

FLORIDA FOREST PRODUCTS OF CROSS CITY, INC.

AMENDED DISCLOSURE STATEMENT, DATED MARCH 1, 2017

I. INTRODUCTION

This is the disclosure statement (the “Disclosure statement”) in the small business chapter 11 case of Florida Forest Products of Cross City, Inc. (the “Debtor”). This Disclosure Statement contains information about the Debtor and describes the corporation’s plan of reorganization (the “Plan” filed by Florida Forest Products of Cross City, Inc. A full copy of the Plan is attached to this Disclosure Statement as Exhibit “A”. ***Your rights may be affected. You should read the Plan and this Disclosure Statement carefully and discuss them with your attorney. If you do not have an attorney, you may wish to consult one.***

The proposed distributions under the Plan are discussed at pages 5 to 7 of this Disclosure Statement. General unsecured creditors are classified in Class 3, and will receive a distribution of 55 % of their allowed claims.

A. Purpose of This Document

This Disclosure Statement describes:

- The Debtor and significant events during the bankruptcy case,
- How the Plan proposed to treat claims or equity interests of the type you hold (i.e., what you will receive on your claim or equity interest if the plan is confirmed),
- Who can vote on or object to the Plan,
- What factors the Bankruptcy Court (the “Court”) will consider when deciding whether to confirm the Plan,
- Why Florida Forest Products of Cross City, Inc. believes the Plan is feasible, and how the treatment of your claim or equity interest in liquidation, and
- The effect of confirmation of the Plan.

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

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

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

1. *Time and Place of the Hearing for approval of this Disclosure Statement and confirmation of the Plan*

The hearing at which the Court will determine whether to finally approve this Disclosure Statement and confirm the Plan will take place on a date to be set by separate notice.

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

If you are entitled to vote to accept or reject the plan, vote on the enclosed ballot and return the ballot in the enclosed envelope to Angela M. Ball, Attorney for the proponent, See section IV.A. below for a discussion of voting eligibility requirements.

Your ballot must be received by a date to be set by the Court and provided by separate notice. If your ballot is not received by that deadline it will not be counted.

3. *Deadline for Objecting to the Adequacy of Disclosure and Confirmation of the Plan*

Objections to this Disclosure Statement or to the confirmation of the Plan must be filed with the Court and served upon the Debtor and the U.S. Trustee by a date to be set by the Court and provided by separate notice.

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

If you want additional information about the Plan, you should contact Angela M. Ball, Attorney for the Debtor, 615 N. Jefferson Street, Perry, Florida 32347 (850) 584-8960.

C. **Disclaimer.**

The Court has conditionally approved this Disclosure Statement as containing adequate information to enable parties affected by the Plan to make an informed judgment about its terms. The Court has not yet determined whether the Plan meets the legal requirements for confirmation, and the fact that the Court has approved this Disclosure Statement does not constitute an endorsement of the Plan by the Court, or a recommendation that it be accepted. The Court's approval of this Disclosure Statement is subject to final approval at the hearing on confirmation of the Plan. Objections to the adequacy of this Disclosure Statement may be at any time prior to the deadline imposed by the Court and sent by separate notice.

II. **BACKGROUND**

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

The Debtor is a corporation which operates a building supply retail store in Cross City, Florida. The Debtor has been in business since 2014.

B. **Insiders of the Debtor**

There is one insider of the Debtor corporation: Russell Allen. Russell Allen primarily operates the business on a day-to-day basis, for which he is paid a salary of \$1,200 per week.

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

During the two years prior to the date on which the bankruptcy petition was filed, the officers, directors, managers or other persons in control of the Debtor (collectively the "Managers") were Russell Allen, Jamie Osteen and Jon Alley. Osteen and Alley are no longer involved in the operation of the business.

The Manager of the Debtor during the Debtor's chapter 11 case has been Russell Allen.

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

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

At the time FFP was purchased by Russell Allen, he had insufficient liquidity to commence operations. As such, he was required to obtain financing with terms that were untenable. Although sales volume was consistent, the demands upon the cash flow of the business made it difficult to obtain inventory necessary to support the sales volume. In desperation, the Debtor initiated high-interest loans with repayment terms that the Debtor could not pay.

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

Since the filing of the instant bankruptcy case, the Debtor has initiated several changes to its business operation, as follows:

- ◆ The number of employees has been reduced.
- ◆ The Debtor has initiated efforts to increase sales

- ◆ The Debtor has employed an accountant who has been approved by the Court to assist with preparation of monthly financial statements and reports.
- ◆ The Debtor has implemented methods to collect outstanding accounts and more closely monitored accounts receivable.
- ◆ No adversary proceedings have been filed

F. Projected Recovery of Avoidable Transfers

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

G. Claims Objections

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

H. Current and Historical Financial Conditions

The identity and fair market value of the estate's assets are listed in the schedules previously filed. Value has been determined based upon the value at the time of purchase reduced by normal depreciation factors.

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

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

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

B. Unclassified Claims

Certain types of claims are automatically entitled to specific treatment under the Code. They are not considered impaired, and holders of such claims do not vote on the Plan. They may, however, object if, in their view, their treatment under the Plan does not comply with that required by the Code. In this case, the Plan Proponent has placed all claims in the various classes outlined herein.

1. *Administrative Expenses.*

Administrative expenses are costs or expenses of administering the Debtor's chapter 11 case which are allowed under §507(a)(2) of the Code. Administrative expenses also include the value of any goods sold to the Debtor in the ordinary course of business and received within 20 days before the date of the bankruptcy petition. The Code requires that all administrative expenses be paid on the effective date of the Plan, unless a particular claimant agrees to a different treatment. The Debtor has been making its required payments to the Office of the U.S. Trustee and intends to do so during the pendency of this case. Additionally, the Debtor has agreed to pay its attorney \$2500.00 post petition, after confirmation pursuant to a written representation agreement between the parties.

2. *Priority Tax Claims*

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

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

Description (name and type of tax)	Estimated Amount Owed	Date of Assessment	Treatment
Internal Revenue Service Employment taxes	\$289.50		Taxes will be paid in a lump sum. ¹
Florida Department of Revenue	\$63216.61		Monthly commencing at confirmation in the amount of \$1053.60 by the 30th of each month

C. **Classes of Claims and Equity Interests**

¹ The Debtor has disputed that any taxes are owed, however this treatment will occur.

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

1. *Classes of Secured Claims*

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

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

Class #	Description	Insider? Yes/No	Impairment	Treatment
2	Secured claim of: Hugh Keen \$193,000.00 Pre-pet arrearage: none Total claim=\$193,000	No	Unimpaired	Monthly payment of \$3216.00 on the first of each month until paid in full
	Secured claim of: Rapid Capital Funding \$152,062.90	No	Impaired	Monthly payment of \$2,534.38 payable by the last day of each month.
	Secured claim of: Capcall \$19,217.93	No	Impaired	Monthly payment of \$320.30 payable by the last day of each month.

2. *Classes of Priority Unsecured Claims*

Certain priority claims that are referred to in §506 (a)(1), (4), (5), (6), and (7) of the Code are required to be placed in classes. The Code requires that each holder of such a claim receive cash on the effective date of the Plan equal to the allowed amount of such claim. However, a class of holders of such claims may vote to accept different treatment.

Primesource Building Products, Inc.	\$8,384.28		Monthly commencing at confirmation in the amount \$139.74 on the first of each month
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3. *Class[es] of General Unsecured Claims*

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

There is only one class of unsecured creditors. The following chart identifies the Plan’s proposed treatment of general unsecured claims against the Debtor:

Class#	Description	Impairment	Treatment
3	General Unsecured Class as enumerated on the attached schedule " B "	Impaired	Monthly payments, by the last day of each month in the amounts indicated on the attached schedule.: Pmts Begin: upon confirmation Pmts End: after 60 months Estimated percent of claim paid=55%

Based upon the average revenues of the Debtor, the ability to pay such creditors has been evaluated based upon revenues since commencement of this case. Projecting those average revenues over the life of the plan, the Debtor proposes to pay the general unsecured creditors, on a monthly basis by the last day of each month determined by collections and cash flow.

4. *Class of Equity Interest Holders*

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

The Debtor is a closely held corporation with the managers owning all the stock in the corporation. The managers will maintain the ownership of all stock.

D. LIQUIDATION ANALYSIS: to confirm the Plan, the Court must find that all creditors who do not accept the Plan will receive at least as much under the Plan as their claim would receive in a Chapter 7 liquidation. A liquidation summary is attached to this disclosure Statement as "Exhibit C".

The Liquidation Value would consist of the net proceeds from the disposition of the assets of the Debtor, less any Administrative and Priority claims. In the event that the Debtor were liquidated, the creditors would receive a distribution of approximately 53.57%. As such, the Debtor believes that all creditors will receive a greater distribution under Chapter 11 than under a Chapter 7 liquidation. Any Liquidation value would be diminished by the costs and expenses associated with the sale of the assets together with

any administrative expenses that would be incurred in the Debtor's hypothetical Chapter 7.

The Debtor has compared the proposed distributions under the Plan with the Liquidation Analysis attached and believes the distributions under the Plan would provide a greater recovery to all creditors than distributions by a Chapter 7 trustee.

E. Means of Implementing the Plan

1. *Source of Payments*

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

Revenue derived from the operation of the business.

2. *Post-confirmation Management*

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

Name	Insider	Position	Compensation
Russell Allen	Yes	President	\$1200 weekly

E. Risk Factors

The proposed Plan has the following risks:

Fluctuations in the housing industry

F. Executory Contracts and Unexpired Leases

The Plan, in Article 6, lists all executory contracts and unexpired leases that the Debtor will assume under the Plan. Assumption means that the Debtor has elected to continue to perform the obligations under such contracts and unexpired leases, and to cure defaults of the type that must be cured under the Code, if any.

The Debtor has only one (1) executory contract, a lease for the business premises. The real property which comprises the retail location is owned by the principals and leased to the Debtor for \$2510 per month.

If you object to the assumption of your unexpired lease or executory contract, the proposed cure of any defaults, or the adequacy of assurance of performance, you must

file and serve your objection to the Plan within the deadline for objecting to the confirmation of the Plan unless the Court has set an earlier time.

All executory contracts and unexpired leases that are not listed in Article 5 will be rejected under the Plan. Consult your adviser or attorney for more specific information about particular contracts or leases.

If you object to the rejection of the contract or lease, you must file and serve your objection to the Plan within the deadline for objecting to the confirmation of the Plan.

The Deadline for Filing a Proof of Claim Based on a Claim Arising from the Rejection of a Lease or Contract Was June 30, 2016. Any claim based on the rejection of a contract or lease will be barred if the proof of claim is not timely filed, unless the Court orders otherwise.

G. Tax Consequences of Plan

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

H. Post Petition Debt: The Debtor has incurred post-petition debt after the filing of this case. Due to excessive repair costs to the delivery vehicles, and the complete importability of a vehicle, the Principal, Russell Allen, purchased two delivery trucks (1995 GMC Pick-Up Truck and a 1994 GMC Pick-Up Tuck) on February 27th, 2017 according to the following terms:

Class #	Description	Insider? Yes/No	Impairment	Treatment
2	<i>Secured claim of:</i> Russell Allen \$10,287.00	Yes	Unimpaired	Monthly payment of \$857.00 on the first of each month until paid in full

IV. CONFIRMATION REQUIREMENTS AND PROCEDURES

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

A. Who may Vote or Object

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

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

In this case, the Plan Proponent believes that class 3 is impaired and that holders of claims in that class are therefore entitled to vote to accept or reject the Plan. The Plan Proponent believes that classes 1 and 2 are unimpaired and that holders of claims in each of these classes, therefore, do not have the right to vote to accept or reject the Plan.

1. *What Is an Allowed Claim or an Allowed Equity Interest:*

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

The deadline for filing a proof of claim in this case was November 4, 2016.

The deadline for filing a proof of claim in this case (government) was January 31, 2017

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

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

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

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

- Holders of claims and equity interests that have been disallowed by an order of the Court;

- Holders of other claims or equity interests that are not “allowed claims” or “allowed equity interests” (as discussed above), unless they have been “allowed” for voting purposes.
- Holders of claims entitled to priority pursuant to §§07 (a)(2), (a)(3), and (a)(8) of the Code; and
- Holders of claims or equity interests in classes that do not receive or retain any value under the Plan;
- Administrative expenses.

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

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

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

B. Votes Necessary to Confirm the Plan

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

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

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

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

2. *Treatment of Non-Accepting Classes*

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

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

C. Liquidation Analysis

To confirm the Plan, the Court must find that all creditors and equity interest holders who do not accept the Plan will receive at least as much under the Plan as such claim and equity interest holders would receive in a Chapter 7 liquidation. The plan proponent has determined that the unsecured creditors would receive a 55% distribution pursuant to its plan of reorganization.

D. Feasibility

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

1. *Ability to Initially Fund Plan*

The Plan Proponent believes that the Debtor will have enough cash on hand on the effective date of the Plan to pay all the claims and expenses that are entitled to be paid on that date.

2. *Ability to Make Future Plan Payments and Operate without Further Reorganization*

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

Based upon the monthly reports filed from June 2016 through December 2016, the Debtor has averaged \$11,700 net income per month from which to pay the creditors. The Debtor projects that such amount is sufficient to pay the creditors the proposed distribution during the plan.

The Debtor projects an average increase of 15% of current yearly income, which should yield approximately \$13,500.00 net income per month from which to pay the creditors. The Debtor projects that such amount is sufficient to pay the creditors the proposed distribution during the plan.

Thereafter the Debtor projects sales will be maintained at 10% above that level netting approximately \$14,850.00 per month from which to pay the creditors. The

Debtor projects that such amount is sufficient to pay the creditors the proposed distribution during the plan.

V. EFFECT OF CONFIRMATION OF PLAN

A. However, the Debtor shall not be discharged from any debt imposed by the Plan. After the effective date of the Plan your claims against the Debtor will be limited to the debts imposed by the Plan.

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

B. Modification of Plan

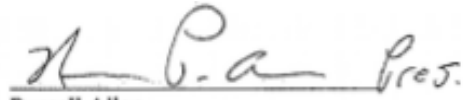
The Plan Proponent may modify the Plan at any time before confirmation of the Plan. However, the Court may require a new disclosure statement and/or revoting on the Plan.

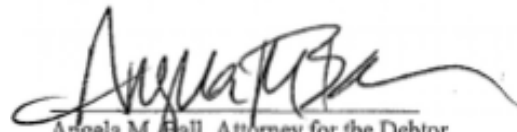
The Plan Proponent may also seek to modify the Plan at any time after confirmation only if (1) the Plan has not been substantially consummated *and* (2) the Court authorized the proposed modifications after notice and a hearing.”

C. Final Decree

Once the estate has been fully administered, as provided in Rule 3022 of the Federal Rules of Bankruptcy Procedure, the Plan Proponent, or such other

party as the Court shall designate in the Plan Confirmation Order, shall file a motion with the Court to obtain a final decree to close the case. Alternatively, the Court may enter such a final decree on its own motion.


Russell Allen


Angela M. Ball, Attorney for the Debtor