | 06/09            | 781.49        | 1667*         | 06/15            | 747.41        | 1718          | 06/30            | 863.43        |
| 1610          | 06/12            | 946.84        | 1668          | 06/16            | 1,488.65      | 1719          | 06/30            | 1,093.84      |
| 1611          | 06/12            | 902.84        | 1669          | 06/19            | 854.65        | 1720          | 06/30            | 327.01        |
| 1612          | 06/26            | 569.07        | 1670          | 06/16            | 529.36        | 1721          | 06/30            | 1,312.74      |
| 1614*         | 06/09            | 593.52        | 1671          | 06/16            | 946.46        | 1722          | 06/30            | 624.53        |
| 1615          | 06/09            | 532.04        | 1673*         | 06/19            | 316.60        | 1724*         | 06/30            | 1,595.71      |
| 1616          | 06/16            | 466.70        | 1674          | 06/15            | 4,951.56      | 1726*         | 06/30            | 685.86        |
| 1617          | 06/08            | 526.76        | 1675          | 06/15            | 80.97         | 1734*         | 06/30            | 1,690.17      |
| 1618          | 06/19            | 918.12        | 1676          | 06/23            | 1,657.49      | 1735          | 06/30            | 593.52        |
| 1619          | 06/27            | 747.88        | 1677          | 06/19            | 490.98        | 1737*         | 06/30            | 695.59        |
| 1620          | 06/09            | 453.60        | 1678          | 06/23            | 1,081.19      | 1738          | 06/30            | 641.96        |
| 1621          | 06/08            | 903.61        | 1679          | 06/21            | 863.43        | 1742*         | 06/30            | 903.61        |
| 1623*         | 06/12            | 788.33        | 1680          | 06/23            | 1,107.35      | 1745*         | 06/29            | 697.36        |
| 1625*         | 06/12            | 946.46        | 1682*         | 06/26            | 1,072.09      | 1746          | 06/30            | 946.46        |
| 1626          | 06/09            | 1,535.33      | 1683          | 06/23            | 624.53        | 9037*         | 06/19            | 4,000.00      |
| 1627          | 06/13            | 2,954.12      | 1684          | 06/28            | 671.83        | 9751*         | 06/05            | 9,566.44      |
| 1628          | 06/15            | 3,157.52      | 1685          | 06/23            | 1,601.05      |               |                  |               |
| 1630*         | 06/08            | 240.46        | 1686          | 06/23            | 697.71        |               |                  |               |

**184 checks paid for a total of \$186,527.47**

\* Break in check number sequence.



## IMPORTANT INFORMATION

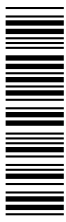
### IN CASE OF ERRORS OR QUESTIONS ABOUT YOUR ELECTRONIC TRANSFERS

(For accounts that are maintained primarily for personal, family or household purposes.)

Telephone us at (800) 488-2265, or write us at Bank of the West\*, Branch Service Center, P.O. Box 2573, Omaha, NE 68103-2573 as soon as you can if you think your statement or receipt is wrong or if you need more information about a transfer listed on the statement or receipt. We must hear from you no later than 60 days after we sent you the FIRST statement on which the error or problem appeared. We will need to know the following:

1. Tell us your name and account number (if any).
2. Describe the error or the transfer you are unsure about, and explain as clearly as you can why you believe it is an error or why you need more information.
3. Tell us the dollar amount of the suspected error.

We will investigate your complaint and will correct any error promptly. If we take more than 10 business days (20 business days for transactions involving new accounts) to do this, we will credit your account for the amount you think is in error, so that you will have the use of the money during the time it takes us to complete our investigation.



07151 7692966 014637 029273 0003/0003

\*In South Dakota, Bank of the West operates under the name of Bank of the West California.



# Account Statement

June 1, 2017 - June 30, 2017

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Active  All transactions  All currencies  6/1/17 - 6/30/17

| Date         | Type                       | Name  | Payment | Gross     | Fee             | Net      | Balance            | Actions        |
|--------------|----------------------------|---|---------|-----------|-----------------|----------|--------------------|----------------|
| Jun 30, 2017 | Payment from               | Paul Coghlan                                |         | Completed | \$312.74 USD    | -\$9.37  | <b>\$303.37</b>    | \$339.45 USD   |
| Jun 27, 2017 | Transfer to                | Bank Account                                |         | Completed | -\$2,000.00 USD | \$0.00   | <b>-\$2,000.00</b> | \$36.08 USD    |
| Jun 26, 2017 | Payment from               | Jennifer Crawford                           |         | Completed | \$511.40 USD    | -\$17.90 | <b>\$493.50</b>    | \$2,036.08 USD |
| Jun 26, 2017 | Payment from               | Suzanne Russin                              |         | Completed | \$263.99 USD    | -\$7.96  | <b>\$256.03</b>    | \$1,542.58 USD |
| Jun 26, 2017 | Payment from               | Veronica Gerber                             |         | Completed | \$1,166.00 USD  | -\$40.81 | <b>\$1,125.19</b>  | \$1,286.55 USD |
| Jun 26, 2017 | Transfer to                | Bank Account                                |         | Completed | -\$4,500.00 USD | \$0.00   | <b>-\$4,500.00</b> | \$161.36 USD   |
| Jun 26, 2017 | Payment from               | Ed Simas                                    |         | Completed | \$1,365.78 USD  | -\$39.91 | <b>\$1,325.87</b>  | \$4,661.36 USD |
| Jun 26, 2017 | Payment from               | Peter Buzzusi                               |         | Completed | \$316.77 USD    | -\$9.49  | <b>\$307.28</b>    | \$3,335.49 USD |
| Jun 26, 2017 | Payment from               | Susan Williams                              |         | Completed | \$1,533.44 USD  | -\$44.77 | <b>\$1,488.67</b>  | \$3,028.21 USD |
| Jun 23, 2017 | Payment from               | taura kimball                               |         | Completed | \$630.24 USD    | -\$18.58 | <b>\$611.66</b>    | \$1,539.54 USD |
| Jun 23, 2017 | Payment from               | Terry Rein                                  |         | Completed | \$190.00 USD    | -\$5.81  | <b>\$184.19</b>    | \$927.88 USD   |
| Jun 21, 2017 | Transfer to                | Bank Account                                |         | Completed | -\$4,000.00 USD | \$0.00   | <b>-\$4,000.00</b> | \$743.69 USD   |
| Jun 20, 2017 | Payment from               | Susan Iebloic                               |         | Completed | \$2,659.25 USD  | -\$77.42 | <b>\$2,581.83</b>  | \$4,743.69 USD |
| Jun 19, 2017 | Payment from               | Jo Case                                     |         | Completed | \$2,142.12 USD  | -\$62.42 | <b>\$2,079.70</b>  | \$2,161.86 USD |
| Jun 15, 2017 | Debit Card pin purchase to | 72 21 207 65<br>AMAZON.COM, SEATTLE, WA, US |         | Completed | -\$53.12 USD    | \$0.00   | <b>-\$53.12</b>    | \$82.16 USD    |
| Jun 3, 2017  | Cash Back Bonus from       | PayPal                                      |         | Completed | \$2.16 USD      | \$0.00   | <b>\$2.16</b>      | \$135.28 USD   |



### Payments on Pre-petition debt

| <b>Lien Claimant</b> | <b>Amount of Payment</b> | <b>Date of Payment</b> |
|----------------------|--------------------------|------------------------|
| FC Partners, LP      | \$1194.75                | 6/12/17                |
| EDD                  | \$1906.78                | 6/12/17                |
| ACH Capital          | \$361.85                 | 6/12/17                |
| Pace Supply          | \$173.10                 | 6/12/17                |
| IRS                  | \$9556.44                | 6/5/17                 |

**Exhibit D – Liquidation Analysis**

*Plan Proponent’s Estimated Liquidation Value of Assets*

**Assets**

|  |             |
|--|-------------|
| a. Cash on hand  | \$ 97,830   |
| b. Accounts receivable   | \$596,744   |
| Lease Deposit  | \$ 2,000.   |
| Pre-paid FTB tax   | \$ 800      |
| c. Inventory   | \$ 75,000   |
| d. Office furniture & equipment  | \$ 3,000    |
| e. Machinery & equipment   | \$ 27,559   |
| f. Automobiles   | \$ 122,200  |
| g. Building & Land   | \$ 0        |
| h. Customer list   | \$ 0        |
| i. Investment property (such as stocks, bonds or other financial assets) | \$0         |
| j. Lawsuits or other claims against third-parties                        | \$0         |
| k. Other intangibles (such as avoiding powers actions)                   | \$          |
| <br>Total Assets at Liquidation Value                                    | <br>925,133 |

**Less:**

Secured creditors= recoveries **925,132.69**

**Less:**

Chapter 7 trustee fees and expenses \$49,507

**Less:**

Chapter 11 administrative expenses \$25,000

**Less:**

Priority claims, excluding administrative expense claims \$620,227

**[Less:**

Debtor:s claimed exemptions] \$0

(1) Balance for unsecured claims \$ 0

(2) Total dollar amount of unsecured claims \$ 1,664,590

*Percentage of Claims Which Unsecured Creditors Would Receive Or Retain in a* 0%

**Chapter 7 Liquidation:**

*Percentage of Claims Which Unsecured Creditors Will Receive or Retain under the Plan:* \_\_\_\_\_

9%

**Exhibit E – Cash on hand on the effective date of the Plan**

**Cash on hand on effective date of the Plan:** \$97,830

*Less* B

|   |         |
|---|---------|
| Amount of administrative expenses payable on effective date of the Plan | -       |
|   | - 4,875 |
| Amount of statutory costs and charges                                   | 0       |
|   | -       |
| Amount of cure payments for executory contracts                         | 0       |
|   | -       |
| Other Plan Payments due on effective date of the Plan                   | 92,955  |

Balance after paying these amounts.....

The sources of the cash Debtor will have on hand by the effective date of the Plan are estimated as follows:

|          |  |
|----------|--|
| \$82,830 | Cash in Debtor-s bank account now  |
| +15,000  | Additional cash Debtor will accumulate from net earnings between now and effective date of the Plan [state the basis for such projections] |
| +0       | Borrowing [separately state terms of repayment]  |
| +0       | Capital Contributions  |
| +0       | Other  |
| \$97,830 | Total  |

**Exhibit F** Projections of Cash Flow and Earnings to Demonstrate Feasibility

|                                    |                 |                  |                   |
|------------------------------------|-----------------|------------------|-------------------|
| Gross Business Revenue             | 290,000         |                  |                   |
| Less                               |                 |                  |                   |
| CGS                                | 97000           |                  |                   |
| Owner Compensation                 | 6000            |                  |                   |
| Salaries                           | 117,580         |                  |                   |
| Rent                               | 3200            |                  |                   |
| Insurance                          | 8900            |                  |                   |
| Employer Payroll Tax               | 9850            |                  |                   |
| Other Administrative Exp.          | 4000            |                  |                   |
| Fuel                               | 3500            |                  |                   |
| Repair & Maintenance-auto          | 1000            |                  |                   |
| <b>OPERATING PROFIT BEFORE TAX</b> | <b>38970</b>    | <b>38970</b>     | <b>38970</b>      |
| Income Tax                         | 15980.75        | 15980.75         | 15980.75          |
| <b>DISPOSABLE INCOME</b>           | <b>22989.25</b> | <b>22989.25</b>  | <b>22989.25</b>   |
| <b>PLAN PAYMENTS</b>               | <b>Mo-1-52</b>  | <b>Mo. 53-84</b> | <b>Mo. 84-113</b> |
| Admin Claims                       | 347.22          | 347.22           |                   |
| Class 1: FC Partners               | 389.39          | 1763.57          | 1763.57           |
| Class 2: ACH                       | 117.93          | 534.13           | 534.13            |
| Class 4: IRS (secured)             | 8495.96         | 8495.96          |                   |
| Class 5: General Unsecured         |                 | 2496.89          | 2496.89           |
| Priority Claims (taxes)            |                 |                  |                   |
| IRS                                | 7255.97         | 7255.97          |                   |
| EDD                                | 2289.77         |                  |                   |
| <b>TOTAL PAYMENTS</b>              | <b>18896.24</b> | <b>20893.74</b>  | <b>4794.59</b>    |
| <b>NET DISPOSABLE INCOME</b>       | <b>4093.01</b>  | <b>2095.51</b>   | <b>18194.66</b>   |