

**UNITED STATES BANKRUPTCY COURT  
DISTRICT OF MINNESOTA**

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In re:

Bankr. No. 17-60044  
Chapter 11

Caring Hands Home Care, Inc.

Debtor

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**DISCLOSURE STATEMENT  
June 8, 2017**

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## I. INTRODUCTION

This is the disclosure statement (the “Disclosure Statement”) in the chapter 11 case of Caring Hands Home Care, Inc. (the “Debtor”). This Disclosure Statement contains information about the Debtor and describes the Plan of Reorganization (the “Plan”). A full copy of the Plan accompanies this Disclosure Statement. ***Your rights may be affected. You should read the Plan and this Disclosure Statement carefully and discuss them with your attorney. If you do not have an attorney, you may wish to consult one.***

### A. Purpose of This Document

This Disclosure Statement describes:

- The Debtor and significant events during the bankruptcy case,
- How the Plan proposes to treat claims or equity interests of the type you hold (*i.e.*, what you will receive on your claim or equity interest if the plan is confirmed),
- Who can vote on or object to the Plan,
- What factors the Bankruptcy Court (the “Court”) will consider when deciding whether to confirm the Plan,
- Why the Debtor believes the Plan is feasible, and how the treatment of your claim or equity interest under the Plan compares to what you would receive on your claim or equity interest in liquidation, and
- The effect of confirmation of the Plan.

Be sure to read the Plan as well as the Disclosure Statement. This Disclosure Statement describes the Plan, but it is the Plan itself that will, if confirmed, establish your rights.

### B. Deadlines for Voting and Objecting; Date of Plan Confirmation Hearing

The Court has not yet confirmed the Plan described in this Disclosure Statement. This section describes the procedures pursuant to which the Plan will or will not be confirmed.

#### 1. Time and Place of the Hearing to Confirm the Plan

The court has, in the order accompanying this Disclosure Statement, set a time and place for a hearing on the confirmation of the Plan.

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

Each creditor entitled to vote on the Plan may cast a vote by completing the enclosed ballot and serving it in person or by mail at the address identified on the attached order.

**ALL BALLOTS MUST BE RECEIVED NO LATER THAN THE DATE LISTED ON THE ATTACHED ORDER OF THE COURT. NO BALLOT RECEIVED AFTER THAT DATE WILL BE COUNTED IN DETERMINING WHETHER THE PLAN SHOULD BE CONFIRMED.**

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

If you want additional information about the Plan, you should contact Erik A. Ahlgren, attorney for Debtor, at 218-998-2775 or erik@ahlgrenlaw.net.

**C. Disclaimer**

***The Court has approved this Disclosure Statement as containing adequate information to enable parties affected by the Plan to make an informed judgment about its terms. The Court has not yet determined whether the Plan meets the legal requirements for confirmation, and the fact that the Court has approved this Disclosure Statement does not constitute an endorsement of the Plan by the Court, or a recommendation that it be accepted.***

**II. BACKGROUND**

**A. Description and History of the Debtor's Business**

The Debtor has operated a home health care agency since 1994 and is licensed by the Minnesota Department of Human Services. The Debtor is also certified to provide services under Medicare. Currently, the Debtor employs approximately 20 full and part-time employees, including 9 nurses, 7 home health aides, 2 primarily administrative personnel, 1 occupational therapist, and 1 physical therapist. The occupational therapist and physical therapist are independent contractors who provide services on a part time basis through the company.

The Debtor estimates that its gross revenues are derived from the following sources:

- A. 63% from insurers (including MinnesotaCare),
- B. 21% from the Veteran's Administration,
- C. 15% from Medicare,
- D. 1% from private payors.

The Debtor's services are provided at the client's home or place of residence. The Debtor's office facility is utilized solely for business administration and maintenance of financial and client records. The Debtor does not perform any services for third party clients at its office facility.

## **B. Insiders of the Debtor**

Gary and Patricia Johnson are married individuals who jointly own a 100% interest in the Debtor and, thus, qualify as insiders of the Debtor, as defined by §101(31) of the Bankruptcy Code. Both are paid a salary from the company and rent one of the two office locations used by the company.

## **C. Management of the Debtor**

Gary Johnson is president of the company and Patricia Johnson is vice president. Together, they are jointly responsible for all operations of the Debtor. The Johnsons are paid \$6,798.00 per month, along with \$1500 per month as rent for the Sebeka office location. It is anticipated that the Johnsons will remain in their present positions and that their compensation and the amount of the rent paid to the Johnsons will remain the same after the effective date of the order confirming the Plan. The Debtor does not anticipate adding any management personnel in the foreseeable future.

## **D. Events Leading to Chapter 11 Filing**

The company took on high interest rate debt from internet lenders after the State of Minnesota delayed funding during its own budget crisis. While the government payments were eventually made, no interest was paid and the company was unable to catch up on the high interest rate debt that it had taken on to deal with the delayed payments.

After falling behind on the debts owed to its lenders, the company commenced this Chapter 11 case on January 27, 2017 (the "Petition Date") to preserve the going concern value of its operation, protect unsecured creditors, and restructure its liabilities in accordance with the provisions of the Bankruptcy Code. Since the Petition Date, the Debtor has continued in possession of its property and has operated and managed its business as a debtor-in-possession pursuant to 11 U.S.C. §§ 1107 and 1108.

## **E. Projected Recovery of Avoidable Transfers**

The Debtor does not anticipate the recovery of any avoidable transfers.

Any funds or benefits received by the Debtor by virtue of any adversary proceeding, claim, preference action or any other legal right assertable by the Debtor under the Bankruptcy Code, or other law, shall remain the property of the Debtor, and may be used by the Debtor for its operation or to fund the Plan.

## **F. Claims Objections**

Except to the extent that a claim is already allowed pursuant to a final non-appealable order,

the Debtor reserves the right to object to claims. Therefore, even if your claim is allowed for voting purposes, you may not be entitled to a distribution if an objection to your claim is later upheld. The procedures for resolving disputed claims are set forth in the Plan.

### **G. Current and Historical Financial Conditions**

The Debtor's current and historical financial statements are attached as Exhibit A.

Copies of the Debtor's periodic operating reports filed since the commencement of the bankruptcy case may be obtained by from Erik A. Ahlgren, attorney for Debtor, at 218-998-2775 or erik@ahlgrenlaw.net.

## **III. SUMMARY OF THE PLAN OF REORGANIZATION AND TREATMENT OF CLAIMS AND EQUITY INTERESTS**

### **A. What is the Purpose of the Plan of Reorganization?**

As required by the Code, the Plan places claims and equity interests in various classes and describes the treatment each class will receive. The Plan also states whether each class of claims or equity interests is impaired or unimpaired. If the Plan is confirmed, your recovery will be limited to the amount provided by the Plan.

### **B. Unclassified Claims**

Certain types of claims are automatically entitled to specific treatment under the Code. They are not considered impaired, and holders of such claims do not vote on the Plan. They may, however, object if, in their view, their treatment under the Plan does not comply with that required by the Code. As such, the Plan Proponent has *not* placed the following claims in any class:

#### *1. Administrative Expenses*

Administrative expenses are costs or expenses of administering the Debtor's chapter 11 case which are allowed under § 507(a)(2) of the Code. Administrative expenses also include the value of any goods sold to the Debtor in the ordinary course of business and received within 20 days before the date of the bankruptcy petition. The Code requires that all administrative expenses be paid on the effective date of the Plan, unless a particular claimant agrees to a different treatment. Unpaid administrative expenses other than professional fees will be paid from existing cash reserves and cash flow from the continued operation of the Debtor's business. Professional fees will be paid upon approval of this court.

## 2. Priority Tax Claims

Priority tax claims are unsecured income, employment, and other taxes described by § 507(a)(8) of the Code. The IRS has filed a claim of \$126,699.34, of which \$106,465.28 is a priority claim. The Minnesota Department of Revenue has filed a priority tax claim of \$8,965.59, of which \$8,416.62 is a priority claim. In accordance with §1129(a)(9), the priority portion of the tax claim must be paid in installments over a period not to exceed 60 months, unless the holder of the claim has otherwise agreed. The Debtor does not believe there are any other priority tax claims. That portion or any tax which is a penalty, or non-priority tax, will be treated as a general unsecured claim as described hereinbelow.

### C. Classes of Claims

The following are the classes set forth in the Plan, and the proposed treatment that they will receive under the Plan:

#### 1. *Secured Claims (Class 1: The Secured Claims of Bremer Bank)*

Allowed Secured Claims are claims secured by property of the Debtor's bankruptcy estate to the extent allowed as secured claims under § 506 of the Code. If the value of the collateral or setoffs securing the creditor's claim is less than the amount of the creditor's allowed claim, the deficiency will be classified as a general unsecured claim.

The Debtor believes that Bremer Bank holds the only two secured claims: Claim No. 3 in the amount of \$142,640 as of the February 15, 2017 filing of its proof of claim, and Claim No. 4 in the amount of \$28,650.12 as of the February 15, 2017 filing of its proof of claim. Because the value of the Debtor's assets were approximately \$76,173.52 as of the date of filing, no other creditor holds a secured claim in the Debtor's assets.

Based on the foregoing, Bremer Bank holds a first priority secured claim in all of the prepetition assets of the Debtor as a result of the Commercial Security Agreement granted by the Debtor to Bremer Bank which security interest was perfected by UCC Financing Statement 200810083855 on January 7, 2008, and as continued by filing number 20123045423 on January 6, 2012. In addition, the Debtor granted Bremer Bank a replacement lien of the same priority, dignity and effect as the bank's pre-petition lien pursuant to the Stipulation Regarding the Debtor's Use of Cash Collateral and the order of the bankruptcy court on March 1, 2017 (DE #24).

The Class 1 secured claim of Bremer Bank in the amount of \$76,173.52 will be paid in full with interest.

2. *General Unsecured Claims (Class 2: All creditors other than the Secured Claim of Bremer Bank)*

General unsecured claims are not secured by property of the estate and are not entitled to priority under § 507(a) of the Code. Bremer Bank's claim will be considered a general unsecured claim to the extent the value of the collateral or setoffs securing the bank's claim is less than the amount of the bank's allowed claim. A portion of the State and Federal tax claims will be considered general unsecured claims. The General Unsecured Claims will be as listed on the schedule attached to the Plan. If your claim is not scheduled, is scheduled incorrectly, you must file a proof of claim or you might not be paid on your claim and you might be unable to vote on a plan.

The deadline for filing a proof of claim in this case is June 5, 2017 for both governmental and non-governmental claims (the "Bar Date"). Because the Bar Date has passed, the final list of General Unsecured Claims will be as scheduled on the list attached to the Plan. Any entity which has a claim other than as described in the plan of reorganization shall be forever barred from asserting any claim against the Debtor, the Reorganized Debtor or the property of the estate, unless the Court hears and approves an amended claim.

The Class 2 general unsecured claims as listed in the Plan are \$399,367.90. The unsecured creditors will be paid 10% of their claims within twenty-four months of the Effective Date. As shown in the liquidation analysis attached as Exhibit C, the unsecured creditors would be paid nothing if the Debtor was forced into liquidation.

3. *Equity Interest Holders (Class 3: Gary and Patricia Johnson)*

Equity interest holders are parties who hold an ownership interest (*i.e.*, equity interest) in the Debtor. This class shall consist of the allowed ownership interests of the Debtor by its shareholders. Gary and Patricia Johnson shall pay a total of \$1,000 on the Effective Date of the Plan and shall be reinstated as the 100% owners of the Debtor, with the ownership split as determined in the sole discretion of the Johnsons.

**D. Means of Implementing the Plan**

1. *Source of Payments*

Payments and distributions under the Plan will be funded by cash flow from operations, as described in the projections attached as Exhibit B to the Disclosure Statement. The figures, valuations or numbers in the Disclosure Statement and Plan are approximations.

2. *Post-confirmation Management*

Gary Johnson will remain as president and Patricia Johnson as vice president of the Debtor and



will continue to provide management services as described herein at Section II.C.

#### **E. Risk Factors**

There are many risk factors that may negatively affect Debtor's proposed Plan, including the following:

1. ***The Debtor relies on the services of Gary and Patricia Johnson; the loss of either could adversely affect its future success.*** Gary Johnson is the president and Patricia Johnson is the vice president of the Debtor. *See Section II.C.* If the company were to lose the services of either, whether through termination, attrition, incapacitation or otherwise, there is currently no successor. Given Johnson's familiarity with the current operations, the loss of either could have a material adverse impact on the company and the company's future profitability and ability to emerge successfully from bankruptcy.

2. ***Government funding for home health care services may be retrenched or may not rise with cost increases.*** Payments from the Minnesota Department of Human Services, the Department of Veteran's Affairs and Medicare constitutes the vast majority of the Debtor's revenue. If government funding for home health care services is reduced, the Debtor will be adversely affected. Similarly, if inflation requires an increase in wages paid to the Debtor's employees or the other costs incurred by the Debtor, and the government funding does not similarly increase, the Debtor may be negatively affected.

3. ***Consummation of the Plans of Reorganization is subject to creditor acceptance and approval by the Courts.*** The Debtor has operated its business and managed its assets under the supervision of the Courts since the date of petition. Before the Plans of Reorganization can be consummated, the Chapter 11 Plan of Reorganization must be accepted by at least two-thirds in dollar amount and a majority in number of the claims of classes (with certain exceptions) entitled to vote to accept or reject the Chapter 11 Plan. There can be no assurance that the Plan of Reorganization will be approved by the impaired or affected creditors, and that even if approved, the Courts will confirm the Plan of Reorganization. The failure to meet any of these conditions will delay the consummation of the Plan of Reorganization.

In the event that any class of claims entitled to vote fails to accept the Chapter 11 Plan in accordance with sections 1126(c) and 1129(a)(8) of the Bankruptcy Code, we reserve the right to request that the U.S. Court confirm the Chapter 11 Plan in accordance with section 1129(b) of the Bankruptcy Code and/or modify the plan in accordance with its terms. While we believe that the Chapter 11 Plan satisfies the requirements for non-consensual confirmation under section 1129(b) of the Bankruptcy Code because it does not "discriminate unfairly" and is "fair and equitable" with respect to the classes that reject or are deemed to reject the plan, there can be no assurance that the U.S. Court will reach the same conclusion. In addition, there can be no assurance that any challenge to the requirements for non-consensual confirmation will not delay our emergence from Chapter 11 or prevent confirmation of the Chapter 11 Plan. A

failure to approve the Debtor's Plan or a modification thereof may result in a liquidation of the Debtor's assets.

**4. *We may not achieve the financial performance projected under the Plan of Reorganization.*** The financial projections in the Debtor's Plan are projections of future performance. These projections are based on numerous estimates of values and assumptions including the timing, confirmation and consummation of the Plan in accordance with its terms, the anticipated future performance of the Debtor, industry performance, general business and economic conditions and other matters, many of which are beyond our control and some or all of which may not materialize.

#### **F. Executory Contracts and Unexpired Leases**

The Plan lists all executory contracts and unexpired leases that the Debtor will assume under the Plan. Assumption means that the Debtor has elected to continue to perform the obligations under such contracts and unexpired leases, and to cure defaults of the type that must be cured under the Code, if any. The Plan also lists how the Debtor will cure and compensate the other party to such contract or lease for any such defaults.

If you object to the assumption of your unexpired lease or executory contract, the proposed cure of any defaults, or the adequacy of assurance of performance, you must file and serve your objection to the Plan within the deadline for objecting to the confirmation of the Plan, unless the Court has set an earlier time.

All executory contracts and unexpired leases that are not listed as accepted will be deemed rejected under the Plan. Consult your adviser or attorney for more specific information about particular contracts or leases.

If you object to the rejection of your contract or lease, you must file and serve your objection to the Plan within the deadline for objecting to the confirmation of the Plan.

***The Deadline for Filing a Proof of Claim Based on a Claim Arising from the Rejection of a Lease or Contract Is as set by order of the court.*** Any claim based on the rejection of a contract or lease will be barred if the proof of claim is not timely filed, unless the Court orders otherwise.

#### **G. Tax Consequences of Plan**

Because the Debtor is a "Subchapter S" corporation, all earnings are taxed at the individual level. Because Gary and Patricia Johnson (the equity holders) have a loss carry forward of approximately \$60,000, this will be deductible against the first \$60,000 of the Debtor's income. The Debtor will make quarterly tax distributions to the equity holders in the expected amount of their tax liability based on the Debtor's earnings. The projected amounts are reflected on the Debtor's cash flow projections attached hereto as Exhibit B.

For creditors, the tax consequences of this Plan can vary from creditor to creditor, depending on the type of debt, whether it is secured or unsecured, your basis in the claim, if any, and many other possible factors. You should read the Plan and this Disclosure Statement carefully and discuss them with your attorney and tax adviser. ***Creditors and Equity Interest Holders Concerned with How the Plan May Affect Their Tax Liability Should Consult with Their Own Accountants, Attorneys, and/or Advisors.***

#### **IV. CONFIRMATION REQUIREMENTS AND PROCEDURES**

To be confirmable, the Plan must meet the requirements listed in §§ 1129(a) or (b) of the Code. These include the requirements that: the Plan must be proposed in good faith; at least one impaired class of claims must accept the plan, without counting votes of insiders; the Plan must distribute to each creditor and equity interest holder at least as much as the creditor or equity interest holder would receive in a chapter 7 liquidation case, unless the creditor or equity interest holder votes to accept the Plan; and the Plan must be feasible. These requirements are not the only requirements listed in § 1129, and they are not the only requirements for confirmation.

##### **A. Who May Vote or Object**

Any party in interest may object to the confirmation of the Plan if the party believes that the requirements for confirmation are not met.

Many parties in interest, however, are not entitled to vote to accept or reject the Plan. A creditor or equity interest holder has a right to vote for or against the Plan only if that creditor or equity interest holder has a claim or equity interest that is both (1) allowed or allowed for voting purposes and (2) impaired.

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

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

Only a creditor 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.

***The deadline for filing a proof of claim in this case is as set by order of the court.***

***2. What Is an Impaired Claim or Impaired Equity Interest?***

As noted above, the holder of an allowed claim or equity interest has the right to vote only if it is in a class that is *impaired* under the Plan. As provided in § 1124 of the Code, a class is considered impaired if the Plan alters the legal, equitable, or contractual rights of the members of that class.

***3. Who is **Not** Entitled to Vote***

The holders of the following five types of claims and equity interests are *not* entitled to vote:

- holders of claims and equity interests that have been disallowed by an order of the Court;
- holders of other claims or equity interests that are not “allowed claims” or “allowed equity interests” (as discussed above), unless they have been “allowed” for voting purposes.
- holders of claims or equity interests in unimpaired classes;
- holders of claims entitled to priority pursuant to §§ 507(a)(2), (a)(3), and (a)(8) of the Code; and
- holders of claims or equity interests in classes that do not receive or retain any value under the Plan;
- administrative expenses.

***Even If You Are Not Entitled to Vote on the Plan, You Have a Right to Object to the Confirmation of the Plan.***

***4. Who Can Vote in More Than One Class***

A creditor whose claim has been allowed in part as a secured claim and in part as an unsecured claim, or who otherwise hold claims in multiple classes, is entitled to accept or reject a Plan in each capacity, and should cast one ballot for each claim.

**B. Votes Necessary to Confirm the Plan**

If impaired classes exist, the Court cannot confirm the Plan unless (1) at least one impaired class of creditors has accepted the Plan without counting the votes of any insiders within that class,

and (2) all impaired classes have voted to accept the Plan, unless the Plan is eligible to be confirmed by “cram down” on non-accepting classes, as discussed later in this Section.

#### *1. Votes Necessary for a Class to Accept the Plan*

A class of claims accepts the Plan if both of the following occur: (1) the holders of more than one-half (1/2) of the allowed claims in the class, who vote, cast their votes to accept the Plan, and (2) the holders of at least two-thirds (2/3) in dollar amount of the allowed claims in the class, who vote, cast their votes to accept the Plan.

A class of equity interests accepts the Plan if the holders of at least two-thirds (2/3) in amount of the allowed equity interests in the class, who vote, cast their votes to accept the Plan.

#### *2. Treatment of Nonaccepting Classes*

Even if one or more impaired classes reject the Plan, the Court may nonetheless confirm the Plan if the nonaccepting classes are treated in the manner prescribed by § 1129(b) of the Code. A plan that binds nonaccepting classes is commonly referred to as a “cram down” plan. The Code allows the Plan to bind nonaccepting classes of claims or equity interests if it meets all the requirements for consensual confirmation except the voting requirements of § 1129(a)(8) of the Code, does not “discriminate unfairly,” and is “fair and equitable” toward each impaired class that has not voted to accept the Plan.

***You should consult your own attorney if a “cramdown” confirmation will affect your claim or equity interest, as the variations on this general rule are numerous and complex.***

#### **C. Liquidation Analysis**

To confirm the Plan, the Court must find that all creditors and equity interest holders who do not accept the Plan will receive at least as much under the Plan as such claim and equity interest holders would receive in a chapter 7 liquidation. A liquidation analysis is attached to this Disclosure Statement as Exhibit C.

#### **D. Feasibility**

The Court must find that confirmation of the Plan is not likely to be followed by the liquidation, or the need for further financial reorganization, of the Debtor or any successor to the Debtor, unless such liquidation or reorganization is proposed in the Plan. In the present case, the Debtor believes that it 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 and that it will have enough cash over the life of the Plan to make the required Plan payments.

Projections showing the amount of cash on hand on the effective date of the Plan, and the

sources of future cash flow are attached to this disclosure statement as Exhibit B.

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

## **V. EFFECT OF CONFIRMATION OF PLAN**

### **A. Discharge 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. However, the Debtor shall not be discharged from any debt imposed by the Plan. After the effective date of the Plan your claims against the Debtor will be limited to the debts imposed by the Plan.

### **B. Modification of Plan**

The Plan Proponent may modify the Plan at any time before confirmation of the Plan. However, the Court may require a new disclosure statement and/or re voting on the Plan.

The Plan Proponent may also seek to modify the Plan at any time after confirmation only if (1) the Plan has not been substantially consummated *and* (2) the Court authorizes the proposed modifications after notice and a hearing.

### **C. Final Decree**

Once the estate has been fully administered, as provided in Rule 3022 of the Federal Rules of Bankruptcy Procedure, the Plan Proponent, or such other party as the Court shall designate in the Plan Confirmation Order, shall file a motion with the Court to obtain a final decree to close the case. Alternatively, the Court may enter such a final decree on its own motion.

### **D. Default**

Except as otherwise specified in the plan, in the event the Debtor shall default in the performance of any of its obligations under the plan, then the holder of each affected claim may pursue such remedies as are available at law or in equity. An event of default occurring with respect to one claim shall not be an event of default with respect to any other claim. Nothing contained in the plan shall limit the right of any party to reopen this case or to convert this case to a liquidation case under Chapter 7 of the United States Bankruptcy Code if cause for such relief exists.

**DEBTOR BELIEVES THAT ACCEPTANCE OF THE PLAN IS IN THE BEST INTERESTS OF THE CREDITORS. YOUR VOTE IS IMPORTANT. PLEASE VOTE PROMPTLY.**

Caring Hands Home Care, Inc.

By Patricia Johnson  
Patricia Johnson, Vice President

Exhibit A  
Cash Financial Results

Form 2-D  
From Filed Monthly Operating Reports  
For February, March and April



**DEBTOR:** Caring Hands Home Care Inc

**CASE NO:** 17-60044

**Form 2-D  
PROFIT AND LOSS STATEMENT**

For Period 2/1/2017 to 2/28/2017

	<u>Current Month</u>	<u>Accumulated Total (1)</u>
Gross Operating Revenue	\$ 72619.97	\$ 72619.97
Less: Discounts, Returns and Allowances	( 0 )	( 0 )
<b>Net Operating Revenue</b>	\$ <u>72619.97</u>	\$ <u>72619.97</u>
Cost of Goods Sold	<u>0</u>	<u>0</u>
<b>Gross Profit</b>	\$ <u>72619.97</u>	\$ <u>72619.97</u>
Operating Expenses		
Officer Compensation	\$ 5033.34	\$ 5033.34
Selling, General and Administrative	66813.69	66813.69
Rents and Leases	4300	4300
Depreciation, Depletion and Amortization	0	0
Other (list):	0	0
	<u>0</u>	<u>0</u>
Total Operating Expenses	\$ <u>76147.03</u>	\$ <u>76147.03</u>
<b>Operating Income (Loss)</b>	\$ <u>-3527.06</u>	\$ <u>-3527.06</u>
Non-Operating Income and Expenses		
Other Non-Operating Expenses	\$ 0	\$ 0
Gains (Losses) on Sale of Assets	0	0
Interest Income	0	0
Interest Expense	0	0
Other Non-Operating Income	0	0
Net Non-Operating Income or (Expenses)	\$ <u>0</u>	\$ <u>0</u>
Reorganization Expenses		
Legal and Professional Fees	\$ 0	\$ 0
Other Reorganization Expense	<u>0</u>	<u>0</u>
Total Reorganization Expenses	\$ <u>0</u>	\$ <u>0</u>
<b>Net Income (Loss) Before Income Taxes</b>	\$ <u>-3527.06</u>	\$ <u>-3527.06</u>
Federal and State Income Tax Expense (Benefit)	<u>0</u>	<u>0</u>
<b>NET INCOME (LOSS)</b>	\$ <u><u>-3527.06</u></u>	\$ <u><u>-3527.06</u></u>

(1) Accumulated Totals include all revenue and expenses since the petition date.

DEBTOR: Caring Hands Home Care Inc

CASE NO: 17-60044

**Form 2-D  
PROFIT AND LOSS STATEMENT**

For Period 3/1/2017 to 3/31/2017

	<u>Current Month</u>	<u>Accumulated Total (1)</u>
Gross Operating Revenue	\$ 83056.47	\$ 155676.44
Less: Discounts, Returns and Allowances	( 0 )	( 0 )
<b>Net Operating Revenue</b>	\$ <u>83056.47</u>	\$ <u>155676.44</u>
Cost of Goods Sold	<u>0</u>	<u>0</u>
<b>Gross Profit</b>	\$ <u>83056.47</u>	\$ <u>155676.44</u>
Operating Expenses		
Officer Compensation	\$ 5361.5	\$ 10394.84
Selling, General and Administrative	66180.53	132994.22
Rents and Leases	5800	10100
Depreciation, Depletion and Amortization	0	0
Other (list):	0	0
	<u>0</u>	<u>0</u>
<b>Total Operating Expenses</b>	\$ <u>77342.03</u>	\$ <u>153489.06</u>
<b>Operating Income (Loss)</b>	\$ <u>5714.44</u>	\$ <u>2187.38</u>
Non-Operating Income and Expenses		
Other Non-Operating Expenses	\$ 0	\$ 0
Gains (Losses) on Sale of Assets	0	0
Interest Income	0	0
Interest Expense	0	0
Other Non-Operating Income	0	0
<b>Net Non-Operating Income or (Expenses)</b>	\$ <u>0</u>	\$ <u>0</u>
Reorganization Expenses		
Legal and Professional Fees	\$ 0	\$ 0
Other Reorganization Expense	<u>0</u>	<u>0</u>
<b>Total Reorganization Expenses</b>	\$ <u>0</u>	\$ <u>0</u>
<b>Net Income (Loss) Before Income Taxes</b>	\$ <u>5714.44</u>	\$ <u>2187.38</u>
Federal and State Income Tax Expense (Benefit)	<u>0</u>	<u>0</u>
<b>NET INCOME (LOSS)</b>	\$ <u><u>5714.44</u></u>	\$ <u><u>2187.38</u></u>

(1) Accumulated Totals include all revenue and expenses since the petition date.

DEBTOR: Caring Hands Home Care Inc

CASE NO: 17-60044

**Form 2-D**  
**PROFIT AND LOSS STATEMENT**  
For Period 4/1/2017 to 4/30/2017

	Current Month	Accumulated Total (1)
Gross Operating Revenue	\$ 95,983.17	\$ 251659.61
Less: Discounts, Returns and Allowances	( 0 )	( 0 )
<b>Net Operating Revenue</b>	<b>\$ 95983.17</b>	<b>\$ 251659.61</b>
Cost of Goods Sold	<u>0</u>	<u>0</u>
<b>Gross Profit</b>	<b>\$ 95983.17</b>	<b>\$ 251659.61</b>
Operating Expenses		
Officer Compensation	\$ 9469.3	\$ 19864.14
Selling, General and Administrative	55916.71	188910.93
Rents and Leases	2800	12900
Depreciation, Depletion and Amortization	0	0
Other (list):	0	0
	<u>0</u>	<u>0</u>
<b>Total Operating Expenses</b>	<b>\$ 68186.01</b>	<b>\$ 221675.07</b>
<b>Operating Income (Loss)</b>	<b>\$ 27797.16</b>	<b>\$ 29984.54</b>
Non-Operating Income and Expenses		
Other Non-Operating Expenses	\$ 0	\$ 0
Gains (Losses) on Sale of Assets	0	0
Interest Income	0	0
Interest Expense	0	0
Other Non-Operating Income	0	0
<b>Net Non-Operating Income or (Expenses)</b>	<b>\$ 0</b>	<b>\$ 0</b>
Reorganization Expenses		
Legal and Professional Fees	\$ 0	\$ 0
Other Reorganization Expense	<u>0</u>	<u>0</u>
<b>Total Reorganization Expenses</b>	<b>\$ 0</b>	<b>\$ 0</b>
<b>Net Income (Loss) Before Income Taxes</b>	<b>\$ 27797.16</b>	<b>\$ 29984.54</b>
Federal and State Income Tax Expense (Benefit)	<u>0</u>	<u>0</u>
<b>NET INCOME (LOSS)</b>	<b>\$ 27797.16</b>	<b>\$ 29984.54</b>

(1) Accumulated Totals include all revenue and expenses since the petition date.

**EXHIBIT B**  
**PROJECTIONS**

## Profit & Loss Comparison 25

		Projected May 2017	Projected June 2017	Projected July 2017	Projected Aug 2017	Projected Sept 2017	Projected Oct 2017	Projected Nov 2017	Projected Dec 2017	Projected Jan 2018	Projected Feb 2018	Projected Mar 2018	Projected April 2018	Projected May 2018	Projected June 2018
	SN Benefits	57.38	57.38	57.38	57.38	57.38	57.38	57.38	57.38	57.38	57.38	57.38	57.38	57.38	57.38
	SN Mileage	1,253.53	1,879.50	1,253.53	1,253.53	1,253.53	1,253.53	1,879.50	1,253.53	1,253.53	1,253.53	1,253.53	1,253.53	1,253.53	1,879.50
	SN On Call	1,350.00	1,535.60	1,350.00	1,350.00	1,350.00	1,350.00	1,350.00	1,535.60	1,350.00	1,350.00	1,350.00	1,350.00	1,350.00	1,535.60
	SN Wages	18,231.10	27,250.00	18,231.10	18,231.10	18,231.10	18,231.10	18,231.10	27,250.00	18,231.10	18,231.10	18,231.10	18,231.10	18,231.10	27,250.00
	Payroll Expenses	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Total Payroll Expenses	58,802.77	82,957.82	58,803.37	58,803.37	58,803.37	58,803.37	82,967.27	58,803.37	58,803.37	58,803.37	58,803.37	58,803.37	58,803.37	82,967.27
	Postage Expense	111.05	111.05	111.05	111.05	111.05	111.05	111.05	111.05	111.05	111.05	111.05	111.05	111.05	111.05
	Reconciliation Discre	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Rent Expense	2,800.00	2,800.00	2,800.00	2,800.00	2,800.00	2,800.00	2,800.00	2,800.00	2,800.00	2,800.00	2,800.00	2,800.00	2,800.00	2,800.00
	Repairs & Maintenance	43.29	43.29	43.29	43.29	43.29	43.29	43.29	43.29	43.29	43.29	43.29	43.29	43.29	43.29
	Taxes														
	Other	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Other Payroll Taxes	3,742.58	5,613.87	3,313.88	3,313.88	3,313.88	3,313.88	5,613.87	3,313.88	3,313.88	3,313.88	3,313.88	3,313.88	3,313.88	3,313.88
	Total Taxes	3,742.58	5,613.87	3,313.88	3,313.88	3,313.88	3,313.88	5,613.87	3,313.88	3,313.88	3,313.88	3,313.88	3,313.88	3,313.88	3,313.88
	Telephone	1,393.33	1,393.33	1,393.33	1,393.33	1,393.33	1,393.33	1,393.33	1,393.33	1,393.33	1,393.33	1,393.33	1,393.33	1,393.33	1,393.33
	Uncategorized Expenses	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Utilities	402.90	402.90	402.90	402.90	402.90	402.90	402.90	402.90	402.90	402.90	402.90	402.90	402.90	402.90
	Total Expense	79,894.35	104,822.41	78,367.97	79,436.31	79,266.25	78,367.97	105,900.14	79,266.25	83,367.97	78,367.97	79,437.25	79,266.25	79,266.25	102,531.87
	Net Ordinary Income	17,831.48	-14,179.78	18,857.28	11,206.32	11,376.38	12,274.66	15,274.66	-15,257.51	14,376.58	7,274.66	15,274.66	11,205.38	18,259.58	-11,889.24
	Net Income	17,831.48	-14,179.78	18,857.28	11,206.32	11,376.38	12,274.66	15,274.66	-15,257.51	14,376.58	7,274.66	15,274.66	11,205.38	18,259.58	-11,889.24
Cash Flow Activity															
	Beginning Cash Balance	27,797.16	10,117.38	23,524.66	18,252.80	23,801.00	22,274.66	31,721.14	10,635.45	19,183.85	20,630.33	30,076.81	21,205.38	33,636.78	15,919.36
	State Tax Claim			170.57	170.57	170.57	170.57	170.57	170.57	170.57	170.57	170.57	170.57	170.57	170.57
	Fed Tax Claim			2157.61	2157.61	2157.61	2157.61	2157.61	2157.61	2157.61	2157.61	2157.61	2157.61	2157.61	2157.61
	UST Fees		1,950.00	650.00											
	Professional Fees			10,000.00											
	Bremer Bank	3,500.00	3,500.00	3,500.00	3,500.00	3,500.00	3,500.00	3,500.00	3,500.00	3,500.00	3,500.00	3,500.00	3,500.00	3,500.00	3,500.00
	Cash Balance	24,297.16	4,667.38	7,046.48	12,424.62	17,972.82	16,446.48	25,892.96	4,807.27	13,355.67	14,802.15	24,248.63	15,377.20	27,808.60	10,091.18
	Less Cash Reserve					10,000.00			10,000.00			10,000.00			10,000.00
	Distribution to Unsecured					7,972.82			0.00			14,248.63			91.18
	Ending Cash Balance	24,297.16	4,667.38	7,046.48	12,424.62	10,000.00	16,446.48	25,892.96	4,807.27	13,355.67	14,802.15	10,000.00	15,377.20	27,808.60	10,000.00

[illegible]

				SN On Call				1,535.60	1,350.00	1,350.00	1,350.00	1,350.00	1,535.60	1,350.00	1,350.00	1,350.00	1,535.60	1,350.00
				SN Wages				27,250.00	18,231.10	18,231.10	18,231.10	18,231.10	27,250.00	18,231.10	18,231.10	18,231.10	27,250.00	18,231.10
				Payroll Expenses				0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
				Total Payroll Expenses				82,967.27	59,531.02	59,531.02	59,531.02	59,531.02	82,967.27	59,531.02	59,531.02	59,531.02	82,967.27	59,531.02
				Postage Expense				111.05	111.05	111.05	111.05	111.05	111.05	111.05	111.05	111.05	111.05	111.05
				Reconciliation Discr				0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
				Rent Expense				2,800.00	2,800.00	2,800.00	2,800.00	2,800.00	2,800.00	2,800.00	2,800.00	2,800.00	2,800.00	2,800.00
				Repairs & Maintenance				43.29	43.29	43.29	43.29	43.29	43.29	43.29	43.29	43.29	43.29	43.29
				Taxes														
				Other				0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
				Other Payroll Taxes				3,313.88	3,313.88	3,313.88	3,313.88	3,313.88	3,313.88	3,313.88	3,313.88	3,313.88	3,313.88	3,313.88
				Total Taxes				3,313.88	3,313.88	3,313.88	3,313.88	3,313.88	3,313.88	3,313.88	3,313.88	3,313.88	3,313.88	3,313.88
				Telephone				1,393.33	1,393.33	1,393.33	1,393.33	1,393.33	1,393.33	1,393.33	1,393.33	1,393.33	1,393.33	1,393.33
				Uncategorized Expenses				0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
				Utilities				402.90	402.90	402.90	402.90	402.90	402.90	402.90	402.90	402.90	402.90	402.90
				Total Expense				102,531.87	79,095.62	80,163.96	79,993.90	79,095.62	102,531.87	82,463.89	79,993.90	84,095.62	79,095.62	80,163.96
				Net Ordinary Income				-11,889.24	14,547.01	13,478.67	13,648.73	14,547.01	-8,889.24	11,178.74	13,648.73	9,547.01	14,547.01	13,477.43
				Net Income				-11,889.24	14,547.01	13,478.67	13,648.73	14,547.01	-8,889.24	11,178.74	13,648.73	9,547.01	14,547.01	13,477.43
				Cash Flow Activity														
				Beginning Cash Balance				15,919.36	24,547.01	32,197.50	40,018.05	24,547.01	9,829.59	15,180.15	23,000.70	26,719.53	35,438.36	23,477.43
				State Tax Claim				170.57	170.57	170.57	170.57	170.57	170.57	170.57	170.57	170.57	170.57	170.57
				Fed Tax Claim				2,157.61	2,157.61	2,157.61	2,157.61	2,157.61	2,157.61	2,157.61	2,157.61	2,157.61	2,157.61	2,157.61
				Tax Deposits							5,000.00							
				Professional Fees														
				Bremer Bank				3,500.00	3,500.00	3,500.00	3,500.00	3,500.00	3,500.00	3,500.00	3,500.00	3,500.00	3,500.00	3,500.00
				Cash Balance				10,091.18	18,718.83	26,369.32	29,189.87	18,718.83	4,001.41	9,351.97	17,172.52	20,891.35	29,610.18	17,649.25
				Less Cash Reserve				10,000.00			10,000.00			10,000.00			10,000.00	
				Distribution to Unsecured				91.18			19,189.87			-			19,610.18	
				Ending Cash Balance				10,000.00	18,718.83	26,369.32	10,000.00	18,718.83	4,001.41	9,351.97	17,172.52	20,891.35	10,000.00	17,649.25



**Exhibit C**  
**Chapter 7 Liquidation Analysis**  
**5/31/17**

Cash	\$25,250.07	As of 5/31/17
Account Receivables	\$75,000.00	Estimate as of 5/31/17, based on QuickBooks Database
Equipment, Inventory, and Supplies	\$4,245.00	Estimate based on Schedule B of Petition
Less Administrative Expenses	(\$39,284.00)	Estimated administrative expenses including United States Trustee's Fees, Attorney's fees, Accountant's fees, rent, payroll and payroll related taxes, less the \$15,000 retainer held by Debtor's counsel
Less Bremer Secured Claim	(\$171,290.00)	Based on currently filed proofs of claim
Less Priority Claims <ul style="list-style-type: none"> <li>Federal</li> <li>Minnesota – DOR</li> </ul>	(\$106,465.28) (\$8,416.62)	Based on currently filed proofs of claim
<b>Total Cash Assets Available for Distribution to Unsecured Creditors in a Chapter 7 Liquidation</b>	<b>\$0.00</b>	
<b>Total Unsecured Claims in a Chapter 7 Liquidation</b>	<b>\$302,668.48</b>	<b>Estimate based on Schedule E/F of Petition</b>
<b>Projected Distribution Percentage in a Chapter 7 Liquidation</b>	<b>0.00%</b>	