

UNITED STATES BANKRUPTCY COURT
EASTERN DISTRICT OF NEW YORK

-----X
IN RE:

Case No.: 17-40203 (ESS)
Chapter 11 Reorganization

HIS GRACE OUTREACH INTERNATIONAL,

Debtor.

-----X

**DEBTOR'S DISCLOSURE STATEMENT
DATED OCTOBER 23, 2018**

INTRODUCTION

1. The above-captioned Debtor¹ submits this Disclosure Statement pursuant to § 1125 of the Bankruptcy Code to its known creditors in order to disclose that information deemed by the Debtor to be material, important, and necessary for the Creditors and holders of equity interest to arrive at a reasonably informed decision in exercising their right to vote for acceptance or rejection of the Plan of Reorganization (hereafter the "Plan"), on file with the Bankruptcy Court. Only "impaired" Creditors, as that term is defined in the Bankruptcy Code, are entitled to vote for the Plan or to reject the Plan. A full definition of what constitutes impairment is contained in § 1124 of the Bankruptcy Code. Approval of the adequacy of the information contained in this Disclosure Statement does not constitute any recommendation by the Court as to the merits of the Plan, whether the Creditors should vote for the Plan, or if the Plan should be confirmed.

2. A copy of the Plan accompanies this Disclosure Statement, as well as a Ballot Form for the acceptance or the rejection of the Plan. The Court has set _____, 2018 at 10:00 a.m. for a hearing on confirmation of Plan and final approval of the Disclosure Statement. The

¹ Capitalized terms used herein, if not otherwise defined, shall have the same meaning as defined in the Plan.

Debtor is making a Motion for the conditional approval of the Disclosure Statement pending a hearing on confirmation at which time the Court will also finally approval the Disclosure Statement.

3. As a Creditor, your vote is important. In order for the Plan to be deemed accepted, members of each impaired Class designated in the Plan that hold at least two-thirds (2/3) in amount and more than one-half (1/2) in number of the Claims of the Class that vote must vote for the Plan. A claim or interest is impaired unless the Plan: (1) leaves unaltered the legal, equitable, and contractual rights to which such claim or interest entitles the holder of such claim or interest; or (2) notwithstanding any contractual provision or applicable law that entitles the holder of such claim or interest to demand or receive accelerated payment of such claim or interest after the occurrence of a default; (A) cures or provides for a cure subject to Court approval of any such default that occurred before or after the commencement of the case under this title, other than a default of a kind specified in § 365 (b)(2) of this title; (B) reinstates the maturity of such claim or interest as such maturity existed before such default; (C) compensates the holder of such claim or interest for any damages incurred as a result of any reasonable reliance by such holder on such contractual provision or such applicable law; and (D) does not otherwise alter the legal, equitable, or contractual rights to which such claim or interest entitles the holder of such claim or interest.

NO REPRESENTATIONS CONCERNING THE DEBTOR ARE AUTHORIZED BY THE DEBTOR OTHER THAN AS SET FORTH IN THIS STATEMENT. ANY REPRESENTATIONS OR INDUCEMENTS MADE TO SECURE YOUR ACCEPTANCE WHICH IS OTHER THAN AS CONTAINED IN THIS 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. THE DEBTOR IS UNABLE TO WARRANT OR REPRESENT THAT THE INFORMATION CONTAINED HEREIN IS WITHOUT ANY INACCURACY, ALTHOUGH GREAT EFFORT HAS BEEN MADE TO BE ACCURATE.

APPROVAL OF THE ADEQUACY OF THE INFORMATION CONTAINED IN THE DISCLOSURE STATEMENT BY THE COURT DOES NOT CONSTITUTE A RECOMMENDATION BY THE COURT AS TO THE MERITS OF THE PLAN. THE COURT DOES NOT RENDER ANY OPINION AS TO WHETHER THE PLAN SHOULD BE ACCEPTED OR REJECTED BY CREDITORS.

CREDITORS ARE URGED TO READ THE PLAN IN FULL. THE PLAN REPRESENTS A PROPOSED LEGALLY BINDING AGREEMENT BETWEEN THE DEBTOR AND ITS CREDITORS AND SHAREHOLDERS AND INTERESTED PARTIES, AND IT SHOULD BE READ TOGETHER WITH THIS DISCLOSURE STATEMENT SO THAT AN INTELLIGENT AND INFORMED JUDGMENT CONCERNING THE PLAN CAN BE MADE.

4. On January 18, 2017, the Debtor commenced a voluntary Chapter 11 case in the United States Bankruptcy Court for the Eastern District of New York. The Debtor continued in its business and operated as a Debtor-in-Possession pursuant to §§1107 and 1108 of the Bankruptcy Code. No receiver, examiner, or creditors committee has been appointed. The Debtor is a New York religious not-for-profit corporation organized under the laws of Religious Not For Profit Corporation Law.

5. Since January 2000, the Debtor owns and operates a church out of property located at 1393 Flatbush Avenue, Brooklyn, New York (the "Real Property"). The Real Property holds the church and two residential apartments which are rented out and generate income. The Real Property has a Mortgage held by M&T Bank, a first Mortgagee (the "Mortgagee"), asserting a

secured claim in the approximate amount of \$635,622.

6. The Debtor was generally successfully in paying its ongoing bills either from donations or the rental and income in the two apartments. However, the Debtor's problems arose in 2006 when the Debtor lost membership and when the Debtor was in need of funds to renovate the deteriorating building. As a result, the Debtor fell behind in its payments to the Mortgagee. On August 11, 2016, the Mortgagee commenced a foreclosure action and obtained a judgment of foreclosure. On January 18, 2017 the Debtor filed a Petition under Chapter 11 of the Bankruptcy Code. After the filing of this Chapter 11 case, the Debtor obtained a purchaser for the Real Property who will pay \$950,000. A hearing has been scheduled on November 13, 2018 at 10:00 AM for the Motion of the Debtor to sell the Real Property, free and clear of claims to attach to the proceeds. The Debtor also seeks for the approval for the sale to be exempted from the payment of transfer taxes pursuant to §1146 of the Bankruptcy Code.

7. The Plan provides that the Real Property is to be sold and the proceeds thereof used to pay the allowed claim of the Mortgagee and an unsecured creditor, with the balance to be paid to the Debtor for, at its discretion, purchase of a location to be used for its Church or to expend such proceeds for specific charitable purposes, all as approved by the New York State Attorney Generals Office ("NYSAG").

SOURCE OF FUNDS FOR PLAN

8. The Debtor will have sufficient funds to pay the following claims on Confirmation.

To summarize in Tabular Form:

FUNDS NECESSARY FOR CONFIRMATION OF PLAN:

(1) Broker to Debtor	Approx. \$47,500
Debtor's Counsel	Approx. \$35,000
Special Real Estate Counsel to Debtor	Approx. \$30,000

(2) Secured Creditor

M&T Bank to be paid its allowed secured claim	Undetermined
M&T has filed a claim in the amount of \$635,622.55	

FUNDS NEEDED FOR CONFIRMATION

The sum , \$112,000, plus any amounts to pay allowed claim of M&T Bank

Source of funds: Real Estate Sale	\$950,000
Sale of Real Property	

SUMMARY OF PLAN

9. The Plan is composed of a total of two (2) classes consisting of a Creditor Class and an equity holder Class. Class 2 represents the equity interest of the Debtor, consisting of the membership interest in the religious not-for-profit Debtor.

10. The Debtor will receive funds to fund the Plan from the net proceeds of the sale of the Debtor's Real Property. Such funds shall be held in the Debtor's insolvency attorney's Escrow Account subject to further Order of this Court. Such funds may be paid directly to the Class 1 creditor, its Allowed Secured Claim, under the terms of the Plan at the Closing.

11. **CLASS 1:** Representing the claims of the M&T Bank, as successor by merger with M&T Mortgage Corporation. This creditor holds a first position Mortgage security interest in the Real Property. This creditor filed a claim asserting a claim in the amount of \$635,622. The Allowed claims of this Class shall be paid from the proceeds of the sale of the Real Property. This class is unimpaired and may not vote on the Plan.

12. **CLASS 2:** Consists of the members of this religious not-for-profit entity who engage in worship. This class shall continue to be members of the religious not-for-profit entity.

13. The occurrence of any one of the following shall constitute a default by the Debtor under the Plan with respect to creditors.

14. The occurrence of any one of the following shall constitute a default by the Debtor under the Plan with respect to creditors.

15. If (a) the Debtor defaults in making payments due under the Plan (and the grace period provided for herein shall have passed), and unless such default (hereinafter referred to as an “Event of Default”) has been waived in accordance with the terms herein; (b) the Debtor breaches any of the covenants contained herein prior to payment of payments due under the Plan; (c) the Debtor seeks relief under any federal or state statute (other than the Debtor’s present Chapter 11 Case); (d) or a receiver, liquidator, custodian, or trustee is appointed for substantially all of the property of the Debtor prior to completion of the payment of payments due.

16. Upon the occurrence of an Event of Default, any Creditor shall notify the Debtor therefore, and with the exception of any monetary default on account of payment, the Debtor shall have ten (10) business days from the date of the sending of such notice to cure such breach. With respect to a breach for non-payment, the Debtor shall have a cure period of twenty-five (25) business days. In the event the Debtor fails to cure such breach within the prescribed periods, the Debtor shall be deemed to have defaulted on the terms of the Plan, and the Creditors shall have all rights available to them under state law or the Bankruptcy Code and the Federal Rules of Bankruptcy Procedure, or under this Plan, including conversion to a Chapter 7 case.

SALE

17. The Debtor, by its attorneys, have retained GFI Realty Services LLC as brokers (by Order dated July 19, 2017) and Melvin S. Hirshowitz, Esq. as Real Estate attorney (by Order dated July 19, 2017) for purposes of obtaining a buyer and proceeding to sell the Real Property to such buyer. The Debtor entered into a contract to sell the Real Property with a prospective purchaser by the name of G-Way Corp. for the purchase of \$950,000. The Debtor made a Motion dated October 15, 2018 returnable on November 13, 2018 seeking approval from this Court for this purchase and sale. Pursuant to New York State Not-for-Corporation Law §511 and New York State Religious Corporation Law §12, the sale requires the approval of the NYSAG and/or the New York State Supreme Court. Section 363 of the Bankruptcy Code provides that the Court must determine that a sale will not violate applicable non-bankruptcy law which the provisions of the Religious Not-For-Profit Corporation would generally control. The NYSAG has taken a considerable period of time to consider the approval of the proposed sale. However, it is also clear that §1129(a)(16) of the Bankruptcy Code permits this Court to determine that the transfers has been made in accordance with the appropriate provisions of non-bankruptcy law concerning a not-for-profit entity. The Debtor may seek this Court's authorization for the subject sale in the event that the NYSAG does not timely approve the proposed sale.

18. The sale shall take place free and clear of all liens, claims and encumbrances. The proceeds of the sale are expected to exceed all liens claims and encumbrances. The proceeds of the sale shall be applied in the following priority, liens upon the Real Property including liens held by the Mortgagee, any real estate taxes and water and sewer charges, thereafter costs and expenses of the estate in connection with such sales, including brokers or auctioneer's fees, thereafter other prior municipal liens, and any other liens, any closing costs and reasonable closing attorney's fees and thereafter to the administration expenses of the Estate. An escrow shall be retained with the

Debtor's insolvency counsel as a reserve for any unpaid United States Trustee fees (see below). Any balance thereafter shall be paid pursuant to the provisions of this Plan.

19. Upon provision for the payment of the Allowed Class 1 claim, such creditors shall deliver satisfactions of debt, satisfactions of Mortgages and releases to the Debtor or to the title company as requested.

UNITED STATES TRUSTEES FEES UNDER 28 U.S.C. § 1930

20. The Debtor will assume and be responsible for all payments due to the United States Trustee's office up through Confirmation, and thereafter up through any conversion of the case to Chapter 7 or the dismissal of the case or closing of the case. These payments shall be paid timely. All United States Trustees fees accrued prior to Confirmation shall be paid at or prior to confirmation. All subsequent United States Trustee fees shall be timely paid by the Debtor. All reports required by the United States Trustee shall be properly and timely filed.

THE REORGANIZED DEBTOR

21. At Confirmation, the Debtor will have achieved a reorganization involving the various claims of all the creditors. The Reorganized Debtor shall, at its discretion, and depending the availability of funds, including funds available from this sale of the Real Property, either search, locate and purchase another building to engage in its activities as a Church or arrange for the disbursement of the net funds of the sale in the manner proposed to the NYSAG in the Debtor's letter dated July 27, 2018 (*Exhibit A*) or as otherwise approved by the NYSAG. As noted above, the Debtor may seek this Court's approval for the sale pursuant to the provisions of § 1129(a)(16) of the Bankruptcy Code. If the Debtor has sufficient funds upon the closing of the sale, the Debtor will purchase another property to be used as a Church and for religious education purposes or, instead, will distribute the funds in accordance with the letter of July 27, 2018 which was delivered to the NYSAG as part of the Application for approval for the sale under the applicable

Religious Not-For-Profit Corporation Law.

22. Annexed hereto is a pro forma Confirmation balance sheet (Exhibit B). It is contemplated that the payments to creditors will be made at Closing on the sale of the Real Property. To the extent relevant, the Reorganized Debtor shall provide by amendment a provision in its Charter that prohibits the issuance of any non-voting equity interests. The provisions of New York State Religious Not-For-Profit Corporation Law shall govern the election and selection of any officer and director of the Debtor, and any successor thereof.

23. In all other respects, the corporate existence of the Debtor corporation shall continue unabated, including the corporate charter, the bylaws and other corporate documents.

OFFICERS, DIRECTORS, AND MEMBERS

24. On Confirmation, Pastor George Mungai shall continue to act as President and conduct the Debtor's financial and other affairs. The Board of Trustees consists of (a) George Mungai, (b) Anne M. Mungai, (c) Catherine Aguer, (d) Lilian W. Arthur, (e) Pauline Agornyo and (f) Isaac A. Ekow. These persons are not paid a salary for their work.

THE LIQUIDATION ANALYSIS

25. The Debtor believes that the only alternative to confirming this Chapter 11 Plan is a conversion of this case to a case under Chapter 7 of the Bankruptcy Code. The Religious Non-for-Profit Corporation Law of the State of New York requires that the New York State Supreme Court in the county in which the Religious Non-for-Profit Corporation is located must approve any plan for the liquidation of the assets of such corporation. Accordingly, the Debtor must submit a liquidation request to the New York State Supreme Court first where there are so many contingencies that would be required to be performed before there could ever be a liquidation of this religious non-for-profit debtor. The time period involved in such a liquidation, including the sales of the Debtor's assets and the determination of the recipient of such proceeds, would be

lengthy and could be the subject of significant litigation in the New York State Supreme Court upon the conclusion of the bankruptcy litigation which could take place in this Court.

26. The liquidation analysis (Exhibit C) assumes that a liquidation sale of the Debtor's assets would result in net proceeds which would pay the secured claims, the Chapter 11 administration expenses which would have substantially increased in light of the above litigation, and the Chapter 7 administration expenses. It is assumed that the Debtor can achieve higher sales prices in Chapter 11 than in Chapter 7.

27. The Debtor believes that the Debtor will be able to establish, under the terms of the Plan, that it has met one of the requirements to confirm a Plan, which is that the treatment under the Plan provides creditors with better treatment than such creditors would receive in liquidation or treatment that is no worse than what the creditors would receive in the liquidation.

EXECUTORY CONTRACTS

28. The Debtor hereby rejects all contracts as of the Confirmation Date, excluding the two residential lease agreements which exist on the Debtor's two (2) apartments locate at the Real Property. Persons holding claims as a result of the rejection of an executory contract may file claims with the Bankruptcy Court within thirty (30) days of the Confirmation Date.

TAX IMPLICATIONS

29. The Debtor is not aware of any significant tax implication which would inure to the Debtor as a result of the filing and confirming of this Plan of Reorganization other than as stated herein. The Debtor suggests that creditors consult their tax advisors with respect to the implication of the Plan and the Confirmation upon such creditors.

TAX EXEMPTION

30. All the transactions provided for or contemplated in this Plan, including the sale of the Real Property, the purchase of a replacement property from which to undertake the Debtor's

operations as a Church, the incurring of Mortgage debt relating to such purchase, shall be exempt from any taxes, transfer taxes, recording fees, or other charges which may be exempted under § 1146 of the Bankruptcy Code.

PREFERENCE AND FRAUDULENT CONVEYANCE ACTIONS

31. The Debtor has reviewed its books and records and has investigated whether there are any valid causes of action, including proceedings to avoid transfers including, but not limited to, proceedings under 11 U.S.C. §§ 544(b), 547, 548, 549, 550 of the Bankruptcy Code or applicable State Law. After analyzing the risks and expenses related to the prosecution of and the limited recovery, if any, which would inure to the benefit of the creditors in the event that the Debtor would be successful, and the ability to collect on any judgments obtained, the Debtor determined that it does not intend to institute any causes of action (excluding, however, the making of objections to claims) for preference or fraudulent conveyance, other than as identified herein.

RETENTION OF JURISDICTION BY THE COURT

32. The Plan provides that the Court shall retain jurisdiction for specified purposes, including, without limitation, the determination of all controversies arising under or in regard to the Plan, objections to claims, hearing, and determining applications for allowances of compensation and reimbursement of expenses, and the enforcement or continuation of orders entered in this case, until substantial Consummation, and closing of the case.

EFFECTS OF COURT'S CONFIRMATION AND FEASIBILITY OF THE PLAN

33. Pursuant to § 1141(d) of the Bankruptcy Code, the Confirmation Order shall discharge claims against the Debtor which are being treated under the Plan. Except as expressly provided herein, the rights afforded in the Plan and the treatment of all Creditors and holders of equity interest provided herein shall be in exchange for, and in complete satisfaction, discharge,

and release of all Claims arising out of the transaction involving this Debtor, as of the Confirmation Date, of any nature whatsoever, whether known or unknown, contingent, or liquidated, including any interest accrued or expenses incurred thereon from and after the Debtor's Filing Date, against the Debtor and the Debtor-in-Possession (or any of its properties or interest in properties), the officers and directors of the Debtor, and the professionals representing the Debtor (arising out of services in connection with this Chapter 11 Case) in this Chapter 11 Case (excluding negligent acts of willful misconduct, *ultra vires* acts, and breaches of fiduciary duty by such professionals). Except as otherwise provided in the Plan, upon the Confirmation Date, all Claims against the Debtor and the above referred to professionals will be satisfied, discharged, and released (except for those obligations identified in the Plan) in full exchange for the consideration provided for hereunder. All persons and entities shall be precluded from asserting against the Debtor, its successors, its respective assets or properties, and the above referenced persons and professionals, any of the above Claims that occurred prior to the Confirmation Date. Nothing herein shall discharge any claim for fraud or gross negligence against a professional.

INJUNCTION

34. Except as otherwise provided in the Plan or Confirmation Order, on and after the Confirmation Date, all entities which have held, currently hold, or may hold a debt, claim, or other liability of interest against the Debtor that would be discharged upon Confirmation of this Plan, pursuant to the provisions of § 1141(d) of the Bankruptcy Code and this Section, are permanently enjoined from taking any of the following actions on account of such debt, claim, liability, interest or right: (a) commencing or continuing in any manner any action or other proceeding on account of such claim against property which is to be distributed under this Plan, other than to enforce any

right to distribution with respect to such property under the Plan; (b) enforcing, attaching, collecting, or recovering in any manner or judgment, award, decree, or order, other than as permitted under sub-paragraph (a) above; and (c) collection efforts against creating, perfecting, or enforcing any lien or encumbrance against any property to be distributed under this Plan.

35. The effects of Confirmation of the Plan are set forth in the Bankruptcy Code. The following is a brief summary of the effect of Confirmation upon the Debtor, its creditors, and other interested parties. Upon Confirmation, the provisions of the Plan will bind the Debtor, its equity holders and creditors, whether or not they have accepted the Plan. All liens and claims are canceled and extinguished unless dealt with differently in the Plan. Satisfaction of the Debtor's pre-Chapter 11 debts and those incurred subsequently to the commencement of this case all are governed by the Plan.

36. The Debtor believes that the Plan is feasible and that Confirmation is not likely to be followed by liquidation or the need for further financial reorganization.

ANTICIPATED CONFIRMATION DATE

37. It is anticipated the Plan will be confirmed by the Bankruptcy Court within forty (40) days, assuming the following events take place:

- A. The Plan is duly accepted by creditors; and
- B. The Bankruptcy Court finds that the Plan is feasible and in the best interest of creditors; and
- C. The Court finds that the Plan is fair and equitable and does not discriminate unfairly; and
- D. The Debtor has made arrangement with the professionals for the payment of professional fees.

WHERE TO FILE BALLOTS ON THE PLAN


38. Pursuant to a Court Order approving this Disclosure Statement, ballots on the Debtor's Plan must be received by _____, 2018. All ballots should be properly completed and forwarded to: Robert Fox, Esq., 630 Third Avenue, 18th Floor, New York, New York 10017.

Dated: New York, New York

October 23, 2018

HIS GRACE OUTREACH INTERNATIONAL

By:



George Mungai
Pastor

/s/ Robert Fox, Esq.

Robert Fox, Esq.
Attorney for Debtor
630 Third Avenue, 18th Floor
New York, New York 10017
(212) 867-9595

EXHIBIT A**His Grace Outreach International**

950 Alhambra Road • Baldwin, NY • 11510 • Phone: (516) 859-2294

E-mail: Mungai1977@yahoo.comJesus is the Way, the Truth and the Life...
John 14:6

July 27, 2018

Dear Susan Adler:

Disbursement of His Grace Outreach International Funds ..

I refer to your telephone conversation about the above subject and wish to provide the following proposal for spending the funds after the sale of the church property at 1393 Flatbush Avenue.

His Grace Outreach International has been operating as an outreach ministry both locally and internationally. Since the residual funds will not be sufficient to purchase another building, we will establish a home office for the ministry at the Pastor's residence at 950 Alhambra Road, Baldwin, NY 11510.

The residual funds will be utilized proportionately as shown below:

- | Ministry Expenditure | Percentage |
|--|------------|
| 1. Local Outreach Missions | 20% |
| a. The funds will be used for organizing various outreach programs locally including Evangelistic, Shut-in-Prayers, Conferences and propagation of the Gospel. Actual expenses will include travel to various states in the USA, payments for venues, accommodation and personal expenses for the Pastors and Ministers of His Grace Outreach International. | |
| b. Travel expenses and other related expenses for international guest speakers for invited pastors and ministers to the USA. | |
| 2. International Outreach Missions | 20% |
| a. International outreach will be carried out outside the USA in Africa and other nations like India. Expenses will be incurred through international travel and accommodation. | |
| b. Where there is urgent and pressing need the funds may be used to assist struggling churches establish places of worship. | |
| 3. Outreach to Orphans | 25% |
| a. This is an ongoing assistance to 40 orphans at the Caroline Children's Home in Wangige, Kenya through the Caroline W M Foundation. Funds will be used to provide for the needs [food, clothing] of the children and educating them. The kids are in different levels of education—Primary, Secondary and University. Tuition and other fees will be paid for the Secondary and University level children. | |
| b. Funds will also be used to pay teachers and workers that take care of the children and educate the primary school level children. | |

4. Women Outreach Missions 25%

- a. This outreach is carried out by the Women of Destiny, which is a DBA of His Grace Outreach international. The Women of Destiny conducts Women's Conferences in the USA in various cities. The allocated funds will be used to hire venues for the meetings and pay for travel expenses for His Grace Outreach Pastors and Ministers that travel to carry out the conferences.
- b. The Women of Destiny ministry will also provide counseling services to women and girls that have experienced abuse. Expenses for this ministry includes payment of an allowance to professional counsellors.

5. Office Operational Expenses 10%

- a. His Grace Outreach International does not plan to acquire an office space or building because the funds will not be sufficient. Instead an office space will be made available in the basement of Pastor George Mungai's house in Baldwin, NY.
- b. Office operational expenses will include sharing the utility bills, telephone bills and other day to day office expenses like internet, stationeries, printing and mailing expenses.


 George Mungai
 Pastor

APPROVED:


 ANNE M. MUNGAI


 CATHERINE AGUER


 LILLIAN W. ARTHUR


 PAULINE AGORAYO

EXHIBIT B

BALANCE SHEET

PRO FORMA ON CONFIRMATION AND SALE

Assets

Cash proceeds available after payment of claims	Approx.	\$375,000-\$425,000
---	---------	---------------------

Liabilities

\$0

EXHIBIT C**LIQUIDATION ANALYSIS
(Estimated and Approximate)****Assets**

(Assume a 15% discount off the approximate fair market value)

1393 Flatbush Avenue, Brooklyn, New York

TOTAL \$807,000**Liabilities**

Chapter 7 Trustee \$5,000

Chapter 7 Trustee's Attorneys \$10,000

Chapter 11 Debtor's Attorneys plus Admin. expenses Approx. \$115,000

M&T Bank (Filed Claim in the amount of \$635,622)
(undetermined)**ESTIMATED TOTAL \$677,000**

Robert M. Fox, Esq.
Attorney for Debtor
630 Third Avenue-18th Floor
New York, New York 10017
(212) 867-9595

UNITED STATES BANKRUPTCY COURT
EASTERN DISTRICT OF NEW YORK

-----X

IN RE:

Case No.: 17-40203 (ESS)
Chapter 11 Reorganization

His Grace Outreach International,

Debtor.

-----X

**BALLOT FOR ACCEPTING OR REJECTING
PLAN OF REORGANIZATION**

The above Debtor filed a Plan of Reorganization (the “Plan”) attached to the approved Disclosure Statement (the “Disclosure Statement”). The Disclosure Statement provides information to assist you in deciding how to vote your ballot. If you do not have a Disclosure Statement, you may obtain a copy from Robert M. Fox, Esq., 630 Third Avenue, 18th Floor, New York, NY 10017, Telephone No. (212) 867-9595, Facsimile No. (212) 949-1857 or by e-mail to robert@rfoxlaw.com. Court approval of the Disclosure Statement does not indicate approval of the Plan by the Court.

You should review the Disclosure Statement and the Plan before you vote. You may wish to seek legal advice concerning the Plan and your classification and treatment under the Plan. Your claim has been placed in Class __ under the Plan. If you hold claims or equity interests in more than one class, you will receive a ballot for each class in which you are entitled to vote.

If your ballot is not received by Robert M. Fox, Esq., 630 Third Avenue, 18th Floor, New York, NY on or before _____ and such deadline is not extended, your vote will not count as either an acceptance or rejection of the Plan.

If the Plan is confirmed by the Bankruptcy Court it will be binding on you whether or not you vote.

ACCEPTANCE OR REJECTION OF THE PLAN

The undersigned, the holder of a Class __ claim against the Debtor in the unpaid amount of (\$ _____) Dollars.

(Check one box only)

ACCEPTS THE PLAN

REJECTS THE PLAN

Dated: _____

Print or type name: _____

Signature: _____

Title (if corporation or partnership) _____

Address: _____

RETURN THIS BALLOT TO:

Robert M. Fox, Esq.
630 Third Avenue, 18th Floor
New York, NY 10017