UNITED STATES BANKRUPTCY COURT
DISTRICT OF MINNESOTA

In re: Journal-Chronicle Company, d/b/a J-C Press, Debtor.	Case No. 17-33366 Chapter 11

DISCLOSURE STATEMENT
OF
JOURNAL-CHRONICLE COMPANY D/B/A J-C PRESS,
A MINNESOTA CORPORATION

June 15, 2018

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I.

INTRODUCTION

A. Background.

Journal-Chronicle Company d/b/a J-C Press, a Minnesota corporation ("Debtor" or "Company"), filed a petition for reorganization ("Petition") under Chapter 11 of the U.S. Bankruptcy Code (the "Code") on October 23, 2017. The Debtor has operated its business as Debtor in possession under Section 1107 of the Code. The Debtor is now seeking confirmation of its plan of reorganization (the "Plan") from the Court. A copy of the Plan accompanies this disclosure statement. Debtor provides this disclosure statement pursuant to Section 1125 of the Code to all of its known holders of claims and interests in order to provide adequate information about the Debtor and the Plan so that they can make an informed judgment about the Plan's merits and the decision to vote for acceptance or rejection of the Plan.

Debtor requests that its creditors vote to accept the Plan. The Plan is premised upon Debtor's belief that unsecured creditors will receive more under the Plan, than under a forced liquidation of the Debtor. The Debtor anticipates paying approximately 15% of all unsecured claims, over time. Under liquidation, unsecured creditors will receive nothing.

THE INFORMATION SET FORTH IN THIS DISCLOSURE STATEMENT IS SUPPLIED BY DEBTOR AND NOT BY ANY OTHER PARTY. DEBTOR AUTHORIZES NO REPRESENTATIONS, PARTICULARLY AS TO FUTURE BUSINESS OPERATIONS OR THE VALUE OF ITS PROPERTY, OTHER THAN THOSE SET FORTH IN THIS DISCLOSURE STATEMENT. ANY REPRESENTATIONS OR INDUCEMENTS MADE TO SECURE ACCEPTANCE, OR REJECTION OF THIS PLAN, WHICH ARE OTHER THAN AS CONTAINED IN THIS DISCLOSURE STATEMENT, SHOULD NOT BE RELIED UPON IN ARRIVING AT A DECISION TO VOTE FOR OR AGAINST THE PLAN.

THE INFORMATION CONTAINED HEREIN HAS NOT BEEN SUBJECT TO A CERTIFIED AUDIT. FORMAL APPRAISALS HAVE NOT BEEN OBTAINED. 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. THERE IS NO ASSURANCE THAT THE FIGURES SHOWN IN

THE PROJECTIONS WILL BE ACHIEVED. DEBTOR IS UNABLE TO WARRANT OR REPRESENT THAT THE INFORMATION CONTAINED HEREIN IS WITHOUT ANY INACCURACY, ALTHOUGH GREAT EFFORT HAS BEEN MADE TO BE ACCURATE. NEITHER DEBTOR NOR ITS ATTORNEYS, LARKIN, HOFFMAN, DALY & LINDGREN, LTD., HAVE ANY ACTUAL KNOWLEDGE OF ANY INACCURACIES.

B. Confirmation Hearing and Voting Procedures.

The court has, in the order accompanying this disclosure statement, set a time and place for a hearing on the confirmation of the Plan. Creditors and interest holders may vote for or against the Plan by completing, dating, and signing the ballot accompanying this disclosure statement and by mailing or otherwise delivering the ballot to the Clerk of Bankruptcy Court. YOUR BALLOT MUST BE RECEIVED BY THE CLERK OF BANKRUPTCY COURT BY THE TIME PROVIDED FOR IN THE COURT’S ORDER FOR IT TO BE COUNTED.

C. Tax Consequences.

The following discussion summarizes certain federal income tax consequences of the Plan to the Debtor, and to holders of general unsecured claims and interests. This summary does not address the federal income tax consequences to holders of allowed administrative expense claims, priority claims, or secured claims. This summary does not address foreign, state or local income tax consequences, or any estate or gift tax consequences of the Plan, nor does it address the federal income tax consequences of the Plan to special classes of taxpayers. Accordingly, this summary should not be relied upon for purposes of determining the specific tax consequences of the Plan with respect to a particular holder of a claim or interest.

THE TAX CONSEQUENCES TO HOLDERS OF CLAIMS OR INTEREST MAY VARY BASED UPON THE INDIVIDUAL CIRCUMSTANCES OF EACH SUCH HOLDER. THIS SUMMARY DOES NOT CONSTITUTE TAX ADVICE OR A TAX OPINION CONCERNING THE MATTERS DESCRIBED. THERE CAN BE NO ASSURANCE THAT THE INTERNAL REVENUE SERVICE WILL NOT CHALLENGE ANY OR ALL OF THE TAX CONSEQUENCES DESCRIBED HEREIN, OR THAT SUCH A CHALLENGE, IF ASSERTED, WOULD NOT BE SUSTAINED. ACCORDINGLY, EACH HOLDER OF A CLAIM OR INTEREST IS STRONGLY URGED TO CONSULT WITH HIS, HER OR ITS

OWN TAX ADVISOR REGARDING THE FEDERAL, STATE, LOCAL, FOREIGN OR OTHER TAX CONSEQUENCES OF THE PLAN.

(1) FEDERAL INCOME TAX CONSEQUENCES TO THE DEBTOR.

The Debtor anticipates that confirmation of the Plan will have no federal income tax consequences for the Debtor or Post-Confirmation Estate. During the Chapter 11 case, the Debtor has paid its post-petition tax obligations in the ordinary course of its business pursuant to the tax laws.

(2) FEDERAL INCOME TAX CONSEQUENCES TO HOLDERS OF GENERAL UNSECURED CLAIMS.

The tax consequences to holders of general unsecured claims will differ and will depend on factors specific to such holder, including but not limited to: (i) whether the claim, or a portion thereof, constitutes a claim for interest or principle, (ii) the origin of the claim, (iii) the type of consideration received in exchange for the claim, (iv) whether the holder is a United States person or a foreign person for tax purposes, (v) whether the holder reports income on the accrual or cash basis method, and (vi) whether the holder has taken a bad debt deduction or otherwise recognized a loss with respect to the claim.

THERE ARE MANY FACTORS THAT WILL DETERMINE THE TAX CONSEQUENCE TO EACH HOLDER OF A GENERAL UNSECURED CLAIM. FURTHERMORE, THE TAX CONSEQUENCES OF THE PLAN ARE COMPLEX, AND IN SOME CASES, UNCERTAIN. THEREFORE, IT IS IMPORTANT THAT EACH HOLDER OF A GENERAL UNSECURED CLAIM OBTAIN HIS, HER OR ITS OWN PROFESSIONAL TAX ADVICE REGARDING THE TAX CONSEQUENCES TO SUCH HOLDER OF A GENERAL UNSECURED CLAIM AS A RESULT OF THE PLAN.

II.

OWNERSHIP AND BUSINESS HISTORY OF THE DEBTOR

Journal-Chronicle Company d/b/a J-C Press is a privately held Minnesota corporation, with its main facility located at 785 24th Avenue SW, Owatonna, Minnesota.

J-C Press was originally owned by the Whiting family, and began as a local newspaper in Owatonna, Minnesota, in 1859. In 1938, the newspaper portion of the business was sold to pursue commercial printing and stationary supplies. The Company primarily produced digital, offset and wide format printing, along with mailing and fulfillment services.

In December 2014, Subra Otteson (Whiting), the third generation owner, sold the business to Mr. Patrick McDermott. Mr. McDermott was born and raised in Owatonna. He came to the business with more than 15 years of progressive sales and manufacturing operations experience. He became the J-C Press chief operating officer in 2013, and now is its president and sole owner.

In 2017, the Company acquired the assets of Clear Lake Press. ("CLP") This acquisition was thought to enable the Company to expand its client base, along with the ability to offer other products and services, including web printing, apparel and sell to larger geographic markets. At its height, J-C Press employed more than 50 people, with sales in excess of $9.0 Million annually.

III.

EVENTS LEADING TO REORGANIZATION

A. Downturn.

The Company has recently suffered from a confluence of negative circumstances in the last few years prior to the bankruptcy filing. These include:

- Loss of its largest customer in 2016. The customer was sold to a new ownership group and moved to a larger print provider. This accounted for a loss of approximately $2.5 Million in annual print sales.
- The acquisition of Clear Lake Press did not turn out as expected. CLP represented their book of business as $3.0 Million, on an annual basis. Sales turned out to be a little more than half of that amount.
- The loss of sales and failed acquisition strategy pushed the Debtor into tightening cash flow, and reduced profits. This also put the Company out of covenant compliance with its primary bank, Profinium, Inc.
- Profinium, Inc. threatened to foreclose on its collateral.

B. Decision to File.

By mid-2017, the factors discussed above resulted in tightening cash flow and an inability by the Debtor to meet payment of past and current debt schedules. General unsecured debt began to grow. Based on this convergence of circumstances, the Company made the decision to file for reorganization under Chapter 11 of the Bankruptcy Code.

IV.

OPERATIONS DURING CHAPTER 11

A. Cash Collateral.

Debtor initially operated in this Chapter 11 case pursuant to an interim and final order authorizing use of cash collateral. Debtor has had the continued use of cash in the ordinary course of business throughout this Chapter 11 proceeding.

B. Landlord.

The Debtor has been negotiating with its Landlord, relating to its primary business premises in Owatonna. The Debtor has, with the consent of its Landlord, extended the time to assume or reject this Lease through July 19, 2018.

C. Lift Stay – Adequate Protection.

The Debtor's primary bank, Profinium, Inc., brought a motion for lifting of the automatic stay, or for adequate protection payments relating to its depreciable assets. The Debtor has resolved that issue with Profinium, and a Stipulation is currently being drafted for approval by the Court.

D. Management.

During the pendency of this case, Mr. Patrick McDermott has served as president of the Debtor.

E. Sale of Excess Equipment.

The Debtor has reviewed its equipment needs going forward, and has identified certain excess equipment, which it has determined to sell, with the proceeds paid to the first position lien holder, Profinium Bank. Sale of this equipment is expected to return between $85,000.00 and $150,000.00 (the "Excess Equipment").

F. Post-Petition Secured Loans.

As Debtor's sales increased during the pendency of this case, cash flow began to tighten. In response, the Debtor is seeking to allow the Debtor to enter into post-petition secured loan, for up to $40,000.00, to aid in any cash flow issues. These loans will remain subordinate to the pre-petition lenders liens, and will not alter any lien priorities.

V.

STEPS TAKEN BY DEBTOR TO IMPROVE OPERATIONS

A. Decision to Downsize/Reduce Expenses/Sale of Excess Equipment, etc.

Prior to and following the petition date, the Debtor has continued a process to cut expenses, payroll, and increase profitability, including:

- Reduced the full time equivalent employee count from 51 employees to its current level of 39.
- Reduced non-labor related expenses by more than $548,000 annually from 2016.
- Reviewed operation to determine profitable work; and jettison unprofitable work, and/or seek price increases.
- Made determination to rid the Company of unneeded and excess equipment, which the Debtor plans to sell for between $85,000 to $150,000.
- Re-negotiation of its current Lease on its primary business premises.
- In addition to the above, the Debtor is seeking to restructure its debts with its secured and unsecured creditors.

These actions, along with reductions and restructuring of debts, all greatly improve cash flow and put the company on a much more solid financial foundation for the future. The terms of the restructuring are more fully set forth in the description of the plan, below.

VI.

RESERVATION OF ALL RIGHTS, CLAIMS AND ACTION

Debtor is in the process of investigating its rights to recovery, if any, under the Bankruptcy Code, including, but not limited to, Avoidance Actions, Preferences, a potential action against Clear Lake Press,and the like. Debtor reserves the right to commence adversary proceedings, object to claims, or take any other legal action allowed by the Bankruptcy Code, or other applicable law, and use all Net Proceeds recovered from such proceedings to fund the Plan and for operations.

VII.

ESTIMATED CLAIMS, VALUES, PAYOUTS AND OBJECTIONS

The Debtor, or any party in interest, has the right to object to Claims or Interests filed within the bankruptcy proceeding within 30 days of the effective date of the Plan, or such other time as the Court may direct. Unless otherwise stated herein, or in the Plan, the valuations, claim amounts or percentage payouts given in this Disclosure Statement and the accompanying Plan of Reorganization are approximations. The Debtor will examine all Claims and work to come to agreements with creditors relating to values and claim amounts, etc. If agreements cannot be reached, Debtor or any party in interest may file any objections to such Claims as are appropriate. Any such Claims for which an objection has been filed or with respect to which a determination of the amount or value must be made, shall be paid when, and to the extent allowed or determined by the Court, or as otherwise agreed to by the Debtor and such claimant, and approved by the Court.

VIII.

DESCRIPTION OF THE PLAN

A. Summary of the Plan.

The Debtor, cognizant of the consequences to its creditors in the event a plan of reorganization is not confirmed, developed its plan to provide realistic and acceptable recoveries for each class of claims. Debtor believes that creditors will receive more from the performance of the Plan than by liquidating the company. Creditors holding allowed secured claims will receive the full amount of their allowed secured claims, with interest. Creditors without security who would likely receive nothing from a liquidation of the company, have, under the Plan, a vested interest in the survival of the Debtor and may receive their pro rata portion of $325,000.00 or approximately 15% of the total amount of their claims, over time.

Debtor believes that the Plan enables each class of claims to maximize its recovery and, at the same time, permits the Debtor to be reorganized and to continue in business.

The following description of the Plan is qualified by the terms of the Plan itself. Creditors should read both the disclosure statement and the Plan carefully and seek competent advice for any questions they may have.

B. Classification and Treatment of Claims and Interests.

1. Unclassified Claims.

Unclassified claims include:

a. Monthly fees payable to the United States Trustee under 28 U.S.C. § 1930(a)(6). As of the date hereof, Debtor is current with such fees.

b. Post-petition claims, incurred in the ordinary course of Debtor's business other than those listed in paragraph (c) below. Debtor is current with all such expenses as of the date hereof.

c. Allowed administrative expense claims, except as otherwise classified herein, including:

(1) Allowed fees and expenses of counsel for the Debtor pursuant to 11 U.S.C. § 503(b). The Debtor's counsel estimates that attorneys' fees and expenses for the Debtor will be an additional $25,000.00.

(2) Administrative claims under 11 U.SC. § 503(b)(9). Debtor has no such claims.

d. Administrative claims of taxing authorities for post-petition taxes. Debtor is current on all post-petition taxes.

Treatment:

The foregoing claims, to the extent they exist, will be satisfied by payment in full on the effective date, unless otherwise agreed to by the particular claimant, to the extent not otherwise paid in the ordinary course of business as the same become due or as agreed upon by a particular claimant. Debtor will continue to pay all court fees and monthly trustee fees, and all other trustee fees that come due until the Chapter 11 case is closed, converted or dismissed, as required by 28 U.S.C. § 1930, and subject to any amendments to the Bankruptcy Code made retroactively applicable to this Case. After confirmation, the Debtor agrees to submit monthly operating reports to the U.S. Trustee, in the format proscribed by the Trustee, until the case is closed, dismissed or converted.

e. Claims of taxing authorities for pre-petition taxes entitled to priority by reason of 11 U.S.C. § 507(a)(8).

(1) Internal Revenue Service:

There are no pre- or post-petition taxes due to the IRS.

(2) Minnesota Department of Revenue:

There are no pre-or post-petition taxes due to the Minnesota Department of Revenue.

Treatment:

To the extent they exist, all allowed claims arising under § 507(a)(8) will, unless otherwise agreed, will be paid, with interest, at the rate set forth in applicable state or federal provisions regarding interest on unpaid taxes under a plan of reorganization. Such taxes will be payable monthly over a period not to exceed 48 months from the date of the filing of the petition for relief. To the extent such claims constitute penalties or nonpriority taxes; they will be treated as a general unsecured claim and paid under Class III, below.

There are no pre or post-petition claims for wages, salaries or commissions.

(f) Priority claims for pre-petition wages used §11 U.S.C. §507 (a)(4). To the extent they exist, and are Allowed, all wages, salary or commissions earned under §507 (a)(4) of the bankruptcy code. There are no such claims due for pre-petition wages.

Treatment:

Such claims, to the extent they exist, will be paid, in full, on the Effective Date, or according to the terms of any agreement with any such claimholder.

C. Classified Claims and Interests.

1. Class I: Secured Claim of Profinium Financial ("Profinium").

This Class consists of the first position secured claim of Profinium under, *inter alia*, the terms of Business Loan Agreements, Security Agreements, Notes and related loan documents (the "Profinium Loan Documents") in the approximate amount of $1,598,127.87 million, plus interest and expenses to the extent allowed under Section 506 of the Bankruptcy Code.

Profinium's loan is fully secured by all of the assets of the Debtor, including, without limitation, Debtor's accounts receivable, equipment and inventory (the "Profinium Collateral").

Treatment:

The Allowed Amount of the Profinium's secured claim shall be partially paid down, then restructured into two notes, and paid, in full, as follows:

(a) Partial Pay-Down of Debt.

On or before the Effective Date, the Debtor will sell its Excess Equipment, as discussed above, with the proceeds used to pay down the Profinium Debt (the "Applied Funds").

(b) Line of Credit.

Of the total remaining amount of the Profinium Debt (after deducting the Applied Funds), the amount of $517,291.54, shall be treated as a permanent Line of Credit. Interest only payments, at 5%, shall be made on a monthly basis, beginning thirty (30) days after the Effective Date. Monthly payments will be approximately $2,155.38. This Line of Credit shall balloon, and become fully due and payable on the fifth (5^{th}) anniversary after the Effective Date.

(c) Term Note.

The remaining amount of the Profinium Debt, (after deducting the Applied Funds and the amount of the line of credit), in the estimated amount of $995,836.33, shall be paid in fully amortized equal monthly payment at five (5%) over ten (10) years . Payments shall be made on a monthly basis, beginning thirty (30) days after the Effective Date. Monthly payments will be approximately $10,562.39. This Term Note shall balloon, and become fully due and payable on the fifth (5^{th}) anniversary of the Effective Date.

(d) Profinium shall retain its first position secured liens in the Profinium Collateral, until the principal balance and all accruing interest (and any other charges or attorney's fees that may become due), under the Profinium Loan Documents, are paid in full. Except for the Debt Service Coverage Covenant, Net Worth Covenant, Leverage Ratio, or solvency requirements in the Business Loan Agreement; which shall be deleted, and as otherwise set forth herein, all other terms and conditions of the Profinium Loan Documents, shall remain in full force and effect.

2. Class II: Secured Claim of Southern Minnesota Initiative ("SMI").

This Class consists of the secured claim of SMI under, *inter alia*, a note and the security agreement (the "SMI Secured Loan Documents"), in the approximate total amount of

$202,383.80, plus interest and expenses to the extent allowed under Section 506 of the Bankruptcy Code. The SMI Loan is secured by a second position lien, in substantially all of the assets of the Debtor, subordinate only to Profinium (the "SMI Collateral). The value of SMI Collateral is estimated by the Debtor to be $68,000.00.

<u>Treatment</u>:

The Allowed amount of SMI's Secured Claim of Class II shall be paid, in full, as follows:

The total secured portion of the SMI Claim, in the amount of $68,000.00, will be paid, in full, in fully amortized equal monthly installments, at five (5%) percent, for a period of ten (10) years, starting thirty (30) days after the Effective Date. Monthly payments will be approximately $721.25. This debt shall balloon and become fully due and payable on the fifth (5^{th}) anniversary after the Effective Date.

The Class II claimant shall retain a lien in the SMI Collateral, until its secured claim is fully satisfied and paid in full. Except as specifically set forth herein, all other terms of the SMI Secured Loan Documents shall remain in full force and effect. The unsecured portion of the SMI Claim, will be treated as a general unsecured claim under Class III, below.

3. <u>Class III: General Unsecured Claims</u>.

This class shall consist of allowed unsecured claims not entitled to priority ant not treated in any other class in the Plan, including the unsecured portion of any secured classes claim. The allowed claims in Class III are in the approximate amount of $2.215 Million. The holders of general unsecured claims shall be treated as follows:

<u>Treatment</u>:

The holder of a Class III Allowed Claim shall be paid the Pro Rata Share of $325,000.00 or approximately fifteen (15%) percent of the total of all unsecured claims, over time.

Payments will be made in ten (10) annual installments with the first payment to be made within thirty (30) days following the one year anniversary of the Effective Date, and on the same date each year thereafter as follows:

• Years 1 through 5	$22,000.00
• Years 6 through 10	$43,000.00

Until the full $325,000.00 has been fully paid out and distributed.

These payments shall be in full satisfaction of each Allowed Class III Unsecured Claim.

4. Class IV: Equity Interests.

This class shall consist of the Allowed Equity or ownership interests of the Debtor.

Treatment:

Mr. Patrick McDermott shall remain as the owner and sole shareholder of the Debtor, unaffected.

5. Executory Contracts and Unexpired Leases.

Attached to the Plan and marked as Exhibit A is a list of executory contracts and leases to which the Debtor is a party. As to each such contract or lease, the exhibit indicates whether The Debtor has assumed the lease, will assume the lease or intends to reject or rescind the lease or contract along with any required cure amounts. Any executory contract not listed or scheduled is hereby deemed rejected.

IX.

MEANS OF EXECUTION OF THE PLAN

A. Plan Implementation.

The Debtor, after confirmation, will continue to manage its affairs and assets and will disburse funds, serving as required as disbursing agent. The Debtor will remain responsible for operating the business, paying its expenses and making distributions to creditors as set forth in the Plan. The Debtor will provide or pay out of operating funds for all of the Debtor's administrative expenses and business debts in the ordinary course of business.

Attached hereto and marked as Exhibit A are the cash receipts and disbursement summaries filed with the U.S. Trustee during the case, as well as projections prepared by the Debtor's management. If Debtor's Plan is confirmed, Debtor is confident of its ability to meet or exceed these projections and perform as set forth under the Plan.

The combination of building cash reserves during the case, the reduction and restructuring of debt, the elimination of staff, reduction or elimination of unnecessary equipment, downsizing operations, and the other steps described above, all enhance the feasibility of the Plan and its likelihood of success.

X.

ALTERNATIVES TO THE PLAN OF REORGANIZATION

Debtor believes strongly that acceptance of the Plan is in the best interest of its creditors. Based upon the financial projections discussed above, Debtor believes it can offer more to unsecured claimants than under a liquidation scenario, in which the Debtor's assets are returned to the primary secured creditors, and other priority claimants. If liquidation were to occur, only secured claimants would receive anything. Liquidation of the Debtor is evaluated on Exhibit B.

XI.

MANAGEMENT FOLLOWING CONFIRMATION

Mr. Patrick McDermott will, upon the plan effective date, be elected the president of Debtor. Mr. McDermott will receive a salary of $150,000.00 for the first year following confirmation.

XII.

CONCLUSION

As noted above, Debtor believes that acceptance of the plan is in the best interest of all parties. Debtor requests that each holder of a claim or interest complete the ballot and accept the proposed plan.

Respectfully submitted,

JOURNAL-CHRONICLE COMPANY D/B/A J-C PRESS

Dated: June 15, 2018

/e/ Patrick McDermott
Patrick McDermott
Its: President

Dated: June 15, 2018

/e/ Thomas J. Flynn
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EXHIBIT A

Schedules 1 – Summary of cash receipts and disbursements filed with U.S. Trustee during the Chapter 11

Schedule 2 – Cash flow projection

SCHEDULE 1

Summary of Cash Receipts and Disbursements
Filed with U.S. Trustee During the Chapter 11

DEBTOR: Journal-Chronicle Company **CASE NO:** 17-33322

Form 2-B
CASH RECEIPTS AND DISBURSEMENTS STATEMENT

For Period: 03/01/18 to 03/31/18

CASH FLOW SUMMARY		Current Month		Accumulated
1. Beginning Cash Balance	$	129,810.42 (1)	$	64,321.79 (1)
2. Cash Receipts				
Operations		490,596.33		3,430,452.25
Sale of Assets		0.00		0.00
Loans/advances		0.00		0.00
Other		0.00		0.00
Total Cash Receipts	$	490,596.33	$	3,430,452.25
3. Cash Disbursements				
Operations		575,293.08		3,427,160.37
Debt Service/Secured loan payment		0.00		0.00
Professional fees/U.S. Trustee fees		22,512.92		45,012.92
Other		0.00		0.00
Total Cash Disbursements	$	597,806.00	$	3,472,173.29
4. Net Cash Flow (Total Cash Receipts less Total Cash Disbursements)		-107,209.67		-41,721.04
5 Ending Cash Balance (to Form 2-C)	$	22,600.75 (2)	$	22,600.75 (2)

CASH BALANCE SUMMARY	Financial Institution		Book Balance
Petty Cash		$	100.00
DIP Operating Account	Profinium		41,338.68
DIP State Tax Account			0.00
DIP Payroll Account			-27,083.70
Other Operating Account	Home Federal		8,245.77
Other Interest-bearing Account			0.00
TOTAL (must agree with Ending Cash Balance above)		$	22,600.75 (2)

(1) Accumulated beginning cash balance is the cash available at the commencement of the case. Current month beginning cash balance should equal the previous month's ending balance.
(2) All cash balances should be the same.

DEBTOR: Journal-Chronicle Company **CASE NO:** 17-33322

Form 2-B
CASH RECEIPTS AND DISBURSEMENTS STATEMENT

For Period: 02/01/18 to 02/28/18

CASH FLOW SUMMARY		Current Month		Accumulated
1. Beginning Cash Balance	$	142,233.27 (1)	$	64,321.79 (1)
2. Cash Receipts				
Operations		663,120.79		2,939,855.92
Sale of Assets		0.00		0.00
Loans/advances		0.00		0.00
Other		0.00		0.00
Total Cash Receipts	$	663,120.79	$	2,939,855.92
3. Cash Disbursements				
Operations		675,543.64		2,851,867.29
Debt Service/Secured loan payment		0.00		0.00
Professional fees/U.S. Trustee fees		0.00		22,500.00
Other		0.00		0.00
Total Cash Disbursements	$	675,543.64	$	2,874,367.29
4. Net Cash Flow (Total Cash Receipts less Total Cash Disbursements)		-12,422.85		65,488.63
5 Ending Cash Balance (to Form 2-C)	$	129,810.42 (2)	$	129,810.42 (2)

CASH BALANCE SUMMARY	Financial Institution		Book Balance
Petty Cash		$	100.00
DIP Operating Account	Profinium		128,433.69
DIP State Tax Account			0.00
DIP Payroll Account			0.00
Other Operating Account	Home Federal		1,276.73
Other Interest-bearing Account			0.00
TOTAL (must agree with Ending Cash Balance above)		$	129,810.42 (2)

(1) Accumulated beginning cash balance is the cash available at the commencement of the case. Current month beginning cash balance should equal the previous month's ending balance.
(2) All cash balances should be the same.

DEBTOR: Journal-Chronicle Company **CASE NO:** 17-33322

Form 2-B
CASH RECEIPTS AND DISBURSEMENTS STATEMENT

For Period: 12/01/17 to 12/31/17

CASH FLOW SUMMARY		Current Month		Accumulated
1. Beginning Cash Balance	$	160005.66 (1)	$	64321.79 (1)
2. Cash Receipts				
Operations		579,697.05		1,589,813.10
Sale of Assets		0.00		0.00
Loans/advances		0.00		0.00
Other		0.00		0.00
Total Cash Receipts	$	579,697.05	$	1,589,813.10
3. Cash Disbursements				
Operations		650,945.55		1,542,877.73
Debt Service/Secured loan payment		0.00		0.00
Professional fees/U.S. Trustee fees		0.00		22,500.00
Other		0.00		0.00
Total Cash Disbursements	$	650,945.55	$	1,565,377.73
4. Net Cash Flow (Total Cash Receipts less Total Cash Disbursements)		-71,248.50		24,435.37
5 Ending Cash Balance (to Form 2-C)	$	88,757.16 (2)	$	88,757.16 (2)

CASH BALANCE SUMMARY	Financial Institution		Book Balance
Petty Cash		$	100.00
DIP Operating Account	Profinium		-23,789.42
DIP State Tax Account			0.00
DIP Payroll Account			0.00
Other Operating Account	Home Federal		112,446.58
Other Interest-bearing Account			0.00
TOTAL (must agree with Ending Cash Balance above)		$	88,757.16 (2)

(1) Accumulated beginning cash balance is the cash available at the commencement of the case. Current month beginning cash balance should equal the previous month's ending balance.
(2) All cash balances should be the same.

DEBTOR: Journal-Chronicle Company **CASE NO:** 17-33322

Form 2-B
CASH RECEIPTS AND DISBURSEMENTS STATEMENT

For Period: 11/01/17 to 11/30/17

CASH FLOW SUMMARY		Current Month		Accumulated
1. Beginning Cash Balance	$	64321.79 (1)	$	64321.79 (1)
2. Cash Receipts				
Operations		667,657.03		1,010,116.05
Sale of Assets		0.00		0.00
Loans/advances		0.00		0.00
Other		0.00		0.00
Total Cash Receipts	$	667,657.03	$	1,010,116.05
3. Cash Disbursements				
Operations		631,294.95		891,932.18
Debt Service/Secured loan payment		0.00		0.00
Professional fees/U.S. Trustee fees		0.00		22,500.00
Other		0.00		0.00
Total Cash Disbursements	$	631,294.95	$	914,432.18
4. Net Cash Flow (Total Cash Receipts less Total Cash Disbursements)		36,362.08		95,683.87
5 Ending Cash Balance (to Form 2-C)	$	100,683.87 (2)	$	160,005.66 (2)

CASH BALANCE SUMMARY	Financial Institution		Book Balance
Petty Cash		$	100.00
DIP Operating Account	Profinium		96,910.56
DIP State Tax Account			0.00
DIP Payroll Account			0.00
Other Operating Account	Home Federal		62,995.10
Other Interest-bearing Account			0.00
TOTAL (must agree with Ending Cash Balance above)		$	160,005.66 (2)

(1) Accumulated beginning cash balance is the cash available at the commencement of the case. Current month beginning cash balance should equal the previous month's ending balance.
(2) All cash balances should be the same.

SCHEDULE 2

Cash Flow Projection

JC PRESS
SCHEDULE OF CASH FLOWS
(MONTH 1 = EFFECTIVE DATE OF THE PLAN)

	1	2	3	4	5	6	7	8	9	10	11	12	Total Year 1	Year 2	Year 3
CASH INFLOWS															
Revenues Collected	$ 435,000	$ 490,000	$ 445,000	$ 465,000	$ 410,000	$ 455,000	$ 430,000	$ 490,000	$ 440,000	$ 460,000	$ 460,000	$ 445,000	$ 5,425,000	$ 5,588,000	$ 5,756,000
Proceeds from Post Reorganization	40,000	-	-	-	-	-	-	-	-	-		-	40,000	-	-
Equipment Sale Proceeds	85,000	-	-	-	-	-	-	-	-	-	-	-	85,000	-	-
Total Cash Inflows	560,000	490,000	445,000	465,000	410,000	455,000	430,000	490,000	440,000	460,000	460,000	445,000	5,550,000	5,588,000	5,756,000
CASH OUTFLOWS															
Current Operating Expenses															
Paper and Materials	157,000	176,000	160,000	167,000	148,000	164,000	155,000	176,000	158,000	166,000	166,000	160,000	1,953,000	1,992,100	2,031,900
Labor, Commissions, Benefits and	188,400	190,400	188,800	189,500	187,500	189,100	188,200	190,400	188,600	189,300	189,300	188,800	2,268,300	2,313,500	2,359,800
Building Rent	25,500	25,500	25,500	25,500	25,500	25,500	25,500	25,500	25,500	25,500	25,500	25,500	306,000	312,100	318,300
Utilities	6,700	6,700	6,700	6,700	6,700	6,700	6,700	6,700	6,700	6,700	6,700	6,700	80,400	82,000	83,600
Repairs and Maintenance	16,500	16,500	16,500	16,500	16,500	16,500	16,500	16,500	16,500	16,500	16,500	16,500	198,000	202,000	206,000
Property Insurance	5,600	5,600	5,600	5,600	5,600	5,600	5,600	5,600	5,600	5,600	5,600	5,600	67,200	68,500	69,900
Property Taxes	-	-		22,400	-		-		-	-	22,400	-	44,800	45,700	46,600
Supplies	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	48,000	49,000	50,000
Vehicle Expense	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	48,000	49,000	50,000
Advertising and Promotion	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	12,000	12,200	12,400
Office Postage	2,100	2,100	2,100	2,100	2,100	2,100	2,100	2,100	2,100	2,100	2,100	2,100	25,200	25,700	26,200
Bank/Credit Card Fees	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	30,000	30,600	31,200
Dues and Subscriptions	4,300	4,300	4,300	4,300	4,300	4,300	4,300	4,300	4,300	4,300	4,300	4,300	51,600	52,600	53,700
Professional Fees	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	30,000	30,600	31,200
Telephone and Internet	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	14,400	14,700	15,000
Life Insurance	-	-	-	-	5,200	-	-	-	-	-	-	-	5,200	5,300	5,400
Travel and Entertainment	100	100	100	100	100	100	100	100	100	100	100	100	1,200	1,200	1,200
Miscellaneous	200	200	200	200	200	200	200	200	200	200	200	200	2,400	2,400	2,400
Total Current Operating Expens	421,600	442,600	425,000	455,100	416,900	429,300	419,400	442,600	422,800	431,500	453,900	425,000	5,185,700	5,289,200	5,394,800
Plan Payments															
Secured Debt															
Profinium Line of Credit Interest Payments	2,155	2,155	2,155	2,155	2,155	2,155	2,155	2,155	2,155	2,155	2,155	2,155	25,865	25,865	25,865
Profinium - Equipment Debt Principal and Interest Payments	95,562	10,562	10,562	10,562	10,562	10,562	10,562	10,562	10,562	10,562	10,562	10,562	211,749	126,749	126,749
Southern MN Bank - Equipment Principal and Interest Payments	721	721	721	721	721	721	721	721	721	721	721	721	8,655	8,655	8,655
Total Payments on Secured Debt	98,439	13,439	13,439	13,439	13,439	13,439	13,439	13,439	13,439	13,439	13,439	13,439	246,268	161,268	161,268
Executory Claims															
Deferred Rent Catch-Up Paymen	1,693	1,693	1,693	1,693	1,693	1,693	1,693	1,693	1,693	1,693	1,693	1,693	20,322	20,322	20,322
Interest Paid on Post Reorganiza Financing	167	167	167	167	167	167	167	167	167	167	167	167	2,000	2,000	2,000
Total Payments on Executive Cla	1,860	1,860	1,860	1,860	1,860	1,860	1,860	1,860	1,860	1,860	1,860	1,860	22,322	22,322	22,322
Unsecured Creditor Payments															
Prepetition Accounts Payable	611	611	611	611	611	611	611	611	611	611	611	611	7,337	7,337	7,337
Deferred Compensation paymen Sabra Otteson	929	929	929	929	929	929	929	929	929	929	929	929	11,151	11,151	11,151
Deferred Compensation paymen Marty Hatfield	217	217	217	217	217	217	217	217	217	217	217	217	2,608	2,608	2,608
Southern MN Bank - Equipment Principal and Interest Payments	110	110	110	110	110	110	110	110	110	110	110	110	1,315	1,315	1,315
Total Payments on Unsecured Dc	1,868	1,868	1,868	1,868	1,868	1,868	1,868	1,868	1,868	1,868	1,868	1,868	22,410	22,410	22,410
Trustee Fees	-	-	20,000	-	-	-	-	-	-	-	-	-	20,000	-	-
Total Plan Payments	102,167	17,167	37,167	17,167	17,167	17,167	17,167	17,167	17,167	17,167	17,167	17,167	311,000	206,000	206,000
Other Cash Outflows Capital Acquisitions	-	-	-	-	-	-	-	-	-	-	-	55,000	55,000	90,000	150,000
Total Cash Outflows	523,767	459,767	462,167	472,267	434,067	446,467	436,567	459,767	439,967	448,667	471,067	497,167	5,551,700	5,585,200	5,750,800
CASH BALANCE															
Beginning Cash Balance	50,000	86,233	116,467	99,300	92,033	67,967	76,500	69,933	100,167	100,200	111,533	100,467	50,000	48,300	51,100
Cash Inflows	560,000	490,000	445,000	465,000	410,000	455,000	430,000	490,000	440,000	460,000	460,000	445,000	5,550,000	5,588,000	5,756,000
Cash Outflows	(523,767)	(459,767)	(462,167)	(472,267)	(434,067)	(446,467)	(436,567)	(459,767)	(439,967)	(448,667)	(471,067)	(497,167)	(5,551,700)	(5,585,200)	(5,750,800)
Ending Cash Balance	86,233	116,467	99,300	92,033	67,967	76,500	69,933	100,167	100,200	111,533	100,467	48,300	48,300	51,100	56,300

EXHIBIT B

JOURNAL-CHRONICLE COMPANY D/B/A J-C PRESS
Liquidation Analysis

J-C Press

Liquidation Analysis

ASSETS			LIQUIDATION VALUE
Cash	$ 75,000.00		$ 75,000.00
A/R	$525,000.00	@ 75%	$394,000.00
Inventory	$ 85,000.00	@ 25%	$ 21,250.00
Equipment (per Hoff Appraisal)	$944,900.00		$944,900.00
Total Asset Value:			**$1,435,150.00**

Obligations:

Profinium Secured Claim (1st Position Security Interest)		$1,598,128.00
	Difference	**<$162,978.00>**
Amount Available to Unsecured Creditors		$ 0.00

REVISED 12/15

UNITED STATES BANKRUPTCY COURT
DISTRICT OF MINNESOTA

In re: Journal-Chronicle Company, d/b/a J-C Press Case No. 17-33322

Debtor(s).

SIGNATURE DECLARATION

☐ PETITION, SCHEDULES & STATEMENTS
☐ CHAPTER 13 PLAN
☐ VOLUNTARY CONVERSION, SCHEDULES & STATEMENTS
☐ AMENDMENT TO PETITION, SCHEDULES & STATEMENTS
☐ MODIFIED CHAPTER 13 PLAN
☑ OTHER: PLEASE DESCRIBE: Plan and Disclosure Statement Filing

I [We], the undersigned debtor(s) or authorized representative of the debtor, make the following declarations under penalty of perjury:

1. The information I have given my attorney for the electronically filed petition, statements, schedules, amendments, and/or chapter 13 plan, as indicated above, is true and correct;

2 The Social Security Number or Tax Identification Number I have given to my attorney for entry into the court's Case Management/Electronic Case Filing (CM/ECF) system as a part of the electronic commencement of the above-referenced case is true and correct;

3. **[individual debtors only]** If no Social Security Number was provided as described in paragraph 2 above, it is because I do not have a Social Security Number;

4 I consent to my attorney electronically filing with the United States Bankruptcy Court my petition, statements and schedules, amendments, and/or chapter 13 plan, as indicated above, together with a scanned image of this Signature Declaration;

5. My electronic signature contained on the documents filed with the Bankruptcy Court has the same effect as if it were my original signature on those documents; and

6. **[corporate and partnership debtors only]** I have been authorized to file this petition on behalf of the debtor.

Date: June 15TH, 2018

x Patrick J. McDermott
Signature of Debtor 1 or Authorized Representative

Patrick J. McDermott
Printed name of Debtor 1 or Authorized Representative

x____________________
Signature of Debtor 2

____
Printed Name of Debtor 2