

UNITED STATES BANKRUPTCY COURT
FOR THE MIDDLE DISTRICT OF NORTH CAROLINA
DURHAM DIVISION

IN RE:)
)
SCARBOROUGH & HARGETT)
FUNERAL HOME, INC.) Case No: 16-80220
)
)
Debtor)

**SCARBOROUGH & HARGETT FUNERAL HOME, INC.'S DISCLOSURE
STATEMENT FOR THE PLAN OF REORGANIZATION**

This is the Disclosure Statement (the "Disclosure Statement") in the small business Chapter 11 case of Scarborough & Hargett Funeral Home, Inc. (the "Debtor"). This Disclosure Statement contains information about the Debtor and describes the Plan of Reorganization (the "Plan") filed by the Debtor on September 7, 2016. A full copy of the Plan has been circulated with 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.**

The proposed distributions under the Plan are discussed at pages 5 through 7 of this Disclosure Statement. General unsecured creditors are classified in Class V, and will receive a distribution of one hundred percent (100%) of their allowed claims, to be paid through the issuance of a promissory note with quarterly payments distributed over a sixty (60) month period and a balloon payment.

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.

I. INTRODUCTION

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 of 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 Scarborough & Hargett Funeral Home, Inc. 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 you 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 setting forth the Time and Place of Hearing to Finally 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 Plan.

If you want additional information about the Plan, you should contact Florence A. Bowens at 3622 Lyckan Parkway, Suite 3003, Durham, NC 27707.

C. Disclaimer

The Court has conditionally 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. The Court's approval of this Disclosure Statement is subject to final approval at the hearing on confirmation of the Plan.

II BACKGROUND

A. Description and History of the Debtor's Business

Scarborough & Hargett Funeral Home, Inc. ("Scarborough & Hargett") is a North Carolina corporation which was organized in February 1958. However, the first funeral home was started in 1871. In 1888, Joseph Crooms Hargett, the father-in-law, formed a partnership with John Clarence Scarborough, Sr., the son-in-law, as Scarborough and Hargett Undertakers. The company moved to Durham in 1900 and has been providing services to African American families continuously for the past 142 years.

Mr. Scarborough III's fifty-two-year tenure as an official in the family company began in 1961. He served as Assistant Manager of the business until he became President and Chief Executive Officer (CEO) of Scarborough and Hargett Funeral Home, Inc. in 1972. He also has been elected National President of the Funeral Directors and Morticians Association and Chairman of this professional organization which was founded by his grandfather.

Mr. Scarborough III is the fourth generation heading the family business.

B Insiders of the Debtor

The insiders of the debtor include all family members. There are no claims anticipated from the insiders and the Plan makes no provisions for payments to insiders or equity shareholders, other than salary and wages to the employees of the business.

C. Management of the Debtor Before and During the Bankruptcy

During the two (2) years prior to the date on which the bankruptcy petition was filed, as well as prior to that time, John Clarence Scarborough, III was and is the President of the corporation.

During the Chapter 11 case, Scarborough & Hargett has remained in control of the Debtor and responsible for its operation. After the effective date of the Order confirming the Plan, Scarborough & Hargett will remain in control of the Debtor.

D. Events Leading to the Chapter 11 Filing

In 2006, the principal office of the funeral home was taken through eminent domain by Durham County to be used for the new location of the court house. The funeral home had three years (until 2009) to build/purchase a new location to avoid capital gains tax.

Debtor purchased the property and construction began on the new building, but was not

complete in 2009. Thus, the Debtor was granted a two-year extension (until 2011) to complete the new building and avoid capital gains tax. There were construction complications, and the building was not complete, thus the Debtor was not allowed to take advantage of the tax free exchange. This created an IRS form 1120 tax liability of \$885,270.00 and a NC Department of Revenue liability of \$238,052.00.

In addition, in late 2011 and early 2012, the Debtor uncovered a scheme orchestrated and operated by the then General Manager, to manufacture two sets of books: one set of books to be given to the CPA firm, and the second set of books to be maintained in the office. This scheme allowed him to siphon more than \$250,000.00 of the funeral home's funds into his personal account. This individual, alone with an associate of his, were prosecuted by the State of North Carolina.

By early 2012, management recognized that the financial data provided to the CPA firm for the year 2011 was wrong, so there was a delay in preparing the 2011 tax return until the Debtor could get a better understanding of that the business should actually look like.

While the Debtor has yet to complete the review of all files that may have been affected by the former GM, the CPA firm in late 2014 insisted that the 2011 tax return be prepared using the information available. That return was complete on or about March 10, 2016 and submitted.

E. Significant Events During the Bankruptcy Case

During the course of the Chapter 11 proceeding, the Debtor has focused on maximizing revenues and reducing costs while maintaining a cash flow.

F. Projected Recovery of Avoidable Transfers

The Debtor does not intend to pursue preference, fraudulent conveyance, or other avoidance actions.

G. 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 V of the Plan.

H. Current and Historical Financial Conditions

The identity and fair market value of the estate's assets are listed in Exhibit A "Chapter 7 Liquidation analysis."

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, 101 South Edgeworth Street, Greensboro, North Carolina 27401.

A Summary of the Debtor's actual income and expenses is set forth in Exhibit B.

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 interest 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 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 goods sold to the Debtor in the ordinary course of business and received within twenty (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.

The following chart lists the Debtor's estimated administrative expenses and the proposed treatment for each under the Plan:

TYPE	ESTIMATED AMOUNT OWED	PROPOSED TREATMENT
Expenses Arising in the ordinary Course of Business	No unpaid Expenses	Paid in full on the Effective Date of the Plan or according to Date terms of obligation, if later.

Professional Fees, as approved by Court	NONE APPROVED Est. to be \$20,000	Paid in full on the Effective Date of the Plan or according to Court orders and by agreement with the parties.
Clerk's Office Fees, Bankruptcy Administrator's Fees, and Other Administrative Quarterly Fees	NONE, Other than current due fees	Paid in full on the Effective Date of the Plan.

2. Priority Tax Claims

Certain priority claims that are referred to in §§507(a)(1),(4),(5),(6), and (7) of the Code are required to be placed in classes. The Code requires that each holder of such a claim receive cash on the Effective Date of the Plan equal to the allowed amount of such claim. However, a class of holders of such claims may vote to accept different treatment.

Priority tax claims are unsecured income, employment, and other taxes described by §507(a)(8) of the Code. Unless the holder of such a §507(a)(8) priority tax claim agrees otherwise, it must receive the present value of such claim, in regular installments paid over a period not exceeding five (5) years from the Order of Relief. The Internal Revenue Service has filed a priority claim in the amount of \$80,895.25. This debt will be paid quarterly in the amount of \$4,050.00 over a sixty (60) month period.

C. Classes of Claims and Equity Interests

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

1. Classes of Secured Claims

Allowed Secured Claims are claims secured by property of the Debtor's bankruptcy estate (or that are subject to setoff) 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 following chart lists all classes containing the Debtor's secured pre-petition claims and their proposed treatment under the Plan:

CLASS	DESCRIPTION	INSIDER?	IMPAIRED?	TREATMENT
Class I	Secured Claim of NCDR	No	No	Payment of \$5,000.00 per quarter, plus an additional monthly payment of \$1,000.00 commencing the first month following the effective date of the plan,

with an additional 30% of the actual BTX, to be split with the IRS on the unsecured portion, at the end of the 12-month period to be paid in April after the tax returns are prepared. It is estimated that in the 4th year, payments will increase to \$6,000.00 per month continuing for the remainder of the plan, with all remaining amounts due in a balloon payment. Balance is secured and shall accrue 8% interest per annum.

2. Classes of Unsecured Claims

CLASS	DESCRIPTION	INSIDER?	IMPAIRED?	TREATMENT
Class II	Batesville Casket (goods)	No	Yes	This debt will be paid with regular payments with arrearages paid over a period not to exceed 36 months
Class III	Adams Products (goods)	No	Yes	The debt will be paid with regular payments arrearages paid over a period not to exceed 36 months
Class IV	Verizon Select (services)	No	Yes	The debt shall be paid over a period not to exceed 24 months

Class V: General unsecured claims are not secured by property of the estate and are not entitled to priority under §507(a) of the Code.

It is anticipated that the unsecured general claims shall total approximately One Million Five hundred fifty-two thousand, One hundred eighty-three and 54/1000 dollars (\$1,552,183.54). It is expected that each class of unsecured claims shall receive a promissory note in the amount of eight percent (8%) of their allowed unsecured claim. Payments on the promissory notes shall be monthly, commencing on the twentieth (20th) day of the first full month following confirmation of the Plan of Reorganization. As such, any unsecured claims will not be impaired.

This debt will have a balloon payment in the 60th month.

3. Class of Equity Interest Holders

Equity interest holders are parties who hold an ownership interest (i.e., equity interest) in the Debtor. In a corporation, entities holding preferred or common stock are equity interest holders. In a partnership, equity interest holders include both general and limited partners. In a limited liability company ("LLC"), the equity interest holders are the members. Finally, with respect to an individual who is a debtor, the Debtor is the equity interest holder.

The equity security holders of the Debtor shall retain their ownership interest in the Debtor with all rights and interests in the Debtor as of the date of the Order confirming the Chapter 11 Plan. The equity security holders shall receive no payment as members until any general unsecured claimants receive payments as required under the Plan or have been paid in full, whichever occurs first. There are no payments anticipated to be due or paid to Equity security holders.

D. Means of Implementing the Plan

1. Source of Payments

This Plan of Reorganization contemplates payments to the various classes of creditors using income derived from the continued operations of the Debtor's operation and business. Attached hereto and incorporated herein by reference as Exhibit B is a schedule of the actual monthly income and expenses for the Debtor's operation for the period March 11, 2016 through July, 2016. Attached hereto and incorporated herein by reference as Exhibit C is a schedule of the projected revenues and expenses and resulting cash flow by year for the Debtor's operations for the period September 1, 2016 through August 31, 2021. 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. Exhibits C is used to illustrate the feasibility of the Plan 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.

2. Post-confirmation Management

The Post-Confirmation Officers and Directors of the Debtor, and their compensation, shall be as follows:

John C. Scarborough III	Insider	Compensation commensurate with responsibilities.
Queen M.B. Scarborough	Insider	Compensation commensurate with responsibilities.

E. RISK FACTORS

The Debtor obtains its revenues from funeral services. This industry is subject to fluctuations based on the economy which is beyond the Debtor's control. Additionally, projections of revenue from business operations, as set forth in Exhibit "C", result from estimates of the Debtor's future revenues received from its business. The projections of revenue are also subject to a degree of error due to the various influences on the economy.

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.

F. Executory Contracts and Unexpired Leases

The Plan, in Section 5.01, 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 5.01 also lists how the Debtor will cure and compensate the other party to such contract or lease for any such defaults, if applicable.

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 objection 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 5.1 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 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.

G. 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.

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 the 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 July 18, 2016.

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 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 interest 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 interest 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 interest 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 of 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 Non-accepting Classes

Even if one or more impaired classes reject the Plan, the Court may nonetheless confirm the Plan if the non-accepting classes are treated in the manner prescribed by §1129(b) of the Code. A plan that binds non-accepting classes is commonly referred to as a cramdown plan. The Code allows the Plan to bind non-accepting classes of claims or equity interest 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. The debtor's proposed plan projects a 100% dividend to all creditors in the case. It is anticipated that a Chapter 7 liquidation would provide a similar result, as the assets of the debtor's estate exceed the Debtor's obligations. Therefore, creditors will receive under the plan at least as much as they would receive in a chapter 7 liquidation

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.

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 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 financial information. The projections are listed in Exhibit C.

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 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 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 authorized 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.

VI. OTHER PLAN PROVISIONS

Definitions and Rules of Construction. The definitions and rules of construction set forth in §§101 and 102 of the Code shall apply when terms defined or construed in the Code are used in this Plan, and they are supplemented by the following definitions:

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 and indebtedness.

Claim: A duly scheduled Allowed Claim or timely allowed filed Proof of Claim, or any Debtor obligation which would be 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 of Final Decree finally dismissing this Reorganization case.

Court: The United States Bankruptcy Court for the Middle District of North Carolina, Durham Division.

Debtor: The Debtor in this proceeding is Scarborough & Hargett Funeral Home, Inc.

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

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: This Plan of Reorganization dated September 7, 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: Scarborough & Hargett Funeral Home, Inc., after entry of an Order confirming this Chapter 11 Plan and is 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) 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, completed all procedures necessary to obtain Bankruptcy Court approval of any disposition of the Debtor's Estate as described and closed on the sale of any of the Debtor's real and personal property.

Unsecured Trade Claim: An allowed trade claim that arose or accrued prior to March 18, 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 March 18, 2015, which is unsecured and is not entitled to priority under §507(1) of the United States Bankruptcy Code.

RESPECTFULLY SUBMITTED, this the 7th day of September, 2016.

Scarborough & Hargett Funeral Home, Inc.
BY: /s/John C. Scarborough, III

/s/ Florence A. Bowens
Florence A. Bowens
Attorney for the Debtor-in-Possession
North Carolina State Bar No. 19540
P.O. Box 51263
Durham, NC 27717
919.402.9700

Exhibit A

SCARBOROUGH AND HARGETT FUNERAL HOME, INC.BALANCE SHEET P-4
AS OF JULY 31, 2016**ASSETS:****CURRENT ASSETS**

BB&T OPERATING ACCOUNT	\$43,281.92
BB&T PAYROLL ACCOUNT	12,389.32
ACCOUNTS RECEIVABLE	176,403.00
LESS: ALLOWANCE	-17,640
EMBALMING SUPPLIES	450
INVENTORY - CASKETS	<u>500</u>

TOTAL CURRENT ASSETS**\$215,384.24****NON-CURRENT ASSETS**

LAND	15,000.00
BUILDINGS	0
FURNITURE & FIXTURES	NET 2,000
VEHICLES	NET 24,312.00
EQUIPMENT	NET <u>3,500.00</u>

TOTAL NON-CURRENT ASSETS**\$44,812.00****TOTAL ASSETS****\$260,196.24****TOTAL LIABILITIES AND EQUITY****CURRENT LIABILITIES**

OLD CASTLE	6,900.00
BATESVILLE	14,007.15
FEDERAL & FICA	0
NC PAYROLL TAX W/H	0
FUTA/SUI PAYABLE	0
SALES TAX PAYABLE	1957.12
2011 IRS TAX RETURN	885,270.00
2012 IRS TAX RETURN	42,155.00
NC DEPT. REV 2011	366,611.77
NC DEPT. REV 2012	<u>15,850.00</u>

TOTAL LIABILITIES**(\$1,332,751.04)****TOTAL LIABILITIES AND S/H EQUITY****(\$1,072,554.80)**

Exhibit B

SCARBOLROUGH AND HARGETT FUNERAL HOME, Inc.

Operating Statement , April 1, 2016 thru July 31, 2016

	<u>APRIL</u>	<u>MAY</u>	<u>JUNE</u>	<u>JULY</u>
Gross Cash Income:	44114	39784	105237	74898
Less: COGS				
Urn			161	
Horse/hearse rtl				1950
Caskets	3117	5508	6185	9062
Vaults	5800	2565	4200	
Suppiies				664
Contract labor	1470	2813	2920	5385
Cemetery cost	3816		1800	2000
Death Certificates	580	555	490	640
Programs			1500	1213
Flowers	4512	1101	3777	2763
Clothing/hair dress				24
Obituary page	765	1124	2210	878
Crematory	1200		1000	
Refunds		537	6214	4753
TOTAL COGS	21260	14203	30457	29332
GROSS PROFIT	22854	25581	74780	45566
OPERATING EXP:				
Rent/office	3292	3292	3292	3292
Advertising	116			
Promotional material			802	
Office supplies	513	149	92	339
Postage/freight		47	32	23
Utilities	877		224	244
Telephone		145	188	
Accounting Svc.		3473		
Bank chg./return ck	147	113	383	47
Gas/tires/oil	628	623	469	826
Auto Repairs	512	1567		1192
Equipment Leases	11069		11027	
Equipment Rental	1625		1637	912
Funeral Supplies			683	
Taxes/Licenses			401	1838
Cable/Internet		537		934

Building Repairs			1075	300
Insurance	551		1239	1897
NC sales & Use tax	2208	1072	1615	1958
Payroll exp.	7813	12854	10446	14768
Payroll taxes	4887	4764	7114	4119
Payroll fees	232	155	155	155
Storage fees	350	356	320	368
Blankets, Memorial	85			
Equipment purchased/TV				2503
Officer travel				661
Bankruptcy Fee	650			1625
Dues & Subscriptions			1530	
Other/glassware/equip	398	471	48	108
Filtered water system				443
Official check purchased not used				2503
TOTAL O/EXP	35953	30300	42088	41054
Net BTX Income	-13099	-4720	32693	4512

Exhibit C

Scarborough & Hargett Funeral Home, Inc.
 Proposed Five Year Plan , Sept. 2016, thru Sept. 2021

	<u>SEPT. 16</u>	<u>OCT. 16</u>	<u>NOV. 16</u>	<u>DEC. 16</u>	<u>JAN. 17</u>	<u>FEB. 17</u>	<u>MAR. 17</u>	<u>APRIL 17</u>	<u>MAY 17</u>	<u>JUNE 17</u>	<u>JULY 17</u>	<u>AUG. 17</u>	
	70,000	95,000	95,000	75,000	97,000	90,000	58,000	95,000	60,000	85,000	100,000	75,000	105,000
CASH INCOME													
LESS: COST OF SALES													
CASKETS/VAULTS/URNS	11,900	14,000	13,500	14,000	13,000	9,500	14,000	9,500	13,500	15,000	13,500	16,500	
SUPPLIES	600	700	300	300	600	300	300	300	300	300	300	300	
CONTRACT LABOR	2,000	3,000	2,200	3,000	3,000	1,300	3,000	1,300	2,900	3,200	2,200	3,300	
CEMETERY COST	2800	3,600	2,800	3,600	3,600	2,200	3,600	2,000	3,000	3,600	2,800	3,600	
DEATH CERTIFICATES	650	800	700	850	850	500	850	300	600	1000	700	1,000	
PROGRAMS	800	1,300	800	1,200	1,500	800	1,200	800	1,000	1,300	800	1,500	
FLOWERS	1000	1,800	1000	1,800	1,800	1500	1,800	1,500	1,500	2,300	1,000	2,500	
CLOTHING/HAIR DRESS	200	100		100			100			100		100	
OBITUARY PAGE	2,000	2,500	1,500	3,000	3,000	1,200	3,000	1,200	2,500	3,200	1,500	3,500	
CREMATORY	750	1,500	1,250	1,500	750	250	750	500	750	1,500	1,250	1,500	
REFUNDS	500	1,000		1,000	1000	375	750	750	750	1,000	375	1,000	
OTHER	500	1,000	500	1,000	500	500	1,000	1,000	1,000	1,000	500	1,000	
TOTAL COST OF SALES	23700	31300	24550	31350	29600	18125	30350	19150	27500	33500	24925	35500	
GROSS PROFIT	46,300	63,700	50,450	65,650	60,400	39,875	64,650	40,850	57,500	66,500	50,075	69,500	
OPERATING EXP.													
RENT/OFFICE	3,292	3,292	3,292	3,292	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	
AUTO EXP.													
ADVERTISING & PROMO	800	200	200	800	800	800	400	800	800	800	800	400	
OFFICE SUPPLIES	100	200	200	100	100	100	100	100	100	100	100	100	
POSTAGE/FREIGHT	50	50	50	50	50	50	50	50	50	50	50	50	
UTILITIES	300	500	600	600	600	600	600	500	300	300	250	300	
TELEPHONE	250	250	250	250	250	250	250	250	250	250	250	250	
ACCOUNTING SERVICE	1,500	3,125	3,125	1,500	1,500	1,500	1,500	3,125	1,500	1,500	1,500	3,125	
BANK CHG./RETURN CHECK	75	85	75	85	75	85	75	85	75	85	85	85	
GAS/TIRES/OIL	600	1200	1600	1200	1200	500	1200	800	750	1,000	600	1,200	
AUTO REPAIRS		350		350	350		350		350		350	350	
EQUIPMENT LEASE	6,667	6,667	6,667	6,667	6,667	6,667	6,667	6,667	6,667	6,667	6,667	6,667	
EQUIPMENT RENTAL	1,300	2100	1200	1,500	1,500	700	1,500	700	1,200	1,500	900	2,100	
JANITORIAL SUPPLIES	50	100	100	75	50	50	75	50	50	50	50	50	
LAUNDRY EXP.		50	50	50	50	50	50	50	50	50	50	50	
TAXES/LICENSES	1600	309		600	200		200		200		1700		
CONTRIBUTIONS	200		200						200		200	200	

	SEPT. 16	OCT. 16	NOV. 16	DEC. 16	JAN. 17	FEB. 17	MAR. 17	APR. 17	17-May	17-Jun	17-Jul	AUG. 17	550
CABLE/INTERNET	550	550	550	550	550	550	550	550	550	550	550	550	550
BLDG. REPAIRS	350	350	350	200	200	350	350	350	200	200	200	200	200
INSURANCE	1,618	555	555	1,618	1,618	555	1,618	555	555	2,717	555	555	555
NC SALES/USE TAX	1,500	2,300	1,800	2,300	1,800	1,850	1,700	1,300	1,700	2,000	1,400	2,300	2,300
PAYROLL EXP.	10,447	10,447	10,447	15,671	10,447	10,447	15,671	10,447	10,447	15,671	10,447	10,447	10,447
PAYROLL TAX	7,114	7,114	7,114	8,000	7,114	7,114	8,000	7,114	7,114	8,000	7,114	7,114	7,114
PAYROLL FEES	160	160	160	160	175	175	175	175	175	175	175	175	175
OFFICER TRAVEL			100		100				100				100
BANKRUPTCY FEE		1,800			1,800			1,800			1,800		1,800
Dues/registration		700		700					500	1,200	500	1,000	1,000
FILTERED WATER SYSTEM	150	150	150	150	150	150	150	150	150	150	150	150	150
STORAGE FEE	370	370	370	370	370	370	370	370	370	370	370	370	370
TOTAL OPERATING EXPENSE	38243	43474	38300	45563	40353	34508	45251	39888	78755	89073	83131	41083	41083
NET BTX PROFIT	8,057	20,226	12,150	20,087	20,047	5,367	19,399	962	21,252	19,965	9,512	28,417	187,541

PROPOSED CREDITOR PAYMENT

	80,895.25 IRS	unsecured	IRS	NC DEPT. REVENUE	14,007.15 BATESVILLE	6,900.00 ADAMS PRODUCTS	2,181.86 Verizon	YEARLY PAYMENT	4050	16,200	12,000	
80,895.25 IRS	4050							4050	4050	16,200	12,000	
unsecured	1000	1,000	1000	1000	1000	1000	1000	1000	1000	1000	1000	
NC DEPT. REVENUE	6,000	1000	1000	6,000	1,000	1,000	1,000	1,000	1,000	6,000	1,000	32,000
14,007.15 BATESVILLE	400	400	400	400	400	400	400	400	400	400	400	4,800
6,900.00 ADAMS PRODUCTS	200	200	200	200	200	200	200	200	200	200	200	2,400
2,181.86 Verizon	100	100	100	100	100	100	100	100	100	100	100	1,200
TOTAL PLAN PAYMENTS	7,700	2,700	6,750	7,700	2,700	6,750	7,700	2,700	6,750	7,700	2,700	68,600

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Scarborough & Hargett Funeral Home, Inc.

Proposed Five Year Plan , Sept. 2016, thru Sept. 2021

	<u>SEPT. 17</u>	<u>OCT. 17</u>	<u>NOV. 17</u>	<u>DEC. 17</u>	<u>JAN. 18</u>	<u>FEB. 18</u>	<u>MAR. 18</u>	<u>APR. 18</u>	<u>MAY. 18</u>	<u>JUNE. 18</u>	<u>JULY. 18</u>	<u>AUG. 18</u>
	71,400	94,050	76,500	95,060	91,800	59,160	96,900	61,800	86,700	102,000	77,250	107,100
CASH INCOME	10,300	14,000	12,500	14,000	13,000	9,500	13,500	9,500	13,000	15,000	13,500	16,500
LESS: COST OF SALES	400	200	2,500	3,000	600	3,000	300	1,500	2,650	3,200	300	300
CASKETS/VAULTS/URNS	1,500	2,500	2,100	2,500	3,000	1,500	3,000	1,500	2,650	3,200	2,200	3,300
SUPPLIES	2800	3,000	2,800	3,600	3,600	2,200	3,600	2,200	3,000	3,600	2,800	3,600
CONTRACT LABOR	500	800	700	850	850	700	850	400	600	1000	700	1,000
CEMETERY COST	500	800	800	1,200	1,250	800	1,200	800	1,000	1,300	800	1,500
DEATH CERTIFICATES	1000	1,800	1,200	1,800	1,800	1500	1,800	1,500	1,500	2,300	1,000	2,500
PROGRAMS		50		100			100			100		100
FLOWERS	2,000	2,500	1,500	3,000	2,500	1,200	3,000	1,200	2,500	3,200	1,500	3,500
CLOTHING/HAIR DRESS	800	2,000	2,000	1,750	1,250	500	1,000	1,250	750	1,500	1,250	1,500
OBITUARY PAGE		500	500	1,000	500	375	750	500	400	1,000	375	1,000
CREMATORY		1,000	500	1,000	500	500	500	500	500	1,000	500	500
REFUNDS	20300	29150	24600	31100	29050	18275	29600	19350	25900	33500	24925	35000
TOTAL COST OF SALES	51,100	64,900	51,900	63,960	62,750	40,885	67,300	42,450	60,800	68,500	52,325	72,100
GROSS PROFIT												
OPERATING EXP.	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000
RENT/OFFICE	800	200	200	200	100	100	400	800	100	100	800	400
ADVERTISING & PROMO	200	200	200	100	50	50	100	50	50	50	100	100
OFFICE SUPPLIES	50	50	50	50	50	50	50	50	50	50	50	50
POSTAGE/FREIGHT	350	500	600	650	650	600	550	450	300	300	300	300
UTILITIES	250	250	250	250	250	250	250	250	250	250	250	250
TELEPHONE	1,500	3,125	3,125	1,500	1,500	1,500	1,500	3,125	1,500	1,500	1,500	3,125
ACCOUNTING SERVICE	90	95	95	95	95	95	95	95	95	85	95	95
BANK CHG./RETURN CHECK	600	1200	1600	1200	1200	600	1200	800	750	1,000	600	1,200
GAS/TIRES/OIL		350		350			350					350
AUTO REPAIRS	6,667	6,667	6,667	6,667	6,667	6,667	6,667	6,667	6,667	6,667	6,667	6,667
EQUIPMENT LEASE	750	2100	1200	1,500	1,500	375	1,275	375	1,200	1,500	700	2,100
EQUIPMENT RENTAL	50		100	50	50		50		50		50	
JANITORIAL SUPPLIES		50		50			50			50		50
LAUNDRY EXP.												
TAXES/LICENSES	1500	289		550							1700	
CONTRIBUTIONS	200		200				200		200			200

CABLE/INTERNET	550	550	550	550	550	550	550	550	550	550	550	550
BLDG. REPAIRS			200				200					
INSURANCE	1,618	555	1,618	555	1,618	555	1,618	555	1,618	555	1,618	555
NC SALES/USE TAX	1,200	2,500	2,300	1,850	1,100	1,700	1,300	1,700	1,700	2,000	1,250	2,300
PAYROLL EXP.	10,447	10,447	15,671	11,500	11,500	17,238	11,500	11,500	17,238	11,500	11,500	11,500
PAYROLL TAX	7,114	7,114	8,000	8,000	8,000	8,800	8,000	8,000	8,800	8,000	8,000	8,000
PAYROLL FEES	160	160	160	195	195	195	195	195	195	195	195	195
OFFICER TRAVEL			100									100
BANKRUPTCY FEE		2,000		2,000			2,000			2,000		2,000
Dues/registration		800	700					500	1,200	500	1,000	1,000
FILTERED WATER SYSTEM	150	150	150	150	150	150	150	150	150	150	150	150
STORAGE FEE	370	370	370	370	370	370	370	370	370	370	370	370
TOTAL OPERATING EXPENSE	37616	44322	39028	42082	36152	46958	41582	38227	48922	41732	43052	43052
NET BTX PROFIT	13,484	20,578	12,872	17,679	4,733	20,342	868	22,573	19,578	10,593	29,048	193,016

PROPOSED CREDITOR PAYMENT

	YEARLY		PAYMENT	
80,895.25 IRS		4050	4050	16,200
unsecured IRS	1000	1,000	1000	12,000
NC DEPT. REVENUE	6,000	1000	1,000	32,000
14,007.15 BATESVILLE	400	400	400	4,800
6,900.00 ADAMS PRODUCTS	200	200	200	2,400
2,181.86 Verizon	<u>100</u>	<u>100</u>	<u>100</u>	<u>982</u>
TOTAL PLAN PAYMENTS	7,700	2,700	6,750	68,382

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Scarborough & Hargett Funeral Home, Inc.
 Proposed Five Year Plan , Sept. 2016, thru Sept. 2021

	<u>SEPT. 18</u>	<u>OCT. 18</u>	<u>NOV. 18</u>	<u>DEC. 18</u>	<u>JAN. 19</u>	<u>FEB. 19</u>	<u>MAR. 19</u>	<u>APR. 19</u>	<u>MAY. 19</u>	<u>JUNE. 19</u>	<u>JULY. 19</u>	<u>AUG. 19</u>	
CASH INCOME	75,000	96,000	96,000	79,000	97,900	93,500	60,300	98,800	63,500	88,500	104,000	79,500	109,200
LESS: COST OF SALES													
CASKETS/VAULTS/URNS	10,500	15,000	12,500	14,000	14,000	13,000	9,500	14,000	9,500	13,000	15,000	13,500	16,500
SUPPLIES	400	200	2,100	300	300	600	300	300	1,500	2,650	300	300	300
CONTRACT LABOR	1,800	2,500	2,800	3,600	3,600	3,000	2,200	3,600	2,200	3,000	3,600	2,800	3,600
CEMETERY COST	600	800	700	850	850	700	400	850	400	600	1,000	700	1,000
DEATH CERTIFICATES	600	800	800	1,200	1,200	1,250	800	1,200	800	1,000	1,300	800	1,500
PROGRAMS	1,200	1,800	1,200	1,800	1,800	1,800	1,500	1,800	1,200	1,500	2,300	1,000	2,500
FLOWERS		50		100	100			100			100		100
CLOTHING/HAIR DRESS		2,500	1,500	3,000	3,000	2,500	1,200	3,000	1,200	2,500	3,200	1,500	3,500
OBITUARY PAGE	1,250	2,000	2,000	1,750	1,750	1,250	500	1,000	1,250	750	1,500	1,250	2,250
CREMATORY		500	500	1,000	1,000	700	375	750	400	400	1,000		1,000
REFUNDS		500	500	500	1,000	500	500	500	500	500	500	500	500
OTHER	2,1650	2,9650	2,4600	3,1100	3,1100	2,9050	1,8275	3,0100	1,8550	2,5900	3,3000	2,4550	3,5750
TOTAL COST OF SALES	53,350	66,350	54,400	66,800	64,450	42,025	68,700	44,950	62,600	71,000	54,950	73,450	
GROSS PROFIT													
OPERATING EXP.													
RENT/OFFICE	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000
ADVERTISING & PROMO	800	200	100	200	400	600	400	400	800	400	800	400	400
OFFICE SUPPLIES	50	50	50	100	100	100	100	100	100	100	100	100	100
POSTAGE/FREIGHT	400	400	600	650	650	50	50	50	50	50	50	50	50
UTILITIES	250	250	250	250	250	250	250	250	250	250	250	250	250
TELEPHONE	1,500	3,125	3,125	1,500	1,500	1,500	250	250	250	250	250	250	250
ACCOUNTING SERVICE	95	95	95	95	95	95	95	95	95	95	95	95	95
BANK CHG./RETURN CHECK	700	1,200	1,500	1,200	1,200	800	800	1,200	800	750	1,000	600	1,200
GAS/TIRES/OIL		350		350	350			350		350			350
AUTO REPAIRS	6,667	6,667	6,667	6,667	6,667	6,667	6,667	6,667	6,667	6,667	6,667	6,667	6,667
EQUIPMENT LEASE	750	975	1,200	1,200	1,200	1,275	375	1,275	375	1,200	1,500	700	2,100
EQUIPMENT RENTAL	50	50	100	100	100	50	50	50	50	50	50	50	50
JANITORIAL SUPPLIES		50	50	50	50	50	50	50	50	50	50	50	50
LAUNDRY EXP.													
TAXES/LICENSES	1,350	250		500	500							1,700	
CONTRIBUTIONS	200		200	200	200		200	200	200	200			200

CABLE/INTERNET	550	550	550	550	550	550	550	550	550	550	550	550	550
BLDG. REPAIRS			200					200					
INSURANCE	1,618	555	1,618	555	1,618	555	1,618	555	1,618	555	1,618	555	555
NC SALES/USE TAX	1,400	2,500	2,200	1,850	1,100	1,300	1,700	1,300	1,700	1,300	1,700	1,250	2,300
PAYROLL EXP.	11,500	11,500	17,238	12,650	12,650	18,962	18,962	12,650	12,650	18,962	18,962	12,650	12,650
PAYROLL TAX	8,000	8,000	8,800	8,800	8,800	9,680	9,680	8,800	8,800	9,680	9,680	8,800	8,800
PAYROLL FEES	195	195	195	210	210	210	210	210	210	210	210	210	210
OFFICER TRAVEL								100					100
BANKRUPTCY FEE		2,250		2,500		2,500						2,500	
Dues/registration		800	700					500	1,200	500		500	1,000
FILTERED WATER SYSTEM	150	150	150	150	150	150	150	150	150	150	150	150	150
STORAGE FEE	370	370	370	370	370	370	370	370	370	370	370	370	370
TOTAL OPERATING EXPENSE	39795	45082	48233	44322	38117	49577	43697	40542	51541	44197	44197	45017	45017
NET BTX PROFIT	13,555	21,268	18,567	20,128	3,908	19,123	1,253	22,058	19,459	10,753	10,753	28,433	191,903

PROPOSED CREDITOR PAYMENT													
80,895.25 IRS					4050			4050				4050	16,200
unsecured IRS	1000	1,000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	12,000
NC DEPT. REVENUE	6,000	2,000	6,000	2,000	2,000	6,000	2,000	2,000	6,000	2,000	2,000	2,000	40,000
14,007.15 BATESVILLE	400	400	400	400	400	400	400	400	400	407.15	400	407.15	4,407
6,900.00 ADAMS PRODUCTS	200	200	200	200	200	200	200	200	200	100	200	100	2,100
TOTAL PAYMENTS	7600	3600	7600	3,600	7650	7600	3600	7650	7600	3507.15	7050	74,707	74,707

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Scarborough & Hargett Funeral Home, Inc.
 Proposed Five Year Plan , Sept. 2016, thru Sept. 2021

	<u>SEPT. 19</u>	<u>OCT. 19</u>	<u>NOV. 19</u>	<u>DEC. 19</u>	<u>JAN. 20</u>	<u>FEB. 20</u>	<u>MAR. 20</u>	<u>APR. 20</u>	<u>MAY. 20</u>	<u>JUNE. 20</u>	<u>JULY. 20</u>	<u>AUG. 20</u>
CASH INCOME	78,750	100,800	83,000	102,795	98,175	63,300	103,700	66,700	93,000	109,000	83,500	114,700
LESS: COST OF SALES												
CASKETS/VAULTS/URNS	11,000	14,500	12,500	13,500	13,000	9,000	13,500	9,500	12,500	14,000	12,500	15,500
SUPPLIES	400	200		300	600		300			300	300	
CONTRACT LABOR	1,800	2,500	2,100	2,500	3,000	1,500	3,000	1,500	2,650	3,200	2,200	3,300
CEMETERY COST	2800	3,000	2,800	3,600	3,600	2,200	3,600	2,200	3,000	3,600	2,800	3,600
DEATH CERTIFICATES	600	800	700	850	850	700	850	400	600	1000	700	1,000
PROGRAMS	600	800	800	1,200	1,250	800	1,200	800	1,000	1,300	800	1,500
FLOWERS	1,200	1,800	1,200	1,800	1,800	1,500	1,800	1,200	1,500	2,300	1,000	2,500
CLOTHING/HAIR DRESS		50		100			100			100		100
OBITUARY PAGE	2,000	2,500	1,500	3,000	2,500	1,200	3,000	1,200	2,500	3,200	1,500	3,500
CREMATORY	1,500	2,500	2,000	2,000	1,500	500	2,000	1,000	1,250	2,500	1,250	3,000
REFUNDS		500	500	1,000	700	375	750		400	1,000		1,000
OTHER	500	500	500	1,000	500		500	500	500	500	500	500
TOTAL COST OF SALES	22,400	29,650	24,600	30,850	29,900	17,775	30,600	18,900	25,900	33,000	23,550	35,500
GROSS PROFIT	56,350	71,150	58,400	71,945	68,875	45,525	73,100	48,400	67,100	76,000	59,950	79,200
OPERATING EXP.												
RENT/OFFICE	4,000	4,000	4,000	4,000	4,500	4,500	4,500	4,500	4,500	4,500	4,500	4,500
ADVERTISING & PROMO		800	200		600		400	800			800	400
OFFICE SUPPLIES				100	100		100		100	100		100
POSTAGE/FREIGHT		50	50	50	50	50	50	50	50	50	50	50
UTILITIES	400	400	600	650	650	600	550	450	300	300	300	300
TELEPHONE	250	250	250	250	250	250	250	250	250	250	250	250
ACCOUNTING SERVICE	1,500	1,500	1,500	1,500	1,500	1,500	1,500	3,125	1,500	1,500	1,500	1,500
BANK CHG./RETURN CHECK	95	95	95	95	105	105	105	105	105	105	105	105
GAS/TIRES/OIL	700	1,200	1,500	1,200	1,200	600	1,200	800	750	1,000	600	1,200
AUTO REPAIRS		350			350				350			350
EQUIPMENT LEASE	6,667	6,667	6,667	6,667	6,667	6,667	6,667	6,667	6,667	6,667	6,667	6,667
EQUIPMENT RENTAL	750	975	1,200	1,200	1,275	375	1,275	375	1,200	1,500	700	2,100
JANITORIAL SUPPLIES	50		100		50		50		50		50	
LAUNDRY EXP.		50			50					50		50
TAXES/LICENSES	1,200	225									1,600	
CONTRIBUTIONS	200		200				200		200			200

CABLE/INTERNET	550	550	550	550	550	550	550	550	550	550	550	550	550
BLDG. REPAIRS		200											
INSURANCE	1,618	1,618	1,618	1,618	1,618	1,618	1,618	1,618	1,618	1,618	1,618	1,618	1,618
NC SALES/USE TAX	1,400	2,500	2,200	1,850	1,100	1,700	1,300	1,300	1,700	1,700	1,250	2,300	2,300
PAYROLL EXP.	11,500	11,500	17,238	13,915	13,915	20,858	13,915	13,915	13,915	20,858	13,915	13,915	13,915
PAYROLL TAX	8,000	8,000	8,800	9,680	9,680	10,648	9,680	9,680	9,680	10,648	9,680	9,680	9,680
PAYROLL FEES	195	195	195	230	230	230	230	230	230	230	230	230	230
OFFICER TRAVEL			100										100
BANKRUPTCY FEE		2,500		2,750			2,750				2,750		2,750
Dues/registration		800	700							1,200	500		1,000
FILTERED WATER SYSTEM	150	150	150	150	150	150	150	150	150	150	150	150	150
STORAGE FEE	370	370	370	370	370	370	370	370	370	370	370	370	370
TOTAL OPERATING EXPENSE	39645	43682	39377	47247	40792	52971	46622	43217	54945	47022	46067	46067	46067
NET BTX PROFIT	16,705	27,468	19,023	21,628	4,733	20,129	1,778	23,883	21,055	12,928	33,133	226,225	226,225

PROPOSED CREDITOR PAYMENT

	YEARLY PAYMENT	
80,895.25 IRS	4050	16,200
unsecured IRS	2,000	24,000
NC DEPT. REVENUE	6,000	72,000
TOTAL PAYMENTS	8,000	112,200

CABLE/INTERNET	550	550	550	550	550	550	550	550	550	550	550	550	550
BLDG. REPAIRS		200											
INSURANCE	1,618	1,618	555	1,618	555	1,618	555	1,618	555	1,618	555	1,618	555
NC SALES/USE TAX	1,400	2,200	2,500	1,100	1,300	1,700	1,300	2,300	1,250	2,900	1,250	2,700	2,700
PAYROLL EXP.	11,500	11,500	11,500	15,307	15,307	22,943	15,307	22,943	15,307	22,943	15,307	15,307	15,307
PAYROLL TAX	8,000	8,800	10,648	10,648	10,648	10,648	10,648	10,648	10,648	10,648	10,648	10,648	10,648
PAYROLL FEES	195	195	195	250	250	250	250	250	250	250	250	250	250
OFFICER TRAVEL		100											100
BANKRUPTCY FEE		2,500		3,000			3,000				3,500		
Dues/registration		800		700			500			1,200	500		1,000
FILTERED WATER SYSTEM	150	150	150	150	150	150	150	150	150	150	150	150	150
STORAGE FEE	370	370	370	370	370	370	370	370	370	370	370	370	370
TOTAL OPERATING EXPENSE	39645	43982	39377	48483	52252	43172	57166	49252	45697	58415	50152	50247	50247
NET BTX PROFIT	18,755	29,668	23,023	30,017	14,848	5,053	19,584	1,448	24,453	19,285	13,298	25,453	224,885

	YEARLY PAYMENT	
IRS	4050	16,095
unsecured	2,000	24,000
NC DEPT. REVENUE	6,000	72,000
TOTAL PAYMENTS	8,000	112,095

PROPOSED CREDITOR PAYMENT													
IRS			4050						4050				3945.25
unsecured	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	24,000
NC DEPT. REVENUE	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	72,000
TOTAL PAYMENTS	8,000	8,000	12,050	8,000	8,000	12,050	8,000	8,000	12,050	8,000	8,000	8,000	11,945