

IN THE UNITED STATES BANKRUPTCY COURT  
NORTHERN DISTRICT OF INDIANA  
HAMMOND DIVISION

IN RE:	)	
	)	
New Shiloh Missionary Baptist	)	
Church, Inc.,	)	CASE NO. 16-21531
	)	
	)	CHAPTER 11
Debtor.	)	

DISCLOSURE STATEMENT  
PREPARED IN CONNECTION WITH  
DECEMBER 20, 2017 CHAPTER 11 PLAN

*All Creditors are advised to read this Disclosure Statement and the Plan in their entirety before Voting to Accept or Reject the Plan. Plan Summaries and Statements made in this Disclosure Statement, including the following Summary, are qualified in their entirety by reference to the Plan and the other Exhibits. The Statements contained in this Disclosure Statement are made only as of the date hereof unless otherwise specified, and there can be no assurance that the statements contained herein will be correct at any time after such date.*

*This Disclosure Statement has been prepared in accordance with 11 U.S.C. § 1125 and Bankruptcy Rule 3016 and not necessarily in accordance with Federal or State Securities Laws or other applicable law. Persons or entities trading in or otherwise purchasing, selling or transferring claims should evaluate this Disclosure Statement and the Plan in light of the purposes for which they were prepared.*

*Certain Statements contained in this Disclosure Statement, including forward-looking statements, are based on estimates and assumptions. There can be no assurance that such statements will reflect actual outcomes.*

*The information in this Disclosure Statement is being provided solely for purposes of voting to Accept or Reject the Plan. Nothing in this Disclosure Statement may be used by any person or entity for any other purpose.*

*The Terms of the Plan govern in the Event of any inconsistencies with the Summaries in this Disclosure Statement. All Exhibits to the Disclosure Statement are incorporated into and are a part of this Disclosure Statement as if set forth in full herein.*

*As to Contested Matters, Existing Litigation involving Adversary Proceedings, and other actions or threatened actions, it is the Debtor's position that the Plan and this Disclosure Statement shall not constitute or be construed as an Admission of any Fact or Liability, Stipulation or Waiver, but Rather as a Statement made without prejudice solely for*

*Settlement purposes, with full reservation of rights, and is not to be used for any litigation purpose whatsoever. As such this Disclosure Statement shall not be Admissible in any nonbankruptcy proceeding involving any creditor, or any other party in interest, nor shall it be construed to be conclusive advice on the Tax, Securities, Financial or other effects of the Reorganization as to holders of Claims against or Equity Interests in the Debtor.*

The Debtor, New Shiloh Missionary Baptist Church, Inc. ("Debtor"), furnishes this Disclosure Statement to creditors in the above-captioned matter pursuant to 11 U.S.C. § 1125 to assist the creditors in evaluating the proposed Chapter 11 Plan (the "Plan"), a copy of which is attached hereto as Exhibit "A." Creditors may vote for or against the Plan. Creditors who wish to vote must complete their ballots and return them to the following address before the deadline noted in the Order approving the Disclosure Statement and fixing the time to vote. After the conclusion of the voting period, the Court will schedule a hearing on the Confirmation of the Plan pursuant to 11 U.S.C. § 1129.

Address for Return of Ballots:

**Gordon E. Gouveia, Esq.**  
**GOUVEIA & ASSOCIATES**  
**433 W. 84<sup>th</sup> Drive**  
**Merrillville, IN 46410**

Only creditors that are holders of Allowed Claims that are impaired by the Plan are entitled to vote to *Accept* or *Reject* a proposed Chapter 11 plan. The unimpaired Classes of creditors are deemed to have accepted the Plan and are not entitled to vote. Classes of creditors who shall receive no distribution under the Plan are not entitled to vote and are deemed to have rejected the Plan pursuant to 11 U.S.C. § 1126(g).

Under the Plan, Classes 1 (Secured Claim of Centier Bank), 2 (Secured Claims of the Lake County Treasurer), and 3 (Unsecured Creditors), are impaired and holders of such claims are entitled to vote.

The Bankruptcy Code defines "acceptance" of a plan by a class of claims as acceptance by creditors in that class that hold at least two-thirds in dollar amount and more than one-half in number of the claims that vote for the acceptance or rejection of the plan.

## **I. BACKGROUND OF DEBTOR**

### **1. Name of Debtor:**

The Debtor is the New Shiloh Missionary Baptist Church, Inc. ("Debtor").

2. Type of Debtor:

The Debtor is an Indiana nonprofit corporation with its principal place of business in Lake County, Indiana.

3. Debtor's Business:

Debtor, New Shiloh Missionary Baptist Church, Inc. (the "Church"), is a church, and a duly organized Indiana nonprofit corporation. Although its congregation was founded in the 1950s, the current corporation was created on May 27<sup>th</sup>, 1966. Under its current organization, it has no members. The Church is led by its President and Chief Executive Officer, Pastor Corey Jackson. An advisory council serves as an equivalent to a Board of Directors. The Church is a nonprofit corporation, exempt from state and federal taxation.

The Church has no employees. It does, however, pay stipends to Church members actively involved in its mission, including its Pastor, bookkeeper, and musicians.

The Church relies on tithes, offerings, and other donations to fund its operations. As part of its mission, it also supports other nonprofits within the Gary community, including other churches.

4. Debtor's Mission:

New Shiloh is a ministry that is founded on biblical principles. We serve in the spirit of excellence with integrity and compassion for our community, our nation and our world. We strive on a reputation for reaching the lost and broken and to minister and serve them with the utmost level of dignity and respect. We are the voice and the hand that encourages people to change their lives with hope, comfort and peace.

5. Date of Chapter 11 Petition:

A voluntary petition under Chapter 11 was filed by the Debtor on June 2, 2016.

6. Events that Debtor Asserts Caused the Filing:

Several years ago, faced with declining membership, the Church saw a corresponding decline in tithes and offerings. The Church eventually fell in arrears in its mortgage payments to Centier Bank. At the time Centier Bank accelerated the loan, the Church believed it was approximately thirty (30) days in arrears on payments. Despite efforts to cure the arrearage, Centier Bank initiated foreclosure proceedings and obtained a judgment. A sheriff's sale was set for June 3, 2016.

7. The Bankruptcy Case:



Since the June 2<sup>nd</sup> Petition Date, the Debtor has continued to operate as a going concern. Debtor initially struggled to prepare financial reports, but is now current with operating reports. During the pendency of this case, Debtor has surrendered two vehicles, titled in the name of the Church, after unsuccessful attempts to bring the payments on the notes current. The surrender of those vehicles may result in Deficiency or Administrative Claims which will be treated as Class 3 claims.

Debtor has employed Gordon E. Gouveia and Catherine Molnar-Boncela of Gouveia & Associates as counsel for the current bankruptcy proceedings. To the extent the values provided for in the Plan and this Disclosure Statement are contested, the Church reserves the right to employ an appraiser.

8. Debtor's Anticipated Future Income and Source of this Information and Opinion:

Debtor intends to continue its ongoing operations to fulfill its mission. Debtor's projections are based upon post-petition and historical offerings and donations received by the Church. In the months following the bankruptcy filing, stipend payments were reduced to contain costs, to provide cash flow for anticipated plan payments. More specifically, the Church, based on historical data, and its average income and expenses for the last year, projects ongoing average monthly receipts of \$11,000.00, and average operating expenses (exclusive of plan payments) of \$10,000.00. This projection contemplates the continued role of Pastor Jackson, who qualifies as an "Insider," as the head of the Church, and receipt of monthly stipends (including any housing allowance) in an average amount no greater than \$3,500.00 per month. This leaves funds available for plan payments and unbudgeted emergency expenses.

9. Summary of Classification and Treatment of Claims and Equity Interests Under the Plan:

The Chart beginning on the following page summarizes the classification and treatment of claims and equity interests under the Plan.

Class	Explanation	Plan Treatment	Estimated Allowable Amount
Unclassified Administrative Claims	Unclassified Pursuant to Section 1123(a)(i) of the Bankruptcy Code.	Allowed Administrative Claims, <sup>1</sup> shall be paid in Cash on the later of (a) ten business days after the Administrative Claim Bar Date, (b) the date such Administrative Claim is Allowed, (c) the date on which payment is due in accordance with the agreement or contract giving rise to such Administrative Claim, or (d) such other terms as may be mutually agreed to by the holder of such Administrative Claim and the Debtor.	TBD, but includes the anticipated Claims of Debtor's counsel, with an estimated balance outstanding of \$10,000.00 as of 6/30/17
1 - Secured Claim of Centier Bank	This Class consists of the Allowed Secured Claim of Centier Bank. This class is impaired under the Plan. The Holder of the Class 1 Claim is entitled to vote.	The Allowed Secured Claim of Centier shall be allowed in the amount of \$72,580.00 for purposes of this Plan. The Allowed Claim shall be paid over 15 years at 4.0% interest, in 120 equal monthly installments of \$735.00.	\$72,580.00
2- Secured Claim of Leaf Capital Funding	This Class consists of the Allowed Secured Claim of Leaf Capital Funding. This class is impaired under the Plan. The Holder of the Class 2 Claim is entitled to vote.	The Allowed Secured Claim of Leaf Capital shall be paid on a current basis at \$369 per month with the cure amount to be paid within 30 days of confirmation by a member of the congregation.	\$369 per month

3 - Secured Claims of Lake County Treasurer	This Class Consists of the Allowed Secured Claims of the Lake County Treasurer. This Class is impaired under the Plan. The Holder of Class 2 Claims is entitled to vote.	The Allowed Class 2 Claims shall be allowed in the amount of \$600.00 (\$85.71 for each claim) to be paid within 120 days after the Plan is approved. The Debtor has obtained to agreement of the County to remit this amount in satisfaction of the sewer charges.	\$600.00
4- Unsecured Claims	This Class consists of all Unsecured Claims, including Deficiency Claims. Allowed Class 3 Claims are impaired and are entitled to vote.	Each holder of an Allowed Claim in Class 3 shall receive its pro rata share of total distributions of no less than \$10,000.00, payable from their pro rata share of \$500.00, paid once every quarter for 5 years.	\$32,500.00

10. Monthly Operations:

The Debtor has operated as a debtor in possession, and is current in monthly operating reports. A summary of the financial information submitted through monthly operating reports is attached hereto as Exhibit "B".

II. **CREDITORS**

The following summarizes the treatment of all Claims in this case.

1. **ADMINISTRATIVE:**

The Debtor believes that substantially all of the Debtor's Administrative Claimants have been paid, will be paid through agreed payment arrangements, or will be paid in the ordinary course of business, other than professionals whose fees require Bankruptcy Court approval. Debtor's counsel anticipates unpaid fees of \$12,000 as of January 30, 2018.

2. **SECURED CLAIMS:**

<sup>1</sup> Except to the extent that the holder thereof agrees to a different treatment, all Allowed Administrative Claims, other than Administrative Claims arising from the Debtor's retention of professionals, shall be paid in Cash on the later of (a) ten business days after the Administrative Claim Bar Date, (b) the date such Administrative Claim is Allowed, (c) the date on which payment is due in accordance with the agreement or contract giving rise to such Administrative Claim, or (d) such other terms as may be mutually agreed to by the holder of such Administrative Claim and the Debtor.



Class/Creditor	Amount Scheduled	Proof of Claim	Estimated Allowed Secured Claim	Deficiency Claim
Centier Bank	\$69,025.33	Claim No. 3 \$72,580.94	72,580.00	0
Leaf Capital Funding	Not scheduled	Executory Contract for lease of copier	Claim #2 \$21,301 \$ 369 per month on lease	to be paid by donation by member of congregation
Lake County Treasurer	\$522.00	Claim No. 4 \$563.65	85.71	0
Lake County Treasurer <sup>1</sup>	\$1,300.00	Claim No. 5 \$1,471.00	85.71	0
Lake County Treasurer <sup>1</sup>	\$2,105.31	Claim No. 6 \$2,421.41	85.71	0
Lake County Treasurer <sup>1</sup>	\$295.80	Claim No. 7 \$413.40	85.71	0
Lake County Treasurer <sup>1</sup>	\$1,430.00	Claim No. 8 \$1,601.00	85.71	0
Lake County Treasurer <sup>1</sup>	\$1,300.00	Claim No. 9 \$1,471.00	85.71	0
Lake County Treasurer <sup>1</sup>	\$295.80	Claim No. 10 \$413.00	85.71	0

### 3. PRIORITY CLAIMS:

Class/Creditor	Amount Scheduled	Proof of Claim	Estimated Allowed Priority Claim
Internal Revenue Service	None	Not filed	0
Indiana Department of Revenue	None	Not filed	0

<sup>1</sup> Claims were initially filed as priority claims, but treated as secured for the Plan.

**4. UNSECURED CLAIMS:**

Class/Creditor	Amount Scheduled	Proof of Claim	Estimated Allowed Unsecured Claim
Corey D. Jackson	unknown	Not filed	0
Ford Motor Credit	\$6,500.00	Not filed	\$6,500.00
Proven Business Systems	unknown	Not filed	0
Ally Bank	\$24,000.00	Claim No. 1 \$25,478.44	\$16,256.54
Nissan – Infiniti LT	\$23,925.00	Claim No. 11 \$25,827.20	\$25,827.20

Amount Originally Scheduled:

Secured: \$76,274.24  
Priority: \$ 0  
Unsecured: \$54,425.00

Estimated Allowed Claims to be provided for in plan:

Administrative: TBD, but at least \$12,000.00 (to be paid in full)  
Secured: \$73,280.00 (to be paid in full)  
Priority: \$ 0  
Unsecured: \$48,583.74 (to be paid \$10,000)

Unsecured Creditors are being paid \$10,000.00 total. Based upon estimated total Unsecured Claims, including Deficiency Claims of Secured Creditors, Unsecured Creditors will be paid approximately 20% of their claim.

**III. ASSETS**

The Debtor's primary asset consists of the church and its underlying real estate, as well as the personal property used in connection with its ministry. These principal assets are maintained through tithes, offerings, and other donations received by the Church, and those funds will be used to fund the plan. Although not anticipated, additional funds may be generated



through the sale of six lots located in Gary, Indiana. A summary of the Debtor's Assets is attached hereto as Exhibit "C".

#### IV. SUMMARY OF PLAN

##### 1. Treatment of Administrative Claims.

Administrative Claims are unclassified. Except to the extent that the holder thereof agrees to a different treatment, all Allowed Administrative Claims, other than Administrative Claims arising from the Debtor's retention of professionals, shall be paid in Cash on the later of (a) ten business days after the Administrative Claim Bar Date, (b) the date such Administrative Claim is Allowed, (c) the date on which payment is due in accordance with the agreement or contract giving rise to such Administrative Claim, or (d) such other terms as may be mutually agreed to by the holder of such Administrative Claim.

##### 2. Treatment of Secured Claims.

The Allowed Class 1 Secured Claim of Centier Bank shall be allowed in the full amount of its Claim of \$72,580.00 for purposes of this Plan. Centier Bank's claim will be amortized at 4.0% interest over 10 years, and paid in 120 equal monthly installments of \$735.

The Allowed Class 2 Secured Claim of Leaf Capital Funding shall be paid at the amount of \$369 per month with the cure amount to be paid through a donation by a member of the congregation. The use of the copier is essential to the mission of the Church.

The Allowed Class 3 Secured Claims of the Lake County Treasurer shall be allowed in the amount of \$600.00 (\$85.71 for each claim) for purposes of this Plan. To the extent the Claims are allowed in excess of \$600.00, Debtor will contest the additional amounts due, based upon its nonprofit status and value of the property subject to the property tax lien, and will elect to: 1) retain the property and pay the claim in full, within ninety (90) days following confirmation of the plan or upon terms mutually agreeable to Debtor and Class 2 Creditor; or 2) sell or abandon the real estate subject to the Secured Claim to resolve the secured claims.

The property secured by Class 3 Secured Claims of the Lake County Treasurer consists of a number of real estate parcels. One parcel contains the church building, and the remainder are lots that are vacant, or in a state of disrepair. Apart from the church, it is believed none of the parcels subject to real estate tax liens are marketable, and they have nominal value. If the claims are greater than the Allowed amounts, the Lake County Treasurer will receive value that is equivalent, or greater than, any amount received in Chapter 7 or other liquidation, as it will receive the parcel subject to the lien, or the value of its Claim through a sale.

##### 3. Treatment of Priority Claims.

There are no Priority Claims payable under the Plan.

**4. Treatment of General Unsecured Claims.**

Each holder of an Allowed Unsecured Claim in Class 4 shall receive a pro rata share of total distributions over five years of no less than \$10,000.00. Creditors with Allowed Class 3 Claims shall be paid their pro rata share of quarterly payments of \$500, beginning fifteen (15) days after the Commencement Date.

This Class includes Deficiency Claims of Secured Creditors. All Deficiency Claims not specifically Allowed as of the Confirmation Date must be filed no later than forty-five (45) days after the Effective Date, or such claims shall be forever barred. In this disclosure statement, deficiency claims have been estimated, but not Allowed.

The approximate value of all of Debtor's personal property, which is unencumbered by any lien, is \$11,632.96 pursuant to Exhibit "C". Unsecured Creditors are receiving an amount greater than they would receive in a Chapter 7 or other liquidation, as they are receiving an amount in excess of the value of unencumbered property scheduled by Debtor, with deduction for reasonable liquidation expenses of 25%.

**5. Treatment of Executory Contracts.**

Debtor intends to assume its photocopier lease contract with LEAF Capital Funding, LLC. Negotiation of "cure" and other assumption terms are ongoing. The monthly lease payment is \$369 per month as further described in connection with the Class 2 secured claim.

Debtor intends to reject all other Executory Contracts, unless explicitly assumed.

**V. COMPARISON OF PLAN WITH CHAPTER 7 LIQUIDATION**

If the plan is not confirmed, the potential alternatives would include proposal of a different plan, dismissal of the case or conversion of the case to Chapter 7. If this case is converted to a Chapter 7, a trustee will be appointed to liquidate the Debtor's non-exempt assets. In this event, all secured claims and any priority claims, including all expenses of administration, must be paid in full before any distribution is made to unsecured claimants. As discussed above, each Class will receive better treatment under the Plan than it would receive in a Chapter 7 liquidation.

Creditors should primarily analyze the information supplied to determine whether it would be in their best interest to accept the Plan or reject it. In making this determination, creditors should take note of the importance of their actually voting either to accept or reject the Plan. This is so because the Bankruptcy Code authorizes the bankruptcy court to confirm a chapter 11 plan or reorganization if the plan is accepted by all classes of creditors if it is demonstrated to be feasible.

If all classes of creditors accept the plan (by means of a majority vote of the voting members of the class whose claims constitute two-thirds or more in value of the outstanding total



claims of all voting members of the class), then the bankruptcy court may confirm the plan on a showing of the plan's feasibility and that dissenting creditors will receive as much under the plan as they would receive in straight liquidation and that the "absolute priority" rule is observed or waived. Because the Debtor in a nonprofit corporation and has no members, the "absolute priority" rule does not apply.

It is to be observed that at least one actually impaired class must, in any case, affirmatively vote to accept the plan (by a majority of the voting creditors whose claims total at least two-thirds of all the claims of the voting class) or else the bankruptcy court may not confirm the plan. Further, creditors should observe that it is important for each of them to vote because the acceptance or rejection of classes is to be determined on this basis of the voting membership of each class. Nonvoting membership is ignored for the purpose of determining whether a majority of members who holds two-thirds or more of value of claims accepts the plan. A failure to vote will not be counted as a rejection of the plan.

#### **VI. FEASIBILITY AND RISK**

The Debtor's intentions as outlined in the Plan and Disclosure Statement are feasible. The risk factors related to the Church's ability to make plan payments include the risk of declining Church membership and attendance, or any unforeseen change in Church leadership. The projected monthly income and expenses do not provide for growth.

Assuming a market is found for any retained lots owned by the Church, shortfalls in projected receipts may be reconciled through sale of the real estate lots, if a buyer can be identified, or through community outreach and fundraising.

The projections of monthly income and expenses contained in Section I, paragraph 7, are merely estimates and not guaranteed results, but the Church believes that it can achieve the results as set forth in the projections. Payments are to be made from the Debtor's operations in accordance with the projections.

#### **VII. LITIGATION**

The Plan does not currently anticipate initiating any major litigation.

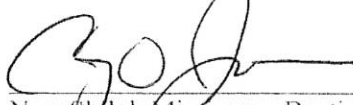
#### **VIII. CERTIFICATION**

The undersigned hereby certifies that the information herein is true and correct to the best of my knowledge and belief after reasonable inquiry.

APPROVED BY PASTOR JACKSON ON JANUARY \_\_\_, 2018 – DISCLOSURE  
STATEMENT REMAINS SUBJECT TO CHURCH TRUSTEE ADVISORY COUNCIL  
APPROVAL



NEW SHILOH MISSIONARY BAPTIST CHURCH, INC.



New Shiloh Missionary Baptist Church, Inc.

By: Cory Jackson

Its: Chief Executive Officer

/s/ Gordon E. Gouveia

Gordon E Gouveia, # 7235-45

Gouveia & Associates

433 W. 84<sup>th</sup> Drive

Merrillville, IN 46410

Telephone: (219) 736-6020

Email: [gm6020@aol.com](mailto:gm6020@aol.com)

Attorney for Debtor

CERTIFICATE OF SERVICE

I, the undersigned hereby certify that on the 26th day of January, 2018, a true and complete copy of the Disclosure Statement of New Shiloh Missionary Baptist Church, Inc. was served by electronic mail or by depositing same in the United States Mail in envelopes properly addressed and with sufficient first class postage affixed to the below addresses.

United States Trustee @ [ustpreion10.so.ecf@usdoj.gov](mailto:ustpreion10.so.ecf@usdoj.gov)

Lawrence A. Kalina, [dkobar@sjdlaw.com](mailto:dkobar@sjdlaw.com)

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/s/ Gordon E. Gouveia

Gordon E. Gouveia