UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF COLORADO

IN RE:	)	
	)	
VISUAL HEALTH SOLUTIONS, INC.	)	
EIN: 84-1525504	)	Case No. 17-18643-EEB
	)	Chapter 11
Debtor.	)	

DISCLOSURE STATEMENT TO PLAN OF REORGANIZATION DATED AUGUST 30, 2018

INTRODUCTION

This Disclosure Statement ("Disclosure Statement") has been prepared by Visual Health Solutions, Inc. ("VHS" or the "Debtor") to accompany its Chapter 11 Plan of Reorganization dated August 30, 2018 (the "Plan") which has been filed in the Debtor's Chapter 11 case. 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. Section 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 Debtor's 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 __:__0 __.m. in Courtroom F, at the Customs House, 721 19th Street, Denver, Colorado.**

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 may vote on the Plan by completing the enclosed Ballot and returning it to counsel for the Debtor:

Aaron A. Garber, Esq.
Buechler & Garber, LLC
999 18th Street, Suite 1230S
Denver, CO 80202

This Ballot must be received by the appropriate counsel designated above by no later than **5:00 P.M. Mountain Time on ______________, 2018**, which date has been 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. **WARNING: IF YOU ARE A CREDITOR YOUR RIGHTS WILL BE IMPAIRED BY THE PLAN, unless otherwise indicated in the Plan.**

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 proposes a payment to unsecured creditors over time through the Debtor's earnings to achieve the maximum recovery for its creditors. **Again, the Debtor strongly believes that confirmation of the Plan is in the best interests 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 Class 2, 3, 4, 5, 6, 7, 8, 10, 11, 12, 13, and 14 shall be entitled to vote to accept or reject the Plan.

Deemed Acceptance of Plan. The Plan treats Class 9 and 15 as unimpaired. Unimpaired classes are conclusively presumed to accept the Plan pursuant to Section 1126(f) of the Bankruptcy Code.

Deemed Rejection of Plan. The Plan does not provide for any Class of creditors that shall receive and retain nothing under the 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.

OVERVIEW OF THE PLAN

The Debtor filed for relief under Chapter 11 of the Bankruptcy Code on September 18, 2017 (the "Petition Date"). The Debtor remains a Debtor-in-Possession. The Debtor creates medical based multimedia content, including medical animations, medical illustrations, and interactive graphics through a collaborative process with the Debtor and its clients. The Debtor's experience with a wide range of clients includes creation of medical multimedia owned by customers, modification of our existing library of medical animations and multimedia content, licensing content from the Debtor's animation library, and integration of unique patient point-of-care and lifestyle modification applications. This Plan provides for the reorganization of the Debtor under chapter 11 of the Bankruptcy Code. Pursuant to the Plan, the Debtor's debts and obligations shall be restructured, the Debtor will obtain exit financing and the Debtor will continue to operate in the ordinary course of business.

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 administration of its Chapter 11 case as Debtor-in-Possession and following confirmation of a Plan as reorganized Debtor or as provided in the Plan. Once confirmation of a Plan of Reorganization is approved by the Court, the Plan of Reorganization 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 will provide the Debtor with an opportunity to restructure its debt through its ordinary business operations.

The 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.

The Bankruptcy Court set a bar date establishing June 26, 2017 as the last date for filing Proofs of Claim. The Plan provides that Claims and Interests of all Classes shall be allowed only if evidenced by a timely filed Proof of Claim or Interest or which otherwise 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 have been scheduled as disputed, contingent or unliquidated by reviewing the Schedules 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 they have been scheduled.

Chapter 11 does not require that each holder of a Claim against or Interest in the Debtor to 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, 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. Generally, a plan unfairly discriminates against a class if another class of equal priority will receive greater value under the plan than the nonaccepting class without reasonable justification.

The fair and equitable requirement typically refers to the "absolute priority rule." The Bankruptcy Code requires that if interest holders retain an interest or receive anything under the Plan, then the unsecured creditor classes must either be paid the full value of their claims or vote to accept the Plan. Since the Debtor believes that the Plan provides the best alternative for creditors, all creditors are urged to vote to accept 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.

BACKGROUND AND EVENTS LEADING TO CHAPTER 11 FILING

VHS was formed in December 1998. VHS is owned by a number of investors. Two companies, VP, LLC and VP2, LLC, own about 95% of the interests in VHS. Paul Baker held 33.213% of the interests in VP, LLC and 21.24584% of VP2, LLC. Those interests were foreclosed upon by Mr. Banker's secured creditor as a result of his seeking relief under Chapter 7 of the Bankruptcy Code. Mr. Baker is and will remain the Chief Executive Officer of VHS and manage the day to day operations of VHS. VHS creates medical based multimedia content, including medical animations, medical illustrations, and interactive graphics through a collaborative process with VHS and its clients. VHS's experience with a wide range of clients includes creation of medical multimedia owned by customers, modification of our existing library of medical animations and multimedia content, licensing content from VHS' animation library, and integration of unique patient point-of-care and lifestyle modification applications. VHS' web address is www.visualhealthsolutions.com.

VHS has two primary secured creditors. In first lien position, the Debtor entered into a secured loan with Colorado Business Bank. ("CBB") on or around June 27, 2014, which loan is guaranteed by the Small Business Administration. CBB filed with the Colorado Secretary of State, a UCC-1 on July 2, 2014, in which CBB asserts a lien on substantially all of VHS' assets. In second position with respect to the VHS' intellectual property, VHS entered into a secured loan with Family Restaurants, Inc. ("FRI,") on or around December 31, 2014. FRI refiled with the Colorado Secretary of State, a UCC-1 on June 16, 2016, after subordinating its claim to CBB, in which FRI asserts a lien in all intellectual property and proceeds therefrom. Affiliated with FRI, and therefore a part of the same loan transaction are secured creditors Diamond Square, Kurt Anderson, Mark Anderson, Palmer Park, and Scott Anderson.

Prior to the Petition Date, both CBB and FRI sued VHS in separate actions in the Colorado state court system to take possession of their collateral. The amount owing to CBB, pursuant to CBB's state court complaint, is approximately $1,107,065. The amount owing to FRI, pursuant to FRI's state court complaint, is approximately $1,295,029. VHS asserts its assets have a value of not more than $350,000 and more likely less than, and closer to $300,000.

If CBB and FRI prevailed in their state court actions, VHS would have had no ability to satisfy a judgment, would have lost all of its assets in a replevin action and would have had to cease operations. It was this event that cause VHS to seek relief under Chapter 11 of the Bankruptcy Code.

CURRENT MANAGEMENT

The Debtor's CEO is Paul Baker. Mr. Baker manages the day to day operations of the Debtor. Mr. Baker is paid a salary of approximately $12,000 per month by the Debtor. This salary will continue to be paid to Mr. Baker post-Petition Date. Any raises or bonuses will be considered based upon the performance of the Debtor.

CURRENT BUSINESS OPERATIONS

The Debtor will continue to focus on its primary lines of business after confirmation of the Plan.

HISTORICAL PERFORMANCE OF THE DEBTOR

Attached hereto as Exhibit A is a summary of VHS' performance during the bankruptcy case.

DESCRIPTION OF ASSETS

The values for the Debtor's primary assets, as of August 1, 2018, are as follows:

Asset	Market Value
Cash:	$1,585
Accounts Receivable	$77,058
Work in Progress	$178,568

Loan to CEO	$32,732
Furniture, Fixtures, Equipment, Inventory:	$10,697
Total:	$297,756

The Debtor's assets have the values listed above. The Debtor's asserted are encumbered by two liens. The first lien is held by CBB, who asserts a secured claim pursuant to its Proof of Claim in the amount of $1,394,864.61. The lien encumbers substantially all of the Debtor's assets. FRI holds a second lien position encumbering the Debtor's intellectual property. FRI has filed a Proof of Claim asserting a secured claim in the amount of $1,000,000. Thus, the secured claims encumbering the Debtor's exceed the value of the assets. There is no recovery for unsecured creditors upon a liquidation of the Debtor's assets.

The Debtor is reserving the right to bring Avoidance Actions pursuant to 11 U.S.C. §§ 545 through 550 and state law based fraudulent conveyance actions. The Debtor is still evaluating which, if any such claims, are viable. Among the factors being considered are the potential defenses available to the potential preference defendants, the ability to collect if a judgment is obtained, the potential cost of litigation, and the necessity of the potential preference defendant to provide goods and/or services in the future to VHS, which relationships could be impacted by preference litigation, having a negative impact upon the ability of VHS to reorganize and maximize the distribution to unsecured creditors.

The Debtor's Statement of Financial Affairs lists certain payments to creditors within the 90 days prior to the Petition Date, which form the basis for the potential preference actions. Each is discussed below.

1. Fort Collins Coloradoan ("Landlord"), the landlord, was paid $12,254.97 in rent during the avoidance period. The payments were made on the first day of each month, and therefore appear to have been made in the ordinary course.

The Debtor's Statement of Financial Affairs lists certain payments to insiders within the year prior to the Petition Date, which form the basis for the potential preference actions. Each is discussed below.

2. Paul Baker received $32,000 in salary, $4,355.87 in expense reimbursement and $147,368.79 in repayment of loans in lieu of salary. Mr. Baker filed for relief under Chapter 7 of the

Bankruptcy Code and there any claims associated with these payments have been discharged.

On December 8, 2017, the Court retained Jeffery Weinman as special counsel ("Special Counsel") to investigate and write a report addressing transfers made by the Debtor to insiders of the Debtor. On June 6, 2018, Special Counsel filed with the Court his report. The report analyzes both potential fraudulent transfers and preferences made to insiders of the Debtor. Fraudulent transfers have a look back period of two years and preference actions one year with respect to insiders. The report focused on transfers to Mr. Baker and his spouse, Dottye Baker, during both the two year and one year period.

With respect to Mr. Baker, the report concludes that VHS likely received reasonable equivalent value for the transfers made by the Debtor to Mr. Baker during the two year period prior to the Petition Date, and therefore a viable fraudulent transfer claim does not exist against Mr. Baker. With respect to the preference claims against Mr. Baker, Special Counsel asserts a potential preference claim of $179,368.29 exists against Mr. Baker. Given Mr. Baker has filed Chapter 7 bankruptcy, these claims are discharged as against Mr. Baker. As observed Special Counsel, this claim could potentially be asserted against the Chapter 7 bankruptcy estate of Mr. Baker, which at this time has no money in the estate.

With respect to Dottye Baker, the report of Special Counsel did not identify any potential preference claims. With respect to the two year fraudulent conveyance look back period, Special Counsel identifies $52,850 that was deposited into a joint bank account held in the names of Paul Baker and Dottye Baker. Given, the bank account was held jointly, Special Counsel asserts Mrs. Baker may have some liability for the transfers. As an initial matter, Mrs. Baker asserts she would have no money to satisfy a judgment if one were to enter and she would be compelled to seek bankruptcy relief. Further, VHS asserts that a valid claim does not exit against Ms. Baker for the following reasons. First, VHS was not insolvent at the time the transfers were made, which was between September 2015 and September 2016. Further, these payments had nothing to do with Ms. Baker and were transferred on account of Mr. Baker, and his services to VHS. The fact that the payments went to a joint account does not alter the analysis, and given the transfer related to Mr. Baker, VHS likely received reasonable equivalent value for the transfers made to the joint bank account.

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 payment under 11 U.S.C. § 507(a) of the Bankruptcy Code, excluding any Administrative Claim or Tax Claim.

2. Administrative Claims

Administrative Claims are those Claims 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 businesses 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 §503(b) of the Bankruptcy Code. The Administrative Claims, including the professional fees incurred during the case which remain unpaid, are as follows:

The Debtor retained Buechler & Garber, P.C. ("BG") as its bankruptcy counsel. The Debtor provided BG with a retainer in the amount of $14,664.50 for post-petition services. The Debtor estimates that the total legal fees and costs to BG as of the estimated date on which the Plan will become effective, January 15, 2019, will be at least $60,000 depending upon the level of litigation in the future. The Debtor estimates that BG will hold an Administrative Claim for unpaid legal fees of at least $45,000 on the Effective Date of the Plan. The legal fees could increase or decrease depending on the level of litigation over these issues and creditor claims.

On August 13, 2018, the Court entered an Order approving $17,715 in fees and costs for Special Counsel, which fees and cost are an Allowed Administrative Claim existing against the estate.

The Debtor has paid its other administrative expenses in the ordinary course of business during the course of the bankruptcy case, and therefore does not believe there will be any other material administrative claims asserted against the estate.

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 IRS filed a Tax Claims in the amount of $60,131.59. No other Tax Claims were filed or scheduled.

B. Secured Claims

1. US Bank National Association d/b/a U.S. Bank Equipment Finance:

US Bank National Association d/b/a U.S. Bank Equipment Finance ("USB") is the holder of a Secured Claim on account of the Lease Agreements, $1.00 purchase agreement, equipment financing agreements and UCC-1 financiering encumbering certain Apexx Computers, LED monitors and graphic cards, and a photocopy machine. USB has filed a Proof of Claim asserting a secured claim in the amount of $50,997.98. The Debtor asserts the collateral has a value equal to or less than the amount of the asserted claim of USB.

2. Colorado Business Bank:

CBB is the holder of a first priority Secured Claim on account of a Secured Note, Security Agreement and UCC-1 financiering encumbering substantially all of the Debtor's assets. CBB has filed a Proof of Claim asserting a secured claim in the amount of $1,107,065. VHS assets the value of the collateral is $300,000.

3. Family Restaurants, Inc. (and related entities Dimond Square, Kurt Anderson, Mark Anderson, Palmer Park Ltd, and Scott Anderson):

FRI is the holder of a second priority secured claim Secured Claim on account of a Secured Note, Security Agreement and UCC-1 financiering encumbering substantially all of the Debtor's intellectual property. FRI has filed a Proof of Claim asserting a secured claim in the amount of $1,295,029. VHS assets the value of the collateral is not more than $300,000.

4. LEAF

LEAF abandoned its interest in its collateral during the bankruptcy case and therefore does not hold a secured claim in the case.

5. Navitas Credit Corp.

Navitas Credit Corp. ("NCC") is the holder of a secured claim encumbering a MAC plus RAM, APC pursuant to a purchase agreement and purchase money security interest. NCC did not file a proof of claim in the case. NCC is scheduled on the Debtor's Schedule D filed in this bankruptcy case as holding a secured claim in the amount of $1,462.65. The Debtor asserts the collateral has a value equal to or less than the amount of the claim held by Navitas.

6. Internal Revenue Service

The Internal Revenue Service ("IRS") is the holder of a statutory lien, accruing at an interest rate of 4%. The IRS has filed a Proof of Claim asserting a claim in the amount of $8,780.81, which claim is not disputed by the Debtor. The IRS' statutory lien encumbers substantially all of the assets of the estate.

7. Colorado Department of Revenue

The Colorado Department of Revenue ("CDR") is the holder of a statutory lien, accruing at an interest rate of 7%. The CDR has filed a Proof of Claim asserting a claim in the amount of $1,959, which claim is not disputed by the Debtor. The CDR's statutory lien encumbers substantially all of the assets of the estate.

C. Non-Priority Unsecured Creditors

The Debtor has a number of unsecured pre-petition creditors. Unsecured creditors may have filed proofs of Claim as of the bar date set in this case for filing claims which was December 18, 2017. The Debtor has compiled a list of the Claims which it scheduled in the bankruptcy case and the Claims filed by creditors. To the extent that a creditor who was scheduled by the Debtor filed a Claim, the amount of the Claim as filed by the creditor is considered in the analysis.

General unsecured Claims in the total amount of $5,047,714.33 have been asserted against the Debtor's estate, which is inclusive of those amounts which are being treated as unsecured pursuant to Section 506 and Proofs of Claims filed in the Bankruptcy Case, which claim amount exceeds the Scheduled claim amount. The Claims list containing all known general unsecured Claims is attached to this Disclosure Statement as Exhibit B. The Debtor projects that general unsecured creditor claims totaling approximately $5,000,000 will be Allowed Class 14 Claims.

D. Leases and Executory Contracts

Contracts and Leases

The Debtor is, under the terms of the Plan, assuming all executory contracts and unexpired leases previously assumed by the Debtor pursuant to Court Order or for which a motion to assume has been filed and is pending. The Debtor is also assuming those executory contracts and unexpired leases listed on Exhibit A to the Plan. The Debtor maintains the right to modify Exhibit A of the Plan through the fifteenth day prior to the hearing to consider confirmation of the Plan. Confirmation of the Plan shall constitute a determination that the payments to be made to creditors of assumed leases or executory contracts pursuant to the Plan satisfies all conditions precedent set forth in 11 U.S.C. § 365.

The Debtor is rejecting all executory contracts and unexpired leases: (a) previously rejected by Court Order, (b) subject to a pending motion to reject, or (c) listed on Exhibit B to the Plan. 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.

DESCRIPTION OF THE PLAN

The Debtor filed its Plan of Reorganization with the United States Bankruptcy Court for the District of Colorado on August 30, 2018. The Plan provides for the reorganization of the Debtor. Funding of the Plan will be derived through a restructuring of the Debtor's debt, to be satisfied from ongoing business operations, and the proposed Exit Financing detailed below.

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 Priority, Administrative and Tax Claims against the Debtor are undesignated. The holders of such Allowed Claims are not entitled to vote on the

Plan and such claims will be paid in full.

The classes of creditors are set forth in the Plan 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 US Bank National Association d/b/a U.S. Bank Equipment Finance.

Class 3 - The Allowed Secured Claim held by Colorado Business Bank,

Class 4 - The Secured Claim held by Dimond Square.

Class 5 - The Secured Claim held by Family Restaurants, Inc.

Class 6 - The Secured Claim held by Kurt Anderson.

Class 7 - The Secured Claim held by LEAF.

Class 8 - The Secured Claim held by Mark Anderson.

Class 9 - The Allowed Secured Claim held by Navitas Credit Corporation,

Class 10 - The Secured Claim held by Palmer Park Ltd.

Class 11 - The Secured Claim held by Scott Anderson.

Class 12 – The Allowed Secured Claim of the Internal Revenue Service

Class 13 – The Allowed Secured Claim of the Colorado Department of Revenue

Class 14 – The Allowed Claims held by unsecured creditors.

Class 15 - The Interest of VHS.

A. CLAIMS

Unclassified Priority Claims

1. 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, if agreed to by the claim holder, in full from the Unsecured Creditor Account or treated as otherwise agreed to by the particular holders of such Claims. BG is prepared to be paid from the Unsecured Creditor Account if the Debtor has insufficient funds to satisfy its Allowed Administrative Expense Claim on the Effective Date of the Plan. If a holder of an Allowed Administrative Expense Claim elects to be paid from the Unsecured Creditor Account, Class 14 will not begin to receive payments until Administrative Claims are paid in full, at which point Class 14 will begin to receive payments. Once the holders of Allowed Administrative Claims have been paid in full, the balance of the account will be distributed to Class 14 claimants holding Allowed Claims on a Pro Rata basis. Section 507(a)(2) Administrative Claims that are Allowed by the Court after the Effective Date of the Plan shall be paid upon Allowance.

Each month to Allowed Administrative Claims are paid in full and then for five years thereafter following the Effective Date of the Plan, VHS will deposit into the Unsecured Creditor Account: (a) 2% of Gross Revenues; (b) until such times as the VP3 forecloses upon the assets of VHS, and then the 2% payment from VP3 to VHS under Section 2(iii) of the Earnout Agreement attached hereto as Exhibit E; or (c) if VP3 is purchased or acquired, then 2% of the 20% of the purchase proceeds as provide for under Section 2(iii) of the Earnout Agreement attached hereto as Exhibit E. Every calendar quarter during the term of the Plan, the balance of the Unsecured Creditor Account will be distributed to the holders of Allowed Administrative Claims on a Pro Rata basis until such time as all holders of Allowed Administrative Claims have been paid in full.

The Debtor estimates that the total legal fees and costs to BG as of the estimated date on which the Plan will become effective, January 15, 2019, will be not less than $60,000. BG has been paid approximately $15,000 during the pendency of the case pursuant to applicable Court orders. The Debtor estimates that BG will hold an Administrative Claim for unpaid legal fees and cost of not less than $45,000 on the Effective Date of the Plan. The legal fees could increase or decrease depending on the level of litigation over these issues and creditor claims.

Special Counsel is the holder of an Allowed Administrative Claim in the amount of $17,715 for fees and costs incurred by Special Counsel.

The Debtor has paid all other administrative expenses in the ordinary course of business during the course of the bankruptcy case, and therefore does not believe that any other material administrative claims exist against the estate.

2. Tax Claims

The allowed Claims of a type specified in Section 507(a)(8) of the Code, Claims of unsecured governmental taxing authorities, shall be paid in monthly payments on an amortized basis over a period that does not exceed five years from the Petition Date with interest at the appropriate rate set by applicable statute or as otherwise agreed to by the Debtor and the taxing authority. The IRS filed a Tax Claims in the amount of $60,131.59. No other Tax Claims were filed or scheduled. VHS will pay the IRS $1,104 monthly until such times as the VP3 forecloses upon the assets of VHS. Thereafter, VP3 pay VHS $1,104 monthly to be paid to the IRS until the earlier of this obligation being satisfied in full or VP3 is purchased or acquired. At such time as VP3 is purchased or acquired, any outstanding obligation under this paragraph will be paid out of the 20% of the purchase proceeds as provide for under Section 2(iii) of the Earnout Agreement attached hereto as Exhibit E before distribution are made to the other Creditors.

3. United States Trustee Fees

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.

Priority Claims

Class 1, Allowed Class 1 Priority Claims shall be paid in full within five years of the Effective Date of the Plan. 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 scheduled a Class 1 Claim in the amount of $12,850 for Paul Baker which will be paid to the bankruptcy estate of Mr. Baker. VHS will pay the bankruptcy estate of Mr. Baker $237 monthly until such times as the VP3 forecloses upon the assets of VHS. Thereafter, VP3 pay VHS $237 monthly to be paid to the bankruptcy estate of Mr. Baker until the earlier of this obligation being satisfied in full or VP3 is purchased or acquired. At such time as VP3 is purchased or acquired, any outstanding obligation under this paragraph will be paid out of the 20% of the purchase proceeds as provide for under Section 2(iii) of the Earnout Agreement attached hereto as Exhibit E before distribution are made to the other Creditors.

Secured Claims

Class 2, US Bank National Association d/b/a U.S. Bank Equipment Finance The Class 2(a) Secured Claim is impaired by the Plan. The Class 2(a) Secured Claim will be Allowed in its full amount pursuant to the terms and conditions of the underlying loan documents which support, evidence, and underlie the Allowed Secured Claim. The Class 2(a) Secured Claim shall be satisfied be receiving monthly payments in accordance with the underlying loan documents. To the extent any month payment was missed prior to the Effective Date of the Plan, each such payment shall be added to the end of the term of the loan and the loan shall be extend by one month for VHS to pay any missed payments. VHS will pay U.S. Bank Equipment Finance $2,371 monthly until such times as the VP3 forecloses upon the assets of VHS. Thereafter, VP3 pay U.S. Bank Equipment Finance $2,371 monthly until the earlier of this obligation being satisfied in full or VP3 is purchased or acquired. At such time as VP3 is purchased or acquired, any outstanding obligation under this paragraph will be paid out of the 20% of the purchase proceeds as provide for under Section 2(iii) of the Earnout Agreement attached hereto as Exhibit E before distribution are made to the other Creditors.

Class 3, Colorado Business Bank. The Class 3 Secured Claim is impaired by the Plan. The Class 3 Secured Claim will be treated under the Plan as follows:

a. The Class 3 claimant will be allowed in an amount of $1,394,834.61 (the "Class 3 Claim"). The Class 3 Claim shall be bifurcated into a secured portion and an unsecured portion. The Allowed secured portion shall be in the amount of $350,000.00. Pursuant to 11 U.S.C. 506, the remainder of the Class 3 Claim in an amount of $1,044,834.61 is unsecured and shall be treated as a Class 14 unsecured claim.

b. The secured portion of the Class 3 Claim in an amount of $350,000.00 shall be paid in full from the Exit Financing within 10 business days of the Effective Date of the Plan. The payment shall be made by wire to:

Bank Name:	Colorado Business Bank
Bank Address:	1401 Lawrence St., Suite 1200, Denver, CO 80202
Bank Wire Phone:	303-383-3461
ABA Routing:	#102003206

Beneficiary Name:	Visual Health Solutions Inc
Account:	Loan #653160
Reference:	ATTN: Officer – Laurie Laudeman

Class 4, Dimond Square; Class 5, Family Restaurants, Inc.; Class 6, Kurt Anderson; Class 8, Mark Anderson; Class 10, Palmer Park Ltd; Class 11, Scott Anderson; Classes 4, 5, 6, 8, 10 and 11 Secured Claims are impaired by the Plan. The Classes 4, 5, 6, 8, 10 and 11 Secured Claims will be treated under the Plan as follows:

a. The Classes 4, 5, 6, 8, 10 and 11 Claims shall be treated as a Class 14 unsecured claim pursuant to 11 U.S.C. § 506. The Classes 4, 5, 6, 8, 10 and 11 claimants shall file all appropriate documents to release their liens. To the extent they fail to, the Debtor may file this Plan, the confirmation order with a release.

b. To the extent the Court determines that the Classes 4, 5, 6, 8, 10 and 11 claimants hold an Allowed Secured Claim, the amount of the Allowed Secured Claim shall be determined by the Court at the confirmation hearing and shall be treated as follows:

i. To the extent the Classes 4, 5, 6, 8, 10 or 11 claimant objects to its treatment under subparagraph a above, the principal amount of the Classes 4, 5, 6, 8, 10 or 11 claim will be allowed in an amount determined by the Court at the confirmation hearing, or an amount as agreed upon by the Debtor and the Classes 4, 5, 6, 8, 10 or 11 claimant on or before the Confirmation Date.

ii. The Classes 4, 5, 6, 8, 10 and 11 Claims will bear interest at the rate of: (i) 5% per annum commencing on the Effective Date of the Plan; or (ii) if the Classes 4, 5, 6, 8, 10 or 11 claimant timely objects to such rate in writing and serves a copy of such objection on the Debtor, such rate will be determined by the Court at the confirmation hearing as necessary to satisfy the requirements of 11 U.S.C. § 1129(b) of the Code; or (iii) such other rate as agreed by VHS and the Classes 4, 5, 6, 8, 10 or 11 claimant.

iii. The Classes 4, 5, 6, 8, 10 and 11 Claims shall be paid in month equal installments amortized over 5 years.

iv. The Classes 4, 5, 6, 8, 10 and 11 claimants will retain all liens that secure their Claim as of the Petition Date, subject to payment modification and principal amount of the loan as set forth herein.

v. All other provisions of the loan documents underlying the Classes 4, 5, 6, 8, 10 and 11 Allowed Secured Claims are unmodified by the Plan.

Class 7, LEAF. The Class 7 Secured Claim is impaired by the Plan. The Class 7 Secured Claim will be treated under the Plan as follows:

a. The Class 7 claimant has abandoned its collateral to the Debtor. Accordingly, the Class 7 Claim shall be treated as a Class 14 unsecured claim. The Class 7 claimant shall file all appropriate documents to release its lien. To the extent it fails to, the Debtor may file this Plan, the confirmation order with a release.

b. To the extent the Court determines that the Class 7 claimant holds an Allowed Secured Claim, the amount of the Allowed Secured Claim shall be determined by the Court at the confirmation hearing and shall be treated as follows:

i. To the extent the Class 7 claimant objects to its treatment under subparagraph a above, the principal amount of the Class 7 claim will be allowed in an amount determined by the Court at the confirmation hearing, or an amount as agreed upon by the Debtor and the Class 7 claimant on or before the Confirmation Date.

ii. The Class 7 Claim will bear interest at the rate of: (i) 5% per annum commencing on the Effective Date of the Plan; or (ii) if the Class 7 claimant timely objects to such rate in writing and serves a copy of such objection on the Debtor, such rate will be determined by the Court at the confirmation hearing as necessary to satisfy the requirements of 11 U.S.C. § 1129(b) of the Code; or (iii) such other rate as agreed by VHS and the Class 7 claimant.

iii. The Class 7 Claim shall be paid in month equal installments amortized over 5 years.

iv. The Class 7 claimant will retain all liens that secure its Claim as of the Petition Date, subject to payment modification and principal amount of the loan as set forth herein.

v. All other provisions of the loan documents underlying the Class 7 Allowed Secured Claim are unmodified by the Plan.

Class 9, Navitas Credit Corp. The Class 9 Secured Claim is unimpaired by the Plan. The Class 9 Secured Claim will be Allowed in its full amount pursuant to the terms and conditions of the underlying loan documents which support, evidence, and underlie the Allowed Secured Claim. The Class 9 Secured Claim shall be paid in full from the Exit Financing within 10 business days of the Effective Date of the Plan.

Class 12, Internal Revenue Service. The Class 12 Secured Claim is impaired by the Plan. The Class 12 Claim will be allowed in its full amount and accrue interest at the statutory rate. The Class 12 Claim shall be paid in full from the Exit Financing within 10 business days of the Effective Date of the Plan.

6.12 – **Class 13, Colorado Department of Revenue.** The Class 13 Secured Claim is impaired by the Plan. The Class 13 Claim will be allowed in its full amount and accrue interest at the statutory rate. The Class 13 Claim shall be paid in full from the Exit Financing within 10 business days of the Effective Date of the Plan.

General Unsecured Creditors

Class 14, General Unsecured Creditors

General unsecured creditors are treated as follows under the Plan:

Class 14 consists of those unsecured creditors of VHS who hold Allowed Claims. Class 14 shall receive payment of their Allowed Claims as set forth below:

a. Class 14 shall elect whether to receive a 2% cash distribution for the entire term of the Plan or share in the potential earnout should there be a sale of VP3. Each payment option is detailed below:

i. Holders of Class 14 Allowed Claims may elect to share on a Pro Rata basis in monies deposited into the Unsecured Creditor Account as set forth herein. As set forth in Article IV, paragraph 4.2 of this Plan, each month following the Effective Date of the Plan until Allowed Administrative Claims are paid in full and then for a period of five years, VHS will deposit in the Unsecured Creditor Account: (a) 2% of Gross Revenues; (b) until such times as the VP3 forecloses upon the assets of VHS, and then the 2% payment from VP3 to VHS under Section 2(iii) of the Earnout Agreement attached hereto as Exhibit E; or (c) if VP3 is purchased or acquired, then 2% of the 20% of the purchase proceeds as provide for under Section 2(iii) of the Earnout Agreement attached hereto as Exhibit E (the "2% Distribution"). To effectuate the 2% Distribution, every calendar quarter, the balance of the Unsecured Creditor Account will be distributed to holders of Allowed Administrative Claims who have agreed to accept payment under Article IV, paragraph 4.1 of this Plan. Once the holders of Allowed Administrative Claims have been paid in full, every calendar quarter thereafter the balance of the Unsecured Creditor Account will be distributed to Class 14 claimants who hold Allowed Claims on a Pro Rata basis until such time as VP3 foreclosure upon the VHS' assets, and upon such event the quarterly distribution from the Unsecured Creditor Account shall only be made to those holding Allowed Administrative Claims until paid in full and then to Class 14 creditors who hold Allowed Claim who elect to participate in the 2% Distribution.

ii. Alternatively, Holders of Class 14 Allowed Claims may elect to share on a Pro Rata basis in monies deposited into the Unsecured Creditor Account and then in the earn out provided for in Section 2(iii) of the Earnout Agreement attached hereto as Exhibit E (the "Earnout Distribution"). Those creditors who hold Class 14 Allowed Claims who elect the Earnout Distribution shall, after Allowed Administrative Claims are paid in full, share Pro Rata in the deposit 2% of Gross Revenues deposited into the Unsecured Creditor Account until such times as the VP3 forecloses upon the assets of VHS, and then shall receive 18% of the proceeds paid by VP3 to VHS upon VP3 being purchased or acquire as provided for in Section 2(iii) of the Earnout Agreement attached hereto as Exhibit E.

iii. The election shall be made on the Ballot accepting or rejecting the Plan. If a Class 14 Claim does not return a Ballot or fails to make the election, then such Class 14 claimant shall be deemed to have elected to share in the 2% Distribution.

All funds recovered by the Debtor on account of Avoidance Actions shall be distributed to Allowed Administrative Claims until paid in full and then to Class 14 claimants holding Allowed Claims on a pro-rata basis, net of attorneys' fees and costs. Whether or not the Debtor pursues any Avoidance Actions shall be up to the Debtor and the decision to pursue such claims shall be discretionary with the Debtor.

Interest

Class 9, Interests in TD

Class 15 includes the Interests in VHS held by the pre-confirmation interest holders. Class 15 is unimpaired by the Plan.

Exit Financing

As a part of VHS' exit from bankruptcy, the Plan includes funding to satisfy the CBB, the IRS and the CDR Allowed Secured Claims. Paul Baker has formed the new entity, VP3 to facilitate the Exit Financing. Within three business days of the Effective Date of the Plan, the Debtor, and as necessary VP3 shall sign the Exit Financing Documents, comprised of the (a) Bankruptcy Exit Financing Secured Promissory Note; (b) Security Agreement; and (c) Earn Out Agreement attached to the Plan as Exhibit C, D and E. As provided for in the Exit Financing Documents, VP3 shall lend to VHS $365,000. VP3 is being funded from the following sources: (a) $240,000 from a non-insider; and (b); $125,000 from a group of insiders (current Members of either VP, LLC or VP2, LLC).

The ownership interest in VP3 is set forth below:

a.	Non-insider	49.32%	$240,000
b.	Insiders	25.68%	125,000
c.	Employees[1]	25.00%	500

VP3 shall be granted a security interest in substantially all of the assets of VHS, except for avoidance actions (the "Collateral"). VP3 has the right to satisfy the Exit Financing obligation by converting the debt into ownership of the Collateral (the "Conversion"). If and when the Conversion takes place, VP3 will become the operating entity for the business operations currently performed by the Debtor. If and when the Conversion takes place, the Earn Out Agreement shall become effective. Under the Earn Out Agreement, VP3 will pay 2% of its gross revenue to the Debtor, which in turn will be paid deposited into the Unsecured Creditor Account and distributed in accordance with the Plan. If VP3 is sold and acquired during the term of the Plan, VP3 shall pay 20% of the proceeds received from the sale to VHS. VHS will distribute the 20% as follows: (a) Allowed Administrative Claims until paid in full; (b) 2% to those Class 14 general unsecured creditors holding Allowed Claims who opt for the 2% Distribution; (c) 18% to those Class 14 general unsecured creditors holding Allowed Claims who opt for the Earnout Distribution.

PLAN FEASIBILITY

The Debtor believes that the Plan, as proposed, is feasible. The overall feasibility of the Plan is premised upon the restructuring of the Debtor's debts. The satisfaction of the secured debt of CBB, the IRS and the CDR, combined with the terms of the Exit Financing will permit the Debtor to operate profitably. The Debtor's ongoing business operations provide a means of funding the Plan. The restructuring of the Debtor's debt and continuing to operate in the ordinary course will allow the Debtor to maximize the distribution to creditors.

The Exit Financing permits VHS to remain as a going concern, while providing an incentive for its existing employees to remain with the company, helping to further ensure the success of VHS.

1 The employees are comprised of all current employees of the Debtor, including Mr. Baker.

Such will in turn maximize the return to creditors. Should VP3 exercise the Conversion, the Earn Out Agreement assures the Class 14 claimants that elect the 2% Distribution will continue to receive the 2% payment of gross revenue during the term of the Plan. Alternatively, Class 14 claimants have the option to share in the value of VP3, should it be sold or acquired, by electing to participate in the Earnout Distribution.

The Debtor's restructuring efforts have primarily focused on its efforts to increase sales and revenue, while reducing its expenses. During the bankruptcy case, the primary cost cutting measures taken by the Debtor include: (a) reducing rent by $2,700 per month, from $6,100 per month to $3,400 per month; (b) reducing salaries and related costs by $5,000 per month; and (c) reducing equipment financing payments $4,300 per month. Actions taken during the bankruptcy case to increase revenues have included: (a) obtaining work from ODG, subsidiary of Hearst Publishing, which in the first year will general $25,000, and on an ongoing to be substantially more; (b) the Debtor's library is currently offered on Hewlett Packard ("HP") computers and electronic devices. The Debtor expanded the scope of its offerings to boarder solutions including an HP branded hospital cart; working closely with the HP channel partners and creating a 2018 roll out strategy; (c) obtaining work from Smart Story, a distribution partner to channels such as NextGen, an Electronic Medical Records company, CVS pharmacies; Optum Healthcare (A subsidiary of United Healthcare) and others; (d) obtain work from CoherentRx / Patient Education Genius, and (e) continuing its working relationship with the Dr. Oz show. In addition, during the bankruptcy case, the Debtor obtained revenue or contract for revenue from the following sources: (a) Amgen, Inc; (b) Craig Hospital; and (c) New York University Medical Center. Future efforts in increase revenues include: (a) increasing VHS' support to HP to roll out its content in more markets, as HP sells to over 50% of the hospitals; (b) Health Chain Solutions, one of VHS' strategic partners, is bring VHS into a significant opportunity with new customers.

Attached to this Disclosure Statement as Exhibit C are the detailed projections of VHS' future income and expenses from the operation of its business, including payments to creditors under the Plan (the "Projections"). As set forth on the Projections, VHS' Gross Revenue upon the Effective Date of the Plan, for the first year of the Plan will be $1,895,700. VHS' projected expenses are $1,542,579. The payment into the Unsecured Creditor Account, for the first year of the Plan will be $37,914. It is projected VHS will have a profit for this period of $353,121.

The Projections further assume VHS' Gross Revenue for Plan year 2 will be $2,830,720. VHS' projected expenses are $2,148,231. The payment into the Unsecured Creditor Account, for Plan year 2 will be $56,614. It is projected VHS will have a profit for this period of $682,489.

The Projections further assume VHS' Gross Revenue for Plan year 3 will be $3,840,720. VHS' projected expenses are $2,551,177 The payment into the Unsecured Creditor Account, for Plan year 3 will be $76,814. It is projected VHS will have a profit for this period of $1,289,543.

The Projections further assume VHS' Gross Revenue for Plan year 4 will be $4,995,720. VHS' projected expenses are $2,972,823. The payment into the Unsecured Creditor Account, for Plan year 4 will be $99,914. It is projected VHS will have a profit for this period of $2,022,927.

The Projections further assume VHS' Gross Revenue for Plan year 5 will be $6,235,720. VHS' projected expenses are $3,342,204. The payment into the Unsecured Creditor Account, for Plan year 5 will be $124,714._It is projected VHS will have a profit for this period of $2,893,516.

The Projections, and the amount deposited into the Unsecured Creditor Account will be the same whether or not VP3 exercises the Conversion, What is uncertain is whether or not VP3 will be sold or acquired during the term of the Plan. If VP3 is sold or acquired during the term of the Plan, then the 2% from Gross Revenue will cease and administrative claimants will share in the proceeds from the sale of VP3. The amount in which Class 14 general unsecured creditors share in the sale proceeds will depend upon whether the elect the 2% Distribution or the Earnout Distribution.

TAX CONSEQUENCE

The Debtor is not providing tax advice to creditors or interest holders. 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.

EVENTS DURING THE CHAPTER 11 CASE

Cash Collateral

The Debtor obtained the consensual use of cash collateral during the pendency of the bankruptcy case.

Rejection of lease

The Debtor rejected its commercial real property lease and relocated to a new premises, providing a substantial reduction in the Debtor's rental obligation. The Debtor negotiated an agreement with the original landlord, the Coloradoan, a division of Gannett Satellite Information Network, Inc., providing a payment plan for the administrative claim held by the landlord and allowing the landlord to setoff the security deposit it was holding against the pre-Petition Date rental obligation. The Debtor's administrative obligation to the landlord has been satisfied.

Exit Financing

The Debtor engaged in discussion and negotiation with a number of potential lenders to obtain the Exit Financing. The Debtor shall successful in structuring and obtaining the Exit Financing, as proposed in the Plan, allowing the Debtor's restructuring efforts to proceed.

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. The assets would be liquidated and the proceeds distributed to creditors in the order of their priorities.

Under a Chapter 7 liquidation, secured creditors would seek relief from the automatic stay to foreclose their security interests in Debtor's property. The amount of the secured claims exceeds the value of the collateral. The values for the Debtor's primary assets, as of August 1, 2018, are as follows:

Asset	Market Value
Cash:	$1,585
Accounts Receivable	$77,058
Work in Progress	$0
Loan to CEO	$32,732
Furniture, Fixtures, Equipment, Inventory:	$10,697
Total:	$122,072

The Debtor's asserted are encumbered by two consensual liens. The first lien is held by CBB, who asserts a secured claim pursuant to its Proof of Claim in the amount of $1,394,864.61. The lien encumbers substantially all of the Debtor's assets. FRI holds a second lien position encumbering the Debtor's intellectual property. FRI has filed a Proof of Claim asserting a secured claim in the amount of $1,000,000. Thus, the secured claims encumbering the Debtor's exceed the value of the assets. In addition, in a Chapter 7, operations of VHS would cease, and there would be no recovery on account of work in progress. There is no recovery for unsecured creditors upon a liquidation of the Debtor's assets.

The only other potential asset a Chapter 7 trustee could pursue is the potential fraudulent conveyance claim against Dottye Baker in the amount of $52,850. As explained above, it is asserted that such a claim is fully defensible because VHS was not insolvent at the time the transfers were made. Further, the transfers were deposited into a joint account held by Mr. and Mrs. Baker. These transfers had nothing to do with Mrs. Baker and were transferred on account of Mr. Baker, and his services to VHS. The fact that the payments went to a joint account does not alter the analysis, and given the transfer related to Mr. Baker, VHS likely received reasonable equivalent value for the transfers made to the joint bank account. Perhaps more importantly, such a claim would likely result is Mrs. Baker having to seek relief under the Bankruptcy Code.

But, even if a Chapter 7 trustee were to pursue such a claim, and was to prevail at trial, and Mrs. Baker were not to seek bankruptcy protection, any money recovered by the Chapter 7 trustee would not provide a distribution to general unsecured creditors. Code Section 326 defines the limitations of compensation of the Chapter 7 Trustee. Assuming an estate of $52,850, the trustee compensation would be approximately $5,792. Assuming $10,000 in professional fees (including attorney's fees for the litigation against Mrs. Baker) and the administration of the Chapter 7 estate there would be $37,058, 959 remaining in the estate. Following the payment of the Chapter 7 cost 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. Administrative and priority claims in the Chapter 11 case are expected to total not less than $135,696, comprised of the Administrative Claims of BG and Special Counsel; and the priority claims of the IRS and employees for unpaid wages. Under these circumstances, Class 14 unsecured creditors would not receive a distribution in a Chapter 7 liquidation.

By contrast in the Chapter 11, under the Plan, the Debtor projects it will deposit $395,970 into the Unsecured Creditor Account. After payment of Allowed Administrative Expense Claims, projected to total $62,715, general unsecured creditors are projected to receive approximately $400,000. Assuming unsecured claims as asserted against the Debtor's estate totaling $5,047,714.33, the projected pro rata distribution to Class 4 claimants is approximately 8%. The payout will vary depending upon the number of creditors the elect the 2% Distribution compared to the Earnout Distribution and whether or not VP3 is sold or acquired. The return under the Plan is better return than no return which would be received in a Chapter 7. The Plan provides the only return to unsecured creditors. The distribution may be impacted by whether VP3 exercises the Conversion and whether VP3 is acquired or sold.

DATED: August 30, 2018

VISUAL HEALTH SOLUTIONS, INC.

Paul M Baker

By: ______________________

Paul Baker, CEO

Buechler & Garber, P.C. ("BG") has acted as legal counsel to Visual Health Solutions, Inc. on bankruptcy matters during the Chapter 11 case. BG has prepared this Disclosure Statement with information provided primarily Visual Health Solutions, Inc. The information contained herein has been approved by Visual Health Solutions, Inc. BG 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 Visual Health Solutions, Inc.:

BRINEN & GARBER, LLC

By: ______________________

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EXHIBIT A

Visual Health Solutions
Perfromance

Statement of Income	Sep-17 Actual	Oct-17 Actual	Nov-17 Actual	Dec-17 Actual	Jan-18 Actual	Feb-18 Actual	Mar-18 Actual	Apr-18 Actual	May-18 Actual	Jun-18 Actual	Jul-18 Actual	Aug-18 Budget	Total Year 1
Revenue													
Program Development	151,304	83,993	98,869	65,667	60,622	82,401	157,452	145,714	58,840	109,316	109,880	111,896	1,235,954
Total Gross Revenue	151,304	83,993	98,869	65,667	60,622	82,401	157,452	145,714	58,840	109,316	109,880	111,896	1,235,954
Cost of Sales													
Development / Product	21,408	53,442	50,507	49,168	49,519	49,237	49,147	50,633	53,786	52,282	49,166	49,082	577,376
Total Cost of Sales	21,408	53,442	50,507	49,168	49,519	49,237	49,147	50,633	53,786	52,282	49,166	49,082	577,376
Gross Profit	129,896	30,551	48,363	16,499	11,103	33,164	108,305	95,081	5,054	57,034	60,714	62,814	658,578
Sales \ Marketing													
Advertising / Marketing													
Commissions	-	-	-	4,470	-	5,000	-	-	-	900	-	4,470	14,840
Conferences				-	-								-
Travel and Meals		4,553	1,325	2,433	2,118	1,328	3,331	1,562	2,745	1,274	1,115	3,000	24,785
Payroll Taxes		1,218	1,218	1,577	1,221	1,221	1,221	1,217	1,286	1,217	1,217	1,217	13,829
Salaries		17,500	17,500	17,500	17,500	17,500	17,500	17,500	17,500	17,500	17,500	17,500	192,500
Other		101	42	85	108	115	51	75	18	-	20	100	715
Total Sales \ Marketing	-	23,372	20,085	26,065	20,947	25,164	22,102	20,354	21,549	20,891	19,852	26,287	246,669
General & Administrative													
Salaries	15,415	14,375	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	149,790
Professional Fees (Trustee, Legal, O	-	-	-	-	-		-	-	-	-		-	-
Payroll Taxes	1,027	208	174	922	1,337	917	6,595	916	916	916	916	916	15,760
Ins & Benefits	4,764	4,708	4,708	4,557	4,629	3,488	3,488	3,839	3,845	7,478	5,091	5,000	55,595
Rent	6,017	6,017	6,017	3,222	3,222	3,222	4,722	3,222	3,222	3,222	3,222	3,222	48,545
Telephone	579	460	114	1,164	659	659	659	658	659	694	675	700	7,680
Depreciation	-	2,000	2,000	2,000	2,000	2,000	2,000	-	-	-	-	-	12,000
Other	2,152	2,031	9,813	2,073	6,776	3,026	2,532	2,384	2,737	2,441	2,211	2,500	40,675
Total General & Administrative	29,954	29,799	34,826	25,938	30,621	25,312	31,996	23,020	23,379	26,751	24,114	24,338	330,046
Total Operating Expenses	29,954	53,171	54,910	52,003	51,568	50,476	54,098	43,374	44,928	47,642	43,967	50,625	576,715
EBIT	99,942	(22,620)	(6,548)	(35,504)	(40,465)	(17,311)	54,207	51,707	(39,874)	9,393	16,747	12,189	81,863
Interest Secured Debt	-	432	413	394	375	356	337	367	298	278	258	250	3,758
Reorg Expenses	3,202		7,547	10,349	6,387	7,802	1,645	6,832	1,173	1,457	8,114		
Other (Income) /expense	0	(100)	(150)	-	-	(25,100)	-	(100)	-	(137)	(100)	-	(25,687)
Pretax Net Income	96,740	(22,952)	(14,358)	(46,246)	(47,227)	(369)	52,225	44,608	(41,345)	7,795	8,475	11,939	103,791

8/14/2018
FS 12_31_18 BK performance (8_13_18).xlsx

EXHIBIT B

Case No. 17-18643-EEB - VISUAL HEALTH SOLUTIONS, INC

CLAIMANT	SCHEDULED AMOUNT	PROOF OF CLAIM
Rick Ellis	$ 202,579.71	
Axoneme Studios LLC	$ 450.00	
Bradley Leffler	$ 60,757.00	
Bruce Muskin	$ 107,850.00	
Christopher J Payne	$ 3,806.50	
CIT Bank NA	$ -	$18,160.95
CleverMoto, LLC	$ 13,536.00	
Coan, Payton & Payne, LLC	$ 711.00	
CoBiz	$ 9,418.78	$1,394,484.00
Daniel Engle	$ 64,500.00	
Dave Carlson	$ 7,932.42	$8,523.14
Dell	$ 5,031.07	
Dell Business Credit	$ 8,816.88	
Don Warriner	$ 774.33	
Donna Cuddemi	$ 750.00	
Ektron, Inc.	$ 8,000.00	
EntreMed	$ 139,104.88	
Family Restaurants, Inc.	$ -	$1,150,000.00
Fort Collins Coloradoan	$ 12,033.34	
Frank Cohen	$ 61,500.00	$50,000.00
Fred Kellogg	$ 54,500.00	$231,280.31
Freeman Spicer Inc.	$ 83,525.26	
Gannett MHC Media, Inc. DBA Ft Collins	$ -	$68,020.18
George Girardi	$ 9,575.00	
Greystone Technology Group, Inc.	$ 5,525.00	$5,525.00
Harbinger Sales Associates Inc.	$ 1,000.00	
Health Guru/Kitara Media LLC	$ 187,500.00	
IRS	$ -	$11,578.40
Jack McTavish	$ 30,993.70	
Joli A Lofstedt, Chapter 7 Trustee	$ -	$12,500.00
Katz Factoring	$ 452,874.81	
LEAF Capital Funding, LLC	$ -	$13,688.17
Lenovo Financial Services	$ 17,803.39	
Lewan & Associates	$ 14.43	
Marty Moran	$ 450.00	
Motocol LLC	$ 166,278.00	
Nathaniel Cobb Trust	$ 302,500.00	
Office Debot	$ 5,333.37	
Paul Baker	$ 8,793.00	
Paul Mitchell	$ 12,500.00	

Pete Donohue	$	26,171.64	
Phillip Isreal	$	10,400.00	
Pitney Bowes Inc	$	-	$13,835.87
Prenda Consulting Group	$	6,000.00	
Purchase Power	$	12,877.50	
r2Advisors LLC	$	10,000.00	
Resverlogix Corp	$	60,000.00	
Rocci Trumper	$	10,400.00	
Rozien, Michael MD	$	15,600.00	
Sherman & Howard LLC	$	37,820.56	$38,207.08
Thomas Hoffman	$	35,850.00	
Tom Gleason	$	98,196.63	
US Bank	$	329.72	
Whyte Hirshboeck Dudek SC	$	31,405.00	
TOTAL	**$**	**2,199,189.21**	**$3,015,803.10**
TOTAL CLAIMS ASSERTED			**$5,047,714.33**

Total claims asserted is comprised of the "scheduled amount" except if a proof of claim is filed, in which case the proof of claim is considered in determing the total claims asserts

EXHIBIT C

Visual Health Solutions
Summary - 5 Year Budget

Visual Health Solutions: Income Statements

Base Case	Projected Year 1	Projected Year 2	Projected Year 3	Projected Year 4	Projected Year 5	Earnout Upon Sale
Total Gross Revenue	$1,895,700	$2,830,720	$3,840,720	$4,995,720	$6,235,720	$5,000,000
Cost of Sales	695,000	787,100	885,710	991,481	1,105,129	
Gross Profit	1,200,700	2,043,620	2,955,010	4,004,239	5,130,591	
Sales \ Marketing	463,579	705,031	879,831	1,060,273	1,180,232	
General & Administrative	379,000	650,600	785,636	921,039	1,056,843	
Total Operating Expenses	842,579	1,355,631	1,665,467	1,981,312	2,237,075	
EBIT	358,121	687,989	1,289,543	2,022,927	2,893,516	
Interest	5,000	5,500	-	-	-	
Net Income before Tax	353,121	682,489	1,289,543	2,022,927	2,893,516	
2% For Creditors	37,914	56,614	76,814	99,914	124,714	100,000
EBITDA	390,121	731,989	1,345,543	2,090,927	2,973,516	
Less Capitalized Salaries	-	-	-	-	-	
Net EBITDA	390,121	731,989	1,345,543	2,090,927	2,973,516	
EBITDA Margin	20.6%	25.9%	35.0%	41.9%	47.7%	

Visual Health Solutions: Balance Sheets

	Projected Year 1	Projected Year 2	Projected Year 3	Projected Year 4	Projected Year 5
ASSETS					
Current Assets	$547,206	$1,329,995	$2,680,338	$4,773,165	$7,746,881
Net Fixed Assets	63,000	89,000	103,000	105,000	95,000
Net Intangible Assets	280,000	260,000	240,000	220,000	200,000
Total Long Term Assets	343,000	349,000	343,000	325,000	295,000
Total Assets	$890,206	$1,678,995	$3,023,338	$5,098,165	$8,041,881
LIABILITIES					
Current Liabilities	$125,000	$250,000	$325,000	$400,000	$475,000
Long Term Debt	62,086	43,386	23,186	86	(24,714)
Equity	703,121	1,385,610	2,675,154	4,698,081	7,591,597
Total Liabilities and Equity	$890,207	$1,678,996	$3,023,339	$5,098,166	$8,041,882

Visual Health Solutions
Income Statement - 5 Year Budget

Projected Statement of Income	Year 1	Year 2	Year 3	Year 4	Year 5
Revenue					
Program Development	700,000	800,000	950,000	1,100,000	1,250,000
Licenses / Revenue Shares / Product	1,195,700	2,030,720	2,890,720	3,895,720	4,985,720
Total Gross Revenue	1,895,700	2,830,720	3,840,720	4,995,720	6,235,720
Cost of Sales					
Development / Product	675,000	767,100	865,710	971,481	1,085,129
Amortization	20,000	20,000	20,000	20,000	20,000
Total Cost of Sales	695,000	787,100	885,710	991,481	1,105,129
Gross Profit	1,200,700	2,043,620	2,955,010	4,004,239	5,130,591
Sales \ Marketing					
Advertising / Marketing	-	50,000	100,000	125,000	150,000
Commissions	31,500	63,000	84,000	105,000	126,000
Conferences	-	15,000	25,000	35,000	45,000
Travel and Meals	60,000	85,000	110,000	135,000	160,000
Payroll Taxes	31,429	43,168	50,125	59,482	64,101
Salaries	338,250	444,863	505,706	594,791	628,130
Other	2,400	4,000	5,000	6,000	7,000
Total Sales \ Marketing	463,579	705,031	879,831	1,060,273	1,180,232
General & Administrative					
Salaries	200,000	400,000	500,000	600,000	700,000
Professional Fees (Trustee, Legal, O	-	-	-	-	-
Payroll Taxes	17,000	34,000	42,500	51,000	59,500
Ins & Benefits	72,000	110,000	120,000	130,000	140,000
Rent	40,000	41,200	42,436	43,709	45,020
Telephone	8,000	8,400	8,400	8,400	8,400
Depreciation	12,000	24,000	36,000	48,000	60,000
Other	30,000	33,000	36,300	39,930	43,923
Total General & Administrative	379,000	650,600	785,636	921,039	1,056,843
Total Operating Expenses	842,579	1,355,631	1,665,467	1,981,312	2,237,075
EBIT	358,121	687,989	1,289,543	2,022,927	2,893,516
Interest Secured Debt	5,000	5,500	-	-	-
Interest Unsecured Debt					
Other (Income) /expense	-	-	-	-	-
Pretax Net Income	353,121	682,489	1,289,543	2,022,927	2,893,516
EBITDA	390,121	731,989	1,345,543	2,090,927	2,973,516

Visual Health Solutions
Balance Sheet - 5 Year Budget

Projected Balance Sheet	Year 1 Budget	Year 2 Budget	Year 3 Budget	Year 4 Budget	Year 5 Budget
Assets					
Current Assets					
Cash	$83,093	$522,882	$1,323,225	$2,866,052	$5,289,768
Accounts Receivable	247,000	500,000	1,000,000	1,500,000	2,000,000
Work In Process	210,000	300,000	350,000	400,000	450,000
Other Assets	7,114	7,114	7,114	7,114	7,114
Total Current Assets	547,207	1,329,996	2,680,339	4,773,166	7,746,882
Fixed Assets					
Property & Equipment	75,000	125,000	175,000	225,000	275,000
Accumulated Depreciation	(12,000)	(36,000)	(72,000)	(120,000)	(180,000)
Net Fixed Assets	$63,000	$89,000	$103,000	$105,000	$95,000
Other Assets					
Intangible Assets	300,000	300,000	300,000	300,000	300,000
Accumulated Amortization	(20,000)	(40,000)	(60,000)	(80,000)	(100,000)
Net Intangible Assets	280,000	260,000	240,000	220,000	200,000
Total Long Term Assets	343,000	349,000	343,000	325,000	295,000
Total Assets	$890,207	$1,678,996	$3,023,339	$5,098,166	$8,041,882
Liab and Owners' Equity					
Current Liabilities					
Accounts Payable	$80,000	$150,000	$200,000	$250,000	$300,000
Accrued Expenses	45,000	100,000	125,000	150,000	175,000
Total Current Liabilities	125,000	250,000	325,000	400,000	475,000
Long Term Plan Debt					
Secured Debt	100,000	100,000	100,000	100,000	100,000
Priority Debt to VHS	(37,914)	(56,614)	(76,814)	(99,914)	(124,714)
Long Term / Unsecured Det	0	0	0	0	0
Equipment Debt	0	0	0	0	0
Total Long Term Debt	62,086	43,386	23,186	86	(24,714)
Owners' Equity					
Common / Preferred Stock	350,000	350,000	350,000	350,000	350,000
Equity Adj	0	0	0	0	0
Retained Earnings	0	353,121	1,035,610	2,325,154	4,348,081
Current Profit (Loss)	353,121	682,489	1,289,543	2,022,927	2,893,516
Total Equity	703,121	1,385,610	2,675,154	4,698,081	7,591,597
Total Liab and Equity	$890,207	$1,678,996	$3,023,339	$5,098,166	$8,041,882

Visual Health Solutions
Cash Flow - 5 Year Budget

Projected Statements of Cash Flow	Year 1	Year2	Year 3	Year 4	Year 5
Operating Activities					
Net Income (Loss)	$353,121	$682,489	$1,289,543	$2,022,927	$2,893,516
Adj to reconcile net income					
(loss) to net cash					
Depreciation & Amortization	32,000	44,000	56,000	68,000	80,000
Changes in assets and liabilities					
Accounts Receivable	(247,000)	(253,000)	(500,000)	(500,000)	(500,000)
Work In Process	(210,000)	(90,000)	(50,000)	(50,000)	(50,000)
Current Liabilities	125,000	125,000	75,000	75,000	75,000
Net Cash Flows (Used In) Operating Activities	53,121	508,489	870,543	1,615,927	2,498,516
Investing Activities					
Fixed Assets	(375,000)	(50,000)	(50,000)	(50,000)	(50,000)
Other Assets	(7,114)	0	0	0	0
Net Cash Flows (Used In) Investing Activities	(382,114)	(50,000)	(50,000)	(50,000)	(50,000)
Financing Activities					
Capital Contributions	350,000	0	0	0	0
Equity Adj	0	0	0	0	0
Distributions - Current Owners	0	0	0	0	0
Notes Payable	62,086	(18,700)	(20,200)	(23,100)	(24,800)
Net Cash Flows (Used In) Financing Activities	412,086	(18,700)	(20,200)	(23,100)	(24,800)
Change in Cash	83,093	439,789	800,343	1,542,827	2,423,716
Beginning Cash	0	83,093	522,882	1,323,225	2,866,052
Ending Cash Balance	$83,093	$522,882	$1,323,225	$2,866,052	$5,289,768

Visual Health Solutions
Assumptions
5 Year Budget

		Year 1	Year 2	Year 3	Year 4	Year 5
Development						
			-	-	-	-
Legacy Business		700,000	800,000	950,000	1,100,000	1,250,000
Total Development Revenue		700,000	800,000	950,000	1,100,000	1,250,000
Product - Morphing		700	720	720	720	720
Exisiting Rev Shares		880,000	975,000	1,200,000	1,400,000	1,600,000
New Rev Shares		-	425,000	850,000	1,445,000	2,125,000
HP Rev Share		315,000	630,000	840,000	1,050,000	1,260,000
Total Recurring Revenue		1,195,700	2,030,720	2,890,720	3,895,720	4,985,720
GRAND TOTAL		1,895,700	2,830,720	3,840,720	4,995,720	6,235,720
				0.15		
Cost of Sales						
Salaries		600,000	660,000	726,000	798,600	878,460
Taxes		51,000	56,100	61,710	67,881	74,669
HealthGuru License		-				
Freelance		20,000	45,000	70,000	95,000	120,000
Amortization		20,000	20,000	20,000	20,000	20,000
Other CoS and Bonus		4,000	6,000	8,000	10,000	12,000
TOTAL		695,000	787,100	885,710	991,481	1,105,129
	1.04					
Equipment and Software		25,000	50,000	50,000	50,000	50,000
Intangibles						
BK costs		-	-	-	-	-
Media Lib		-	-	-	-	-
Visual Consult / Morph		-	-	-	-	-
Total Intangibles		-	-	-	-	-

Visual Health Solutions
Assumptions
5 Year Budget

	Year 1	Year 2	Year 3	Year 4	Year 5
		1.00			
Marketing Staff		1.05			
Sales Person 1	70,000	84,000	84,000	84,000	84,000
Sales Person 2	56,000	84,000	84,000	84,000	84,000
Sales Person 3	-	-	56,000	84,000	84,000
Sales Person 4	-	-	-	56,000	84,000
Bob	120,000	120,000	120,000	120,000	120,000
Gretchen	92,250	96,863	101,706	106,791	112,130
Account person	-	-	-	-	-
Account person	-	60,000	60,000	60,000	60,000
Cap Costs	-	-	-	-	-
Total Marketing Staff	338,250	444,863	505,706	594,791	628,130
Partnerships / Rev Shares					
Morphing - ProjectVision					
ProjectVision	-	-	-	-	-
Weight Companies	700	720	720	720	720
Bariatric	-	-	-	-	-
Subtotal	700	720	720	720	720
Content Partnerships					
HP					
Patient Nexus	0.70				
Annual Fee	150	200	200	200	200
# of devices	3,000	4,500	6,000	7,500	9,000
Monthly Rev	450,000	900,000	1,200,000	1,500,000	1,800,000
70%	315,000	630,000	840,000	1,050,000	1,260,000
Total HP	315,000	630,000	840,000	1,050,000	1,260,000
PatientPoint	600,000	650,000	800,000	800,000	800,000
Change Healthcare	155,000	200,000	250,000	300,000	350,000
Other Current Relationships	125,000	125,000	150,000	300,000	450,000
	880,000	975,000	1,200,000	1,400,000	1,600,000
New Rev Shares					
EMR / Specialty Practices	-	250,000	500,000	850,000	1,250,000
Telemedicine	-	250,000	500,000	850,000	1,250,000
Digital Communications Companies	-	250,000	500,000	850,000	1,250,000
Gross Partner Rev	-	750,000	1,500,000	2,550,000	3,750,000
0.50 VHS Rev 1 - 50%	-	125,000	250,000	425,000	625,000
0.70 VHS Rev 2 - 70%	-	175,000	350,000	595,000	875,000
0.50 VHS Rev 3 - 50%	-	125,000	250,000	425,000	625,000
Total New Rev Shares	-	425,000	850,000	1,445,000	2,125,000