

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

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| IN RE: |) | |
| |) | |
| CAROLINA MOLD & MACHINING, INC. |) | CASE NO. 17-10001 |
| |) | Chapter 11 |
| Debtor. |) | |
| |) | |

**DISCLOSURE STATEMENT FOR THE PLAN OF
REORGANIZATION DATED SEPTEMBER 22, 2017**

TO: Hon. Benjamin A. Kahn
United States Bankruptcy Judge

Carolina Mold & Machining, Inc. (hereinafter referred to as “Debtor”, “Debtor Company” or “Carolina Mold”) 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 Plan of Reorganization dated September 22, 2017 (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 8 – 14 of this Disclosure Statement. General unsecured creditors are classified in Class XI, and will receive a distribution of ten percent (10%) 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 Carolina Mold & Machining, 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 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 the 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

Carolina Mold and Machining was founded in 1994 by Rodney Marion and James Hoague. Originally Carolina Mold was a Mold Manufacturer, Mold Repair and Mold Modification facility. As the industry changed, most new mold production was moved to foreign locations. As such Carolina Mold's business has changed to predominantly service, repairs and engineering changes, while still manufacturing some new molds.

The company's financial situation was caused by Rodney Marion turning over the day to day operations of the business to his son. The change in day to day control occurred at the same time that the new mold production moved off shore thereby decreasing sales. The company was slow to react to the change and did not aggressively move to obtain new markets and cut expenses. This has caused revenue to drop and the Company to fall significantly behind with creditors including taxes due to the Internal Revenue Service and the North Carolina Department of Revenue. In December of 2016 the IRS took steps to levy Carolina Mold's bank accounts causing the decision to be made to file for relief under Chapter 11 of the United States Bankruptcy Code. Rodney Marion is currently in charge of all operations and as such the business is improving to the point necessary to be profitable.

B. Insiders of the Debtor

Rodney Marion and his immediate family members (the "Marion" Family") and James A. Hoague and his immediate family members (the "Hoague 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 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 date of Confirmation 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 appropriate State and Federal taxing authority. 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 pendency of the Chapter 11 reorganization, Rodney Marion has worked hard to raise the company's profitability to the levels commonly obtained before he turned over control of the business. He has done this by changing the custom orders and mold repairs. While the revenue associated with the custom / repair work is not as high as if the company continued to accept bulk jobs, the margins are much higher. This has enabled the company to obtain sustained cash flow to be used in the Plan of Reorganization.

One of the primary issues causing the Debtor to file for bankruptcy relief was the lack of accounting controls in place. In order to rectify the situation, the Debtor turned over control of its books and financial systems to Chuck Long CPA. The controls instituted by Mr. Long have allowed the Debtor to track its financials, make sure that all taxes are paid promptly and ensure that costs are being kept in line. It is anticipated that Mr. Long will continue in this capacity for the reorganized Debtor.

Based on the success of the changes made, the Debtor is in a position to propose this Plan of Reorganization dated September 22, 2017.

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, 101 S. Edgeworth St., Greensboro, NC.

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 and from the proceeds of the Exit Financing. Attached hereto and incorporated herein by reference as Exhibit "A" is a schedule of the actual monthly income and expenses for the Debtor's operation for the period January 2017 through August 2017. Attached hereto and incorporated herein by reference as Exhibit "B" is a schedule of the projected revenues and expenses and resulting cash flow by month for the Debtor's operations for the period October 2017 through September 2018. Attached hereto and incorporated herein by reference as Exhibit "C" is a schedule of the

projected annual revenues and expenses and resulting cash flow for the Debtor's operations for the periods from 2018 through 2022. The Debtor has been actively obtaining new sales for the Company. With the cash generated from the new sales, 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 October, 2017. 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, Greensboro Division.

Debtor: The Debtor in this proceeding is Carolina Mold & Machining, Inc.

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: Rodney Marion and his immediate family members (the “Marion Family”) and James A. Hoague and his immediate family members (the “Hoague 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 September 22, 2017 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: Carolina Mold & Machining, Inc. 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 January 1, 2017 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 January 1, 2017, 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 an Allowed Class III Tax Claim of One Million One Hundred Seventeen Thousand Nine Hundred and Fifty Six Dollars (\$1,117,956).

1.3c Treatment: Payment on the allowed Class III Claim shall be set at Six Hundred Seventy Thousand Seven Hundred and Seventy Four Dollars (\$670,774) which equals 60% of the filed proof of claim. Each Claim of Class III shall be paid in equal quarterly installments over a period of seventy-two (72) 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 four percent (4%) per annum. The remaining claim of the IRS shall be treated as a Class XI General Unsecured Claim.

While the Debtor is current on Plan payments as set forth herein, the IRS shall be stayed from pursuing collection actions as against Rodney Marion on any tax debt set forth in the Proof of Claim filed by the IRS. Upon completion of the Plan, the IRS shall waive any further claims as against Rodney Marion related to the taxes, interest and penalties covered by its Proof of Claim

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 (15th) day of the third (3rd) full month following the Effective Date of the Plan.

1.3d Impairment: This Class is impaired.

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

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 an Allowed Class IV Tax Claim of One Hundred Thirty Six Thousand Two Hundred and Eighty Eight Dollars (\$136,288).

1.4c Treatment: Payment on the allowed Class IV Claim shall be set at Eighty One Thousand Seven Hundred and Thirty Seven Dollars (\$81,737) which equals 60% of the filed proof of claim. Each Claim of Class III shall be paid in equal quarterly installments over a period of seventy-two (72) 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 four percent (4%) per annum. The remaining claim of the IRS shall be treated as a Class XI General Unsecured Claim.

While the Debtor is current on Plan payments as set forth herein, the NCDOR shall be stayed from pursuing collection actions as against Rodney Marion on any tax debt set forth in the Proof of Claim filed by the NCDOR. Upon completion of the Plan, the NCDOR shall waive any

further claims as against Rodney Marion related to the taxes, interest and penalties covered by its Proof of Claim

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 (15th) day of the third (3rd) full month following the Effective Date of the Plan.

1.4d Impairment: This Class is impaired.

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

1.5b Description: This Class consists of all prepetition priority taxes owed to Guilford County, North Carolina as of the date of filing by the Debtor Corporation. It is not anticipated that there will be any Allowed Class V Tax Claims.

1.5c Treatment: Each Claim of Class V 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. As of the date of the filing of this Plan, the current legal rate of interest was set at nine percent (9%).

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 (15th) day of the first (1st) 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 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 Employment Security Commission as of the date of filing by the Debtor Corporation. It is not anticipated that there will be any 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. 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 (15th) day of the first (1st) 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 (15th) day of the first (1st) 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 Direct Capital Corporation (“Direct Capital”)

1.8b Description: The Debtor has a lease with Direct Capital Corporation dated March 26, 2013 for a GF Agie Charmilless FO350, SP (the “Equipment”). The term of the lease is for 60 months with a monthly payment of \$2,965.02 and an end of lease purchase option of \$1. As such the Debtor contends that this is a secured claim. On July 18, 2013 Direct Capital filed a UCC-1 financing Statement with the North Carolina Secretary of State asserting a secured interest in the Equipment and among other items accounts and inventory. As of the Petition Date, the amount remaining owed under the terms of the lease was \$59,961.02 which includes all interest due and an award of \$4,000 in attorneys’ fees. It is anticipated that as of the effective date the Direct Capital will have an Allowed Class VIII claim of \$59,961.02 less any adequate protection payments made. The Debtor contends that the Fair Market Value of the Equipment is \$125,000 as such Direct Capital shall be treated as fully secured.

1.8c Treatment: Direct Capital shall have a lien in Debtor’s property of the same type which secured the indebtedness of Direct Capital pre-petition, with such liens having the same validity, priority, and enforceability as Direct Capital had against the same type of such collateral as of the Petition Date. The Allowed Claim of Direct Capital shall be paid in monthly installments in the amount of \$1,400.00, with the first payment due on or before the 20th day of the first full month following the Effective Date. Subsequent payments would be due on the same day of each month thereafter until the Debt is paid in full.

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 (15th) day of the first (1st) full month following the Effective Date of the Plan. Any

payments made prior to the Effective Date of the Plan shall constitute Adequate Protection payments and are included as payments due under the Plan

1.8d Impairment: This Class is not impaired.

1.9a Class IX -Secured Claim of Patsy Marion

1.9b Description: Patsy Marion has a Class IX Secured Claim on the Debtors property including accounts, inventory, receivables and equipment pursuant to a promissory note in the amount of \$505,000 and a valid UCC filed with the North Carolina Secretary of State on February 14, 2012 and continued on December 22, 2016. It is anticipated that Patsy Marion will have valid secured claim in the amount of \$505,000.

1.9c Treatment: Patsy Marion shall have a lien in Debtor's property of the same type which secured the indebtedness of Patsy Marion pre-petition, with such liens having the same validity, priority, and enforceability as Patsy Marion had against the same type of such collateral as of the Petition Date. Patsy Marion has voluntarily agreed to receive no payments on her Class IX Secured Claim as long as the Debtor is current on making payments to the IRS on its Class III Priority Claim, Class X Secured Claim, and its Class XI Unsecured Claim and on making payments to the NCDOR on its Class IV Priority Claim and Class XI Unsecured Claim. In the event of a default by the Debtor in payment to the IRS or the NCDOR on any of their claims in Classes III, IV, X or XI, then Patsy Marion shall be entitled to exercise any and all rights as a secured creditor against the Debtor's property subject to her lien. The voluntary concessions by Patsy Marion concerning the timing of the payments to her do not waive any rights, claims or interests of Patsy Marion in the event of the Debtor's conversion to Chapter 7 case, subsequent liquidation of the Debtor's assets or default by the Debtor under the terms of this Plan.

1.9d Impairment: This Class is impaired.

1.10a Class X -Secured Claim of the Internal Revenue Service (IRS)

1.10b Description: The IRS has a valid Class X Secured Claim pursuant to a tax lien filed on October 31, 2016 in the amount of \$303,375 as against all of the Debtor's assets. The IRS lien is a second lien on the Debtor's property after the Class VIII Secured Claim of Direct Capital (as to its equipment) and the Class IX Secured Claim of Patsy Marion and is only valid to the extent that assets available to secured the lien after accounting for the lien of Patsy Marion. The Debtor contends that the Fair Market Value of the property securing the Class X secured claim after accounting for the Class VIII Claim of Direct Capital and the Class IX claim of Patsy Marion is \$14,800. As such it is expected that the IRS will have an allowed Class X Secured Claim in the amount of Fourteen Thousand Eight Hundred Dollars (\$14,800.00). The remainder of the IRS Secured Claim shall be treated as a Class XI General Unsecured Claim.

1.10c Treatment: The IRS shall have a lien in Debtor's property of the same type which secured the indebtedness of the IRS, with such liens having the same validity, priority, and enforceability as the IRS had against the same type of such collateral as of the Petition Date. Each Claim of Class IX shall be paid in equal quarterly installments over a period of seventy-two (72) 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 four percent (4%) per annum.

While the Debtor is current on Plan payments as set forth herein, in the IRS shall be stayed from pursuing collection actions as against Rodney Marion on any tax debt set forth in the Proof of Claim filed by the IRS. Upon completion of the Plan, the IRS shall waive any further claims as against Rodney Marion related to the taxes, interest and penalties covered by its Proof of Claim

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 (15th) day of the first (1st) full month following the Effective Date of the Plan. Any payments made prior to the Effective Date of the Plan shall constitute Adequate Protection payments and are included as payments due under the Plan

1.10d Impairment: This Class is impaired.

GENERAL UNSECURED CLAIMS

1.11a Class XI - General Unsecured Creditors

1.11b Description: This Class consists of all creditors holding Allowed General Unsecured Claims, exclusive of the Marion 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 One Million Six Hundred and Twenty Thousand 00/100 dollars (\$1,620,000) of Allowed Class XI General Unsecured Claims.

1.11c Treatment: Each holder of an Allowed Unsecured Claim, exclusive of insiders, shall receive a Promissory Note which provides that each holder shall receive ten percent (10%) of its claim, to be paid quarterly over a period of sixty (60) months. The first (1st) quarterly payment shall be made on or before the twentieth (20th) day of the third full month following confirmation of this Plan. Quarterly payments are estimated to be Eight Thousand One Hundred Dollars (\$8,100) in the aggregate.

1.11d Impairment: This Class is impaired.

INSIDER CLAIMS

1.12a Class XII - Insider Claims

1.12b Description: This Class consists of the claims of all insiders which hold any claim against the Debtor except as set forth in the Class IX Secured Claim of Patsy Marion. This class of insiders will consist of the claims of the Marion Family, and all other creditors determined to be insiders under 11 U.S.C. § 101(31) except as set forth in Class IX.

1.12c Treatment: The Class XII 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 XI are paid in full or received as dividends, all as required under the terms and conditions of this Plan.

1.12d Impairment: This Class is impaired.

EQUITY SECURITY HOLDERS

1.13a Class XIII - Equity Security Holders

1.13b Description: Class XIII shall consist of the owners of capital stock of the Debtor Corporation on the day immediately preceding the date of Confirmation of the Plan.

1.13c 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 XIII Equity Security Holders shall receive no payment as shareholders or dividends until the Class XI General Unsecured Creditors have received their payments as required under the Plan or have been paid in full, whichever event occurs first.

1.13 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.

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 Officers of the Reorganized Debtor Corporation: The officers of the Reorganized Debtor shall be as follows:

Rodney Marion - President

Until such time as the Plan is completed in full, William Seth Marion shall not be an Officer of Debtor Corporation and shall have no responsibilities for any of the financial affairs of the Debtor Corporation. Each officer will be paid a salary commensurate with his or her duties. 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.

3.6 Financial Consultant: The Debtor shall continue to employ Chuck Long, or a qualified CPA, as an outside financial consultant to assist it in the day to day operations of the business. This party will have over site authority for the Debtor's finances including veto power over the President on financial decisions. It is anticipated that this will be a part time position with the consultant being paid commensurate with his or her duties.

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 Marion Family shall be subordinated as set forth in the treatment for Insider Claims of Class XII. 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 XI.

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 is manufacturing and repair of machine molds. The Debtor obtains most of its revenues from the repair of molds. As such, revenues are subject to fluctuations due to the timing of new construction and the level of maintenance needed for existing properties. Revenues from the Debtor's business operations are also subject to fluctuations beyond the Debtor's control due to economic and weather conditions. 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 Debtor 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 Debtor 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 is May 3, 2017.

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

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

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

The Debtor 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 and Release

Pursuant to Section 1141(d)(1) of the Bankruptcy Code, except for the obligations imposed by the Plan or otherwise provided in the Order confirming the Plan and subject to the provisions of Section 1141(d)(6), confirmation of the Plan shall release and discharge the Reorganized Debtor from any debt that arose before the Confirmation of the Plan, whether or not (a) a proof of the claim based on such debt is filed or deemed filed, (b) such claim is allowed, or (c) the holder of such claim has accepted the Plan. Except for the obligations imposed by the Plan or in the Order confirming this Plan, the distributions and rights that are provided in the Plan shall be in complete satisfaction, discharge and release of all (a) Claims against, liabilities of, liens on, and obligations of the Debtor, or the assets and properties of the Debtor or the Reorganized Debtor, whether known or unknown, and (b) causes of action, directly or derivatively through the Debtor, based on the same subject matter as any Claim. All proceedings and Court actions seeking to establish or enforce pre-petition liabilities and claims of any nature against the Reorganized Debtor or its property or properties or priorities received or retained by any creditor with respect to pre-petition debts and obligations of the Debtor shall be permanently stayed and enjoined except as otherwise specifically provided for in the Plan or the Order confirming this Plan.

B. Modification of Plan

The Debtor 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 Debtor 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 Debtor 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.

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 THE PLAN.

[SIGNATURE PAGE TO FOLLOW]

RESPECTFULLY SUBMITTED, this the 22nd day of September, 2017.

Carolina Mold and Machining, Inc

By: _____


Rodney Marion



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

OF COUNSEL:

IVEY, MCCLELLAN, GATTON & SIEGMUND, L.L.P.
Post Office Box 3324
Greensboro, North Carolina 27402
Telephone: (336) 274-4658
Facsimile: (336) 274-4540

Exhibit A
 CAROLINA MOLD & MACHINING, INC.
 2017 CASH Actual

| <u>Description</u> | <u>January</u> | <u>February</u> | <u>March</u> | <u>April</u> | <u>May</u> | <u>June</u> | <u>July</u> | <u>August</u> |
|-----------------------------------|----------------|-----------------|--------------|--------------|------------|-------------|-------------|---------------|
| INFLOWS: | | | | | | | | |
| Sales | 64,505.00 | 31,445.05 | 71,553.13 | 73,475.00 | 49,090.00 | 83,757.02 | 70,649.68 | 69,354.00 |
| Refund of Levy | | 34,539.07 | | | | | | |
| OUTFLOWS: | | | | | | | | |
| Raw Material & Cost of Goods Sold | 1,102.17 | 521.28 | 2,383.40 | 1,143.72 | 2,208.43 | 923.23 | 2,511.80 | 881.44 |
| Payroll | 22,512.19 | 29,878.11 | 37,192.48 | 28,775.73 | 27,348.76 | 31,420.78 | 25,657.68 | 25,686.57 |
| Payroll Taxes | 1,869.87 | 2,411.77 | 2,876.27 | 2,217.03 | 2,099.30 | 2,404.94 | 1,962.79 | 1,964.99 |
| Bank/Payroll Service Fees | | 133.82 | 179.60 | 223.75 | | | 213.85 | 178.04 |
| Utilities-Shop | | 1,024.18 | 931.56 | 934.36 | 1,106.02 | 2,123.20 | | 1,239.85 |
| Shop Supplies | 83.71 | 13.15 | 99.31 | 678.68 | 533.45 | 202.81 | 11.04 | 347.08 |
| Office Expense | 96.75 | | | | | | | |
| Insurance-General and Work. Comp | | 4,403.34 | | 546.23 | 2,245.89 | 728.63 | 721.63 | 735.63 |
| Insurance-Group Health | (495.99) | 7,598.03 | 3,312.07 | 3,477.40 | 3,477.40 | 3,312.07 | 3,477.40 | 3,477.40 |
| Legal and Accounting | | | | | | | | 3,157.50 |
| Rent - Office | 10,372.06 | | 11,072.75 | 5,886.72 | 6,586.72 | 6,586.72 | 5,886.72 | 5,886.72 |
| Taxes & Licenses | | 258.00 | | | 35.00 | | | |
| Telephone | 179.55 | 758.50 | 530.29 | 247.64 | 428.72 | 427.30 | 427.05 | 742.22 |
| Vehicle Expense (Gas/Insurance) | | 392.75 | 400.27 | 551.98 | 593.59 | 330.36 | 440.85 | 400.23 |
| Repairs and Maintenance | 65.97 | | | | | | | 286.00 |
| Utility Deposit | | | 2,467.84 | | | | 1,625.00 | |
| Bankruptcy Fees | | | | 975.00 | | | | |
| Total Outflows | 35,786.28 | 47,392.93 | 61,445.84 | 45,658.24 | 46,663.28 | 48,460.04 | 42,935.81 | 44,983.67 |
| Creditor Payments | | | | | | | | |
| IRS | 1,012.00 | 5,500.00 | 5,500.00 | 5,500.00 | 5,500.00 | 5,500.00 | 5,500.00 | 5,500.00 |
| NCDOR | | | | | | | | |
| Equipment | 916.66 | 1,833.32 | 1,400.00 | 1,400.00 | 1,400.00 | 1,400.00 | 1,400.00 | 1,400.00 |
| Total Outflows | 37,714.94 | 54,726.25 | 68,345.84 | 52,558.24 | 53,563.28 | 55,360.04 | 49,835.81 | 51,883.67 |
| Net Cash Flow | 26,790.06 | 11,257.87 | 3,207.29 | 20,916.76 | (4,473.28) | 28,396.98 | 20,813.87 | 17,470.33 |

Exhibit B
 CAROLINA MOLD & MACHINING, INC.
 12 MONTH CASH FORECAST

| Description | October | November | December | January | February | March | April | May | June | July | August | September |
|-----------------------------------|---------------|---------------|-----------------|---------------|---------------|-----------------|---------------|---------------|-----------------|---------------|---------------|-----------------|
| INFLOWS: | | | | | | | | | | | | |
| Sales | 65,000 | 65,000 | 70,000 | 65,000 | 65,000 | 70,000 | 65,000 | 65,000 | 70,000 | 65,000 | 65,000 | 70,000 |
| OUTFLOWS: | | | | | | | | | | | | |
| Raw Material & Cost of Goods Sold | 2,000 | 2,000 | 2,000 | 2,000 | 2,000 | 2,000 | 2,000 | 2,000 | 2,000 | 2,000 | 2,000 | 2,000 |
| Payroll | 27,000 | 27,000 | 34,250 | 27,000 | 27,000 | 34,250 | 27,000 | 27,000 | 34,250 | 27,000 | 27,000 | 34,250 |
| Payroll Taxes | 2,300 | 2,300 | 2,875 | 2,300 | 2,300 | 2,875 | 2,300 | 2,300 | 2,875 | 2,200 | 2,200 | 2,875 |
| Bank/Payroll Service Fees | 275 | 275 | 275 | 275 | 275 | 275 | 275 | 275 | 275 | 275 | 275 | 275 |
| Utilities-Shop | 1,200 | 1,200 | 1,200 | 1,200 | 1,200 | 1,200 | 1,200 | 1,200 | 1,200 | 1,200 | 1,200 | 1,200 |
| Shop Supplies | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 |
| Office Expense | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 |
| Insurance-General and Work. Comp | 300 | 2,550 | 300 | 300 | 2,550 | 300 | 300 | 2,550 | 300 | 0 | 2,250 | 300 |
| Insurance-Group Health | 3,950 | 3,950 | 3,950 | 3,950 | 3,950 | 3,950 | 3,950 | 3,950 | 3,950 | 3,950 | 3,950 | 3,950 |
| Legal and Accounting | 3,000 | 3,000 | 3,000 | 1,200 | 1,200 | 1,200 | 1,200 | 1,200 | 1,200 | 3,000 | 3,000 | 3,000 |
| Rent - Office | 5,887 | 5,887 | 5,887 | 5,887 | 5,887 | 5,887 | 5,887 | 5,887 | 5,887 | 5,887 | 5,887 | 5,887 |
| Telephone | 450 | 450 | 450 | 450 | 450 | 450 | 450 | 450 | 450 | 450 | 450 | 450 |
| Vehicle Expense (Gas/Insurance) | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 |
| Repairs and Maintenance | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 |
| Bankruptcy Fees | 1,650 | | | | | | | | | | | |
| Total Outflows | 48,562 | 50,812 | 58,037 | 46,762 | 49,012 | 54,587 | 46,762 | 49,012 | 54,587 | 48,162 | 50,412 | 57,387 |
| Creditor Payments | | | | | | | | | | | | |
| IRS | 0 | 0 | 31,485 | 0 | 0 | 31,485 | 0 | 0 | 31,485 | 0 | 0 | 31,485 |
| NCDOR | 0 | 0 | 3,837 | 0 | 0 | 3,837 | 0 | 0 | 3,837 | 0 | 0 | 3,837 |
| Equipment | 1,400 | 1,400 | 1,400 | 1,400 | 1,400 | 1,400 | 1,400 | 1,400 | 1,400 | 1,400 | 1,400 | 1,400 |
| IRS Secured | 0 | 0 | 693 | 0 | 0 | 693 | 0 | 0 | 693 | 0 | 0 | 693 |
| Unsecured | 0 | 0 | 8,100 | 0 | 0 | 8,100 | 0 | 0 | 8,100 | 0 | 0 | 8,100 |
| Total Creditor Payments | 1,400 | 1,400 | 45,515 | 1,400 | 1,400 | 45,515 | 1,400 | 1,400 | 45,515 | 1,400 | 1,400 | 45,515 |
| Net Cash Flow | 15,038 | 12,788 | (33,552) | 16,838 | 14,588 | (30,102) | 16,838 | 14,588 | (30,102) | 15,438 | 13,188 | (32,877) |

Case 1:17-bk-00024-UNA Document 1-1 Filed 02/21/18 Page 1 of 1

Page 1 of 1

Exhibit C
 CAROLINA MOLD & MACHINING, INC.
 Five Year Forecast

| <u>Description</u> | <u>2018</u> | <u>2019</u> | <u>2020</u> | <u>2021</u> | <u>2022</u> |
|-----------------------------------|-------------|-------------|-------------|-------------|-------------|
| INFLOWS: | | | | | |
| Sales | 800,000 | 824,000 | 848,720 | 874,182 | 900,407 |
| OUTFLOWS: | | | | | |
| Raw Material & Cost of Goods Sold | 24,000 | 24,720 | 25,462 | 26,225 | 27,012 |
| Payroll | 353,000 | 363,590 | 374,498 | 385,733 | 397,305 |
| Payroll Taxes | 29,700 | 30,591 | 31,509 | 32,454 | 33,428 |
| Bank/Payroll Service Fees | 3,300 | 3,399 | 3,501 | 3,606 | 3,714 |
| Utilities-Shop | 14,400 | 14,832 | 15,277 | 15,735 | 16,207 |
| Shop Supplies | 6,000 | 6,180 | 6,365 | 6,556 | 6,753 |
| Office Expense | 2,400 | 2,472 | 2,546 | 2,623 | 2,701 |
| Insurance-General and Work. Comp | 12,000 | 12,360 | 12,731 | 13,113 | 13,506 |
| Insurance-Group Health | 47,400 | 48,822 | 50,287 | 51,795 | 53,349 |
| Legal and Accounting | 25,200 | 25,956 | 26,735 | 27,537 | 28,363 |
| Rent - Office | 70,644 | 72,763 | 74,946 | 77,195 | 79,510 |
| Telephone | 5,400 | 5,562 | 5,729 | 5,901 | 6,078 |
| Vehicle Expense (Gas/Insurance) | 6,000 | 6,180 | 6,365 | 6,556 | 6,753 |
| Repairs and Maintenance | 12,000 | 12,360 | 12,731 | 13,113 | 13,506 |
| Bankruptcy Fees | 0 | 0 | 0 | 0 | 0 |
| Total Outflows | 611,444 | 629,787 | 648,681 | 668,141 | 688,186 |
| Creditor Payments | | | | | |
| IRS | 125,940 | 125,940 | 125,940 | 125,940 | 125,940 |
| NCDOR | 15,348 | 15,348 | 15,348 | 15,348 | 15,348 |
| Equipment | 16,800 | 16,800 | 9,600 | 0 | 0 |
| IRS Secured | 2,772 | 2,772 | 2,772 | 2,772 | 2,772 |
| Unsecured | 32,400 | 32,400 | 32,400 | 32,400 | 32,400 |
| Total Creditor | 193,260 | 193,260 | 186,060 | 176,460 | 176,460 |
| Net Cash Flow | (4,704) | 953 | 13,979 | 29,580 | 35,761 |

Exhibit "D"
 Carolina Mold & Machinign
 Chapter 7 Liquidation Analysis

| Assets | | | | |
|----------------|--------------|---------------------|--------------------|---------------|
| | <u>Value</u> | <u>Lien Holders</u> | <u>Lien Amount</u> | <u>Equity</u> |
| Real Property | 0 | | 0 | 0 |
| Inventory | 0 | 1 P. Marion | 505,000 | 0 |
| Receivables | 94,800 | 2 P. Marion | 505,000 | 0 |
| Cash | 124,000 | 3 P.Marion | 505,000 | 0 |
| Equipment | | | | |
| Direct Capital | 125,000 | Direct Capital | 55,000 | 0 |
| Patsy Marion | 231,000 | 4 P Marion | 505,000 | 0 |
| IRS | 14,800 | 5 IRS | 303,375 | 0 |
| Unencumbered | | | | 0 |
| Total | 589,600 | | | 0 |

| Chapter 7 Liquidation Analysis | | | | | |
|--------------------------------|-------------------------------------|--------------|---------------|----------|------|
| | | <u>Claim</u> | <u>Payout</u> | <u>%</u> | |
| Cost of Administration | | 6 | 0 | 0 | 100% |
| I | Administrative Claims | 6 | 10,000 | 0 | 0% |
| II | Administrative Operating Expenses | | 0 | 0 | 0% |
| III | Tax Claims of the IRS | | 1,117,956 | 0 | 0% |
| IV | Tax Claim of the NC Dept of Revenue | | 136,288 | 0 | 0% |
| V | Tax Claim of Guilford County | | 0 | 0 | 0% |
| VI | Tax Claim of the Emp Sec Comm | | 0 | 0 | 0% |
| VII | Priority Tax Claims | | 0 | 0 | 0% |
| VIII | Secured Claim of Direct Capital | | 55,000 | 55,000 | 100% |
| IX | Secured Claim of Patsy Marion | | 505,000 | 505,000 | 100% |
| X | Secured Claim of the IRS | | 303,375 | 14,800 | 5% |
| XI | General Unsecured | | 1,516,300 | 0 | 0% |
| XV | Insider Claims | | 0 | 0 | 0% |
| XVI | Equity Security Holders | | 0 | 0 | 0% |

1. Patsy Marion has a first lien on the assets of the Debtor and the Internal Revenue Service has a 2nd lien
2. Based on receivables as of August 31, 2017
3. Based on available cash as of August 31, 2017
4. Assumes that Patsy Marion will receive funds from the sale of the direct capital equipment after liquidation
5. Assumes IRS will receive funds of \$14,800 after full payment of claim of Patsy Marion
6. Assumes no assets for the Trustee to liquidate

Exhibit "E"

Carolina Mold and Machining, Inc
 Expected Payments Under Plan

| Class No. | Creditor | Projected <u>Claim</u> | Annual <u>Payment</u> |
|--------------|-------------------------------------|---------------------------|--------------------------|
| I | Administrative Claims | | 0 |
| II | Administrative Operating Expenses | 0 | 0 |
| III | Tax Claims of the IRS | 1,117,956 | 125,940 |
| IV | Tax Claim of the NC Dept of Revenue | 136,288 | 18,848 |
| V | Tax Claim of Guilford County | 0 | 0 |
| VI | Tax Claim of the Emp Sec Comm | 0 | 0 |
| VII | Priority Tax Claims | 0 | 0 |
| VIII | Secured Claim of Direct Capital | 55,000 | 16,800 |
| IX | Secured Claim of Patsy Marion | 505,000 | 0 |
| X | Secured Claim of the IRS | 303,375 | 2,772 |
| XI | General Unsecured | 1,516,300 | 32,400 |
| XII | Insider Claims | 0 | 0 |
| XIII | Equity Security Holders | 0 | 0 |