



## I. INTRODUCTION

On May 31, 2017, Earth Pride Organics, LLC and Lancaster Fine Foods, Inc. (the “Debtors”) filed voluntary petitions for reorganization under Chapter 11 of the Bankruptcy Code in the United States Bankruptcy Court for the Eastern District of Pennsylvania. The case was assigned to Chief Bankruptcy Judge Eric L. Frank.

### A. PURPOSE OF THE DISCLOSURE STATEMENT

The purpose of the Disclosure Statement is to provide creditors and holders of interest with such information as would enable a hypothetical, reasonable individual or entity typical of the holders of claims or interest to make informed judgments in voting on the Plan. This Disclosure Statement does not purport to be a complete description of the Plan, the financial status of the Debtors, the applicable provisions of the Bankruptcy Code or of other matters that may be deemed significant by creditors or other parties-in-interest. This Disclosure Statement necessarily involves a series of compromises between extensive “raw data” and the language in documents or statutes on the one hand and considerations of readability and usefulness on the other. For further information, you should examine the Plan directly and you may want to consult your legal and financial advisors.

You are urged to carefully read the contents of this Disclosure Statement before making your decision to accept or reject the Plan. Particular attention should be directed to the provisions of the Plan affecting or impairing your rights as they existed before the institution of this case.

NO REPRESENTATIONS CONCERNING THE DEBTORS’ OPERATIONS, PARTICULARLY AS TO THE VALUE OF ANY OF ITS PROPERTY, ARE AUTHORIZED BY THE DEBTORS EXCEPT AS SET FORTH IN THIS DISCLOSURE STATEMENT. IN DECIDING WHETHER TO ACCEPT THIS PLAN, YOU SHOULD NOT RELY UPON ANY REPRESENTATIONS OR INDUCEMENTS OTHER THAN THOSE IN THE DISCLOSURE STATEMENT.

### B. ACCEPTANCE AND CONFIRMATION

The Bankruptcy Court has fixed \_\_\_\_\_, 2017, as the date by which holders of claims against, and holders of interest in, the Debtors must vote to accept or reject the Plan. Creditors whose claims are impaired by the Plan may vote by filling out the enclosed ballot and sending it in the envelope provided for that purpose to: **Paul B. Maschmeyer, Esquire, at the law offices of Maschmeyer Karalis P.C., 1900 Spruce Street, Philadelphia, PA 19103.** In order to be counted, Ballots must be received by 5:00 p.m. EST on \_\_\_\_\_, 2017. **THE VOTE OF EACH CREDITOR IS IMPORTANT.** Creditors whose claims are not impaired by the Plan may not vote as they are conclusively presumed to have accepted the Plan. In order for the Plan to be accepted by any class of creditors, it must be accepted by creditors who hold at least two-thirds in dollar amount of the claims in such class as to which votes are cast, and who comprise more than one-half of the voting creditors holding claims in such class. **THESE CALCULATIONS ARE BASED ONLY ON THE CLAIMS AMOUNTS AND**

**NUMBERS OF CREDITORS WHO ACTUALLY VOTE.** An abstention by a creditor will not count towards acceptance or rejection of the Plan.

**C. NOTICE OF HEARING**

On \_\_\_\_\_, 2017, at \_\_\_\_\_.m., a hearing was held before the Honorable Eric L. Frank, Chief Bankruptcy Judge at the United States Bankruptcy Court, United States Courthouse, 900 Market Street, Philadelphia, PA 19107, and the Bankruptcy Court approved the Disclosure Statement and ordered the Debtors to send the Disclosure Statement to creditors for approval.

**II. THE DEBTORS**

**A. GENERAL INFORMATION ABOUT DEBTORS' BUSINESS**

**1. Brief History and Description of the Business**

The Debtors were formed for the purpose of manufacturing various food products including but not limited to mustard, sauces, marinades, hot sauces, salad dressings, etc. Earth Pride Organics, LLC is the parent company to Lancaster Fine Foods, Inc. and both companies share employees and other various assets. Earth Pride Organics, LLC and Lancaster Fine Foods, Inc. the lessees to the premises that is operated by Lancaster Fine Foods, Inc. and also has a payroll for some of the management individuals who control and operate Lancaster Fine Foods, Inc. For purposes of this Plan of Reorganization, creditors of both entities will be treated equally under this Plan.

Some of the customers of the Debtors are from the hottest specialty food companies in the country. Their customer travel to Lancaster from all over the country including Seattle, Manhattan, New Hampshire, Miami, Philadelphia and Texas. Lancaster Fine Foods, Inc. also does work for private label clients such as Auntie Anne's, Wegmans, Williams Sonoma, etc.

In 2008, which was the beginning of the growth in sales of Lancaster Fine Foods, Inc., the sales started off at 2.2 million a year. In 2015, the sales were 8.8 million in sales and the projected sales for 2016 will be 15 million dollars.

In September 2016, due to the growing demand of the customers the Debtors moved from a current facility of 33,000 square feet to a new facility now of 220,000 square feet. This new facility means new equipment, more efficient pricing models, more capacity, more efficiencies and a consolidated warehousing which means less mistakes and more accurate inventory. The Debtors have also increased their current machinery and have added new strategic machinery and kettles that include the latest CIP technology which means faster, more efficient production times.

The Plan of Reorganization, which is attached to this Disclosure Statement, is going to restructure the loans to the secured lenders which will allow the Debtors to refinance said loan

obligations, and will provide a payment to the Internal Revenue Service and the other general unsecured creditors pursuant to the terms of a successful Plan of Reorganization.

**B. BACKGROUND AND REASONS FOR BANKRUPTCY**

In 2014, the Debtors were actively producing a fig spread for a company called Dalmatia Import Group Inc. (“Dalmatia”). Due to numerous conflicts between the Debtors and Dalmatia concerning the production of their product, Dalmatia ceased placing orders with the Debtors, leaving the Debtors with a large supply of inventory. The Debtors, upon advice of counsel, liquidated this inventory on the open market at a commercially reasonable manner. Unfortunately, Dalmatia filed a trade secret lawsuit against them for the selling of these assets which resulted in a multi prong verdict both for and against the Debtors regarding this transaction. The time, attorney’s fees and damages awarded by the jury on behalf of the Plaintiff, caused severe harm against the Debtors’ operations and cash flow. Additionally, the Debtors had borrowed money from numerous lending institutions and factors at an interest rate which, in certain circumstances, exceeded forty percent (40%) which caused a severe drain on the day to day cash flow of the Debtors.

**III. REORGANIZATION CASE**

On May 31, 2017, the Debtors filed voluntary petitions for relief under Chapter 11 of the Bankruptcy Code in the United States Bankruptcy Court for the Eastern District of Pennsylvania.

During the reorganization, the Bankruptcy Court has certain supervisory powers over the operations of the Debtors. These powers are generally limited to reviewing and ruling upon any objections raised by creditors or parties-in-interest to business operations or proposed transactions of the Debtors. The Debtors are obligated to give notice of any transactions not in the ordinary course of business, and of any compromise of any controversy, to creditors who have requested such notice. Since the filing of the Bankruptcy, the Debtors have been restructuring its operations in order to reorganize for the benefit of the Creditors.

The Debtors have entered into various Cash Collateral Orders with the secured lenders which has lowered the drain on the cash flow immensely and has allowed the Debtors to get its operations up and going so it can meet its projections of sales for this year. Additionally, the Debtors have finally settled with Dalmatia, under terms of which will allow the Debtors to reorganize efficiently by settling this litigation. In light of the settlement with Dalmatia, the Debtors are now in discussion with various financial institutions concerning post petition and post confirmation funding with will be used, along with its current cash flow, to satisfy the secured and unsecured creditors.

**IV. SUMMARY OF THE PLAN**

THE FOLLOWING IS A BRIEF SUMMARY OF THE PLAN. HOLDERS OF CLAIMS ARE URGED TO READ THE PLAN IN FULL. CREDITORS ARE ALSO URGED TO CONSULT WITH COUNSEL AND EACH OTHER IN ORDER TO UNDERSTAND THE PLAN FULLY. THE PLAN REPRESENTS A PROPOSED LEGALLY BINDING

AGREEMENT. AN INTELLIGENT JUDGMENT CONCERNING THE PLAN CANNOT BE MADE WITHOUT FULLY UNDERSTANDING IT.

### **FUNDING OF THE PLAN**

The Debtors have been in Discussions with the secured and unsecured creditors concerning the restructuring the amount of money owed to said parties. The obligations of the Debtors under the Plan are divided by the Plan into ten classes. The Plan provides separately for each class. Distributions on Allowed Claims (as defined below) under the Plan will be in full settlement, satisfaction and discharge of all Claims (as defined below). Upon confirmation of the Plan, the Debtors will be discharged from all claims that have arisen before confirmation of the Plan, except for payments and distributions provided for in the Plan.

A “Claim” is generally defined by the Plan to be a right to payment from the Debtors, or from the property of the Debtors, or a right to an equitable remedy for breach of performance, if such breach gives rise to a right to payment. Further, the Plan defines an “Allowed Claim” to be any Claim against the Debtors to the extent that: (a) a proof of claim was timely filed or deemed filed pursuant to § 1111(a) of the Bankruptcy Code; and (b) no objection to the allowance of such Claim has been timely filed or the Claim is allowed (and only to the extent allowed) by a final order after appropriate notice and hearing with respect to an objection thereto. A holder of a Claim will receive distributions only if the Claim is an Allowed Claim.

#### **1. Class 1 and 2 Claims**

These Classes include all Allowed Joint Claims against the Debtors held by Midtown Capital Partners, LLC and Change Capital Partners Fund, I. Midtown Capital Partners, LLC’s loan along with Change Capital Partners loan are secured by a general lien on all of the assets of the Debtors located at 510 Richardson Drive, Lancaster, PA in the total amount of \$759,348.16. The Debtors will start making monthly P&I payment of \$15,315.60 on the outstanding balance of \$759,348.16. (calculated at an 8% rate and a 5 year amortization). No pre-payment penalty. Additionally, in the event the Debtors will be able to secure post petition financing before confirmation, these creditors will have the option to accept a onetime cash payout of their claim in lieu of a five year payout.

#### **2. Class 3 Claims**

This Class includes all Allowed Joint Claims against the Debtors held by Loeb. Loeb’s loan is secured by a lien on all assets of the Debtors specifically the equipment located at 510 Richardson Drive, Lancaster, PA in the amount of \$386,977.17. The Debtors will start making monthly P&I payment of \$3,051.93 on the outstanding balance of \$386,977.17, (calculated at an 8% rate and a 5 year amortization). No pre-payment penalty. Additionally, in the event the Debtors will be able to secure post petition financing before confirmation, these creditors will have the option to accept a onetime cash payout of their claim in lieu of a five year payout.

**3. Class 4 Claims**

This Class includes all Allowed Joint Claims against the Debtors held by Fox Rothschild LLP. Fox Rothschild's loan is secured by a lien on all assets of the Debtors located at 510 Richardson Drive, Lancaster, PA in the amount of \$2,446,839.94. This claim will be paid as a Class IX unsecured creditor.

**4. Class 5 Claims**

This Class includes all Allowed Claims against Lancaster Fine Foods, Inc. held by DLL Finance, LLC. DLL Finance's claim is secured by a lien on a tractor, loader, mowers and other miscellaneous equipment located at the Debtor's place of business in the amount of \$25,005.53 and will be paid monthly payments of \$503.69

**5. Class 6 Claims**

This Class includes the allowed secured claim of the Internal Revenue Service in the amount of \$290,597.19. This claim is secured by a lien on all assets of Earth Pride Organics, LLC. This claim will receive the same treatment that its unsecured priority claim will receive pursuant to the terms of the Plan of Reorganization.

**6. Class 7 Claims**

This Class includes all Allowed Claims against the Debtors held by Priority Non-Tax Claimants. Class VII Claims are not impaired under the Plan. The Debtors are not aware of any Class VII Claimants having claims against the Debtors. However, to the extent that they exist, payment on Class VII Claim shall be made as soon as practical after the later (a) the "Effective Date" or (b) the entry of an order of the Bankruptcy Court allowing a Class VII Claim.

**7. Class 8 Claims**

This Class includes all Allowed Unsecured Claims held against Earth Pride Organics, LLC. Class VIII creditors shall receive a payment equal to 15% of their allowed claim payable out over a five (5) year period on a yearly basis starting one (1) year after (a) the Effective Date or (b) on the entry of a Final Order of the Bankruptcy Court allowing such Claim.

**8. Class 9 Claims**

This Class includes all Allowed Unsecured Claims held against Lancaster Fine Foods, Inc. Class IX creditors shall receive a payment equal to 15% of their allowed claim payable out over a five (5) year period on a yearly basis starting one (1) year after (a) the Effective Date or (b) on the entry of a Final Order of the Bankruptcy Court allowing such Claim.

**9. Class 10 Claims**

This Class consists of the rights of equity security holders in the Debtors. Upon confirmation, the Interests of the Debtors shall remain intact in its present form.

**B. TREATMENT OF CERTAIN UNCLASSIFIED CLAIMS**

**1. Professional Fees**

Attorneys, accountants, appraisers, auctioneers, or other professionals within the meaning of section 327 of the Bankruptcy Code employed with the Bankruptcy court's approval and other persons who may be entitled to an allowance of fees and expenses pursuant to section 503(b)(2) of the Bankruptcy Code ("Professional Claims") shall receive cash in the amount awarded to such persons by order of the Bankruptcy Court as soon as practical after the later of the Effective Date and the date on which an order entered by the Bankruptcy Court pursuant to section 330 or 503(b)(2) of the Bankruptcy Code approving allowance of compensation or reimbursement of expenses becomes a final order as to any such person. Each professional person who holds or asserts an administrative claim that is a fee claim incurred before the effective date shall be required to file with the Bankruptcy Court a Fee Application within sixty (60) days after the effective date. Failure to file a Fee Application timely shall result in a fee claim being forever barred at discharge.

**2. Administrative Claims**

Holders of Administrative Claims (as described in the Plan) which claims are Allowed Claims, shall be paid in cash the full amount of such Claims (1) as soon as practical after the Effective Date; (2) at the option of the holder of any such Claim, at such time after the Effective Date as the holder of such Claim may request in writing served upon the Debtors as long as such request does not accelerate payment to such holder; or (3) at such other time after the Effective Date as the Debtors and the holder of such Claim shall agree. The holder of an Administrative Claim, other than (1) a professional claim or (2) a liability incurred in the ordinary course of business by the Debtors, must file with the Bankruptcy Court and serve on the Debtors and its counsel notice of such Administrative Claim within sixty (60) days after the confirmation date. This includes all requests for 503(b)(9) claims. Such notice must include at a minimum (i) the name of the holder of the claim, (ii) the amount of the claim and (iii) the basis of the claim. Failure to file this notice timely and properly shall result in the administrative claim being forever barred and discharged.

**3. Priority Tax Claims**

Pursuant to 11 U.S.C. §1129(a)(c), a holder of Section 507(a)(8) tax claim will receive on account of such claim regular installment payments in cash of either the total value of the allowed amount of the claim, a five year payout ending no later than five years after the date the Order for Relief, in a manner not less favorable than the most favored non-priority unsecured claim. In essence, this section does not allow you to pay a secured Internal Revenue Service claim with less favorable treatment than what they would receive as a priority claim. In the case at hand, Earth Pride Organics, LLC owes the Internal Revenue Service secured and priority

claims in the amount of approximately \$2.5 Million Dollars. Earth Pride Organics, LLC intends to pay this claim so that it is payed off within five years after the filing which will require payments per month to the Internal Revenue Service of approximately \$42,000.00. These payments are included in the projections that are attached to this Disclosure Statement.

**C. SUMMARY OF OTHER PROVISION OF THE PLAN**

All executory contracts shall be deemed assumed pursuant to the provisions of section 365 and 1123 of the Bankruptcy Code except:

- (i) those which have been rejected prior to the Effective Date;
- (ii) those as to which motions for assumption are pending as of the Confirmation Date.

It is anticipated that the only executory contract outstanding will be the real estate lease of Richardson associates which covers the complete location of the debtor in Lancaster. The terms of this lease assumption will be set forth in either the plan or a separate motion with the outstanding cure amounts either paid on the effective date or as agreed by the parties.

**1. Retention of Jurisdiction**

The Bankruptcy Court shall retain jurisdiction in this Chapter 11 case in order to allow and reject Claims, to allow fees, to consider amendments or modifications to the Plan, to enforce the terms of the Plan and close this proceeding, all of which are described in more particular detail in the Plan.

**2. Revesting**

On the Effective Date, the post-confirmation Debtors shall be revested with all of the property of the estate of the Debtors free and clear of all claims, liens, charges and other interests of creditors arising prior to the filing date, except as otherwise provided by the Plan.

**3. Objections to Claims and Interests**

Objections to Claims and interests shall be filed with the Bankruptcy Court and served upon each holder of such claim or interest to which objection is made as soon as reasonably practical after the Confirmation Date but in any event no later than 120 days from confirmation of the Plan. The failure by the Debtors to object to or to re-examine any claim or interest shall not be deemed to be a waiver of the right to object to or to re-examine such claim or interest in whole or in part to determine its allowability for payment.

**4. Modifications**

The Plan may be amended or modified at any time prior to the Confirmation Date. After the Confirmation Date, the Debtors may, with the approval of the Court and so long as it does not materially and adversely affect the interests of creditors, remedy any defects or omissions or reconcile any inconsistencies in the Plan or in the Confirmation Order in such a manner as may be necessary to carry out the purposes and intent of the Plan.



**5. Bar Date**

Subsequent to the filing of the bankruptcy, the Debtors have requested and the Court has ordered that all proofs of claim prior to the filing of the bankruptcy were to be filed by September 11, 2017. This has been the bar date for filing proofs of claim of all unsecured creditors in this matter.

**6. Post Confirmation Employment of Officers**

Subsequent to confirmation, the Debtors intend to have the same management as of the filing date which was disclosed in the Notice of Intention to Compensate Officers which was filed and served on all creditors in the case. A copy of said notice is attached to the disclosure statement for review by the creditors. These officers will be paid at the same amount post confirmation as set forth in the notice.

**7. Outstanding Litigation of the Debtors**

Prior to the filing of the Bankruptcy, the Debtors were involved with claims against various third parties. Some of these claims had been put in suit prior to the Bankruptcy, the others are still outstanding awaiting a decision by the Debtors as to the viability of moving forward against the defendants on said claims. The two main claims consist of a malpractice claim against previous counsel to the Debtors concerning advice regarding the sale of Dalmatia goods which contributed to the Dalmatia Litigation. The other claim is against a Pump Manufacturer and/or Installer concerning the improper installment of machinery that led to decreased production of goods which caused losses to the Debtors because of its inability to have customer orders produced in a timely manner. It is anticipated that the Debtors will make a decision after the confirmation of the Plan on whether to move forward on these matters.

**V. FINANCIAL INFORMATION**

The Debtors have filed Statements of Financial Affairs and Schedules of Assets and Liabilities with the Bankruptcy Court along with monthly operating reports as required by the Bankruptcy Code. This financial information has not been included in this Disclosure Statement, but may be examined in the office of the United States Bankruptcy Court in Philadelphia, Pennsylvania. **The Debtors have also attached to this Disclosure Statement a projection and forecast of payments to be made to creditors pursuant to the terms of the Plan of Reorganization.** It is anticipated that the Debtor will pay approximately \$1,860,000.00 to the unsecured creditors which equates a 15% payout on their outstanding claims. As of today, the outstanding unsecured creditors of the Debtor are approximately \$12,400,000.00. The projection also indicates that payments will be made to the Internal Revenue Service of approximately \$42,000.00 which will include the principal and interest payment of their outstanding secured and priority claim. Also, the projection includes a payment of approximately \$32,372.00 on the term loans that are presently outstanding in this matter.

**VI. ACCEPTANCE AND CONFIRMATION**

At the Confirmation Hearing, the Bankruptcy Court will confirm the Plan only if all of the requirements of § 1129 of the Bankruptcy Code are met. Among the requirements for confirmation of a plan are that the Plan is (i) accepted by all impaired classes of Claims and Interests or, if rejected by an impaired class, that the plan “does not discriminate unfairly” and is “fair and equitable” as to such class, (ii) feasible, and (iii) in the “best interests” of creditor and holders of interests impaired under the plan.

In order for the Plan to be accepted by any class, it must be accepted by creditors who hold at least two-thirds in dollar amount of the claims in such class as to which votes are cast, and who comprise more than one-half of the voting creditors holding claims in such class. Creditors whose Claims are not impaired by the Plan may not vote, as they are conclusively presumed, pursuant to the Bankruptcy Code, to have accepted the Plan. Because the Plan does not impair holders of certain Claims, acceptances will not be solicited from those holders of those claims.

If any impaired class does not accept the Plan, the Debtors may nevertheless seek confirmation of the Plan. To obtain such confirmation, it must be demonstrated to the Bankruptcy Court that the Plan “does not discriminate unfairly” and is “fair and equitable” with respect to each dissenting class.

**A. Feasibility**

As a condition to confirmation of the Plan, § 1129(a)(ii) of the Bankruptcy Code requires that confirmation of the Plan is not likely to be followed by the liquidation of the Debtors, unless such liquidation is proposed in the plan.

The Debtors believe that comparing the value of the distributions available through a forced sale under a Chapter 7 liquidation to the value obtainable under the Plan which reflect a more commercially reasonable manner of reorganizing the assets reveals that creditors will receive greater value under the Plan. According to the Debtors, the Plan satisfies the “best interest of creditors” test.

**VII. CERTAIN FEDERAL INCOME TAX CONSEQUENCES**

**A. General Tax Considerations**

The confirmation and execution of the Plan may have tax consequences to holders of Claims and Interests. The Debtors do not offer an opinion as to any federal, state, local or other tax consequences to holders of Claims and interests as a result of the confirmation of the Plan. ALL HOLDERS OF CLAIMS AND INTERESTS ARE URGED TO CONSULT THEIR OWN TAX ADVISERS WITH RESPECT TO THE FEDERAL, STATE, LOCAL AND FOREIGN TAX CONSEQUENCES OF THE PLAN. THIS DISCLOSURE STATEMENT IS NOT INTENDED, AND SHOULD NOT BE CONSTRUED, AS LEGAL OR TAX ADVICE TO ANY CREDITOR.

**VIII. ALTERNATIVES TO CONFIRMATION AND CONSUMMATION OF THE PLAN**

If the Plan is not confirmed and consummated the theoretical alternatives include liquidation of the Debtors under Chapter 7 of the Bankruptcy Code.

**A. Liquidation under Chapter 7**

If no plan can be confirmed, the Reorganization Case may be converted to a case under Chapter 7 of the Bankruptcy Code in which a trustee would be elected or appointed to liquidate the assets of the Debtors for distribution to its creditors in accordance with the priorities established by the Bankruptcy Code. The Debtors estimate that if its assets are liquidated under

Chapter 7, it is unlikely that any unsecured creditors would receive the amount to be realized under the confirmed Plan of Reorganization.

**ADDITIONALLY, IF THIS CHAPTER 11 PLAN IS NOT CONFIRMED BY THE BANKRUPTCY COURT, THE DEBTORS BELIEVE THAT THE UNSECURED CREDITORS WILL NOT RECEIVE A DISTRIBUTION IN THE NEAR FUTURE. A CHAPTER 7 LIQUIDATION COULD TAKE UP TO TWO TO THREE YEARS BEFORE A CREDITOR RECEIVES ANYTHING ON BEHALF OF THEIR CLAIM. HOWEVER, IF THE CHAPTER 11 PLAN IS CONFIRMED, THE UNSECURED CREDITORS WILL RECEIVE AN INITIAL PAYMENT BEFORE THE END OF THE YEAR OF THE AMOUNT SET FORTH IN THE PLAN OF REORGANIZATION. IT IS FOR THIS REASON THAT A LIQUIDATION UNDER CHAPTER 7 WOULD, IN THE OPINION OF THE DEBTORS, NOT BE IN THE BEST INTEREST OF THE CREDITORS, PARTICULARLY THOSE THAT WISH TO RECEIVE A DISTRIBUTION THIS YEAR.**

#### **IX. OTHER INFORMATION**

Inquiries regarding information not contained in this Disclosure Statement may be made by contacting Paul B. Maschmeyer, Maschmeyer Karalis P.C., 1900 Spruce Street, Philadelphia, PA 19103, or the United States Bankruptcy Court for the Eastern District of Pennsylvania, 900 Market Street, Suite 400, Philadelphia, PA 19107 (215) 408-2800.

#### **EARTH PRIDE ORGANICS, LLC and LANCASTER FINE FOODS, INC.**

BY: /s/ Michael S. Thompson

Michael S. Thompson

#### **MASCHMEYER KARALIS P.C.**

By: /s/ Paul B. Maschmeyer

Paul B. Maschmeyer, Esquire  
1900 Spruce Street  
Philadelphia, PA 19103  
(215) 546-4500  
Attorneys for Debtors

Date: November 20, 2017

**NOTICE OF INTENTION TO COMPENSATE OFFICERS**

**IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE EASTERN DISTRICT OF PENNSYLVANIA**

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<b>In re:</b>	:	<b>CHAPTER 11</b>
	:	
<b>EARTH PRIDE ORGANICS, LLC</b>	:	<b>Bky No. 17-13816(ELF)</b>
<b>LANCASTER FINE FOODS, INC.</b>	:	
	:	
<b>Debtors</b>	:	<b>JOINTLY ADMINISTERED</b>

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**NOTICE OF DEBTORS-IN-POSSESSION'S  
INTENTION TO COMPENSATE OFFICERS**

**TO: THE UNITED STATES TRUSTEE, CREDITORS HOLDING SECURED CLAIMS,  
TWENTY LARGEST UNSECURED CREDITORS, AND ALL RULE 2002 PARTIES,  
NOTICE IS GIVEN THAT:**

1. Earth Pride Organics, LLC (hereinafter referred to as "EPO"), intends to pay its Chief Executive Officer, Mike Thompson, the sum of \$6,000.00 bi-weekly. For the ninety (90) days prior to the filing of the Chapter 11 Petition, Mike Thompson received bi-weekly compensation in the amount of \$6,000.00. Additionally, Mike Thompson also receives \$565.00 per month for health benefits. Mike Thompson shall continue to serve as the President and Chief Executive Officer of EPO and will perform the following principal duties: general administration, and general oversight of all matters relating to the operation of the Debtor.

2. Lancaster Fine Foods, Inc. (hereinafter referred to as "LFF"), intends to pay its Sales Director, Scott Goldsmith, the sum of \$3,615.40 bi-weekly. For the ninety (90) days prior to the filing of the Chapter 11 Petition, Scott Goldsmith received bi-weekly compensation in the amount of \$3,615.40. Scott Goldsmith shall continue on as the Sales Director and will perform, in addition to coordinating the sales of the company, will be involved with the general administration of the day to day operations of the Debtor.

3. Lancaster Fine Foods, Inc. (hereinafter referred to as "LFF"), intends to pay its Logistics Director and Cost Analyst, Mark Thompson, the sum of \$3,615.40 bi-weekly. For the ninety (90) days prior to the filing of the Chapter 11 Petition, Mark Thompson received bi-weekly compensation in the amount of \$3,615.40. Mark Thompson shall continue to serve as the Logistics Director and Cost Analyst to oversee and assist in the preparation all financial information needed in this case.

4. Any creditor or other party in interest who objects to the continued retention of the above-named officers or to the salary to be paid to such individuals should file with the Clerk of the United States Bankruptcy Court, Robert C. Nix Courthouse, 900 Market Street, Suite 400, Philadelphia, PA, 19107, a written objection specifying the grounds thereof and serve a copy of such objection upon the Debtor and its counsel, whose name and address appears below. Thereupon, the

deputy in charge will schedule such objection for a hearing before the Bankruptcy Court.

**MASCHMEYER KARALIS P.C.**

By: /s/ Paul B. Maschmeyer

PAUL B. MASCHMEYER

1900 Spruce Street

Philadelphia, PA 19103

(215) 546-4500

Attorneys for the Debtors

Date: July 12, 2017

**PROJECTION AND FORECAST OF PAYMENTS**

Consolidated - Lancaster Fine Foods, Inc. & Earth Pride Organics  
12 Month Projected Income Statement

	Budget January	Budget February	Budget March	Budget April	Budget May	Budget June	Budget July	Budget August	Budget September	Budget October	Budget November	Budget December	12-Month Total
<b>Revenue</b>													
Sales Revenue	1,400,000	1,400,000	1,700,000	1,850,000	1,850,000	1,850,000	1,850,000	1,850,000	1,850,000	1,850,000	1,850,000	1,850,000	21,150,000
Intercompany Receivable	172,233	172,233	192,233	157,233	157,233	157,233	157,233	177,233	157,233	157,233	157,233	157,233	1,971,800
Rent Revenue	90,000	90,000	90,000	45,000	45,000	45,000	45,000	45,000	45,000	45,000	45,000	45,000	495,000
<b>Total Revenue</b>	<b>1,602,233</b>	<b>1,602,233</b>	<b>1,922,233</b>	<b>2,052,233</b>	<b>2,052,233</b>	<b>2,052,233</b>	<b>2,052,233</b>	<b>2,072,233</b>	<b>2,052,233</b>	<b>2,052,233</b>	<b>2,052,233</b>	<b>2,052,233</b>	<b>23,616,800</b>
<b>COGS</b>													
Ingredients	784,000	826,000	1,037,000	1,147,000	1,165,500	1,184,000	1,184,000	1,184,000	1,184,000	1,184,000	1,184,000	1,184,000	13,247,500
Supplies	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	48,000
Payroll and Payroll Taxes	260,000	260,000	387,500	270,000	270,000	275,000	275,000	412,500	275,000	275,000	275,000	275,000	3,525,000
Maintenance and Repair	28,000	28,000	28,000	28,000	28,000	28,000	28,000	28,000	28,000	28,000	28,000	28,000	336,000
Sanitation	4,333	4,333	4,333	4,333	4,333	4,333	4,333	4,333	4,333	4,333	4,333	4,333	52,000
Quality Assurance	5,417	5,417	5,417	5,417	5,417	5,417	5,417	5,417	5,417	5,417	5,417	5,417	65,000
Equip. Rental	2,200	2,200	2,200	2,200	2,200	2,200	2,200	2,200	2,200	2,200	2,200	2,200	26,400
Logistics	6,500	6,500	6,500	6,500	6,500	6,500	6,500	6,500	6,500	6,500	6,500	6,500	78,000
Depreciation	66,667	66,667	66,667	66,667	66,667	66,667	66,667	66,667	66,667	66,667	66,667	66,667	800,000
<b>Total COGS</b>	<b>1,161,117</b>	<b>1,208,137</b>	<b>1,551,617</b>	<b>1,534,117</b>	<b>1,552,617</b>	<b>1,576,117</b>	<b>1,576,117</b>	<b>1,713,617</b>	<b>1,576,117</b>	<b>1,576,117</b>	<b>1,576,117</b>	<b>1,576,117</b>	<b>18,177,900</b>
<b>Gross Profit</b>	<b>441,117</b>	<b>394,117</b>	<b>370,617</b>	<b>518,117</b>	<b>499,617</b>	<b>476,117</b>	<b>476,117</b>	<b>358,617</b>	<b>476,117</b>	<b>476,117</b>	<b>476,117</b>	<b>476,117</b>	<b>5,438,900</b>
<b>Operating Expenses</b>													
Electric	11,000	11,000	11,000	11,000	11,000	11,000	11,000	11,000	11,000	11,000	11,000	11,000	132,000
Benefits	20,000	21,000	21,000	21,000	21,000	22,000	22,000	22,000	22,000	22,000	22,000	22,000	258,000
Rent	95,333	95,333	95,333	95,333	95,333	95,333	95,333	95,333	95,333	95,333	95,333	95,333	1,144,000
Computer Expense	13,500	13,500	13,500	13,500	13,500	13,500	13,500	13,500	13,500	13,500	13,500	13,500	162,000
Insurance	22,000	22,000	22,000	22,000	22,000	22,000	22,000	22,000	22,000	22,000	22,000	22,000	264,000
Office Supplies	400	400	400	400	400	400	400	400	400	400	400	400	4,800
Telephone	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	24,000
Tools	800	800	800	800	800	800	800	800	800	800	800	800	9,600
Trash	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	48,000
Utilities	8,200	8,200	8,200	8,200	8,200	8,200	8,200	8,200	8,200	8,200	8,200	8,200	98,400
Travel Expense	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	12,000
Intercompany	152,233	152,233	172,233	137,233	137,233	137,233	137,233	157,233	137,233	137,233	137,233	137,233	1,731,800
Legal Fees	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	60,000
Professional Fees	-	-	-	-	-	20,000	-	-	-	-	-	-	20,000
US Trustee Fee	10,400	-	-	-	-	-	-	-	-	-	-	-	10,400
Other	26,000	26,000	26,000	26,000	26,000	26,000	26,000	26,000	26,000	26,000	26,000	26,000	312,000
<b>Total Operating Expenses</b>	<b>371,867</b>	<b>362,467</b>	<b>382,467</b>	<b>347,467</b>	<b>347,467</b>	<b>368,467</b>	<b>348,467</b>	<b>368,467</b>	<b>348,467</b>	<b>348,467</b>	<b>348,467</b>	<b>348,467</b>	<b>4,291,000</b>
<b>Other Expenses</b>													
IRS Interest	6,417	6,307	6,197	6,086	5,975	5,864	5,753	5,641	5,529	5,416	5,303	5,190	69,676
Term Interest	32,317	31,816	31,308	30,793	30,271	29,743	29,208	28,665	28,116	27,559	26,995	26,995	353,786
Interest and Fees	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Other (Income)/Expenses</b>	<b>38,734</b>	<b>38,123</b>	<b>37,504</b>	<b>36,879</b>	<b>36,247</b>	<b>35,607</b>	<b>34,960</b>	<b>34,306</b>	<b>33,644</b>	<b>32,975</b>	<b>32,298</b>	<b>32,185</b>	<b>423,463</b>
<b>Net Income</b>	<b>30,516</b>	<b>(6,473)</b>	<b>(49,354)</b>	<b>133,771</b>	<b>115,903</b>	<b>72,043</b>	<b>92,690</b>	<b>(44,156)</b>	<b>94,006</b>	<b>94,675</b>	<b>95,352</b>	<b>95,465</b>	<b>724,437</b>



Lancaster Fine Foods, Inc.  
12 Month Projected Income Statement

	Budget January	Budget February	Budget March	Budget April	Budget May	Budget June	Budget July	Budget August	Budget September	Budget October	Budget November	Budget December	12 Month Total
Revenue	1,400,000	1,400,000	1,700,000	1,850,000	1,850,000	1,850,000	1,850,000	1,850,000	1,850,000	1,850,000	1,850,000	1,850,000	21,150,000
Sales Revenue	1,400,000	1,400,000	1,700,000	1,850,000	1,850,000	1,850,000	1,850,000	1,850,000	1,850,000	1,850,000	1,850,000	1,850,000	21,150,000
Intercompany Receivable	-	-	-	-	-	-	-	-	-	-	-	-	-
Rent Revenue	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Revenue</b>	<b>1,400,000</b>	<b>1,400,000</b>	<b>1,700,000</b>	<b>1,850,000</b>	<b>1,850,000</b>	<b>1,850,000</b>	<b>1,850,000</b>	<b>1,850,000</b>	<b>1,850,000</b>	<b>1,850,000</b>	<b>1,850,000</b>	<b>1,850,000</b>	<b>21,150,000</b>
COGS	784,000	826,000	1,037,000	1,147,000	1,165,500	1,184,000	1,184,000	1,184,000	1,184,000	1,184,000	1,184,000	1,184,000	13,247,500
Ingredients	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	48,000
Supplies	220,000	225,000	337,500	230,000	230,000	235,000	235,000	352,500	235,000	235,000	235,000	235,000	3,005,000
Payroll and Payroll Taxes	26,000	26,000	26,000	26,000	26,000	26,000	26,000	26,000	26,000	26,000	26,000	26,000	312,000
Maintenance and Repair	4,333	4,333	4,333	4,333	4,333	4,333	4,333	4,333	4,333	4,333	4,333	4,333	52,000
Sanitation	5,417	5,417	5,417	5,417	5,417	5,417	5,417	5,417	5,417	5,417	5,417	5,417	65,000
Quality Assurance	2,200	2,200	2,200	2,200	2,200	2,200	2,200	2,200	2,200	2,200	2,200	2,200	26,400
Equip. Rental	6,500	6,500	6,500	6,500	6,500	6,500	6,500	6,500	6,500	6,500	6,500	6,500	78,000
Logistics	66,667	66,667	66,667	66,667	66,667	66,667	66,667	66,667	66,667	66,667	66,667	66,667	800,000
Depreciation	1,119,117	1,166,117	1,489,617	1,492,117	1,510,617	1,534,117	1,534,117	1,651,617	1,534,117	1,534,117	1,534,117	1,534,117	17,633,900
<b>Total COGS</b>	<b>280,883</b>	<b>233,883</b>	<b>210,383</b>	<b>357,883</b>	<b>339,383</b>	<b>315,883</b>	<b>315,883</b>	<b>198,383</b>	<b>315,883</b>	<b>315,883</b>	<b>315,883</b>	<b>315,883</b>	<b>3,516,100</b>
<b>Gross Profit</b>	<b>1,119,117</b>	<b>1,166,117</b>	<b>1,489,617</b>	<b>1,492,117</b>	<b>1,510,617</b>	<b>1,534,117</b>	<b>1,534,117</b>	<b>1,651,617</b>	<b>1,534,117</b>	<b>1,534,117</b>	<b>1,534,117</b>	<b>1,534,117</b>	<b>17,633,900</b>
Operating Expenses	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	30,000
Electric	15,000	16,000	16,000	16,000	16,000	17,000	17,000	17,000	17,000	17,000	17,000	17,000	198,000
Benefits	-	-	-	-	-	-	-	-	-	-	-	-	-
Computer Expense	-	-	-	-	-	-	-	-	-	-	-	-	-
Insurance	200	200	200	200	200	200	200	200	200	200	200	200	2,400
Office Supplies	800	800	800	800	800	800	800	800	800	800	800	800	9,600
Telephone	-	-	-	-	-	-	-	-	-	-	-	-	-
Trash	500	500	500	500	500	500	500	500	500	500	500	500	6,000
Utilities	152,233	152,233	172,233	137,233	137,233	137,233	137,233	157,233	137,233	137,233	137,233	137,233	1,731,800
Travel Expense	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	60,000
Intercompany	-	-	-	-	-	20,000	-	-	-	-	-	-	20,000
Legal Fees	10,400	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	300,000
Professional Fees	211,633	202,233	222,233	187,233	187,233	208,233	188,233	208,233	188,233	188,233	188,233	188,233	2,368,200
US Trustee Fee	-	-	-	-	-	-	-	-	-	-	-	-	-
Other	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	300,000
<b>Total Operating Expenses</b>	<b>211,633</b>	<b>202,233</b>	<b>222,233</b>	<b>187,233</b>	<b>187,233</b>	<b>208,233</b>	<b>188,233</b>	<b>208,233</b>	<b>188,233</b>	<b>188,233</b>	<b>188,233</b>	<b>188,233</b>	<b>2,368,200</b>
Other Expenses	6,417	6,307	6,197	6,086	5,975	5,864	5,753	5,641	5,529	5,416	5,303	5,190	69,676
IRS Interest	32,317	31,816	31,308	30,793	30,271	29,743	29,208	28,665	28,116	27,559	26,995	26,995	353,786
Term Interest	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest and Fees	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Other (Income)/Expenses</b>	<b>38,734</b>	<b>38,123</b>	<b>37,504</b>	<b>36,879</b>	<b>36,247</b>	<b>35,607</b>	<b>34,960</b>	<b>34,306</b>	<b>33,644</b>	<b>32,975</b>	<b>32,298</b>	<b>32,185</b>	<b>423,463</b>
<b>Net Income</b>	<b>\$ 30,516</b>	<b>\$ (6,473)</b>	<b>\$ (49,354)</b>	<b>\$ 133,771</b>	<b>\$ 115,903</b>	<b>\$ 72,043</b>	<b>\$ 92,690</b>	<b>\$ (44,156)</b>	<b>\$ 94,006</b>	<b>\$ 94,675</b>	<b>\$ 95,352</b>	<b>\$ 95,465</b>	<b>\$ 724,437</b>

Earth,Pride Organics, LLC  
12 Month Projected Income Statement

Revenue	Budget January	Budget February	Budget March	Budget April	Budget May	Budget June	Budget July	Budget August	Budget September	Budget October	Budget November	Budget December	12 Month Total
Intercompany Receivable	172,233	172,233	192,233	157,233	157,233	157,233	157,233	177,233	157,233	157,233	157,233	157,233	1,971,800
Rent Revenue	30,000	30,000	30,000	45,000	45,000	45,000	45,000	45,000	45,000	45,000	45,000	45,000	495,000
<b>Total Revenue</b>	<b>202,233</b>	<b>202,233</b>	<b>222,233</b>	<b>202,233</b>	<b>202,233</b>	<b>202,233</b>	<b>202,233</b>	<b>222,233</b>	<b>202,233</b>	<b>202,233</b>	<b>202,233</b>	<b>202,233</b>	<b>2,466,800</b>
<b>Operating Expenses</b>													
Payroll and Payroll Taxes	40,000	40,000	60,000	40,000	40,000	40,000	40,000	60,000	40,000	40,000	40,000	40,000	520,000
Maintenance and Repair	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	24,000
Electric	8,500	8,500	8,500	8,500	8,500	8,500	8,500	8,500	8,500	8,500	8,500	8,500	102,000
Benefits	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	60,000
Rent	95,333	95,333	95,333	95,333	95,333	95,333	95,333	95,333	95,333	95,333	95,333	95,333	1,144,000
Computer Expense	13,500	13,500	13,500	13,500	13,500	13,500	13,500	13,500	13,500	13,500	13,500	13,500	162,000
Insurance	22,000	22,000	22,000	22,000	22,000	22,000	22,000	22,000	22,000	22,000	22,000	22,000	264,000
Office Supplies	200	200	200	200	200	200	200	200	200	200	200	200	2,400
Telephone	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	24,000
Trash	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	48,000
Utilities	8,200	8,200	8,200	8,200	8,200	8,200	8,200	8,200	8,200	8,200	8,200	8,200	98,400
Travel Expense	500	500	500	500	500	500	500	500	500	500	500	500	6,000
Legal Fees	-	-	-	-	-	-	-	-	-	-	-	-	-
Professional Fees	-	-	-	-	-	-	-	-	-	-	-	-	-
Other	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	12,000
<b>Total Operating Expenses</b>	<b>202,233</b>	<b>202,233</b>	<b>222,233</b>	<b>202,233</b>	<b>202,233</b>	<b>202,233</b>	<b>202,233</b>	<b>222,233</b>	<b>202,233</b>	<b>202,233</b>	<b>202,233</b>	<b>202,233</b>	<b>2,466,800</b>
<b>Other Expenses</b>													
IRS Interest	-	-	-	-	-	-	-	-	-	-	-	-	-
Term Interest	-	-	-	-	-	-	-	-	-	-	-	-	-
Creditor repayments	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest and Fees	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Other (Income)/Expenses</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net Income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

Lancaster Fine Foods, Inc.  
12 Month Projected Cashflow

	Budget January	Budget February	Budget March	Budget April	Budget May	Budget June	Budget July	Budget August	Budget September	Budget October	Budget November	Budget December	12 Month Total
Beginning Cash	75,000	93,907	65,315	(43,987)	29,230	83,968	94,226	124,504	17,304	47,624	77,966	108,329	75,000
Revenue													
Sales Revenue	1,400,000	1,400,000	1,700,000	1,850,000	1,850,000	1,850,000	1,850,000	1,850,000	1,850,000	1,850,000	1,850,000	1,850,000	21,150,000
Intercompany Receivable													
Rent Revenue													
<b>Total Revenue</b>	<b>1,400,000</b>	<b>1,400,000</b>	<b>1,700,000</b>	<b>1,850,000</b>	<b>1,850,000</b>	<b>1,850,000</b>	<b>1,850,000</b>	<b>1,850,000</b>	<b>1,850,000</b>	<b>1,850,000</b>	<b>1,850,000</b>	<b>1,850,000</b>	<b>21,150,000</b>
COGS													
Ingredients	784,000	826,000	1,097,000	1,147,000	1,165,500	1,184,000	1,184,000	1,184,000	1,184,000	1,184,000	1,184,000	1,184,000	13,247,500
Supplies	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	48,000
Payroll and Payroll Taxes	220,000	225,000	337,500	230,000	230,000	235,000	235,000	352,500	235,000	235,000	235,000	235,000	3,005,000
Maintenance and Repair	26,000	26,000	26,000	26,000	26,000	26,000	26,000	26,000	26,000	26,000	26,000	26,000	312,000
Sanitation	4,333	4,333	4,333	4,333	4,333	4,333	4,333	4,333	4,333	4,333	4,333	4,333	52,000
Quality Assurance	5,417	5,417	5,417	5,417	5,417	5,417	5,417	5,417	5,417	5,417	5,417	5,417	65,000
Equip. Rental	2,200	2,200	2,200	2,200	2,200	2,200	2,200	2,200	2,200	2,200	2,200	2,200	26,400
Logistics	6,500	6,500	6,500	6,500	6,500	6,500	6,500	6,500	6,500	6,500	6,500	6,500	78,000
Depreciation													
<b>Total COGS</b>	<b>1,052,450</b>	<b>1,099,450</b>	<b>1,422,950</b>	<b>1,425,450</b>	<b>1,443,950</b>	<b>1,467,450</b>	<b>1,467,450</b>	<b>1,584,950</b>	<b>1,467,450</b>	<b>1,467,450</b>	<b>1,467,450</b>	<b>1,467,450</b>	<b>16,833,900</b>
<b>Gross Profit</b>	<b>347,550</b>	<b>300,550</b>	<b>277,050</b>	<b>424,550</b>	<b>406,050</b>	<b>382,550</b>	<b>382,550</b>	<b>265,050</b>	<b>382,550</b>	<b>382,550</b>	<b>382,550</b>	<b>382,550</b>	<b>4,316,100</b>
Operating Expenses													
Electric	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	30,000
Benefits	15,000	16,000	16,000	16,000	16,000	17,000	17,000	17,000	17,000	17,000	17,000	17,000	198,000
Computer Expense													
Insurance													
Office Supplies	200	200	200	200	200	200	200	200	200	200	200	200	2,400
Telephone													
Tools	800	800	800	800	800	800	800	800	800	800	800	800	9,600
Trash													
Utilities													
Travel Expense	500	500	500	500	500	500	500	500	500	500	500	500	6,000
Intercompany	152,233	152,233	172,233	137,233	137,233	137,233	137,233	157,233	137,233	137,233	137,233	137,233	1,731,800
Legal Fees	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	60,000
Professional Fees													
US Trustee Fee													
Other	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	300,000
<b>Total Operating Expenses</b>	<b>201,233</b>	<b>202,233</b>	<b>222,233</b>	<b>187,233</b>	<b>187,233</b>	<b>208,233</b>	<b>188,233</b>	<b>208,233</b>	<b>188,233</b>	<b>188,233</b>	<b>188,233</b>	<b>188,233</b>	<b>2,357,800</b>
Other Expenses													
IRS repayments - Principal	37,676	37,786	37,896	38,006	38,117	38,229	38,340	38,452	38,564	38,676	38,789	38,902	459,434
IRS repayments - Interest	6,417	6,307	6,197	6,086	5,975	5,864	5,753	5,641	5,529	5,416	5,303	5,190	69,676
Creditor repayments - Principal	31,000	31,000	31,000	31,000	31,000	31,000	31,000	31,000	31,000	31,000	31,000	31,000	372,000
Term loan - Principal													
Term loan - Interest	32,317	31,816	31,308	30,793	30,271	29,743	29,208	28,665	28,116	27,559	26,995	26,995	400,261
Adequate Protection Payments													
Fixed Asset Purchases and Other Unitized	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	240,000
<b>Total Other Expenses</b>	<b>127,410</b>	<b>126,908</b>	<b>164,119</b>	<b>164,099</b>	<b>164,079</b>	<b>164,059</b>	<b>164,038</b>	<b>164,017</b>	<b>163,996</b>	<b>163,975</b>	<b>163,953</b>	<b>164,503</b>	<b>1,895,157</b>
<b>Net Cash</b>	<b>\$ 93,907</b>	<b>\$ 65,315</b>	<b>\$ (43,987)</b>	<b>\$ 29,230</b>	<b>\$ 83,968</b>	<b>\$ 94,226</b>	<b>\$ 124,504</b>	<b>\$ 17,304</b>	<b>\$ 47,624</b>	<b>\$ 77,966</b>	<b>\$ 108,329</b>	<b>\$ 138,143</b>	<b>\$ 138,143</b>

**LIQUIDATION ANALYSIS**

**Consolidated  
Lancaster Fine Foods & Earth Pride Organics**

**Preliminary Draft For Discussion Purposes Only - Subject to Revision**

<u>Projected Proceeds from Assets</u>	<u>Explanations</u>	<u>Projected Low Recovery</u>	<u>Projected High Recovery</u>
Cash	Cash balance is from the Debtor's Balance Sheet at 9/30/17	100%	100%
Accounts Receivables	Accounts Receivable is from the Debtor's Balance Sheet at 9/30/17	40%	75%
Inventory	Inventory is from the Debtor's Balance Sheet at 9/30/17	25%	50%
Prepaid Expenses	Prepaid expenses are from the Debtor's balance sheet at 9/30/2017. Recoveries are less restocking costs	70%	90%
Other Current Assets	The Majority are intercompany receivables. \$16k are security deposits which are projected to be offset	0%	0%
Equipment, net of liquidation costs	Based on conversations with appraisers and their estimate of Net Liquidation Value	30%	60%
Furniture & Fixture	Slightly less than Machinery & Equipment because of the extensive supply	20%	50%
Leasehold Improvements	No realizable value since LFF/EPO rent	0%	0%
Other Assets	Investment in Subs, if liquidate subs not anticipated to have value	0%	0%
<b>Total Proceeds from Assets</b>			
<b>Winddown Expenses</b>			
Accounts Payable Post Petition	Consistent with 9/30/17 Balances +/- 25% Estimate based on 1.5 months not paid and the need for Chapter 7 Professional to wind Estimate	150,000	250,000
Professional Fees		90,000	130,000
503(b)(9) claims		60,000	100,000
IRS Priority Claims	Based on range of claim filed	1,800,000	2,200,000
Employees' post-petition accumulated Wages - Estimated at One Payroll	Assumes one payroll two weeks not paid Estimate based on experience 2 or 3 weeks, with skeleton crew	110,000	120,000
Cost to Winddown Operations - personnel/shutdown/utilities/rent		100,000	300,000



Lancaster Fine Foods  
Liquidation Analysis

Preliminary Draft For Discussion Purposes Only - Subject to Revision

	Balance Sheet 9/30/2017	Projected Recovery Amount		
		Low	Midpoint	High
<b>Proceeds from Assets</b>				
Cash	-	-	-	-
Accounts Receivable	556,185	222,474	319,806	417,139
Inventories	1,066,314	266,578.50	399,868	533,157
Prepaid Expenses	249,970	174,979	199,976	224,973
Other Current Assets	128,161	-	-	-
Machinery & Equipment	6,206,175	1,861,853	2,792,779	3,723,705
Furniture & Fixtures	61,045	12,209	21,366	30,523
Leasehold Improvements	35,323	-	-	-
Less: Accumulated Depreciation	(709,281)	-	-	-
Other Assets - Investment in Subsidiaries	-	-	-	-
<b>Total Proceeds from Assets</b>	<b>\$7,593,892</b>	<b>\$2,538,093</b>	<b>\$3,733,795</b>	<b>\$4,929,496</b>

**Earth Pride Organics  
Liquidation Analysis**

**Preliminary Draft For Discussion Purposes Only - Subject to Revision**

	Balance Sheet 9/30/2017	Projected Recovery Amount		
		Low	Midpoint	High
<b>Proceeds from Assets</b>				
Cash	36,586	36,586	36,586	36,586
Accounts Receivable	-	-	-	-
Inventories	-	-	-	-
Prepaid Expenses	656	459	525	590
Other Current Assets	638,694	-	-	-
Machinery & Equipment	-	-	-	-
Furniture & Fixtures	16,438	3,288	5,753	8,219
Leasehold Improvements	-	-	-	-
Less: Accumulated Depreciation	(11,376)	-	-	-
Other Assets - Investment in Subsidiaries	1,398,431	-	-	-
<b>Total Proceeds from Assets</b>	<b>\$2,079,429</b>	<b>\$40,333</b>	<b>\$42,864</b>	<b>\$45,395</b>