

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF FLORIDA
MIAMI DIVISION
www.flsb.uscourts.gov

In re:

SER-JOBS FOR PROGRESS, INC.,¹

Case No. 17-14693-LMI

Debtor-in-Possession.

Chapter 11 (Small Business)

DEBTOR'S DISCLOSURE STATEMENT
DATED JUNE 23, 2017

I. INTRODUCTION

This is the disclosure statement (the "**Disclosure Statement**") in the chapter 11 case of SER-Jobs for Progress, Inc. (the "**Debtor**"). This Disclosure Statement contains information about the Debtor and describes the Plan of Reorganization (the "**Plan**") filed by the Debtor on June 23, 2017. 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 within this Disclosure Statement.

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 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.

¹The Debtor's current mailing address is P.O. Box 661597, Miami, Florida 33266. The last four digits of the Debtor's tax identification number are 9595.

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 to Approve This Disclosure Statement and Confirm the Plan*

The hearing at which the Court will determine whether to approve this Disclosure Statement and confirm the Plan will take place at a time and date set forth in the enclosed Order of the Court (the “**Scheduling Order**”). The hearing will take place in Courtroom 8, at the U.S. Bankruptcy Court, 301 North Miami Avenue, Miami, Florida 33128.

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

If you are entitled to vote to accept or reject the Plan, a vote on the enclosed ballot and return the ballot in the enclosed envelope to the Clerk’s Office at U.S. Bankruptcy Court, 301 North Miami Avenue, Room 150, Miami, Florida 33128. See section IV.A. below for a discussion of voting eligibility requirements.

Your ballot must be received by the time and date set forth in the Scheduling Order or 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 the confirmation of the Plan must be filed with the Court and served upon the Debtor by the time and date set by Scheduling Order.

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

If you want additional information about the Plan, you should contact:

Stearns Weaver Miller Weissler Alhadeff & Sitterson, P.A.

Drew M. Dillworth, Esq.

150 West Flagler Street, Suite 2200

Miami, FL 33130

Email: ddillworth@stearnsweaver.com

Counsel for Debtor

II. BACKGROUND

A. Description and History of the Debtor's Business

The Debtor is a Florida not-for-profit organization, founded in 1978 in the Little Havana community of Miami, Florida. It is an affiliate of SER-Jobs for Progress National, Inc. and the network of SER affiliates in 20 states and territories. The Debtor benefits from the assistance of volunteer business leaders, sponsors, and a 100% volunteer Board of Directors. The Debtor's primary purpose is to provide counseling and educational services to assist individuals and families with employment opportunities in the community. Debtor's programs are designed for youth, older individuals, and families on public assistance, but Debtor also offers services to anyone that needs assistance. The Debtor primarily offers outsourcing services to state and local governments, and its programs include (i) advanced technical centers ("**ATC**"); (ii) a senior community service employment program ("**Senior Service Program**"); (iii) housing programs ("**Housing Program**"); and (iv) a stay-in-school program ("**Stay-in-School Program**").

ATC is SER's education division, and the institution educates over 200 students annually. Its educational programs include (i) computer operations; (ii) Cisco network associate; (iii) customer service; (iv) microcomputer data processing; and (v) travel agent.

The Senior Service Program is a community service and work-based program for older workers. Authorized by the Older Americans Act, the program provides subsidized, service-based training for low-income persons 55 years of age or older who are unemployed and have poor job prospects. Participants work an average of 20 hours a week, and are paid the minimum wage. They are placed at non-profit and public facilities, including day-care centers, senior centers, schools and hospitals.

The Housing Program offers housing assistance programs with the guidance and financial backing of its long-time partner, Esperanza USA. The Stay-in-School Program annually assists over 30 at-risk youth attending Homestead Senior High School.

For more information regarding the Debtor, see its website at <http://www.serflorida.org>.

B. 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 person in control of the Debtor's day-to-day business operations was Jose Cela, president. Mr. Cela's affiliation with the Debtor ended in conjunction with the loss of the contract identified in Section II.C. below. The person in control of the Debtor's day-to-day business operations during the Debtor's chapter 11 case has been Manuel Cordoba. Mr. Cordoba's salary is approximately \$90,000.

The Debtor has a volunteer board of directors including the following individuals:

Daniel Llano Montes, Chairman
Lacle Robert, Vice Chairman
Felix M. Lopez, Secretary

Luis J. Vazquez, Treasurer
Eduardo Godoy
Marcelo Beruvides
Melvin Chaves
Barbara Potts
Yolanda Zugasti

After the effective date of the order confirming the Plan, these individuals will remain in their existing positions with the Debtor post-confirmation to the extent they remain willing to devote their time and expertise to the mission of the organization.

C. Events Leading to Chapter 11 Filing

Shortly before the Petition Date, the Debtor lost a contract representing approximately 85% of its gross revenue due to a dispute regarding employee reporting.

D. Significant Events Preceding or Occurring During the Bankruptcy Case

- Debtor's retention of the law firm of Stearns Weaver Miller, et al., was approved by the Bankruptcy Court.
- Establishment of a bar date for creditors to assert claims.
- In connection with the Debtor's filing for Chapter 11 relief, the Debtor has replaced top-level management and moved to a smaller office space in order to reduce its monthly overhead cost.
- No adversary proceedings were filed, but Debtor intends, through the Plan and the claim allowance process, to value its assets for purposes of fixing the value of secured claims, and reduce the overall unsecured creditor pool.

E. Projected Recovery of Avoidable Transfers

The Debtor does not intend to pursue preference, fraudulent conveyance, or other avoidance actions except as follows: (i) claims against Jose Cela relating to (A) the loss of the contract referenced in Section II.C. above and (B) the \$75,000 loan Mr. Cela incurred on the Debtor's behalf without authority from the Debtor's board of directors; and (ii) claims against the employee leasing company relating to the loss of the contract referenced in Section II.C. above.

F. Claims Objections

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.

G. Financial Conditions

The current financial performance of the Debtor is set forth in monthly operating

statements on file with the Court. The identity and fair market value of the Debtor's assets are set forth in the liquidation analysis attached hereto as Exhibit B. A five (5) year projection of the Debtor's income, expenses, and projected payments under the Plan is attached hereto as Exhibit C.

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:

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:

Type	Estimated Amount Owed	Proposed Treatment
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
Expenses incurred by Stearns Weaver Miller et al., as approved by the Court.	\$5,000	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	\$325	Paid in full on the effective date of the Plan
TOTAL	\$5,325	

2. *Priority Tax Claims*

Priority tax claims include 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 Debtor does not anticipate any priority tax claims.

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. *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 prepetition claims and their proposed treatment under the Plan:

Class	Description	Insider	Impairment	Treatment
1	Secured Claim of Wells Fargo Bank, N.A. First priority lien on all asset of Debtor Claim Allowed in amount equal to \$105,000 Remainder of claim, if any, allowed as general unsecured claim in Class 3	No	Yes	Monthly Pmt = \$1,981 Pmts Begin = Est. 9/1/17 Pmts End = 8/1/22 Interest rate = 5% Other Terms = All other prepetition loan documents shall apply.

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.

The following chart lists all classes containing claims under §§ 507(a)(1), (4), (5), (6), and (a)(7) of the Code and their proposed treatment under the Plan:

Class	Description	Impairment	Treatment
2	Priority unsecured claims pursuant to Section 507(a)(4) Estimated total allowed amountt of claims = \$25,000 - \$50,000	Yes	Annual Pmt = \$12,500.00 Pmts Begin = One year from effective date of Plan, or sooner as cash becomes available Pmts End = The sooner of five years following confirmation, or, when allowed priority claims are paid in full

3. *Class 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.

The following chart identifies the Plan's proposed treatment of Class 3, which contain general unsecured claims against the Debtor:

Class	Description	Impairment	Treatment
3	General Unsecured Claims	Yes	Each holder of an allowed Class 3 general unsecured claim shall be paid 1%, in one lump sum on the fifth anniversary of the effective date of the Plan.

4. *Class of Cure Claim of Miami-Dade County*

The claim of Miami-Dade County is a separately classified general unsecured claim. The Debtor proposes to assume its non-residential real property lease with Miami-Dade County provided that the cure claim due, pursuant to § 365 of the Code, will be paid in equal monthly installments of \$500 (in addition to ongoing rent and other charges under the lease) until paid in full.

The following chart identifies the Plan's proposed treatment of Class 4:

Class	Description	Impairment	Treatment
4	Cure Claim of Miami-Dade County	Yes	Monthly Pmt = 500 Pmts Begin = Est. 9/1/17 Pmts End = Est. 5/1/18

5. *Class of Equity Interests*

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, the equity interest holders are the members. Finally, with respect to an individual who is a debtor, the Debtor is the equity interest holder.

Here, the Debtor is a non-profit corporation. Pursuant to the Debtor's organizational documents, no part of Debtor's net earnings inure to the benefit of any person. As a result, no member shall be entitled to any distribution or division of any property or its proceeds. All funds generated are utilized in furthering the Debtor's corporate mission as described above.

Members of Class 5 will not receive anything, are unimpaired, and not entitled to vote.

D. Means of Implementing the Plan

1. *Source of Payments*

Payments and distributions under the Plan will be funded by the continued operations of the Debtor.

2. *Post-confirmation Management*

The Post-Confirmation Managers of the Debtor will be the current voluntary board of directors and management identified in Section II.B.

E. Risk Factors

The Debtor believes that the primary risk of the Plan is that the Debtor is unable to continue to service its current contracts or if the income stream of the Debtor is altered.

F. Executory Contracts and Unexpired Leases

The Plan, in Section 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.

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 as assumed 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.

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 has a right to vote for or against the Plan only if that creditor has a claim that is both (1) allowed or allowed for voting purposes and (2) impaired.

In this case, the Plan Proponent believes that classes 1, 2, and 3 are impaired and that holders of claims in each of these classes are therefore entitled to vote to accept or reject the Plan.

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

Only a creditor with an allowed claim has the right to vote on the Plan. Generally, a claim 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, unless an objection has been filed to such proof of claim. When a claim is not allowed, the creditor holder holding the claim cannot vote unless the Court, after notice and hearing, either overrules the objection or allows the claim 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 is June 30, 2017.
The deadline for filing objections to claims is thirty (30) days after the date of entry of an
Order confirming the Plan.***

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; 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 a 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 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 at 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 B. As set forth therein, only Wells Fargo Bank will receive a distribution if the Debtor's assets are liquidated.

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.

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 C.

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 and Injunction

Upon confirmation of the Plan, and subject only to the occurrence of the effective date, all pre-confirmation claims and debts arising from or relating to the Debtor, whether asserted or not asserted in this bankruptcy case, shall be fully discharged, released, and expunged to the full extent specified in § 1141(d)(1)(A) of the Code; provided, however, the Debtor will not be discharged from any debt or claim: (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).

Except as expressly provided in the Plan, at all times on and after the effective date, all persons who have been, are, or may be holders of debts or claims arising from or relating to Debtor or its business operations prior to the effective date, shall be enjoined from commencing, conducting,

or continuing in any manner, directly or indirectly any suit, action, or other proceeding of any kind, in any manner, or in any place whatsoever that does not conform or comply with the provisions of the Plan.

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.

SER ~~BY~~ JOBS FOR PROGRESS, INC.

By: 

MANUEL CORDOBA, CFO

**STEARNS WEAVER MILLER WEISSLER
ALHADEFF & SITTERSON, P.A.**

By: /s/ Drew M. Dillworth

DREW M. DILLWORTH

Florida Bar No. 0167835

ddillworth@stearnsweaver.com

Museum Tower, Suite 2200

150 West Flagler Street

Miami, Florida 33130

Telephone: (305) 789-3553

Facsimile: (305) 789-3395