

UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF COLORADO

IN RE:)	
)	Case No. 17-14819-JGR
HIGH PLAINS COMPUTING, INC. DBA)	
HPC SOLUTIONS)	
EIN: 84-1277752)	Chapter 11
)	
Debtor.)	

**NOTICE OF FILING FIRST AMENDED DISCLOSURE STATEMENT TO
ACCOMPANY CHAPTER 11 PLAN OF REORGANIZATION
DATED SEPTEMBER 18, 2017**

The Debtor, High Plains Computing, Inc. ("Debtor"), by and through its attorneys, Kutner Brinen, P.C., hereby provides Notice of the filing of its First Amended Disclosure Statement to Accompany Chapter 11 Plan of Reorganization Dated September 18, 2017, a copy of which is attached hereto as Exhibit A.

Dated: January 5, 2018

Respectfully submitted,

By: /s/ Lee M. Kutner
 Lee M. Kutner, #10966
KUTNER BRINEN, P.C.
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**FIRST AMENDED DISCLOSURE STATEMENT TO ACCOMPANY
CHAPTER 11 PLAN OF REORGANIZATION DATED SEPTEMBER 18, 2017**

This First Amended Disclosure Statement (“Disclosure Statement”) has been prepared by High Plains Computing, Inc., (“HPC” or “Debtor”), to accompany its Chapter 11 Plan of Reorganization dated September 18, 2017 (“Plan”) which was filed in the above-referenced Chapter 11 case. This Disclosure Statement is being provided to all creditors and interest holders of HPC. This Disclosure Statement is subject to 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 _____, 2018 at __:00 .m. at the **United States Bankruptcy Court, U.S. Customs House, 721 19th Street, Courtroom F, Denver, Colorado 80202.**

HPC is a small business entity that is wholly owned by Rodger Cree and his wife Sherry Cree. The Debtor is engaged in business offering a broad based portfolio of services and solutions in information technology, unified communications, and professional services for governmental and healthcare industries. The Debtor works with manufacturers of software, cloud computing, collaboration, storage, and integration and it provides support and developmental services, data management services, network engineering, and related services and support. The Debtor is also an approved computer reseller for the federal government. HPC is located in Denver, Colorado. HPC faced a number of financial issues that led to the filing of the chapter 11 case. All of this is described in more detail in this Disclosure Statement. HPC

believes that its proposed Plan represents the best and only meaningful way that unsecured creditors can be paid in this case and urges all creditors to vote to accept the Plan.

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.

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 may vote on the Plan by completing the enclosed Ballot and returning it to counsel for the Debtors at the address set forth below:

Lee M. Kutner
Kutner Brinen, P.C.
1660 Lincoln St., Suite 1850
Denver, Colorado 80264

The Court set _____, 2018 as the last day to vote on the Plan (the "Balloting Deadline"). Accordingly, the Ballot must be received by Kutner Brinen, P.C. no later than the Balloting Deadline. Capitalized terms contained in this Disclosure Statement that are defined in the Plan have the same meaning as set forth in the definitional section of the Plan.

Recommendation. As set forth below, 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 and creditors. **The Debtor strongly believes that confirmation of the Plan is in the best interest of creditors and recommends that all creditors entitled to vote on the Plan vote to accept the Plan.**

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 and 3 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 11 U.S.C. § 1126(f).

Deemed Rejection of Plan. Classes that receive and retain nothing under the Plan are deemed to reject the Plan pursuant to 11 U.S.C. § 1126(g). No class will receive nothing under the Plan and therefore there are no classes deemed to have rejected the Plan.

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 a debtor to retain its assets during administration of their Chapter 11 case as a debtor-in-possession and, following confirmation of a Plan, as a reorganized debtor pursuant to the Plan. Once the Court has approved a Plan of Reorganization, the Plan of Reorganization constitutes the permanent restructuring of a debtor's financial obligations. The Plan also provides a means through which the debtor will restructure or repay its obligations.

The HPC Plan of Reorganization divides creditors into classes of similarly situated creditors. All creditors of the same Class are treated in a similar fashion. All member 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. Alternatively, a claimant is "unimpaired" if the Plan provides for the cure of a default and reinstatement of the maturity date of the claim as it existed prior to the default.

On July 28, 2017, the Debtor filed a motion requesting the Court set a bar date for filing claims and requests for allowance of administrative expense claims under 11 U.S.C. § 503(b)(9). The Bankruptcy Court set a bar date establishing the last date for filing Proofs of Claim as September 18, 2017. The Plan provides that Claims of all Classes shall be allowed only if

evidenced by a timely filed Proof of Claim or which otherwise appears in the Debtor's Schedules and is not scheduled as disputed, contingent, or unliquidated unless subsequently allowed by the Court. Creditors may ascertain whether their claims have been scheduled as disputed, contingent, or unliquidated by reviewing the Debtor's Schedules and amendments thereto filed with the Bankruptcy Court. Alternatively, creditors may contact Debtor's counsel directly to determine how their claims have been scheduled.

Chapter 11 does not require that each holder of a Claim against or Interest in the Debtor 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 (excluding insider acceptance) of those Claims of such Class actually voting on the Plan. Assuming one impaired Class votes to accept the Plan, it 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 or Interests 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.

Each class of creditors who is impaired will have an opportunity to vote on the Plan. In the event the requisite majority of each class votes to accept the Plan, the Plan will be deemed accepted by the subject class. If a class of creditors votes to reject the Plan, the Plan may be confirmed over the rejection of the class pursuant to 11 U.S.C. § 1129(b).

II. OVERVIEW OF THE PLAN AND MEANS OF EXECUTION

The following is a summary of all classes of Claims and Interests other than those Claims of a kind specified in 11 U.S.C. §§ 507(a)(2), 507(a)(3), or 507(a)(8).

Class	Impairment	Treatment
1. Priority Claims in Section 507(a)(4) and (5)	Unimpaired	100% Distribution. No Class 1 claims exist.
2. Wells Fargo Commercial Distribution Finance, LLC	Impaired	The Class 2 Claim shall be allowed in the full amount

		due on the Confirmation Date and paid monthly payments of \$15,000 per month for approximately 20 months or less, until paid.
3. Unsecured Creditors	Impaired	Class 3 Claimants shall receive pro-rata distributions equal to 3% of the HPC Gross Revenue generated over five years commencing on the Effective Date less the amount necessary to pay Unclassified Priority Claims. Payments will be made semi-annually commencing 6 months from the Effective Date (distributions will be on a pro-rata basis).
4. Interest in HPC held by Cree	Unimpaired	Class 4 Interest holders shall retain their interest in HPC

III. BACKGROUND AND EVENTS LEADING TO CHAPTER 11 FILINGS

HPC is a Colorado limited liability company engaged in business offering a broad based portfolio of services and solutions in information technology, unified communications, and professional services for governmental and healthcare industries. The Debtor works with manufacturers of software, cloud computing, collaboration, storage, and integration and it provides support and developmental services, data management services, network engineering, and related services and support. The Debtor is also an approved computer reseller for the federal government.

HPC was formed in 1994 by Paul and Linda Shugart and historically focused on reselling hardware and software licenses to federal government agencies. This proved to be a very competitive market with low margins because each government contract was won based solely on price. The competition between companies to have the lowest price and win contracts resulted

sales being made that were 2-8% above cost to the company, severely limiting net revenues. In order to support its operations, HPC obtained a number of short term loans and entered into several factoring agreements, HPC became increasingly overextended on its debt. HPC was extremely over leveraged as of the petition date and based upon its existing business model it would have been impossible for it to survive.

In May 2017, Roger and Sherry Cree purchased HPC from the Shugarts for the sum of \$5,000 in order to restructure the HPC business and creditor obligations and refocus HPC to become a professional services provider. Roger Cree is very experienced in this industry and enjoys the support of the business community in which HPC operates. Following the acquisition of the stock in HPC, HPC filed a voluntary petition for relief pursuant to Chapter 11 of the Bankruptcy Code on May 23, 2017 in order to restructure its obligations and re-establish its operations.

Under HPC's new owners, HPC will continue to sell the same hardware and software, but will focus on creating additional value by providing services related to the equipment, resulting in higher margins and greater revenues for HPC. The Debtor's focus will be in providing intellectual technology (IT) professional services for custom software development and analytics. HPC has undergone significant changes post-petition to restructure its obligations, including replacing its sales staff in order to improve its operations going forward.

IV. DESCRIPTION OF ASSETS

The following is a brief description of the Debtor's assets with valuations provided by the Debtor. Further information on the Debtor's assets can be found in the bankruptcy Schedule B, and amendments thereto.

<u>ASSET</u>	<u>VALUE</u>
Wells Fargo Bank Account (as of 10-31-17)	\$57,647.46
Deltek Prepayment	\$14,258.34
Accounts Receivable (as of 10-31-17)	\$65,763
Work in progress	\$38,900
Office Furniture and Fixtures	\$3,914
Office Equipment	\$13,864

Note from Kevin Hill	\$2,190
Claims Against Ultegra Financial Partners	Unknown value

Unless otherwise identified above, the Debtor has provided a value as of the Petition Date for its assets exclusive of any liens. The Debtor has valued all assets without the help of any third party appraiser.

Avoidance Actions

Avoidance Actions constitute claims against creditors or insiders pursuant to 11 U.S.C. §§ 545 through 550 or state law fraudulent conveyance actions. The Debtor is reserving the right to bring Avoidance Actions pursuant to 11 U.S.C. §§ 545 through 550 and state and bankruptcy fraudulent conveyance actions. On September 1, 2017, the Debtor sent out demand letters to those payees that it determined may have received preference payments. The Debtor has received responses from a number of these parties asserting defenses to potential preference claims, and the Debtor has determine that a number of the potential claims are subject to valid defenses or are likely nor recoverable. The Debtor is still in the process of evaluating the remaining claims to determine which, if any, claims are viable. The Debtor has identified the following ten transfers that may be subject to avoidance and pursued:

Transferee	Amount
CommLink	\$15,000
Chase United	\$85,808.54
Four Star Technologies	\$6,750
Leading Edge	\$24,275
Solutionz Conferencing, Inc.	\$74,177.32
Solutionz RTS	\$8,602.91
StealthComm Solutions, Ltd.	\$14,500
Yorktel	\$42,093
Total	\$271,206.77

Several of the payments made during the preference period were made to Paul and Linda

Shugart, the former owners of the Debtor. The transfers have been investigated and the transfers all appear to have been for regular salary payments and normal compensation. The Debtor does not believe that any meaningful claims exist against Mr. and Mrs. Shugart for avoidable transfers. The Shugarts filed a Chapter 7 Bankruptcy Case on October 23, 2017, Case No. 17-19788. Any potential claim that exists would likely be discharged in their bankruptcy case and rendered uncollectible. The Debtor does not believe any claims exist against any current insiders.

V. DESCRIPTION OF LIABILITIES

A. Priority Claims

Priority Claims are defined in the Plan as any pre-petition Claim entitled to a priority payment under 11 U.S.C. § 507(a), excluding any Administrative Claim or Tax Claim.

1. Administrative Claims

Administrative Claims are those Claims for payment of an administrative expense of a kind specified in 11 U.S.C. § 503(b) or § 1114(e)(2) entitled to priority pursuant to 11 U.S.C. § 507(a)(2), including but not limited to: (a) actual and necessary costs and expenses incurred after the Petition Date to preserve the estate and operate the Debtor's business, 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 estate 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 Court under 11 U.S.C. § 503.

HPC retained Kutner Brinen, P.C. ("KB") as its bankruptcy counsel. The Court approved HPC's employment of KB on May 26, 2017. HPC provided KB a retainer in the amount of \$15,285, which was also approved by the Court on June 9, 2017. For the period of May 23, 2017 (Petition Date) through November 29, 2017, KB has incurred approximately \$60,000 in attorneys' fees and \$2,254.74 in costs on behalf of HPC. KB estimates that the total legal fees and costs for KB due from HPC will increase by approximately an additional \$20,000 as of the estimated date on which the Plan will become effective. The fees could increase or decrease depending on the level of litigation over the Plan, Claims, and other matters pending before the Bankruptcy Court.

HPC also retained Doner Law, PLC (“Doner Law”) to represent the Debtor with respect to employment matters and commercial litigation services. The Debtor paid Doner Law a pre-petition retainer in the amount of \$10,000 subject to offset for certain pre-petition fees, and has sought approval of post-petition fees in the amount of \$4,456.82. The Unsecured Creditors Committee and the United States Trustee filed Objections to the approval of the retainer and post-petition fees. A preliminary hearing has been set for the Motion to Approve the Retainer and the Application for Interim Allowance of Fees and Costs for Doner Law for January 24, 2017. The Debtor anticipates that Doner Law’s fees may increase an additional \$2,000 based on post-petition services provided to the Debtor.

The Unsecured Creditors Committee consisting of two creditors, AvePoint Public Sector, Inc. (“AvePoint”) and Silicon Mechanics, Inc. (“Silicon Mechanics”) was appointed on September 7, 2017. The Court entered an Order authorizing the Committee’s employment of Buechler & Garber, LLC (“B&G”) as its counsel on September 15, 2017. As of October 31, 2017, B&G has incurred fees in the amount of \$13,694.50, and costs in the amount of \$103.24.

2. 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). HPC listed the Internal Revenue Service (“IRS”) and the Colorado Department of Revenue (“CDR”) on its Schedule E for notice purposes. The IRS filed Proof of Claim No. 1-2 asserting a general unsecured claim in the amount of \$2,500. The New Mexico Taxation and Revenue Department filed Proof of Claim No. 12-1 asserting a priority claim for taxes in the amount of \$10,532.88.

3. Wage Claims

Wage Claims are the claims entitled to priority pursuant to 11 U.S.C. § 507(a)(4) and (a)(5) as unsecured claims for pre-petition wages and contributions to employee benefit plans up to the amount of \$12,850 for each individual. The following Wage Claims have been listed on the Debtor’s Schedule E or have filed Proofs of Claim:

		Proof of Claim No. 8;
		Commissions Due; 11
Dustin Greenberg	\$12,850.00	U.S.C. 507(a)(4)
		Proof of Claim No. 34;
Jerry Krenning	\$ 12,850.00	Commissions Due; 11

U.S.C. 507(a)(4)

Kaiser Permanente	\$ 4,963.66	Payments for Medical Plan; 11 U.S.C. 507(a)(5) Proof of Claim No. 15;
Madeline Stephens	\$12,850.00	Bonus due; 11 U.S.C. 507(a)(4)
Total	\$43,513.66	

B. Secured Claims. A summary of the known Secured Claims for the Debtor's bankruptcy estate is set forth below.

1. Wells Fargo Commercial Distribution Finance, LLC. (Class 2). Wells Fargo's claim is secured by a lien on substantially all of the Debtor's assets pursuant to a loan and security agreement by and between the Debtor and GE Commercial Distribution Finance in 2004. Wells Fargo filed Proof of Claim No. 38-1 asserting a secured claim in the amount of at least \$277,489.86. The claim has been reduced by the payments made to Wells Fargo during the case under an adequate protection agreement.

C. Executory Contracts and Unexpired Leases

On the Effective Date of the Plan, the Debtor will assume those executory contracts and unexpired leases, which have not been assumed by Order of the Court prior to the Confirmation Date, as set forth in the Plan. On the date of the entry of an Order confirming the Plan, Debtor shall be the holder of any and all right, title, and interest to the assumed leases and contracts, and as a result, such assumed leases and contracts shall be in full force and effect and shall be binding upon 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). As to any rejection of the leases and executory contracts, on the Effective Date of the Plan, the Debtor will reject the executory contracts and unexpired leases to which it is a party listed in the Plan, which have not been rejected by Order of the 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. All proofs of claim with respect

to claims arising from the rejection of any executory contract or unexpired lease shall be filed with the Court within twenty (20) days after the earlier of: (i) the date of the 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 as a result, any such Claims shall be disallowed in full. Claims arising from such rejection, to the extent Allowed, shall be treated as non-priority unsecured Claims.

The Debtor intends to assume all of its customer/client contracts and has few if any other leases or contracts to assume. There will be no cost to the estate to assume any contract or lease in this case.

The Debtor has already assumed its office sublease.

D. Non-Priority Unsecured Claims

The Debtor has a number of unsecured pre-petition date creditors. At the time of the bankruptcy filing, HPC had claims as set forth on Exhibit A attached hereto. Based upon the Debtor's analysis of the claims, it is expected that the total amount of the allowed unsecured claims will be \$4,823,350.02.

VI. DESCRIPTION OF THE PLAN

A. General Description

The Debtor filed its Plan of Reorganization with the United States Bankruptcy Court for the District of Colorado on September 18, 2017. 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 HPC shall continue to operate in the ordinary course of business. 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.

As provided in Section 1123(a)(1) of the Bankruptcy Code, the Priority Administrative and Tax Claims against the Debtor are not designated as classes. The holders of such Allowed Claims will be paid in full and are not entitled to vote on the Plan. The Plan divides the creditors into separate classes. The classes are set forth as follows:

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 Secured Claim held by Wells Fargo Commercial Distribution Finance, LLC secured by all personal property.

Class 3 – The Allowed Claims held by unsecured creditors.

Class 4 – The Interest in HPC held by Roger and Sherry Cree.

B. The Claims

1. Unclassified Priority Claims

a. Administrative Claims

The holders of Allowed Claims of the type specified in Section 507(a)(2) of the Bankruptcy Code, including the costs and expenses of administration, 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 the particular holders of such Claims. Such Claims shall be paid in full on the Effective Date, or treated as otherwise agreed by the particular holders of such Claims. Administrative Claims that are allowed by the Court after the Effective Date of the Plan shall be paid upon allowance or as otherwise agreed by the particular holders of such Claims. At the current time the Debtor has no agreements with administrative claimants to be paid other than in full as of the effective date of the Plan.

All Administrative claims of professionals are subject to Court approval on notice to creditors with an opportunity for a hearing. Certain professional fees may be paid pursuant to interim fee applications and upon Court allowance. The professional fees set forth above and below are the total fees expected to remain in the case as of the estimated Confirmation Date of the Plan, assuming moderate litigation over the Plan

and pending matters, and the payments that have been made during the case through retainers or otherwise.

Professional	Approximate fees & costs	Estimated fees & costs as of the estimated Confirmation Date (March 2018)
Kutner Brinen, P.C	\$42,660 due as of 11-30-17	Increase of approx. \$20,000 for bankruptcy legal services
Doner Law, PLC	\$4,456.82 from First Interim Application for Allowance and Approval of Attorney Fees and Costs	Increase of approx. \$2,000 for litigation services
Buechler & Garber	\$13,797.74 as of 10-31-17	Increase in an unknown amount depending on work performed

Park Place Technologies, LLC has also filed a Request for Allowance of Administrative Expense Claim, seeking the allowance and payment of an Administrative Priority Claim in the amount of \$37,554.30. The Debtor filed a Response on September 22, 2017. The Request for Allowance is still pending before the Court.

The Doner Law firm is holding a retainer and has applied for approval of certain legal fees incurred post-petition. The UST and Creditors Committee have objected to the retainer and the amount of the fees. The fees at issue total less than \$5,000 and the retainer is approximately \$10,000. It is expected that the issue will be resolved by a reduction of the fee request and a recovery by the Debtor of a portion of the retainer.

The Plan provides that Unclassified Priority Claimants who agree to accept payment over time shall be paid ahead of Class 3 Unsecured Creditors. As of the date of filing this Disclosure Statements, none of the Unclassified Priority Claimants have agreed to accept payment over time, but may elect to do so at any time. Unclassified Priority Claimants who do not agree to accept payment over time shall be paid on the Effective Date or upon allowance from the Debtor's post-petition revenues.

Rodger Cree who along with his wife own the Debtor and is an officer and director also holds an administrative expense claim. The claim is for loans advanced to

the Debtor during the course of the case. All such loans have been approved by the Court on notice to creditors with opportunity for a hearing. The total amount due as of the confirmation hearing on the Rodger Cree loans is expected to be approximately \$500,000 consisting of \$300,000 that has been approved as of January 5, 2018 and an additional \$200,000 that is pending approval before the Court. The loans have been made to the Debtor to enable the Debtor to meet payroll and operating expenses while it transitions to a service oriented business and obtain new service contracts.

2. 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 Tax Claims will be paid in full on the Effective Date of the Plan, or in monthly payments over a period not to exceed five (5) years, amortized with interest at the statutory rate. The New Mexico Taxation and Revenue Department filed Proof of Claim No. 12 asserting a priority claim in the amount of \$11,458.63 for sales taxes. The Debtor has also scheduled Maryland Unemployment Insurance with a priority tax claim in the amount of \$1,261.90 for unpaid unemployment taxes. The Debtor anticipates that the total Tax Claims owed on the Effective Date will be approximately \$12,720.53.

3. Classified Priority Claims

a. Class 1 Priority Claims. 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. As set forth on Exhibit A, the total Class 1 Priority Claims are \$43,513.66.

4. Secured Claims

a. Wells Fargo Commercial Distribution Finance, LLC (Class 2). The Class 2 Secured Claim is impaired by the Plan. The principal amount of the Class 2 claim costs will be allowed in the amount owed on the Confirmation Date of the Plan, and will continue to retain all liens that secure its Claim. The Class 2 Claim shall bear interest at a rate of 4% per annum. The Debtor shall pay the Class 2 Claim \$15,000 per month until paid.

The Debtor anticipates that the total amount due on the Confirmation Date will be approximately \$240,270, and that the balance of the claim will be paid over the next 16 months.

The Debtor believes that Wells Fargo was fully secured on the petition date by virtue of the value of all of the assets that serve as collateral for the Wells Fargo loan. However, the Debtor does not believe that its assets had a value greater than the Wells Fargo claim balance. Since Wells Fargo holds the first secured lien position it is the only secured creditor with a claim secured by the Debtor's assets.

5. General Unsecured Claims.

The Class 3 claimants shall receive a pro-rata distribution equal to 3% of the HPC Gross Revenue generated over the five year period commencing on the Effective Date of the Plan less the amount necessary to pay any Unclassified Priority Claimant who agrees to accept deferred payment of its claim. Commencing on the first full month following the Confirmation Date, HPC shall at the conclusion of each month, set aside in a segregated account, an amount equal to 3% of the preceding month's Gross Revenue. Each time six months payments have been set aside, HPC shall make any payment due to Unclassified Priority Claimants and then the Class 3 creditors will be paid on a pro-rata basis. During the two (2) years following the Effective Date of the Plan, the Debtor may also buyout or pre-pay any of the Class 3 claims by paying one-half of the balance due at the time of the pre-payment. Class 3 claimants who are interested may request from the Debtor and receive a yearly report on the Debtor's gross income and the amount distributed to Class 3. The Debtor does not currently plan to contest any unsecured claims. This may change as a result of re-evaluation at a later time. The Debtor also does not expect any claims as a result of the rejection of leases or contracts.

Class 3 claims shall also receive a pro-rata distribution of half of the net proceeds of any Avoidance Action that the Debtor pursues. The Debtor has identified payments in the amount of \$1,177,919.43 in the ninety (90) days prior to filing its case. The Debtor has determined that a number of these claims are subject to valid defenses or are uncollectable. As previously stated in this Disclosure Statement, the Debtor is

still in the process of evaluating the remaining claims in order to determine which, if any, claims are viable.

HPC anticipates average Gross Revenues of \$9,200,000 for the first year commencing on the Effective Date. Three percent (3%) of \$9,200,000 is \$276,000 for the year. HPC expects its Gross Revenues to increase to \$17,000,000 for the second year resulting in a payment of \$510,000 to the Class 3 claimants. The Debtor intends to pre-pay the remaining Class 3 Claims following the second year of the Plan. Assuming the total Class 3 claims are \$4,823,350.02 as set forth in Exhibit A, Class 3 Claimants will receive a pro-rata distribution of approximately \$786,000 over two years, with a balloon payment in the amount of \$2,018,675.01 at the end of the second year. The income figures are based upon the Projections prepared by the Debtor and attached to this Disclosure Statement as Exhibit B. The balloon payment is premised upon the Debtor's ability to obtain a loan that would enable the prepayment. In the event a loan cannot be located at a reasonable interest rate, the Debtor will continue with the payments due pursuant to the Plan.

The monthly payments shall be held and deposited into a segregated account by HPC and distributed in accordance with this Plan. Distributions shall be made semi-annually commencing 6 months from the Effective Date of the Plan.

6. Interests.

Class 4, Interests in HPC held by Cree. Class 4 includes the Interests in HPC held by the pre-confirmation members. Class 4 is unimpaired by the Plan. On the Effective Date of the Plan all Class 4 interests in HPC shall be retained by the existing interest holder subject to the terms of the Plan.

C. Management and Means for Execution of the Plan.

Pursuant to the Plan, the Debtor shall restructure its debts and obligations and HPC will continue to operate in the ordinary course of business. Funding for the Plan shall be from income derived from HPC's ongoing operations. Roger Cree shall continue as the Director and Chief Executive Officer of HPC. Rodger Cree and Sherry Cree have been business partners for 20 years. Together, they currently own real estate and hydroponic farming businesses. Sherry Cree is connected in Denver community and has served on several boards for Chambers of

Commerce. Rodger Cree brings 25 years of IT business leadership focused predominately on professional services for Cloud computing, including software development, Big Data, Analytics, and Internet of Things. For the previous 11 years, Rodger Cree was in professional services leadership at Microsoft focused on deploying cloud solutions to the U.S. Federal Government. In his time at Microsoft Rodger created many start-ups within the company, with his last focused on specialized custom software development which grew from \$0 to \$250 million in 5 years.

VII. PLAN FEASIBILITY

The Debtor's Plan is feasible based upon the Debtor's ability to achieve the various components of the Plan. The Debtor expects to have sufficient cash on hand on the Effective Date of the Plan to meet all payments due at that time. The balance of the payments due under the Plan will be derived from HPC's ongoing business operations and ongoing collection of monies due to HPC. While HPC is currently operating at a loss, as it completes its transition into a service based company the Debtor anticipates that its revenues will increase substantially, allowing the Debtor to operate profitably and fund its Plan of Reorganization. As the Debtor gains recognition in the market for its service-based approach, the Debtor anticipates that its revenues will continue to increase substantially. As a result, the Debtor anticipates that that its revenues will be approximately \$9,200,000 in the first year, and \$17,000,000 in the second year, resulting in sufficient net revenue for the Debtor to pre-pay its claims in the second year of the Plan. The Plan allows the Debtor to pre-pay the Class 3 claimants by paying one half of the amount due on such claims at the time they are paid up until 24 months following the confirmation of the Plan. Projections prepared by the Debtor depicting its operation through the year 2021 in addition to prior years operations are attached hereto as Exhibit B. As long as the Debtor can continue to operate and generate revenue, the Plan will be feasible. This is because the payments are based on 3% of the Debtor's gross revenue not a net revenue number. This formula will allow for payments regardless of the Debtor's level of performance.

The Debtor is awaiting the potential award of any of several contracts that it has applied for. Many of the contracts are with one or more agencies of the Federal Government and several are with private industry. The Debtor is continuing to apply for new contracts and they are

expected to be awarded on an ongoing basis.

VIII. RISK TO CREDITORS

This Disclosure Statement contains statements which look into the future. There is no way to determine the accuracy of these statements. The Debtor has attempted to be conservative in its analysis and believes that the Plan as proposed offers the best option for creditors. The principal alternative to the Debtor's reorganization under Chapter 11 is a conversion of the case to Chapter 7 of the Bankruptcy Code. As set forth in Section X below, liquidation of the Debtor will assure a distribution to unsecured creditors less than that proposed by the 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 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 liabilities 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 such cases, income may have to be recognized. Interest holders may have very complicated tax effects as a result of Plan confirmation. Pursuant to 11 U.S.C. § 1146(c), 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 therewith, 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.

X. LIQUIDATION ANALYSIS

The principal alternative to a debtor's reorganization under Chapter 11 is a conversion of the case to Chapter 7 of the Bankruptcy Code. Chapter 7 is the only alternative for HPC under

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 debtor's assets. The assets would be liquidated and the proceeds distributed to creditors in the order of their priorities. In this case, all of the Debtor's assets of any consequence are subject to liens and the payment of priority claims. The Debtor's proposed Plan of Reorganization will yield a greater distribution to creditors than liquidation under Chapter 7. A Liquidation Analysis for HPC is attached as Exhibit C.

XI. SIGNIFICANT EVENTS DURING THE CHAPTER 11 CASE

During the course of the chapter 11 case HPC has met its requirements with respect to filing documents, monthly reporting, and attending creditors meetings. On September 7, 2017, the United States Trustee appointed an Official Committee of Unsecured Creditors, consisting of AvePoint Public Sector, Inc. and Silicon Mechanics, Inc.

Determination of Liens

On August 3, 2017, the Debtor filed a Complaint to Determine Nature, Extent, Validity, and Priority of Liens and Allowance of Claims against Capital Merchant Services, Wells Fargo Commercial Distribution Finance, LLC, Key Government Finance, Inc., Ingram Micro, Inc., Corporation Service Company, Synnex Corporation, LiftForward, Inc., FC Marketplace, LLC, CFO Business Advisors, LLC, Silicon Mechanics, Inc., Ultegra Financial Partners, Inc., CT Corporation System, UFP Equity Holdings LLC, CSNK Working Capital, Complete Business Solutions Group, Inc., and Yes Capital, LLC, Adversary Proceeding No. 17-01321 ("Adversary Proceeding"). The Adversary Proceeding seeks to determine the nature and extent of the liens asserted against the Debtor. Pursuant to the Complaint, the Debtor asserted that Wells Fargo was the only secured creditor. To date, the only defendant to file an Answer to the Complaint is LiftForward, Inc. The Debtor has reached stipulations with a majority of the defendants in the Adversary Proceeding, including Wells Fargo Commercial Distribution Finance, LLC, Synnex Corporation, Ultegra Financial Partners, Inc., Silicon Mechanics, Inc., and CFO Business Advisors, LLC. The Debtor will be seeking a default judgement against the remaining Defendants who failed to Answer the Complaint.

Post Petition Factoring

On September 21, 2017, the Debtor filed a Motion for Order 1) Authorizing Post-Petition Factoring, 2) Authorizing the Debtor to Enter Into an Invoice Purchase Agreement, and 3) Granting Senior Liens and Security Interests (“Factoring Motion”). Pursuant to the Factoring Motion, the Debtor seeks authorization to enter into an Invoice Purchase Agreement with LSQ Funding Group, L.C. (“LSQ”) in order to factor its accounts receivable generated from contracts with government agencies that the Debtor has bid on and anticipates receiving. The Invoice Purchase Agreement is intended to allow the Debtor to generate working capital as work is performed under the contracts in order to further fund its operations and its Plan.

Post-Petition Lending by Rodger Cree

Rodger Cree, an owner, director and officer of the Debtor, has made certain loans to the Debtor during the course of the Chapter 11 case to enable the Debtor to meet operating expenses. A \$300,000 loan has been approved and an additional \$200,000 loan is pending before the Court for approval. These loans have been critical to the Debtor’s ongoing survival and constitute administrative expense claims in the case. Given the fact that the principal insider of the Debtor is supporting the Debtor with loans, only minimal compensation has been paid to Rodger Cree during the case. Future salary will be based upon net revenue and subject to the constraints imposed by the Plan.

Post Petition Claim

The Debtor has been subject to several contracts with the U.S. Department of Agriculture (“DOA”). In the case of one contract that existed pre-petition, the contract proceeds were assigned to Key Government Finance Inc. (“Key”). Despite the assignment which had been provided to the government, the DOA forwarded payments directly to the Debtor pre-petition in January and May of 2016 and the receipts were used by the Debtor in operations. In order to resolve the issue, Key accepted an agreement or note from the Debtor that provided for the Debtor to pay the payments due to Key over a period of time. The Debtor made payments to Key in December 2016 and February and March of 2017. The Debtor believes this resolved the Key claims that may have existed against the DOA since the claim had been compromised into an unsecured note owed by the Debtor. Nonetheless, after the chapter 11 case was filed on May 23, 2017 Key’s attorney notified the DOA of its assignment and attempted to collect the

payments that had been paid to the Debtor pre-petition. The Debtor notified Key that it was violating the automatic stay and interfering with its contractual relationships and business prospects with the DOA. Key did back off of its position with the DOA on an interim basis. Key later filed a Motion for Relief From Stay in order to pursue any rights it might have against the DOA or other non-Debtors and the relief was granted by the Court.

Assumption of Real Property Lease

The Debtor leases its office space at 1660 Lincoln St., Suite 1400 in Denver. The space is critical to the Debtor's ongoing operation as it is where all employees are located and where operations are managed. The office space is also in a Hub zone which provides certain advantages with respect to government contracting. The Debtor did assume its lease during the course of the Chapter 11 case.

Dated: January 5, 2018

HIGH PLAINS COMPUTING, LLC

By: /s/ Rodger Cree
Rodger Cree, Manager

Kutner Brinen, P.C. ("KB") has acted as legal counsel to HPC 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 independent investigation as to the veracity or accuracy of the statements contained herein. The Disclosure Statement is filed subject to the applicable provisions of Bankruptcy Rule 9011.

KUTNER BRINEN, P.C.

By: /s/ Lee M. Kutner
Lee M. Kutner, #10966
Keri L. Riley, #47605
1660 Lincoln Street, Suite 1850
Denver, CO 80264
Telephone: (303) 832-2400
Telecopier: (303) 832-1510

EXHIBITS TO DISCLOSURE STATEMENT

Exhibit A: List of unsecured creditor claims

Exhibit B: Projections

Exhibit C: Liquidation Analysis

**High Plains Computing, Inc.
Chapter 11 Bankruptcy No. 17-14819
Disclosure Statement Exhibit
Unclassified Administrative Priority and Class 1 Claims**

Unclassified Administrative Priority Claims	
Creditor Name	Scheduled Amount or Proof of Claim Notes
Park Place Technologies	\$ 37,554.20 Motion for Allowance Pending; Disputed
New Mexico Department of Revenue	\$ 11,458.63 Proof of Claim No. 12; Taxes
Maryland Unemployment Insurance	\$ 1,261.90 Unemployment taxes
Kutner Brinen, P.C. (Bankruptcy Counsel)	\$ 44,126.74 Estimated as of the Effective Date assuming litigation over the Plan and other pending matters
Doner Law, PLC	\$ - Total fees are anticipated to be covered by pre-petition retainer if approved
Buechler & Garber (Counsel for Creditors Committee)	Unknown
Rodger Cree (administrative loan)	\$ 300,000.00 loans approved as of 1-5-18
Total	\$ 394,401.47
Priority Unsecured Claims	
Dustin Greenberg	\$ 12,850.00 Proof of Claim No. 8; Commissions Due; 11 U.S.C. 507(a)(4)
Jerry Krenning	\$ 12,850.00 Proof of Claim No. 34; Commissions Due; 11 U.S.C. 507(a)(4)
Kaiser Permanente	\$ 4,963.66 Payments for Medical Plan; 11 U.S.C. 507(a)(5)
Madeline Stephens	\$ 12,850.00 Proof of Claim No. 15; Bonus due; 11 U.S.C. 507(a)(4)

Total

\$ 43,513.66

High Plains Computing, Inc.
Chapter 11 Bankruptcy No. 17-14819
Disclosure Statement Exhibit A
Unsecured Creditors, Class 3

Creditor Name	Scheduled Amount or Proof of Claim	Proof of Claim No.
ACG Systems, Inc.	\$ 5,885.61	23
All Copy Products	\$ 5,198.70	
All Copy Products Texas	\$ 2,930.00	
American Express	\$ 31,333.09	9
Avepoint Public Sector	\$ 342,334.63	31
B&H	\$ 6,000.00	
Bassec, LLC	\$ 39,728.93	
Cambridge Law	\$ 26,982.27	25
Capital One Credit Card	\$ 19,582.57	
Carahsoft	\$ 106,570.00	
CDW Government	\$ 39,503.65	11
CFO Business Advisors, LLC	\$ 105,661.00	
Chase Bank	\$ 4,484.45	
Chipman Glasser	\$ 1,251.00	41
Citi Bank	\$ 22,436.90	
CNP Technologies, LLC	\$ 97,198.61	19
Comcast Business	\$ 389.10	
Comm Link, Inc.	\$ 19,679.00	37
Commvault	\$ 10,521.87	
Comstor	\$ 10,502.00	
Davis Graham & Stubbs	\$ 12,570.00	26
DHL Express USA, Inc.	\$ 1,253.41	
Diversified	\$ 11,697.10	21
Dustin Greenberg	\$ 13,678.92	8
DLT Solutions	\$ 26,398.95	
Dynatouch Informed Techno	\$ 13,089.00	27
Eaton Corporation	\$ 21,488.60	24
EC America/Immit GE Cap	\$ 2,080.00	
EMC Corporation	\$ 5,473.20	
Emergent Systems Exchange	\$ 3,162.99	
Four Winds Int	\$ 8,725.60	
Gardant Technologies, Inc.	\$ 9,000.00	
Hewlett Packard Enterprise	\$ 6,662.00	35
HP, Inc.	\$ 289,000.00	14
IDEUM	\$ 17,893.68	5
Ingram Micro	\$ 790.79	6
InMon Corporation	\$ 7,920.00	16

IRS	\$	2,500.00	1
Jerry Krenning	\$	68,536.66	34
KBZ Communications, Inc.	\$	45,450.46	
LAZ Parking	\$	2,535.00	
Lenova Financial Services	\$	2,218.85	
Madeline Stephens	\$	3,877.00	15
Michael T. Johnson	\$	1,650.00	
Monster.com	\$	1,299.75	
Park Place Technologies	\$	62,537.57	30
Phoenix Analysis & Design	\$	7,027.31	18
Red River Computer Co., Inc.	\$	78,640.00	2
Rogue Wave Software, Inc.	\$	11,235.00	
Roth Jackson Gibbons Condlin, l	\$	7,610.81	
Sagelogix	\$	13,800.00	
Savoy AV, LLC	\$	3,728.15	
ScanSource, Inc.	\$	45,450.46	22
Silicon Mechanics, Inc.	\$	1,030,802.38	13
SolutionZ Videoconferencing	\$	299,453.94	36
SolutionZ RTS	\$	19,541.58	
Spectra Logics	\$	12,903.36	
Stealthcom Solutions, Inc.	\$	4,863.00	
Storage Hawk	\$	3,699.00	
SYNNEX	\$	53,665.94	3
Tech Data	\$	81,226.31	10
Technica Corporation	\$	12,893.00	
Technical Innovations	\$	9,798.06	20
The Allen Group, P.C.	\$	2,750.00	
The AR Group, LLP	\$	630.00	
Varstreet	\$	9,225.00	
Veteran Electronics	\$	1,500.00	
Wells Fargo	\$	98,886.36	7
Capital Merchant Services	\$	352,234.99	
Complete Business Solutions Gr	\$	499,658.89	28
FC Marketplace, LLC	\$	141,147.33	39
Key Government Finance, Inc.	\$	388,603.99	40
Lift Forward	\$	44,749.40	33
YES Capital LLC	\$	-	released by agreement
York Telecom Corp	\$	47,962.85	29
Total	\$	4,823,350.02	

HIGH PLAINS COMPUTING, INC.

FINANCIAL STATEMENTS AND ANALYSES

9/29/2017

██████████	WEB SITE, SERVICES
██████████	EXECUTIVE SUMMARY
██████████	KEY EXECUTIVES / BOARD OF DIRECTORS
██████████	FORECAST ASSUMPTIONS
██████████	STRATEGIC PLAN STRATEGIC OBJECTIVES AND DETAILS
██████████	PLAN RISKS IDENTIFIES KEY PLAN RISKS AND MITIGATIONS
██████████	SUMMARY FINANCIAL GRAPH SALES AND EBITDA 2011 TO 2017
██████████	SUMMARY FINANCIAL INFORMATION SUMMARY PRESENTATION
██████████	FORECAST SCENERIOS
██████████	RETURNS ROE, ROCE RETURN ON EQUITY RETURN ON CAPITAL EMPLOYED

3

OTHER SUPPORTING SPREADSHEETS

FINANCIAL STATEMENTS YEARS 2011-2019
MONTHLY INCOME STATEMENTS 2012 - 2017
MONTHLY BALANCE SHEET AND CASH FLOW 2012 - 2017
ANNUAL INCOME STATEMENTS 2018-2019
ANNUAL BALANCE SHEET 2018-2019

YTD OPERATING STATEMENT
COMPARES YTD 2012 TO 2016 ACTUALS

Accounts Payable, current month
Accounts Receivable, current month

CAPITAL EXPENDITURES 2012 -2019

HIGH PLAINS COMPUTING, INC.
EXECUTIVE SUMMARY
 9/29/2017

The following financial model shows the results of High Plains Computing, Inc. dba Tracking Technologies ("HPC") an S corp for federal tax purposes. The accounting records and financials have been prepared and forecasted on a GAAP basis. The financials of the company are reviewed and were audited in 2014. No audit or review was performed for 2015 and 2016. On May 23, 2017 the company filed for Chapter 11 protection.

Summary

HPC provides IT solutions, professional and technical services for the federal government. HPC has been in this business since 1994 and strategically focused on government since 2001. The company experienced its first positive EBITDA since 2011 in 2016 due to increased margins and reduced overheads. Net income was negative due to high interest and financing costs.

A summary of key financial information follows:

Summary Financial Information

	ACTUAL 2012	ACTUAL 2013	ACTUAL 2014	ACTUAL 2015	ACTUAL 2016	Forecast 2017	Forecast 2018	Forecast 2019	2014-2019 CAGR
Revenues	\$ 4,144,441	\$ 9,494,786	\$ 14,144,272	\$ 7,153,413	\$ 6,785,513	\$ 2,552,125	\$ 9,210,000	\$ 17,060,000	62%
Gross Margin	846,733	971,871	1,407,814	741,579	1,967,968	426,786	2,071,501	3,749,001	69%
Operating expenses	892,948	1,208,332	1,795,251	1,811,776	1,517,790	1,319,731	1,499,467	1,916,876	12%
Operating Income	(44,215)	(236,462)	(387,437)	(1,070,196)	450,178	(890,945)	572,034	1,832,125	
Other Income (expense)	(53,585)	(82,953)	(118,532)	(278,318)	(1,661,669)	(710,623)	(108,177)	1,857,830	
Net Income (loss)	(97,801)	(319,415)	(505,969)	(1,348,514)	(1,211,491)	(1,601,568)	463,857	3,689,956	
EBITDA	\$ (53,123)	\$ (233,039)	\$ (368,947)	\$ (1,032,891)	\$ 490,536	\$ (890,867)	\$ 566,034	\$ 1,832,125	231%

Financial Returns

	ACTUAL 2012	ACTUAL 2013	ACTUAL 2014	ACTUAL 2015	ACTUAL 2016	Forecast 2017	Forecast 2018	Forecast 2019
Return on Equity	-491%	-125%	-70%	-93%	-49%	-49%	-41%	6%
Return Capital Employed	-58%	-26%	-41%	-83%	-83%	49%	1921%	-167%

Revenues

The operation is projected to experience considerable revenue growth from 2017 to 2019 based on sales of its products and services. 2015 and 2016 revenue was reduced due to delayed expenditures at the USDA. Sales growth for the period 2017 to 2019 will occur primarily in high tech staffing, an expertise of new management. Revenue projections are a combination of hardware, video conferencing, warranty and services contracts as shown below:

	2012 ACTUAL	2013 ACTUAL	2014 ACTUAL	2015 ACTUAL	2016 ACTUAL	2017 Forecast	2018 Forecast	2019 Forecast
Hardware, VTC & Software Contracts, Warranty Labor and Services Contracts	\$ 4,084,008	\$ 8,776,876	\$ 13,836,213	\$ 6,689,891	\$ 6,095,513	\$ 1,967,042	\$ 4,710,000	\$ 4,560,000
	\$ 60,493	\$ 717,911	\$ 308,059	\$ 463,722	\$ 690,000	\$ 565,083	\$ 4,500,000	\$ 12,500,000
Total Revenue Projection	\$ 4,144,441	\$ 9,494,786	\$ 14,144,272	\$ 7,153,413	\$ 6,785,513	\$ 2,552,125	\$ 9,210,000	\$ 17,060,000

HIGH PLAINS COMPUTING, INC.
EXECUTIVE SUMMARY
9/29/2017



Revenues are projected at a compound annual growth rate of 62.41% for the period 2017 to 2021.

Gross Margins

Gross margins are defined by the company as revenues, less direct cost of providing those revenues. Hardware and software sales are estimated to generate gross margins in the 10% range. Labor services generate gross margins in the 25% range while warranty sales generate 60% gross margins in 2017. Overall, margins are anticipated to be 18.6% in 2017 and increasing in future years due to increases in staffing relative to hardware and software sales.

Gross margin percentage jumped from 10% in 2015 to 29% in 2016 due to bringing warranty services in-house for services and maintenance contracts in 2016.

Gross margins are projected to increase to \$6 million by 2021 with a compound annual growth rate from 2017 to 2021 69%

Operating Expenses

Most companies have higher operating costs as a percentage of revenue in early years of rapid sales growth and HPC is no exception. As revenues grow, operating expenses need to become a smaller percentage to sales each year for the company to improve profitability. This trend is reflected in HPC as total operating expenses fall from 52% of revenue in 2017 to 8% of forecasted revenue for 2021. Payroll costs and commissions are the largest single expense of the company and will need to be controlled in the forecasted period to achieve projected financial results. Some tasks may be able to be outsourced to further improve operating margins.

EBITDA

The company has experienced positive EBITDA in 2016 and is projected to grow to \$ 3,473,514 by 2021.

Balance Sheet

The company is in Chapter 11 bankruptcy as of May, 2017. The company is negotiating a flexible factoring arrangement which would allow the company to finance a growing number of professional services contracts in 2017 and beyond. The company hopes to emerge from bankruptcy in late-2019 after establishing a profitable flow of business with its new emphasis in higher margin professional staffing.

HIGH PLAINS COMPUTING, INC.
FORECAST ASSUMPTIONS 2017 TO 2021
9/29/17

ASSUMPTIONS

ENTITY STRUCTURE

The entity is an S corp for federal tax purposes. The company may be restructured to a C corp in 2018.

INCOME STATEMENT

Revenues

Revenue estimates are based on detailed contract projections as estimated and prepared by management. Revenues are assumed to grow 261% in 2018 and grow at more moderate rates in 2019-2021. These forecasts are based on currently proposed professional services contracts and teaming agreements. The company has graduated from the status in 2016, but is now Hubzone status, a status it achieved in mid-2016.

Gross Margins

Cost of goods is based on estimates of gross margin per contract and on margins in prior years. Estimated gross margins for professional services is 25% and 10% for unified communications, hardware, software and service and maintenance contracts. Overall gross margins are projected at 17% combined in 2017 and 21% in 2018 and beyond.

Expense Assumptions

In general, expenses are projected to grow \$100k to \$200k per year from 2017 to 2021, but fall as a percentage of sales. Detailed assumptions can be found on the Monthly Income Statement tab.

Income taxes

Even though the entity is an S corp., it is projected to convert to a C corp in 2018. Tax rates are assumed at 40% in total, 5% for Colorado and 35% for federal taxes.

Accounting

All financial results are shown on a GAAP basis.

BALANCE SHEET

Receivables

On average, the government is assumed to pay per terms, roughly 25 days.

Payables

The company is projecting to keep payables in terms during the forecast period.

Debt

The company has negotiated a factoring line of credit is available up to \$1,000,000. The company is projecting a debt financing in late-2018 to pay all of the outstanding secured and 50% to unsecured creditors. The projected terms are 10% annual interest and 5 year term.

Equity

The company has been financed by the current owner through cash infusions and personal expenses. Additional equity is projected to come in the form of profitable operations.

HIGH PLAINS COMPUTING, INC.
 HPC SOLUTIONS
 Summary Financial Information
 2012 to 2021
 9/29/2017

	ACTUAL Reviewed 2012	ACTUAL Reviewed 2013	ACTUAL Audited 2014	ACTUAL Unaudited 2015	ACTUAL Unaudited 2016	FRCST Total 2017	FRCST 2018	FRCST 2019	FRCST 2020	FRCST 2021	Compound Annual Growth Rate (CAGR) 2017-2021 (Except as noted)
REVENUE											
Annual Revenue Growth %	4,144,441	9,494,786	14,144,272	7,153,413	6,785,513	2,552,125	9,210,000	17,060,000	24,032,000	28,838,400	62.41%
	-37.32%	129.10%	48.97%	-49.43%	-5.14%	-82.38%	260.88%	85.23%	40.87%	20.00%	
COST OF SERVICES SOLD											
COST OF SERVICES SOLD %	3,295,709	8,522,916	12,736,458	6,411,834	4,817,545	2,123,340	7,138,499	13,310,999	19,177,200	23,012,640	61.06%
	79.52%	89.76%	90.05%	89.83%	71.00%	83.20%	77.51%	78.02%	79.80%	79.80%	
GROSS MARGIN											
GROSS MARGIN %	848,733	971,871	1,407,814	741,579	1,967,968	428,786	2,071,501	3,749,001	4,854,800	5,825,760	66.51%
	20.48%	10.24%	9.95%	10.37%	29.00%	16.80%	22.49%	21.88%	20.20%	20.20%	
OPERATING EXPENSES											
OPERATING EXPENSE %	892,948	1,208,332	1,795,251	1,811,776	1,517,790	1,319,731	1,499,467	1,916,876	2,130,583	2,352,246	12.25%
	21.55%	12.73%	12.69%	25.33%	22.37%	51.71%	16.28%	11.24%	8.87%	8.16%	
OTHER INCOME (EXPENSE)											
	(53,665)	(82,953)	(118,532)	(278,318)	(1,661,669)	(710,623)	(108,177)	1,857,830	(162,263)	(257,691)	
NET INCOME BEFORE TAXES											
	(97,801)	(319,415)	(505,969)	(1,348,514)	(1,211,491)	(1,601,568)	463,857	3,689,956	2,561,953	3,215,824	214.96%
	-2.36%	-3.36%	-3.56%	-18.85%	-17.85%	-62.75%	5.04%	21.63%	10.65%	11.15%	
INCOME TAXES											
Income tax rate	-	-	-	-	-	-	185,543	662,411	1,024,781	1,286,329	#DIV/0!
	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	40.00%	17.59%	40.00%	40.00%	
NET INCOME AFTER TAXES											
	(97,801)	(319,415)	(505,969)	(1,348,514)	(1,211,491)	(1,601,568)	278,314	3,027,544	1,537,172	1,929,494	203.80%
	-2.36%	-3.36%	-3.56%	-18.85%	-17.85%	-62.75%	3.02%	17.75%	6.40%	6.69%	
EBITDA											
	(53,123)	(233,039)	(368,947)	(1,032,891)	490,536	(890,857)	566,034	1,832,125	2,700,217	3,473,514	231.28%
	-1.28%	-2.45%	-2.61%	-14.44%	7.23%	-34.91%	6.15%	10.74%	11.24%	12.04%	
BALANCE SHEET INFORMATION											
Total Assets	\$ 1,151,086	\$ 3,522,576	\$ 4,065,129	\$ 1,369,227	\$ 1,130,553	\$ 642,047	\$ 1,087,657	\$ 1,474,360	\$ 2,065,950	\$ 2,822,642	
QUICK RATIO											
Cash & AR / Current Liabilities	0.91	0.88	0.79	0.27	0.22	0.53	0.57	0.87	1.44	2.03	
DAYS SALES IN ACCTS RECEIVABLE											
Accts Receivable/Sales per Day	43.96	28.90	34.32	24.01	30.59	26.60	20.00	20.00	25.00	25.00	

<u>ASSET</u>	<u>VALUE</u>	<u>Cost of Sale/Recovery</u>	<u>Net Recovery</u>
Wells Fargo Bank Account (Current Value)	\$22,209.80	0	\$22,209.80
Delek Prepayment*	\$9,042.00	0	\$9,042.00
Accounts Receivable	\$116,876.00	\$11,687.60	\$105,188.40
Accounts Receivable from Officers, Insiders, or Affiliates	\$2,190.00	\$219.00	\$1,971.00
Office Equipment, Furniture and Fixtures	\$13,668	\$1,366.80	\$12,301.20
Vehicles	\$3,863	\$386.30	\$3,476.70
Claims Against Ultegra Financial Partners**	\$154,000	\$61,600	\$92,400.00
Escrow Money Market Account	\$1,250	0	\$1,250.00
Total			\$247,839.10
Secured Interest of Wells Fargo			(\$277,489.89)
Net Liquidation Value to Unsecured Creditors			0
Avoidance Actions***	\$220,000.00	\$66,000.00	\$154,000.00
Chapter 7 Trustee Compensation			(\$10,950.00)
Chapter 7 Professional Fees			(\$10,000.00)
Chapter 11 Professional Fees			(\$50,000.00)
Cree administrative claim-loan			(\$300,000.00)
Priority Claims			(\$95,288.39)
Net Liquidation Value to Unsecured Creditors			\$0.00

*Assumes that all services and equipment necessary to recovery of the pre-payment have been provided
 **Assumes that the Debtor prevails on its claims. Cost of recovery attributed to legal fees and costs associated with prosecuting the claims
 ***Value assumes best possible recovery and collection on all potentially viable claims.
 ***Cost of recovery attributed to legal fees not included in the professional fee summary