

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

In Re: WGC, Inc.,)
)
 Debtor.)
)
) Chapter 11
)
) Honorable Thomas P. Agresti

**DISCLOSURE STATEMENT
TO ACCOMPANY PLAN DATED JANUARY 20, 2017**

Debtor furnishes this disclosure statement to creditors in the above-captioned matter pursuant to Bankruptcy Code §1125 to assist them in evaluating Debtor’s proposed Chapter 11 plan, a copy of which is attached hereto. Creditors may vote for or against the plan of reorganization. Creditors who wish to vote must complete their ballots and return them to the following address before the deadline noted in the order approving the disclosure statement and fixing time. The Court will schedule a hearing on the plan pursuant to 11 U.S.C. §1129.

Address for return of ballots:

Brian C. Thompson, Esquire
Thompson Law Group, P.C.
125 Warrendale-Bayne Road, Suite 200
Warrendale, Pennsylvania 15086

I. Background

1. Name of Debtor

WGC, Inc.

2. Type of Debtor

Debtor is a business incorporated in the Commonwealth of Pennsylvania.

3. Debtors’ Business or Employment

The Debtor operate an 18-hole golf course in Reno, Pennsylvania known as “Wanango Golf Club.”

4. Date of Chapter 11 Filing:

Debtor filed for Chapter 11 Bankruptcy on April 13, 2016.

5. Events that Caused the Filing:

The Debtor initiated these Chapter 11 cases to reorganize business debts after becoming financially distressed as a result of a loss of work contracts.

6. Anticipated Future of the Debtors & Source of this Information and Opinion:

The Plan is to be implemented by the sale of all assets of the Debtor to the “W” Club of Reno, Inc. or other Qualified Bidder, pending Court Approval. The “W” Club of Reno, Inc. has offered \$500,000.00 to buy the assets of Debtor WGC, Inc. and Debtor HMF Golf, Inc. Bankruptcy Case No. 16-10347-TPA. The purchase price submitted by the “W” Club is not itemized; there is no indication of which portion of the price should be attributed to the sale of WGC Inc.’s assets. Although Debtor WGC Inc. has additional unsecured creditors, both Debtors owe secured debts to creditor Northwest Savings Bank, which maintains a first position lien on all assets of both debtors, and to Wells Fargo Bank, N.A., which maintains a second position lien on all assets of both Debtors. The sale proceeds would be used to pay the secured claim of Northwest Savings Bank and the remainder would be used to pay a portion of the Wells Fargo claim.

7. Summarize all Significant Features of the Plan Including When and How Each Class of Creditor Will Be Paid and What, If Any, Liens Will Be Retained By Secured Creditors or Granted to Any Creditor Under the Plan

A. Class 1, Administrative Claims (Unimpaired).

a. Class 1 – United States Trustee (Unimpaired). The quarterly fees of the United States Trustee will be paid as they become due. These fees include U.S. Trustee quarterly fees in the estimated amount of \$5,205.56.

b. Class 1 – Attorney Fees - Counsel fees approved by the Court will be in full on the Plan Effective Date, subject to Court approval.

c. Class 1 – All Other Administrative Claims – All other Administrative Claims shall be paid in full as of the Plan effective date, if possible, or as soon thereafter as practicable.

B. Class 2, Secured Claim of Northwest Savings Bank (Claim No. 4) (Impaired).

The secured claim of Northwest Savings Bank in the amount of \$436,301.00 is secured as a first position lien against the business assets of the Debtor, and shall be paid out of the sale proceeds on the Plan Effective Date, subject to a carve-out for administrative expenses in the amount of \$25,000.00.

C. Class 3 – Class 3, Secured Claims of Wells Fargo Bank, N.A. (Impaired)

The secured claim of Wells Fargo Bank, N.A. in the amount of \$261,711.85 is secured as a second position lien against the business assets of the Debtor and shall be paid out of the remainder of the sale proceeds, in the approximate amount of \$63,699.00. The amount of the claim not paid by the sale proceeds, in the approximate amount of \$198,012.85 will be treated as an unsecured claim.

D. Class 4, Priority Unsecured Claims (Impaired).

a. Class 4 – Internal Revenue Service (Claim No. 3) (Impaired).

The unsecured priority claim of the Internal Revenue Service for FUTA taxes in the amount of \$12,812.54 will receive \$0.00 from the proposed sale and under this proposed plan.

b. Class 4 – PA Dept. of Revenue (Claim No. 2).

The unsecured priority claim of the PA Dept. of Revenue for taxes in the total amount of \$5,311.60 will receive \$0.00 from the proposed sale and under this proposed plan.

c. Class 4 – PA. Dept. of Labor & Industry (Claim No. 1).

The unsecured priority claim of the Pa Dept. of Labor and Industry in the total amount of \$1,724.90 will receive \$0.00 from the proposed sale and under this proposed plan.

E. Class 5 – Unsecured Claims (Impaired).

The Class 5 claims will receive \$0.00 from the proposed sale and under this proposed plan.

8. Are All Monthly Operating Statements Current and on File with the Clerk of Court?

Yes No

If Not, Explain:

9. Does the plan provide for releases of non-debtor parties? Specify which parties and terms of release.

No.

10. Identify all executory contracts that are to be assumed, assumed and assigned, or rejected.

In accordance with sections 365(a) and 1123(b)(2) of the Bankruptcy Code, all executory contracts and unexpired leases that have not been assumed or assumed and assigned as of the Confirmation Date will be deemed rejected by the Debtors as of the Confirmation Date unless otherwise provided for herein.

The golf cart lease between Debtor WGC, Inc. and Club Car, Inc. is specifically rejected.

11. Has a bar date been set?

Yes, October 11, 2016 for governmental units and September 15, 2016 for all other creditors or parties in interest.

12. Has an election under 11 U.S.C. §1121(e) been filed with the Court to be treated as a small business?

Yes _____ No x

13. Specify property that will be transferred subject to 11 U.S.C. §1146.

Substantially all assets of Debtor WGC, Inc. will be transferred prior to the confirmation of the plan, pending Court approval.

II. Creditors

A. Secured Claims

Creditor	Total Amount Owed (Estimated or claimed)	Arrearages	Type of Collateral Priority of Lien	Disputed Liquidated Unliquidated	Will Liens be Retained Under the Plan (Y) or (N)
Northwest Savings Bank	\$436,301.00	\$10,932.69	First Position Lien on Business Assets		N. Lien transferred to sale proceeds
Wells Fargo Bank, N.A.	\$261,711.85	\$0.00	Second Position Lien on Business Assets		N. Lien transferred to sale proceeds
IRS	\$237,423.64	\$0.00	Unsecured Lien on all property of the Debtors		N. Lien is unsecured and claim will be treated as General Unsecured under the Plan
Pa. Dept. of L&I	\$65,017.68	\$0.00	Unsecured Lien on all property of the Debtors		N. Lien is unsecured and claim will be treated as General Unsecured under the Plan
Total	\$1,000,454.17				

B. Unsecured Claims

- 1. Amount Debtors Scheduled (Disputed and Undisputed) \$ 165,985.70
- 2. Amount of Unscheduled Unsecured Claims¹ \$ 501,704.06

¹ Includes a.) unsecured claims filed by unsecured creditors; b.) that portion of any unsecured claim filed by a scheduled creditor that exceeds the amount debtor scheduled; and c.) any unsecured portion of any secured debt not previously scheduled.

3.	Total Claims Scheduled or Filed	\$ 667,689.76
4.	Amount Debtor Disputes (Investigation not complete)	\$ 0.00
5.	Estimated Allowable Unsecured Claims	\$ 667,689.76

C. Other Classes of Creditors - Priority

1.	Amount Debtor Scheduled (Disputed and Undisputed)	\$ 51,009.51
2.	Actual Amount of Priority Claims	\$ 19,849.03
3.	Total Claims Scheduled or Filed	\$ 19,849.03
4.	Amount Debtor Disputes	\$ 0.00
5.	Estimated Allowable Priority Claims	\$ 19,849.03

D. Other Classes of Interest Holders

1.	Amount Debtor Scheduled (Disputed and Undisputed)	\$0.00
2.	Amount of Unscheduled Unsecured Claims	\$0.00
3.	Total Claims Scheduled or Filed	\$0.00
4.	Amount Debtor Disputes	\$0.00
5.	Estimated Allowable Unsecured Claims	\$0.00

III. Assets

Assets	Value	Basis for Value Priority of Lien	Name of Lienholder (if any) (Fair Market Value/Book Value)	Amount of Debtor's Equity (Value Minus Liens, but not considering exemptions)
Office Equipment: tables, desks & chairs, televisions, new locks and Western Finance Equipment)	\$6,583.00	Debtor's opinion/estimation	1) Northwest Savings Bank 2) Wells Fargo Bank, N.A.	\$0.00
Food & Beverage Equipment	\$10,100.00	Debtor's opinion/estimation	1) Northwest Savings Bank 2) Wells Fargo Bank, N.A.	\$0.00
Golf Course Maintenance Equipment	\$28,070.00	Debtor's opinion/estimation	1) Northwest Savings Bank 2) Wells Fargo Bank, N.A.	\$0.00
Inventory (Pro Shop and Bar)	\$13,188.46	Debtor's opinion/estimation	1) Northwest Savings Bank 2) Wells Fargo Bank, N.A.	
Accounts Receivable	\$17,981.75	Current MOR	1) Northwest Savings Bank 2) Wells Fargo Bank, N.A.	\$0.00
Practice Range	\$500.00	Debtor's	1) Northwest	\$0.00

Equipment		opinion/estimation	Savings Bank 2) Wells Fargo Bank, N.A.	
Other Equipment (bunker rake, vacuum, water pump, 2 oil heaters, cash registers, and kegerator)	\$2,350.00	Debtor's opinion/estimation	1) Northwest Savings Bank 2) Wells Fargo Bank, N.A.	\$0.00
Hand Mowers and Putting Green Mower	Unknown	Debtor's opinion/estimation	1) Northwest Savings Bank 2) Wells Fargo Bank, N.A.	Unknown
Liquor License	\$30,000.00	Debtor's opinion/estimation	1) Northwest Savings Bank 2) Wells Fargo Bank, N.A.	\$0.00
Wanango Golf Club Logo	Unknown	Debtor's opinion/estimation	1) Northwest Savings Bank 2) Wells Fargo Bank, N.A.	Unknown
Total	\$108,773.21			\$0.00

- Are any assets which appear on Schedule A or B of the bankruptcy petition or subsequent amendments not listed above?
No.
- Are any assets listed above claimed as exempt?
No.

IV. Summary of Plan

- Effective Date of Plan: Within thirty (30) days of the date of the confirmation order.
- Will cramdown be sought? Yes, only if necessary due to a failure to obtain enough votes accepting the Plan.
- Treatment of Claims under Proposed Plan:

SECURED NON-TAX CLAIMS

Name of Creditor	Class	Amount Owed	Summary of Proposed Treatment
<u>Northwest Savings Bank</u>	<u>2</u>	<u>\$436,301.00</u> <u>Approximately</u>	To be paid according to terms in the Plan
<u>Wells Fargo Bank, N.A.</u>	<u>3</u>	<u>\$261,711.85</u> <u>Approximately</u>	To be paid according to terms in the Plan
Total:		\$698,012.86	

- Treatment of Secured Tax Claims

SECURED TAX CLAIMS

Name of Creditor	Class	Amount Owed	Summary of Proposed Treatment
None			

5. Treatment of Administrative Non-Tax Claims²

ADMINISTRATIVE NON-TAX CLAIMS

Name of Creditor	Amount Owed	Type of Debt	Summary of Proposed Treatment and Date of First Payment
Thompson Law Group, P.C.	\$25,000.00 Approximately	Attorney for the Debtor – legal fees	To be paid in full from the sale proceeds of the business assets, as a carve-out from the amount to be paid to Northwest Savings Bank
U.S. Trustee	\$5,205.56	U.S. Trustee Fees	To be paid in full from the sale proceeds
TOTAL	\$30,205.56		

*Identify and Use Separate Line for Each Professional and Estimated Amount of Payment

**Type of Debt (P=Professional, TD=Trade, TX=Tax)

6. Treatment of Administrative Tax Claims

ADMINISTRATIVE TAX CLAIMS

Name of Creditor*	Amount Owed	Type of Debt**	Summary of Proposed Treatment and Date of First Payment
None			

7. Treatment of Priority Non-Tax

PRIORITY NON-TAX CLAIMS

None.

8. Treatment of Priority Tax Claims³

PRIORITY TAX CLAIMS

Name of Creditor	Class	Amount Owed	Date of Assessment	Summary of Proposed Treatment
Internal Revenue Service	4	\$12,812.54		To be paid according to statutory requirements.
PA Department of Revenue	4	\$5,311.60		To be paid according to statutory requirements.
Pennsylvania Dept. of Labor and Ind.	4	\$1,724.89		To be paid according to statutory requirements.
Total		\$19,849.03		

9. Treatment of General Unsecured Non-Tax Claims

² Include all § 503(b) administrative claims³ Include dates when any § 507(a)(7) taxes were assessed.

GENERAL UNSECURED NON-TAX CLAIMS

Creditor	Class	Total Amount Owed	Percent of Dividend
Acushnet	5	\$6,626.77	0% estimated
Becky S. Klapac	5	\$80.90	0% estimated
C.S. Technologies	5	\$37.71	0% estimated
Carter Lumber	5	\$44.87	0% estimated
Explore Your Town, Inc.	5	\$358.60	0% estimated
GC Supply Inc.	5	\$127,777.07	0% estimated
Goss Gas	5	\$21.20	0% estimated
Hibu	5	\$166.84	0% estimated
Katie Rial	5	\$12,722.86	0% estimated
Penelec	5	\$1,054.54	0% estimated
Reinhart Food Service	5	\$1,075.90	0% estimated
Richar & Associates	5	\$4,385.00	0% estimated
Strategic Value Media	5	\$495.00	0% estimated
Svetz Energy Service	5	\$386.00	0% estimated
Tiger Scorecard	5	\$1,097.84	0% estimated
Time Warner Cable	5	\$255.52	0% estimated
Warren Times Observer	5	\$462.08	0% estimated
Western Penn. Golf Assn.	5	\$4,080.00	0% estimated
Williams Ins. Agency, Inc.	5	\$4,857.00	0% estimated
Wells Fargo Bank, N.A.	5	\$198,012.85	0% estimated
Total		\$363,998.55	

10. Treatment of General Unsecured Tax Claims

GENERAL UNSECURED TAX CLAIMS

Creditor	Class	Total Amount Owed	Percent of Dividend
IRS (Claim No. 3)	5	\$237,423.64	1.0% estimated
PA Dept. of Revenue (Claim No. 2)	5	\$1,249.89	1.0% estimated
PA Dept. of L&I (Claim No. 1)	5	\$65,017.68	1.0% estimated
Total		\$303,691.21	

11. Will Periodic payments be made to unsecured creditors?

Yes _____ No X .

If so:

Amount of each payment (aggregate to all unsecured claimants): N/A
 Estimated date of first payment: N/A
 Time period between payments: N/A
 Estimate date of last payment: N/A
 Contingencies, if any: N/A

State source of funds for planned payments, including funds necessary for capital replacement, repairs, or improvements: Source of funds for plan payments will be derived from proceeds of the sale of Debtor’s assets.

Other significant features of the plan:

Include any other information necessary to explain this plan:

V. Comparison with Chapter 7 Liquidation

If Debtor’s proposed plan is not confirmed, the potential alternatives would include proposal of a different plan, dismissal of the case or conversion of the case to Chapter 7. If this case is converted to Chapter 7, a trustee will be appointed to liquidate the debtor’s non-exempt assets. In this event, all secured claims and priority claims, including all expenses of administration, must be paid in full before any distribution is made to unsecured claimants.

Total value of Chapter 7 estate (See Section III)	\$ 108,773.21
1. Less secured claims of \$ 1,000,454.17 (See II)	\$ 0.00
2. Less exemptions from Schedule C (None)	\$ 0.00
3. Less administrative expenses of \$30,205.56 (See IV) (estimated and not including costs of sale/liquidation).	\$ 0.00
4. Less other priority claims (See IV) of \$19,849.03	\$ 0.00
 Total Amount Available for Distribution to Unsecured Creditors:	 \$ 0.00
 Divided by total allowable unsecured claims of (See Section II B)	 \$ 0.00
 Percentage of Dividend to Unsecured Creditors:	 0%

Will the creditors fare better under the plan than they would in a Chapter 7 liquidation?

Yes X No _____

Explain: Liquidation under chapter 7 would result in smaller distributions and possibly no distributions to some creditors, as the case may be, compared to those distributions provided for in this Plan because of the costs and fees of administering a liquidation of Debtor’s assets. The Plan not only preserves the best value of the Estate, it also provides for the most effective and efficient disposition and administration of the Debtor’s assets. The likelihood of no other claims being paid, except for some secured claims, is very likely under this scenario.

VI. Feasibility

- A. If prepared, Income Statements for Prior 12 Months are available on the Court Docket.
- B. If Prepared, Cash Flow Statements for Prior 12 months are available on the Court Docket.
- C. Cash Flow Projections for the next 12 months are unavailable at this time, as all income-producing assets of the Debtor will be under new management.

Estimated amount to be paid on effective date of plan, including administrative expenses.

\$505,205.56

Show how this amount was calculated.

\$ 25,000.00	Administrative Class (estimated)
\$ 411,301.00	Northwest Savings Bank
TBD at closing	Wells Fargo Bank, N.A.
\$ 5,205.56	U.S. Trustee
\$ 0.00	General Unsecured Creditors (Divided Pro-Rata)
<hr/>	
\$ 505,205.56	Total

What assumptions are made to justify the increase in cash available for the funding of the plan? A sale of substantially all of the Debtors' assets

Cash on hand (\$8,040.98)	Current MOR
Cash on hand \$0.00	(Estimated amount available on date of confirmation)

Will funds be available in the full amount for administrative expense on the effective date of the plan? Yes
 From what source? Carve-out of Northwest Bank's amount received from the sales proceeds.
 If not available, why not and when will payments be made? N/A.

VII. Management Salaries

MANAGEMENT SALARIES

Position/Name of Person Holding Position	Salary at Time of Filing	Proposed Salary (Post-Confirmation)
N/A		N/A

VIII. Identify the Effect on Plan Payments and Specify Each of the Following:

1. What, if any, Litigation is pending? None at this time
2. What, if any, Litigation is Proposed or Contemplated? None at this time

IX. Additional Information and Comments

X. Certification

The undersigned hereby certifies that the information herein is true and correct to the best of my knowledge and belief formed after reasonable inquiry.

Date: January 20, 2017

/s/Brian C. Thompson
 Brian C. Thompson, Esquire
 PA-91197
 THOMPSON LAW GROUP, P.C.

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