

**UNITED STATES BANKRUPTCY  
COURT DISTRICT OF MINNESOTA**

In Re:

Bankruptcy No. 17-30904

Robinson Outdoor Products, Inc.

Debtor.

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**AMENDED DISCLOSURE STATEMENT**

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**INTRODUCTION**

This Amended Disclosure Statement is submitted by Scott Shultz (“Proponent”), a creditor and indirect owner of the Debtor. Debtor filed a voluntary petition for relief under Chapter 11 of the U.S. Bankruptcy Code on March 28, 2017. Proponent files and submits this Disclosure Statement in connection with its Plan of Reorganization dated July 27, 2017 (“Plan”). This Disclosure Statement is provided to creditors to provide them with information relevant to the Plan and to enable creditors to make informed decisions concerning their vote on the Plan. Parts of the Plan are incorporated into this Disclosure Statement and a copy of the Plan is included in this voting packet. Capitalized terms used in this Disclosure Statement shall have the meanings ascribed to them in the Plan or in the Bankruptcy Code, unless the context requires otherwise.

In order to obtain confirmation of the Plan, the Court must determine whether the Plan has been approved by the holders of claims in each class which is considered impaired under the Bankruptcy Code. The Court has set a deadline for filing ballots accepting or rejecting the Plan. The deadline is set forth in the enclosed Order and Notice Regarding the Approval of the Disclosure Statement, Acceptance or Rejection of the Plan, and Hearing on Confirmation of the Plan. Please mail your original ballot to the **Clerk of the United States Bankruptcy Court, 316**

**North Robert Street, St. Paul, MN 55101**, in time for it to be **RECEIVED** not later than the date set forth in the Courts Order, a copy of which is attached.

In the event that one or more classes reject the Plan, the Bankruptcy Court may nevertheless confirm the Plan if the Bankruptcy Court finds that the Plan accords fair and equitable treatment of any class rejecting it. This means that pursuant to 11 U.S.C. §1129(b), the Plan may be confirmed even if a class of claims or interests rejects it, so long as the Plan provides that (1) each holder of a claim or interest in the rejecting class receives the value of that claim or interest; or (2) no holder of a claim or interest junior to those held by members of the rejecting class will receive a retained value under the Plan. **Proponent reserves the right to seek confirmation under 11 U.S.C. §1129(b), and the right to modify the Plan to the fullest extent allowed by Bankruptcy Code § 1127.**

Proponent's Disclosure Statement is furnished pursuant to § 1125 of Bankruptcy Code and is furnished to provide all persons known to have claims against Debtor with sufficient information to permit them to make an informed judgment as to their vote on whether to accept or reject the Plan. No representations concerning Debtor, particularly as to its future business operations, or the value of its property other than those set forth in this Disclosure Statement are authorized by Proponent. **ANY REPRESENTATION 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 PROPONENT OR TO THE UNITED STATES TRUSTEE, WHO, IN TURN, SHALL DELIVER THIS INFORMATION TO THE BANKRUPTCY COURT FOR SUCH ACTION AS MAY BE DEEMED APPROPRIATE.**

The financial information contained in this Disclosure Statement has been provided by Proponent 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. Neither Proponent nor his counsel are aware of any inaccuracies.

1. **Definitions**

The definitions set forth in the Plan are used in this Disclosure Statement.

2. **Nature and History of Debtor's Business**

(A) **Pre-Bankruptcy**

Robinson has been in business in some form or another for 39 years. Starting as a small business running proprietary pet care products from out of the basement, founder Bill Robinson worked for nearly twenty years before he hired Proponent to run the business and later to acquire the business. In the past twenty years under Proponent, Robinson grew to annual revenues of near \$40 Million with average annual revenue of about \$25 Million. Never, until 2014, did Robinson have a year in which it was not profitable.

Several events occurred in 2014 which caused the first-ever loss. First, in 2013 there was an attempt to acquire Robinson.. When it came time to close, the purchaser did not have the money to close.

A group, which included the former purchaser and Scentlok and Outtech, Inc. began an ad campaign directed against Robinson's ScentBlocker brand and its new Trinity technology. Outtech and former members of Robinson's parent's Board also began a campaign to take Robinson's clients and proprietary information. This was followed by a federal district lawsuit by Scentlok charging Robinson with false advertising, which was followed by a federal lawsuit by Outtech claiming millions of unpaid commissions.

The breaches and interference by Outtech and former Board members together with the

litigation and the Scentlok ad campaign all combined to create a “perfect storm” against Robinson in the market. By the end of 2014 Robinson had lost over \$10 million in business and for the first time in 35 years Robinson had lost money for the year.

2015 was a repeat of the same activity targeting Robinson. Again, in 2015 Robinson lost more sales and posted its second-ever year with a loss. Associated Commercial Finance, Inc., Robinson’s bank since 2001, gave notice that it would forebear through 2016 but then wanted the loan taken out by the end of the year.

In May 2016, the trial for false advertising was held in Federal court in Michigan. The jury found Robinson guilty and awarded a \$3 million judgment against Robinson. Post-verdict motions resulted in a reversal of the jury verdict. However, the unfair competition and other damage had been done and Robinson was unable to secure replacement financing by the end of the year.

Robinson was forced into Receivership. As a last attempt to save the company it filed for protection from creditors in Chapter 11 federal bankruptcy court.

There is an interest to reorganize what is left of Robinson. There is a viable business and a business plan which will preserve the business, save jobs, help the local economy, but most of all, to have an opportunity to repay the unsecured creditors through cash payments over time and continued business with many of them whom provide services to Robinson’s reorganized business.

The Plan as proposed will utilize the following specific items:

1. Operating cash. Ownership will inject \$25,000 of cash to prime the business.
2. Assets. Ownership will pledge new assets to the Robinson business from Pnuma, LLC.
3. Finance. Pnuma, LLC is currently well financed by two banks and is a good and growing business with a bright future.
4. A place to conduct business. Robinson has a lease available for 15,000 sq. ft. in Cannon Falls with S&S Investment Properties.
5. Employees. Many of the most-essential employees remain loyal and are standing by

ready to go to work for Robinson.

6. Business Protection. For Robinson to successfully reorganize and to regain itself in the apparel market it must be free to run its business and not be impeded by continued consultants and fees, misdirection of its business interests, none-business legal fees, process fees and threats of lawsuits, litigation, harassment and encumbrances.
7. Utilization of loss carry-forward. It is estimated that Robinson has roughly \$2,000,000 plus in loss carry-forward which can be utilized under the Plan to generate additional cash flow to pay creditors.

Proponent has submitted financial budgets for the years 2017 thru 2021. These budgets include repayment of unsecured debt.

**(B) Post-Bankruptcy**

After the Order for Relief in this case, an Operating Trustee was appointed who took over day-to-day operations of the business. Ultimately all of the operating assets were sold leaving the Goodwill, litigation rights, name and certain other assets. In addition, the entity has in excess of \$2,000,000 in operating loss carry-forward. In addition, Pnuma, LLC, has had credit lines, assets and operational income of its own since its inception. Attached as **Exhibit C** is Pnuma, LLC's Statement of Operations by month since January 2017. The remaining assets would be merged into Proponent's existing business, Pnuma, LLC, and create the value that would allow cash flow to be generated sufficient to fund the Plan. It is contemplated that the operating trustee's duties would terminate upon the effective date of the Plan.

3. **Transactions During the Bankruptcy Case**

Proponent operated as a Debtor in possession for only a short period after filing after which operations were taken over by a Court appointed operating trustee who continues to operate Debtor thru the current date. All of the operating assets were sold by the operating trustee pursuant to Court order dated June 28, 2017. The business is not currently operating.

4. **Transactions with Insiders**

Debtor is a closely held limited liability company and had several transactions with

insiders. Proponent contends these were fair and appropriate.

5. **General Description of the Plan**

The Plan provides for the satisfaction in full of the allowed secured and priority claims. The Plan also provides for an estimated 10% recovery of the allowed amount of unsecured claims with distributions on these claims beginning after the priority and secured claims are paid. Even and regular monthly payments are anticipated during the life of the plan.

6. **Unclassified Claims: Treatment**

(A) **Priority Unsecured Tax Claims Entitled to Priority Pursuant to § 507(A)(8) of United States Bankruptcy Code, Including the Claims of the United States Internal Revenue Service, and the Minnesota Department of Revenue.**

For the purposes of the Plan, these tax claims will include taxes assessed pre-petition but payable post-petition as well as taxes expected to be assessed post-petition. As of the date of this Disclosure, Proponent is unaware of any such claims.

Debtor reserves the right to accelerate payments to these creditors.

(B) **Administrative Expenses Entitled to Priority Pursuant to § 507 and 503(B)(2) of the United States Bankruptcy Code.**

These claims include attorney's fees and accountant fees for Proponent's attorneys and accountants, as may be approved and awarded by the Court pursuant to §330(a) of the United States Bankruptcy Code. Proponent estimates aggregate administrative priority claims for professional persons including the operating trustee will be approximately \$150,000. Allowed administrative expenses entitled to priority pursuant to §503(b)(2), shall be paid in full to the extent allowed by court on the Effective Date from Debtor's operating revenues and funds presently in the possession of the operating trustee.

(C) **Administrative Claims Entitled to Priority Pursuant to § 507 and 503(B)(1) of the United States Bankruptcy Code.**

Proponent estimates that there may be between \$100,000 and \$150,000 of current

payables due and owing which would be entitled to priority under § 503(b)(1) on the effective date of the Plan. These would be paid from funds in the possession of the operating trustee.

**(D) United States Trustee's Fees and Other Court Costs and Fees Assessed or Assessable Pursuant to 28 U.S.C. § 1930 (A) and (B).**

Proponent estimates that unpaid US trustee's fees, court fees, and other fees assessable pursuant to these provisions and remaining unpaid as of the Effective Date will be under \$5,000 and will be paid on or before the date of confirmation. All such fees and expenses will be paid on the Effective Date or in the ordinary course of business from Debtor's operating revenues pursuant to 28 U.S.C. §1930 (a) and (b).

**7. Classified Claims: Treatment**

**(A) Class One (Secured Claim)**

Associated Bank, N.A. held a secured claim secured against the bulk of Debtor's assets. Pursuant to Order of this Court dated June 28, 2017, the secured assets were sold with proceeds, in part, distributed to Associated Bank, N.A. extinguishing Associated Bank, N.A.'s secured claim. Therefore, this Plan disregards any secured claim that Associated Bank, N.A. may claim. Any deficiency on Associated Bank, N.A.'s claim shall be treated as unsecured, non-priority claim pursuant to paragraph 3.2 below. Associated Bank, N.A.'s deficiency claim is \$1,736,789.84 (Claim 43).

This claim is impaired.

**(B) Class Two (Unsecured Claims)**

Class Two consists of all allowed unsecured claims, except for those described in paragraph 3.3 below. At present, and based upon filed and scheduled claims as of the date of this Plan, debtor estimates that the total amount of the claims in this class, including creditors that may qualify under paragraph 7(c) is approximately \$7,656,530.62. This amount includes the deficiency claim of Associated Bank, N.A.

I. Scheduled Payments.

Debtor will pay approximately 10% of the allowed unsecured claims, in monthly installments of \$5,000 per month beginning the 20<sup>th</sup> day of the first month following the effective date of the Plan, for a term of 120 months, with no interest. A projected budget is attached as **Exhibit A**.

II. Contingent payments – litigation proceeds.

In addition, the Debtor possessed certain litigation claims that Proponent intends to pursue.

a. The debtor was named in a declaratory judgment action in the United States District Court for the District of Minnesota brought by two insurance carriers seeking to avoid coverage for a Lanham Act claim brought against the Debtor by a competitor, ALS, in the United States District Court for the Eastern District of Michigan. The Debtor has counterclaimed against the carriers seeking damages and attorneys' fees for the carriers' failure adequately to defend Debtor in the underlying action, which remains pending on appeal from the trial court's post-trial ruling in Debtor's favor. Debtor contends that the carriers' misconduct caused it to lose an opportunity to settle the case favorably and that its business was damaged as a result of having to defend the case through an expensive and public trial. Discovery has been completed and the parties are seeking to schedule mediation.

b. Debtor sued Outtech, Inc. and its principals, Ron Rette, Jay Scholes, former board members of Debtor's parent, in Goodhue County Minnesota District Court (Court File No. 25-CV-16-2395). In March 2017 the Court dismissed certain claims leaving counts for breaches of contract and fiduciary duty, tortious interference, conspiracy, aiding and abetting, unfair competition, misappropriation of trade secrets,



civil theft and unjust enrichment. Plaintiffs including Debtor are seeking damages of \$35,000,000 based on allegations the defendants effectively destroyed Debtor's business.

The Court ordered all discovery to be completed by the end of September 2017 and a jury trial be held on January 29, 2018.

As of the date of this Amended Disclosure Statement, the operating trustee has settled the Outtech, Inc. claim subject to Court approval. The terms of the settlement and the operating trustee's rationale for the settlement can be found on the Court docket (Doc. No. 153).

Debtor will pay approximately all creditors in this class, in addition to the payments described above, 50% of the net proceeds from said litigation within 45 days of receipt of any such proceeds. Net proceeds shall be defined as any sums remaining after payment of attorney's fees and costs incurred in prosecuting said litigation.

These claims are impaired.

**(C) Class Three (Administrative Convenience Class)**

Class Three consists of all non-priority unsecured claims whose claim is equal to or less than \$5,000. All claims in this class shall be paid 25% of their allowed claim within 60 days of the effective date of the Plan by Pnuma, LLC.

This class is impaired.

**(D) Class Four (Equity Holder)**

Class Four consists of the claims and interests of the all equity security holders. . Proponent shall commit to the Debtor \$25,000 in new capital as an equity contribution upon the effective date of the Plan. In addition, immediately upon the effective date, or as soon as reasonably possible, Debtor shall be merged with Pnuma, LLC, with the successor entity known as Pnuma, LLC. The successor entity shall be liable for all obligations of Debtor under this Plan. Scott Shultz is the 100% owner of Pnuma, LLC.

This claim is impaired.

9. **Continuing Reporting Requirements and Payment of United States Trustees Fees**

The Reorganized Debtor shall be responsible for the timely payment of all fees incurred pursuant to 28 U.S.C. §1930(a)(6). After confirmation, the Reorganized Debtor shall serve on the United States Trustee a monthly financial report for each month (or portion thereof) that the case remains open. Such report shall be in the format prescribed by the United States Trustee.

10. **Continuing Jurisdiction of the Bankruptcy Court**

Except as otherwise provided in the Plan, the Reorganized Debtor will retain, after confirmation of the Plan, and subject to any order entered by the Bankruptcy Court, full right and power to do any of the following:

- A. Object to the allowance of any claim;
- B. Seek subordination of any claims;
- C. Pursue any claims against any third parties, including but not limited to those based on theories of preference, fraudulent transfer, or any action arising under Chapter 5 of the Bankruptcy Code;
- D. Pursue any claims and enforce any rights arising under the Bankruptcy Code in favor of a Trustee or Debtor in Possession;
- E. Pursue any causes of action that the Reorganized Debtor may have as of the date on which an order confirming the Plan is entered, and that may not have been enforced or prosecuted by the Debtor prior to such date. Any and all causes of action that the Debtor may have had prior to confirmation of the Plan will survive confirmation of the Plan, will vest in the Reorganized Debtor, and will not be affected by confirmation or the Effective Date of the Plan, except as otherwise specifically provided in the Plan.

The Reorganized Debtor may object to the allowance of any claim or interest within the

time period provided for in the order confirming the Plan, or as otherwise dictated by order of the court. The Reorganized Debtor's authority to object to the allowance of any claim will not be affected in any way by the Debtor's failure to object to the allowance of any claim for the purpose of voting.

**11. Management Following Confirmation**

Upon the effective date, or as soon as reasonably possible, Debtor shall be merged with Pnuma, LLC, with the successor entity known as Pnuma, LLC. The successor entity shall be liable for all obligations of Debtor under this Plan. Scott Shultz is the 100% owner of Pnuma, LLC, and will operate and manage the successor entity.

**12. Litigation Matters**

Debtor is unaware of any litigation matters besides the litigation described in paragraph 7(B) above.

Debtor does not anticipate the commencement of any adversary proceedings following the confirmation of the Plan. Debtor does however, reserve the right to object to any claim filed in accordance with applicable Bankruptcy Rules.

**13. Avoidance Actions**

As of the date of this Amended Disclosure statement, Proponent has been made aware that the operating trustee and any trustee appointed in this case if converted to a case under Chapter 7 may be asserting Avoidance Claims against Proponent and his company, Pnuma, LLC.

The basis of the claims in the operating trustee's words are:

The debtor was in the process of developing another business line for web-based, direct sales of hunting clothing. It spent considerable amounts of money developing the line of business throughout 2016--\$1,580,807.38. *See* Rose Decl. ¶ 3, Column A. When the line had been fully developed, Outdoor Product Group, Inc., LLC ("OPG") and the debtor transferred the business opportunity to Pnuma, LLC ("Pnuma") for \$200,000.00. The payment was a \$25,000.00 cash payment

from OPG and a debt forgiveness of an insider, Scott Shultz, either through monies owed or unpaid compensation. *See* Rose Decl. ¶ 3.

The debtor also entered into a Fulfillment and Assistance Agreement, known as the Shared Services Agreement (the “Agreement”) with Pnuma. *See* Rose Decl. ¶ 9. Pursuant to the Agreement, Pnuma engaged the debtor to assist in processing Pnuma’s product orders from the initial order to shipping to the customer. The fee structure is set forth in the Agreement for the services. Pnuma has not fulfilled its obligations under the Agreement and owes the debtor approximately \$49,000.00. *See* Rose Decl. ¶ 9. Pnuma also owes the debtor for unpaid claims on the debtor’s books of approximately \$68,611.00. *See* Rose Decl. ¶ 10. While Pnuma did reimburse the debtor for some expenses, there is approximately \$970,454.58 owing from Pnuma. *See* Rose Decl. ¶ 11. There are also transfers of approximately \$100,000.00 from the debtor to OPG and Mr. Shultz. *See* Rose Decl. ¶ 4.

For more information see the operating trustee’s Objection on the Court docket (Doc. No. 156).

Proponent disputes the allegations and believes he and Pnuma, LLC will prevail if the matter is litigated. It would also appear that if Proponent and Pnuma, LLC are forced to defend itself and the costs of litigation would be extensive and significant and the impact on Proponent and Pnuma, LLC is unknown and uncertain.

14. **Executory Contracts**

The Debtor hereby rejects all outstanding leases and executor contracts.

15. **Alternative to the Plan**

Proponent believes that the only realistic alternative to confirmation of the Plan is liquidation under Chapter 7. Proponent firmly believes that reorganization under Chapter 11 is preferable to liquidation under Chapter 7. On liquidation, Debtor's only assets will be its interest in equipment, receivables, and cash. Proponent believes that its Plan is feasible, and Exhibit A shows projections evidencing the feasibility of the Plan. These projections suggest that the Plan is viable over the long term. The feasibility of the Plan depends, at least in part, upon Debtor's ability to continue to meet or exceed existing levels of income and maintain costs at or below

projected levels.

Proponent believes that the liquidation value of its assets is approximately \$448,742 based on what has been liquidated to date and the schedules. This does not include any realized proceeds from any ongoing litigation. Estimated Administrative claims total \$413,406. Proponent believes that the general unsecured creditors would receive little or no recovery in a Chapter 7 case, and that priority claimants will receive less than the full amount of their claims. On the other hand, Proponent's Plan contemplates a 10% recovery to the general unsecured claimants. Proponent has prepared a liquidation analysis demonstrating this result, which is appended hereto as **Exhibit B**. This liquidation analysis has been prepared by Proponent and counsel and has not been independently audited or certified by outside appraisers or accountants. Proponent does believe, however, that in light of its experience in the business, the liquidation analysis reflects a realistic valuation of its assets. In the context of a forced liquidation, either in the context of a Chapter 7 case or a subsequent default, only the priority claimants will likely receive full compensation on account of their claims.

16. **Waiver and Release**

Confirmation of the Plan shall constitute a release of all claims of all creditors against Debtor except as provided for in the Plan, and to the extent authorized by 11 U.S.C. §1141. The discharge granted by 11 U.S.C. §1141(d) is modified as to the tax debt provided for in the plan, and the discharge of any tax debt under the plan shall not be effective until all taxes provided for under the plan have been paid in full. As a result, debtor and any property of the debtor remain liable for all unpaid priority tax claims after confirmation. Confirmation of the Plan will bind creditors to accept payments as provided for in the Plan, and oblige the Debtor to make the payments to creditors as provided for in the Plan.

17. **Official Committee of Unsecured Creditors**

As of the date of this Disclosure Statement, there is no committee of unsecured creditors.

18. **Potential Federal Income Tax Consequences of the Plan**

The following is intended only as a summary of the potential tax consequences of acceptance or rejection of the Plan. No information provided in this Disclosure Statement, or the Plan, should be construed as the opinion of Proponent, or Proponent's counsel for the purpose of tax planning or reporting. Proponent has not sought a ruling from either the Internal Revenue Service, or the Minnesota Department of Revenue on the potential tax consequences of the Plan.

The confirmation of the Plan may result in creditors and/or other interest holders being required to recognize either a tax gain or loss on the transactions set forth herein. Whether or not a creditor or interest holder is required to recognize gain or loss will depend on several factors, including, but not limited to, whether the creditors claim is personal or business related, the tax basis of the creditors claim, the creditor's treatment of the claim immediately before the filing of this case, and the organizational structure of the particular creditor. It is anticipated that the foregoing factors will be different for each creditor, and therefore the potential tax consequences will also be different for each creditor.

With respect to the Debtor, the most significant potential tax consequences are the potential for the loss or diminution of various tax attributes, net operating losses, if any, and possible reduction in basis of various business assets. Proponent has not determined what, if any, tax consequences may arise.

19. **Proponent's Counsel**

Proponent has been represented during the pendency of this case by Thomas H. Olive, Esq. Any inquiries concerning the Plan and Disclosure Statement may be forwarded to Thomas H. Olive Law, P.A., 5270 West 84<sup>th</sup> Street, Suite 300, Bloomington, MN 55437.

20. **Conclusion**

Proponent believes that the acceptance of this Plan is in the best interests of Debtor, the estate, and all creditors herein. Proponent respectfully urges all creditors to vote in favor of the Plan.

Dated: September 18, 2017

**THOMAS H. OLIVE LAW, P.A.**

/e/ Thomas H. Olive

Thomas H. Olive (ID#14423X)  
5270 W. 84th Street, Suite 300  
Bloomington, MN 55437  
Telephone: (952) 831-0733  
Attorney for Scott Shultz

Dated: SEPT 18, 2017

By: 

Scott Shultz, Proponent



## EXHIBIT A

2017-2021 Budget

## Statement of Operations by year

	2017	2018	2019	2020	2021
<b>TOTAL REVENUES</b>	<b>\$ 2,473,878</b>	<b>\$ 5,071,449</b>	<b>\$ 8,114,319</b>	<b>\$ 10,548,614</b>	<b>\$ 12,658,337</b>
DIRECT COST	1,318,644	2,637,154	4,219,446	5,590,766	6,835,502
Direct COGS %	53.3%	52.0%	52.0%	53.0%	54.0%
ROYALTIES	10,157	7,911	24,343	31,646	37,975
WAREHOUSE DEPARTMENT/US CUSTOMS	46,588	202,858	324,573	421,945	506,333
<b>TOTAL COST OF GOODS SOLD</b>	<b>\$1,375,389</b>	<b>\$2,847,923</b>	<b>\$4,568,361</b>	<b>\$6,044,356</b>	<b>\$7,379,811</b>
<b>GROSS MARGIN</b>	<b>1,098,489</b>	<b>2,223,526</b>	<b>3,545,957</b>	<b>4,504,258</b>	<b>5,278,527</b>
GM:Revenue	44.4%	43.8%	43.7%	42.7%	41.7%
<b>OPERATING EXPENSE</b>					
MARKETING EXPENSE	387,178	760,717	1,217,148	1,582,292	1,898,751
Marketing:Revenue	15.7%	15.0%	15.0%	15.0%	15.0%
PRODUCT DEVELOPMENT	34,419	76,072	121,715	158,229	189,875
PD:Revenue	1.4%	1.5%	1.5%	1.5%	1.5%
OPERATING EXPENSE *Detail Below	\$ 153,788	340,000	366,000	392,000	412,000
GENERAL & ADMINISTRATIVE EXPENSE *	217,524	355,001	486,859	569,625	683,550
G&A:Revenue	8.8%	7.0%	6.0%	6.0%	5.4%
<b>TOTAL OPERATING EXPENSE</b>	<b>792,909</b>	<b>1,531,791</b>	<b>2,191,722</b>	<b>2,702,147</b>	<b>3,184,176</b>
<b>OPERATING INCOME (LOSS)</b>	<b>305,580</b>	<b>691,736</b>	<b>1,354,236</b>	<b>1,802,112</b>	<b>2,094,351</b>
Ol:Revenue	12.4%	13.6%	16.7%	17.1%	16.5%
<b>OTHER (INCOME)/EXPENSE</b>					
Interest Expense	35,000	36,000	84,000	129,000	145,000
Depreciation	18,003	20,000	22,000	36,000	42,000
Misc	0	0	0		
<b>TOTAL OTHER (INCOME)/EXPENSE</b>	<b>53,003</b>	<b>56,000</b>	<b>106,000</b>	<b>165,000</b>	<b>187,000</b>
KB Ministries (Not For Profit Contributions)	0	0	0	0	0
UNSECURED CREDITORS ** See Note Below	25,000	60,000	60,000	60,000	60,000
Trustee Admin Fees	100,000.00				
<b>NET INCOME (LOSS)</b>	<b>127,577</b>	<b>575,736</b>	<b>1,188,236</b>	<b>1,577,112</b>	<b>1,847,351</b>
NI:Revenue	5.2%	11.4%	14.6%	15.0%	14.6%

<b>* Operating Expense Detail (annualized)</b>	
Lease and Rent Expense	\$ 232,000
Real Estate Taxes	\$ 51,220
Heating/Cooling Costs	\$ 13,200
Snow Removal	\$ 2,400
Telephone	\$ 4,560
Internet/Website Service	\$ 3,600
Water Utility	\$ 2,450
Sewer Utility	\$ 3,800
Pest Control	\$ 960
Shipping Supplies	\$ 4,200
Forklift Fuel	\$ 320
Lawn care	1,800
<b>Total Operating Expense</b>	<b>\$ 320,510</b>
<b>General and Administrative Expense Detail</b>	
Salaries	68,000
Employee Taxes	5,440
Fringe Benefits	4,080
Outside Services	40,000
Fullfillment Fees	110,000
Customer Service	
Invoicing	
Order Management	
Shipping/Handling	
Freight	
Accounting Fees	8,500
Software/hardware/programming	16,300
Onetime transition expenses	12,000
Licenses and online services	11,000
Legal Fees	40,000
Bank Fees	1,500
<b>Total G&amp;A Expenses</b>	<b>316,820</b>
** Assuming \$2MM of Unsecured Debt	

**Exhibit B**

**Liquidation Analysis (as of 7/27/17)  
Robinson Outdoor Products, Inc.**

Assets:

A.	Cash on hand (Funds remaining from operations and sale of operating assets) (Based on monthly operating report filed by the operating trustee – Funds are in possession of operating trustee)	\$448,742
B.	Litigation v. Outtech	\$unknown
C.	Lanham Act Claim	\$unknown
D.	Potential Avoidance Actions (est.) (vs. Pnuma, LLC and Scott Shultz) [claim amount \$940,000 – disputed, unliquidated]	\$0.00

Liabilities:

Estimated Chapter 11 Administrative Expenses*	\$150,000
Estimated Accounts Payable*	\$163,406

Balance on hand for non-priority unsecured creditors (est.): \$135,336

\* All figures are based on most recent Monthly Operating Report filed by the Operating Trustee

	January	February	March	April	May	June	July	August	September	October	November	December	Total
<b>TOTAL REVENUES</b>	<b>50,957</b>	<b>42,745</b>	<b>39,176</b>	<b>26,000</b>	<b>48,000</b>	<b>68,000</b>	<b>106,119</b>	<b>161,551</b>	<b>334,000</b>	<b>265,000</b>	<b>208,000</b>	<b>225,000</b>	<b>1,574,548</b>
<b>COST OF GOODS SOLD</b>													
SUBTOTAL DIRECT COST	22,930	19,235	17,629	11,700	21,600	30,600	47,117	78,514	155,644	119,250	93,600	101,250	<b>719,070</b>
Direct COGS %	45.0%	45.0%	45.0%	45.0%	45.0%	45.0%	44.4%	48.6%	46.6%	45.0%	45.0%	45.0%	45.7%
ROYALTIES	1,085	0	147	97	180	255	398	606	1,252	993	780	843	6,636
WAREHOUSE DEPARTMENT	5,440	5,440	5,132	4,428	1,890	1,688	70		4000	4000	4000	4,000	40,088
<b>TOTAL COST OF GOODS SOLD</b>	<b>29,455</b>	<b>24,675</b>	<b>22,908</b>	<b>16,225</b>	<b>23,670</b>	<b>32,543</b>	<b>47,585</b>	<b>83,119</b>	<b>160,896</b>	<b>124,243</b>	<b>98,380</b>	<b>142,181</b>	<b>765,793</b>
<b>GROSS MARGIN</b>	<b>21,501</b>	<b>18,070</b>	<b>16,268</b>	<b>9,775</b>	<b>24,330</b>	<b>35,457</b>	<b>58,534</b>	<b>78,432</b>	<b>173,104</b>	<b>140,757</b>	<b>109,620</b>	<b>82,819</b>	<b>808,754</b>
GM:Revenue	42.2%	42.3%	41.5%	37.6%	50.7%	52.1%	55.2%	48.5%	51.8%	53.1%	52.7%	36.8%	51.4%
<b>OPERATING EXPENSE</b>													
MARKETING EXPENSE	13,863	10,288	5,876	3,900	7,200	10,200	15,918	24,233	50,100	53,000	41,600	45,000	281,178
Marketing:Revenue	27.2%	24.1%	15.0%	15.0%	15.0%	15.0%	15.0%	15.0%	15.0%	20.0%	20.0%	20.0%	17.9%
PRODUCT DEVELOPMENT	2,491	1,928	3,000	3,000	3,000	1,500	0	3,000	3,000	3,000	3,000	3,000	29,919
PD:Revenue	4.9%	4.5%	7.7%	11.5%	6.3%	2.2%	0.0%	1.9%	0.9%	1.1%	1.4%	1.3%	1.9%
OPERATING EXPENSE	\$3,866	\$2,942	\$3,081	\$3,214	\$3,188	\$2,421	\$42,296	\$8,776	\$11,760	\$16,660	\$16,660	\$16,660	\$131,524
GENERAL & ADMINISTRATIVE EXPENSE	18,127	18,127	18,127	18,127	18,127	18,127	18,500	18,500	18,500	18,500	18,500	18,500	219,762
G&A:Revenue	35.6%	42.4%	46.3%	69.7%	37.8%	26.7%	17.4%	11.5%	5.5%	7.0%	8.9%	8.2%	14.0%
<b>TOTAL OPERATING EXPENSE</b>	<b>34,481</b>	<b>30,343</b>	<b>27,003</b>	<b>25,027</b>	<b>28,327</b>	<b>29,827</b>	<b>34,418</b>	<b>45,733</b>	<b>71,600</b>	<b>74,500</b>	<b>63,100</b>	<b>66,500</b>	<b>662,383</b>
<b>OPERATING INCOME (LOSS)</b>	<b>(12,980)</b>	<b>(12,273)</b>	<b>(10,735)</b>	<b>(15,252)</b>	<b>(3,997)</b>	<b>5,630</b>	<b>24,117</b>	<b>32,699</b>	<b>101,504</b>	<b>66,257</b>	<b>46,520</b>	<b>16,319</b>	<b>146,371</b>
Ol:Revenue	-25.5%	-28.7%	-27.4%	-58.7%	-8.3%	8.3%	22.7%	20.2%	30.4%	25.0%	22.4%	7.3%	9.3%
<b>OTHER (INCOME)/EXPENSE</b>													
Interest Expense	2,793	3,531	3,462	3,372	5,315	5,680	5,632	4,331	4,989	3,129	3,060	2,856	48,151
Depreciation	1,500	1,501	1,502	1,500	1,500	1,500							9,003
Misc.	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>TOTAL OTHER EXPENSE</b>	<b>4,293</b>	<b>5,032</b>	<b>4,964</b>	<b>4,872</b>	<b>6,815</b>	<b>7,180</b>	<b>5,632</b>	<b>4,331</b>	<b>4,989</b>	<b>3,129</b>	<b>3,060</b>	<b>2,856</b>	<b>57,154</b>
<b>UNSECURED CREDITORS</b>										30,000	5,000	5,000	40,000
<b>NET INCOME (LOSS)</b>	<b>(17,274)</b>	<b>(17,305)</b>	<b>(15,699)</b>	<b>(20,125)</b>	<b>(10,812)</b>	<b>(1,550)</b>	<b>18,484</b>	<b>28,368</b>	<b>96,515</b>	<b>63,128</b>	<b>43,460</b>	<b>13,463</b>	<b>49,217</b>
NI:Revenue	-33.9%	-40.5%	-40.1%	-77.4%	-22.5%	-2.3%	17.4%	17.6%	28.9%	23.8%	20.9%	6.0%	3.1%