

**UNITED STATES BANKRUPTCY COURT
DISTRICT OF MINNESOTA**

In Re:

BKY CASE No. 16-31466

S. Hemenway, Inc.,
Debtor.

DEBTOR'S DISCLOSURE STATEMENT

- I. INTRODUCTION
- II. NATURE AND HISTORY OF DEBTOR'S BUSINESS AND EVENTS LEADING TO THE FILING OF CHAPTER 11
 - A. Organization and Operations
 - B. Events Leading to Chapter 11 Filing
 - C. Events Subsequent to Filing Chapter 11
- III. CLAIMS AGAINST OTHERS
 - A. Preferences
 - B. Claims Against Insiders
 - C. Compensation of Officers
 - D. Objections to Claims Against Debtor
- IV. DESCRIPTION OF DEBTOR'S PLAN OF REORGANIZATION
 - A. Description of Classes of Claims
 - B. Treatment of Claims Under the Plan
 - C. Claims
 - D. Administrative Expense Claims
 - E. Executory Contracts
 - F. Means for Execution of Plan
- V. CONFIRMATION STANDARDS
 - A. Who May vote or Object
 - B. Liquidation Analysis
 - C. Feasibility
 - D. Discharge of Debtor
 - E. Modification of Plan
 - F. Final Decree
- VI. CONCLUSION

I.

INTRODUCTION

S. Hemenway, Inc. (“Debtor”) filed a case pursuant to Chapter 11 of the United States Bankruptcy Code on May 2, 2016. Debtor is filing this Disclosure Statement (“Disclosure Statement”), which has been prepared for the Bankruptcy Court’s approval for submission to the holders of the claims and interests with respect to Debtor and its assets. Capitalized terms used in this Disclosure Statement shall have the meanings given to them in the Plan or by the Bankruptcy Code unless the context otherwise requires.

Chapter 11 is the principal reorganization chapter of the Bankruptcy Code. Debtor is protected by the automatic stay provisions of Section 362 of the Bankruptcy Code while it attempts to present a plan of reorganization to its creditors.

Debtor’s Disclosure Statement is furnished pursuant to Section 1125 of the Bankruptcy Code and is intended to provide all persons known to have claims against Debtor with sufficient information to permit them to make an informed judgment as to their votes to accept or reject the Plan. No representations concerning Debtor, particularly as to its future business operations, the value of its property, other than those set forth in this Disclosure Statement, are authorized by Debtor.

ANY REPRESENTATIONS OR INDUCEMENTS MADE TO SECURE YOUR ACCEPTANCE WHICH ARE OTHER THAN THOSE IN THIS DISCLOSURE STATEMENT SHOULD NOT BE RELIED UPON BY YOU IN ARRIVING AT YOUR DECISION, AND ANY SUCH ADDITIONAL REPRESENTATIONS OR INDUCEMENTS SHOULD BE REPORTED TO COUNSEL FOR DEBTOR OR TO THE UNITED STATES TRUSTEE, WHO, IN TURN, SHALL DELIVER THIS INFORMATION TO THE BANKRUPTCY COURT FOR SUCH ACTIONS AS MAY BE DEEMED APPROPRIATE.

THE FINANCIAL INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT HAS BEEN PROVIDED BY DEBTOR BUT HAS NOT BEEN INDEPENDENTLY AUDITED. ALL STATEMENTS CONCERNING FINANCIAL DATA ARE MADE IN GOOD FAITH AND ARE INTENDED TO BE AS COMPLETE AND AS ACCURATE AS POSSIBLE WITHIN THESE LIMITATIONS. BANKRUPTCY COUNSEL FOR DEBTOR HAS NOT VERIFIED ANY OF THE INFORMATION SET FORTH IN THIS DISCLOSURE STATEMENT.

Definitions of terms used in this Disclosure Statement are provided in Article 8 of Debtor’s Plan of Reorganization, which is submitted herewith.

II.

NATURE AND HISTORY OF DEBTOR'S BUSINESS AND EVENTS LEADING TO THE FILING OF THE CHAPTER 11 CASE

A. Organization and Operations.

The Debtor is owned by Scott Hemenway. There are no other shareholders. Mr. Hemenway is the principle officer of the Debtor. It is the Debtor's intention to have him continue in those capacities subsequent to Court approval of the Debtor's Plan of Reorganization.

B. Events Leading to the Filing of Chapter 11.

Mr. Hemenway was separated from his wife in 2013. He was divorced from his wife in 2014. The divorce had a negative impact on Mr. Hemenway personally, professionally, and financially. The Debtor suffered along with Mr. Hemenway. The Debtor's revenues declined by 31% between the middle of 2013 and the end of the calendar year 2014. In mid-2014, the Debtor obtained a short-term loan to allow it to continue operating. The payments were substantial and in excess of \$15,000 per month.

In October 2014, the Debtor had to terminate its chief operating officer. In addition, in October 2014, the Debtor's key sales personnel left. In November of 2014, the Debtor's lead nurse left her employ with the Debtor.

The Debtor was required to restructure its operation to maintain its Minnesota homecare license. The Debtor estimates that this relicensing cost it somewhere between \$15,000 and \$20,000.

The Debtor's sales revenues for 2012 were approximately \$4,200,000. In 2013, revenues declined to \$3,600,000. Revenues declined again in 2014 to \$2,900,000. They rose slightly in 2015, to \$3,300,000.

In late 2014, the Debtor commenced falling behind in making its withholding tax deposits to the IRS and the Minnesota Department of Revenue. During 2015, the Debtor was attempting to reorganize its operations so as to reduce expenses and improve its cash flow. The Debtor continued to fall behind in making withholding tax deposits due to these cash flow difficulties. At the start of 2015, Scott Hemenway owed, as a loan, the sum of \$375,000 to the Debtor. During 2015, this loan was increased by approximately \$417,000. The loan proceeds were used by Mr. Hemenway to pay income taxes, make alimony payments, mortgage and car expenses and schooling for his children.

In the fall of 2015, the Debtor employed Tax Defense Partners of California to aid the Debtor in working with the IRS to work out a payment plan. Unfortunately, the decision to retain Tax Defense Partners turned out to be disastrous. The

Debtor could not get responses from the entity it sought to have represent it. Ultimately, Tax Defense Partners would not communicate with the Debtor or with the IRS. This led to the issuance of levies and forced the Debtor to seek the protection of Chapter 11, which it did in May of 2016.

Attached to the Disclosure Statement and marked as **Exhibit A** is a Liquidation Analysis. Attached to the Disclosure Statement and marked as **Exhibit B** are projections for the ongoing operation of the Debtor. Attached to the Disclosure Statement and marked as **Exhibit C** is a summary of the Operating Reports for the Debtor since filing Chapter 11.

C. Financial History and Events Subsequent to Filing a Petition.

1. Retention of Professionals:

The Debtor has retained Steven B. Nosek as Debtor's bankruptcy counsel. The Debtor has retained Frederick Rosen as the Debtor's accountant.

2. Creditors Committee:

There is no Committee of Unsecured Creditors in this case.

III.

CLAIMS AGAINST OTHERS

A. Preferences

The Debtor does not believe there have been preferential transfers to creditors.

B. Claims Against Insiders

The Debtor does not believe that there have been preferential transfers to insiders that can be recovered by the Debtor. The money loaned to Scott Hemenway cannot be repaid by him for the following reasons: (i.) He continues to pay alimony to his former wife; (ii.) He has reduced his salary to aid in the Debtor's reorganization; (iii.) All projected profits are to be utilized by the Company to repay debt to creditors as described in this Plan.

C. Compensation of Member

Scott Hemenway is the owner and sole member of the Debtor. His annual compensation is \$65,000. Mr. Hemenway will manage the Debtor following confirmation of the Debtor's Plan of Reorganization.

D. Objections to Claims Against Debtor

The claim filing bar date for creditors other than governmental units was September 7, 2016. The claim filing bar date for governmental units was September 7, 2016. The Debtor anticipates asserting certain claim objections.

IV.

DESCRIPTION OF DEBTORS PLAN OF REORGANIZATION

A. DESCRIPTION OF CLASSES OF CLAIMS

- 2.01 Class 1. The Secured Claim of the Internal Revenue Service in the amount of \$751,644.91. The Claim consists of a Secured Claim in the amount of \$526,413.62, a Priority Unsecured Claim in the amount of \$173,167.06 and an Unsecured Non-Priority Claim in the amount of \$39,552.73.40. The secured portion of this Claim will be dealt with in Class 1, the Unsecured Priority portion of the Claim will be dealt with in 3.02 of the Debtor's Plan of Reorganization. The Unsecured Non-Priority portion of the Claim will be treated as an Unsecured Claim in Class 4 of the Debtor's Plan of Reorganization. The Debtor will make a total of 60 monthly payments from the filing date in the amount of \$9,694.71 to pay the claim in full. Interest will accrue at 4% per annum.
- 2.02 Class 2. The secured claim of Unity Bank in the approximate amount of \$162,000.00. The Debtor will make monthly payments in the amount of \$3,000.00 until the claim is paid in full at an interest rate of 5% per annum.
- 2.03 Class 3. The executory contracts between the Debtor and Living Assistance, Inc. The Debtor owes approximately \$60,313.00 on the two Franchise Agreements. The Debtor will assume the executory contracts between it and the Class 3 creditor and will make monthly payments in the amount of \$2,000.00 until the outstanding balance has been paid in full.
- 2.04 Class 4. All non-insider unsecured claims without priority allowed under 11 U.S.C. §502 of the Bankruptcy Code.
- 2.05 Class 5. Equity Shareholder interests of the Debtor.

B. TREATMENT OF CLAIMS UNDER THE PLAN

Class	Impairment	Treatment
Class 1 – Secured Claim of the Internal Revenue Service	Unimpaired	The Internal Revenue Service has filed an Amended Secured Claim in the amount of \$526,413.62. The Internal Revenue Service also holds a Priority Unsecured Claim in the amount of \$173,167.06 and an Unsecured Non-Priority Claim in the amount of \$39,552.73. The Debtor entered into an Adequate Protection Agreement with the Internal Revenue Service at the outset of filing Chapter 11. The Agreement has been approved by the Court. The Debtor has made monthly payments, and continues to make monthly payments to the IRS, in the amount of \$9,694.71 per month since the filing date in May 2016. The Debtor will continue to make monthly payments (approximately 52 monthly payments) to the Class 1 creditor in the amount of \$9,694.71 per month both prior to and subsequent to Plan Confirmation until the balance is paid in full. This will pay the Secured Claim and Unsecured Priority Claim of the Internal Revenue Service. Interest will accrue at the rate of 4% per annum. The Internal Revenue Service will retain its lien until completion of the Plan of Reorganization.
Class 2 – Secured Claim of Unity Bank	Unimpaired	Unity Bank has made three (3) loans to the Debtor. Those are loan nos.: 3000100260; 3000102628 and 3000103002. The three (3) loans have a balance of approximately \$162,000.00. The Debtor has made no payments to Unity Bank on these loans since the filing date. Upon Plan confirmation, the Debtor will commence making monthly payments to Unity Bank in the amount of \$3,000.00 per month until the Claim is paid in full. Interest will accrue at 5% per annum. Unity Bank will retain its security interest and lien on the Debtor’s assets until completion of the Plan of Reorganization.

Class 3 – Executory Contract with Living Assistance	Unimpaired	The two executory contracts between the Debtor and Living Assistance, Inc. The Debtor owes approximately \$60,313.00 on the executory contracts in this Class. The Debtor will assume the two executory contracts between it and the Class 3 creditor and will make monthly payments in the amount of \$2,000.00 until the outstanding balance has been paid in full.
Class 4 – Unsecured Creditors	Impaired	The non-insider Unsecured Creditors of the Debtor total approximately \$130,000.00. The Debtor will pay each allowed unsecured creditor 5% of the allowed unsecured Claim in Class 4 on or before December 30, 2017.
Class 5 – Equity Security Holders	Unimpaired	The Equity Security Holder of the Debtor will retain entirely his membership interests in the Debtor.

Class 4 is Impaired under this Plan and is entitled to vote for or to reject the Plan. Classes 1, 2, 3, and 5 are Unimpaired.

C. CLAIMS

1. 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.

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

D. ADMINISTRATIVE EXPENSE CLAIMS

1. Unclassified Claims. Under 11 U.S.C. §1123 (a)(1), administrative expense claims, and priority tax claims are not classified.

2. Administrative Expense Claims. Each holder of an administrative expense claim allowed under 11 U.S.C. §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. The Debtor estimates that unpaid administrative expense claims will not exceed \$15,000.00.

3. Priority Tax Claims. Each holder of a priority unsecured tax claim will be paid consistent with §1129(a)(9)(C) of the Code. The Debtor believes there are no priority unsecured wage claims or any other priority claims owed to any entity or individual. Any payments to unsecured priority tax creditors will be paid over 52 months from the date of the filing of the Petition in accordance with §1129(a)(c) of the Bankruptcy Code. The Minnesota Department of Revenue has filed an unsecured claim in the amount of \$41,157.18. The Debtor will make 52 monthly payments in the amount of \$757.97 to pay the claim in full. Interest will accrue at the rate of 4% per annum. In addition, the Debtor owes an Unsecured Priority Claim to the Internal Revenue Service. See the Treatment proposed for the Class 1 creditor. The Debtor will continue to make those payments to the Internal Revenue Service.

4. 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. The Debtor will continue to file disbursement reports with the Office of the US Trustee while the bankruptcy case remains open.

E. EXECUTORY CONTRACTS

Assumed Executory Contracts and Unexpired Leases.

- (i) The Debtor assumes the following executory contracts and/or unexpired leases effective upon the Effective Date of this Plan as provided in Article VII: The franchise agreements held by the Debtor with Living Assistance.
- (ii) The Debtor will be conclusively deemed to have rejected all executory contracts and/or unexpired leases not expressly assumed under section E(i) above, or before the date of the order confirming this Plan.

F. MEANS FOR EXECUTION OF PLAN

The current Member and Owner of the Debtor is Scott Hemenway. He will remain the owner and an employee of the Debtor. The Debtor intends to make payments required under the Plan from ongoing cash flow generated by continued operations. Any questions regarding this Plan may be directed to the Debtor: Scott Hemenway c/o S. Hemenway, Inc., 500 E. Travelers Trail, Suite 100, Burnsville, MN 55337, 952-388-2511.

V.

CONFIRMATION STANDARDS

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.

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.

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.

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.

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. 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 A**.

C. 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 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.

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 B**.

The Debtor's financial projections show that the Debtor will have an aggregate annual positive cash flow, after paying operating expenses. The projections show that the Debtor will be able to fund future payments due under the Plan

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

D. Discharge of Debtor

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.

E. 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.

F. 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.

CONCLUSION

Debtor believes that acceptance of the Plan is in the best interest of all parties. Debtor urges all holders of claims and interests to vote in favor of the Plan.

Dated: 11-23, 2016.

S. HEMENWAY, INC.

By: 
Scott Hemenway, President

S. HEMENWAY, INC.

LIQUIDATION ANALYSIS

ASSETS	7-31-2016 BALANCE SHEET	LIQUIDATION VALUE
Cash and Checking Account	(\$40,000.00)	\$0.00
Accounts Receivable	\$113,000.00	\$113,000.00
Intercompany Accounts Receivable-Geneva Sts.	\$2,700.00	\$2,700.00
Visiting Angels STP	\$98,000.00	\$5,000.00
Due from Owner¹	\$813,000.00	\$0.00
Office Equipment	\$161,000.00	\$15,000.00
Vehicles²	\$104,000.00	\$0.00
Franchise³	\$40,000.00	\$10,000.00
TOTAL	<u>\$1,291,700.00</u>	<u>\$145,700.00⁴</u>

¹ A shutdown of the Debtor will force the Owner to seek personal bankruptcy.

² All vehicles are encumbered. Debtor has minimal equity.

³ Franchise may be assignable but Franchisor is owed \$41,000 in pre-bankruptcy unpaid franchise fees.

⁴ All assets are subject to security interests or liens. Unity Bank claims \$238,901.23. The Internal Revenue Service liens total \$751,644.91. Unsecured creditors will receive zero if the Debtor is liquidated.

EXHIBIT A – DISCLOSURE STATEMENT

S Hemenway, Inc.

	Oct-16	Nov-16	Dec-16
Revenue	\$ 234,217	\$ 234,217	\$ 235,388
Caregiver Wages	\$ 121,822	\$ 121,822	\$ 122,431
Caregiver Costs	\$ 3,493	\$ 3,493	\$ 3,493
Office Salaries and Wages	\$ 60,964	\$ 62,054	\$ 62,054
Benefits	\$ 3,138	\$ 6,388	\$ 6,388
Advertising	\$ 500	\$ 500	\$ 500
Bad Debts			\$ 1,000
Bank Service Charges	\$ 50	\$ 50	\$ 50
Payment/Credit Card Processing	\$ 2,000	\$ 2,000	\$ 2,000
Printer/Copier Maintenance	\$ 500	\$ 500	\$ 500
Franchise Fees	\$ 9,047	\$ 9,047	\$ 9,055
Homecare Licenses (renew in September)			
IT Support/Software	\$ 1,970	\$ 1,970	\$ 1,970
Insurance	\$ 808	\$ 808	\$ 808
Meetings and Special Events	\$ 150	\$ 150	\$ 150
General Office Supplies	\$ 200	\$ 200	\$ 200
General Repairs and Maintenance	\$ 100	\$ 100	\$ 100
Outside Printing	\$ 250	\$ 250	\$ 250
Postage	\$ 150	\$ 150	\$ 150
Professional Fees	\$ 2,500	\$ 2,500	\$ 2,500
Payroll Processing - Paychex	\$ 675	\$ 675	\$ 675
Rent & Utilities	\$ 3,000	\$ 3,000	\$ 3,000
Telephone / Internet	\$ 904	\$ 904	\$ 904
Travel & Entertainment	\$ 500	\$ 500	\$ 500
Total Expenses	\$ 212,720	\$ 217,060	\$ 218,678
Net Income/(Loss)	\$ 21,497	\$ 17,157	\$ 16,710
Other Cash Flow Items			
MN State Withholding			
Federal Tax Requirement	\$ 9,695	\$ 9,695	\$ 9,695
Living Assistance Services			
Unity Bank			
Unsecured Creditors 5% Settlement			
Cash Flow After "Other"	\$ 11,802	\$ 7,462	\$ 7,015

S Hemenway, Inc.

	Jan-17	Feb-17	Mar-17	Apr-17	May-17	Jun-17	Jul-17	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17	2017
Revenue	\$ 236,565	\$ 237,748	\$ 238,936	\$ 240,131	\$ 241,332	\$ 242,538	\$ 243,751	\$ 244,970	\$ 246,195	\$ 247,426	\$ 248,663	\$ 249,906	\$ 2,918,158
Caregiver Wages	\$ 123,043	\$ 123,658	\$ 124,277	\$ 124,898	\$ 125,523	\$ 126,150	\$ 126,781	\$ 127,415	\$ 128,052	\$ 128,692	\$ 129,336	\$ 129,982	\$ 1,517,807
Caregiver Costs	\$ 3,493	\$ 3,493	\$ 3,493	\$ 3,493	\$ 3,493	\$ 3,493	\$ 3,493	\$ 3,493	\$ 3,493	\$ 3,493	\$ 3,493	\$ 3,493	\$ 41,916
Office Salaries and Wages	\$ 62,054	\$ 62,054	\$ 62,054	\$ 62,054	\$ 62,054	\$ 62,054	\$ 62,054	\$ 62,054	\$ 62,054	\$ 62,054	\$ 62,054	\$ 62,054	\$ 744,644
Benefits	\$ 3,888	\$ 3,888	\$ 3,888	\$ 3,888	\$ 3,888	\$ 3,888	\$ 3,888	\$ 3,888	\$ 3,888	\$ 3,888	\$ 3,888	\$ 3,888	\$ 52,150
Advertising	\$ 500	\$ 500	\$ 500	\$ 500	\$ 500	\$ 500	\$ 500	\$ 500	\$ 500	\$ 500	\$ 500	\$ 500	\$ 6,000
Bad Debts	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Bank Service Charges	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 2,000
Payment/Credit Card Processing	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 24,000
Printer/Copier Maintenance	\$ 500	\$ 500	\$ 500	\$ 500	\$ 500	\$ 500	\$ 500	\$ 500	\$ 500	\$ 500	\$ 500	\$ 500	\$ 6,000
Franchise Fees	\$ 9,064	\$ 9,073	\$ 9,082	\$ 9,091	\$ 9,100	\$ 9,109	\$ 9,118	\$ 9,127	\$ 9,136	\$ 9,146	\$ 9,155	\$ 9,164	\$ 109,366
Homecare Licenses (renew in September)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,000	\$ -	\$ -	\$ -	\$ 6,000
IT Support/Software	\$ 1,970	\$ 1,970	\$ 1,970	\$ 1,970	\$ 1,970	\$ 1,970	\$ 1,970	\$ 1,970	\$ 1,970	\$ 1,970	\$ 1,970	\$ 1,970	\$ 23,640
Insurance	\$ 558	\$ 558	\$ 558	\$ 558	\$ 558	\$ 558	\$ 558	\$ 558	\$ 558	\$ 558	\$ 558	\$ 558	\$ 6,700
Meetings and Special Events	\$ 150	\$ 150	\$ 150	\$ 150	\$ 150	\$ 150	\$ 150	\$ 150	\$ 150	\$ 150	\$ 150	\$ 150	\$ 1,800
General Office Supplies	\$ 200	\$ 200	\$ 200	\$ 200	\$ 200	\$ 200	\$ 200	\$ 200	\$ 200	\$ 200	\$ 200	\$ 200	\$ 2,400
General Repairs and Maintenance	\$ 100	\$ 100	\$ 100	\$ 100	\$ 100	\$ 100	\$ 100	\$ 100	\$ 100	\$ 100	\$ 100	\$ 100	\$ 1,200
Outside Printing	\$ 250	\$ 250	\$ 250	\$ 250	\$ 250	\$ 250	\$ 250	\$ 250	\$ 250	\$ 250	\$ 250	\$ 250	\$ 3,000
Postage	\$ 150	\$ 150	\$ 150	\$ 150	\$ 150	\$ 150	\$ 150	\$ 150	\$ 150	\$ 150	\$ 150	\$ 150	\$ 1,800
Professional Fees	\$ 750	\$ 750	\$ 750	\$ 750	\$ 750	\$ 750	\$ 750	\$ 750	\$ 750	\$ 750	\$ 750	\$ 750	\$ 9,000
Payroll Processing - Paychex	\$ 675	\$ 675	\$ 675	\$ 675	\$ 675	\$ 675	\$ 675	\$ 675	\$ 675	\$ 675	\$ 675	\$ 675	\$ 8,100
Rent & Utilities	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000	\$ 36,000
Telephone / Internet	\$ 904	\$ 904	\$ 904	\$ 904	\$ 904	\$ 904	\$ 904	\$ 904	\$ 904	\$ 904	\$ 904	\$ 904	\$ 10,848
Travel & Entertainment	\$ 500	\$ 500	\$ 500	\$ 500	\$ 500	\$ 500	\$ 500	\$ 500	\$ 500	\$ 500	\$ 500	\$ 500	\$ 6,000
Total Expenses	\$ 213,799	\$ 214,423	\$ 215,050	\$ 215,681	\$ 216,314	\$ 216,951	\$ 217,591	\$ 218,234	\$ 224,880	\$ 225,029	\$ 220,182	\$ 222,838	\$ 2,620,972
Net Income/(Loss)	\$ 22,766	\$ 23,324	\$ 23,886	\$ 24,450	\$ 25,017	\$ 25,587	\$ 26,160	\$ 26,736	\$ 21,315	\$ 22,396	\$ 28,480	\$ 27,068	\$ 297,187
Other Cash Flow Items													
MN State Withholding	\$ 758	\$ 758	\$ 758	\$ 758	\$ 758	\$ 758	\$ 758	\$ 758	\$ 758	\$ 758	\$ 758	\$ 758	\$ 9,096
Federal Tax Requirement	\$ 9,695	\$ 9,695	\$ 9,695	\$ 9,695	\$ 9,695	\$ 9,695	\$ 9,695	\$ 9,695	\$ 9,695	\$ 9,695	\$ 9,695	\$ 9,695	\$ 116,340
Living Assistance Services	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 24,000
Unity Bank	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000	\$ 36,000
Unsecured Creditors 5% Settlement	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Cash Flow After "Other"	\$ 7,313	\$ 7,871	\$ 8,433	\$ 8,997	\$ 9,565	\$ 10,134	\$ 10,707	\$ 11,283	\$ 5,862	\$ 6,943	\$ 13,028	\$ 5,115	\$ 105,251

Visiting Angels
Profit & Loss
May 2016

06/29/16
Cash Basis

	May 16
Ordinary Income/Expense	
Income	
Services	
Personal Care	181,586.12
Live-In Care	39,159.36
Companion Care	21,710.36
Nursing Care	-310.75
Services - Other	-5,444.38
Total Services	236,700.71
Fees	475.00
Reimbursed Expenses	75.78
Total Income	237,251.49
Cost of Goods Sold	
Gross Wages - Caregivers	
Regular Hourly	99,525.09
Live In	26,594.53
Overtime	16,726.23
Holiday	6,923.94
PTO	57.33
Travel Time Wages	694.31
Bonus	70.00
Total Gross Wages - Caregivers	150,591.43
Payroll Taxes Exp - Caregivers	15,137.85
Workers Compensation Insurance	4,373.00
Mileage - Caregivers	995.71
Total COGS	171,097.99
Gross Profit	66,153.50
Expense	
Payroll Salaries & Wages	
Staffing Services	3,439.89
Gross Wages - On Call Pay	2,133.63
Gross Wages - Owner	5,525.00
Gross Wages - Office Staff	65,896.66
Gross Wages - Admin PTO	56.55
Gross Wages - Incentive	0.00
Payroll - Taxes	
Taxes-150 Owner	419.29
Taxes - Office	6,038.98
Total Payroll - Taxes	6,458.27
Total Payroll Salaries & Wages	83,510.00
Advertising	
Caregivers	374.00
Clients	175.00
Total Advertising	549.00
Amortization Expense	250.00
Automobile Expense	
Gas - Element Pilot ES Pilot	21.62
Total Automobile Expense	21.62
Bank Service Charges	-17.34
Depreciation Expense	200.00
Dues and Subscriptions	1,001.09
Insurance	
Vision	179.94

Visiting Angels
 Profit & Loss
 May 2016

06/29/16
 Cash Basis

	May 16
Benefits Admin	880.00
Group Dental	105.06
Group Life Insurance	209.53
Group Medical	6,652.06
Total Insurance	8,026.59
Interest Expense	
Finance Charge	141.28
Interest Expense -Other	169.35
Total Interest Expense	310.63
Internet	495.71
Meetings/Special Events	194.87
Mileage	
Office	1,084.39
Total Mileage	1,084.39
Office/General Expenses	1,184.19
Payment Processing	
Credit Card Processing	1,120.37
IPN Charges	44.00
Total Payment Processing	1,164.37
Professional Fees	
401K Admin Fees	160.00
Credit Card Services	57.00
Employee Benefit Admin	113.98
Payroll Processing	682.11
Total Professional Fees	1,013.09
Rent	
Utilities	802.23
Total Rent	802.23
Telephone	50.00
Training	
Homecare Introduction	144.00
Total Training	144.00
Travel & Ent	
Travel	25.00
Total Travel & Ent	25.00
Total Expense	100,009.44
Net Ordinary Income	-33,855.94
Net Income	-33,855.94

Visiting Angels
Profit & Loss

07/21/16
Cash Basis

June 2016

	Jun 16
Ordinary Income/Expense	
Income	
Services	
Personal Care	179,766.27
Live-In Care	66,507.11
Companion Care	23,182.24
Nursing Care	1,023.75
Services - Other	7,410.20
Total Services	277,889.57
Fees	16.99
Total Income	277,906.56
Cost of Goods Sold	
Gross Wages - Caregivers	
Regular Hourly	102,850.04
Live In	31,328.48
Overtime	11,792.07
Holiday	0.00
PTO	674.82
Travel Time Wages	559.12
Bonus	0.00
Total Gross Wages - Caregivers	147,204.53
Payroll Taxes Exp - Caregivers	14,255.61
Employee Screening	1,182.86
Mileage - Caregivers	228.08
Total COGS	162,871.08
Gross Profit	115,035.48
Expense	
Payroll Salaries & Wages	
Staffing Services	3,342.32
Gross Wages - On Call Pay	1,656.67
Gross Wages - Owner	5,375.00
Gross Wages - Office Staff	45,814.52
Gross Wages - Admin PTO	212.73
Gross Wages - Incentive	0.00
Payroll - Taxes	
Taxes-150 Owner	344.24
Taxes - Office	4,019.30
Total Payroll - Taxes	4,363.54
Total Payroll Salaries & Wages	60,764.98
Advertising	
Clients	50.00
Total Advertising	50.00
Amortization Expense	250.00
Automobile Expense	
Fuel - All Company Owned Auto's	40.27
Maint - Company owned vehicles	82.60
Total Automobile Expense	122.87
Bank Service Charges	128.96
Caregiver	
TB Supplies	243.84
Total Caregiver	243.84
Depreciation Expense	200.00
Dues and Subscriptions	1,124.95
Franchise Fee's	
Coop Ad Fee - Burnsville	2,123.66
Coop Ad Fee - Minneapolis	1,083.09
Royalty Fee - Burnsville	5,000.00
Royalty Fee - Minneapolis	1,805.15
Total Franchise Fee's	10,011.90
Insurance	

Visiting Angels
Profit & Loss

07/21/16
Cash Basis

June 2016

	Jun 16
Vision	218.28
Company Owed Autos	1,708.90
Group Dental	243.34
Group Life Insurance	477.06
Group Medical	-817.17
Total Insurance	1,830.41
Interest Expense	
Finance Charge	144.42
Interest Expense - Other	172.47
Total Interest Expense	316.89
Internet	349.79
Meetings/Special Events	252.70
Mileage	
Office	679.94
Total Mileage	679.94
Office/General Expenses	846.32
Payment Processing	
Credit Card Processing	4,092.36
Total Payment Processing	4,092.36
Professional Fees	
401K Admin Fees	160.00
Employee Benefit Admin	115.88
Payroll Processing	853.99
Total Professional Fees	1,129.87
Rent	
Utilities	1,140.76
Total Rent	1,140.76
Repairs and Maintenance	
General Repairs and Maintenance	92.34
Janitorial Exp	456.46
Total Repairs and Maintenance	548.80
Telephone	
Business Line	125.43
Cellular	887.41
Total Telephone	1,012.84
Training	
Homecare Introduction	55.00
Training - Other	454.00
Total Training	509.00
Total Expense	85,607.18
Net Ordinary Income	29,428.30
Net Income	29,428.30

**Visiting Angels
Profit & Loss
July 2016**

08/19/16
Cash Basis

	Jul 16
Ordinary Income/Expense	
Income	
Services	
Personal Care	130,469.29
Live-In Care	60,085.28
Companion Care	15,871.37
Nursing Care	393.25
Services - Other	6,697.78
Total Services	213,516.97
Total Income	213,516.97
Cost of Goods Sold	
Gross Wages - Caregivers	
Regular Hourly	84,247.07
Live In	30,288.15
Overtime	12,418.48
Holiday	4,604.82
PTO	1,579.46
Travel Time Wages	460.44
Bonus	0.00
Total Gross Wages - Caregivers	133,698.42
Payroll Taxes Exp - Caregivers	-2,006.07
Workers Compensation Insurance	4,398.00
Mileage - Caregivers	331.66
Total COGS	136,422.01
Gross Profit	77,094.96
Expense	
Payroll Salaries & Wages	
Staffing Services	4,038.07
Gross Wages - On Call Pay	2,046.00
Gross Wages - Owner	5,525.00
Gross Wages - Office Staff	38,770.83
Gross Wages - Admin PTO	0.00
Gross Wages - Incentive	0.00
Payroll - Taxes	
Taxes-150 Owner	353.84
Taxes - Office	3,282.18
Total Payroll - Taxes	3,636.02
Total Payroll Salaries & Wages	54,015.92
Advertising	
Caregivers	923.00
Clients	50.00
Total Advertising	973.00
Bad Debt/Discounts	0.50
Bank Service Charges	110.75
Dues and Subscriptions	2,063.78
Equipment Rental	
Pitney Bowes - Lease	229.25
Total Equipment Rental	229.25
Franchise Fee's	
Coop Ad Fee - Burnsville	1,742.50
Coop Ad Fee - Minneapolis	895.00
Royalty Fee - Burnsville	4,646.66
Royalty Fee - Minneapolis	1,395.00

**Visiting Angels
Profit & Loss
July 2016**

08/19/16
Cash Basis

	Jul 16
Total Franchise Fee's	8,679.16
Insurance	
Vision	242.24
Company Owned Auto's	565.30
Benefits Admin	440.00
Group Dental	280.04
Group Life Insurance	224.03
Group Medical	8,595.05
Liability Insurance	1,335.65
Total Insurance	11,682.31
Interest Expense	
Finance Charge	137.89
Total Interest Expense	137.89
Internet	207.26
Meetings/Special Events	98.48
Mileage	
Office	732.48
Total Mileage	732.48
Office/General Expenses	381.94
Payment Processing	
Credit Card Processing	2,583.02
Total Payment Processing	2,583.02
Professional Fees	
401K Admin Fees	160.00
Accounting	619.89
Employee Benefit Admin	116.64
Legal Fees	791.55
Payroll Processing	829.42
Total Professional Fees	2,517.50
Rent	
Utilities	1,336.42
Total Rent	1,336.42
Repairs and Maintenance	
General Repairs and Maintenance	327.28
Total Repairs and Maintenance	327.28
Telephone	
Business Line	1,096.39
Cellular	201.10
Total Telephone	1,297.49
Training	954.75
Total Expense	88,329.18
Net Ordinary Income	-11,234.22
Net Income	-11,234.22

Visiting Angels
Profit & Loss
August 2016

09/19/16
Cash Basis

	Aug 16
Ordinary Income/Expense	
Income	
Services	
Personal Care	142,027.13
Live-In Care	72,174.69
Companion Care	13,616.07
Nursing Care	1,045.20
Services - Other	744.95
Total Services	229,808.04
Total Income	229,808.04
Cost of Goods Sold	
Gross Wages - Caregivers	
Regular Hourly	64,696.99
Live In	28,410.37
Overtime	11,943.83
Holiday	0.00
PTO	1,231.35
Travel Time Wages	498.58
Bonus	0.00
Total Gross Wages - Caregivers	106,781.12
Payroll Taxes Exp - Caregivers	10,386.13
Workers Compensation Insurance	9,678.00
Mileage - Caregivers	371.95
Total COGS	127,217.20
Gross Profit	102,590.84
Expense	
Payroll Salaries & Wages	
Staffing Services	4,374.28
Gross Wages - On Call Pay	1,882.74
Gross Wages - Owner	5,940.00
Gross Wages - Office Staff	32,776.57
Gross Wages - Admin PTO	0.00
Gross Wages - Incentive	0.00
Payroll - Taxes	
Taxes-150 Owner	354.81
Taxes - Office	2,735.03
Payroll - Taxes - Other	162.09
Total Payroll - Taxes	3,251.93
Total Payroll Salaries & Wages	47,825.52

Visiting Angels
Profit & Loss
August 2016

09/19/16
Cash Basis

	Aug 16
Advertising	
Caregivers	374.00
Clients	100.00
Recruiting	35.00
Total Advertising	509.00
Automobile Expense	
Lic/Reg	102.00
Total Automobile Expense	102.00
Bank Service Charges	49.25
Dues and Subscriptions	
Equipment Rental	1,073.28
Water Filter Machines	85.70
Total Equipment Rental	85.70
Franchise Fee's	
Coop Ad Fee - Burnsville	1,845.12
Coop Ad Fee - Minneapolis	895.00
Royalty Fee - Burnsville	3,896.35
Royalty Fee - Minneapolis	1,395.00
Total Franchise Fee's	7,831.47
Insurance	
Vision	242.24
Company Owned Auto's	565.30
Benefits Admin	440.00
Group Dental	694.02
Group Life Insurance	224.03
Group Medical	-778.26
Total Insurance	1,387.33
Interest Expense	
Finance Charge	171.50
Total Interest Expense	171.50
Meetings/Special Events	
Mileage	98.48
Office	418.40
Total Mileage	418.40
Office/General Expenses	4,398.10

Visiting Angels
Profit & Loss
August 2016

09/19/16
Cash Basis

	Aug 16
Payment Processing	2,025.68
Credit Card Processing	2,025.68
Total Payment Processing	2,025.68
Permits and Licenses	50.00
Professional Fees	
401K Admin Fees	160.00
Employee Benefit Admin	118.92
Legal Fees	7,425.53
Payroll Processing	1,197.98
Total Professional Fees	8,902.43
Rent	
Utilities	1,039.49
Total Rent	1,039.49
Repairs and Maintenance	
General Repairs and Maintenance	46.17
Total Repairs and Maintenance	46.17
Telephone	
Business Line	1,151.00
Cellular	1,729.63
Total Telephone	2,880.63
Training	
Homecare Introduction	241.00
Total Training	241.00
Total Expense	79,135.43
Net Ordinary Income	23,465.41
Other Income/Expense	
Other Income	2,612.00
Other Income Items	
Total Other Income	2,612.00
Net Other Income	2,612.00
Net Income	26,067.41

**Visiting Angels
Profit & Loss
September 2016**

10/20/16
Cash Basis

Sep 16

Ordinary Income/Expense	
Income	
Services	
Personal Care	141,237.14
Live-In Care	67,965.06
Companion Care	16,346.74
Nursing Care	696.80
Services - Other	11,008.59
Total Services	237,254.33
Fees	629.35
Total Income	237,883.68
Cost of Goods Sold	
Gross Wages - Caregivers	
Regular Hourly	64,145.99
Live In	26,787.58
Overtime	9,103.99
Holiday	4,650.75
PTO	713.53
Travel Time Wages	483.57
Bonus	50.00
Total Gross Wages - Caregivers	105,935.41
Payroll Taxes Exp - Caregivers	10,286.65
Workers Compensation Insurance	250.00
Employee Screening	377.20
Mileage - Caregivers	104.36
Total COGS	116,953.62
Gross Profit	120,930.06
Expense	
Payroll Salaries & Wages	
Staffing Services	17,677.62
Gross Wages - On Call Pay	2,260.06
Gross Wages - Owner	5,360.00
Gross Wages - Office Staff	30,580.67
Gross Wages - Admin PTO	0.00
Gross Wages - Incentive	0.00
Payroll - Taxes	
Taxes-150 Owner	343.27
Taxes - Office	2,559.40
Total Payroll - Taxes	2,902.67
Total Payroll Salaries & Wages	58,781.02
Advertising	
Caregivers	409.00
Clients	50.00
Recruiting	0.00
Total Advertising	459.00
Bank Service Charges	1.98
Caregiver	
Supplies	143.60
Total Caregiver	143.60
Dues and Subscriptions	4,157.27

**Visiting Angels
Profit & Loss
September 2016**

10/20/16
Cash Basis

Sep 16

Equipment Rental	
Water Filter Machines	85.70
Pitney Bowes - Lease	229.25
Total Equipment Rental	314.95
Franchise Fee's	
Coop Ad Fee - Burnsville	1,827.14
Coop Ad Fee - Minneapolis	895.00
Royalty Fee - Burnsville	4,327.45
Royalty Fee - Minneapolis	1,395.00
Total Franchise Fee's	8,444.59
Insurance	
Vision	59.36
Benefits Admin	403.30
Group Dental	-243.16
Group Life Insurance	224.03
Group Medical	1,328.96
Liability Insurance	2,022.47
Total Insurance	3,794.96
Interest Expense	
Finance Charge	136.49
Total Interest Expense	136.49
Internet	474.02
Meetings/Special Events	135.74
Mileage	
Office	431.22
Total Mileage	431.22
Office/General Expenses	4,640.45
Payment Processing	
Credit Card Processing	1,820.73
Total Payment Processing	1,820.73
Permits and Licenses	6,628.95
Postage and Delivery	78.20
Professional Fees	
401K Admin Fees	160.00
Employee Benefit Admin	121.01
Legal Fees	2,580.47
Payroll Processing	952.47
Total Professional Fees	3,813.95
Rent	
Utilities	724.71
Total Rent	724.71
Repairs and Maintenance	
General Repairs and Maintenance	389.07
Total Repairs and Maintenance	389.07
Taxes	
State	550.00
Total Taxes	550.00

Visiting Angels
Profit & Loss
September 2016

10/20/16
Cash Basis

	Sep 16
Telephone	
Business Line	676.82
Total Telephone	676.82
Training	
Homecare Introduction	247.50
Total Training	247.50
Total Expense	96,845.22
Net Ordinary Income	24,084.84
Net Income	<u>24,084.84</u>

11/21/16
Cash Basis

Profit & Loss

October 2016

Oct 16

Ordinary Income/Expense

Income

Services	223,152.02
Fees	50.00
Reimbursed Expenses	205.02

Total Income 223,407.04

Cost of Goods Sold

Gross Wages - Caregivers	98,634.93
Payroll Taxes Exp - Caregivers	9,539.99
Workers Compensation Insurance	2,245.00
Employee Screening	675.75
Mileage - Caregivers	138.10

Total COGS 111,233.77

Gross Profit 112,173.27

Expense

Payroll Salaries & Wages	53,433.00
Advertising	374.00
Amortization Expense	250.00
Bank Service Charges	102.50
Depreciation Expense	200.00
Equipment Rental	85.70
Franchise Fee's	8,523.88
Insurance	3,339.19
Meetings/Special Events	371.95
Mileage	538.00
Office/General Expenses	2,016.00
Payment Processing	1,665.97
Penalties and Fines	245.31
Printing and Reproduction	360.05
Professional Fees	1,131.52
Rent	34.48
Repairs and Maintenance	48.48
Telephone	1,945.57
Training	908.00

Total Expense 75,573.60

Net Ordinary Income 36,599.67

Net Income 36,599.67