

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE MIDDLE DISTRICT OF PENNSYLVANIA

IN RE:	:	
	:	CHAPTER 11
CHIROPLUS OF LOCUST LANE, INC.	:	
	:	CASE NO. 1:14-BK-05693-MDF
Debtor	:	

SMALL BUSINESS DEBTOR'S COMBINED PLAN OF
REORGANIZATION AND DISCLOSURE STATEMENT

This Combined Plan of Reorganization and Disclosure Statement is presented to you to inform you of the proposed Plan for restructuring the debt of Chiroplus of Locust Lane, Inc., and to seek your vote to accept the Plan.

You are encouraged to carefully review the full text of this document, including all exhibits and attachments, before deciding how to vote on the Plan. To assist you in your review, please note that a list of definitions and a section of frequently asked questions appear at the end of this document.

IN ADDITION TO CASTING YOUR VOTE TO ACCEPT OR REJECT THE PLAN, YOU MAY OBJECT TO THE ADEQUACY OF THE DISCLOSURES MADE IN THIS DOCUMENT, OR YOU MAY OBJECT TO THE TERMS OF THE PROPOSED PLAN. IF YOU WISH TO OBJECT TO THE ADEQUACY OF THE DISCLOSURES OR TO THE TERMS OF THE PROPOSED PLAN, YOU MUST DO SO BY _____.

YOUR BALLOT STATING HOW YOU ARE VOTING ON THE PLAN MUST BE RETURNED BY _____. THE BALLOT MUST BE MAILED TO THE FOLLOWING ADDRESS: HENRY W. VAN ECK, ESQUIRE, METTE, EVANS & WOODSIDE, 3401 NORTH FRONT STREET, HARRISBURG, PA 17110.

A HEARING ON THE CONFIRMATION OF THE PLAN IS SCHEDULED FOR _____ IN COURTROOM NO. 3 AT THE RONALD REAGAN FEDERAL BUILDING, BANKRUPTCY COURTROOM, THIRD FLOOR, 228 WALNUT STREET, HARRISBURG, PA.

Your rights may be affected by this Combined Plan and Disclosure Statement. You should consider discussing this document with an attorney.

Henry W. Van Eck, Esquire
Mette, Evans & Woodside
3401 North Front Street
Harrisburg, PA 17110

September 30, 2016

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SUMMARY OF THE PLAN AND DISTRIBUTIONS TO CREDITORS

This Plan of Reorganization (the “Plan”) under chapter 11 of the Bankruptcy Code (the “Code”) proposes to pay creditors of Chiroplus of Locust Lane, Inc. (the “Debtor”) with cash flow from operations and future income.

This Plan provides for one class of priority non-tax claims; one class of secured claims; one class of unsecured claims; and one class of equity security holders. Unsecured creditors holding allowed claims will receive distributions, which the proponent of this Plan has valued at approximately 10 cents on the dollar. This Plan also provides for the payment of the Allowed Secured Claim of the United States of America, Internal Revenue Service on or before 5 years after the Effective Date, together with interest at 3.5% per annum.

All creditors and equity security holders should refer to Articles II and II of this Combined Disclosure Plan for information regarding the precise treatment of their claim. **Your rights may be affected. You should read these papers carefully and discuss them with your attorney, if you have one. (If you do not have an attorney, you may wish to consult one.)**

ARTICLE 1 **BACKGROUND OF THE DEBTOR**

1.1. Filing of the Debtor’s Chapter 11 Case.

On December 10, 2014, Chiroplus of Locust Lane, Inc. (the “Debtor”) filed a voluntary petition for relief under the Bankruptcy Code (the “Petition Date”). The Chapter 11 case is pending in the Bankruptcy Court in Middle District of Pennsylvania.

1.2. Nature of the Debtor’s Business.

Debtor operates a chiropractic clinic located at 4607 Locust Lane, Harrisburg, Pennsylvania 17109.

1.3. Legal Structure and Ownership.

Debtor is a corporation, organized and existing under the laws of the Commonwealth of Pennsylvania since 1996. Debtor’s president and sole shareholder is Dr. Randy Frederick.

1.4. Debtor’s Assets.

As of the Petition Date, the Debtor was in possession of the following assets:

1. Accounts Receivable in the amount of \$30,996;
2. Office equipment, furnishings, and supplies valued at approximately \$20,000.00;
3. Inventory consisting of vitamins and creams valued at approximately \$300.00;
4. Deposit with PPL in the amount of \$300.00; and
5. Deposits in financial accounts in the amount of \$1,839.10.

1.5. Debtor's Liabilities.

As of the Petition Date, the Debtor owed a secured claim to the Internal Revenue Service (the "IRS") in the amount of approximately \$204,000.00, secured by the Debtor's office equipment, furnishings and supplies, and accounts receivable. This claim has since been reduced to \$43,215.85. The Debtor also owed a priority claim to the Pennsylvania Department of Revenue in the amount of \$5,231.76. This claim has not been changed during the case. The Debtor's unsecured claims currently total \$17,307.55.

1.6. Current and Historical Financial Conditions.

Immediately preceding the Petition Date, Debtor was operating at a net loss each month. Despite conservative monthly expenditures on its ordinary and necessary expenses, Debtor generated insufficient revenue to operate with a monthly net gain, even before attempting to service its outstanding tax liabilities. Further, Debtor's balance sheet, prepared weeks before the Petition Date, showed current liabilities nearly double Debtor's total assets. Again, such balance sheet did not take into account Debtor's long term liabilities owed to the Internal Revenue Service and the Department of Revenue.

Debtor has worked to consistently raise monthly revenues while reigning in monthly expenses. Despite failing to consistently generate positive net income during the early months of 2015, Debtor maintained positive cash flows from June through December of 2015. Debtor's greatest challenge has been maintaining sufficiently high revenues to overcome necessary expenses. The first half of 2016 produced revenues nearing Debtor's projected net revenues, and such months successfully generated sufficient income to cover monthly expenses.

A summary of the Debtor's post-petition financial performance as reported on its monthly operating reports is attached hereto as **Exhibit D**. A copy of the Debtor's projected annual financial performance, based upon the Debtor's post-petition financial performance, is attached hereto as **Exhibit B**.

1.7. Events Leading to the Filing of the Bankruptcy Case.

As of the Petition Date, the Debtor owed the IRS approximately \$204,233.52 for unpaid assessed and unassessed 940, 941, and corporate taxes (the "IRS Claim"). The IRS Claim is secured by, *inter alia*, the Debtor's cash, deposit accounts, and accounts receivable. Prior to the Debtor's bankruptcy filing, the IRS levied Debtor's depository accounts, impacting Debtor's ability to pay its necessary business expenses.

1.8. Significant Events During the Bankruptcy Case.

Thus far in the Debtor's bankruptcy case, the Debtor has received court approval to employ Alex Everhart ("Everhart") as business consultant and financial advisor and Mette, Evans, & Woodside and legal counsel. Everhart has worked with Debtor to improve the management of Debtors income and expenses.

No adversary proceedings have been filed or other significant litigation has occurred. Additionally, no sales outside of the ordinary course of business have occurred, and the Debtor has not requested use of cash collateral.

The Debtor successfully negotiated the use of Cash Collateral with the estates only secured creditor, the United States of America, Internal Revenue Service. The periodic payments offered to the IRS in exchange for the use of cash collateral equaled 1/60th of the allowed secured and priority claim of the IRS, which has served to reduce the amount needed to fund this plan.

1.9. Projected Recovery of Avoidable Transfers

After examining the Debtor's records, the Debtor does not intend to pursue preference, fraudulent conveyance, or other avoidance actions.

ARTICLE 2 **THE PLAN**

The Debtor's Plan must describe how its Creditors will be paid. Certain Claims are entitled to specific treatment under the Bankruptcy Code and are not placed in a class for purpose of payment. For example, Administrative Expenses and Priority Tax Claims are not classified.

As required by the Code, the Plan places Claims and Equity Interests in various classes and describes the treatment each class will receive. The Plan also states whether each class of Claims or Equity Interests is impaired or unimpaired. A Claim or Equity Interest can be impaired if the Plan alters the legal, equitable or contractual rights to which the Claimants are otherwise entitled. If the Plan is confirmed, each Creditor's recovery is limited to the amount provided in the Plan.

Only Creditors in classes that are impaired may vote on whether to accept or reject the Plan, and only Creditors holding Allowed Claims may vote. A class accepts the Plan when more than one-half (1/2) in number and at least two-thirds (2/3) in dollar amount of the Allowed Claims that actually vote, vote in favor of the Plan. Also, a class of Equity Interest holders accepts the Plan when at least two-thirds (2/3) in amount of the allowed Equity Interest holders that actually vote, vote in favor of the Plan. A class that is not impaired is deemed to accept the Plan.

2.1. Unclassified Claims.

Certain types of Claims are automatically entitled to specific treatment under the Code. For example, Administrative Expenses and Priority Tax Claims are not classified. They are not considered impaired, and holders of such Claims do not vote on the Plan. They may, however, object if, in their view, their treatment under the Plan does not comply with that required by the Code. As such, the Plan does not place the following Claims in any class:

A. Administrative Expenses

The Debtor must pay all Administrative Expenses in full. If an Administrative Expense is disputed, the Bankruptcy Court must determine the validity and amount of the Administrative Expense, or in other words, "allow" the Administrative Expense. Any Administrative Expense that is undisputed and is due and owing on the Confirmation Date must be paid on the Effective Date of the Plan, or upon such other terms as agreed upon by the Debtor and the Administrative Claimant. If the Administrative Expense is disputed, payment will be made after the Administrative Expense is allowed by the Bankruptcy Court.

There are several types of Administrative Expenses, including the following:

1. If the Debtor trades in the ordinary course of business following its filing of the Chapter 11 Case, Creditors are entitled to be paid in full for the goods or services provided. This ordinary trade debt incurred by the Debtor after the Petition Date will be paid on an ongoing basis in accordance with the ordinary business practices and terms between the Debtor and its trade Creditors.
2. If the Debtor received goods it has purchased in the ordinary course of business within 20 days before the Petition Date, the value of the goods received is an Administrative Expense.
3. Administrative Expenses also include any post-petition fees and expenses allowed to professionals, including attorneys and accountants employed upon Bankruptcy Court authority to render services to the Debtor during the course of the Chapter 11 cases. These fees and expenses must be noticed to Creditors and approved by the Bankruptcy Court prior to payment.

The following chart lists the Debtor's estimated Administrative Expenses, and their proposed treatment under the Plan:

Type	Estimated Amount Owed	Proposed Treatment
Expenses Arising in the Ordinary Course of Business After the Petition Date	\$0.00	Unimpaired. Payment in full of allowed amount of such claim on the effective date of the Plan, or as otherwise agreed.
The Value of Goods Received in the Ordinary Course of Business Within 20 Days Before the Petition Date	\$0.00	Unimpaired. Payment in full of allowed amount of such claim on the effective date of the Plan, or as otherwise agreed.
Professional Fees, as approved by the Court.	\$20,000.00	Unimpaired. Payment in full of allowed amount of such claim (or as otherwise Agreed) on the effective date of the Plan, or according to court order if such fees have not been approved by the Court on the effective date of the Plan.

Clerk's Office Fees	\$0.00	Unimpaired. Payment in full of allowed amount of such claim on the effective date of the Plan.
Other administrative expenses	\$5,560.20	Unimpaired. Payment in full of allowed amount of such claim on the effective date of the Plan, or according to separate written agreement
Office of the U.S. Trustee Fees	\$975.00	Unimpaired. Paid in full on the effective date of the Plan
Total \$26,535.20		

B. Priority Tax Claims

Priority Tax Claims are unsecured income, employment, and other taxes described by § 507(a)(8) of the Code. Unless the holder of such a § 507(a)(8) Priority Tax Claim agrees otherwise, it must receive the present value of such Claim, in regular installments paid over a period not exceeding 5 years from the order of relief.

Each holder of a Priority Tax Claim will be paid as set forth in the chart below:

Claimant	Type	Amount	Treatment
Internal Revenue Service	507(a)(8)	\$4,490.71	Payment in full, in cash, with interest at 3.25% in 60 equal monthly installments of \$81.19 beginning on the Effective Date and ending on the 60 th month thereafter.
PA Dept. of Revenue	507(a)(8)	\$1,655.95	Payment in full, in cash, with interest at 3.25% in 60 equal monthly installments of \$29.94 beginning on the Effective Date and ending on the 60 th month thereafter.

2.2 Classes of Claims and Equity Interests.

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

A. Classes of Secured Claims

Allowed Secured Claims are Claims secured by property of the Debtor's bankruptcy estate (or that are subject to setoff) to the extent allowed as secured Claims under § 506 of the Code. If the value of the collateral or setoffs securing the Creditor's Claim is less than the amount of the Creditor's Allowed Claim, the deficiency will be classified as a general unsecured Claim.

The following chart lists all classes containing the Debtor's secured prepetition Claims and their proposed treatment under the Plan:

Class	Impairment	Treatment
Class 1 – Secured Claim of Internal Revenue Service	Impaired	Payment of Allowed Secured Claim (\$35,610.29) in full, in cash, with interest at 3.5% in 60 equal monthly installments of \$643.83, beginning on the Effective Date and ending on the 60 month thereafter .
Class 2 - Secured Claim of PA Department of Revenue	Impaired	Payment of Allowed Secured Claim (\$3,024.57) in full, in cash, with interest at 3.5% in 60 equal monthly installments of \$54.68, beginning on the Effective Date and ending on the 60 month thereafter.

B. Classes of Priority Unsecured Claims.

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

The following chart lists all classes containing Claims under §§ 507(a)(1), (4), (5), (6), and (a)(7) of the Code and their proposed treatment under the Plan:

Class	Impairment	Treatment
Class 3 – Non-Tax Priority Claims	Not Impaired	Class 3 is unimpaired by this Plan, and each holder of an Allowed Class 1 Priority Claim will be paid in full, in cash, upon the later of the effective date of this Plan, or the date on which such claim is allowed by a final non-appealable order. The Debtor does not believe there are any Allowed Class 1 Priority Claims in this case.

C. Class of General Unsecured Claims

General unsecured Claims are not secured by property of the estate and are not entitled to priority under § 507(a) of the Code. There is no §1122(b) convenience class in this case.

The following chart identifies the Plan's proposed treatment of Class 4, which contains general unsecured Claims against the Debtor:

Class	Impairment	Treatment
Class 4 - General Unsecured Creditors	Impaired	Impaired. Payment of approximately 10% of Allowed Claims payable in quarterly pro-rata cash distributions from future revenues beginning on the Effective Date of the Plan, or the date upon which any such claim is allowed by a final non-appealable order, and ending 60 months thereafter.

D. Class of Equity Interest Holders.

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

The following chart sets forth the Plan's proposed treatment of the class of Equity Interest holders:

Class	Impairment	Treatment
Class 5 - Equity Interest	Impaired	Impaired. All Interests will be cancelled as of the Effective Date. Upon cancelation, new stock equal to the pre-petition stock will issue to the New Equity Owner in exchange for the sum of \$2,000.00.

2.3. Estimated Number and Amount of Claims Objections.

The Debtor may object to the amount or validity of any Claim within 90 days of the Confirmation Date by filing an objection with the Bankruptcy Court and serving a copy of the objection on the holder of the Claim. The Claim objected to will be treated as a Disputed Claim under the Plan. If and when a Disputed Claim is finally resolved by the allowance of the Claim in whole or in part, the Debtor will pay the Allowed Claim in accordance with the Plan.

2.4. Treatment of Executory Contracts and Unexpired Leases.

Executory Contracts are contracts where significant performance of the contract remains for both the Debtor and another party to the contract. The Debtor has the right to reject, assume (*i.e.* accept), or assume and assign these types of contracts to another party, subject to the Bankruptcy Court's approval. The paragraphs below explain the Debtor's intentions

regarding its Executory Contracts (which includes its unexpired leases) and the impact such intentions would have on the other parties to the contracts.

The Executory Contracts shown below shall be assumed by the Debtor. 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 Bankruptcy Code, if any. Exhibit also lists how the Debtor will cure and compensate the other party to such contract or lease for any such defaults.

(A) June 6, 2014 Commercial Lease for real estate located at 4607 Locust Lane, Lower Paxton Township, Dauphin County, Pennsylvania. Lease is not currently in default. However, any subsequently identified Default will be cured on the Effective Date.

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 future performance, you must file and serve your objection to the assumption within the deadline for objecting to the confirmation of the Plan, unless the Bankruptcy Court has set an earlier time.

2.5. Means for Implementation of the Plan.

Payments and distributions under the Plan will be funded by the revenues and profits generated from the operation of reorganized Chiroplus of Locust Lane, Inc. The reorganized Debtor shall be managed and operated by Dr. Randy Frederick, who is knowledgeable and experienced in the business of operating a veterinary clinic.

On Confirmation of the Plan, all property of the Debtor, tangible and intangible, including, without limitation, licenses, furniture, fixtures and equipment, will revert, free and clear of all Claims and Equitable Interests except as provided in the Plan, to the Debtor. The Debtor expects to have sufficient cash on hand to make the payments required on the Effective Date.

As provided in Paragraph 2.1 of this Combined Plan and Disclosure Statement, all United States Trustee Fees accrued prior to the Effective Date shall be paid in full, on or before the Effective Date, by the Debtor or any successor to the Debtor. All United States Trustee Fees which accrue post-Effective Date shall be paid in full on a timely basis by the Debtor or any successor to the Debtor prior to the Debtor's case being closed, converted or dismissed.

On the Effective Date, all notes, stock, instruments, certificates, and other documents evidencing any Claims or Equity Interests shall be canceled, shall be of no further force, whether surrendered for cancellation or otherwise, and the obligations of the Debtor thereunder or in any way related thereto shall be discharged (the "Canceled Stock"). Upon such cancelation, new stock shall immediately be issued to the New Equity Owner in an amount equal to the Canceled Stock for the total consideration of \$2,000.00 (the "New Value"). Such stock shall be issued free and clear of all liens, claims, encumbrances and interests.

Following payment of the above New Value, the Board of Directors of the Debtor immediately prior to the Effective Date shall serve as the initial Board of Directors of the Reorganized Debtor on and after the Effective Date. Each member of the Board of Directors shall serve in accordance with applicable non-bankruptcy law and the Debtor's certificate or articles of incorporation and bylaws, as each of the same may be amended from time to time.

2.6. Disbursing Agent.

The Debtor has selected Leon P. Haller, Esquire, of Purcell, Kruger & Haller, to serve as Distribution Agent in this case and for the purpose of distributing money and property pursuant to the confirmed Plan. The Distribution Agent shall be compensated for services rendered by himself or his partners at an hourly rate not to exceed \$200.00, and for services rendered by paralegals and legal assistants at his firm at an hourly rate not to exceed \$95.00. The Distribution Agent is not required to post a bond or give an undertaking of any type in connection with his duties and obligations as Distribution Agent. The Distribution Agent is entitled to rely on all rules of law and court orders, and shall not be liable to anyone for his own good faith compliance with any order, rule, law, judgment, or decree. In no event shall he be liable to any party or creditor for his good faith compliance with his duties and responsibilities as Distribution Agent, nor shall he be liable to anyone for any action taken or omitted by him except upon a finding by this Court that he acted or failed to act as a result of misfeasance, bad faith, gross negligence, or in reckless disregard of his duties. The Distribution Agent may be removed at any time by the Court and replaced with a successor. In the event the Distribution Agent decides to resign, he shall first give written notice to the Debtor and the Office of the United States Trustee and the Court of his intention, and his resignation shall not be effective until the Court has appointed a successor. The Distribution Agent shall be entitled to compensation without approval by the Bankruptcy Court.

2.7. Post-Confirmation Management.

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

Name	Position	Compensation
Dr. Randy Frederick	Chiropractor and President	\$50,400.00 Annual

2.8. Tax Consequences of the 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.

The following are the anticipated tax consequences of the Plan: The Debtor may realize cancellation of debt income to the extent of any debt forgiveness. To the extent there is cancellation of debt income, the same will reduce the Federal tax attributes of the Debtor's

operating loss carry-forwards and the tax bases of their assets; if cancellation of debt income exceeds these attributes, it will be exempt from tax. As of the date of this Combined Plan and Disclosure Statement, it is not known if the Debtor has any federal net operating loss carry forwards. Pursuant to the Plan, all of the Debtor's remaining assets other than those sold or abandoned prior to the Effective Date will remain with the Debtor.

It is believed that the Debtor's retention of its assets pursuant to the Plan will not constitute a taxable disposition of such assets. It is not known at the present time whether the retention of the Debtor's assets will result in any gain to the Debtor. If such a retention results in gain, it is not known at the present time whether the Debtor will have sufficient losses or loss carry forwards to offset that gain. If the retention results in gain and the Debtor does not have losses or loss carry forwards to offset that gain, the retention of such assets will result in federal income tax liability.

THE FOREGOING DISCUSSION IS INTENDED ONLY AS A SUMMARY OF CERTAIN UNITED STATES FEDERAL INCOME TAX CONSEQUENCES OF THE PLAN AND IS NOT A SUBSTITUTE FOR CAREFUL TAX PLANNING WITH A TAX PROFESSIONAL. THE ABOVE DISCUSSION IS FOR INFORMATIONAL PURPOSES ONLY AND IS NOT TAX ADVICE. THE TAX CONSEQUENCES ARE IN MANY CASES UNCERTAIN AND MAY VARY DEPENDING ON A HOLDER'S INDIVIDUAL CIRCUMSTANCES. ACCORDINGLY, HOLDERS ARE URGED TO CONSULT WITH THEIR TAX ADVISORS ABOUT THE FEDERAL, STATE, LOCAL AND FOREIGN INCOME AND OTHER TAX CONSEQUENCES OF THE PLAN.

2.9. Risk Factors/Mitigating Factors.

The Plan proposes payments over a period of 5 years. There are risks inherent in doing business and such risks are always present in a Plan dependent upon a future stream of income. The risks include the probability of loss inherent in any organization's operations and environment, such as competition and adverse economic conditions, that may impair its ability to provide returns on investment. Although, the Plan has minimized these risks by eliminating unnecessary expenses and maximizing its potential for profitability, there is no guarantee against the a reduction in the need for chiropractic services thereby limiting the future income stream of Chiroplus of Locust Lane, Inc.

ARTICLE 3 **FEASIBILITY OF PLAN**

The Bankruptcy 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.

3.1. Ability to Initially Fund Plan.

The Plan Proponent believes that the Debtor will have enough cash on hand on the Effective Date of the Plan to pay all the Claims and expenses that are entitled to be paid on that date. Tables showing the amount of cash on hand on the Effective Date of the Plan, and the sources of that cash, are attached hereto as **Exhibit E**.

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

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

The Plan Proponent has provided projected financial information. Those projections are listed in **Exhibit B**.

The Plan Proponent's financial projections show that the Debtor will have an aggregate annual average cash flow, after paying operating expenses and post-confirmation taxes, of \$10,740.00. The final Plan payment is expected to be paid on September 30, 2021.

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

ARTICLE 4
LIQUIDATION VALUATION

To confirm the Plan, the Bankruptcy Court must find that all Creditors and Equity Interest holders who do not accept the Plan will receive at least as much under the Plan as such Claimants and Equity Interest holders would receive in a Chapter 7 liquidation. A liquidation analysis is attached hereto as **Exhibit F**.

ARTICLE 5
DISCHARGE

On the Confirmation Date of this Plan, the Debtor will be discharged from any debt that arose before confirmation of this Plan, subject to the occurrence of the Effective Date, to the extent specified in § 1141(d)(1)(A) of the Code, except that the Debtor will not be discharged of any debt: (i) imposed by this Plan; (ii) of a kind specified in § 1141(d)(6)(A) if a timely complaint was filed in accordance with Rule 4007(c) of the Federal Rules of Bankruptcy Procedure; or (iii) of a kind specified in § 1141(d)(6)(B).

ARTICLE 6
GENERAL PROVISIONS.

6.1. Title to Assets.

Except as otherwise provided in the Plan or in the order confirming the Plan, (i) confirmation of the Plan vests all of the property of the estate in the Debtor, and (ii) after

confirmation of the Plan, the property dealt with by the Plan is free and clear of all Claims and Equity Interests of Creditors, equity security holders, and of general partners in the Debtor.

6.2. Binding Effect.

If the Plan is confirmed, the provisions of the Plan will bind the Debtor and all Creditors, whether or not they accept the Plan. The rights and obligations of any entity named or referred to in this Plan will be binding upon, and will inure to the benefit of the successors or assigns of such entity.

6.3. Severability.

If any provision in this Plan is determined to be unenforceable, the determination will in no way limit or affect the enforceability and operative effect of any other provision of this Plan.

6.4. Retention of Jurisdiction by the Bankruptcy Court.

The Bankruptcy Court shall retain jurisdiction of this case with regard to the following matters: (i) to make such orders as are necessary or appropriate to implement the provisions of this Plan and to resolve any disputes arising from implementation of the Plan; (ii) to rule on any modification of the Plan proposed under section 1127; (iii) to hear and allow all applications for compensation to professionals and other Administrative Expenses; (iv) to resolve all issues regarding Claims objections, and issues arising from the assumption/rejection of executory contracts or unexpired leases, and (v) to adjudicate any cause of action which may exist in favor of the Debtor, including preference and fraudulent transfer causes of action.

6.5. Captions.

The headings contained in this Plan are for convenience of reference only and do not affect the meaning or interpretation of this Plan.

6.6. Modification of Plan.

The Plan Proponent may modify the Plan at any time before confirmation of the Plan. However, the Bankruptcy Court may require a new disclosure statement and/or re-voting on the Plan.

The Plan Proponent may also seek to modify the Plan at any time after confirmation only if (1) the Plan has not been substantially consummated *and* (2) the Bankruptcy Court authorizes the proposed modifications after notice and a hearing.

6.7. Final Decree.

Once the estate has been fully administered, as provided in Rule 3022 of the Federal Rules of Bankruptcy Procedure, the Plan Proponent, or such other party as the Bankruptcy Court shall designate in the Plan Confirmation Order, shall file a motion with the

Bankruptcy Court to obtain a final decree to close the case. Alternatively, the Bankruptcy Court may enter such a final decree on its own motion.

ARTICLE 7 **ATTACHMENTS**

The following documents accompany the Combined Plan and Disclosure Statement [check those applicable, and list any other attachments here]:

- ☒ Debtor's Assets at Fair Market Value, annexed as **Exhibit A**.
- ☐ Debtor's Liabilities, annexed as Exhibit ____.
- ☒ Financial forecast for the Debtor, annexed as **Exhibit B**.
- ☐ Debtor's most recent financial statements issued before bankruptcy, annexed as Exhibit ____.
- ☒ Debtor's most recent post-petition operating report filed since the commencement of the Debtor's bankruptcy case, annexed as **Exhibit C**.
- ☒ Summary of the Debtor's periodic operating reports filed since the commencement of the Debtor's bankruptcy case, annexed as **Exhibit D**.
- ☐ Executory Contracts and Unexpired Leases, to be Assumed annexed as Exhibit ____.
- ☐ Executory Contracts and Unexpired Leases to be Assumed and Assigned, annexed as Exhibit ____.
- ☐ Executory Contracts and Unexpired Leases to be Rejected, annexed as Exhibit ____.
- ☒ Tables showing the amount of cash on hand as of the Effective Date, and the sources of that cash, annexed as **Exhibit E**.
- ☒ Liquidation Analysis, annexed as **Exhibit F**.

ARTICLE 8 **FREQUENTLY ASKED QUESTIONS**

What Is the Debtor Attempting to Do in Chapter 11? Chapter 11 is the principal reorganization chapter of the Bankruptcy Code. Under Chapter 11, a debtor attempts to restructure the claims held against it. Formulation and confirmation of a plan of reorganization is the primary goal of Chapter 11. When reorganization is not feasible, however, a debtor may propose a liquidating plan under Chapter 11. The plan is the legal document which sets forth the manner and the means by which holders of claims against a debtor will be treated.

If the Plan of Reorganization Is the Document That Governs How a Claim Will Be Treated, Why Am I Receiving This Combined Plan and Disclosure Statement? In order to confirm a plan of reorganization, the Bankruptcy Code requires that a debtor solicit acceptances of a proposed plan, which it is doing with this Combined Plan and Disclosure Statement. If the creditors are satisfied with the information provided in the Plan and the terms of the Plan as proposed, and have voted for the Plan and returned the requisite number of ballots

to counsel for the Debtor, the Bankruptcy Court may confirm the Plan as proposed by the Debtor.

How Do I Determine Which Class I Am In? To determine the class of your claim or interest, you must first determine whether your claim is secured or unsecured. Your claim is secured if you have a validly perfected security interest in collateral owned by the Debtor. If you do not have any collateral, your claim is unsecured. The Table of Contents will direct you to the treatment provided to the class in which you are grouped. The pertinent section of the Plan dealing with that class will explain, among other things, who is in that class, what is the size of the class, what you will receive if the Plan is confirmed, and when you will receive what the Plan has provided for you if the Plan is confirmed. Article II, Paragraph 2.2 lists all classes of claimants and their types of claims.

Why Is Confirmation of a Plan of Reorganization Important? Confirmation of the Plan is necessary because if the Plan is confirmed, the Debtor and all of its creditors are bound by the terms of the Plan. If the Plan is not confirmed, the Debtor may not pay creditors as proposed in the Plan while the Debtor remains in bankruptcy.

What Is Necessary to Confirm a Plan of Reorganization? Confirmation of the Plan requires, among other things, the vote in favor of the Plan of two-thirds in total dollar amount and a majority in number of claims actually voting in each voting class. If the vote is insufficient, the Bankruptcy Court can still confirm the Plan, but only if certain additional elements regarding the ultimate fairness of the Plan to the creditors are shown.

Am I Entitled to Vote on the Plan? Any creditor of the Debtor whose claim is IMPAIRED under the Plan is entitled to vote, if either (i) the creditor's claim has been scheduled by the Debtor and such claim is not scheduled as disputed, contingent, or unliquidated, or (ii) the creditor has filed a proof of claim on or before the last date set by the Bankruptcy Court for such filings. Any claim to which an objection has been filed (and such objection is still pending) is not entitled to vote, unless the Bankruptcy Court temporarily allows the creditor to vote upon the creditor's motion. Such motion must be heard and determined by the Bankruptcy Court prior to the date established by the Bankruptcy Court to confirm the Plan.

How Do I Determine Whether I Am in an Impaired Class? Article II, Paragraph 2.2 of the Plan identifies the classes of creditors whose claims are impaired. If your claim is impaired, your vote will be considered by the Bankruptcy Court.

When Is the Deadline by Which I Need to Return My Ballot? The Plan is being distributed to all claim holders for their review, consideration and approval. The deadline by which ballots must be returned is . Ballots should be mailed to the following address: Henry W. Van Eck, Esquire, Mette, Evans & Woodside, 3401 North Front Street, Harrisburg, PA 17110

How Do I Determine When and How Much I Will Be Paid? In Article II, Paragraph 2.2, the Debtor has provided both written and financial summaries of what it anticipates each class of creditors will receive under the Plan.

ARTICLE 9 **DEFINITIONS**

The definitions and rules of construction set forth in §§ 101 and 102 of the Bankruptcy Code shall apply when terms defined or construed in the Code are used in this Plan. The definitions that follow that are found in the Code are for convenience of reference only, and are superseded by the definitions found in the Code.

9.1. **Administrative Claimant:** Any person entitled to payment of an Administration Expense.

9.2. **Administrative Convenience Class:** A class consisting of every unsecured claim that is less than or reduced to an amount that the Bankruptcy Court approves as reasonable and necessary for administrative convenience.

9.3. **Administrative Expense:** Any cost or expense of administration of the Chapter 11 case entitled to priority under Section 507(a)(2) of the Code and allowed under Section 503(b) of the Code, including without limitation, any actual and necessary expenses of preserving the Debtor's estate, any actual and necessary expenses incurred following the filing of the bankruptcy petition by the Debtor-in-Possession, allowances of compensation or reimbursement of expenses to the extent allowed by the Bankruptcy Court under the Bankruptcy Code, and any fees or charges assessed against any of the Debtor's estates under Chapter 123, Title 28, United States Code.

9.4. **Administrative Tax Claim:** Any tax incurred pursuant to Section 503(b)(1)(B) of the Code.

9.5. **Allowed Claim:** Any claim against the Debtor pursuant to Section 502 of the Code to the extent that: (a) a Proof of Claim was either timely filed or was filed late with leave of the Bankruptcy Court or without objection by the Debtor, and (b) as to which either (i) a party in interest, including the Debtor, does not timely file an objection, or (ii) is allowed by a Final Order.

9.6. **Allowed Priority Tax Claim:** A Priority Tax Claim to the extent that it is or has become an Allowed Claim, which in any event shall be reduced by the amount of any offsets, credits, or refunds to which the Debtor or Debtor-in-Possession shall be entitled on the Confirmation Date.

9.7. **Allowed Secured Claim:** Allowed Secured Claims are claims secured by property of the Debtor's bankruptcy estate (or that are subject to setoff) to the extent allowed as secured claims under § 506 of the Code

9.8. **Allowed Unsecured Claim:** An Unsecured Claim to the extent it is, or has become, an Allowed Claim, which in any event shall be reduced by the amount of any offsets, credits, or refunds to which the Debtor or Debtor-in-Possession shall be entitled on the Confirmation Date.

9.9. **Bankruptcy Code or Code:** The Bankruptcy Reform Act of 1978, as amended and codified as Title 11, United States Code.

9.10. **Bankruptcy Court:** The United States Bankruptcy Court for the Middle District of Pennsylvania.

9.11. **Bankruptcy Rules:** The Federal Rules of Bankruptcy Procedure.

9.12. **Cash:** Cash, cash equivalents and other readily marketable securities or instruments issued by a person other than the Debtor, including, without limitation, readily marketable direct obligations of the United States of America, certificates of deposit issued by banks and commercial paper of any entity, including interest accrued or earned thereon.

9.13. **Chapter 11 Case:** This case under chapter 11 of the Bankruptcy Code in which Chiroplus of Locust Lane, Inc. is the Debtor-in-Possession.

9.14. **Claim:** Any “right to payment from the Debtor whether or not such right is reduced to judgment, liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, legal, equitable, secured or unsecured; or any right to an equitable remedy for future performance if such breach gives rise to a right of payment from the Debtor, whether or not such right to an equitable remedy is reduced to judgment, fixed, contingent, matured, disputed, undisputed, secured or unsecured.” 11 U.S.C. § 101(5).

9.15. **Class:** A category of holders of claims or interests which are substantially similar to the other claims or interests in such class.

9.16. **Committee:** Any Committee of Creditors appointed by the United States Trustee in the chapter 11 case pursuant to Section 1102 of the Bankruptcy Code.

9.17. **Confirmation:** The entry by the Bankruptcy Court of an order confirming this Combined Plan and Disclosure Statement.

9.18. **Confirmation Date:** The Date upon which the Bankruptcy Court shall enter the Confirmation Order; provided however, that if on motion the Confirmation Order or consummation of the Plan is stayed pending appeal, then the Confirmation Date shall be the entry of the Final Order vacating such stay or the date on which such stay expires and is no longer in effect.

9.19. **Confirmation Hearing:** The hearing to be held on _____, 2016 to consider confirmation of the Plan.

9.20. **Confirmation Order:** An order of the Bankruptcy Court or any amendment thereto confirming the Plan in accordance with the provisions of chapter 11 of the Bankruptcy Code.

9.21. **Creditor:** Any person who has a Claim against the Debtor that arose on or before the Petition Date.

9.22. **Debtor and Debtor-in-Possession:** Chiroplus of Locust Lane, Inc., the debtor-in-possession in this Chapter 11 Case.

9.23. **Disputed Claim:** Any claim against the Debtor pursuant to Section 502 of the Code that the Debtor has in any way objected to, challenged or otherwise disputed.

9.24. **Distributions:** The property required by the Plan to be distributed to the holders of Allowed Claims.

9.25. **Effective Date:** The Effective Date of this Plan is the first business day following the date that is fourteen days after the entry of the order of confirmation. If, however, a stay of the confirmation order is in effect on that date, the Effective Date will be the first business day after the date on which the stay of the confirmation order expires or is otherwise terminated.

9.26. **Equity Interest:** An ownership interest in the Debtor.

9.27. **Executory Contracts:** All unexpired leases and executory contracts as described in Section 365 of the Bankruptcy Code.

9.28. **Final Order:** An order or judgment of the Bankruptcy Court that has not been reversed, stayed, modified or amended and as to which (a) any appeal that has been taken has been finally determined or dismissed, or (b) the time for appeal has expired and no notice of appeal has been filed.

9.29. **IRC:** The Internal Revenue Code.

9.30. **New Equity Owner:** Individual with the exclusive right to receive new stock in exchange for the total consideration of \$2,000.00. The individual is Dr. Randy Frederick. Dr. Frederick is currently the sole equity owner and officer of the Debtor.

9.31. **Petition Date:** December 10, 2014, the date the chapter 11 petition for relief was filed.

9.32. **Plan:** This Combined Plan and Disclosure Statement, either in its present form or as it may be altered, amended, or modified from time to time.

9.33. **Plan Proponent:** The individual or entity that has filed this Combined Plan and Disclosure Statement.

9.34. **Priority Tax Claim:** Any Claim entitled to priority in payment under Section 507(a)(8) of the Bankruptcy Code.

9.35. **Reorganized Debtor:** The Debtor after the Effective Date.

9.36. **Schedules:** Schedules and Statement of Financial Affairs, as amended, filed by the Debtor with the Bankruptcy Court listing liabilities and assets.

9.37. **Secured Creditor:** Any creditor that holds a Claim that is secured by property of the Debtor.

9.38. **Unsecured Creditor:** Any Creditor that holds a Claim in the Chapter 11 case which is not a secured Claim.

Respectfully submitted,

CHIROPLUS OF LOCUST LANE, INC.

s/ Randy Frederick

Date: September 30, 2016

By: _____
Randy Frederick, President

Counsel for Debtor:

s/ Henry W. Van Eck

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