

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF FLORIDA
WEST PALM BEACH DIVISION
www.flsb.uscourts.gov

In re:

Case No. 15-24931-EPK

Chapter 11

DAYA MEDICALS, INC.,

Debtor.

DEBTOR'S AMENDED DISCLOSURE STATEMENT, DATED DECEMBER 14, 2016

I. INTRODUCTION

This is the disclosure statement (the "Disclosure Statement") in the small business chapter 11 case of Daya Medicals, Inc. (the "Debtor"). This Disclosure Statement contains information about the Debtor and describes the Debtor's Plan of Reorganization, Dated November 21, 2016 (the "Plan") filed by the Debtor on November 21, 2016. 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 - 11 of this Disclosure Statement. General unsecured creditors are classified in Class 2, and will receive a distribution of 21.8% of their allowed claims, to be distributed as follows: quarterly payments for five (5) years with the first quarterly payment being made on December 31, 2017 and with 3.86% of their allowed claim being paid in Year 1 including an initial payment of 3.15% of their allowed claim paid on the effective date of the Plan, 1.89% of their allowed claim will be paid in Year 2, 3.78% of their allowed claim will be paid in Year 3, 5.67% of their allowed claim will be paid in Year 4, and 6.62% of their allowed claim will be paid in Year 5. Quarterly payments will be made on December 31, March 31, June 30, and September 30 with the final payment being made on September 30, 2022. The Effective Date of the Plan is December 31, 2017.

A. Purpose of This Document

This Disclosure Statement describes:

- The Debtor and significant events during the bankruptcy case,
- How the Plan proposes to treat claims or equity interests of the type you hold (*i.e.*, what you will receive on your claim or equity interest if the plan is confirmed),
- 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 the Debtor believes the Plan is feasible, and how the treatment of your claim or equity interest under the Plan compares to what you would receive on your claim or equity interest in liquidation, and
- 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 Hearing to Approve This Disclosure Statement and Confirm the Plan*

The hearing at which the Court will determine whether to confirm the Plan will take place on _____, at _____, in Courtroom B, at the United States Bankruptcy Court, Flagler Waterview Building, 1515 North Flagler Drive, 8th Floor, West Palm Beach, Florida 33401.

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 Law Office of Michael D. Moccia, PA, 1200 N Federal Hwy, Ste 200, Boca Raton, Florida 33432. See Section IV.A. below for a discussion of voting eligibility requirements.

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

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

Objections to the confirmation of the Plan must be filed with the Court and served upon the Debtor’s counsel and the United States Trustee by _____.

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

If you want additional information about the Plan, you should contact Michael D. Moccia, Esq., Law Office of Michael D. Moccia, PA, 1200 N Federal Hwy, Ste 200, Boca Raton, Florida 33432.

C. Disclaimer

The Court has 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.

II. BACKGROUND

A. Description and History of the Debtor's Business

The Debtor is a corporation. Since 1996, the Debtor has been in the business of research and development of intellectual property related to biomedical technologies and licensing such intellectual property to licensees in exchange for royalty payments.

B. Insiders of the Debtor

The Debtor has two insiders as defined in §101(31) of the United State Bankruptcy Code (the "Code"): Justin Daya and Dr. Kanti Daya. Justin Daya is a director, the Chief Executive Officer of the Debtor, and person in control of the Debtor. Mr. Daya was not paid any compensation by the Debtor during the two years prior to the commencement of the Debtor's bankruptcy case nor was Mr. Daya paid any compensation during the pendency of this Chapter 11 case. Dr. Kanti Daya is a director and the Chief Medical Officer of the Debtor. Dr. Daya was not paid any compensation by the Debtor during the two years prior to the commencement of the Debtor's bankruptcy case nor was Dr. Daya paid any compensation during the pendency of this Chapter 11 case.

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 Justin Daya and Dr. Kanti Daya.

The Managers of the Debtor during the Debtor's chapter 11 case have been Justin Daya and Dr. Kanti Daya.

After the effective date of the order confirming the Plan, the directors, officers, and voting trustees of the Debtor, any affiliate of the Debtor participating in a joint Plan with the Debtor, or successor of the Debtor under the Plan (collectively the "Post Confirmation Managers"), will be: Justin Daya and Dr. Kanti Daya. The responsibilities and compensation of these Post Confirmation Managers are described in Section III.D.2. of this Disclosure Statement.

D. Events Leading to Chapter 11 Filing

In the years prior to filing Chapter 11, the Debtor had little to no income and was working towards commercialization of its newest project, the MedPod. The MedPod is a medication adherence device designed to keep patients with chronic conditions taking their medications to avoid hospitalization which saves the patient and insurers money. The road to commercialization for the MedPod has taken much longer than the Debtor anticipated though the Debtor's licensee is expected to have the product ready to ship in late 2017 and the licensee has minimum purchase commitments which should supply sufficient royalties to fund the Plan. During the years where the Debtor had little to no income, it was sued by one of its biggest investors, Dana Klein and DKMC, Inc. (hereafter collectively referred to as "DKMC"), for failure to repay a loan. After receiving judgment, DKMC moved the trial court to appoint a receiver to sell the intellectual property of the Debtor. The receivership motion was granted by the trial court and prior to the receiver's appointment date, the Debtor filed this Chapter 11 case to prevent its intellectual property from being sold when commercialization of the MedPod was finally within reach.

E. Significant Events During the Bankruptcy Case

- Michael D. Moccia, Esq., was approved by the Bankruptcy Court as the Debtor's counsel.
- Jeff Lloyd, Esq. was approved by the Bankruptcy Court as the Debtor's special counsel for intellectual property related matters.
- The MedPod product is on track to be sold to end users by the Debtor's licensee starting late 2017 which should generate sufficient royalties to the Debtor to fund the Plan.

F. Projected Recovery of Avoidable Transfers

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

G. Claims Objections

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

H. Current and Historical Financial Conditions

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

The Debtor's most recent financial statements, if any, issued before bankruptcy, each of which was filed with the Court, are set forth in Exhibit C.

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

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

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

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

B. Unclassified Claims

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

1. *Administrative Expenses*

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

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

<u>Type</u>	<u>Estimated Amount Owed</u>	<u>Proposed Treatment</u>
Expenses Arising in the Ordinary Course of Business After the Petition Date	\$0.00	Paid in full on the effective date of the Plan, or according to terms of obligation if later
The Value of Goods Received in the Ordinary Course of Business Within 20 Days Before the Petition Date	\$0.00	Paid in full on the effective date of the Plan, or according to terms of obligation if later

Professional Fees, as approved by the Court	\$0.00 currently approved and unpaid, however, the Debtor's counsel will file a fee application for his outstanding fees which are estimated at \$50,000.00	Paid in full on the effective date of the Plan, or according to separate written agreement, or according to court order if such fees have not been approved by the Court on the effective date of the Plan
Clerk's Office Fees	\$0.00	Paid in full on the effective date of the Plan
Other administrative expenses	\$0.00	Paid in full on the effective date of the Plan or according to separate written agreement
Office of the U.S. Trustee Fees	\$0.00	Paid in full on the effective date of the Plan
Total	\$0.00	

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.

If the reorganized debtor substantially defaults on the plan payments due to the IRS, the outstanding balance is immediately due and payable. Payment shall be for the entire amount owed to the IRS under the plan. The IRS may collect these unpaid tax liabilities through the administrative collection provisions of the Internal Revenue Code.

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
IRS Income Tax	\$462.67	12/31/2012 – 12/31/2015	Pmt interval = quarterly Quarterly pmt = \$116.54 Begin date = 12/31/2017

			End date = 9/30/2018 Interest Rate = 3% Total Payout Amount = \$466.16
--	--	--	--

C. Classes of Claims and Equity Interests

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

1. *Class 1 – 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.

Class 1 is the claim of Dana Klein and DKMC, Inc. Ms. Klein and DKMC, Inc. have a joint judgment against the Debtor and its insiders. Due to being a judgment lien, all assets of the estate are collateral. This is not an insider claim and the claim is impaired due to the claimants losing their right to proceed with a state court receivership. Some further information about the claim is as follows:

Allowed Secured Amount =	\$889,698.59
Priority of lien =	First
Principal owed =	\$889,698.59
Pre-petition arrearage =	N/A
Total claim =	\$889,698.59

The following is the treatment under the Plan:

The secured claim of Dana Klein and DKMC, Inc. will be paid in full at the scheduled amount of \$889,698.59 over a five (5) year period with simple interest at the rate of 4.75% from the effective date of the Plan. 5% of the scheduled amount plus interest will be paid in Year 1 including an initial payment of 3.15% paid on the effective date of the Plan, 10% of the scheduled amount plus interest will be paid in Year 2, 20% of the scheduled amount plus interest will be paid in Year 3, 30% of the scheduled amount plus interest will be paid in Year 4, and 35% of the scheduled amount plus interest will be paid in Year 5. Payments will be made quarterly with the first payment being made on December 31, 2017. Quarterly payments will be made on December 31, March 31, June 30, and September 30 with the final payment being made on September 30, 2022. Dana Klein and DKMC, Inc. loses the right to a state court receiver and all other state court remedies so long as the Plan payments are timely paid. Once the Plan is paid in full, Dana Klein and DKMC, Inc. shall file and record a satisfaction of judgment which extinguishes their lien by operation of law.

Payment schedule:

	Principal Payment	Interest Payment	Total Payment	Balance after payment
12/31/2017	\$28,025.51	\$0.00	\$28,025.51	\$861,673.08
3/31/2018	\$5,486.47	\$10,232.37	\$15,718.84	\$856,186.61
6/30/2018	\$5,486.47	\$10,167.22	\$15,653.69	\$850,700.14
9/30/2018	\$5,486.47	\$10,102.06	\$15,588.54	\$845,213.66
12/31/2018	\$22,242.46	\$10,036.91	\$32,279.38	\$822,971.20
3/31/2019	\$22,242.46	\$9,772.78	\$32,015.25	\$800,728.73
6/30/2019	\$22,242.46	\$9,508.65	\$31,751.12	\$778,486.27
9/30/2019	\$22,242.46	\$9,244.52	\$31,486.99	\$756,243.80
12/31/2019	\$44,484.93	\$8,980.40	\$53,465.32	\$711,758.87
3/31/2020	\$44,484.93	\$8,452.14	\$52,937.07	\$667,273.94
6/30/2020	\$44,484.93	\$7,923.88	\$52,408.81	\$622,789.01
9/30/2020	\$44,484.93	\$7,395.62	\$51,880.55	\$578,304.08
12/31/2020	\$66,727.39	\$6,867.36	\$73,594.76	\$511,576.69
3/31/2021	\$66,727.39	\$6,074.97	\$72,802.37	\$444,849.30
6/30/2021	\$66,727.39	\$5,282.59	\$72,009.98	\$378,121.90
9/30/2021	\$66,727.39	\$4,490.20	\$71,217.59	\$311,394.51
12/31/2021	\$77,848.63	\$3,697.81	\$81,546.44	\$233,545.88
3/31/2022	\$77,848.63	\$2,773.36	\$80,621.98	\$155,697.25
6/30/2022	\$77,848.63	\$1,848.90	\$79,697.53	\$77,848.63
9/30/2022	\$77,848.63	\$924.45	\$78,773.08	\$0.00
Total	\$889,698.59	\$133,776.19	\$1,023,474.78	

2. *Classes of Priority Unsecured Claims*

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

There are no priority unsecured claims in this case other than the priority tax claims already listed in Section III.B.2.

3. *Class 2 – 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. Class 2 claims are impaired will be paid 21.8% of the allowed amount of their claim over a five (5) year period. 3.86% of their allowed claim will be paid in Year 1 including an initial payment of 3.15% paid on the effective date of the Plan, 1.89% of their allowed claim will be paid in Year 2, 3.78% of their allowed claim will be paid in Year 3, 5.67% of

their allowed claim will be paid in Year 4, and 6.62% of their allowed claim will be paid in Year 5. Payments will be made quarterly with the first payment being made on December 31, 2017. Quarterly payments will be made on December 31, March 31, June 30, and September 30 with the final payment being made on September 30, 2022.

If the reorganized debtor substantially defaults on the plan payments due to the IRS, the outstanding balance is immediately due and payable. Payment shall be for the entire amount owed to the IRS under the plan. The IRS may collect these unpaid tax liabilities through the administrative collection provisions of the Internal Revenue Code.

Payment schedule as percentage of allowed claim:

	Percentage of Allowed Claim Paid on this Date
12/31/2017	3.15%
3/31/2018	0.24%
6/30/2018	0.24%
9/30/2018	0.24%
12/31/2018	0.47%
3/31/2019	0.47%
6/30/2019	0.47%
9/30/2019	0.47%
12/31/2019	0.95%
3/31/2020	0.95%
6/30/2020	0.95%
9/30/2020	0.95%
12/31/2020	1.42%
3/31/2021	1.42%
6/30/2021	1.42%
9/30/2021	1.42%
12/31/2021	1.65%
3/31/2022	1.65%
6/30/2022	1.65%
9/30/2022	1.65%
Total Plan Payments	21.81%

Payment schedule if 100% of unsecured claims are allowed:

	Wexford	Wexford Miami	Barry S. Mittelberg PA	IRS Non- Priority
12/31/2017	\$43,701.00	\$6,300.00	\$390.60	\$727.31
3/31/2018	\$3,277.57	\$472.50	\$29.30	\$54.55
6/30/2018	\$3,277.57	\$472.50	\$29.30	\$54.55
9/30/2018	\$3,277.57	\$472.50	\$29.30	\$54.55

12/31/2018	\$6,555.15	\$945.00	\$58.59	\$109.10
3/31/2019	\$6,555.15	\$945.00	\$58.59	\$109.10
6/30/2019	\$6,555.15	\$945.00	\$58.59	\$109.10
9/30/2019	\$6,555.15	\$945.00	\$58.59	\$109.10
12/31/2019	\$13,110.30	\$1,890.00	\$117.18	\$218.19
3/31/2020	\$13,110.30	\$1,890.00	\$117.18	\$218.19
6/30/2020	\$13,110.30	\$1,890.00	\$117.18	\$218.19
9/30/2020	\$13,110.30	\$1,890.00	\$117.18	\$218.19
12/31/2020	\$19,665.45	\$2,835.00	\$175.77	\$327.29
3/31/2021	\$19,665.45	\$2,835.00	\$175.77	\$327.29
6/30/2021	\$19,665.45	\$2,835.00	\$175.77	\$327.29
9/30/2021	\$19,665.45	\$2,835.00	\$175.77	\$327.29
12/31/2021	\$22,943.02	\$3,307.50	\$205.07	\$381.84
3/31/2022	\$22,943.02	\$3,307.50	\$205.07	\$381.84
6/30/2022	\$22,943.02	\$3,307.50	\$205.07	\$381.84
9/30/2022	\$22,943.02	\$3,307.50	\$205.07	\$381.84
Total Plan Payments	\$302,629.42	\$43,627.50	\$2,704.91	\$5,036.59

	Cullen Law Firm	Saliwanchik Lloyd	McDonald Hopkins	Roth Jonas Mittelberg
12/31/2017	\$787.50	\$1,890.00	\$472.50	\$157.50
3/31/2018	\$59.06	\$141.75	\$35.44	\$11.81
6/30/2018	\$59.06	\$141.75	\$35.44	\$11.81
9/30/2018	\$59.06	\$141.75	\$35.44	\$11.81
12/31/2018	\$118.13	\$283.50	\$70.88	\$23.63
3/31/2019	\$118.13	\$283.50	\$70.88	\$23.63
6/30/2019	\$118.13	\$283.50	\$70.88	\$23.63
9/30/2019	\$118.13	\$283.50	\$70.88	\$23.63
12/31/2019	\$236.25	\$567.00	\$141.75	\$47.25
3/31/2020	\$236.25	\$567.00	\$141.75	\$47.25
6/30/2020	\$236.25	\$567.00	\$141.75	\$47.25
9/30/2020	\$236.25	\$567.00	\$141.75	\$47.25
12/31/2020	\$354.38	\$850.50	\$212.63	\$70.88
3/31/2021	\$354.38	\$850.50	\$212.63	\$70.88
6/30/2021	\$354.38	\$850.50	\$212.63	\$70.88
9/30/2021	\$354.38	\$850.50	\$212.63	\$70.88
12/31/2021	\$413.44	\$992.25	\$248.06	\$82.69
3/31/2022	\$413.44	\$992.25	\$248.06	\$82.69
6/30/2022	\$413.44	\$992.25	\$248.06	\$82.69
9/30/2022	\$413.44	\$992.25	\$248.06	\$82.69
Total Plan Payments	\$5,453.44	\$13,088.25	\$3,272.06	\$1,090.69

	Florida DOR
12/1/2017	\$39.38
3/1/2018	\$2.95
6/1/2018	\$2.95
9/1/2018	\$2.95
12/1/2018	\$5.91
3/1/2019	\$5.91
6/1/2019	\$5.91
9/1/2019	\$5.91
12/1/2019	\$11.81
3/1/2020	\$11.81
6/1/2020	\$11.81
9/1/2020	\$11.81
12/1/2020	\$17.72
3/1/2021	\$17.72
6/1/2021	\$17.72
9/1/2021	\$17.72
12/1/2021	\$20.67
3/1/2022	\$20.67
6/1/2022	\$20.67
9/1/2022	\$20.67
Total Plan Payments	\$272.67

4. *Class 3 – 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.

In the Plan, Equity Interest Holders are unimpaired. Equity Security Holders will retain their full equity interests that they had as of the Petition Date; no monetary distributions will be made under the Plan to Equity Security Holders.

D. Means of Implementing the Plan

1. *Source of Payments*

Payments and distributions under the Plan will be funded by royalty payments received from the Debtor’s licensee, Daya Medicals, Inc. (Canada) (f/k/a 2407216 Ontario Inc) (hereafter “Licensee”). These royalty payments will be paid at a rate of 3% of gross sales from sales of the

MedPod device. The Licensee has minimum purchase commitments for the MedPod which will produce sufficient revenues to fund the Plan.

The Licensee was formed on February 14, 2014 by insider of the Debtor, Justin Daya, and non-insider, Jason Kipfer. The Licensee is majority owned and controlled by insider of the Debtor, Justin Daya. Justin Daya owns 99.7% of the Licensee while non-insider, Jason Kipfer, owns 0.3%. Jason Kipfer is a former Senior Business Development Officer of the Waterloo Region Economic Development Corporation in Ontario, Canada. Mr. Kipfer's role in the Licensee is to assist in procuring new purchasing contracts, assisting in overall operations, and working with provincial and federal government agencies to develop and maintain government contracts and grants for Licensee. Justin Daya, Dr. Kantilal Daya (an insider of the Debtor), and Jason Kipfer are the three directors of the Licensee. Justin Daya is Chief Executive Officer of the Licensee and Jason Kipfer is the Director of Operations.

The Licensee has a contract for manufacturing with Jabil Circuit, Inc. (hereafter "Jabil") and has a group purchasing contract with a large hospital purchasing group, Premier Healthcare Alliance, LP (hereafter "Premier") that provides for significant minimum purchases that are sufficient to fund the Plan. The manufacturing contract between the Licensee and Jabil and the group purchasing contract between the Licensee and Premier will be provided to any Creditor upon request and upon execution of a Non-Disclosure Agreement that is sufficient to satisfy the confidentiality concerns of Jabil and Premier.

The Licensee may also provide royalty advances to the Debtor in order to meet the Debtor's obligations under the Plan.

2. *Post-confirmation Management*

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

Name	Affiliations	Insider?	Position	Compensation
Justin Daya	None	Yes	CEO	Initially zero; reasonable salary dependent on amount of revenue not to exceed \$100,000 per year
Dr. Kanti Daya	None	Yes	CMO	Initially zero; reasonable salary dependent on amount of revenue not to exceed \$100,000 per year

E. Risk Factors

The proposed Plan has the following risks:

- Non-payment due to insufficient revenues;
- Non-payment due to post-confirmation liabilities incurred; and
- Non-payment due to economic conditions and other conditions beyond the Debtor's control.

These risk factors should not be considered the exclusive risk factors and all risks, whether foreseen in this Plan or not, should be discussed with your attorney.

F. Executory Contracts and Unexpired Leases

The Plan, in Section 6.01, 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. Section 6.01 also lists how the Debtor will cure and compensate the other party to such contract or lease for any such defaults, if any.

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 Section 6.01 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 your contract or lease, you must file and serve your objection to the Plan within the deadline for objecting to the confirmation of the Plan.

G. Tax Consequences of Plan

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

The following are the anticipated tax consequences of the Plan: since no property is being sold, there are no capital gains tax considerations associated with this Plan. However, the Debtor is in the process of preparing unfiled tax returns for several years which may create a further tax liability for the Debtor. These returns will be prepared and filed prior to confirmation of the Plan. It is not anticipated that any taxes or penalties owed will significantly exceed what is already provided for in the claim of the IRS [Claim 2] as the Debtor had very little revenue for the years that tax returns have not already been filed.

IV. CONFIRMATION REQUIREMENTS AND PROCEDURES

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

A. Who May Vote or Object

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

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

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

1. *What is an Allowed Claim or an Allowed Equity Interest?*

Only a creditor or equity interest holder with an allowed claim or an allowed equity interest has the right to vote on the Plan. Generally, a claim or equity interest is allowed if either (1) the Debtor has scheduled the claim on the 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 the claim or equity interest cannot vote unless the Court, after notice and hearing, either overrules the objection or allows the claim or equity interest for voting purposes pursuant to Rule 3018(a) of the Federal Rules of Bankruptcy Procedure.

The deadline for filing a proof of claim in this case was November 16, 2015.

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

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

that class.

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

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

- holders of claims and equity interests that have been disallowed by an order of the Court;
- holders of other claims or equity interests that are not “allowed claims” or “allowed equity interests” (as discussed above), unless they have been “allowed” for voting purposes;
- holders of claims or equity interests in unimpaired classes;
- holders of claims entitled to priority pursuant to §§507(a)(2), (a)(3), and (a)(8) of the Code;
- holders of claims or equity interests in classes that do not receive or retain any value under the Plan; and
- administrative expenses.

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

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

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

B. Votes Necessary to Confirm the Plan

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

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

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

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

2. *Treatment of Nonaccepting Classes*

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

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

C. Liquidation Analysis

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

D. Feasibility

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

1. *Ability to Initially Fund Plan*

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

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

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

The Plan Proponent has provided projected financial information. Those projections are listed in Exhibit G.

The Plan Proponent’s financial projections show that the Debtor will have an aggregate

annual average cash flow, after paying operating expenses and post-confirmation taxes, of \$2,678,215.84. The final Plan payment is expected to be paid on September 1, 2022.

These mathematical assumptions are based upon minimum purchase volume commitments to the Debtor's Licensee as well as applying growth rates. These growth rates are rather high, however, the Debtor finds these projections to be reasonable based upon the fact that the product being sold by the Licensee is a new product and high year over year growth rates can be reasonably expected if the product is successful.

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

V. EFFECT OF CONFIRMATION OF PLAN

A. Discharge of Debtor

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

B. Modification of Plan

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

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

C. Final Decree

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

VI. OTHER PLAN PROVISIONS

As part of the Plan, the Debtor is seeking an injunction providing that at all times on and after the Effective Date, all Persons who have been, are, or may be holders of Claims against or

Interests in the Debtors arising prior to the Effective Date, shall be enjoined from taking any of the following actions against or affecting the Property:

- (i) commencing, conducting or continuing in any manner, directly or indirectly any suit, action, or other proceeding of any kind arising before the Confirmation Date against the Debtor, the officers and directors of the Debtor, the Estate, or the Property (including, without limitation, all suits, actions, and proceedings that are pending as of the Effective Date, shall be deemed to be withdrawn or dismissed with prejudice);
- (ii) enforcing, levying, attaching, collecting, or otherwise recovering by any manner or means whether directly or indirectly any judgment, award, decree, or order against the Debtors, the officers and directors of the Debtor, the Estate, or the Property relating to any obligation which arose prior to the Effective Date;
- (iii) creating, perfecting, or otherwise enforcing in any manner, directly or indirectly, any lien or encumbrance against the Debtor, the officers and directors of the Debtor, the Estate, or the Property;
- (iv) Dana Klein, Eric Stanco, Esq., DKMC, Inc., Scott Smiley, Esq., and/or any of their agents attempting to have the Debtor or Debtor's Insiders assign any intellectual property rights of the Debtor;
- (v) Dana Klein, Eric Stanco, Esq., DKMC, Inc., Scott Smiley, Esq., and/or any of their agents attempting to have the state court judicially assign any intellectual property rights of the Debtor;
- (vi) asserting any right of subrogation, or recoupment of any kind, directly or indirectly against any obligation due the Debtor, the officers and directors of the Debtor, the Estate, or the Property; and
- (vii) proceeding in any manner in any place whatsoever that does not conform to or comply with the provisions of the Plan.

I HEREBY CERTIFY that I am admitted to the Bar of the United States District Court for the Southern District of Florida and I am in compliance with the additional qualification to practice in this Court set forth in Local Rule 2090-1(A).

Respectfully Submitted,

LAW OFFICE OF
MICHAEL D. MOCCIA, P.A.
Counsel for the Debtor
1200 North Federal Highway, Suite 200
Boca Raton, Florida 33432
Telephone: (561) 210-8510
Facsimile: (561) 210-8509
Email: mdm@moccialaw.com

By: s/ Michael D. Moccia
Michael D. Moccia
Florida Bar No.: 44658

EXHIBIT A – Copy of Proposed Plan of Reorganization

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF FLORIDA
WEST PALM BEACH DIVISION
www.flsb.uscourts.gov

In re:

Case No. 15-24931-EPK
Chapter 11

DAYA MEDICALS, INC.,

Debtor.

DEBTOR'S AMENDED PLAN OF REORGANIZATION, DATED NOVEMBER 21, 2016

ARTICLE I
SUMMARY

This Plan of Reorganization (the "Plan") under Chapter 11 of the Bankruptcy Code (the "Code") proposes to pay creditors of Daya Medicals, Inc. (the "Debtor") from future cash flow from licensing of its intellectual property which is being used in a medical device which is scheduled to be sold by the Debtor's licensee once manufacturing is complete in late 2017. An agreement that was entered into by the Debtor's licensee provides for minimum purchase volumes that provide sufficient license royalties to fund the Plan.

This Plan provides for one (1) class of secured claims, one (1) class of unsecured claims, and one (1) class of equity security holders. Unsecured creditors holding allowed claims will receive distributions, which the proponent of the Plan has valued at approximately 21.8 cents on the dollar. This Plan also provides for the payment of administrative and priority claims. The only priority claim is the unsecured priority claim of the IRS in the amount of \$462.67 [Claim 2]. This claim will be paid in quarterly installment payments over a one (1) year period. The only current administrative claim is the legal fees and expenses of the Debtor's counsel who will file a fee application and has agreed to be paid in quarterly installments over a one (1) year period.

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

ARTICLE II
CLASSIFICATION OF CLAIMS AND INTERESTS

2.01 Class 1. The claim of Dana Klein and DKMC, Inc., to the extent allowed as a secured claim under §506 of the Code.

- 2.02 Class 2. All unsecured claims allowed under §502 of the Code.
- 2.03 Class 3. Equity interests of the Debtor.

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

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

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

3.03 Priority Tax Claims. Each holder of a priority tax claim will be paid in quarterly, regular installment payments for a one (1) year period.

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

3.05 Tax Payment Default. If the reorganized debtor substantially defaults on the plan payments due to the IRS, the outstanding balance is immediately due and payable. Payment shall be for the entire amount owed to the IRS under the plan. The IRS may collect these unpaid tax liabilities through the administrative collection provisions of the Internal Revenue Code.

ARTICLE IV
TREATMENT OF CLAIMS AND INTERESTS UNDER THE PLAN

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

Class	Impairment	Treatment
Class 1 – Secured Claim of Dana Klein and DKMC, Inc.	Impaired	The secured claim of Dana Klein and DKMC, Inc. will be paid in full at the scheduled amount of \$889,698.59 over a five (5) year period with simple interest at the rate of 4.75% from the effective date of the Plan. 5% of the scheduled amount plus interest will be paid in Year 1 including an initial payment of 3.15% paid on

		<p>the effective date of the Plan, 10% of the scheduled amount plus interest will be paid in Year 2, 20% of the scheduled amount plus interest will be paid in Year 3, 30% of the scheduled amount plus interest will be paid in Year 4, and 35% of the scheduled amount plus interest will be paid in Year 5. Payments will be made quarterly with the first payment being made on December 31, 2017. Quarterly payments will be made on December 31, March 31, June 30, and September 30 with the final payment being made on September 30, 2022. Dana Klein and DKMC, Inc. loses the right to a state court receiver and all other state court remedies so long as the Plan payments are timely paid. Once the Plan is paid in full, Dana Klein and DKMC, Inc. shall file and record a satisfaction of judgment.</p>
Class 2 – General Unsecured Creditors	Impaired	<p>The general unsecured creditors will be paid 21.8% of the allowed amount of their claim over a five (5) year period. 3.86% of their allowed claim will be paid in Year 1 including an initial payment of 3.15% paid on the effective date of the Plan, 1.89% of their allowed claim will be paid in Year 2, 3.78% of their allowed claim will be paid in Year 3, 5.67% of their allowed claim will be paid in Year 4, and 6.62% of their allowed claim will be paid in Year 5. Payments will be made quarterly with the first payment being made on December 31, 2017. Quarterly payments will be made on December 31, March 31, June 30, and September 30 with the final payment being made on September 30, 2022.</p>
Class 3 – Equity Security Holders of the Debtor	Unimpaired	<p>Equity Security Holders will retain their full equity interests that they had as of the Petition Date; no monetary distributions will be made under the Plan to Equity Security Holders.</p>

ARTICLE V
ALLOWANCE AND DISALLOWANCE OF CLAIMS

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

5.02 Delay of Distribution on a Disputed Claim. No distribution will be made on account of a disputed claim unless such claim is allowed by a final non-appealable order.

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

ARTICLE VI
PROVISIONS FOR EXECUTORY CONTRACTS AND UNEXPIRED LEASES

6.01 Assumed Executory Contracts and Unexpired Leases.

(a) The Debtor assumes the following executory contracts and/or unexpired leases effective upon the date of the entry of the order confirming this Plan:

Oral licensing agreement between the Debtor and Daya Medicals, Inc. (Canada) (f/k/a 2407216 Ontario Inc) which licenses the Debtor's intellectual property in exchange for royalty payments. The parties to this agreement wish to reduce the agreement to writing and such written agreement will be submitted to the Court for approval prior to execution by the parties.

(b) The Debtor will be conclusively deemed to have rejected all executory contracts and/or unexpired leases not expressly assumed under Section 6.01(a) above, or before the date of the order confirming this Plan. A proof of claim arising from the rejection of an executory contract or unexpired lease under this section must be filed no later than thirty (30) days after the date of the order confirming this Plan.

ARTICLE VII
IMPLEMENTATION OF THE PLAN

Payments and distributions under the Plan will be funded by royalty payments received from the Debtor's licensee, Daya Medicals, Inc. (Canada) (f/k/a 2407216 Ontario Inc) (hereafter "Licensee"). These royalty payments will be paid at a rate of 3% of gross sales from sales of the MedPod device. The Licensee has minimum purchase commitments for the MedPod which will produce sufficient revenues to fund the Plan.

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

Name	Affiliations	Insider?	Position	Compensation
Justin Daya	None	Yes	CEO	Initially zero; reasonable salary dependent on amount of revenue not to exceed \$100,000 per year
Dr. Kanti Daya	None	Yes	CMO	Initially zero; reasonable salary dependent on amount of revenue not to exceed \$100,000 per year

Under the Plan, the Debtor will retain all property of the estate. Dana Klein and DKMC, Inc. loses the right to a state court receiver and all other state court remedies so long as the Plan payments are timely paid. Once the Plan is paid in full, Dana Klein and DKMC, Inc. shall file and record a satisfaction of judgment at which point their lien would extinguish by operation of law.

Plan distributions will be made directly by the Debtor to all creditors receiving payments under the Plan.

ARTICLE VIII **GENERAL PROVISIONS**

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

8.02 Effective Date of the Plan. The Effective Date of the Plan is December 31, 2017 which is the date of the first quarterly payment under the Plan.

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

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

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

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

Plan, except as otherwise provided in this Plan.

8.07 Corporate Governance. If this Plan is confirmed, the Debtor shall amend its charter to include a provision prohibiting the issuance of nonvoting equity securities, and providing, as to the several classes of securities possessing voting power, an appropriate distribution of such power among such classes, including, in the case of any class of equity securities having a preference over another class of equity securities with respect to dividends, adequate provisions for the election of directors representing such preferred class in the event of default in the payment of such dividends.

ARTICLE IX **DISCHARGE**

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

ARTICLE X **OTHER PROVISIONS**

10.01 Injunction Enjoining Certain Actions. Except as expressly provided herein, at all times on and after the Effective Date, all Persons who have been, are, or may be holders of Claims against or Interests in the Debtors arising prior to the Effective Date, shall be enjoined from taking any of the following actions against or affecting the Property:

- (i) commencing, conducting or continuing in any manner, directly or indirectly any suit, action, or other proceeding of any kind arising before the Confirmation Date against the Debtor, the officers and directors of the Debtor, the Estate, or the Property (including, without limitation, all suits, actions, and proceedings that are pending as of the Effective Date, shall be deemed to be withdrawn or dismissed with prejudice);
- (ii) enforcing, levying, attaching, collecting, or otherwise recovering by any manner or means whether directly or indirectly any judgment, award, decree, or order against the Debtors, the officers and directors of the Debtor, the Estate, or the Property relating to any obligation which arose prior to the Effective Date;
- (iii) creating, perfecting, or otherwise enforcing in any manner, directly or indirectly, any lien or encumbrance against the Debtor, the officers and directors of the Debtor, the Estate, or the Property;
- (iv) Dana Klein, Eric Stanco, Esq., DKMC, Inc., Scott Smiley, Esq., and/or any of their agents attempting to have the Debtor or Debtor's Insiders assign any

- intellectual property rights of the Debtor;
- (v) Dana Klein, Eric Stanco, Esq., DKMC, Inc., Scott Smiley, Esq., and/or any of their agents attempting to have the state court judicially assign any intellectual property rights of the Debtor;
- (vi) asserting any right of subrogation, or recoupment of any kind, directly or indirectly against any obligation due the Debtor, the officers and directors of the Debtor, the Estate, or the Property; and
- (vii) proceeding in any manner in any place whatsoever that does not conform to or comply with the provisions of the Plan.

I HEREBY CERTIFY that I am admitted to the Bar of the United States District Court for the Southern District of Florida and I am in compliance with the additional qualification to practice in this Court set forth in Local Rule 2090-1(A).

Respectfully Submitted,

LAW OFFICE OF
MICHAEL D. MOCCIA, P.A.
Counsel for the Debtor
1200 North Federal Highway, Suite 200
Boca Raton, Florida 33432
Telephone: (561) 210-8510
Facsimile: (561) 210-8509
Email: mdm@moccialaw.com

By: s/ Michael D. Moccia
Michael D. Moccia
Florida Bar No.: 44658

EXHIBIT B – Identify and Value Material Assets of Debtor

Property	Value
Cash on hand	\$200.00
Intellectual property rights related to patents, pending patent applications, and licensing agreements of such patents and pending patents	\$900,000.00
Domain name: dayamed.com	\$100.00
Total	\$900,300.00

EXHIBIT C – Prepetition Financial Statements

10:14 AM

09/14/12

Accrual Basis

DAYA MEDICALS, INC.

Balance Sheet

As of December 31, 2011

	<u>Dec 31, 11</u>
ASSETS	
Current Assets	
Checking/Savings	
Bank Of America 2900	42.00
Bank Of America 3659	215,247.38
Total Checking/Savings	<u>215,289.38</u>
Other Current Assets	
Prepaid Taxes	3,313.00
Total Other Current Assets	<u>3,313.00</u>
Total Current Assets	218,602.38
Fixed Assets	
Automobiles	54,410.00
Computer Equipment	1,569.81
Accumulated Depreciation	-8,274.00
Patents	29,015.00
Product Design	61,447.00
Accum Amort - Product Design	-26,863.00
Total Fixed Assets	<u>111,304.81</u>
Other Assets	
Due from Justin Daya	4,500.00
Start Up Costs - 2006	4,461.22
Start Up Costs - 2007	85,973.89
Start Up Costs - 2008	50,480.01
Start Up Costs - 2009	33,133.95
Accum Amort - Start Up Costs	-23,207.00
Total Other Assets	<u>155,342.07</u>
TOTAL ASSETS	<u>485,249.26</u>
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Other Current Liabilities	
Due to Shareholder	100,307.35
Total Other Current Liabilities	<u>100,307.35</u>
Total Current Liabilities	100,307.35
Long Term Liabilities	
Loan - Friends & Family	200,000.00
Loan - Wexford Equities LLC	400,000.00
Total Long Term Liabilities	<u>600,000.00</u>
Total Liabilities	700,307.35
Equity	
Capital Stock	1,000.00
Additional Paid-in-Capital	29,139.15
Retained Earnings	275.62
Retained Earnings (Unapp)	-24,288.00
Net Income	-221,184.86
Total Equity	<u>-215,058.09</u>
TOTAL LIABILITIES & EQUITY	<u>485,249.26</u>

PRELIMINARY AND TENTATIVE
FOR DISCUSSION PURPOSES ONLY

2:52 PM
09/14/12
Accrual Basis

DAYA MEDICALS, INC.
Balance Sheet
As of March 31, 2012

	<u>Mar 31, 12</u>
ASSETS	
Current Assets	
Checking/Savings	
Bank Of America 2900	-3,601.47
Bank Of America 3659	<u>123,736.42</u>
Total Checking/Savings	120,134.95
Other Current Assets	
Prepaid Taxes	<u>3,813.00</u>
Total Other Current Assets	<u>3,813.00</u>
Total Current Assets	123,947.95
Fixed Assets	
Automobiles	54,410.00
Computer Equipment	1,569.81
Accumulated Depreciation	-9,011.50
Patents	164,097.29
Product Design	61,447.00
Accum Amort - Product Design	<u>-29,935.25</u>
Total Fixed Assets	<u>242,577.35</u>
Other Assets	
Due from Justin Daya	4,500.00
Loan Shareholder	5,000.00
Start Up Costs - 2006	4,461.22
Start Up Costs - 2007	85,973.89
Start Up Costs - 2008	50,480.01
Start Up Costs - 2009	33,133.95
Accum Amort - Start Up Costs	<u>-26,107.75</u>
Total Other Assets	<u>157,441.32</u>
TOTAL ASSETS	<u><u>523,966.62</u></u>
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Other Current Liabilities	
Due to Shareholder	<u>97,307.35</u>
Total Other Current Liabilities	<u>97,307.35</u>
Total Current Liabilities	97,307.35
Long Term Liabilities	
Loan - Friends & Family	300,000.00
Loan - Wexford Equities LLC	<u>400,000.00</u>
Total Long Term Liabilities	<u>700,000.00</u>
Total Liabilities	797,307.35
Equity	
Capital Stock	1,000.00
Additional Paid-in-Capital	29,139.15
Retained Earnings	-220,909.24
Retained Earnings (Unapp)	-24,288.00
Net Income	<u>-58,282.64</u>
Total Equity	<u>-273,340.73</u>
TOTAL LIABILITIES & EQUITY	<u><u>523,966.62</u></u>

PRELIMINARY AND TENTATIVE
FOR DISCUSSION PURPOSES ONLY

10:15 AM
09/14/12
Accrual Basis

DAYA MEDICALS, INC.
Profit & Loss
January through December 2011

	<u>Jan - Dec 11</u>
Ordinary Income/Expense	
Expense	
Accounting Fees	22,562.00
Advertising and Promotion	4,050.00
Amortization Expense	26,894.00
Automobile Expense	8,788.10
Bank Service Charges	877.13
Computer and Internet Expenses	659.24
Consulting Fee	25,000.00
Contract Labor	2,109.50
Depreciation Expense	5,214.00
Dues and Subscriptions	1,193.25
Health Insurance	241.50
Insurance Expense	17,487.13
Legal Fees	7,583.58
Licenses	418.00
Market Research	4,500.00
Meals and Entertainment	18,838.41
Miscellaneous	4,359.24
Office Supplies	8,215.25
Payroll Expenses	19,714.00
Postage	418.22
Professional Fees	782.30
Public Relations	5,313.25
Tax	1,071.85
Telecommunications	472.42
Telephone Expense	2,564.95
Travel Expense	29,044.55
Uniforms	205.35
Utilities	2,080.80
Total Expense	<u>220,658.02</u>
Net Ordinary Income	-220,658.02
Other Income/Expense	
Other Income	
Interest Income	160.16
Total Other Income	<u>160.16</u>
Other Expense	
Federal Income Tax	387.00
Penalties	300.00
Total Other Expense	<u>687.00</u>
Net Other Income	<u>-526.84</u>
Net Income	<u><u>-221,184.86</u></u>

PRELIMINARY AND TENTATIVE
FOR DISCUSSION PURPOSES ONLY

2:53 PM
09/14/12
Accrual Basis

DAYA MEDICALS, INC.
Profit & Loss
January through March 2012

	<u>Jan - Mar 12</u>
Ordinary Income/Expense	
Expense	
Accounting Fees	2,000.00
Advertising and Promotion	307.35
Amortization Expense	5,973.00
Automobile Expense	6,116.68
Bank Service Charges	25.00
Computer and Internet Expenses	92.93
Consulting Fee	19,617.18
Contract Labor	1,100.02
Depreciation Expense	737.50
Dues and Subscriptions	261.12
Insurance Expense	4,148.83
Market Research	3,102.30
Meals and Entertainment	3,311.28
Miscellaneous	219.80
Office Supplies	940.39
Postage	209.94
Tax	39.59
Telephone Expense	887.19
Travel Expense	9,261.94
Utilities	736.34
Total Expense	<u>59,088.38</u>
Net Ordinary Income	-59,088.38
Other Income/Expense	
Other Income	
Interest Income	38.04
Other Income	767.70
Total Other Income	<u>805.74</u>
Net Other Income	805.74
Net Income	<u><u>-58,282.64</u></u>

PRELIMINARY AND TENTATIVE
FOR DISCUSSION PURPOSES ONLY

EXHIBIT D – Most Recently Filed Postpetition Operating Report

B 25C (Official Form 25C) (12/08)

UNITED STATES BANKRUPTCY COURT

Southern District of Florida

In re Daya Medicals, Inc.
Debtor

Case No. 15-24931-EPK

Small Business Case under Chapter 11

SMALL BUSINESS MONTHLY OPERATING REPORT

Month: October

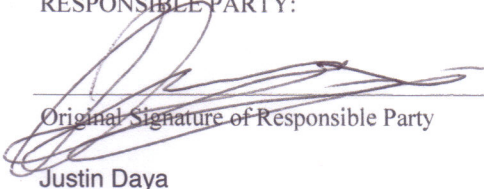
Date filed: 11/28/2016

Line of Business: Research and Development - Medical

NAISC Code: 541712

IN ACCORDANCE WITH TITLE 28, SECTION 1746, OF THE UNITED STATES CODE, I DECLARE UNDER PENALTY OF PERJURY THAT I HAVE EXAMINED THE FOLLOWING SMALL BUSINESS MONTHLY OPERATING REPORT AND THE ACCOMPANYING ATTACHMENTS AND, TO THE BEST OF MY KNOWLEDGE, THESE DOCUMENTS ARE TRUE, CORRECT AND COMPLETE.

RESPONSIBLE PARTY:


 Original Signature of Responsible Party

Justin Daya

Printed Name of Responsible Party

Questionnaire: <i>(All questions to be answered on behalf of the debtor.)</i>	Yes	No
1. IS THE BUSINESS STILL OPERATING?	<input checked="" type="checkbox"/>	<input type="checkbox"/>
2. HAVE YOU PAID ALL YOUR BILLS ON TIME THIS MONTH?	<input checked="" type="checkbox"/>	<input type="checkbox"/>
3. DID YOU PAY YOUR EMPLOYEES ON TIME?	<input type="checkbox"/>	<input type="checkbox"/>
4. HAVE YOU DEPOSITED ALL THE RECEIPTS FOR YOUR BUSINESS INTO THE DIP ACCOUNT THIS MONTH?	<input type="checkbox"/>	<input type="checkbox"/>
5. HAVE YOU FILED ALL OF YOUR TAX RETURNS AND PAID ALL OF YOUR TAXES THIS MONTH	<input checked="" type="checkbox"/>	<input type="checkbox"/>
6. HAVE YOU TIMELY FILED ALL OTHER REQUIRED GOVERNMENT FILINGS?	<input checked="" type="checkbox"/>	<input type="checkbox"/>
7. HAVE YOU PAID ALL OF YOUR INSURANCE PREMIUMS THIS MONTH?	<input type="checkbox"/>	<input type="checkbox"/>
8. DO YOU PLAN TO CONTINUE TO OPERATE THE BUSINESS NEXT MONTH?	<input checked="" type="checkbox"/>	<input type="checkbox"/>
9. ARE YOU CURRENT ON YOUR QUARTERLY FEE PAYMENT TO THE U.S. TRUSTEE?	<input checked="" type="checkbox"/>	<input type="checkbox"/>
10. HAVE YOU PAID ANYTHING TO YOUR ATTORNEY OR OTHER PROFESSIONALS THIS MONTH?	<input type="checkbox"/>	<input checked="" type="checkbox"/>
11. DID YOU HAVE ANY UNUSUAL OR SIGNIFICANT UNANTICIPATED EXPENSES THIS MONTH?	<input type="checkbox"/>	<input checked="" type="checkbox"/>
12. HAS THE BUSINESS SOLD ANY GOODS OR PROVIDED SERVICES OR TRANSFERRED ANY ASSETS TO ANY BUSINESS RELATED TO THE DIP IN ANY WAY?	<input type="checkbox"/>	<input checked="" type="checkbox"/>
13. DO YOU HAVE ANY BANK ACCOUNTS OPEN OTHER THAN THE DIP ACCOUNT?	<input type="checkbox"/>	<input checked="" type="checkbox"/>

B 25C (Official Form 25C) (12/08)

- 14. HAVE YOU SOLD ANY ASSETS OTHER THAN INVENTORY THIS MONTH?
- 15. DID ANY INSURANCE COMPANY CANCEL YOUR POLICY THIS MONTH?
- 16. HAVE YOU BORROWED MONEY FROM ANYONE THIS MONTH?
- 17. HAS ANYONE MADE AN INVESTMENT IN YOUR BUSINESS THIS MONTH?
- 18. HAVE YOU PAID ANY BILLS YOU OWED BEFORE YOU FILED BANKRUPTCY?

TAXES

DO YOU HAVE ANY PAST DUE TAX RETURNS OR PAST DUE POST-PETITION TAX OBLIGATIONS?

IF YES, PLEASE PROVIDE A WRITTEN EXPLANATION INCLUDING WHEN SUCH RETURNS WILL BE FILED, OR WHEN SUCH PAYMENTS WILL BE MADE AND THE SOURCE OF THE FUNDS FOR THE PAYMENT.

(Exhibit A)

INCOME

PLEASE SEPARATELY LIST ALL OF THE INCOME YOU RECEIVED FOR THE MONTH. THE LIST SHOULD INCLUDE ALL INCOME FROM CASH AND CREDIT TRANSACTIONS. *(THE U.S. TRUSTEE MAY WAIVE THIS REQUIREMENT.)*

TOTAL INCOME \$ 0.00

SUMMARY OF CASH ON HAND

Cash on Hand at Start of Month \$ 8.00
 Cash on Hand at End of Month \$ 36.00

PLEASE PROVIDE THE TOTAL AMOUNT OF CASH CURRENTLY AVAILABLE TO YOU **TOTAL** \$ 36.00

(Exhibit B)

EXPENSES

PLEASE SEPARATELY LIST ALL EXPENSES PAID BY CASH OR BY CHECK FROM YOUR BANK ACCOUNTS THIS MONTH. INCLUDE THE DATE PAID, WHO WAS PAID THE MONEY, THE PURPOSE AND THE AMOUNT. *(THE U.S. TRUSTEE MAY WAIVE THIS REQUIREMENT.)*

TOTAL EXPENSES \$ 12.00

(Exhibit C)

CASH PROFIT

INCOME FOR THE MONTH *(TOTAL FROM EXHIBIT B)* \$ 0.00

EXPENSES FOR THE MONTH *(TOTAL FROM EXHIBIT C)* \$ 0.00

(Subtract Line C from Line B) **CASH PROFIT FOR THE MONTH** \$ 0.00

B 25C (Official Form 25C) (12/08)

UNPAID BILLS

PLEASE ATTACH A LIST OF ALL DEBTS (INCLUDING TAXES) WHICH YOU HAVE INCURRED SINCE THE DATE YOU FILED BANKRUPTCY BUT HAVE NOT PAID. THE LIST MUST INCLUDE THE DATE THE DEBT WAS INCURRED, WHO IS OWED THE MONEY, THE PURPOSE OF THE DEBT AND WHEN THE DEBT IS DUE. *(THE U.S. TRUSTEE MAY WAIVE THIS REQUIREMENT.)*

TOTAL PAYABLES \$ 0.00

(Exhibit D)

MONEY OWED TO YOU

PLEASE ATTACH A LIST OF ALL AMOUNTS OWED TO YOU BY YOUR CUSTOMERS FOR WORK YOU HAVE DONE OR THE MERCHANDISE YOU HAVE SOLD. YOU SHOULD INCLUDE WHO OWES YOU MONEY, HOW MUCH IS OWED AND WHEN IS PAYMENT DUE. *(THE U.S. TRUSTEE MAY WAIVE THIS REQUIREMENT.)*

TOTAL RECEIVABLES \$ 0.00

(Exhibit E)

BANKING INFORMATION

PLEASE ATTACH A COPY OF YOUR LATEST BANK STATEMENT FOR EVERY ACCOUNT YOU HAVE AS OF THE DATE OF THIS FINANCIAL REPORT OR HAD DURING THE PERIOD COVERED BY THIS REPORT.

(Exhibit F)

EMPLOYEES

NUMBER OF EMPLOYEES WHEN THE CASE WAS FILED? 0
 NUMBER OF EMPLOYEES AS OF THE DATE OF THIS MONTHLY REPORT? 0

PROFESSIONAL FEES

BANKRUPTCY RELATED:

PROFESSIONAL FEES RELATING TO THE BANKRUPTCY CASE PAID DURING THIS REPORTING PERIOD? \$ 0.00
 TOTAL PROFESSIONAL FEES RELATING TO THE BANKRUPTCY CASE PAID SINCE THE FILING OF THE CASE? \$ 3,400.00

NON-BANKRUPTCY RELATED:

PROFESSIONAL FEES NOT RELATING TO THE BANKRUPTCY CASE PAID DURING THIS REPORTING PERIOD? \$ 0.00
 TOTAL PROFESSIONAL FEES NOT RELATING TO THE BANKRUPTCY CASE PAID SINCE THE FILING OF THE CASE? \$ 0.00

B 25C (Official Form 25C) (12/08)

PROJECTIONS

COMPARE YOUR ACTUAL INCOME AND EXPENSES TO THE PROJECTIONS FOR THE FIRST 180 DAYS OF YOUR CASE PROVIDED AT THE INITIAL DEBTOR INTERVIEW.

	Projected	Actual	Difference
INCOME	\$ 0.00	\$ 0.00	\$ 0.00
EXPENSES	\$ 0.00	\$ 5,891.00	\$ 5,891.00
CASH PROFIT	\$ 0.00	\$ 0.00	\$ 0.00

TOTAL PROJECTED INCOME FOR THE NEXT MONTH:	\$ 0.00
TOTAL PROJECTED EXPENSES FOR THE NEXT MONTH:	\$ 2,000.00
TOTAL PROJECTED CASH PROFIT FOR THE NEXT MONTH:	\$ 0.00

ADDITIONAL INFORMATION

PLEASE ATTACH ALL FINANCIAL REPORTS INCLUDING AN INCOME STATEMENT AND BALANCE SHEET WHICH YOU PREPARE INTERNALLY.

Addendum to Small Business Monthly Operating Report

Questionnaire

3. We are currently not paying our employees a salary.
4. We currently do not have any receipts as we are an Intellectual Property holding and licensing company.
5. We do not have any tax returns due this month.
7. We currently do not carry insurance, but plan to do so in the future.

Taxes

All tax filings for the company are current.

Income

No current income.

Expenses

- \$12 Bank Service Charge

Additional Information

Income statement of our small business entity for internal use is prepared bi-annually. We will provide these reports at the next reporting period.



858-02-01-00 40402 0 C 001 30 50 004
DAYA MEDICALS INC
DEBTOR IN POSSESSION
5139 POINT ALEXIS
BOCA RATON FL 33486-1420

Your account statement

For 10/31/2016

Contact us



(800) BANK-BBT or
(800) 226-5228

October is National Cyber Security Awareness Month.

BB&T puts the highest priority on protecting your personal information--and giving you tools and confidence to protect yourself from identity thieves.

Find powerful and practical fraud protection tips you can use every day at BBT.com/Security.

BB&T, Member FDIC.

■ BUSINESS VALUE 200 [REDACTED] 5182

Account summary

Your previous balance as of 09/30/2016	\$8.00
Checks	- 0.00
Other withdrawals, debits and service charges	- 12.00
Deposits, credits and interest	+ 40.00
Your new balance as of 10/31/2016	= \$36.00

Other withdrawals, debits and service charges

DATE	DESCRIPTION	AMOUNT(\$)
10/21	SERVICE CHARGES - PRIOR PERIOD	12.00
Total other withdrawals, debits and service charges		= \$12.00

Deposits, credits and interest

DATE	DESCRIPTION	AMOUNT(\$)
10/26	COUNTER DEPOSIT	40.00
Total deposits, credits and interest		= \$40.00

EXHIBIT E – Liquidation Analysis**Plan Proponent's Estimated Liquidation Value of Assets****Assets**

a. Cash on hand	\$200.00
b. Accounts Receivable	\$0.00
c. Inventory	\$0.00
d. Office furniture & equipment	\$0.00
e. Machinery & equipment	\$0.00
f. Automobiles	\$0.00
g. Building & Land	\$0.00
h. Customer list	\$0.00
i. Investment property (such as stocks or bonds)	\$0.00
j. Lawsuits or other claims against third parties	\$0.00
k. Other intangibles (such as avoiding powers actions)	\$0.00
l. Patents and other intellectual property rights	\$900,100.00

Total Assets at Liquidation Value **\$900,300.00**

Less:

Secured creditors' recoveries \$889,698.59

Less:

Chapter 7 trustee fees and expenses \$50,000.00

Less:

Chapter 11 administrative expenses \$50,000.00

Less:

Priority claims, excluding administrative expenses \$462.67

Balance for unsecured claims \$0.00

Total dollar amount of unsecured claims \$1,727,822.40

Percentage of Claims Which Unsecured Creditors Would Receive or Retain in a Chapter 7 Liquidation: 0.00%

Percentage of Claims Which Unsecured Creditors Would Receive or Retain under the Plan: 21.80%

EXHIBIT F – Cash on hand on the effective date of the Plan

Cash on hand on effective date of the Plan:	\$100,000.00
--	---------------------

Less:

Amount of administrative expenses payable on effective date of the Plan:	\$6,250.00
---	------------

Amount of statutory costs and charges:	\$975.00
--	----------

Amount of cure payments for executory contracts:	\$0.00
--	--------

Other Plan Payments due on effective date of the Plan:	\$82,568.45
--	-------------

Balance remaining after paying these amounts:	\$10,206.55
--	--------------------

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

Cash in Debtor's bank account now:	\$200.00
------------------------------------	----------

Additional cash Debtor will accumulate from net earnings between now and effective date of the Plan:	\$99,800.00
---	-------------

Borrowing:	\$0.00
------------	--------

Capital Contributions:	\$0.00
------------------------	--------

Other:	\$0.00
--------	--------

Total:	\$100,000.00
---------------	---------------------

Exhibit G – Projections of Cash Flow and Earnings for Post-Confirmation Period

Since the Debtor's income is solely generated from royalty payments from its licensee, below are the cash flow and earnings projections of the licensee with respect to the licensed intellectual property of the Debtor (the bottom line number is the 3% royalty that will be paid to the Debtor):

	Year 1	Year 2	Year 3	Year 4	Year 5
# of Patients	10,000	24,500	36,500	54,750	82,125
Est. Growth		145%	49%	50%	50%
Revenues					
Medpod	15,000,000	36,750,000	54,750,000	82,125,000	123,187,500
Advertising - Net	-	36,750	54,750	82,125	123,188
CRO - Channel	-	6,000,000	15,000,000	30,000,000	45,000,000
BI / Analytic - Channel (Truven, HIMSS, HAB, Pharma, Life Sciences, etc.)	-	3,675,000	5,475,000	8,212,500	12,318,750
Pharmacy - Disease Management Platform Fee	-	4,900	7,300	10,950	16,425
Shipping Revenue Rebate	-	1,470,000	2,190,000	3,285,000	4,927,500
Total Revenues	15,000,000	47,936,651	77,477,050	123,715,576	185,573,363
IP License Fee (3%)	450,000.00	1,438,099.54	2,324,311.50	3,711,467.27	5,567,200.88

The Debtor anticipates legal expenses of \$15,000.00 annually, accounting expenses of \$5,000.00 annually, and the salaries of the Debtor's officers and directors will depend on amounts leftover after providing for payment of the Plan payments but in any event not to exceed \$100,000.00 per year each. There are no other significant expenses foreseen by the Debtor as it is solely an intellectual property holding company with no employees and no office space. In the event that licensing royalties are insufficient to pay the Plan payments, the Debtor's licensee may provide royalty advances to the Debtor pursuant to their licensing agreement.