

UNITED STATES BANKRUPTCY COURT  
FOR THE MIDDLE DISTRICT OF NORTH CAROLINA  
WINSTON-SALEM DIVISION

IN RE:

SINK & COMPANY, LLC,  
d/b/a "DT Lube"  
d/b/a "Mobil 1 Lube Express"  
d/b/a "Sink and Co LLC"

*Debtor.*

Chapter 11  
Case No. 15-50792

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**SINK & COMPANY, LLC'S DISCLOSURE STATEMENT FOR THE AMENDED PLAN  
OF REORGANIZATION AS OF JUNE 1, 2016**

TO: Hon. Lena M. James  
United States Bankruptcy Judge

Sink & Company, LLC (hereinafter referred to as "Sink" or "Debtor Corporation" or "Debtor") hereby submits this Disclosure Statement to all of its known creditors in order to provide the information deemed by the Debtor to be material, important, and necessary for its creditors to arrive at a reasonably informed decision in exercising their right to vote regarding the acceptance of the Debtor's Amended Plan of Reorganization as of June 1, 2016 (hereinafter referred to as "Plan" or "Plan of Reorganization"). A copy of the Plan accompanies this Disclosure Statement. Pursuant to 11 U.S.C. §1125 of the United States Bankruptcy Code, the Debtor prepared and filed this Disclosure Statement along with the Plan for the Court's approval for submission to the holders of claims of interest with respect to the Debtor and its assets. **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.**

The proposed distributions under the Plan are discussed at pages 9 - 15 of this Disclosure Statement. General unsecured creditors are classified in Class XII, and will receive a distribution of fifteen percent (15%) of their allowed claims, to be distributed over a maximum of sixty (60) months.

**NO REPRESENTATIONS CONCERNING THE DEBTOR (PARTICULARLY AS TO FUTURE BUSINESS OPERATIONS OR AS TO THE VALUE OF ITS PROPERTY OR THE AMOUNTS ANTICIPATED TO BE RECEIVED IN THE COLLECTION, SALE AND LIQUIDATION OF CERTAIN ASSETS) ARE AUTHORIZED BY THE DEBTOR OTHER THAN AS SET FORTH IN THIS DISCLOSURE STATEMENT. ANY REPRESENTATIONS OR INDUCEMENTS MADE TO SECURE YOUR ACCEPTANCE TO THE PLAN WHICH ARE OTHER THAN AS CONTAINED IN THIS DISCLOSURE STATEMENT SHOULD NOT BE RELIED UPON BY YOU IN ARRIVING AT YOUR DECISION, AND SUCH ADDITIONAL REPRESENTATIONS AND INDUCEMENTS SHOULD BE REPORTED TO COUNSEL FOR THE DEBTOR WHO IN TURN SHALL DELIVER SUCH INFORMATION TO THE BANKRUPTCY COURT FOR SUCH ACTION AS MAY BE DEEMED APPROPRIATE.**

**THE INFORMATION CONTAINED HEREIN HAS NOT BEEN SUBJECT TO A CERTIFIED AUDIT. REPORTS KEPT BY THE DEBTOR ARE DEPENDENT UPON INTERNAL ACCOUNTING. FOR THE FOREGOING REASON, THE DEBTOR IS UNABLE TO WARRANT OR REPRESENT THE INFORMATION CONTAINED HEREIN IS WITHOUT ANY INACCURACY, ALTHOUGH GREAT EFFORT HAS BEEN MADE TO BE ACCURATE.**

**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;
- 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 Sink & Company LLC 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. You will be sent a notice or notices setting forth the Time and Place of Hearing or Hearings to Approve This Disclosure Statement and Confirm Plan including the Deadline for Voting to

Accept or Reject the Plan and to file Objections to the Adequacy of the Disclosure Statement and Confirmation of the Plan

If you want additional information about the Plan, you should contact Dirk W. Siegmund at 100 S. Elm St. Suite 500, Greensboro, NC 27401.

## **BACKGROUND**

### **A. Introduction**

Sink & Company is in the business of automobile lubrication and oil changes. The Debtor has been in business since 2007 and in the year 2014 had approximately \$403,342.04 in gross sales. Sink & Company owns real property located in Davidson County, North Carolina, commonly known as 1910 Cotton Grove Road, Lexington, North Carolina (hereinafter the “Real Property”). The Real Property consists primarily of a parcel of land approximately 0.48 acres (20,909 sq. ft.) and contains a one-story building with a partially unfinished basement covering 1,050 sq. ft., a concrete parking lot and driveway covering approximately 9,000 sq. ft., and a double metal pole signage facing the road. The Debtor uses the Real Property to conduct its business.

In February, 2007, Sink & Company, LLC, began operating one quick lube/state inspection station at 1910 Cotton Grove Road, Lexington, NC 27292 with 4-5 employees. In March of 2007, they were offered a location in Welcome, NC that had just been completed and had no history as far as income. Also, in March of 2007, a quick lube operation in Lexington, NC on East Center Street was made available. As such, Sink went from a handful of employees to 12-15 employees in 2 months. The Welcome location was very slow to develop business, and the business at the East Center Street location was nearly non-existent. Several years later Sink leased another location on South Main Street, Lexington, which did very poorly, but required more employees. During this time, an entity with common ownership, Moo-Chic Farm, Inc., (“Moo-Chic”) a trucking firm, was loaning funds to the business in attempt to keep the Debtor operating.

On May 30, 2007, David Sink was severely burned while volunteering at his church, suffering 2<sup>nd</sup> and 3<sup>rd</sup> degree burns to both legs and feet. He was not able to work until the end of November, 2007. While he was recovering, two drivers left Moo-Chic fearing that without him they would not be able to be dispatched any further. Moo-Chic Farm, Inc, in July, found itself without sufficient income and was not able to financially support the lube businesses, nor was it able to cover its own expenses. Monies were loaned between the two businesses to help out each other as much as possible. During this time due to the cash flow situation, Sink’s payroll taxes were not paid.

The automotive businesses struggled over the years to generate enough income to cover all the expenses. Likewise, Moo-Chic has also gone from good years in the trucking business to the lean years in the trucking business. When Moo-Chic would be paid at week end for the loads it had hauled, money was “loaned” to Sink & Co. to cover the payroll checks. Monies from Sink

& Co. were also transferred to Moo-Chic to help cover the expenses it had incurred during the week or month.

The Debtor determined that as Lexington does not have a very high cost of living index, residents generally have very limited funds to spend on items like oil changes. The Debtor found itself needing to increase prices for services, but competition kept them from doing so. Even when the Debtor's cost on oil sky-rocketed, they were still not able to increase prices to cover increased expenses. The Debtor lost the lube location on South Main Street in September, 2013, and the one in Welcome in August, 2014. Sink declined to renew the lease on the lube on East Center Street in March, 2015, as such they are currently only operating the original lube on Cotton Grove Rd.

While restructuring changes were necessary, by the time they were made, the Debtor owed significant debt and as such, declared for relief under Chapter 11 of the United States Bankruptcy Code in August of 2015. .

**B. Insiders of the Debtor**

David J. Sink, Janie R. Sink, D. Joseph Sink and their immediate family members (the "Sink Family").

**C. Projected Recovery of Avoidable Transfers**

At this time, the Debtor is investigating as to whether all payments or transfers prior to the filing of the petition were done in the ordinary course of business, received in the ordinary course of business, and whether sufficient assets exist to collect on any potential judgment. To the extent that the Debtor determines that actions are appropriate, it will institute the appropriate proceedings. At this time, the Debtor has reached an agreement with Moo-Chic Farm, Inc. ("Moo-Chic") concerning approximately \$250,000 of net transfers. The Plan of reorganization contemplates Moo-Chic refunded the money to Sink over the course of the Plan of Reorganization in the amount of \$5,000 / month to be increased to \$6,000/ month when a third truck is added in September of 2016, for 60 months. Said funds are to be used by the Debtor towards funding of the Plan of Reorganization. Except as outlined herein, the Debtor does not anticipate filing any actions, however, to the extent any funds are recovered, the net funds (after payment of expenses incurred in the recovery) will be used by the Debtor as an additional source of funds to supplement the Plan of Reorganization.

**D. 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 Article VIII of the Plan.

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

The Plan, in Sections 5.2 and 5.3, 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. Section 5.4 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 in Section 5.2 and 5.3, or have been previously assumed, will be 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 thirty (30) days from the Effective Date of the Plan. 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.

#### **F. Tax Consequences of Plan**

*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.*

Revenues and expenses from the Debtor's business operations, as contemplated by the Plan, are likely to result in taxable income being produced, which will be reportable to the State of North Carolina and to the United States of America. However, without knowing the amount of additional business deductions resulting from interest on secured debt, depreciation of fixed assets and the availability of any carry-forward tax losses or other tax attributes, it is difficult to estimate the Debtor's tax exposure, if any, at this time.

### **CHAPTER 11 OPERATIONS**

During the Chapter 11, the Debtor has revised its accounting practices and is no longer transferring funds between itself and Moo-Chic Farm, Inc.. D. Joseph Sink is the full time manager of the operation and under his control the Debtor has been able to generate sufficient income to be able to keep all federal and state tax payments current and timely, as well as cover the additional expenses that have been incurred with the bankruptcy. When the books and records of the companies were examined the actual funds exchanged over the years between Sink

& Company, LLC and Moo-Chic Farm, Inc., Moo-Chic had actually “borrowed” over \$250,000 in excess from Sink & Company, LLC. David Sink is working full time growing Moo-Chic. Currently Moo-Chic is operating two vehicles and is preparing to add a third. As such it is at the point where it can pay back the funds to Sink & Company in the amount of \$5,000/month to be raised to \$6,000/month when a third truck is added, to be used towards the Plan payments as set forth herein.

Between the changes made by Sink & Company and the funds to be paid in from Moo-Chic it is anticipated that Sink will have sufficient cash flow to fund this Plan of Reorganization.

### **FINANCIAL INFORMATION**

#### **A. Monthly Reports**

A monthly report for each month that the Debtor has been in possession under the supervision of the United States Bankruptcy Court has been filed with the Bankruptcy Court. With the filing of the voluntary petition in the bankruptcy herein, the Debtor was required to file and did file Statements of Financial Affairs and Schedules of Assets and Liabilities. The monthly reports, Schedules of Assets and Liabilities, and Statements of Financial Affairs may be inspected by all interested parties in order to obtain a broader financial picture of the Debtor and the Debtor’s estate. These documents may be examined in the Office of the Clerk of the United States Bankruptcy Court, 226 S. Liberty St., Winston-Salem, NC 27101

#### **B. Funding of the Plan of Reorganization**

This Plan of Reorganization contemplates payments to the various classes of creditors using income derived from the continued operations of the Debtor’s business. Attached hereto and incorporated herein by reference as Exhibit “A-1” is a schedule of the actual monthly income and expenses for the Debtor’s operation for the period August 2015 through April 2016 and Exhibit “A-2” is a schedule of actual monthly income for Moo-Chic for the period January – April 2016. Attached hereto and incorporated herein by reference as Exhibit “B-1” is a schedule of the projected revenues and expenses and resulting cash flow by month for the Debtor’s for the period May 2016 through April 2017 and Exhibit “B-2” is a schedule of the projected revenues and expenses and resulting cash flow by month for Moo-Chic’s operations for the period May 2016 through April 2017. Attached hereto and incorporated herein by reference as Exhibit “C-1” is a schedule of the projected annual revenues and expenses and resulting cash flow for the Debtor for the periods from 2017 through 2012 and Exhibit C-2 is a schedule of the projected annual revenues and expenses and resulting cash flow for Moo-Chic’s operations for the periods from 2017 through 2020. The Debtor anticipates that it will have adequate cash available from the business to make all periodic payments which are required by the Plan of Reorganization on a timely basis. Exhibit “D” illustrates the annual cash requirements for payment to each class of creditors in the five (5) Plan years in accordance with the terms of the Plan, assuming Plan payments commence in July of 2016. Exhibits "A," "B," "C," and "D" are used to illustrate the feasibility of the Plan of Reorganization.

**THE PROJECTION OF NET INCOME FROM OPERATION OF THE DEBTOR IS BASED UPON EXISTING CONDITIONS AFFECTING THE OPERATION OF THE DEBTOR'S BUSINESS AND DOES NOT REFLECT THE UNKNOWN EFFECTS OR POSSIBLE FUTURE DETRIMENTAL ECONOMIC CONDITIONS WHICH MAY AFFECT THE CONTINUED OPERATION OF ANY BUSINESS.**

**TERMS AND DEFINITIONS**

For purposes of this Plan and accompanying Disclosure Statement, the following definitions shall apply and, unless otherwise indicated, the singular shall include the plural:

**Allowed Claim:** Any Claim against the Debtor for which a Proof of Claim was filed on or before the date designated for such filing by the United States Bankruptcy Court as of the last day on which to file Claims in this proceeding, or which is listed in the Schedules filed by the Debtor (unless listed as unliquidated, disputed or contingent) and, in either case, to which no objection has been filed within the applicable period of limitation fixed by the United States Code, the Rules of Bankruptcy Procedure, or Order of this Court, unless the objection has been determined by Final Order or Judgment of the Court, or any applicable court, allowing such Claim. This definition shall include allowed secured claims and, to the extent authorized under the Code and approved by the Court, an allowed secured claim shall include 11 U.S.C. § 506(b) expenses.

**Bankruptcy Code:** Provisions of Title 11, United States Code, as amended by the Bankruptcy Reform Act of 1978, and as may be hereinafter amended from time to time.

**Cash:** Cash, cash equivalent, or other available market securities or instruments.

**Collateral:** Property of the Debtor which has been pledged to a creditor to secure an indebtedness.

**Claim:** A duly scheduled Allowed Claim or timely allowed filed Proof of Claim, or any Debtor obligation which would be an allowed administrative expense claim under 11 U.S.C. § 503 or 11 U.S.C. § 507.

**Confirmation of the Plan:** The entry by this Court of an Order confirming the Plan in accordance with Title 11, Chapter 11, of the United States Bankruptcy Code.

**Consummation of the Plan:** The consummation of all things contained in or provided for in this Plan, and the entry of an Order of Consummation or Final Decree finally dismissing this Reorganization case.

**Court:** The United States Bankruptcy Court for the Middle District of North Carolina, Winston-Salem Division.

**Debtor:** The Debtor in this proceeding is Sink & Company LLC.

**Effective Date of the Plan:** Fourteen (14) days after entry of an Order confirming this Plan.

**Estate:** The property belonging to the Debtor on the date this case was commenced and as defined by § 541 of the Bankruptcy Code and other applicable law.

**Insiders:** David J. Sink, Janie R. Sink, D. Joseph Sink and their immediate family members (the "Sink Family").

**Lien:** A mortgage, judgment lien, materialmen's lien, statutory lien, security interest, charging order, or other charge or encumbrance on the Debtor's property, effective under applicable laws as of the date of Debtor's petition for reorganization or thereafter as authorized by Order of the Bankruptcy Court.

**Notice and Hearing:** Notice and Hearing as defined by § 102(1) of the United States Bankruptcy Code.

**Plan:** The Plan of Reorganization Dated May 29, 2016 as Amended on June 1, 2016 and any modification thereof as approved by the Court.

**Pro Rata:** The proportion that each Allowed Claim in a particular class of creditors bears to the aggregate of all Allowed Claims in that class on that date.

**Reorganized Debtor:** Sink & Company, LLC after entry of an Order confirming this Chapter 11 Plan and as revested with properties that were formerly property of the Estate as provided in § 1141(b) of the United States Bankruptcy Code.

**Secured Claim:** An Allowed Claim under 11 U.S.C. § 506(a) secured by identified Collateral, properly perfected, and not avoidable under applicable law.

**Substantial Consummation:** The date at which the Debtor has commenced the distribution of initial Plan payments, has issued promissory notes as required under the Plan and has otherwise materially implemented the Plan.

**Unsecured Trade Claim:** An allowed trade claim that arose or accrued prior to August 4, 2015 that is unsecured and is not entitled to priority under § 507 of the United States Bankruptcy Code.

**Unsecured Creditor:** A creditor with an Allowed Claim that arose or accrued prior to August 4, 2015, which is unsecured and is not entitled to priority under § 507(a) of the United States Bankruptcy Code.



**ARTICLE I**  
**CLASSIFICATION AND TREATMENT OF CLAIMS**

1.1a Class I - Administrative Claims

1.1b Description: All administrative expenses, fees and allowances of compensation as determined by the Bankruptcy Court, exclusive of the Claims provided for in Class II, shall constitute Class I. It is not anticipated that there will be any Allowed Class I Administrative Claims.

1.1c Treatment: The Claims of Class I shall be paid in Cash, in full, from available funds generated from the continued operation of the Debtor's business, on the Effective Date of the Plan or at such later date as agreed upon by all parties concerned.

1.1d Impairment: This Class is not impaired.

1.2a Class II - Administrative Operating Expenses

1.2b Description: All expenses incurred by the Debtor in the operation of its business under Chapter 11, except as otherwise provided for in this Plan, shall constitute Class II. It is not anticipated that there will be any Allowed Class II Administrative Operating Expense Claims.

1.2c Treatment: All unpaid post-petition Class II expenses and contracts not heretofore or herein rejected by the Debtor shall be assumed by the Reorganized Debtor in accordance with the terms and conditions of said contracts and shall be paid in the continued ordinary course of the Reorganized Debtor's business.

1.2d Impairment: This Class is not impaired.

1.3a Class III - Tax Claims of the Internal Revenue Service Having Priority Under §507(a)(8) of the Bankruptcy Code ("IRS")

1.3b Description: This Class consists of all prepetition priority taxes owed to the Internal Revenue Service as of the date of filing by the Debtor Corporation. It is anticipated that there will be Three Hundred Nine Thousand Eight Hundred Thirty Two, One Hundred Ninety and 20/100 dollars (\$309,832.20) of Allowed Class III Tax Claims.

1.3c Treatment: Each Claim of Class III shall be paid in equal quarterly installments over a period of forty-eight (48) months following the Effective Date of the Plan, with interest at the legal rate of interest prevailing at the Effective Date of the Plan, which is currently set at three percent (3%) per annum. It is anticipated that these payments will be equal to \$20,575 per quarter

The Debtor reserves the right to prepay said Claims in the event the funds are available for this purpose prior to payments becoming due. The first payment shall be made on or before the fifteenth (15<sup>th</sup>) day of the first (1<sup>st</sup>) full month following the Effective Date of the Plan.

1.3d Impairment: This Class is not impaired.

1.4a Class IV - Tax Claims of the North Carolina Department of Revenue Having Priority Under § 507(a)(8) of the Bankruptcy Code

1.4b Description: This Class consists of all prepetition priority taxes owed to the North Carolina Department of Revenue as of the date of filing by the Debtor Corporation. It is anticipated that there will be Forty Thousand Four Hundred Fifty Eight and 78/100 dollars (\$40,458.78) of Allowed Class IV Tax Claims.

1.4c Treatment: Each Claim of Class IV shall be paid in equal quarterly installments over a period forty-eight (48) months following the Effective Date of the Plan, with interest at the legal rate of interest prevailing at the Effective Date of the Plan, which is currently set at five percent (5%) per annum. It is anticipated that these payments will be equal to \$2,690 per quarter.

The Debtor reserves the right to prepay said Claims in the event the funds are available for this purpose prior to payments becoming due. The first payment shall be made on or before the fifteenth (15<sup>th</sup>) day of the first (1<sup>st</sup>) full month following the Effective Date of the Plan.

1.4d Impairment: This Class is not impaired.

1.5a Class V - Tax Claims of Davidson County Having Priority Under § 507(a)(8) of the Bankruptcy Code

1.5b Description: This Class consists of all prepetition priority taxes owed to Davidson County, North Carolina as of the date of filing by the Debtor Corporation. It is anticipated that there will be Fifteen Thousand Six Hundred Sixty Five and 64/100 Dollars (\$15,665.64) of Allowed Class V Tax Claims.

1.5c Treatment: Each Claim of Class V shall be paid in equal quarterly installments over a period of sixty (60) months following the Effective Date of the Plan, with interest at the legal rate of interest prevailing at the Effective Date of the Plan. As of the date of the filing of this Plan, the current legal rate of interest was set at nine percent (9%). It is anticipated that these payments will be equal to \$975.58 per quarter.

The Debtor reserves the right to prepay said Claims in the event the funds are available for this purpose prior to payments becoming due. The first payment shall be made on or before the fifteenth (15<sup>th</sup>) day of the first (1<sup>st</sup>) full month following the Effective Date of the Plan.

1.5d Impairment: This Class is not impaired

1.6a Class VI - Tax Claims of the North Carolina Department of Commerce Employment Security Commission Having Priority Under § 507(a)(8) of the Bankruptcy Code

1.6b Description: This Class consists of all prepetition priority taxes owed to the North Carolina Department of Commerce Employment Security Commission as of the date of filing by the Debtor Corporation. It is anticipated that there will be One Thousand Two Hundred and Eighty Five and 00/100 dollars (\$1,285.00) Of Allowed Class VI Tax Claims.

1.6c Treatment: Each Claim of Class VI shall be paid in equal quarterly installments over a period of twenty-four (24) months following the Effective Date of the Plan, with interest at the legal rate of interest prevailing at the Effective Date of the Plan. As of the date of the filing of this Plan, the current legal rate of interest was set at nine percent (9%). It is anticipated that these payments will be equal to \$176.16 per quarter.

The Debtor reserves the right to prepay said Claims in the event the funds are available for this purpose prior to payments becoming due. The first payment shall be made on or before the fifteenth (15<sup>th</sup>) day of the first (1<sup>st</sup>) full month following the Effective Date of the Plan.

1.6d Impairment: This Class is not impaired

1.7a Class VII - Tax Claims Having Priority Under § 507(a)(8) of the Bankruptcy Code

1.7b Description: This Class consists of all taxes, excepting those set forth in Classes III through Class VI owed as of the date of filing by the Debtor Corporation. It is not anticipated that there will be any Allowed Class VII Tax Claims.

1.7c Treatment: Each Claim of Class VII shall be paid in equal quarterly installments over a period of twenty-four (24) months following the Effective Date of the Plan, with interest at the legal rate of interest prevailing at the Effective Date of the Plan. However, the Debtor reserves the right to prepay said Claims in the event the funds are available for this purpose prior to payments becoming due. The first payment shall be made on or before the fifteenth (15<sup>th</sup>) day of the first (1<sup>st</sup>) full month following the Effective Date of the Plan.

1.7d Impairment: This Class is not impaired.

SECURED CLAIMS

1.8a Class VIII -Secured Claim of Bank of North Carolina (“BNC”)

1.8b Description: On March 22, 2007, Sink & Company executed a promissory note and Deed of Trust (“First Deed of Trust”) in the original principal amount of Three Hundred Thousand dollars (\$300,000.00) in favor of Bank of North Carolina. The First Deed of Trust contains a Future Advances Clause securing all future advances and obligations of Sink & Company to BNC. On February 27, 2012, Sink & Company executed a second promissory note in the original amount of Forty-Nine Thousand and Two Hundred dollars (\$49,200.00) in favor of BNC. The First Deed of Trust contains an assignment of rents and profits clause. Both promissory notes are also secured by a lien on all purchased equipment of Sink & Company (including both present and after-acquired property). BNC has filed the requisite UCC Financing Statements for these Security Agreements, as well as all corresponding continuation statements, necessary to make these liens properly perfected under North Carolina law. At the time of the filing it is estimated that the Debtor owed BNC \$226,238.57 on Note 1 including \$10,182.31 of arrearages and \$24,556.61 on Note 2 including \$7,929.36 of arrearages. The Debtor estimates that the value of the real property secured by the Deed of Trust is \$271,840 and the value of the equipment lien by BNC to be \$27,000

1.8c Treatment: Note 1 of Class VIII shall be paid an amount equal to the monthly payments due under the promissory notes plus and amount sufficient to pay any arrearages over a 60 month period. It is estimated that these payments will be in the amount of \$2,656.85. Note 2 of Class VIII shall be paid equal monthly installments over a 60 month period with an interest rate of five percent (5%) payments. It is estimated that these payments will be in the amount of \$463.41 Said payments shall be due and payable on or before the 15<sup>th</sup> day of each month. The Debtor reserves the right to prepay said Claims in the event the funds are available for this purpose prior to payments becoming due. The first payment shall be made on or before the fifteenth (15<sup>th</sup>) day of the first (1<sup>st</sup>) full month following the Effective Date of the Plan.

1.8d Impairment: This Class is impaired.

1.9a Class IX -Secured Claim of Bret A. Melton (“Melton”)

1.9b Description: On March 22, 2007, Sink & Company executed a promissory note and Deed of Trust (“Second Deed of Trust”) in the original principal amount of Forty-Five Thousand dollars (\$45,000.00) in favor of Bret A. Melton. At the time of the filing it is estimated that the Debtor owed Melton \$20,000. The Debtor estimates that the value of the real property secured by the Second Deed of Trust is \$271,840.

1.9c Treatment: Each Claim of Class IX shall be paid an amount equal to the monthly payments due under the promissory notes. It is estimated that these payments will be in the amount of \$261.50. The Debtor reserves the right to prepay said Claims in the event the funds are available for this purpose prior to payments becoming due. The first payment shall be made

on or before the fifteenth (15<sup>th</sup>) day of the first (1<sup>st</sup>) full month following the Effective Date of the Plan.

1.9d Impairment: This Class is not impaired.

1.10a Class X -Secured Claim of Can Capital Asset Servicing, Inc d/b/a New Logic (“New Logic”)

1.10b Description: On April 1, 2015, Sink & Company entered into an agreement with New Logic to borrow \$60,000 with a repayment amount of \$78,000. The agreement was secured by the Debtor’s accounts, chattel paper, deposit accounts, personal property, assets and fixtures, general intangibles, instruments, equipment and inventory. The security agreement was perfected with the filing of a UCC Financing Statement with the North Carolina Secretary of State on April 7, 2015. At the time of the filing \$55,802.32 was owed on the agreement and the valid of the equity in the collateral securing the agreement is \$6,191.17 after taking into account the 1<sup>st</sup> lien on the property of the Bank of North Carolina.

1.10c Treatment The Claim of New Logic shall be bifurcated. The secured portion of the Class X claim in the amount of \$6,191.17 shall be paid in equal quarterly installments over a period of sixty (60) months following the Effective Date of the Plan, with interest at the rate of five percent (5%) per annum. It is anticipated that these payments will be equal to \$350.50 per quarter. The remaining portion of the New Logic claim shall be treated as a Class XII General Unsecured Claim’

1.10d Impairment: This Class is impaired.

1.11a Class XI -Secured Claim of Thornfield Associates, LLC (“Thornfield”)

1.11b Description: Thornfield has a Class XI claim against the Debtor pursuant to a Judgment filed in Davidson County in the amount of \$125. The Judgment acts as a lien on any real property of the Debtor in Davidson County, which consists of the Debtor’s building on Cotton Grove Road.

1.11c Treatment The Claim of Thornfield shall be paid in equal quarterly installments over a period of thirty-six (36) months following the Effective Date of the Plan, with interest at the rate of five percent (5%) per annum. It is anticipated that these payments will be equal to \$11.25 per quarter.

1.11d Impairment: This Class is impaired.

GENERAL UNSECURED CLAIMS

1.12a Class XII - General Unsecured Creditors

1.12b Description: This Class consists of all creditors holding Allowed General Unsecured Claims, exclusive of the Sink Family insider claims, including the portion of any priority or secured claim listed in this proceeding which may be determined to be unsecured by Order of this Court. It is estimated that there will be approximately Five Hundred Seventeen Thousand Four Hundred Twenty and 00/100 dollars (\$517,420.00) of Allowed Class XII General Unsecured Claims.

1.12c Treatment: Each holder of an Allowed Unsecured Claim, exclusive of insiders, shall receive a Promissory Note which provides that each holder shall receive fifteen percent (15%) of its claim, to be paid quarterly over a period of sixty (60) months. The first (1<sup>st</sup>) quarterly payment shall be made on or before the twentieth (20<sup>th</sup>) day of the first full month following confirmation of this Plan. Quarterly payments are estimated to be \$3,880.65, in the aggregate.

1.12d Impairment: This Class is impaired.

INSIDER CLAIMS

1.13a Class XIII - Insider Claims

1.13b Description: This Class consists of the claims of all insiders which hold any claim against the Debtor. This class of insiders will consist of the claims of the Sink Family, and all other creditors determined to be insiders under 11 U.S.C. § 101(31).

1.13c Treatment: The Class XIII claims of insiders shall be subordinated to all other claims in this proceeding and shall receive no payment on their claims as insiders until all payments on the claims of Class I through Class XII are paid in full or received as dividends, all as required under the terms and conditions of this Plan.

1.13d Impairment: This Class is impaired.

EQUITY SECURITY HOLDERS

1.14a Class XIV - Equity Security Holders

1.14b Description: Class XIV shall consist of the owners of capital stock of the Debtor Corporation on the day immediately preceding the date of Confirmation of the Plan.

1.14c Treatment: The Equity Security Holders shall retain their stock ownership in the Debtor Corporation with all rights and interest in said stock as of the date of the Order confirming the Chapter 11 Plan subject to the terms and conditions of the Plan of Reorganization

as confirmed. The Class XIV Equity Security Holders shall receive no payment as shareholders or dividends until the Class XII General Unsecured Creditors have received their payments as required under the Plan or have been paid in full, whichever event occurs first.

1.14d Impairment: This Class is impaired.

**ARTICLE II**  
**MEANS FOR EXECUTION OF THE PLAN**

2.1 General Information: The provisions of this Plan call for the restructuring of certain indebtedness and extensions of time in which to meet those obligations. The obligations being restructured hereunder primarily consist of secured debts.

2.2 Source of Funds: The Debtor anticipates, based upon projected cash flow and the restructuring of current indebtedness, as is more fully explained in Exhibits "B" and "C" attached to the Disclosure Statement to the Plan of Reorganization, that the Reorganized Debtor will have sufficient funds to pay debt obligations pursuant to the terms specified in this Plan. The cash flow is anticipated to be sufficient to pay all debt obligations as a result, in part, of changes in the Debtor's management structure to more effectively manage the affairs of the corporation.

Prior to the filing of the Chapter 11, the Debtor's and Moo-Chic Farm, Inc. engaged in a series of transactions consisting of the loaning of funds between the entities. Moo-Chic Farm is an entity owned by David Sink an insider of the Debtor. Records indicate that over the course of the dealing, the Debtor transferred \$250,000 more to Moo-Chic than was received. It is the Debtor's position that these funds would be recoverable pursuant to sections 547 and 548 of the bankruptcy code. As settlement of controversy pursuant to rule 9019 of the Bankruptcy Code, Moo-Chic has agreed to pay the amount of \$5,000/month to be raised to \$6,000/month when a third truck is added, with the funds to be used to partially fund the Plan of Reorganization.

2.3 Asset Retention: The Reorganized Debtor shall retain all personal property and real property of the Debtor Corporation and shall continue in possession of all its property and continue the normal operation of its business until all requirements of this Plan have been satisfied in full. This Asset Retention paragraph does not prevent the Reorganized Debtor from selling assets where such is carried out in the normal operation of its business. This is a Plan of Reorganization and not a Plan of Liquidation.

2.4 Document Execution: The Reorganized Debtor will execute those documents necessary to properly evidence the restructured debt obligation for the classes of creditors as set out herein.

2.5 Orders in Aid of Consummation: In the event that any Claim amounts in the classes set forth herein have not yet been determined or allowed, or in the event there are any disputes which would interfere with substantial consummation, the Court may enter an Order after notice and hearing and upon the application of any interested party to establish reasonable

escrows or issue such other Orders modifying estimated claim amounts set forth herein or shall enter such other Orders as in the discretion of the Court would aid in Substantial Consummation. The Court shall further issue Orders in aid of consummation as it deems necessary for the purpose of carrying out the terms, conditions and intent of this Plan of Reorganization. Furthermore, the Court shall determine in its own discretion what further notice, if any, is required for the Court to issue an Order in Aid of Consummation.

2.6 Causes of Action: At this time, the Debtor is investigating as to whether all payments or transfers prior to the filing of the petition were done in, and received in, the ordinary course of business. To the extent that the Debtor determines that actions are appropriate it will institute the appropriate proceedings. To the extent any funds are recovered, the net funds (after payment of expenses incurred in the recovery) will be used by the Debtor as an additional source of funds to fund the Plan of Reorganization.

2.7 Inter-Creditor Agreements: To the extent that inter-creditor agreements have been entered into by and between the creditors in this case, it is not the intent of this Plan to alter or otherwise modify such agreements and such agreements shall remain in full force and effect.

**ARTICLE III**  
**CORPORATE MANAGEMENT AND ADMINISTRATION**

3.1 Members / Managers of the Reorganized Debtor Corporation: The officers of the Reorganized Debtor shall be as follows:

David J. Sink	Manager / Member
Janie R. Sink	Member
D. Joseph Sink	Member

Each officer will be paid a salary commensurate with his or her duties, however the salary for Joseph Sink shall not exceed \$825 / week and David Sink and Janie Sink shall receive no payments in salary until payment of IRS and NCDOR allowed claims are completed under the Plan. The selection and compensation of these individuals shall be consistent with the interest of creditors, the equity security holders, public policy and this Plan.

3.2 By Laws: It will not be necessary to amend the By Laws of the Reorganized Debtor in order to implement this Plan and to protect the rights of the creditors or shareholders. Nothing contained herein shall prohibit or limit any future amendment to the operating agreement of the Reorganized Debtor not inconsistent with the provisions of this Plan and as may be adopted or applicable under the provisions of the law after Substantial Consummation.

3.3 Stock Issuance: Nothing contained herein shall prohibit the Corporation from issuing additional stock of the Corporation or allowing any additional investor in the Corporation.



3.4 Loans: Nothing contained herein shall prohibit the Debtor Corporation during the ordinary course of its operations from obtaining additional credit from creditors as long as the same is consistent with the terms and conditions of this Plan of Reorganization.

3.5 Capital Improvements: The Reorganized Debtor shall expend funds for capital improvements or capital expansion only where reasonably necessary to maintain the existing capital structure of the company or to enhance the existing capital structure of the company where it is reasonably expected to increase the feasibility of the Plan.

**ARTICLE IV**  
**CHAPTER 7, STRAIGHT LIQUIDATION ALTERNATIVE**

It is the opinion of the Debtor that payments to General Unsecured Claims, if this reorganization proceeding were converted to Chapter 7 liquidation, would be equal to or less than those set forth in the Plan of Reorganization. If the assets which are pledged as security to the secured creditors identified herein were sold in a Chapter 7 proceeding along with all other unencumbered assets, it is anticipated that such liquidation would generate equity for the unsecured creditors of approximately zero percent (0%) of debts owed. Attached hereto and incorporated herein by reference as Exhibit "E" is a list of all remaining assets owned by the Debtor which could be liquidated, showing any liens that may be attached. Exhibit "E" also sets forth a schedule illustrating the distribution, according to applicable priorities under the law, of the Debtor's equity assuming Chapter 7 liquidation. The proceeds generated from a sale in a Chapter 7 proceeding would first be used to pay all expenses of administration in the Chapter 7 and Chapter 11 proceedings before any payment is made on pre-petition priority claims. Based on Exhibit "E," it appears that the Debtor's equity derived from the liquidation of its assets in a Chapter 7 proceeding would be sufficient to pay zero percent (0%) on all alleged unsecured claims.

**ARTICLE V**  
**SPECIAL CONSIDERATIONS**

The terms and provisions of the Plan of Reorganization require that any Insider Claims, including those of the Sink family, shall be subordinated as set forth in the treatment for Insider Claims of Class XIII. These claims are being subordinated by the insider in order to allow for higher distribution and recovery to the remaining General Unsecured Creditors in Class XII.

The Plan of Reorganization is being proposed in an attempt to provide the maximum recovery and dividend to creditors on their claims through a continuation of the business operation of the Debtor over a period of time or sale of the Debtor's assets. As such, the Debtor has elected to submit this Plan of Reorganization to creditors to allow payments on their claims rather than allow the Debtor to be liquidated.

**ARTICLE VI**  
**RISK FACTORS**

The Debtor's primary operation involves the business of automobile lubrication and oil changes. A significant amount of the Plan Payments are expected to be derived from repayment of funds loaned Moo-Chic which is in the business of provided trucking services. Revenues from the Debtor's and Moo-Chic's business operations are subject to fluctuations beyond their control due to economic and weather conditions. Additionally, projections of revenue from business operations, as set forth in Exhibits "B" and "C," result from estimates of the Debtor's future revenues received. The projections of revenue are also subject to a degree of error due to the Debtor relying on historical costs of operations for future projections.

While proponents of the Plan of Reorganization have attempted to be accurate and realistic in making the projections contained herein, there may be variables that exist other than those set out in the Risk Factors stated herein (such as market conditions, expenses, and interest rates) which make these projections subject to a certain amount of speculation, and therefore, subject to a degree of error.

While future economic trends cannot be predicted, it is believed that the Plan will afford the secured and unsecured creditors an opportunity of realizing the maximum amount of money on their claims in the shortest period of time.

**ARTICLE VII**  
**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 classes are impaired and that holders of claims in each of these classes are therefore entitled to vote to accept or reject the Plan. The Plan

Proponent believes that classes are unimpaired and that holders of claims in each of these classes, therefore, do not have the right 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 was August 4, 2105***

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 six 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;
- Holders of claims or equity interests in classes that do not receive or retain any value under the Plan; and
- 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 [and to the Adequacy of the Disclosure Statement].***

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 a cram down on non-accepting classes, as discussed later in Section [B.2.].

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 cramdown 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. 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.

1. *Ability to Initially Fund Plan*

The Plan Proponent believes that the Debtor will have enough cash on hand on the effective date of the Plan to pay all the claims and expenses that are entitled to be paid on that date.

2. *Ability to Make Future Plan Payments And Operate Without Further Reorganization*

The Plan Proponent must also show that it will have enough cash over the life of the Plan to make the required Plan payments.

The Plan Proponent has provided projected financial information. Those projections are listed in Exhibits "B" and "C."

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

**ARTICLE VIII**  
**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, except that the Debtor shall not be discharged of any debt (i) imposed by the Plan, (ii) of a kind specified in § 1141(d)(6)(A) if a timely complaint was filed in accordance with Rule 4007(c) of the Federal Rules of Bankruptcy Procedure, or (iii) of a kind specified in § 1141(d)(6)(B). After the effective date of the Plan your claims against the Debtor will be limited to the debts described in clauses (i) through (iii) of the preceding sentence.

**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 revoting 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**

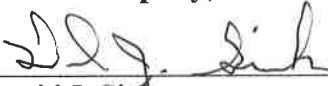
Once the estate has been fully administered, as provided in Rule 3022 of the Federal Rule of Bankruptcy Procedure, the Plan Proponent, or such other party as the Court shall designate in the Plan Confirmation Order, shall file a motion with the Court to obtain a decree to close the case. Alternatively,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

**[SIGNATURE PAGE TO FOLLOW]**

**NOTHING CONTAINED IN THIS DISCLOSURE STATEMENT IS OFFERED AS A WARRANTY OR GUARANTEE BY THE DEBTOR OF ANY OPTIONS CONTAINED HEREIN, AND SHOULD NOT BE RELIED UPON AS SUCH BY CREDITORS OR OTHER INTERESTED PARTIES IN EVALUATING THIS PLAN.**

RESPECTFULLY SUBMITTED, this the 1<sup>st</sup> day of June, 2016.

**Sink & Company, LLC**

By:  \_\_\_\_\_  
David J. Sink



\_\_\_\_\_  
DIRK W. SIEGMUND  
Attorney for the Debtor-in-Possession  
North Carolina State Bar No. 20796

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## Ex A - 1

Sink & Company LLC  
Actual P&L  
Sept 2015 - April 2016

	Sept	Oct	Nov	Dec	Jan	Feb	March	April
<b>Income</b>								
Services Rendered - Hwy 8	22,199.44	23,057.86	22,108.23	21,459.20	17,610.46	27,770.71	26,839.13	25,375.99
Other	0.00	0.00	0.00	0.00	1,478.03			
Interest	0.09	0.10	0.03	0.06	0.01	0.06	0.08	0.04
<b>Total Income</b>	<b>22,199.53</b>	<b>23,057.96</b>	<b>22,108.26</b>	<b>21,459.26</b>	<b>19,088.50</b>	<b>27,770.77</b>	<b>26,839.21</b>	<b>25,376.03</b>
<b>Expenses</b>								
Merchant Account Fees	(485.77)	-447.39	-470.14	-525.59	-433.92	-411.92	-587.20	-707.21
Purchases/Resale	(6,493.27)	-7,519.36	-5,599.88	-5,118.26	-4,200.73	-7,762.12	-8,784.24	-7,125.13
State W/H	(315.00)	-320.00	-394.00	-323.00	-395.00	-270.00	-268.00	-274.00
Net Payroll	(5,104.00)	-6,316.00	-5,140.00	-6,288.00	-4,165.00	-3,988.00	-4,075.00	-5,130.00
Sales Tax	(129.88)	-131.33	-147.00	-149.67	-64.56	-95.85	-129.27	-1,004.74
Supplies	0.00	-138.27	0.00	0.00	-281.39	0.00	-172.31	-36.42
Maintenance/Repairs			-35.00	-35.00	-42.75	-134.68	-519.70	-74.82
Telephone/Internet	(416.67)	-375.60	-476.34	0.00	-466.90	-683.65	-131.58	-369.02
Property Taxes - Hwy 8	(926.00)	-925.00	-925.00	-359.99	-265.00	-265.00	-265.00	-265.00
Insurance	(367.84)	-181.42	-181.42	-472.09	-347.09	-364.75	-744.65	-1,055.55
Utilities	(551.83)	-238.36	-202.19	-234.37	-241.59	-318.70	-288.60	-249.05
Return Check					-33.81			
Bank Analysis Fee	(5.00)	-25.00	-25.00	-101.00	-75.50	-25.00	-25.00	-50.00
Garbage Service	0.00	-90.00	-45.00	-45.00	-45.00	-45.00	-113.00	-138.00
Uniform / Laundry			-172.00	0.00	0.00	0.00	0.00	0.00
Professional Fees	(1,250.00)	-1,000.00	-1,000.00	-2,300.00	-1,000.00	-1,000.00	-1,000.00	-1,250.00
Payroll Expenses-Child Support	(807.68)	-1,009.60	-807.68	-1,009.60	-807.68	-807.68	-807.68	-1,009.60
Clerk of Bankruptcy		-650.00	0.00	0.00	-650.00			-650.00
FUTA		-4,262.84	0.00	0.00	-288.04			-1,797.51
SUTA		-149.43	0.00	0.00	-160.21			-34.56
Tax Payments				-4,811.85	-2,650.41	-1,813.77	-1,761.33	
<b>Notes Payable</b>								
Bank of NC - Property	(2,826.35)	-2,826.35	-2,826.35	-2,460.00	-2,460.00	-2,460.00	-2,460.00	-2,460.00
Bank of NC - Equipment	(1,238.34)	-1,238.34	-1,238.34	-1,319.40	-953.05	-953.05	-953.05	-953.05
Bank of NC - Equipment								
Bank of NC-Equip-Escrow				-285.29				
Jim Melton	(261.50)	-261.50	-261.50	-261.50	-261.50	-261.50	-261.50	-261.50
<b>Total Expenses</b>	<b>-21,179.13</b>	<b>-28,105.79</b>	<b>-19,946.84</b>	<b>-26,099.61</b>	<b>-20,289.13</b>	<b>-21,660.67</b>	<b>-23,347.11</b>	<b>-24,895.16</b>
<b>Profit (Loss)</b>	<b>1,020.40</b>	<b>-5,047.83</b>	<b>2,161.42</b>	<b>-4,640.35</b>	<b>-1,200.63</b>	<b>6,110.10</b>	<b>3,492.10</b>	<b>480.87</b>
Outstanding Checks	1,442.49	6,783.92	2,914.44	2,494.46	3,007.08	1,201.92	1,882.18	3,900.16
OS Checks Cleared from previous	-613.86	-1,442.49	-6,783.92	-2,914.44	-2,494.46	-2,507.08	-1,201.92	-1,882.18
<b>P&amp;L Per Monthly Report</b>	<b>1,849.03</b>	<b>293.60</b>	<b>-1,708.06</b>	<b>-5,060.33</b>	<b>-688.01</b>	<b>4,804.94</b>	<b>4,172.36</b>	<b>2,498.85</b>



Ex A - 2

Moo-Chic Farm, Inc.

Income January - April 2016

Contracted to Trinity Transport, Inc.

	Jan	Feb	March	April	YTD
Income	6,179.41	6,079.23	17,090.24	6,569.43	35,918.31
Exp Reimbursement	512.11	312.64	509.62	372.73	1,707.10
Expenses					
Insurance	-600.00	-600.00	-863.19	-563.19	-2,626.38
Fuel	-1,939.70	-2,371.08	-5,015.24	-2,050.35	-11,376.37
Escrow	-100.00		-300.00	-300.00	-700.00
Tag / Tax			-109.59	-109.59	-219.18
PeopleNet			-59.96	-89.94	-149.90
Truck Payment	-572.84	-1,592.30	-789.03	-789.03	-3,743.20
Repairs	-222.86		-512.34	-1,024.66	-1,759.86
Advance			-389.00	-117.00	-506.00
Labor	-737.78	-1,936.42	-1,415.73	-485.04	-4,574.97
Total Expenses	-4,173.18	-6,499.80	-9,454.08	-5,528.80	-25,655.86
Profit	2,518.34	-107.93	8,145.78	1,413.36	11,969.55

Ex B-1 Sink & Company LLC  
Projected Cash Flow - May 2016 - April 2017

	May	June	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	March	April
<b>Total Income</b>	24,511	25,734	28,810	29,769	22,199	23,058	22,108	21,459	17,610	27,771	26,839	25,376
<b>Expenses</b>												
Merchant Account Fees	520	520	472	477	486	447	470	526	434	412	587	707
Purchases/Resale	7,000	7,000	7,500	6,200	6,500	7,500	5,600	5,100	4,200	7,500	8,000	7,125
Federal W/H Taxes	2,040	1,632	1,632	2,040	1,632	2,040	1,632	1,632	2,040	1,632	1,632	2,040
State W/H	354	276	276	354	276	354	276	276	354	276	276	354
Sales Tax	997	950	1,050	1,100	900	925	900	875	750	1,000	950	1,005
Net Payroll	4,104	4,104	5,130	4,104	5,130	4,104	4,104	5,130	4,104	4,104	5,130	4,104
Supplies	230	444	114	85	25	138	25	25	281	25	172	36
Maintenance/Repairs	35	35	35	35	35	35	35	35	40	40	40	40
Telephone/Internet	369	392	392	369	369	392	392	369	369	392	369	369
Property Taxes - Hwy 8	265	265	265	265	265	275	275	275	275	275	275	275
Insurance (WC)	334	334	334	334	334	334	334	334	334	334	334	334
Insurance (Shop)	222	222	222	222	222	222	222	222	222	222	222	222
Insurance (Health)	166	166	166	166	166	166	166	166	166	166	166	166
Utilities	226	198	274	293	249	238	202	234	242	319	289	249
Bank Analysis Fee	25	25	25	25	25	25	25	25	25	25	25	25
Garbage Service	113	138	113	113	138	138	113	113	1,385	113	138	138
Uniform / Laundry		0	0	0	0	0	172					
Professional Fees	1,000	2,050	1,250	1,000	1,250	500	500	500	500	500	500	500
Payroll Expenses-Child Support	808	808	1,010	808	1,010	808	808	1,010	808	808	1,010	808
SUTA		35	35	35	35	35	35		35			35
Clerk of Bankruptcy		650	650			650						
Notes Payable												
Bank of NC - Property	2,460	2,460	2,460	2,657	2,657	2,657	2,657	2,657	2,657	2,657	2,657	2,657
Bank of NC - Equipment	953	953	953	463	463	463	463	463	463	463	463	463
Jim Melton	262	262	262	262	262	262	262	262	262	262	262	262
<b>Total Expenses</b>	22,481	23,233	24,618	21,371	22,392	22,708	19,633	20,228	19,945	21,524	23,496	22,138
<b>Profit (Loss)</b>	2,030	2,501	4,191	8,398	-193	350	2,475	1,231	-2,334	6,247	3,343	3,238
<b>Moo-Chic Repayment</b>		5,000	5,000	5,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000
<b>Net Cash Flow</b>	2,030	7,501	9,191	13,398	5,807	6,350	8,475	7,231	3,666	12,247	9,343	9,238
<b>Available for Plan Payments</b>	12,195	19,696	28,887	42,285	19,437	25,787	34,263	12,840	16,505	28,752	9,441	18,679
<b>Plan Payments</b>												
IRS				20,574			20,574			20,574		
NCDDOR				2,687			2,687			2,687		
Davidson County				976			976			976		
NC ESC				176			176			176		
New Logic				351			351			351		
Thornfield				11			11			11		
Unsecured				3,881			3,881			3,881		
<b>Total</b>				28,654			28,654			28,654		
<b>Ending Funds</b>	12,195	19,696	28,887	13,631	19,437	25,787	5,608	12,840	16,505	98	9,441	18,679

\* Initial Funds for May 2015 include \$10,165 in account as of the end of April 2016

Moo-Chic Farm, Inc  
 Projected Cash Flow - May 2016 through April 2017

	May	June	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	March	April
Income	12,000	16,000	16,000	16,000	20,000	24,000	24,000	24,000	24,000	24,000	24,000	24,000
Expenses												
Pacific Capital	1,167	1,167	1,167	1,167	1,167	1,167	1,167	1,167	1,167	1,167	1,167	1,167
Truck Lease					1,100	1,100	1,100	1,100	1,100	1,100	1,100	1,100
Can Capital	675	675	675	675	675	675						
Supplies	100	100	100	100	100	100	100	100	100	100	100	100
Maintenance/Repairs	1,000	1,000	1,000	1,000	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500
Tires							1,600		1,600			
Telephone/Internet	411	411	411	411	411	411	411	411	411	411	411	411
Property Taxes-Hwy 8	100	100	100	100	100	100	100	100	100	100	100	100
Insurance	547	110	0	0	415			569	859		438	859
Utilities	253	253	252	252	237	203	206	226	225	262	257	242
Garbage Service	45	45	45	45	45	45	45	45	45	45	45	45
Meals / Travel Expense	15	26	32	99	101	58	72	35	81	41	42	44
Driver #1 Pay	750	2,737	2,390	2,850	2,889	2,889	2,970	2,889	2,889	2,889	2,889	2,889
Driver #2 Pay		0	0	0	1,452	2,514	2,458	2,514	2,321	2,514	2,514	2,321
Fuel	82	300	635	585	677	137	840	260	325	470	60	450
Truck Tags/ Taxes							2,563					
Heavy Vehicle Use Tax					1,050							
Professional Fees												
Owner Draw	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200
Notes Payable												
Carolina Farm Credit	2,300	2,300	2,300	2,300	2,300	2,300	2,300	2,300	2,300	2,300	2,300	2,300
Total Expenses	8,645	10,425	10,308	10,785	15,419	14,398	18,134	14,417	16,223	15,699	14,123	14,728
Net Cash Flow	3,355	5,575	5,692	5,215	4,581	9,602	5,866	9,583	7,777	8,301	9,877	9,272

Note: Truck Revenue is net. Carrier deducts fuel, insurance, admin expenses, one truck lease and certain repairs from gross pay  
 Anticipates adding 3rd truck in September of 2016

## Forecast 2017 - 2020

	2017	2018	2019	2020
Total Income	301,149	310,184	319,489	329,074
Expenses				
Merchant Account Fees	6,178	6,363	6,554	6,751
Purchases/Resale	80,810	83,234	85,731	88,303
Federal W/H Taxes	22,056	22,718	23,400	24,102
State W/H	3,776	3,889	4,006	4,126
Sales Tax	11,630	11,978	12,338	12,708
Net Payroll	54,419	56,052	57,733	59,465
Supplies	1,634	1,683	1,733	1,785
Maintenance/Repairs	449	462	476	490
Telephone/Internet	4,636	4,775	4,919	5,066
Property Taxes - Hwy 8	3,315	3,414	3,517	3,622
Insurance (WC)	4,087	4,210	4,336	4,466
Insurance (Shop)	2,718	2,800	2,884	2,970
Insurance (Health)	2,028	2,089	2,151	2,216
Utilities	3,073	3,165	3,260	3,357
Bank Analysis Fee	536	552	568	585
Garbage Service	2,808	2,892	2,979	3,068
Uniform / Laundry	175	181	186	192
Professional Fees	1,500	1,500	1,500	1,500
Payroll Expenses-Child Support	10,710	11,031	11,362	11,703
SUTA	141	145	150	154
Clerk of Bankruptcy	0	0	0	0
Notes Payable	0	0	0	0
Bank of NC - Property	31,292	31,292	31,292	31,292
Bank of NC - Equipment	7,030	7,030	7,030	7,030
Jim Melton	3,138	3,138	3,138	3,138
Total Expenses	258,137	264,593	271,242	278,090
Profit (Loss)	43,012	45,591	48,248	50,984
Moo-Chic Repayment	72,000	72,000	72,000	72,000
Available For Plan Payments	115,012	117,591	120,248	122,984
Plan Payments				
IRS	82,295	82,295	82,295	41,148
NCDOR	10,746	10,746	10,746	5,373
Davidson County	3,902	3,902	3,902	3,902
NC ESC	704	176	0	
New Logic	1,402	1,402	1,402	1,402
Thornfield	45	45	45	45
Unsecured	15,523	15,523	15,523	15,523
Total	114,617	114,089	113,913	67,393

## Moo-Chic Farm, Inc

## Forecast 2017 - 2020

	2017	2018	2019	2020
Income	288,000	296,640	305,539	314,705
Expenses				
Pacific Capital	14,008	14,428	14,861	15,307
Truck Lease	13,200	13,596	14,004	14,424
Can Capital	0	0	0	0
Supplies	1,200	1,236	1,273	1,311
Maintenance/Repairs	18,000	18,540	19,096	19,669
Tires	6,400	6,592	6,790	6,993
Telephone/Internet	4,933	5,081	5,234	5,391
Property Taxes-Hwy 8	1,200	1,236	1,273	1,311
Insurance	5,450	5,613	5,782	5,955
Utilities	2,840	2,925	3,013	3,103
Garbage Service	540	556	573	590
Meals / Travel Expense	629	648	667	687
Driver #1 Pay	34,830	35,875	36,951	38,060
Driver #2 Pay	29,284	30,162	31,067	31,999
Fuel	4,811	4,955	5,104	5,257
Truck Tags/ Taxes	2,563	2,640	2,719	2,800
Heavy Vehicle Use Tax	1,100	1,133	1,167	1,202
Professional Fees	0	0	0	0
Owner Draw	14,400	14,400	14,400	14,400
Notes Payable				
Carolina Farm Credit	27,600	27,600	27,600	27,600
Total Expenses	182,987	187,217	191,573	196,061
Net Cash Flow	105,013	109,423	113,966	118,645

Note: Truck Revenue is net revenue. Carrier deducts fuel, insurance, admin expenses one truck lease & certain repairs from gross pay

**Exhibit "D"**  
**Sink & Company LLC**  
**Chapter 7 Liquidation Analysis**

	Assets				
	<u>Value</u>		<u>Lien Holders</u>	<u>Lien Amount</u>	<u>Equity</u>
Real Property	271,840	1	Bank of NC Bret Melton	225,520 20,000	46,320 26,320
Vehicles	0				0
Equipment / Tools	30,001	2	Bank of NC	23,810	6,191
Bankruptcy Recovery Actions	0	3	NC DOR	0	0
Bank Account	100		IRS		100
<b>Total</b>	<b>301,941</b>				<b>6,291</b>

Chapter 7 Liquidation Analysis

		<u>Claim</u>	<u>Payout</u>	<u>%</u>	
Cost of Administration	4	27,184	26,420	97%	
I	Administrative Claims	0	0	0%	
II	Administrative Operating Expenses	0	0	0%	
III	Internal Revenue Service	309,832	0	0%	
IV	North Carolina Department of Revenue	40,459	0	0%	
V	Davidson County	15,666	0	0%	
VI	Employment Security Commission	1,285	0	0%	
VII	Tax Claims	0	0	0%	
VIII	Bank of North Carolina - Secured	250,795	250,795	100%	
IX	Bret A. Melton	20,000	20,000	100%	
X	WebBank	6,191	6,191	100%	
XI	Thornfield Associates	125	0	0%	
XII	General Unsecured Claims	4	517,420	0	0%
XIII	Insider Claims	0	0	0%	
XIV	Equity Security Holders	0	0	0%	

1. Amount used is tax value. At foreclosure sale prior to Chapter 11 property brought \$228,000.  
Equity assumes that after payment to 1st & 2nd mortgage with fees associated with a sale that no equity would be available for unsecured creditors.
2. Bank of NC has the first lien on the equipment in the amount of \$23,810 with WebBank having the second lien
3. Cause of Action is with related entity Moo-chic Farm, Inc, in the amount of \$236,831.  
Collectability would be doubtful in case of liquidation
- 4 Cost of Administration is based on a 10% cost to liquidate Real Property including Trustee commissions
- 5 Includes expected unsecured claim for the IRS, NC Department of Revenue and WebBank

**Exhibit "E"**  
**Sink & Company LLC**  
**Expected Payments Under Plan**

Class No.	Creditor	Projected Claim	Monthly Payment	Quarterly Payment
I	Administrative Claims	0		
II	Administrative Operating Expenses	0		
III	Internal Revenue Service	309,832		20,574
IV	North Carolina Department of Revenue	40,459		2,687
V	Davidson County	15,666		976
VI	Employment Security Commission	1,285		176
VII	Tax Claims	0		0
VIII	Bank of North Carolina - Secured	250,795	3,120	
IX	Bret A. Melton	20,000	262	
X	New Logic	6,191		351
XI	Thornfield Associates	125		11
XII	General Unsecured Claims	517,420		3,881
XIII	Insider Claims	0		
XIV	Equity Security Holders	0		