

UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF COLORADO

IN RE:)	
)	
GROWER'S ORGANIC, LLC)	Case No. 15-19683-EEB
)	
)	Chapter 11
EIN: 02-0745679)	
)	
Debtor.)	

**AMENDED DISCLOSURE STATEMENT TO ACCOMPANY AMENDED CHAPTER 11
PLAN OF REORGANIZATION DATED JULY 1, 2016**

This Disclosure Statement has been prepared by Grower's Organic ("Debtor") to accompany its Amended Chapter 11 Plan of Reorganization filed by the Debtor (the "Plan"), attached hereto as Exhibit A. The Plan may be amended prior to confirmation. This Disclosure Statement is being provided to all creditors and interest holders of the Debtor. This Disclosure Statement is subject to final approval pursuant to 11 U.S.C. § 1125 by the United States Bankruptcy Court for the District of Colorado as containing adequate information to enable creditors and interest holders to determine whether to accept the Debtor's Plan. The Court's approval of this Disclosure Statement does not constitute a decision on the merits of the Plan. Issues related to the merits of the Plan and its confirmation will be the subject of a confirmation hearing which is scheduled for _____ at the United States Custom House, Courtroom ____, 721 19th Street, Denver, Colorado 80202.

THIS DISCLOSURE STATEMENT HAS BEEN NEITHER APPROVED NOR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION. THE COMMISSION HAS SIMILARLY NOT REVIEWED THE ACCURACY OR ADEQUACY OF THIS DISCLOSURE STATEMENT.

The Plan of Reorganization is the governing document or contract with creditors once it is confirmed by the Court. In the event of any inconsistencies between the Plan and this Disclosure Statement, the Plan supersedes the Disclosure Statement and will be the sole court-approved document that governs the post-confirmation relationship and agreements between the parties.

This Disclosure Statement is provided to you along with a copy of the Debtor's Plan and a Ballot to be used for voting on the Plan. Please complete the Ballot according to the instructions contained on the Ballot if you intend to vote for or against the Debtor's Plan. Each creditor or interest holder entitled to vote on the Plan may vote on the Plan by completing the enclosed Ballot and returning it to counsel for the Debtor at the address below:

Lee M. Kutner
Keri L. Riley
Kutner Brinen, P.C.
1660 Lincoln St.
Suite 1850
Denver, CO 80264

This Ballot must be received by Kutner Brinen, P.C. no later than **5:00 p.m. on _____, 2016** which is the date set by the Court as the last day to vote on the Plan. Terms contained in this Disclosure Statement, which are defined in the Plan, have the same meaning as set forth in the definitional section of the Plan, Article II.

Recommendation. As discussed more fully below, the Debtor firmly believes that the Plan represents the best alternative for providing the maximum value for creditors. The Plan provides creditors with a distribution on their Claims in an amount greater than any other potential known option available to the Debtor through a refinancing agreement with an entity known as U.S. Business Funding or an alternative lender. Pre-approval letters from prospective lenders are attached as Exhibit B.

Voting Requirements. Pursuant to the Bankruptcy Code, only Classes of Claims or Interests that are "impaired" under the Plan are entitled to vote to accept or reject the Plan. Classes of Claims and Interests that are not impaired are not entitled to vote and are deemed to have accepted the Plan. Voting on the Plan shall be pursuant to the provisions of the Bankruptcy Code and the Bankruptcy Rules, and a Class shall have accepted the Plan if the Plan is accepted by at least two-thirds in amount and more than one-half in number of the Allowed Claims of such Class actually voting.

Voting Classes. Each holder of an Allowed Claim in Classes 2 through 5 shall be entitled to vote to accept or reject the Plan.

Deemed Acceptance of Plan. Unimpaired classes are conclusively presumed to accept the Plan pursuant to Section 1126(f) of the Bankruptcy Code.

Deemed Rejection of Plan. Classes that receive and retain nothing under the Plan are deemed to reject the Plan pursuant to Section 1126(g) of the Bankruptcy Code.

One Vote Per Holder. If a holder of a Claim holds more than one Claim in any one Class, all Claims of such holder in such Class shall be aggregated and deemed to be one Claim for purposes of determining the number of Claims voting for or against the Plan.

I. CHAPTER 11 AND PLAN CONFIRMATION

Chapter 11 of the United States Bankruptcy Code is designed to allow for the rehabilitation and reorganization of financially troubled entities or individuals. Chapter 11 allows the debtor to retain its assets during the administration of the Chapter 11 case as debtor-in-possession. Following confirmation of the Plan, Chapter 11 allows the debtor to retain its assets as a reorganized debtor or as otherwise provided in the Plan. If the Plan is approved by the Court, the Plan is the permanent restructuring of the debtor's financial obligations. The Plan also provides a means through which the debtor will restructure or repay its obligations.

The Plan divides creditors into classes of similarly situated creditors. All creditors of the same Class are treated in a similar fashion. All interests are also classified and treated alike. Each Class of creditors or interest holders is either impaired or unimpaired under the Plan. A Class is unimpaired if the Plan leaves unaltered the legal, equitable and contractual rights to which each creditor in the Class is entitled or if the Plan provides for the cure of a default and reinstatement of the maturity date of the claim as it existed prior to default.

The Plan provides that Claims and Interests of all Classes shall be allowed only if such Claims are either: (a) evidenced by a timely filed Proof of Claim or Interest; or b) appear in the Schedules filed by the Debtor and are not scheduled as disputed, contingent or unliquidated, unless subsequently allowed by the Court. Creditors may check as to whether or not their Claims are scheduled as disputed, contingent or unliquidated by reviewing the Schedules and the amendments thereto filed by the Debtor in the Bankruptcy Court for the District of Colorado. Alternatively, creditors may contact counsel for the Debtor directly in order to determine how their claim was scheduled.

Chapter 11 does not require that each holder of a Claim or Interest vote in favor of the Plan in order for the Court to confirm the Plan. The Plan, however, must be accepted by at least

one impaired Class of Claims by a majority in number and two-thirds in amount, without including insider acceptance of those Claims of such Class actually voting on the Plan. Assuming one impaired Class votes to accept the Plan, the Plan may be confirmed over its rejection by other Classes if the Court finds that the Plan does not discriminate unfairly and is fair and equitable with respect to each Class of Claims that is impaired under and has not accepted the Plan.

If all Classes of Claims and Interests vote to accept the Plan, the Court may confirm the Plan. Section 1129 of the Bankruptcy Code sets forth the requirements for confirmation. Among other things, Section 1129 requires that the Plan be in the best interest of the holders of Claims and Interests and be feasible through a showing that confirmation will not be followed by the need for further financial reorganization of the Debtor.

II. OVERVIEW OF THE PLAN AND MEANS OF EXECUTION

The Plan divides creditors and interest holders into the following six (6) Classes. Treatment of each of the Classes is discussed in greater detail below and in the Plan. The following table summarizes the Classes, whether or not each such Class is impaired, and, to the extent determinable, the treatment of each Class.

<u>CLASS</u>	<u>IMPAIRMENT</u>	<u>TREATMENT</u>
Class 1 – Allowed Unsecured Claims Pursuant to 11 U.S.C. § 507(a)(4) and 507(a)(5)	Unimpaired	Paid in full on the Effective Date of the Plan
Class 2 – Allowed Claims held by PACA Creditors	Unimpaired	Paid in full on the Effective Date of the Plan.
Class 3 – Allowed Secured Claim held by J.P. Morgan Chase bank, N.A.	Impaired	The Class 3's lien will continue in the Debtor's equipment. The Class 4 Claim will be amortized over ten (10) years at 4% interest, with a balloon payment after five (5) years.
Class 4 – Allowed Secured Claim of Colorado Lending Source	Impaired	Class 4's lien will continue in the cooler held by Green Earth Services, LLC; the Class 4 Claim will be allowed in the amount of \$5,000 or such other amount as agreed by the parties or determined by the Court. The Claim will bear interest at 7% per annum, and will be paid in equal monthly installments over two years beginning on the Effective Date of

		the Plan.
Class 5 – Allowed Claims held by unsecured creditors	Impaired	The Class 5 Claims receive 20% of their Allowed Claims in semi-annual distributions over 5 years, beginning 6 months after the Effective Date and continuing every 6 months thereafter. If Class 5 votes to reject the Plan, Class 5 shall have the Option to exchange their claim for new membership interests in the reorganized Debtor.
Class 6 – Interests in the Debtor	Unimpaired	All Class 6 Interests will be retain their interest in the Debtor on the Effective Date. If Class 5 votes to reject the Plan, all Class 6 Interests will be canceled on the Effective Date of the Plan.

III. BACKGROUND AND EVENTS LEADING TO CHAPTER 11 FILING

The Debtor was formed in 2005 by managing member Brian Freeman, and is a limited liability company that owns and operates a wholesale organic food distributor in Denver, Colorado. The majority of the Debtor's revenues are from the sale of organic produce and food products to retailers and restaurants. After its genesis in 2005, the Debtor operated successfully for a number of years, growing in size and volume, eventually growing its business to approximately \$14 million in yearly gross sales.

In an effort to continue expanding its business and to reduce transportation costs, in 2012, the Debtor formed GO Transportation ("GOT") as a separate limited liability corporation to provide interstate transportation services for needs of the Debtor. GOT used hauling services to transport produce, meat, and beverages sold by the Debtor to retailers and restaurants. GOT was ultimately unable to sustain its operations, and the Debtor was forced to financially support GOT until it ceased operations in August 2015.

In addition to the financial strain from GOT's ongoing losses, the Debtor also had numerous personnel issues on a pre-petition basis. In addition to employees taking advantage of compensation and incentive programs, the Debtor also had a number of issues with accountants improperly keeping its books, resulting in the Debtor and GOT showing profits, but in fact experiencing significant losses. As a result of the Debtor's ongoing personnel issues, and the

Debtor's continuous support of GOT, the Debtor was forced to file its voluntary petition pursuant to Chapter 11 of the Bankruptcy Code on August 28, 2015.

IV. SIGNIFICANT EVENTS DURING THE CHAPTER 11 CASE

The Debtor has complied with all requirements of the Bankruptcy Code and of the Office of the U.S. Trustee, including attending the Initial Debtor Interview and its Meeting of Creditors, and the filing of monthly operating reports. The Debtor also worked extensively on improving its operations and increasing its revenues. As a result of the Debtor's efforts, the Debtor has improved its business from posting net operating losses of approximately \$11,004 in September 2015, the month after filing the case, to net operating gains of approximately \$17,265 in the month of May 2016.

A. Identification and Payment of Pre-Petition Claims Arising Under the PACA

During the Chapter 11 case, the Debtor established procedures to identify and pay pre-petition claims arising under the Perishable Agricultural Commodities Act [7 U.S.C. § 499a *et seq.*] ("PACA"). Pursuant to the PACA, a statutory non-segregated floating trust is created over all perishable agricultural commodities received by a dealer, and extends to the cash proceeds from the sale of such commodities ("PACA Trust"). While the PACA provides the sellers of agricultural commodities automatic trust rights, such rights expire after thirty (30) days unless the seller properly preserves its rights to the benefits of the trust. The Debtor filed its Motion for Entry of Order Establishing Procedures for the Identification and Payment of Claims Arising Under the Perishable Agricultural Commodities Act ("PACA Motion") on November 3, 2015 in order to identify those creditors who properly preserved their trust rights under the PACA, and to determine the nature and amount of the claims. The PACA Motion further sought authorization for the Debtor to pay the valid pre-petition PACA claims against the Debtor and for the Debtor to exercise its setoff rights against any pre-petition PACA creditors against whom the Debtor also had a valid PACA claim.

On December 8, 2015, United Natural Foods d/b/a Albert's Organics ("Albert's Organics") filed an Objection to Motion to Establish Procedures for Administering PACA Trust Claims. In order to resolve the Objection, the Debtor entered into a Stipulation Regarding Treatment of Claim Held by Albert's Organics Arising Under the Perishable Agricultural Commodities Act ("Stipulation") on December 30, 2015. Pursuant to the Stipulation, Albert's Organics maintains the right to amend its claim to include accrued attorney's fees and interest as

permitted by applicable law at any time(s) prior to Albert's Organics PACA claim being paid in full. The Stipulation further allows the Debtor to object to the amount and reasonableness of any such amendment to Albert's Organic's claim prior to payment. The Stipulation was approved by the Court on December 30, 2015.

Following the Court's approval of the Stipulation, the Court entered an Order Granting Debtor's Motion for Entry of Order Establishing Procedure for the Identification and Payment of Claims Arising Under the Perishable Agricultural Commodities Act ("PACA Order") on January 8, 2016. Pursuant to the PACA Order, the Debtor filed its Report of Creditors Holding Valid Pre-Petition Claims Arising Under the Perishable Agricultural Commodities Act ("Preliminary Report") on January 14, 2016, which included a list of proposed setoff rights to be exercised by the Debtor. Following the Preliminary Report, creditors had 20 days to object to the characterization and amount of their claims or to any setoff rights exercised by the Debtor. After Debtor finalized communications with all identified PACA Creditors, the Debtor filed a Final Report of Creditors Holding Valid Pre-Petition Claims Arising Under the Perishable Agricultural Commodities Act on March 8, 2016 ("Final Report"), which is attached hereto as Exhibit C. **Any creditor not included on the Final Report has lost their right to assert a PACA claim.**

B. Complaint Against Melonhead, LLC.

Debtor filed a Complaint against Melonhead, LLC d/b/a Mile High Organics ("Melonhead") and Michael Joseph on June 3, 2016 for violation of the PACA. The Complaint alleges that a default judgment ("Judgment") entered against Melonhead by the Secretary of Agriculture to remit payment of perishable agricultural commodities in the amount of \$56,354.53, and asserts claims against Melonhead and Michael Joseph for violation of PACA, unlawful disposition of PACA trust assets by a corporate official, civil theft pursuant to C.R.S. § 18-4-401, and unjust enrichment. The proceeding is still pending, and no Answers have yet been filed.

C. Motions of United States Trustee to Convert This Chapter 11 Case

On October 1, 2015, the United States Trustee ("UST") filed a Motion to Convert This Chapter 11 Case Pursuant to 11 U.S.C. § 1112(b) as a result of a lapse in insurance coverage with respect to certain trucks owned by the Debtor. The Debtor was able to obtain coverage on the trucks and provide proof of the same to the UST, following which the UST orally withdrew his Motion to Convert at the Chapter 11 Status and Scheduling Conference on October 5, 2015.

On June 8, 2016, the Trustee filed a second Motion to Convert This Chapter 11 Case Pursuant to 11 U.S.C. § 1112(b) as a result of the appearance of negative cash flows on the Debtor's monthly operating reports, and the lack of a proposed Chapter 11 Plan. The Debtor filed its Response in Objection to United States Trustee's Motion to Convert This Chapter 11 Case Pursuant to 11 U.S.C. § 1112(b). This matter is still pending before the Court. The Debtor filed a Stipulated Motion to Hold Pending Matter in Abeyance on July 20, 2016, seeking to hold further litigation on the second Motion to Convert in abeyance through and including September 18, 2016.

V. DESCRIPTION OF ASSETS

The scheduled value of the Debtor's assets, as of the Petition Date (unless otherwise indicated), is set forth in the following chart.

Asset	Estimated Value
Cash on Hand and in Debtor-in-Possession Account (Current Value)	\$56,188
Deposit held by Landlord	\$25,000.00
Common Shares in Green Chef (212,000 shares)	\$100,000.00
Pre-Petition Accounts Receivable (Uncollectible)	\$275,000.00
Claim against Melonhead, LLC d/b/a Mile High Organics for default on lease of cooler	\$164,214.32
Amount owed to Grower's Organic by GO Transportation (uncollectible)	\$716,000.00
Copyright for Grower's Organic, LLC	\$1,000.00
CoFresh2Go Website	\$1,000.00
Software (Peachtree Quantum, FF2Go Delivery Software, Database Software, Fresh Software)	\$92,482.50
Licensure (PACA License, Egg License, Colorado Business License, and Wholesaler's License)	\$0.00
Vehicles (2006 Prius, Hino truck, 2009 Dodge Sprinter #1, 2009 Dodge Sprinter #2, 2001 Kenworth, 2007 Ford)	\$64,000.00
Office Equipment and Computers	\$72,983.74
Machinery and Equipment	\$204,506.81
Industrial Cooler leased to Green Chef	\$35,000.00
Organic produce, juices, meats, etc.	\$41,889.35
Total	\$1,805,433.80

The Debtor's primary assets consist of personal property used to operate its organic produce business, including vehicles, office equipment and computers, software, machinery, and several industrial cooler. The Debtor's inventory consists of organic produce, juices, and meats, which are items that fluctuate daily. The Debtor does not own any real property.

The Debtor's value of the assets reflects the replacement value of the Debtor's assets, and does not reflect the liquidation value which will be much less. In a Chapter 7 liquidation, the Debtor anticipates that its inventory would either be reclaimed by the post-petition suppliers, or would spoil before it could be sold, significantly decreasing its value. The Debtor's machinery, equipment, fixtures, and office furnishings are approximately 10 years old and would likely sell for approximately 30% of the replacement value reflected in the Debtor's schedules. The Debtor's vehicles are also approximately 10 years old and are all high mileage vehicles that would similarly sell for approximately 30% of the value listed above. The Debtor's remaining fixed assets, including its website, copyright, and software, and all highly customized to the Debtor, and cannot be effectively sold or transferred to another party.

The value of the Debtor's pre-petition accounts receivable was subsequently determined to be inaccurate and uncollectible. The Debtor's claim against GO Transportation is similarly uncollectible, as GO Transportation filed a voluntary petition for relief pursuant to Chapter 7 of the Bankruptcy Code on September 18, 2015.

The Debtor is pursuing its claim against Melonhead and Michael Joseph for violations of the PACA in Adversary Proceeding No. 16-01215-EEB. Any judgment entered against Melonhead would likely be uncollectible, however, the Debtor anticipates that the litigation will result in a judgment against Michael Joseph in the amount of at least \$56,354.53. If the Debtor is able to collect on the amount, such amount will be distributed pro rata to the PACA Trust Creditors pursuant to the Fifth Interim Cash Collateral Order.

The Debtor also attempted to sell its shares of Green Chef, Inc. (“Green Chef”) pursuant to the Fifth Interim Cash Collateral Order, however the Debtor has been unable to do so. The Debtor owns the beneficial interest of 212,000 shares of Green Chef through Melonhead Holdings, LLC (“Holding Company”). The interests are reflected as a 1 to 1 shares to membership interest in Holding Company. The Debtor’s membership interest amounts to a 0.71% interests in Holding Company, and is subject to cancellation in the event that the Debtor transfers such interest without prior written authorization. Holding Company has refused to give such authorization, effectively eliminating the value of the Debtor’s interest.

The Debtor also has a claim against Green Chef and Green Earth Services, Inc. (“Green Earth”) for turnover of property of the estate and violation of the automatic stay as a result of the actions taken by Green Chef and Green Earth to illegally remove an industrial cooler owned by the Debtor and leased to Green Chef. Green Chef contracted with Green Earth for the removal of the cooler, the process of which caused significant damage to the cooler. Green Earth has further asserted a mechanic’s lien against the cooler and refuses to return the cooler to the Debtor. The Debtor intends to pursue its claims against Green Chef and Green Earth.

The Debtor does have potential avoidance actions against Scott and Joe Freeman for potential preferential transfers in the amount of \$66,451.63. Recovery on the claims would require significant legal expenditures, and would irreparably damage Freeman’s relationship with his family. The Debtor does not intend to pursue such claims at this time.

VI. DESCRIPTION OF LIABILITIES

A. Priority Claims

1. Priority Claims

Priority Claims are defined in the Plan as any pre-petition Claim entitled to a priority in payment under § 507(a) of the Code, excluding any Administrative Claim or Tax Claim. Section 507(a) of the Code includes but is not limited to claims for: domestic support obligations owed on the date of filing; wages, salaries, or commissions, including vacation, sick leave, or severance pay owing to employees; and sales commissions earned by an individual within 180 days prior to filing the petition. 11 U.S.C. § 507(a)(1)-(4) (2016). The Debtor has paid all pre-petition wage claims pursuant to the Order Authorizing (A) Payment of Prepetition Employee Wages, and Salaries; and (B) Payment of All Costs and Expenses Incident to the Foregoing

Payments entered on September 4, 2015 (Docket No. 21).

2. Administrative Claims

Administrative Claims are those Claims for payments of administrative expenses of the kind specified in § 503(b) or § 1114(e)(2) of the Bankruptcy Code and are entitled to priority pursuant to § 507(a)(2) of the Bankruptcy Code, including but not limited to: the actual, necessary costs and expenses of preserving the estate; payment of professional fees; fees payable to the trustee; and all Allowed Claims that are entitled to be treated as Administrative Claims pursuant to a final order of the Bankruptcy Court. The Administrative Claims include the Professional Fees incurred during the case which remain unpaid, including fees and costs for: Kutner Brinen, P.C. (“KB”), and CliftonLarsonAllen, LLP for the Debtor.

3. Tax Claims

Tax Claims are any Claim of a governmental unit for taxes entitled to priority pursuant to 11 U.S.C. § 507(a)(8). The Debtor has a tax claim in the amount of \$7,763 owed to the Adams County Treasurer, and a tax claim in the amount of \$1,113.00 owed to the Colorado Department of Revenue.

B. PACA Claims

1. Class 2, Allowed Claims held by PACA Creditors. Class 2 Claims include the pre-petition claims of creditors arising under the PACA, as identified on the Final Report. The Final Report identifies valid PACA Claims in the amount of approximately \$916,961.97. Since filing the Final Report, the Debtor has distributed approximately \$14,350.78 to PACA creditors on a pro rata basis, reducing the total amount of valid PACA claims. Additionally, several of the Debtor’s suppliers who hold valid pre-petition PACA claims increased prices on goods sold to the Debtor post-petition as a condition of continuing to sell to the Debtor. The Debtor believes that the increased margin was used to pay the pre-petition claims in full.

The Debtor was also permitted to setoff amounts owed to it by PACA claimants against the claimant’s pre-petition PACA claims pursuant to the PACA Order. The Debtor exercised its setoff rights against Coosemans Denver, Inc. (“Coosemans”) which eliminated Coosemans’ claim against the Debtor and resulted in a credit in favor of the Debtor in the amount of \$2,233.50. The Debtor also exercised its setoff rights against American Produce in the amount of \$14,707.74, which ultimately reduced American Produce’s claim to \$469.91.

The Debtor believes that current amount owed for pre-petition PACA claims is \$892,330.63.

C. Secured Claims

1. **Class 3, Secured Claim of J.P. Morgan Chase Bank, N.A. (“Chase”).** Chase has a secured interest in substantially all of the Debtor’s assets, including its equipment, inventory, and accounts. Chase’s interest in the Debtor’s perishable agricultural commodities inventory, and any accounts receivable or cash proceeds from the sale of such inventory is subordinated to the pre- and post-petition claims of PACA Creditors pursuant to 7 U.S.C. § 499e, which creates a floating, non-segregated, statutory trust for the benefit of PACA Creditors on such assets. The Debtor has scheduled Chase with a secured interest in the amount of \$30,312, and believes that Chase is fully secured by the value of the Debtor’s equipment.

2. **Class 4, Secured Claim of Colorado Lending Source, Ltd. (“CLS”).** CLS has purchase money security interest in an industrial cooler owned by the Debtor and leased to Green Chef, Inc. on a pre-petition basis. The Cooler is the basis for the claim against Green Chef and Green Earth, which is described more fully above. The Debtor scheduled Colorado Lending Source with a claim in the amount of \$143,712, and believes that Colorado Lending Source is significantly undersecured by the value of the Cooler.

C. Non-Priority Unsecured Creditors

The Debtor has a number of unsecured pre-petition creditors which comprise Class 5. The Debtor has compiled a list of the claims scheduled in the bankruptcy case and the proofs of claim filed by creditors. To the extent that a creditor who was scheduled by the Debtor filed a proof of claim, the amount of the claim as filed by the creditor is considered in the Class 5 analysis. The schedule of known creditors in Class 5 is attached hereto as Exhibit D. As set forth in Exhibit D, the unsecured claims against the Debtor’s estate within Class 5 total approximately \$1,140,185.13. Additionally, several of the Debtor’s suppliers who hold valid pre-petition claims increased prices on goods sold to the Debtor post-petition as a condition of continuing to sell to the Debtor. The Debtor believes that the increased margin was used to pay the pre-petition claims in full.

D. Leases

The Debtor is subject to a pre-petition lease with General Industrial Investors II, LLC for

the premises located at 6400 Broadway, Units 10 and 11, Denver, Colorado. On December 21, 2015, the Debtor filed a Motion to Assume Non-Residential Real Property Lease Agreement. The Court entered an Order Authorizing Debtor to Assume Non-Residential Real Property Lease Agreement on January 13, 2016.

The Debtor is also a party to a pre-petition lease of the Cooler with Green Chef, Inc. Green Chef has ceased payment under the lease and has allowed Green Earth Services, Inc. to take possession of the Cooler and assert a post-petition mechanic's lien against the Cooler.

VII. DESCRIPTION OF PLAN

A. General Description

The Plan provides for the reorganization of the Debtor under Chapter 11 of the Bankruptcy Code. Pursuant to the Plan, the Debtor shall restructure its debts and obligations and otherwise continue to operate in the ordinary course of business. Funding of the Plan will be derived from a post-petition loan from U.S. Business Funding and from the Debtor's revenue from continued operations.

The Plan provides for the specification and treatment of all creditors and interest holders of the Debtor. The Plan identifies whether each Class is impaired or unimpaired. A Class is unimpaired only if the Plan leaves unaltered the legal, equitable or contractual obligations between the Debtor and the unimpaired claimants or interest holders. The following is a brief summary of the Plan. The actual text of the Plan should be reviewed for more specific detail. In the event of any conflict between the Plan and this Disclosure Statement, the terms of the Plan govern.

As provided in § 1123(a)(1) of the Code, the Administrative and Tax Claims against the Debtor are not designated as classes. The holders of such Allowed Claims are not entitled to vote on the Plan and such claims will be paid in full.

B. Claims

1. Unclassified Priority Claims

a. Administrative Claims

The holders of Allowed Claims of the type specified in Section 507(a)(2) of the Code, Administrative Claims, shall receive cash equal to the Allowed amount of such Claim or a lesser amount or different treatment as may be acceptable and agreed to by particular holders of such Claims. Such Claims shall be paid in full on the Effective Date of the Plan, or as otherwise

agreed to by the particular holders of such Claims. Section 507(a)(2) Administrative Claims that are Allowed by the Court after the Effective Date of the Plan shall be paid upon Allowance.

The Debtor has paid its administrative expenses in the ordinary course during the bankruptcy case, and therefore does not believe that any material administrative claims exist, with the exception of the administrative claims of Kutner Brinen, P.C. (“KB”), the Debtor’s bankruptcy counsel, CliftonLarsonAllen, LLP (“Accountant”), the Debtor’s accountant, and Blue Stone Advisor, LLC (“Blue Stone”), the Debtor’s financial advisor.

Through June 30, 2016, KB has incurred approximately \$31,221.00 in fees, and \$4,785.34 in costs. This amount has been billed against a pre-petition retainer in the amount of \$9,908, and post-petition payments in the amount of \$6,901. KB’s fees and costs are anticipated to increase approximately \$10,000 through Plan confirmation assuming a moderate amount of litigation over confirmation of the Debtor’s Plan and in defending against the second Motion to Convert. The total amount owed to KB on the Effective Date is anticipated to be approximately \$30,000.

The remaining professional fees that will be paid as an Administrative Claim are the fees of Accountant and Blue Stone. Accountant’s fees are anticipated to be approximately \$5,200 on the Confirmation Date. Blue Stone’s fees are anticipated to be \$10,000. Professional fees will be paid by the Debtor from the Refinance Proceeds prior to distribution to Class 2 Claimants.

b. Tax Claims

Tax Claims are any Claim of a governmental unit for taxes entitled to priority pursuant to 11 U.S.C. §507(a)(8). The Debtor has a tax claim in the amount of \$7,763 owed to the Adams County Treasurer. The tax claim of Adams County will be paid from the Refinance Proceeds prior to distribution to Class 2 Claimants.

c. United States Trustee Fees

All payments due from the Debtor to the U.S. Trustee pursuant to 28 U.S.C. § 1930(a)(6) shall be paid on the Effective Date, and the U.S. Trustee shall thereafter be paid fees due on a quarterly basis until the case is closed, converted, or dismissed. The Debtor shall request entry of a final decree closing the case within three months of Plan confirmation assuming no ongoing litigation exists in the Bankruptcy Court over claims or avoidance actions.

2. Classified Priority Claims

a. Class 1, All Allowed Unsecured Claims specified in Section 507(a)(4) and 507(a)(5) of the Code as having priority.

The Allowed Class 1 Priority Claims shall be paid in full on the Effective Date. The Class 1 Claims for certain pre-petition wages and employee Claims are more particularly described in Sections 507(a)(4) and 507(a)(5) of the Code. The Debtor has paid all pre-petition wage claims pursuant to the Order Authorizing (A) Payment of Prepetition Employee Wages, and Salaries; and (B) Payment of All Costs and Expenses Incident to the Foregoing Payments entered on September 4, 2015 (Docket No. 21), and does not believe any further Class 1 Claims exist.

3. PACA Claims

b. Class 2, Allowed Claims of PACA Creditors. Class 2 is unimpaired under the Plan. Class 2 Claims will not accrue interest unless otherwise stipulated between the parties, and will be paid in full over three installments. The Class 2 Claimants shall be paid in full from the Refinance Proceeds on the Effective Date of the Plan. Prior to payment, the Debtor shall obtain final payoff information from Class 2 Claimants. To the extent the Debtor disagrees with the validity or amount of the final payoff amount requested, the Debtor and the PACA Creditor asserting such claim shall comply with the procedures set forth in the *Order Granting Debtor's Motion for Entry of Order Establishing Procedures for the Identification and Payment of Claims Arising Under the Perishable Agricultural Commodities Act* (Docket No. 103).

4. Secured Claims

a. Class 3, Secured Claim of J.P. Morgan Chase Bank, N.A. Class 3 is impaired under the Plan. Class 3 shall retain its lien on the Debtor's assets post-petition. The Class 3 Claim will be allowed in full and amortized over a ten-year period with 4% interest per annum and shall receive a balloon payment on account of its claim after five years. If Class 3 objection, the interest rate shall be in the amount agreed by the Debtor and the Class 3 Claimant, or at such rate determined by the Court as necessary to satisfy the requirements of 11 U.S.C. § 1129(b). The total payment on Class 3's Claim will be approximately \$306.89, with a balloon payment in the amount of approximately \$16,664.07 due five-years after the Effective Date of the Plan. Payments on account of the Class 3 Claim will begin the first full month after the Class 2 Claims are paid in full.

b. Class 4, Secured Claim of Colorado Lending Source. Class 4 is impaired under the Plan. Class 4 shall retain its lien on the industrial cooler currently held by Green Earth. The Class 4 Claim shall be allowed in the amount of \$5,000, or such other amount as agreed by the parties or determined by the court, and shall bear interest at a rate of 7% per annum. The Class 4 Claim shall be paid in equal monthly installments over two years following the Effective Date of the Plan. The monthly payment on Class 4's Claim will be approximately \$224. The remainder of the Class 4 Claim, approximately \$138,712, shall be deemed unsecured pursuant to 11 U.S.C. § 506, and treated as a Class 5 unsecured claim. Payments on account of the Class 4 Claim will begin the first full month after the Class 2 Claims are paid in full.

3. Class 5, General Unsecured Claims

Class 5 consists of the Allowed Claims of the unsecured creditors. Class 5 Claimants will receive 20% of their Allowed Claims over a five-year period in semi-annual distributions beginning six (6) months after the Effective Date and continuing every six months thereafter. The Debtor will also obtain an agreement from statutory insiders holding Class 5 Claims that, notwithstanding their right to receive distributions under the Plan, they will waive payment on their Class 5 Claims under the Plan.

As set forth on Exhibit D, the total amount of the unsecured claims in Class 5 is \$1,140,185.13. Class 5 Claims of statutory insiders are approximately \$426,353.00. After the Debtor obtains an agreement from the statutory insiders, the Debtor will be paying 20% of \$713,832.13 over a five-year period. The total amount distributed over five years will be approximately \$142,766.43. The semi-annual payments will be approximately \$14,276.64.

If Class 5 votes to reject the Plan, all Class 6 Interests will be cancelled on the Effective Date and Class 5 claimants will have the option to exchange their claims for newly issues membership interests in the Debtor. New membership interests will be issued on a pro rata basis to Class 5 Claimants who make this option at the time of voting on the Plan.

C. Interests

1. Class 6, Interests Held by Pre-Petition Equity Holders. Class 6 is unimpaired if Class 5 votes to accept the Plan. On the Effective Date, Class 6 Interests will be retained by the Interest Holders. However, if Class 5 votes to reject the Plan, all outstanding Interests shall be cancelled on the Effective Date of the Plan.

D. Default Provisions Under the Plan

In the event of default by the Debtor under the Plan, creditors are required to provide the Debtor with written notice of the claimed default, and provide a ten (10) day period within which the Debtor can cure the claimed default. If the Debtor is unable to cure the default by such time, the creditor may enforce all rights and remedies against the Debtor for breach of contract. A secured creditor claiming a default under the Plan shall be entitled to enforce all rights and remedies related to their secured claim, including foreclosure of their secured interest pursuant to the terms of the document.

The Effective Date of the Debtor's Plan is conditioned on the entry of an Order Confirming the Plan, and on the Debtor closing on a new credit facility that provides the Debtor with the Refinance Proceeds by or before October 31, 2016 or such other date ordered by the Court. If the Debtor does not close on a new credit facility by such time, Plan shall be null and void, and not creditor shall be bound by the Plan. The Debtor shall also voluntarily move to have its case dismissed under the Bankruptcy Code.

VIII. PLAN FEASIBILITY

The Debtor believes that the Plan, as proposed, is feasible. The funding for the Plan will come from the refinance proceeds from the Debtor's loan with U.S. Business Funding, or an alternative lender. As evidenced by the projections attached hereto as Exhibit E, the Debtor's Plan is feasible, and it will be able to service all payments to creditors and to the new loan, while still generating sufficient cash flow for the business to operate.

The Debtor's history since January 2016 supports the feasibility of the Plan.¹ The Debtor's revenue minus cost of goods sold and operating and related overhead costs resulting in the earnings before interest tax depreciation and amortization ("EBITDA") accumulated income from January 2016 through May 2016 is \$82,079. The Debtor anticipates that this trend of increasing revenues and operating cashflow will continue, as it has consistently increased revenues and profitability monthly during the past six months and anticipates that it will continue

¹ The Debtor's Cash Receipts and Disbursements Statements from January 2016 through April 2016 showed a negative net cash flow. This was due in large part to the fact that the Debtor's accounts receivables were increasing in conjunction with the Debtor's increased revenues. The Profit and Loss Statements attached to each Monthly Operating Report present a more accurate portrayal of the Debtor's EBITDA income. Excerpts from the Debtor's June 2016 Monthly Operating Report, including the Debtor's MD&A for Period Ending June 30, 2016, and Profit & Loss Statement from June 2016, are attached as Exhibit F.

to do so. Organic produce is a large and growing industry, and the Debtor anticipates that demand will continue to increase, allowing the Debtor to improve and develop its operations throughout the life of the Plan.

Additionally, the Debtor is paying a substantial amount of fees to the United States Trustee on a quarterly basis. Despite the negative impact of the Trustee's fees limiting the company's working capital position since the filing of bankruptcy, the Debtor has managed to grow the businesses revenue and profitability. The Debtor intends to close its bankruptcy case as soon as possible after the Effective Date to eliminate fees to the United States Trustee. Emergence from bankruptcy will allow such amounts for future periods to be applied to replenishing inventory to grow sales and working capital, while servicing obligations of business financing and payments to creditors under this reorganization plan.

IX. TAX CONSEQUENCE

The Debtor is not providing tax advice to creditors or interest holders. **U.S. Treasury Regulations require you to be informed that, to the extent this section includes any tax advice, it is not intended or written by the Debtor or its counsel to be used, and cannot be used, for the purpose of avoiding federal tax penalties.** Each party affected by the Plan should consult its own tax advisor for information as to the tax consequences of Plan confirmation. Generally, unsecured creditors should have no tax impact as a result of Plan confirmation. The recovery of each creditor is payment on account of a debt and generally not taxable, unless the creditor wrote off the debt against income in a prior year in which case income may have to be recognized. Interest holders may have very complicated tax effects as a result of Plan confirmation.

X. LIQUIDATION ANALYSIS UNDER CHAPTER 7

The principal alternative to the Debtor's reorganization under Chapter 11 is a conversion of the case to Chapter 7 of the Bankruptcy Code. Chapter 7 requires the liquidation of the Debtor's assets by a Trustee who is appointed by the United States Trustee's office. In a Chapter 7 case, the Chapter 7 Trustee would take over control of the assets. Under a Chapter 7 liquidation, the Debtor's inventory and accounts receivable would be liquidated and the proceeds used to satisfy the pre- and post-Petition claims arising under the PACA. Chase would likely obtain relief from stay and foreclose on the Debtor's equipment. Any remaining assets would be

liquidated and the proceeds distributed to administrative expense claims, then pro rata to the PACA Creditors, then to the remaining creditors in order of priority. Funds would first be used to pay priority claims of the Chapter 11 case and the Chapter 7 case. Section 326 of the Bankruptcy Code defines the limitations of compensation of the Chapter 7 Trustee. Following the payment of the Chapter 7 costs and expenses of administration, the Chapter 7 Trustee would pay the Chapter 11 costs and expenses of administration, and then other priority claims existing in the Chapter 11 bankruptcy case. The Debtor's liquidation analysis is attached hereto as Exhibit G ("Liquidation Analysis").

Based upon the Liquidation Analysis, the PACA Creditors would receive approximately 30% of their claims, and unsecured creditors would not receive anything on account of their claims. The liquidation process would be drawn out over a significant length of time, due to the time required to collect on post-petition receivables. The estate would also be forced to continue incurring expenses for electricity for the Debtor's warehouse in order to avoid spoliation of the Debtor's inventory. It is therefore in the best interest of all creditors that the Debtor's Plan be approved, as the recovery for creditors will be substantially higher under the Debtor's Plan than the creditors would otherwise receive in a Chapter 7.

DATED:

Grower's Organic, LLC

s/ 
By: Brian Freeman

[remainder of page intentionally left blank]

Kutner Brinen, P.C. ("KB") has acted as legal counsel to the Debtor on bankruptcy matters during the Chapter 11 case. KB has prepared this Disclosure Statement with information provided primarily by the Debtor. The information contained herein has been approved by the Debtor. KB has not made any separate independent investigation as to the veracity or accuracy of the statements contained herein.

Counsel to the Debtor and
Debtor- In-Possession:

KUTNER BRINEN, P.C.

By: 

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EXHIBITS TO DISCLOSURE STATEMENT

Exhibit A – Amended Plan of Reorganization Dated July 1, 2016

Exhibit B – Pre-Approval Letters from Prospective Lenders

Exhibit C – Debtor’s Final Report of Creditors Holding Valid Pre-Petition Claims Arising Under
the Perishable Agricultural Commodities Act

Exhibit D – List of Unsecured Creditors

Exhibit E – Projections Under Chapter 11 Plan of Reorganization

Exhibit F – Excerpts from June 2016 Monthly Operating Report

Exhibit G – Liquidation Analysis

CERTIFICATE OF SERVICE

The undersigned certifies that on August 5, 2016, I served by prepaid first class mail a copy of the foregoing **AMENDED DISCLOSURE STATEMENT TO ACCOMPANY AMENDED CHAPTER 11 PLAN OF REORGANIZATION DATED JULY 1, 2016** on all parties against whom relief is sought and those otherwise entitled to service pursuant to the FED. R. BANKR. P. and these L.B.R. at the following addresses:

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Vicky Martina

UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF COLORADO

IN RE:)	
)	
GROWER’S ORGANIC, LLC)	Case No. 15-19683-EEB
)	
EIN: 02-0745679)	Chapter 11
)	
Debtor.)	

AMENDED PLAN OF REORGANIZATION DATED JULY 1, 2016

Grower’s Organic, LLC (“Debtor”) as Debtor and debtor-in-possession hereby proposes, pursuant to Chapter 11, Title 11 of the United States Code, the following Plan of Reorganization.

ARTICLE I

INTRODUCTION

The Debtor is a Colorado limited liability company owned and operated by Brian Freeman (“Freeman”). The Debtor owns and operates a wholesale produce distributor in Denver, Colorado.

This Plan provides for the reorganization of the Debtor under Chapter 11 of the Bankruptcy Code. Pursuant to the Plan, the Debtor shall restructure its debts and obligations and continue to operate in the ordinary course of business. A more complete history of the Debtor, its operations, an explanation of this Plan, and a description of the Debtor’s financial condition and future business activity is contained in the Disclosure Statement which accompanies this Plan. Reference should be made to the Disclosure Statement by all creditors and parties who intend to cast a ballot for or against this Plan.

ARTICLE II

DEFINITIONS

2.01 - Administrative Claim shall mean a Claim for payment of an administrative expense of a kind specified in § 503(b) or 1114(e)(2) of the Bankruptcy Code and entitled to priority pursuant to § 507(a)(2) of the Bankruptcy Code, including, but not limited to: (a) the actual, necessary costs and expenses, incurred after the Petition Date, of preserving the estate and operating the business of the Debtor, including wages, salaries, or commissions for services rendered after the commencement of the Chapter 11 Case; (b) Professional Fee Claims; (c) all fees and charges assessed against the estates under 28 U.S.C. § 1930; and (d) all Allowed Claims that are entitled to be treated as Administrative Claims pursuant to a Final Order of the Bankruptcy Court under § 546(c)(2) of the Bankruptcy Code.

2.02 - Allowed Claim shall mean a claim in respect of which a Proof of Claim has been filed with the Court within the applicable time period of limitation fixed by Court Order in this case or scheduled in the list of creditors prepared and filed with the Court pursuant to Bankruptcy Rule 1007(b) and not listed as disputed, contingent or unliquidated as to amount, in either case as to which no timely objection to the allowance thereof has been filed pursuant to Bankruptcy Rules 3001 and 3007 or as to which any such objection has been determined by a Final Order.

2.03 - Allowed Secured Claim shall mean an allowed claim secured by a lien, security interest or other charge against or interest in property in which the Debtor has an interest, or which is subject to setoff under § 553 of the Code, to the extent of the value (determined in accordance with § 506(a) of the Code) of the interest of the holder of any such allowed claim and the Debtor's interest in such property or to the extent of the amount subject to such setoff as the case may be.

2.04 - Avoidance Actions means the Debtor's estate's interest in any and all Claims, rights and causes of action which have been or may be commenced by or on behalf of the Debtor to avoid and recover any transfers of property determined to be preferential, fraudulent or otherwise avoidable pursuant to §§ 544, 545, 547, 548, 549, 550 or 553 of the Bankruptcy Code, or under any other applicable law, or otherwise

subject to equitable subordination under §510 of the Bankruptcy Code, regardless of whether or not such actions have been commenced prior to the Effective Date.

2.05 - Claim shall mean any right to payment, or right to any equitable remedy for breach of performance if such breach gives rise to the right to payment, against the Debtor in existence on or as of the Petition Date, whether or not such right to payment or right to an equitable remedy is reduced to judgment, liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, legal, secured or unsecured.

2.06 - Class shall mean any Class into which Allowed Claims are classified pursuant to Article III.

2.07- Class 1-6 Claims and Interests shall mean the Allowed Claims and Interests so classified in Article III.

2.08 - Code shall mean the Bankruptcy Code, 11 U.S.C. § 101 *et seq.* and any amendments thereof.

2.09 - Confirmation Date shall mean the date upon which the Order of Confirmation is entered by the Court.

2.10 - Court shall mean the United States Bankruptcy Court for the District of Colorado in which the Debtor's Chapter 11 case is pending, pursuant to which this Plan is proposed, and any Court having competent jurisdiction to hear appeal or certiorari proceedings therefrom.

2.11 - Debtor shall mean the Debtor who is proposing this Chapter 11 Plan.

2.12 - Disclosure Statement shall mean the Disclosure Statement which is approved by the Court according to 11 U.S.C. § 1125 to be utilized to solicit votes for this Plan.

2.13 - Disputed Claim means any Claim which is not an Allowed Claim, including, without limitation, any Claim designated as disputed, contingent or unliquidated in Debtor's schedules filed in connection with this case, or any Claim against which an objection to the allowance thereof has been interposed, and as to which no Final Order has been entered.

2.14 - Effective Date of the Plan shall mean the date by which all conditions to the effectiveness of the Plan have been met or otherwise resolved as provided in Plan, paragraph 10.13.

2.15 - Final Order shall mean an order or judgment of the Court which shall not have been reversed, stayed, modified or amended and as to which (a) the time to appeal from or to seek review, rehearing or certiorari shall have expired, and (b) no appeal or petition for review, rehearing or certiorari is pending or if appealed shall have been affirmed, or the appeal dismissed by the highest court to which such order was appealed, or if review, rehearing or certiorari was sought, such review, rehearing or certiorari has been denied and no further hearing, appeal or petition for review, rehearing or certiorari can be taken or granted or as to which any right to appeal or to seek a review, rehearing or certiorari has been waived.

2.16 - Interest shall mean any shareholder interest or any other instrument evidencing any ownership interest in the Debtor and any option, warrant or right of any nature, contractual or otherwise, to acquire an ownership interest in the Debtor.

2.17 - Order of Confirmation shall mean the Final Order entered by the Court confirming the Plan in accordance with the provisions of Chapter 11 of the Code.

2.18 - PACA shall mean the Perishable Agricultural Commodities Act [7 U.S.C. § 499e *et seq.*].

2.19 - PACA Creditors shall mean those creditors with a valid pre-petition claim arising under PACA as set forth on the Debtor's Final Report of Creditors Holding Valid Pre-Petition Claims Arising Under the Perishable Agricultural Commodities Act (Docket No. 119).

2.20 - Petition Date shall mean the date on which the voluntary petition was filed by the Debtor on August 28, 2015.

2.21 - Plan shall mean this Plan of Reorganization, as amended in accordance with the terms hereof or modified in accordance with the Code, including all exhibits and schedules attached hereto or referenced herein or therein.

2.22 - Priority Claim means any pre-petition Claim entitled to a priority in payment under § 507(a) of the Code, but shall not include any Administrative Claim or Tax Claim.

2.23 - Pro Rata shall mean the ratio of an Allowed Claim or Interest in a particular Class to the aggregate amount of all Allowed Claims or Interests in that Class.

2.24 - Professional Fees means the Administrative Claims for compensation and reimbursement submitted pursuant to Section 330, 331 and 503(b) of the Code by a Professional Person.

2.25 - Refinance Proceeds means the proceeds of a new loan made to the Debtor on or before October 31, 2016, as described more fully in paragraph 10.4. Nothing herein constitutes an obligation upon any Person to extend credit to the Debtor or its affiliates.

2.26 - Rules shall mean the Federal Rules of Bankruptcy Procedure and Local Bankruptcy Rules for the District of Colorado as adopted by the Court.

2.27 - Tax Claim means any unsecured Claim of a governmental unit for taxes entitled to priority pursuant to 11 U.S.C. § 507(a)(8).

2.28 - Unclassified Priority Claims shall mean Claims pursuant to § 507(a)(2) which are Administrative Claims allowed under § 503(b) of the Code and any fees and charges against the estate under Chapter 123 of Title 28 of the United States Code and shall further mean Allowed Unsecured Claims of governmental units to the extent provided for in § 507(a)(8) of the Code.

2.29 - Other Definitions. Unless the context otherwise requires, any capitalized term used and not defined herein or elsewhere in the Plan but that is defined in the Code or Rules shall have the meaning set forth therein.

ARTICLE III

DESIGNATION OF CLAIMS AND INTERESTS

The following is a designation of all classes of Claims and Interests other than those Claims of a kind specified in Sections 507(a)(2), 507(a)(3) or 507(a)(8) of the Code.

Class 1 - All Allowed Unsecured Claims specified in Section 507(a)(4) and 507(a)(5) of the Code as having priority.

Class 2 - The Allowed Claims held by PACA Creditors.

Class 3 - The Allowed Secured Claim held by J.P. Morgan Chase Bank, N.A.

Class 4 - The Allowed Secured Claim held by Colorado Lending Source.

Class 5 - The Allowed Claims held by unsecured creditors.

Class 6 - The Interests held by pre-petition members.

ARTICLE IV

SPECIFICATION AND TREATMENT OF UNCLASSIFIED PRIORITY CLAIMS

As provided in § 1123(a)(1) of the Code, the Claims against the Debtor covered in this Article IV are not classified. The holders of such Allowed Claims are not entitled to vote on the Plan.

4.1 - The holders of Allowed Claims of the type specified in § 507(a)(2) of the Code, Administrative Claims, shall receive cash equal to the allowed amount of such Claim or a lesser amount or different treatment as may be acceptable and agreed to by particular holders of such Claims. Such Claims shall be paid in full on the Effective Date of the Plan, or treated as otherwise agreed to by the particular holders of such Claims. § 507(a)(2) Administrative Claims that are allowed by the Court after the Effective Date of the Plan shall be paid upon allowance or as otherwise agreed.

4.2 - The Allowed Claims of a type specified in § 507(a)(8) of the Code, Tax Claims of governmental taxing authorities, shall be paid on the Effective Date of the Plan.

4.3 - The Debtor will make all payments required to be paid to the U.S. Trustee pursuant to 28 U.S.C. § 1930(a)(6) until the case is closed, converted, or dismissed. All payments due to the U.S. Trustee pursuant to 28 U.S.C. § 1930(a)(6) shall be paid on the Effective Date, and the U.S. Trustee shall thereafter be paid fees due on a quarterly basis until the case is closed, converted, or dismissed.

ARTICLE V

SPECIFICATION AND TREATMENT OF CLASS 1 CLAIMS

5.1 - Allowed Class 1 Priority Claims shall be paid in full on the Effective Date. The Class 1 claims for certain pre-petition wages and employee Claims are more particularly described in §§ 507(a)(4) and 507(a)(5) of the Code.

ARTICLE VI

SPECIFICATION AND TREATMENT OF PACA CREDITOR CLAIMS

6.1 – **Class 2, Allowed Claims of PACA Creditors.** Class 2 consists of the Allowed pre-petition claims of creditors who have perfected their rights to the statutory, non-segregated floating trust that arises pursuant to PACA, as set forth on the Debtor’s Final Report of Creditors Holding Valid Pre-Petition Claims Arising Under the Perishable Agricultural Commodities Act (Docket No. 119). Class 2 is unimpaired under the Plan. Class 2 claims shall be paid in full on the Effective Date of the Plan. Prior to final payment of claims, the Debtor shall contact the PACA Creditors to receive final payoff information.

ARTICLE VII

SPECIFICATION AND TREATMENT OF SECURED CREDITOR CLAIMS

7.1 – **Class 3, Secured Claim of J.P Morgan Chase Bank, N.A.** Class 3 is impaired under the Plan. The value of the collateral securing Class 3’s Claim is substantially higher than the Claim. The Class 3 Claim shall be treated as follows:

- (a) The principal amount of the Class 3 Claim shall be allowed in full and shall bear interest at a rate of 4% per annum commencing on the Effective Date of the Plan; or, if the Class 3 claimant objects, at such rate determined by the Court as necessary to satisfy the requirement of 11 U.S.C. § 1129(b) of the Code, or such other rate as agreed by the Debtor and the Class 3 claimant.
- (b) The Class 3 claimant’s lien that secured its claim as of the Effective Date of the Plan shall continue to secure its claim until the Class 3 Claim is paid in accordance with the Plan.
- (c) The Class 3 Claim shall be amortized over a ten (10) year period and paid in equal monthly installments beginning the first full month after the Class 2 claims are paid in full, with a balloon payment due five (5) years from the Effective Date of the Plan.

7.2 – **Class 4, Secured Claim of Colorado Lending Source, Ltd.** Class 4 consists of the Allowed Secured Claim held by Colorado Lending Source, Ltd. secured by a purchase money security interest in an industrial cooler owned by the Debtor and

currently held by Green Earth, Inc. The Class 4 Claim is impaired under the Plan. The Class 4 Claim shall be treated as follows:

(a) The lien securing the Class 4 Claim as of the Effective Date of the Plan shall continue to secure its Claim until the Class 4 Claim is paid in accordance with the Plan.

(b) The principal amount of the Class 4 Claim will be allowed in the amount equal to either (i) the amount of \$5,000; (ii) an amount agreed to by the parties; or (iii) an amount fixed by the Court. Any amount owed to the Class 5A claimant that is determined to be unsecured pursuant to 11 U.S.C. § 506(a), whether by agreement of the parties or Court determinations, shall be treated as a Class 5 general unsecured claim.

(c) The Class 4 Claim shall bear interest at a rate of 7% per annum commencing on the Effective Date of the Plan; or, if the Class 4 claimant objects, at such rate determined by the Court as necessary to satisfy the requirement of 11 U.S.C. § 1129(b) of the Code, or such other rate as agreed by the Debtor and the Class 4 claimant.

(d) The Class 4 Claim shall be amortized and paid in equal monthly installments over two years beginning the first full month after the Class 2 Claims are paid in full.

ARTICLE VIII
SPECIFICATION AND TREATMENT OF
UNSECURED CREDITOR CLAIMS

8.1 – Class 5 consists of those unsecured creditors of the Debtor who hold Allowed Claims. The Class 5 claimants shall receive twenty (20) percent of their Allowed Claims over a five (5) year period in equal semi-annual distributions beginning the first full month after the Class 2 Claims are paid in full, and continuing every six (6) months thereafter.

8.2 – In the event that Class 5 rejects the Plan, Class 5 will have an added option under which they may elect to forego the distribution set out in paragraph 8.1 and elect to exchange their claim for a newly issued membership interest in the Debtor pursuant to paragraph 10.5.

8.3 – In the event that the Plan is accepted by Class 5, on or before the Effective Date of the Plan, the Debtor shall obtain agreements from any statutory insiders that, notwithstanding their Class 5 claims, they waive payment on such claims under the Plan as Class 5 claimants.

ARTICLE IX
SPECIFICATION AND TREATMENT OF CLASS 6 INTERESTS

9.1 – Class 6 includes the existing Interests in the Debtor. Class 6 is unimpaired by this Plan if Class 5 votes to accept the Plan. On the Effective Date, all outstanding Interest in the Debtor shall be retained by Interest Holders.

9.2 – In the event Class 5 votes to reject the Plan, this paragraph shall govern the treatment of Class 6. In such event, all outstanding Interests shall be cancelled on the Effective Date of the Plan. Class 6 shall neither receive nor retain an Interest in the Debtor under the Plan.

ARTICLE X
MEANS FOR THE PLAN'S EXECUTION

10.1 - **Operation of Business.** The Debtor shall be empowered to take such action as may be necessary to perform its obligations under this Plan.

10.2 – **Management Fees and Costs.** The Debtor shall be entitled to compensate its officers and directors with reasonable compensation for services following confirmation of the Plan. Funding for such compensation will be derived from the operation of the Debtor's business.

10.3- **Effectuating the Plan.** On the Effective Date of the Plan, Freeman shall be appointed as the agent of the Debtor, pursuant to appropriate corporate law and pursuant to 11 U.S.C. §1142(b) for the purpose of carrying out the terms of the Plan, and taking all actions deemed necessary or convenient to consummating the terms of the Plan, including but not limited to execution of documents.

10.4 – **Refinancing of Debtor.** On or before October 31, 2016 or such later date as may be set by the Court, the Debtor will be required to close on a new loan that provides a minimum of \$500,000 to the Debtor. The amount of the new loan is subject to the amount of funds agreed to be advanced by the new lender. The new loan will provide the Refinance Proceeds required to fund the Debtor's Plan. In the event that the refinancing does not occur by October 31, 2016, the Order of Confirmation shall be null and void and no creditor shall be obligated or subject to the Plan.

10.5 – **Issuance of New Membership Interest in the Debtor.** At that time that Class 5 votes to either accept or reject the Plan, Class 5 shall have the option to elect to receive newly issued membership interests in the Debtor in exchange for their claim in the event Class 5 votes to reject the Plan ("New Interests"). The New Interests shall be issued to Class 5 creditors that elect to accept stock in the Debtor in exchange for such claimant's Allowed Claim. New Interests will be allocated to those electing parties, on a pro-rata basis, based upon the amount of their Class 5 Allowed Claim. Election to accept a new membership interest must be made when a creditor submits their ballot to accept or reject the Plan.

10.6 - **Disputed Claim Procedure.** Distributions to any class of creditor will only be made on account of Allowed Claims. In the event that distributions are made at

a time that a claim objection is pending before the Court or a judgment has entered to establish a Claim and the judgment is not subject to a Final Order, the portion of the distribution that would be paid to the disputed claimant will be held in an interest bearing bank account until the Claim is Allowed or disallowed. If Allowed, the Claim will be paid its appropriate share of the withheld payment. If disallowed, the withheld distribution will be paid on a Pro Rata basis to the remaining impaired Allowed claimants.

10.7 - Claims and Litigation Bar Date and Standing. All Claim objections and Avoidance Actions in the case must be filed no later than 90 days following the Effective Date. The Debtor shall have standing to commence, prosecute, and settle claim objections, Litigation, and avoidance actions without need for Court approval.

10.8 - Administrative Expense Bar Date. All applications for allowance and payment of Administrative Claims, including Professional Fees, must be filed within 45 days following the Effective Date of the Plan.

10.9 - Monthly Installments. Whenever the Plan provides for payment in monthly installments or a payment due in a certain month, the payment shall be due on the last day of the calendar month in which the payment is due, unless otherwise specified in the Plan. The Debtor shall then have a five-day grace period within which the monthly payment must be received by the payee before the Debtor shall be in default, unless a longer period is specified elsewhere in the Plan.

10.10 - Final Decree. The Debtor will request entry of a final decree closing the case on or before the later of the date all Claim objections and any pending litigation is concluded or 180 days after the Effective Date of the Plan.

10.11 - Quarterly Fees. Prior to the entry of the final decree, the Debtor shall continue to remit quarterly fees and post-confirmation reports to the United States Trustee, as required by statute.

10.12 - Exemption from Transfer Taxes. Pursuant to Section 1146(c) of the Code, the issuance, transfer, or exchange of notes or equity securities under the Plan by the Debtor, the creation of any mortgage, deed of trust, or other security interest, the making or assignment of any lease or the making or delivery of any deed or instrument of transfer under, in furtherance of, or in connection with the Plan or the Agreements

shall not be subject to any stamp, real estate transfer, mortgage recording, or other similar tax.

10.13 – Contractual Relationship. The Plan, upon confirmation, constitutes a new contractual relationship by and between the Debtor and its creditors. Notwithstanding the foregoing, the Plan shall not amend, modify, or effect the rights and obligations with respect to leases and contracts set forth in Exhibit A, and shall not amend, modify or effect the rights of the PACA Creditors. In the event of a default by the Debtor under the Plan, creditors shall be entitled to enforce all rights and remedies against the Debtor for breach of contract, the Plan. Any secured creditor claiming a breach of the Plan by the Debtor will be able to enforce all of its rights and remedies including foreclosure of its deed of trust, security agreement, lien, or mortgage pursuant to the terms of such document. Any creditor claiming a breach by the Debtor must provide written notice to the Debtor of the claimed default, the notice must provide the Debtor a ten (10) day period within which to cure the claimed default, unless a longer period is specified elsewhere in the Plan. Upon the Debtor's failure to cure the default within such ten-day period, the creditor may proceed to exercise its rights and remedies.

10.14 – Conditions Precedent to Effective Date of Plan. The Plan shall not become effective and the Effective Date of the Plan shall not occur until the first business date on which the following items have been satisfied:

- a. The Order of Confirmation shall have been entered by the Court; and
- b. The Debtor shall have closed on a new refinancing credit facility that provides the Debtor with the Refinance Proceeds on or before October 31, 2016 unless otherwise ordered by the Court. In the event that the refinancing does not occur by such date the Order of Confirmation shall be null and void and no creditor shall be obligated or subject to the Plan and the Debtor shall voluntarily move to have its case dismissed under the Bankruptcy Code. Nothing in this provision shall limit any parties' right to seek conversion in accordance with the Bankruptcy Code.

ARTICLE XI

EXECUTORY CONTRACTS AND UNEXPIRED LEASES

11.1 - On the Effective Date of the Plan, the Debtor does hereby assume those executory contracts and unexpired leases listed in Exhibit A attached hereto and incorporated herein by reference, which have not been assumed by prior Order of the Court prior to the Confirmation Date. On the date of the entry of an Order confirming the Plan, the Debtor shall be the holder of all right, title and interest to the assumed leases and contracts and such assumed leases and contracts shall be in full effect and binding upon the Debtor and the other parties thereto. Confirmation of the Plan shall constitute a determination that the payments to be made to said creditors pursuant to the Plan satisfy all conditions precedent to assumption and assignment set forth in 11 U.S.C. §365(b) and (f).

11.2 - On the Effective Date of the Plan, the Debtor will reject all executory contracts and unexpired leases to which it is a party which are listed in Exhibit B, attached hereto and incorporated herein by reference which have not been rejected by prior Order of the Bankruptcy Court prior to the Confirmation Date. Executory contracts and unexpired leases will be rejected pursuant to the provisions of 11 U.S.C. §365. Any executory contract or unexpired lease not assumed in accordance with the Plan shall be rejected.

11.3 - An Order confirming this Plan constitutes approval by the Court of the assumption or rejection of the executory contracts and unexpired leases described herein in accordance with the provisions of 11 U.S.C. §365 and the Rules.

11.4 - **Claims Arising from Rejection.** All proofs of claim with respect to claims arising from the rejection of any executory contract or unexpired lease shall be filed with the Bankruptcy Court within twenty (20) days after the earlier of (i) the date of the Bankruptcy Court order approving the Debtor's rejection of such executory contract or unexpired lease or (ii) the Confirmation Date. Any claims not filed within such time shall be forever barred against the Debtor, its estate and property and any such Claims shall be disallowed in full. Claims arising from such rejection, to the extent Allowed, shall be treated as unsecured Claims.

ARTICLE XII
MISCELLANEOUS PROVISIONS

12.1 - **Revestment.** On the Effective Date of the Plan all property of the estate shall revert in the Debtor free and clear of all liens except those specifically set forth in the Plan or as otherwise provided in the Plan.

12.2 - **Retention of Jurisdiction.** Notwithstanding confirmation of the Plan, the Court shall retain jurisdiction for the following purposes:

1. Determination of the allowability of claims upon objection to such claims by the Debtor-in-Possession or by any other party in interest;
2. Determination of the request for payment of claims entitled to priority under 11 U.S.C. §507(a)(2), including compensation of the parties entitled thereto;
3. Resolution of any disputes regarding interpretation of the Plan;
4. Implementation of the provisions of the Plan and entry of orders in aid of consummation of the Plan, including without limitation, appropriate orders to protect the revested Debtor from action by creditors;
5. Modification of the Plan pursuant to 11 U.S.C. §1127;
6. Adjudication of any causes of action, including avoiding powers actions, brought by the debtor-in-possession, by the representative of the estate or by a Trustee appointed pursuant to the Code;
7. Adjudication of any cause of action brought by the debtor-in-possession, by a representative of the estate, or by a Trustee appointed pursuant to the Code, or the revested Debtor exercising rights and powers as provided in 11 U.S.C. §§542-549. This section shall not be construed to limit any other power or right which the Debtor may possess under any section of the Code; and
8. Entry of a final decree.

12.3 - **Satisfaction of Claims.** The Debtor shall receive a discharge on the Effective Date of the Plan pursuant to §1141(d) of all claims, except the Class 2 Claims of PACA Creditors. Confirmation of the Plan and the occurrence of the Effective Date

of the Plan shall constitute a modification of any note or obligation for which specification and treatment is provided under the Plan as set forth in the Plan. Any obligation or note, previously in default, so modified, shall be cured as modified as of the Effective Date. This provision shall be operable regardless of whether the Plan provides for any obligation to be evidenced by a rewritten loan or security document following confirmation of the Plan.

12.3.1- Nothing in this Plan shall in any way limit, subordinate, prejudice, constitute a waiver of or otherwise affect the rights and priorities of valid PACA claims against the Debtor, the Debtor's estate, or any other person or entity liable under PACA, all of which are fully preserved. Nothing in this Plan shall be deemed to be an acknowledgement of the validity of any PACA trust claim asserted against the Debtor or the Debtor's estate, which expressly reserve all rights to object to the validity and/or amount of any asserted PACA trust claim. If the Debtor objects to the amount or validity of any PACA claims asserted at the time of payoff, the parties shall comply with the procedures set forth in the *Order Granting Debtor's Motion for Entry of Order Establishing Procedures for the Identification and Payment of Claims Arising Under the Perishable Agricultural Commodities Act* (Docket No. 103).

12.4 - **Headings.** The headings used in the Plan are for convenience of reference only and shall not limit or in any manner affect the meaning or interpretation of the Plan

12.5 **Notices.** All notices, requests, demands, or other communications required or permitted in this Plan must be given in writing to the party(ies) to be notified. All communications will be deemed delivered when received at the following addresses:

- a. To:
Brian Freeman
6400 Broadway, Unit 11
Denver, CO 80221

Email: brian@growersorganic.com

With a copy to:
Lee M. Kutner

Keri Riley
Kutner Brinen, P.C.
1660 Lincoln St., Suite 1850
Denver, CO 80264
Fax: 303-832-1510
Email: lmk@kutnerlaw.com

- b. To an allowed claimant, at the addresses set forth in the allowed Proof of Claim, if filed, otherwise, at the address set forth for the claimant in the Debtor's Schedules filed with the Court.

12.6 - Successors and Assigns. The Plan will be binding upon the Debtor, any creditor affected by the Plan and its heirs, successors, assigns and legal representatives.

12.7 - Unclaimed Payments. If a person or entity entitled to receive a payment or distribution pursuant to this Plan fails to negotiate a check, accept a distribution or leave a forwarding address in the event notice cannot be provided as set forth in paragraph 12.5, within three months of the Effective Date of the Plan, the person or entity is deemed to have released and abandoned any right to payment or distribution under the Plan and the funds comprising such distributions shall be remitted to the reorganized Debtor.

12.8 - Committee Existence. Any Creditors Committee appointed in the bankruptcy case shall terminate on the Effective Date of the Plan.

12.9 - Liability. Except as set forth in this Plan and the contracts and leases assumed in the Plan (which shall not be subject to this limitation of liability), neither the Debtor nor any of its agents, representatives, attorneys, accountants or advisors shall have or incur any liability for any past, present or future actions taken or omitted to be taken under, in connection with, related to, affecting or arising out of the bankruptcy case or this Plan except for claims based on gross negligence or willful misconduct which must be asserted during the course of this Bankruptcy Case. If any party believes such a claim exists they must file the claim in this case prior to the bar date for filing administrative claims, as set forth in paragraph 10.7.

ARTICLE XIII
CONFIRMATION REQUEST

13.1 - The Debtor, as proponent of the Plan, requests confirmation of the Plan pursuant to 11 U.S.C. §1129. The Debtor will solicit acceptance of the Plan after its Disclosure Statement has been approved by the Court and is transmitted to the creditors, interest holders and parties in interest. In the event the Debtor does not obtain the necessary acceptances of its Plan, it may make application to the Court for confirmation of the Plan pursuant to 11 U.S.C. §1129(b). The Court may confirm the Plan if it does not discriminate unfairly and is fair and equitable with respect to each class of Claims or Interests that is impaired and has not voted to accept the Plan.

DATED: August 5, 2016

Grower's Organic, LLC

By: 
Brian Freeman, Managing Member

Lee M. Kutner
Keri Riley
Kutner Brinen, P.C.
1660 Lincoln St., Suite 1850
Denver, CO 80264
Telephone: 303-832-2400
Fax: 303-832-1510
Email: lmk@kutnerlaw.com
ATTORNEYS FOR THE DEBTOR
AND DEBTOR-IN-POSSESSION

EXHIBIT A

Executory Contracts and Unexpired Leases Assumed

1. All contracts and leases previously assumed or for which a motion to assume is pending.
2. All leases and contracts that are not specifically rejected.

EXHIBIT B

Executory Contracts and Unexpired Leases Rejected

- A. All leases and contracts previously rejected by Court Order.

P2Binvestor

1120 Lincoln St Ste 100 Denver, CO 80203
P2Bi.com | 720.361.1500 | Hello@P2Bi.com

June 30, 2016

Brian Freeman
Growers Organic
6400 Broadway # 11,
Denver, CO 80221

Dear Mr. Freeman,

As discussed, P2Binvestor is interested in providing you with working capital financing for your company, Growers Organic. We are impressed with the growth you have shown in the past year and are confident you will be able to continue on this trend provided you have the right financing in place.

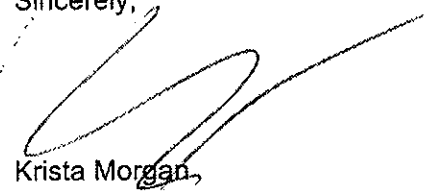
We are looking at restructuring your current debt with two, complimentary facilities:

1. A working capital line of credit of approximately \$500,000 secured by your A/R that will enable you to keep growing your business.
2. A 3-year term loan of \$900,000 to settle your outstanding debts.

We are prepared to take the next step and will be sending you a complete list of diligence items we will need to move forward. We estimate the whole process will take about 20 business days to complete provided there are no major issues that arise.

We look forward to working with you.

Sincerely,



Krista Morgan,
CEO

EXHIBIT B



US Business Funding
Equipment Leasing & Financing

1 MacArthur Place, Suite 350
Santa Ana, CA 92707
Phone: (714)360-0772
Fax: (949)258-5545

Financing Terms and Document Request

To: Brian

Company: Growers Organic Inc

Phone:

From: Damon Smith

Date: 8/5/2016 3:24 PM

Re: Financing Terms

Pages: 2 Including Cover

Comments:

Dear: Brian

Please complete the following requested items below and feel free to contact me should you have any questions. I can be reached directly at 714-360-0772.

- Sign & complete the attached financing agreement.
- Photocopy of current driver's license for signature verification (both sides of driver's license if signature is on the back).
- Copy of the last 6 months Business Bank Statements(All pages)
- 2015 Business Taxes(All pages)
- 2015 Profit & Loss and Balance Sheet
- Processing fee \$2,500.00 paid via Automatic Withdrawal.

Sincerely,

Damon Smith

Working Capital Financing Terms

Date: 8/5/2016

Company Name: Growers Organic Inc

Contact: Brian Freeman

We are pleased to inform you that your finance request for the working capital line has been approved by underwriting pending final paperwork. US Business Funding terms and conditions are as follows:

Borrower/ Lessee: Brian Freeman
Guarantor: Brian Freeman
Amount to be financed: \$1,250,000.00
Term: 24 Months

Payments: 1 time activation Fee of \$12,500.00(Discount Code: USBF20: \$2,500.00)
Funding over 24 Months with a weekly payment of \$12,980.77

Activation Fee: 1- (\$2,500.00)—DUE UPON EXECUTION OF THIS FINANCING APPROVAL - PAID VIA AUTOMATIC WITHDRAWAL.

Note: Above weekly payment is based on current market conditions as of the date of this document, should market conditions change at funding, then accordingly at funding, the weekly payment may be subject to change. Should underwriting discover any information they deem derogatory prior to funding, then they reserve the right to terminate this approval.

Section 1: Please confirm the foregoing by executing this document and returning it to us via Overnight Mail along with a copy of a voided check. If this transaction is not consummated through no fault of US Business Funding, the origination fee shall be deemed earned by and payable to US Business Funding and shall be converted to and considered its commitment charge for obtaining the approval.

Section 2: Non-Disparagement: You agree that you will not criticize, denigrate or otherwise disparage US Business Funding or any of its divisions, affiliates, parents, subsidiaries, predecessor and successor entities, and its past and present directors, officers, members, managers, shareholders, agents, servants, employees and their respective assigns, heirs, successors or predecessors in interest, insurers, adjustors, and attorneys (collectively the "US Business Funding Parties"), or any of their respective products, services, processes, policies, practices, standards of business conduct, or areas or techniques of research in any way; provided, however, that nothing in this Agreement shall prohibit you from testifying truthfully in compliance with any lawful subpoena or court order. Since the damages the US Business Funding Parties would suffer if this Section 2 were violated would be extremely difficult to calculate, you agree to immediately pay US Business Funding the sum \$7500.00 for each violation (in addition to fees and costs pursuant to this Agreement), and in any addition to being subject to any injunctive relief to which US Business Funding may be entitled as a result of your breach.

AUTHORIZATION AGREEMENT FOR AUTOMATIC WITHDRAWAL

Customer hereby authorizes US Business Funding to initiate debit entries to the checking account indicated below and authorizes the named depository financial institution to honor such debit entries against the account. Payments will vary according to the terms of your Agreement and can include all applicable fees. This authority is to remain in full force and effect until US Business Funding received written notification from Customer that it is terminated. Written notification must be received in such time and such manner as to afford US Business Funding a reason opportunity to act on it.

Name on Account: _____

Bank Name: _____ Phone: _____

Commercial Checking Account Number: _____

Transit / ABA Number (lower left corner of check, 9 digits): _____

****PLEASE ATTACH COPY OF VOIDED CHECK****

Upon receipt of the executed Financing Approval/ Document Request and the Advance/Origination Payment underwriting will finalize their due diligence and issue documents thereafter.

Accepted By:

By: _____

_____ Date

UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF COLORADO

IN RE:)
)
GROWER’S ORGANIC, LLC) Case No. 15-19683-EEB
)
) Chapter 11
EIN: 02-0745679)
)
Debtor.)

DEBTOR’S FINAL REPORT OF CREDITORS HOLDING VALID PRE-PETITION CLAIMS ARISING UNDER THE PERISHABLE AGRICULTURAL COMMODITIES ACT

The Debtor, Grower’s Organic, LLC, by and through its attorneys, Kutner Brinen Garber, P.C., states its final report of valid pre-petition claims arising under the Perishable Agricultural Commodities Act [7 U.S.C. § 499e *et seq.*] (“PACA”) as follows:

<u>Creditor</u>	<u>Claim Amount</u>
4 Earth Farms/MCL Fresh Inc.	\$25,564.00
Agriculture and Land-Based Training Association d/b/a ALBA Organics	\$36,776.25
United Natural Foods, Inc. d/b/a Albert’s Organics ¹	\$96,914.09
American Produce, LLC ²	\$469.91
Boskovich Farms, Inc.	\$20,636.75
Braga Fresh Family Farms, Inc.	\$18,397.50
Bridges Produce, Inc.	\$96,938.56
California Giant, Inc.	\$8,236.00
Calavo Growers, Inc.	\$6,621.80
Capay, Inc.	\$4,423.35
Triple B Corp d/b/a Charlie’s Produce d/b/a Farmers Own	\$18,031.80
City Ag	\$3,877
Classic Salads, LLC	\$16,567.59
Coosemans Denver, Inc. ³	(\$2,233.50)

¹ Pursuant to the Stipulation Regarding Treatment of Claim Held by United Natural Foods d/b/a Albert’s Organics (“Albert’s”) Arising Under the Perishable Agricultural Commodities Act (Docket No. 98), Albert’s has reserved the right to amend its claim to include attorneys’ fees and interest. The Debtor has reserved the right to object to the amount and reasonableness of any such amendment.

² Pursuant to the Debtor’s Report of Creditors Holding Valid Pre-Petition Claims Arising Under the Perishable Agricultural Commodities Act, the Debtor has exercised its setoff rights against American Produce, LLC, reducing its claim to the value reflected above.

³ Pursuant to the Debtor’s Report of Creditors Holding Valid Pre-Petition Claims Arising Under the Perishable Agricultural Commodities Act, the Debtor has exercised its setoff rights against Coosemans Denver, Inc., resulting

Corona-College Heights Orange & Lemon Association	\$12,468.95
Creekside Organics, Inc.	\$10,926.00
Doreva Produce	\$3,225.06
Dosner Organic Farms	\$5,690.50
ED Produce, Inc.	\$12,914.90
Earl's Organic Produce	\$2,808.50
C.H. Robinson Worldwide d/b/a Robinson Fresh f/d/b/a Food Source	\$5,927.66
Fresh Origins, LLC	\$1,429.25
Freshpoint of Denver	\$98.50
Heger Organic Farm Sales	\$134,712.79
Hokto Kinko Company	\$10,095.00
Homegrown Organic Farms	\$14,188.36
InterNatural Marketing	\$12,220.75
Social Enterprise, LLC d/b/a Interupcion Fair Trade	\$19,978.00
JM Farms	\$3,494.00
John Given	\$2,117.25
Judel Marketing Int'l Inc.	\$5,674.00
JW Farms	\$11,655.00
MexHassm, Inc.	\$13,160.00
Monterey Mushroom, Inc.	\$207.00
Mother Earth, LLC	\$12,623.00
Nojoqui Farms	\$15,045.65
Oneonta Trading Corporation	\$19,476.90
Organically Grown	\$939.00
Organicgirl f/d/b/a Newstar Organics	\$97,550.89
Patagonia Orchards, LLC	\$13,674.20
Peri & Sons	\$4,599.95
Ringer & Sons	\$648.00
Rocky Mountain Herbs	\$2,815.00
Sespe Creek Organics	\$15,215.82
Strohauer Farms	\$19,140.50
Sutherland Produce	\$3,007.70
Taylor Farm	\$7,800.29
White Mountain Farm	\$135.50
White Rock Specialties, LLC	\$28,094.00
Wholesum Family Farms, Inc.	\$8,799.75
Wild River Marketing	\$3,227.00
Ramrock Orchards	\$11,080.00
North Valley Produce	\$16,642.75

in the amount owed to the Debtor as reflected above.

Pursuant to the Court's Order Granting Debtor's Motion for Entry of Order Establishing Procedures for the Identification and Payment of Claims Arising Under the Perishable Agricultural Commodities Act ("Order") (Docket No. 103), any party not included in the above referenced list, or who disputes the amount of their claim in the above referenced list, has waived their right to object to the characterization or amount of their claim, unless otherwise stipulated by the Debtor.

Dated: March 8, 2016

Respectfully submitted,

By: 

Lee M. Kutner #10966

Keri L. Riley #47605

KUTNER BRINEN GARBER, P.C.

1660 Lincoln Street, Suite 1850

Denver, CO 80264

Telephone: (303) 832-2400

Facsimile: (303) 832-1510

e-mail: klr@kutnerlaw.com

Unsecured Creditors

Creditor Name	Amount of Claim on Schedule F	Amount of Claim in Proof of Claim	Amount of Claim for Purposes of Class 5 Analysis	Notes
5280 Produce	\$9,592.00		\$9,592.00	
A&E Tire	\$600.00		\$600.00	
Alpine Waste & Recycling	\$508.29		\$508.29	
American Express	\$18,000.00	\$22,659.29 (Proof of Claim No. 7)	\$22,659.29	
American Tape & Label	\$0.00		\$0.00	
Barber's Poultry	\$467.72		\$467.72	
Better Business Bureau	\$1,045.00		\$1,045.00	
Big B's Fabulous Juices	\$15,773.61		\$15,773.61	
Boulder Coffee	\$129.45		\$129.45	
Brian Freeman	\$30,537.00		\$30,537.00	
Bridgepoint	\$400.00		\$400.00	
Butler Rents	\$33.31		\$33.31	

Carefree Ice	\$370.68		\$370.68	
Carter Energy Corp	\$22,203.52		\$22,203.52	
Chase	\$7,994.00		\$7,994.00	
Chase	\$10,625.00		\$10,625.00	
Cheese Importers	\$4,743.58		\$4,743.58	
Chris Freeman	\$100,000.00		\$100,000.00	
Christopher Ranch	\$1,804.55		\$1,804.55	
Cintas Corporation # 66	\$941.44		\$941.44	
Circle Fresh Farm	\$1,599.00		\$1,599.00	
Clark's Apiaries	\$1,360.00		\$1,360.00	
CliffHouse Kombucha	\$990.00		\$990.00	
Clifton Larson Allen	\$5,578.00		\$0.00	Clifton Larson Allen has waived their claim in exchange for employment in this case
Colorado Fleetworks Inc.	\$2,826.21		\$2,826.21	

Colorado Motor Carriers Assoc.	\$350.00		\$350.00	
Colorado Tortilla Company	\$1,772.58		\$1,772.58	
Complete Business Systems	\$301.46		\$301.46	
Costco	\$1,386.29		\$1,386.29	
Cottonwood Creek Farms	\$9,477.75		\$9,477.75	
Crown Lift Trucks	\$1,645.61		\$1,645.61	
Direct Line Transportation	\$14,575.00		\$14,575.00	
Earthy Delights	\$3,606.06		\$3,606.06	
Ela Family Farms	\$1,554.00		\$1,554.00	
Elliot Gardens	\$250.00		\$250.00	
FedEx Truckload Brokerage	\$204.82	\$919.20 (Proof of Claim No. 28)	\$919.20	
Fiber of Life Farm	\$150.00		\$150.00	
Flourish Farms d/b/a Colorado Aquapon	\$2,280.00		\$2,280.00	
Food Source	\$5,927.66		\$5,927.66	

Fossil Creek Farms, LLC	\$8,169.35		\$8,169.35	
Fresh Guys	\$4,002.60		\$4,002.60	
Fresh Software Solutions	\$10,176.25		\$10,176.25	
Friends Fields	\$6,851.60		\$6,851.60	
Fruit Stand	\$5,249.00		\$5,249.00	
Giambrocco	\$3,449.41	\$2,770.99 (Proof of Claim No. 16)	\$2,770.99	
Golden Organics Inc.	\$11,748.75		\$11,748.75	
Grant Family Farms	\$3,519.00		\$3,519.00	
Green Chef, Inc	Unknown		\$0.00	
Green Earth Farm	\$253.50		\$253.50	
Grow Haus	\$376.70		\$376.70	
Hotchkiss Inn	\$174.06		\$174.06	
Hunt & Gather	\$2,070.88		\$2,070.88	
Hyde Ranch/Hyde Grove	\$5,278.00		\$5,278.00	

Indian Peaks Spring Water	\$162.00		\$162.00	
Industrial Battery Service	\$47.00		\$47.00	
Interface Communications	\$170.00		\$170.00	
Interfresh	\$3,061.30		\$3,061.30	
Internatural Marketing	\$7,358.65		\$7,358.65	
Jefferson County Clerk	\$413.00		\$413.00	
Joe Freeman	\$36,468.00		\$36,468.00	
Judel Marketing International	\$3,674.00		\$3,674.00	
Lester's Trucking	\$22,897.00		\$22,897.00	
Lewis Roca Rothgerber	\$770.50		\$770.50	
Lipman Logistics Services, LLC	\$4,200.00		\$4,200.00	
MCH Leasing	Unknown		\$0.00	
Michael Hartberger	\$40,800.00	\$40.800 (Proof of Claim No. 25)	\$40,800.00	
Mile High Business Alliance	\$1,750.00		\$1,750.00	

Monterey Mushroom	\$207.00		\$207.00	
Morning Fresh Dairy Farm	\$0.00		\$0.00	
Natural Grocers f/k/a Vitamin Cottage	\$148.10		\$148.10	
North Valley Produce	\$16,642.75		\$0.00	North Valley Produce has a PACA Claim pursuant to the Final Report
Organic Prairie	\$491.00		\$491.00	
Organic Valley	\$33,060.66	\$32,550.18 (Proof of Claim No. 8)	\$32,550.18	
Osage Gardens	\$22,517.11		\$22,517.11	
PC2020 LLC	\$6,925.40		\$6,925.40	
Peterson Turkey Farm	\$0.00	\$13,611.47 (Proof of Claim No. 30)	\$13,611.47	
Plum Daisy	\$8,795.50		\$8,795.50	
PRILLID INC.	\$532.00		\$532.00	
Quill Corporation	\$311.60		\$311.60	
Ramrock Orchards	\$11,080.00	\$11,060.00	\$0.00	Ramrock Orchards a PACA Claim pursuant to the Final Report.

Rancho Durazno	\$840.00		\$840.00	
Restaurant Depot	\$155.00		\$155.00	
Rocky Mountain Mechanical Systems	\$9,669.00		\$9,669.00	
Rogers Mesa Fruit	\$1,800.00		\$1,800.00	
Sandstrum Law, LLC	\$2,667.50		\$2,667.50	
Scott Freeman	\$159,348.00	\$144,008.84 (Proof of Claim No. 12)	\$144,008.84	
Service Uniform	\$1,196.20		\$1,196.20	
Shred All	\$45.00		\$45.00	
Six Dog Forms	\$7,684.10		\$7,684.10	
Smith & Truslow	\$2,476.23		\$2,476.23	
Sparta Foods	\$250.00		\$250.00	
Stacey's Organic Tortillas	\$3,323.76		\$3,323.76	
Staples Advantage	\$567.49		\$567.49	
Steamboat Meat & Seafood	\$2,400.00		\$2,400.00	

Status Business Solutions	\$700.00		\$700.00	
Super 8 Durango	\$131.87		\$131.87	
Suzie's Organic Farm	\$4,278.00		\$4,278.00	
The Mean Machine, Inc.	\$1,076.00		\$1,076.00	
Tucci	\$224.00		\$224.00	
UMB Bank	\$8,327.00	\$7,303.50 (Proof of Claim No. 26)	\$8,327.00	
United Natural Foods, Inc.	\$3,336.72		\$0.00	United Natural Foods, Inc.'s has a PACA Claim pursuant to the Final Report
US Bank	\$2,285.00	\$22,999.76 (Proof of Claim No. 17)	\$2,285.00	
USDA, AMS, F&V Fresh Branch	\$228.00	\$228.18 (Proof of Claim No. 27)	\$228.18	
Verizon Wireless	\$1,707.00		\$1,707.00	
Westcore Properties	\$0.00		\$0.00	
Westfield Insurance	\$4,271.84		\$4,271.84	
Whole Foods DCC	\$357.29		\$357.29	

William Freeman	\$100,000.00		\$100,000.00	
Windstream	\$1,162.86	\$1,025.75 (Proof of Claim No. 5)	\$1,025.75	
Worldwide Express	\$361.00		\$361.00	
Xcel Energy	\$3,299.16	\$2,741.24 (Proof of Claim No. 2)	\$2,741.24	
Hazel Dell Mushrooms (Schedule D)		\$13,485.21 (Proof of Claim No. 35)	\$13,485.21	Hazel Dell was initially scheduled with a PACA Claim, but upon further review was determined not to be a PACA Creditor
Unsecured Claim of Colorado Lending Source			Unknown	
Ryder Truck Rental		\$162,340.89 (Proof of Claim No. 21)	\$162,340.89	
Ryder Truck Rental		\$29,271.95 (Proof of Claim No. 20)	\$29,271.95	
Traveler's Casualty and Surety Company		\$19,600.03 (Proof of Claim No. 19)	\$19,600.03	
Dell Financial Services, LLC		\$1,267.70 (Proof of Claim No. 22)	\$1,267.70	
Stehly Farms Organics, LLC (Schedule D)		\$59,521.31 (Proof of Claim No. 29)	\$59,521.31	Stehly Farms was initially scheduled with a PACA Claim, but upon further review was determined not to be a PACA Creditor

Total Amount of Allowed Class 4 Claims	\$889,573.28		\$1,140,185.13	
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GROWERS ORGANIC - FINANCIAL STATEMENT SUMMARY FY 2016

INCOME STATEMENT

	Jan-16	Feb-16	Mar-16	Apr-16	May-16	Jun-16	Jul-16	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16	YTD 2016
	actual	actual	actual	actual	actual	actual	forecast	forecast	forecast	forecast	forecast	forecast	forecast
Revenues	\$ 287,891	\$ 342,312	\$ 386,085	\$ 383,871	\$ 398,019	\$ 405,453	\$ 413,495	\$ 421,698	\$ 430,065	\$ 442,867	\$ 456,053	\$ 469,634	\$ 4,837,443
COGS	\$ 243,758	\$ 266,348	\$ 312,243	\$ 317,250	\$ 340,180	\$ 334,950	\$ 359,874	\$ 349,012	\$ 355,834	\$ 370,717	\$ 380,995	\$ 391,691	\$ 4,022,852
Gross Profit	\$ 44,133	\$ 75,964	\$ 73,842	\$ 66,621	\$ 57,839	\$ 70,503	\$ 53,621	\$ 72,686	\$ 74,231	\$ 72,150	\$ 75,058	\$ 77,943	\$ 814,591
Gross Profit Margin	15%	22%	19%	17%	15%	17%	13%	17%	17%	16%	16%	17%	17%
S&A Expenses	\$ 41,016	\$ 47,610	\$ 63,081	\$ 44,080	\$ 40,575	\$ 46,906	\$ 52,204	\$ 40,097	\$ 46,258	\$ 140,017	\$ 40,130	\$ 46,746	\$ 648,720
EBITDA	\$ 3,117	\$ 28,354	\$ 10,761	\$ 22,542	\$ 17,265	\$ 23,597	\$ 1,416	\$ 32,589	\$ 27,974	\$ (67,867)	\$ 34,928	\$ 31,197	\$ 165,871
EBITDA Margin	1%	8%	3%	6%	4%	6%	0%	8%	7%	-15%	8%	7%	3%
Depreciation	\$ 5,669	\$ 5,669	\$ 5,669	\$ 5,669	\$ 5,669	\$ 4,546	\$ 4,546	\$ 4,546	\$ 4,546	\$ 4,546	\$ 4,546	\$ 4,546	\$ 60,170
Interest Expense/(Income)	\$ 52	\$ 58	\$ 81	\$ 78	\$ 76	\$ 74	\$ 74	\$ 74	\$ 74	\$ 74	\$ 74	\$ 74	\$ 32,808
Net Income Before Taxes	\$ (2,604)	\$ 22,627	\$ 5,011	\$ 16,794	\$ 11,519	\$ 18,977	\$ (3,204)	\$ 27,969	\$ 23,353	\$ (72,487)	\$ 14,307	\$ 10,631	\$ 72,893
Margin	-1%	7%	1%	4%	3%	5%	-1%	7%	5%	-16%	3%	2%	2%

STATEMENT OF CASH FLOW

Operating Cash Flow	\$ (1,298)	\$ 45,899	\$ (11,283)	\$ (11,437)	\$ 25,033	\$ 26,573	\$ (24,602)	\$ 22,707	\$ 18,208	\$ (969,635)	\$ (169)	\$ 8,088	\$ (871,916)
Financing Cash Flow	\$ -	\$ -	\$ -	\$ -	\$ 0	\$ -	\$ (0)	\$ -	\$ -	\$ 1,200,000	\$ (2,065)	\$ (4,461)	\$ 1,193,474
Investment Cash Flow	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Cash Flow	\$ (1,298)	\$ 45,899	\$ (11,283)	\$ (11,437)	\$ 25,033	\$ 26,573	\$ (24,602)	\$ 22,707	\$ 18,208	\$ 230,365	\$ (2,234)	\$ 3,627	\$ 321,558

Exhibit E

GROWERS ORGANIC - FINANCIAL STATEMENT SUMMARY FY 2017

INCOME STATEMENT

	Jan-17	Feb-17	Mar-17	Apr-17	May-17	Jun-17	Jul-17	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17	FY 2017
Revenues	\$ 482,989	\$ 497,397	\$ 507,291	\$ 517,383	\$ 527,676	\$ 538,176	\$ 548,885	\$ 559,809	\$ 576,522	\$ 593,736	\$ 611,467	\$ 629,730	\$ 6,591,060
COGS	\$ 400,705	\$ 410,202	\$ 416,723	\$ 432,875	\$ 443,410	\$ 450,330	\$ 457,389	\$ 464,589	\$ 480,355	\$ 491,702	\$ 503,389	\$ 515,427	\$ 5,473,173
Gross Profit	\$ 82,284	\$ 87,195	\$ 90,568	\$ 84,508	\$ 84,267	\$ 87,845	\$ 91,496	\$ 95,219	\$ 96,166	\$ 102,034	\$ 108,078	\$ 114,303	\$ 1,117,887
Gross Profit Margin	17%	18%	18%	16%	16%	16%	17%	17%	17%	17%	18%	18%	17%
SGA Expenses	\$ 51,755	\$ 51,885	\$ 71,974	\$ 57,926	\$ 63,018	\$ 63,113	\$ 63,209	\$ 63,307	\$ 63,458	\$ 63,613	\$ 63,772	\$ 63,937	\$ 740,965
EBITDA	\$ 30,529	\$ 35,311	\$ 18,594	\$ 26,582	\$ 21,248	\$ 24,733	\$ 28,287	\$ 31,912	\$ 32,709	\$ 38,421	\$ 44,306	\$ 50,367	\$ 376,922
EBITDA Margin	6%	7%	4%	5%	4%	5%	5%	6%	6%	6%	7%	8%	6%
Depreciation	\$ 5,669	\$ 5,669	\$ 5,669	\$ 5,669	\$ 5,669	\$ 5,669	\$ 5,669	\$ 5,669	\$ 5,669	\$ 5,669	\$ 5,669	\$ 5,669	\$ 5,669
Interest Expense/(Income)	\$ 15,962	\$ 15,906	\$ 15,849	\$ 15,791	\$ 15,733	\$ 15,673	\$ 15,615	\$ 15,557	\$ 15,499	\$ 15,441	\$ 15,383	\$ 15,325	\$ 15,267
Net Income Before Taxes	\$ 8,898	\$ 13,736	\$ (2,923)	\$ 5,122	\$ (153)	\$ 3,390	\$ 16,995	\$ 20,428	\$ 21,260	\$ 27,009	\$ 32,900	\$ 38,998	\$ 179,283
Margin	2%	3%	-1%	1%	0%	1%	3%	4%	4%	5%	5%	6%	3%

STATEMENT OF CASH FLOW

Operating Cash Flow	\$ 342	\$ 11,146	\$ 781	\$ 6,356	\$ (13,338)	\$ 27	\$ 9,280	\$ 11,831	\$ 10,751	\$ 14,631	\$ 7,663	\$ 22,722	\$ 77,940
Financing Cash Flow	\$ (4,516)	\$ (4,573)	\$ (4,629)	\$ (4,687)	\$ (7,404)	\$ (305)	\$ (7,395)	\$ (7,430)	\$ (7,466)	\$ (12,502)	\$ (15,196)	\$ (12,449)	\$ (88,553)
Investment Cash Flow	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Cash Flow	\$ (4,174)	\$ 6,574	\$ (3,848)	\$ 1,669	\$ (20,742)	\$ (278)	\$ 1,885	\$ 4,401	\$ 3,285	\$ 2,129	\$ (7,533)	\$ 10,274	\$ (10,613)

GROWERS ORGANIC - FINANCIAL STATEMENT SUMMARY FY 2018-2021

INCOME STATEMENT

	FY 2018 Forecast	FY 2019 Forecast	FY 2020 Forecast	FY 2021 Forecast
Revenues	\$ 7,574,849	\$ 8,479,934	\$ 9,324,681	\$ 10,068,058
COGS	\$ 6,266,343	\$ 7,022,374	\$ 7,713,402	\$ 8,340,680
Gross Profit	\$ 1,308,506	\$ 1,457,561	\$ 1,611,279	\$ 1,727,378
Gross Profit Margin	17%	17%	17%	17%
SGA Expenses	\$ 835,779	\$ 915,030	\$ 1,000,849	\$ 1,093,577
EBITDA	\$ 472,727	\$ 542,530	\$ 610,430	\$ 633,801
EBITDA Margin	6%	6%	7%	6%
Depreciation	\$ 68,028	\$ 68,028	\$ 29,433	\$ -
Interest Expense/(Income)	\$ 65,453	\$ 59,782	\$ 53,760	\$ 47,446
Net Income Before Taxes	\$ 339,246	\$ 414,721	\$ 527,237	\$ 586,355
Margin	4%	5%	6%	6%

STATEMENT OF CASH FLOW

Operating Cash Flow	\$ 168,697	\$ 396,819	\$ 348,961	\$ 364,228
Financing Cash Flow	\$ (147,552)	\$ (133,654)	\$ (118,847)	\$ (116,816)
Investment Cash Flow	\$ -	\$ -	\$ -	\$ -
Total Cash Flow	\$ 21,145	\$ 263,165	\$ 230,114	\$ 247,412

DEBTOR(S): Growers Organic LLC

MONTHLY OPERATING REPORT
CHAPTER 11

CASE NUMBER: _____

Form 2-A
COVER SHEET

For Period End Date: 6/30/2016

Accounting Method: Accrual Basis Cash Basis

THIS REPORT IS DUE 21 DAYS AFTER THE END OF THE MONTH

Mark One Box for Each
Required Document:

Debtor must attach each of the following documents unless the U. S. Trustee has waived the requirement in writing. File the original with the Clerk of Court. Submit a duplicate, with original signature, to the U. S. Trustee.

Report/Document Attached	Previously Waived	REQUIRED REPORTS/DOCUMENTS
<input checked="" type="checkbox"/>	<input type="checkbox"/>	1. Cash Receipts and Disbursements Statement (Form 2-B)
<input checked="" type="checkbox"/>	<input type="checkbox"/>	2. Balance Sheet (Form 2-C)
<input checked="" type="checkbox"/>	<input type="checkbox"/>	3. Profit and Loss Statement (Form 2-D)
<input checked="" type="checkbox"/>	<input type="checkbox"/>	4. Supporting Schedules (Form 2-E)
<input checked="" type="checkbox"/>	<input type="checkbox"/>	5. Quarterly Fee Summary (Form 2-F)
<input checked="" type="checkbox"/>	<input type="checkbox"/>	6. Narrative (Form 2-G)
<input checked="" type="checkbox"/>	<input type="checkbox"/>	7. Bank Statements for All Bank Accounts <i>(Redact all but last 4 digits of account number and remove check images)</i>
<input checked="" type="checkbox"/>	<input type="checkbox"/>	8. Bank Statement Reconciliations for all Bank Accounts
<input checked="" type="checkbox"/>	<input type="checkbox"/>	9. Evidence of insurance for all policies renewed or replaced during month

I declare under penalty of perjury that the following Monthly Operating Report, and any attachments thereto are true, accurate and correct to the best of my knowledge and belief.

Executed on: 7/21/2016

Print Name Brian Freeman

Signature: _____

Title: President

Rev. 1/15/14

GROWER'S ORGANIC, LLC
MD&A FOR PERIOD ENDED JUNE 30, 2016

SUMMARY OF OPERATING RESULTS:

June results showed growth in revenues, EBITDA and positive operating cash flow. June revenues were \$405,453 which provided EBITDA of \$23,597. FYTD revenues are \$2.20mm with EBITDA of \$105k. Grower's had a positive operating cash flow of \$21k for the month with a FYTD operating cash flow of \$68k.

REVENUES:

For the seventh consecutive month, Grower's Organic has shown an increase in gross revenues. June revenues were \$405k, an increase of 1.9% from prior period revenues of \$398k. Since January 2016, revenues have grown 40.8% from \$288k to \$405k.

Revenues continue to show strong results as Grower's continues to build relationships with key vendors in the organic produce farming industry. Grower's expects revenues to grow on a monthly basis to \$475k by December 2016. Annualized revenue run rate is expected to exceed \$5.70mm per year by year end.

GROSS PROFIT:

In the month of June, gross profit was \$68k, an increase of \$12k or 21.1% from the prior period. Grower's Organic enjoyed an increase of 2 percent in produce gross margin. This is a result of Grower's ability to obtain more favorable pricing from vendors in the market as well as their ability to charge premium prices for unique and quality product offerings and exceptional customer service. Grower's is continuing to work to secure favorable financing to purchase an additional delivery truck to further reduce monthly COGS by approximately \$9k per month.

EBITDA:

EBITDA for the period was \$23k, a 36.6% increase from the month of May. EBITDA is expected to grow on a monthly basis with an expected EBITDA reduction in Q4 due to fees which will be incurred related to the exit from Chapter 11. FY 2016 EBITDA is expected to be \$125k.

CASH FLOW:

For the second consecutive month, Grower's has experience positive operating cash flow. Cash flow provided by operations was \$20,049 for the month of June. Year to Date Grower's operations have produced operational cash flow of \$67k despite negative impacts to cash flow from:

1. Trustees fees of \$11k and attorney's fees of \$10k.
2. Payments to pre-petition PACA creditors, FYTD of \$21k representing mandatory payments of approximately 30% of EBITDA.
3. Increased working capital requirements due to increases in inventory of \$24k FYTD and increases in accounts receivable of \$67k. These working capital requirements are normal in a business that is experiencing high revenue growth.

Grower's has also benefited from a \$39k increase in accounts payable cash flow FYTD through extended payment terms from key vendors.

FINANCING UPDATE AS OF JULY 22, 2016:

Grower's Organic continues to explore and uncover additional sources of financing to identify additional parties willing to provide the exit financing. Grower's has secured preliminary approval from 2 sources including

1. US Business Funding for financing of \$1,250,000 in the form of a note.
2. P2B Investors for financing up to \$1,300,000 and providing an ongoing working capital line

Our focus this month has been on legal proceedings so beginning due diligence has been delayed. We anticipate beginning the process in early August.

Many lenders and sources of financing have expressed an interest providing financing once Grower's exits bankruptcy. These parties are interested in refinancing the exit financing facility. Parties who have expressed interest to date include

1. RSF Social Finance
2. Ridge Stone Bank for an SBA loan.

In late June Grower's Organic hired Bob Deprez of Blue Stone Advisor LLC. He has extensive experience providing financial advisory services to companies dealing with financial distress and needing to raise capital.

GROWER'S ORGANIC LLC
 PROFIT AND LOSS STATEMENT
 FOR THE PERIOD ENDED June 30, 2016

	Jan-16	Feb-16	Mar-16	Apr-16	May-16	Jun-16	YTD 2016
	<i>Actual</i>	<i>Actual</i>	<i>Actual</i>	<i>Actual</i>	<i>Actual</i>	<i>Actual</i>	<i>Actual</i>
Revenues							
Receipts	286,021	339,702	384,560	381,888	395,589	402,303	2,190,063
Cooler Rental	-	-	-	-	-	-	-
BackHaul Revenue	1,870	2,610	1,525	1,983	2,430	3,150	13,568
Total Revenue	287,891	342,312	386,085	383,871	398,019	405,453	2,203,631
COGS:							
Produce	189,406	211,585	246,088	253,112	265,734	264,005	1,429,931
Freight	-	-	-	-	-	-	-
Payroll	28,354	29,200	40,919	33,658	39,893	41,224	213,249
Utilities	2,981	2,678	2,526	2,896	2,966	3,219	17,267
Fuel	3,375	4,410	3,774	4,419	4,960	5,266	26,205
Maintenance*	9,597	4,883	4,598	4,034	5,884	4,439	33,436
Lodging	443	1,357	1,170	870	1,030	1,085	5,955
Rent	8,243	8,243	8,493	9,418	12,532	8,353	55,281
Truck Lease	1,540	4,367	6,484	9,682	8,250	9,087	39,409
Truck Expenses	-	-	-	-	-	-	-
Total COGS	243,940	266,723	314,052	318,089	341,250	336,678	1,820,732
Gross Profit	43,951	75,589	72,033	65,783	56,770	68,774	382,899
<i>Gross Profit Margin</i>	<i>15%</i>	<i>22%</i>	<i>19%</i>	<i>17%</i>	<i>14%</i>	<i>17%</i>	
SGA Expenses							
Officer Salary	6,000	6,000	15,932	6,538	6,538	6,538	47,547
SG&A Salary	20,349	19,749	30,142	21,449	19,849	18,484	130,023
Supplies	1,809	565	1,228	519	1,912	1,755	7,879
Phone	592	1,446	2,200	2,141	300	275	6,955
Equipment Rental	151	360	360	185	360	360	1,778
Cooler Lease	-	-	-	-	-	-	-
Cleaning	-	-	-	-	-	-	-
Business Insurance	3,343	4,008	5,684	3,445	5,483	4,574	26,537
Bank Fees	1,596	1,342	1,705	1,888	1,325	1,604	9,459
Misc Expense	264	2,124	231	(253)	963	1,930	5,259
Licenses & Permits	-	-	-	-	-	2,526	2,526
Legal Fees**	-	10,095	-	2,000	-	-	12,005
Professional Services	-	-	-	-	-	-	-
RE/PP Taxes	-	-	3,370	-	-	3,505	6,875
Computer Maintenance	800	800	-	-	-	1,600	3,200
Software Maintenance	800	1,000	400	400	400	400	3,400
Marketing	-	-	20	12	2,374	-	2,406
Chapter 11 Fees	5,040	(165)	-	4,875	-	1,625	11,375
PACA Trust Account	-	-	-	-	-	-	-
Total SGA	40,834	47,235	61,272	43,201	39,505	45,177	277,224
EBITDA	3,117	28,354	10,761	22,582	17,265	23,597	105,675
<i>EBITDA Margin</i>	<i>1.1%</i>	<i>8.3%</i>	<i>2.8%</i>	<i>5.9%</i>	<i>4.3%</i>	<i>5.8%</i>	<i>4.8%</i>
Depreciation	5,669	5,669	5,669	5,669	5,669	4,546	32,893
Interest Income	-	-	-	-	-	-	-
Interest	52	58	81	78	76	74	419
Net Income	(2,604)	22,627	5,011	16,834	11,519	18,977	72,363

PACA Trust Assets

Asset	Value	Cost of Sale, Recovery, Etc.	Amounts Uncollectible and/or Liens	Amount Available for Distribution
Cash and Accounts (Current Value)	\$ 56,188.00	n/a		\$ 56,188.00
Accounts Receivable (Post-Petition)	\$ 298,941.00	\$ 8,968.23	\$ 119,576.40	\$ 170,396.37
Accounts Receivable (Pre-Petition, uncollectable)	\$ 266,544.00		\$ 266,544.00	\$ -
Amount owed from Melonhead/Michael Joseph [1]	\$ 56,335.00	\$ 10,000.00		\$ 46,335.00
Inventory (Current Value) [2]	\$ 101,561.00	\$ 8,124.88	\$ 60,936.60	\$ 32,499.52
Shares of Green Chef, Inc.	\$ -	\$ -		\$ -
Total				\$ 305,418.89

[1] Assumes full recovery and collection of amount sought in Adversary Proceeding

[2] Amounts uncollectible due to reclamation by supplier and spoliation of produce prior to sale

Remaining Assets	Asset	Value	Cost of Sale, Recovery, Etc.	Amounts Uncollectible and/or Liens	Amount Available for Distribution
	Copyright for Grower's Organic Software (personalized to GO)	\$ -			\$ -
	Licenses (PACA License, Colorado Dept. of Revenue, etc.)	\$ -			\$ -
	Website	\$ -			\$ -
	Vehicles	\$ 40,000.00	\$ 3,200.00		\$ 36,800.00
	Machinery and Equipment	\$ 61,352.04	\$ 6,135.20	\$ 30,027.00	\$ 25,189.84
	Office Equipment and Computers	\$ 10,000.00	\$ 800.00		\$ 9,200.00
	Cooler Held by Green Earth Recovery from avoidance actions[3]	\$ 5,000.00	\$ 400.00	\$ 137,000.00	\$ -
Total		\$ 66,451.00	\$ 15,000.00		\$ 51,451.00

[3] Assumes full recovery and collection of avoidance actions; also assumes settlement or prevailing on summary judgment versus including the cost of trial

Chapter 11 Admin Expenses	\$ 45,200.00
Chapter 7 Trustee Fees	\$ 27,286.42
Chapter 7 Attorneys Fees	\$ 15,000.00
Total Pre-Petition PACA	\$ 886,000.00
Total Post-Petition PACA	\$ 131,000.00
Total Percentage Available for PACA Creditors	33%
Total Percentage Available for PACA Creditors	0%