

IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE DISTRICT OF PUERTO RICO

<b>IN RE:</b>  <b>GUSTAVO ARANGO, INC.</b>  <b>Debtor</b>
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**CASE NO. 16-05118 (BKT)**

**CHAPTER 11**

**DEBTOR'S DISCLOSURE STATEMENT AND  
SUMMARY OF PROPOSED PLAN OF REORGANIZATION**

**ARTICLE 1. INTRODUCTION**

- 1.0 DEFINITIONS
- 1.1 BANKRUPTCY CODE PROVISIONS FOR POST PETITION DISCLOSURE
- 1.2 DISCLAIMER
- 1.3 VOTING REQUIREMENTS
- 1.4 DEBTOR'S HISTORY
- 1.5 EVENTS LEADING TO BANKRUPTCY
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- 1.8 FINANCIAL INFORMATION
- 1.0 DEFINITIONS**

For purposes of this disclosure statement, and to the extent not otherwise provided herein, all capitalized terms below shall have the meanings set forth in the Plan of Reorganization proposed by the Debtor of even date herewith and, unless otherwise indicated, the singular shall include the plural, and any term used in this disclosure statement which is not defined in the Plan of Reorganization, but which is defined in the Bankruptcy Code (11 U.S.C.), shall have the meaning designated in the Bankruptcy Code.

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### **1.1 BANKRUPTCY CODE PROVISIONS FOR POST PETITION DISCLOSURE**

Section 1125 of the Bankruptcy Code requires that a debtor make post-petition disclosure in the form of disclosure statement which provides “adequate information” to its creditors before a debtor or a party acting on its behalf may solicit acceptances of a Chapter 11 plan of reorganization. Creditors are urged to consult with their own attorney, or with each other, and to review all of the pleadings and other documents on file with the Bankruptcy Court in order to fully understand the disclosure made herein, regarding the Debtor’s proposed plan of reorganization (hereafter referred to as the “Plan”) and any other pertinent matters in this case.

### **1.2 DISCLAIMER**

Creditors are advised that the financial information contained in this Disclosure Statement has not been the object of an audit and is not certified by independent public accountants, except where expressly stated otherwise. The Debtor does not warrant or intends to represent that the information contained herein is without inaccuracy notwithstanding its efforts to disclose all matters with careful attention to accuracy and completeness.

The Debtor does not authorize any representation concerning the Debtor, and/or any other statement relative to it, different from, or not included in this Disclosure Statement. A creditor in deciding how to vote for the Plan should not rely on any representation or inducement that might be made to influence in the acceptance or rejection of the Plan.

### **1.3 VOTING REQUIREMENTS**

In order for the Plan to be confirmed by the Bankruptcy Court, the Bankruptcy Code requires that the Plan be approved by all classes of creditors and interest holders or that the Court finds that the Plan is “fair and equitable” as to any dissenting class.

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As provided by 11 U.S.C. §1124, a class of claims or interests is impaired under a plan unless, with respect to each claim or interest of such a class, the plan-

- (1) leaves unaltered the legal, equitable, and contractual rights to which such claim or interest entitles the holder of such claim or interest; or
- (2) notwithstanding any contractual provision or applicable law that entitles the holder of such claim or interest to demand or receive accelerated payment of such claim or interest after the occurrence of a default –
  - A. cures any such default that occurred before or after the commencement of the case under this title, other than a default of a kind specified in section 365(b)(2) of this title;
  - B. reinstates the maturity of such claim or interest as such maturity existed before such default;
  - C. compensates the holder of such claim or interest for any damages incurred as a result of any reasonable reliance by such holder on such contractual provision or such applicable law; and
  - D. does not otherwise alter the legal, equitable, or contractual rights to which such claim or interest entitles the holder of such claim or interest.

Ordinarily, but not in all circumstances, a plan may not be confirmed unless at least one impaired class, assuming there is at least one impaired class, accepts the plan.

A class has accepted the plan if such a plan has been accepted by creditors, other than those under 11 U.S.C. §1126 (e), that hold at least two-thirds (2/3) in amount and more than one-half (1/2) in number of the allowed claims of such class held by creditors, that have accepted or rejected such plan, i.e., those actually voting on the plan.

Creditors may vote for the acceptance or for the rejection of the plan.

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Each creditor is urged to consult with its own attorney and obtain advice on the proposals and dispositions of this Disclosure Statement and the Plan. The statements contained herein are only a brief summary of the confirmation process and should not be relied upon in making your determination as to whether to vote in favor of or against the Plan. Creditors should consult their attorneys before making a determination to vote for or against the Plan.

Creditors are expressly referred to the Debtor's Schedules of Assets and Liabilities, the Statement of Financial Affairs and all other documents duly filed in this case with the Bankruptcy Court. This Disclosure Statement is predicated upon certain assumptions that may not materialize, and you are urged to give consideration to such assumptions.

No representation concerning the Debtor or as to the actual or realizable value of its property, are authorized by the Debtor other than as set forth in this Disclosure Statement. Any amendments or clarifications to this Disclosure Statement or the Plan shall be in writing and filed with the Court.

#### **1.4 DEBTOR'S HISTORY**

The Debtor is a corporation organized under the laws of the Commonwealth of Puerto Rico on January 23, 1990. The Debtor was created by Mr. Gustavo A. Arango, a prestigious fashion designer with over thirty years of experience in the fashion and haute couture industry. Mr. Arango commenced his career since a very early age, earning a degree from the New York Fashion Institute of Technology (F.I.T.) and thereafter working early on in his career with Pierre Balmain and Bill Blass, among others. This unique experience allowed Mr. Arango to develop his own brand which would give rise to the business the Debtor is dedicated nowadays.

Debtor's main business is to design, manufacture and make haute couture designs tailored specially to its client's needs. The business of the Debtor is centered at its atelier and flagship store located at Ave. Roosevelt 1334, Puerto Nuevo, San Juan, P.R. 00920. The Gustavo Arango Atelier and Flagship Boutique opened in 2001. The distribution of the *Gustavo*

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bridge line and the *Gustavo Arango Couture Collection* is exclusive to the Flagship Boutique. Mr. Arango has dressed various celebrities such as Eva Longoria, Oprah Winfrey, Anne Hathaway, Miss Universe Zuleika Rivero, Alexandra Malagón, Roselyn Sánchez, and Adamari López, among others, who have worn his designs for important red carpet events. Furthermore, the Debtor provides exclusive designs to the customers who are seeking one of a kind pieces for special events.

#### **1.5 EVENTS LEADING TO BANKRUPTCY**

Even though the Debtor was having successful sales which provided a consistent income, the Debtor incurred in arrears in the payment of the sales tax to Hacienda. The Debtor's President had delegated all taxing matters to its prior accountant, who submitted returns which had to subsequently be amended by the Debtor's current accountants. On or about 2013 Debtor was able to establish a payment plan for this taxing obligation. It was Debtor's understanding that it had completed all of the payments under the payment plan on or about January 2016. Nevertheless, several months thereafter the Debtor received notice from Hacienda that a considerable amount was still owed. The Debtor disputed the amounts claimed by Hacienda, since it understood that if any amounts were owed, they were considerably lower. Hacienda requested immediate payment and did not provide viable payment alternative to the Debtor.

Therefore, in order to protect its assets, going concern and operations the Debtor had no other alternative than to request protection under the provisions of Chapter 11 of the Bankruptcy Code, so that it could provide an orderly payment all creditors, including Hacienda.

#### **1.6 DATE THE PETITION WAS FILED**

The Debtor submitted its petition for Bankruptcy under Chapter 11 of the Bankruptcy Code on June 28, 2016 (Docket No. 1) in order to protect the asset of the estate, preserve the operations and provide an orderly payment plan to all of its creditors. Since then, Debtor has

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performed all of its legal obligations as Debtor in Possession under the Bankruptcy Court and the Guidelines of the U.S. Trustee.

## **1.7 BANKRUPTCY PROCEEDINGS**

### **Schedules, Statement of Financial Affairs and Creditors' Meeting.**

On June 28, 2016, Debtor filed its Voluntary Petition under Chapter 11 with its List of Creditors Holding the 20 Largest Unsecured Claims and Corporate Resolution. The Schedules and Statement of Financial Affairs ("SOFA") were filed on July 12, 2016 (Docket No. 11). Thereafter the SOFA was amended on August 19, 2016. (Docket No. 26).

On August 5, 2016, the 341 Meeting of Creditors was held and closed. The minutes of the meeting were entered on the same date. (Docket No. 24). A Status Conference was held on October 12, 2016. (Docket No. 32).

### **II. Employment of Professionals**

The Debtor filed an application to employ its counsel, C. Conde and Assoc. on July 1, 2016. (Docket No. 6). On July 28, 2016, the application for employment was approved. (Docket No. 18).

On July 1, 2016 the Debtor also filed an application to employ the accountant Aida M. Escribano Ramallo of BDO Puerto Rico, PSC. (Docket No. 7). The Court approved the accountant's application for employment on July 28, 2016. (Docket No. 19).

### **III. Duties of the Debtor in Possession**

The Debtor has complied with all of its duties as a Debtor in Possession, including but not limited to the appearance at the meeting of creditors, the filing of all Monthly Operating Reports and timely payment of the Quarterly Fees to the U.S. Trustee.

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#### **IV. Other Matters:**

The Debtor listed that this is a small business bankruptcy case pursuant to section 101(51D) of the Bankruptcy Code. The Debtor submitted all the required documents required under Section 1116 of the Bankruptcy Code on July 20, 2016. (Docket No. 14).

#### **1.8 FINANCIAL INFORMATION**

Debtor's financial information previous to its bankruptcy petition is herein provided as **Exhibit 1**. Additionally, the information provided in the Schedules and Statement of Financial Affairs filed with the Court, reflect Debtor's financial situation on the date of the petition. The filed Monthly Operating Reports reflect the Debtor's post-petition finances. See **Exhibit 2**.

Debtor herein also urges creditors and parties in interest to review all documents available on file at the Bankruptcy Court, in order to make a conscious decision when voting for or against the proposed Plan of Reorganization.

### **ARTICLE II ASSETS AND LIABILITIES**

#### **2.1 REAL ESTATE**

Debtor is the owner of the following real property:

- a) Property located at Ave. Roosevelt 1334, Puerto Nuevo, San Juan, P.R. 00920. This property, along with the structure, has approximately 3,865.19 square meters. The Debtor listed this property with a value of \$800,000.00 in its Schedules. There is no recent appraisal for this property. Its legal description in the Spanish language is as follows:

-URBANA: Solar marcado con el Número Quince (15) del Bloque "A" del plano de solares de la urbanización Reparto Fullana, radicada en el Barrio Monacillos del término municipal de Río Piedras con una cabida superficial de TRESCIENTOS NOVENTA PUNTO CER CERO (390.00) METROS CUADRADOS. Colinda por el NORTE, en trece punto cero cero (13.00) metros con la Avenida Roosevelt; por el SUR, en trece punto cero cero (13.00) metros con el Solar Número Catorce (14) del referido plano; por el ESTE, en treinta punto cero cero (30.00) metros con el

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Solar Número Diecisiete (17) del mencionado plano y por el OESTE, en treinta punto cero cero (30.00) metros con el Solar Número Trece del mencionado plano.

Enclava una casa de concreto armado, de una sola planta, que consta principalmente de tres (3) dormitorios, sala comedor, cocina, cuarto de baño, balcón y marquesina.

Finca Número nueve mil setecientos cuarenta (9,740), inscrita al folio treinta y ocho (38) vuelto, del tomo doscientos cincuenta y seis (256) de Monacillos, registro de la Propiedad de Puerto Rico, Sección San Juan III.

See Exhibit 3 Title Study

## **2.2 PERSONAL PROPERTY**

The Debtor's Personal property is detailed in Debtor's Schedules as of the petition date and are also provided in the Liquidation Analysis Section of this Disclosure Statement. (See Article IV below). Debtor's personal property primarily consists of cash on hand, accounts receivable, inventory, office furniture and equipment.

## **2.3 LIABILITIES:**

### **SECURED CREDITORS**

Debtor's creditor holding secured claims were listed as follows:

A. Banco Popular de Puerto Rico ("BPPR"), now Condado 3, LLC ("Condado"): The Debtor listed BPPR as a secured creditor in its Schedules, with a secured claim in the amount of \$626,737.00 and holding a first rank lien over Debtor's real estate property. After the filing of the bankruptcy petition the Debtor received notice that BPPR transferred its claim to Condado<sup>1</sup>. Thereafter, on August 1, 2016, Condado filed secured Claim #3 in the amount of \$727,386.42.

B. CRIM: The Debtor listed CRIM's claim as a secured claim in the total amount of \$4,649.33 on account of the property taxes over the real estate property at Ave. Roosevelt 1334, Puerto Nuevo, San Juan, P.R. 00920 belonging to the Debtor. As of

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<sup>1</sup> As of this date a transfer of claim has not been submitted with the Court as required by Rule 3001 of the Federal Rules of Bankruptcy Procedures.



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this date, CRIM has not filed a Proof of Claim. The Bar Date for governmental entities is December 27, 2016. If a different claim is timely filed the same shall be reconciled and provided treatment under the Plan.

#### **2.4 PRIORITIES**

The Debtor listed the Department of Treasury for the Commonwealth of Puerto Rico (“Hacienda”) as a disputed, contingent and unliquidated unsecured priority creditor in the total amount of \$285,723.74. As of this date, the Hacienda has not filed a Proof of Claim. The Bar Date for governmental entities is December 27, 2016. If a different claim is timely filed the same shall be reconciled and provided treatment under the Plan.

The Debtor listed the Internal Revenue Service (“IRS”) as a priority creditor in the amount of \$6,200.00. The IRS filed priority Claims # 1 and 2, both in the total amount of \$6,288.58 and asserting priority portion of \$5,930.00. These claims appear to be duplicate claims, which may be objected by the Debtor, if one of them is not voluntarily withdrawn by the creditor.

The other priority creditors listed by the Debtor was the Department of Labor for the Commonwealth of PR in the total amount of \$3,251.15 and the Municipality of San Juan in the amount of \$9,009.86. As of this date, these creditors have not filed a Proof of Claim. The Bar Date for governmental entities is December 27, 2016. If a different claim is timely filed the same shall be reconciled and provided treatment under the Plan.

#### **2.5 GENERAL UNSECURED CREDITORS**

General unsecured creditors were listed in Debtor’s Schedules in the total amount of \$19,775.17 consisting mainly of unsecured claims of governmental entities and utility claims. As of this date, these creditors have not filed a Proof of Claim. If a different claim is timely filed the same shall be reconciled and provided treatment under the Plan.

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**ARTICLE III  
PENDING LITIGATION**

As of the filing of the bankruptcy petition there were no pending litigations to which the Debtor was a party. Please refer to SOFA, Part 3, item 7. Should a creditor file a claim on account of any pending litigation, the same will be considered as a general unsecured claim of the Debtor and provided treatment under the Plan.

**ARTICLE IV  
LIQUIDATION ANALYSIS**

One requirement for the confirmation of a plan under Chapter 11 of the Code is that with respect to each impaired class of claims, each claim holder of such class has accepted the plan or will receive or retain under the plan on account of such allowed claim, a value as of the effective date of the plan, that is not less than the amount such claim holder would receive or retain if the debtor were liquidated under Chapter 7 of the Code, on such date. The liquidation analysis attached as **Exhibit 4** shows a liquidation value of 0%. The Debtor is proposing a 10% payment to unsecured claims. Debtor contends that this amount is substantially more than what all creditors would receive under a liquidation scenario in Chapter 7.

For the purpose of determining a liquidation value, the market value as of petition date has been adjusted using the experience of liquidation of assets under bankruptcy cases. Under Debtor's Plan of Reorganization, creditors will receive payment a 10% payment through the term of the Plan.

**ARTICLE V  
SUMMARY OF THE PLAN  
CLASSIFICATION AND TREATMENT OF CLAIMS**

**A. DESIGNATION OF CLASSES OF CLAIMS AND INTERESTS**

The Plan has been drafted designating seven (7) classes in accordance with the provisions of 11 U.S.C. §1122 and §1123. All creditors and other parties in interest are urged

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to read and consider the Plan in full inasmuch as it represents a proposed legally binding agreement with the Debtor and any other party involved. The classes of creditors are as follows:

**CLASS 1 ADMINISTRATIVE CLAIMS**

This class shall consist of all allowed administrative expense priority claims, as provided under Section 503 (a)(2) of the Code, including, but not limited to, court costs accrued since the petition date, fees to the United States Trustee, fees and expenses of Debtor's counsel, accountant and any other professionals retained by the Debtor, as may be allowed by the Bankruptcy Court upon application thereafter, and after notice and a hearing, in accordance with the Bankruptcy Code and Rules, as well as any unpaid taxes or fees accrued since petition date. Debt under this class for all claimants is estimated to be approximately \$30,000.00 considering the current status of the case.

**CLASS 2 SECURED CREDITOR CRIM**

This class shall consist of the secured claim of CRIM. The Debtor listed CRIM's claim as a secured claim in the total amount of \$4,649.33 on account of the property taxes over the real estate property at Ave. Roosevelt 1334, Puerto Nuevo, San Juan, P.R. 00920 belonging to the Debtor. As of this date, CRIM has not filed a Proof of Claim. The Bar Date for governmental entities is December 27, 2016. If a different claim is timely filed the same shall be reconciled and provided treatment under the Plan.

**CLASS 3 SECURED CREDITOR BPPR/CONDADO 3, LLC**

This Class shall consist of the secured claim of BPPR/Condado 3, LLC. The Debtor listed BPPR as a secured creditor in its Schedules, with a secured claim in the amount of \$626,737.00 and holding a first rank lien over Debtor's real

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estate property. After the filing of the bankruptcy petition the Debtor received notice that BPPR transferred its claim to Condado<sup>2</sup>.

On August 1, 2016, Condado filed secured Claim #3 in the amount of \$727,386.42. This claim includes the principal amount owed, accrued interest, plus the pre-petition arrears owed by the Debtor which were previously being paid through a payment plan provided by BPPR.

**CLASS 4 DEPARTMENT OF TREASURY OF PUERTO RICO**

This Class shall consist of the unsecured priority claim of the Department of Treasury (“Hacienda”). The Debtor listed Hacienda as a contingent, disputed and unliquidated priority creditor in the amount of \$285,723.74. As of this date Hacienda has not filed a claim. The Bar Date for governmental entities is December 27, 2016. If a different claim is timely filed, the debtor will reconcile the same with its records and any allowed amount will be provided treatment under this class.

**CLASS 5 GENERAL UNSECURED CLAIMS FOR GOVERNMENTAL UNITS AND TAXING AUTHORITIES**

This class shall consist of general unsecured claims held by government entities listed by the Debtor and those governmental units and taxing authorities who have allowed claims. The Debtor has listed unsecured claims for Hacienda, the State Insurance Fund, PREPA and PRASA. As of this date there are no claims filed under this class. If a timely claim is filed different from Debtor’s Scheduled claims, the same shall be considered and reconciled under this class.

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<sup>2</sup> As of this date a transfer of claim has not been submitted with the Court as required by Rule 3001 of the Federal Rules of Bankruptcy Procedures.

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**CLASS 5 OTHER GENERAL UNSECURED CREDITORS**

This class includes all other unsecured claims of the Debtor not related to taxing authorities. The Debtor listed unsecured claims under this class in its Schedules in the total amount of \$252.00. As of this date there are no claims filed under this class. If a timely claim is filed different from Debtor's Scheduled claims, the same shall be considered and reconciled under this class.

**CLASS 7 EQUITY SECURITY AND/OR OTHER INTEREST HOLDERS**

This class includes all equity and interest holders who are the owners of the stock of the Debtor.

**B. TREATMENT TO CLASSES**

**CLASS 1 ADMINISTRATIVE CLAIMS**

This class shall consist of all allowed administrative expense priority claims, as provided under Section 503 (a)(2) of the Code, including, but not limited to, court costs accrued since the petition date, fees to the United States Trustee, fees and expenses of Debtor's counsel, accountant and any other professionals retained by the Debtor, as may be allowed by the Bankruptcy Court upon application thereafter, and after notice and a hearing, in accordance with the Bankruptcy Code and Rules, as well as any unpaid taxes or fees accrued since petition date. Debt under this class for all claimants is estimated to be approximately \$30,000.00 considering the retainers received and the current status of the case.

The Debtor will provide payment to all allowed administrative expense claims under this class on the Effective Date or as agreed to by the parties. **This Class is not impaired.**

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**CLASS 2 SECURED CREDITOR CRIM**

This class shall consist of the secured claim of CRIM. The Debtor listed CRIM's claim as a secured claim in the total amount of \$4,649.33 on account of the property taxes over the real estate property at Ave. Roosevelt 1334, Puerto Nuevo, San Juan, P.R. 00920 belonging to the Debtor. As of this date, CRIM has not filed a Proof of Claim. The Bar Date for governmental entities is December 27, 2016. If a timely claim is filed different from Debtor's Scheduled claims, the same shall be considered and reconciled under this class.

The Debtor will pay in full any amounts owed on account of CRIM's allowed secured claim in sixty (60) equal consecutive monthly installments including interest at the prime rate commencing on the Effective Date. **This class is impaired.**

**CLASS 3 SECURED CREDITOR BPPR/CONDADO 3, LLC**

This Class shall consist of the secured claim of BPPR/Condado 3, LLC. The Debtor listed BPPR as a secured creditor in its Schedules, with a secured claim in the amount of \$626,737.00 and holding a first rank lien over Debtor's real estate property. After the filing of the bankruptcy petition the Debtor received notice that BPPR transferred its claim to Condado<sup>3</sup>.

On August 1, 2016, Condado filed secured Claim #3 in the amount of \$727,386.42. This claim includes the principal amount owed, accrued interest, plus the pre-petition arrears owed by the Debtor which were previously being paid through a payment plan provided by BPPR.

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<sup>3</sup> As of this date a transfer of claim has not been submitted with the Court as required by Rule 3001 of the Federal Rules of Bankruptcy Procedures.

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The allowed secured claim shall be paid in full as follows: The Debtor will make consecutive monthly payments in the amount of \$5,000.00 for a sixty (60) month term and a final balloon payment at the end of the 60 month period. The Debtor will also assume the payments of insurance and property taxes for the property. **This class is impaired.**

**CLASS 4 DEPARTMENT OF TREASURY OF PUERTO RICO**

This Class shall consist of the unsecured priority claim of the Department of Treasury (“Hacienda”). The Debtor listed Hacienda as a contingent, disputed and unliquidated priority creditor in the amount of \$285,723.74. As of this date Hacienda has not filed a claim. The Bar Date for governmental entities is December 27, 2016. If a timely claim is filed different from Debtor’s Scheduled claims, the same shall be considered and reconciled under this class.

The allowed claim under this Class will receive payment in full plus prevailing prime rate interest over a period ending no later than five (5) years after the date of the order for relief or otherwise as agreed by the parties. **This Class is not impaired.**

**CLASS 5 GENERAL UNSECURED CLAIMS FOR GOVERNMENTAL UNITS AND TAXING AUTHORITIES**

This class shall consist of general unsecured claims held by government entities listed by the Debtor and those governmental units and taxing authorities who have allowed claims. The Debtor has listed unsecured claims for Hacienda, the State Insurance Fund, PREPA and PRASA. As of this date there are no claims filed under this class. The Bar Date has not elapsed and is scheduled for December 27, 2016. If a timely claim is filed different from Debtor’s Scheduled claims, the same shall be considered and reconciled under this class.

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Members of this class shall be paid 12% of their allowed claims in sixty (60) equal consecutive monthly installments from the Effective Date. **This Class is impaired.**

**CLASS 5 OTHER GENERAL UNSECURED CREDITORS**

This class includes all other unsecured claims of the Debtor not related to taxing authorities. The Debtor listed unsecured claims under this class in its Schedules in the total amount of \$252.00. As of this date there are no claims filed under this class. If a timely claim is filed different from Debtor's Scheduled claims, the same shall be considered and reconciled under this class.

Members of this class shall be paid 12% of their allowed claims in sixty (60) equal consecutive monthly installments from the Effective Date. **This Class is impaired.**

**CLASS 7 EQUITY SECURITY AND/OR OTHER INTEREST HOLDERS**

This class includes all equity and interest holders who are the owners of the stock of the Debtor. Equity security holders or any other interest holder under this Class will not receive any payment under this class until senior classes are paid in full their allowed claims. This class is not allowed to vote.

*(Creditors are urged to review Exhibit 5 which contains the Payment Plan Schedule and accompanying Notes and Cash Flow Projections)*

**ARTICLE VI  
IMPAIRMENT OF EXISTING CLAIMS AND INTERESTS**

As provided by 11 U.S. C. §1124, a class of claims of interests is impaired under a plan unless with respect to each claim of interest of such a class, the Plan:



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- 1) leaves unaltered the legal, equitable, and contractual rights to which such claim or interest entitles the holder of such claim or interest; or
- 2) notwithstanding any contractual provision or applicable law that entitles the holder of such claim or interest to demand or receive accelerated payment of such claim or interest after the occurrence of a default.
  - a. cures any such default that occurred before or after the commencement of the case under this title, other than a default of a kind specified in section 365(b)(2) of this title;
  - b. reinstates the maturity of such claim or interest as such maturity existed before such default;
  - c. compensated the holder of such claim or interest for any damages incurred as a result of any reasonable reliance by such holder on such contractual provision or such applicable law; and
  - d. does not otherwise alter the legal, equitable, or contractual rights to which such claim or interest entitles the holder of such claim or interest.

**ARTICLE VII**  
**PAYMENT TO PRIORITIES UNDER SECTION 507(a)(8) OF THE CODE**

All unsecured priority governmental claims pursuant to Section 507(a)(8) of the Code, not already classified as the same are allowed, and any priority portion of any debt to all of the governmental units as they are approved and ordered to be paid by the Court, will be paid as provided herein.

The Debtor listed the Department of Treasury for the Commonwealth of Puerto Rico (“Hacienda”) as a disputed, contingent and unliquidated unsecured priority creditor in the total amount of \$285,723.74. As of this date, the Hacienda has not filed a Proof of Claim. The Bar

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Date for governmental entities is December 27, 2016. If a different claim is timely filed the same shall be reconciled and provided treatment under the Plan under Class 4.

The Debtor listed the Internal Revenue Service (“IRS”) as a priority creditor in the amount of \$6,200.00. The IRS filed priority Claims # 1 and 2, both in the total amount of \$6,288.58 and asserting priority portion of \$5,930.00. These claims appear to be duplicate claims, which may be objected by the Debtor, if one of them is not voluntarily withdrawn by the creditor.

The other priority creditors listed by the Debtor was the Department of Labor for the Commonwealth of PR in the total amount of \$3,251.15 and the Municipality of San Juan in the amount of \$9,009.86. As of this date, these creditors have not filed a Proof of Claim. The Bar Date for governmental entities is December 27, 2016. If a different claim is timely filed the same shall be reconciled and provided treatment under the Plan.

Any allowed claim will receive payment in full plus prevailing prime rate interest over a period ending no later than five (5) years after the date of the order for relief or as agreed by the parties.

#### **ARTICLE VIII LEASES AND EXECUTORY CONTRACTS**

The debtor listed in Schedule G the PREPA Bond provided by UIFC, bond no.: 239893 as its only executory contract and unexpired lease. The Debtor hereby assumes this executory contract. The Confirmation Order shall represent the Order assuming this executory contract.

##### Assumption of Designated Executory Contracts and Unexpired Leases.

Pursuant to Sections 1123 (b)(2) and 365 (a) of the Bankruptcy Code, the entry of the Confirmation Order by the Bankruptcy Court shall constitute approval of the assumption, as of the Effective Date, of each executory contract or unexpired lease to which the Debtor is a party including but not limited to those for which a motion to assume is pending at the time of the

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Confirmation Date. Unless otherwise provided in a pending motion to assume, on the Effective Date or as promptly as possible thereafter, the Debtor shall cure any defaults under such assumed executory contracts or unexpired leases to the extent required by Section 365 of the Bankruptcy Code. In addition, to the extent the Debtor has rights of setoff against any of the parties to these leases and contracts, the Debtor reserves the right to cure any defaults under such leases and contracts by exercising this right of setoff.

Rejection of Executory Contracts and Unexpired Leases.

Pursuant to Sections 1123 (b)(2) and 365 (a) of the Bankruptcy Code, the entry of the Confirmation Order by the Bankruptcy Court shall constitute approval of the rejection, as of the Effective Date, of each executory contract and/or unexpired lease to which the Debtor has not filed a motion to assume or has not identified in this document as “assumed” .

Executory Contracts and Unexpired Leases Which Were Assumed or Rejected to Date.

Any executory contract or unexpired lease (other than insurance policies) which (i) has not expired by its own terms on or prior to the Confirmation Date, (ii) has not been assumed or rejected with the approval of the Bankruptcy Court on or prior to the Confirmation Date, (iii) is not subject of a motion to assume or reject which is pending at the time of the Confirmation Date, or (iv) is not designated in the Disclosure Statement as an executory contract or unexpired lease to be assumed at the time of confirmation of this Plan, shall be deemed rejected and the entry of the Confirmation Order by the Bankruptcy Court shall constitute approval of such rejection pursuant to Sections 365(a) and 1123(b)(2) of the Bankruptcy Code.

Rejection Damage Claims. If the rejection of an executory contract or unexpired lease by the Debtor results in a claim for damages to the other party or parties to such contract or lease, any claim for such damages, if not hereto evidenced by a filed proof of claim, shall be forever barred and shall not be enforceable against the Debtor’s Estate, or its respective properties or agents, successors or assigns, unless a proof of claim is filed with the Bankruptcy

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Court and served upon counsel for the Debtor on or before the earlier of, 30 days after the entry of the Order approving the rejection of the contract or unexpired lease, if such rejection is granted before Confirmation Date, or 30 days after Confirmation Date if the Confirmation Order constitutes approval of the rejection. Unless otherwise ordered by the Court or provided in the Plan, all such Allowed Claims for which proofs of claim are timely filed will be treated as Class 6 subject to the provisions of the Plan and to Section 502(b)(6) of the Bankruptcy Code, to the extent applicable. The Debtor shall have the right to object to any such rejection damage claims filed in accordance with this Section.

Post-Petition Agreements Unaffected By Plan.

Except as otherwise provided herein, nothing contained in the Plan shall alter, amend or supersede any agreements or contracts entered into by the Debtor after the Petition Date that were otherwise valid, effective and enforceable against the Debtor as of the Confirmation Date.

**ARTICLE IX  
PROOF OF CLAIMS NOT FILED**

The Plan provides that where a proof of claim has not been filed, the Allowed Claim shall be in the amount appearing in the Schedules filed by the Debtor, provided however, that the scheduled amount is not shown as unliquidated, contingent or disputed, in which case no amount will be allowed unless the Debtor has notified such creditors and such creditors have filed a timely proof of claim. To the extent that no debt was listed on Debtor's schedules and the creditor was listed for notice purposes only and such creditor did not file a proof of claim, no payment will be provided.

**ARTICLE X  
OBJECTIONS TO CLAIMS**

The Debtor, at the option of the Debtor or upon order of the Bankruptcy Court, if requested, may file an objection to any claim as to its validity or amount within 30 days prior or after the Confirmation hearing. If an objection is made, payment to such claimants will be

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made only after the entry of a final order by the Court allowing such claim and in accordance with the provisions of the Plan governing the class to which such claim belongs.

Since the bar date for this case has not expired the Debtor hereby reserves the right to object to any proof of claim filed after such date.

**ARTICLE XI  
CONDITIONS PRECEDENT TO CONSUMMATION**

Before the consummation of the Plan takes place, the Confirmation Order should be a final order. Once the Plan is confirmed by a final order, the provisions of the Plan will be the new contract between the parties, even in case of default thereafter.

**ARTICLE XII  
NON-ACCEPTANCE OF THE PLAN  
(CRAMDOWNS)**

If all applicable requirements of 11 U.S.C. §1129(a), other than subsection (a)(8), are met with respect to the Plan, the Debtor hereby requests that the Court confirms this Plan, notwithstanding the requirements of said section, if the Plan does not discriminate unfairly and is fair and equitable with respect to each class of claims or interests that is impaired under and has not accepted this Plan.

**ARTICLE XIII  
MEANS OF EXECUTION OF THE PLAN  
AND MANAGEMENT OF DEBTOR**

On the Effective Date of the Plan, the distribution, administration and management of Debtor's affairs, collection of moneys, and distribution to creditors, unless otherwise provided herein, will be under the control and supervision of the current officers, who will assume the same roles they have assumed throughout this reorganization process. The Debtor's sole shareholder and officer is Mr. Gustavo Arango. Mr. Arango receives a monthly compensation in the amount of \$10,000.00. The operating reports filed with the Court detail any payments made to Mr. Arango since the petition date.

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The proposed plan will be funded with Debtor's own assets, the collection of any account receivables, Debtor's cash in bank and funds from Debtor's operations. If needed, Mr. Gustavo Arango will provide additional capital input. Please refer to Exhibit 5 for the Projected Cash Flow in support of the feasibility of the Plan.

**ARTICLE XIV  
PROVISIONS FOR THE MODIFICATION OF THE PLAN**

The Debtor may propose amendments of modification of the Plan at any time prior to its confirmation, upon notice to creditors and parties in interest. After confirmation of the Plan, the Debtor may, with the approval of the Court and as long as it does not adversely affect the interests of the creditors, remedy any defect or omission, in such manners as may be necessary to carry out the purposes and effects of the same. If by any chance the Plan of Reorganization is to be amended, the creditors shall have a reasonable opportunity to review it with enough time prior to any hearing on confirmation.

**ARTICLE XV  
CLOSING THE CASE**

At such time as the case has been substantially consummated, this case shall be closed. In order for the case to be closed, the Debtors shall file an application for final decree showing that the case has been fully administered and the Plan has been substantially consummated. The Court shall conduct a hearing upon application thereon and after notice to all creditors and parties in interest. Thereafter, an order approving the Debtor's report and closing of the case shall be entered.

**ARTICLE XVI  
RELEASE AND DISCHARGE OF CLAIMS**

Discharge. Except as otherwise expressly provided in the Plan or in Section 1141(d) of the Code, the distributions made pursuant to and in accordance with the applicable terms and conditions of the Plan of Reorganization are in full and final satisfaction, settlement,

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release and discharge as against the Debtors of any debt of the Debtors that arose before the Effective Date, and any debt of the Debtors of a kind specified in Section 502(g), 502(h), or 502 (i) of the code, and all claims against the Debtors or its Estate of any nature, including, without limitation, any interest accrued thereon from and after the Petition Date, other than the interest proposed in Debtor's plan, whether or not (i) a proof of claim based on such debt, obligation or equity interest is filed or deemed filed under Section 501 of the Code, (ii) such Claim is Allowed under Section 502 of the Code, or (iii) the holder of such Claim has accepted the Plan.

Injunction Relating to the Plan. As of the Effective Date, all persons are hereby permanently enjoined from commencing or continuing, in any manner or in any place, any action or other proceeding, whether directly, indirectly, derivatively or otherwise against the Debtor and its Estate while payments under the Plan are pending, on account of, or respecting any Claims, debts, rights, Causes of Action or liabilities discharged pursuant to the Plan, except to the extent expressly permitted under the Plan or under any specific order entered by the Bankruptcy Court.

Setoffs. Except as otherwise provided in this Plan, nothing contained in this Plan shall constitute a waiver or release by the Estate of any rights of setoff the Estate may have against any person.

Transfer of Properties under the Plan. The transfer of any property (real or personal) to be made under the plan of reorganization, including any transfer to creditors and or any other third party may not be taxed under any law imposing a stamp tax or similar tax, under the provisions of 11 U.S.C. 1146.

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**ARTICLE XVII  
OTHER PROVISIONS**

Confirmation of the Plan and the Confirmation Order will vest title of all property of the Estate in Debtors and will constitute a final settlement of payment to all creditors. All injunctions or stays provided for in the bankruptcy case at bar under Sections 105 and 362 of the Bankruptcy Code (11 U.S.C.), or otherwise, and in existence on the Confirmation Date shall remain in full force and effect until the Effective Date.

The provisions of this Plan shall bind all claims against Debtors of whatever nature, including any claim arising from the rejection of any executory contract, or any other action. Any holder of a claim or interest who fails to file an objection in writing to the provisions of the Plan, which is filed with the Court and served upon counsel for the Debtor, not later than the date set for the confirmation of the plan, shall be deemed to have accepted its classification and to be bound by the proposed Plan.

All actions taken by the Debtors with respect to any person shall not be construed to release, waive, discharge, compromise or in any other way satisfy any claim, except those subject to any agreement between the parties. Upon completion of the requirements of the Plan and the order of confirmation, the Debtors and/or the claimant shall execute all corresponding documents and cooperate fully to reflect, release and/or reaffirm all the obligations herein provided.

There are no foreseeable risks under the Plan, aside from those inherent to the industry of the Debtor, which is seasonal and thus the income of the Debtor arising from sales fluctuates. The high seasons are those from the months of October to December and from March to May. The Plan shall become effective upon the Effective Date of the Plan, which is 30 days after the order confirming the plan becomes a final order and shall be the date on which there shall be made certain transfers or initial cash payments under the plan.



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To the extent that any term of this Disclosure Statement varies from the terms of the Plan, the terms of the Plan shall govern.

**ARTICLE XVIII  
RETENTION OF JURISDICTION**

The Bankruptcy Court shall retain jurisdiction over this case as is conferred upon it by law, rule or statute, or by the Plan, to enable the Debtors to substantially consummate any and all proceedings which it may bring or after the entry of the order of confirmation, in order to carry out the provisions of the Plan and or any related matter.

**RESPECTFULLY SUBMITTED**

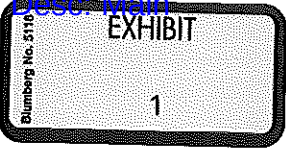
In San Juan, Puerto Rico, this <sup>16<sup>th</sup></sup> day of November, 2016.



Gustavo A. Arango  
President

**I HEREBY CERTIFY** that on this date, I electronically filed the foregoing with the Clerk of the Court using the CM/ECF System, which will send notification of such filing to the parties appearing in said system including the US Trustee and by the United States Postal Service to all those parties who have requested a copy and are not within the electronic notification service.

**C. CONDE & ASSOC.**  
Attorney for the Debtor  
San José Street #254, 5<sup>th</sup> Floor  
San Juan, P.R. 00901-1253  
Tel: (787) 729-2900  
Fax: (787) 729-2203  
E-mail: [condecarmen@condelaw.com](mailto:condecarmen@condelaw.com)  
*/s/ Carmen D. Conde Torres*  
Carmen D. Conde Torres  
USDC No.: 207312  
*/s/ Luisa S. Valle Castro*  
Luisa S. Valle Castro  
USDC No.: 215611



Formulario 480.2 Rev. 02.16

Liquidador	Revisor	2015	ESTADO LIBRE ASOCIADO DE PUERTO RICO DEPARTAMENTO DE HACIENDA	2015	Número de Serie
Investigado por			<b>Planilla de Contribución sobre Ingresos de Corporaciones</b>		<b>COPY</b>
Fecha			AÑO CONTRIBUTIVO COMENZADO EL 01 de <u>may</u> de 2015 Y TERMINADO EL 30 de <u>abr</u> de 2016		<input type="checkbox"/> PLANILLA ENMENDADA
R M N			Nombre del Contribuyente <b>Gustavo Arango Inc.</b>	Número de Identificación Patronal <b>66-0585606</b>	Sello de Pago
			Dirección Postal <b>AVE ROOSEVELT 1334 PUERTO NUEVO</b>	Núm. de Registro del Departamento de Estado <b>74278</b>	
			<b>SAN JUAN PR</b> Código Postal <b>00920</b>	Clave Industrial / Cód. Municipal <b>19</b>	
			Localización de la Industria o Negocio Principal - Número, Calle, Pueblo <b>AVE ROOSEVELT 1334 PUERTO NUEVO SAN JUAN, PR 00920</b>	Número de Registro de Comercio <b>01701450007</b>	
			Naturaleza de la Industria o Negocio Principal (Ej. Ferretería, Cafetería, etc.) <b>STORE/FASHION DESIGNER</b>	Número de Teléfono - Extensión <b>(787) 783 - 5447</b>	
			Marque el encasillado correspondiente, si aplica <input type="checkbox"/> Primera planilla <input type="checkbox"/> Última planilla	Fecha de Incorporación Dia / Mes / Año	Tipo de Entidad <b>CORPORACIÓN</b>
			<input type="checkbox"/> Sí <input checked="" type="checkbox"/> No	Lugar de Incorporación <b>PUERTO RICO</b>	Indique si es miembro de un grupo de entidades relacionadas <input type="checkbox"/> Sí <input checked="" type="checkbox"/> No
			Contratos con Organismos Gubernamentales <input type="checkbox"/> Sí <input checked="" type="checkbox"/> No	Correo Electrónico de Persona Contacto (E-mail) <b>garango@gustavoarango.com</b>	Número de grupo

PASE A LA PAGINA 2 PARA DETERMINAR SU REINTEGRO O PAGO.

Reintegro	1. CONTRIBUCIÓN PAGADA EN EXCESO (Parte IV, línea 58. Indique distribución en las líneas A, B, C y D)	(1)	0.00
	A) Acreditar a la contribución estimada 2016	(1A)	0.00
	B) Aportación al Fondo Especial para el Estuario de la Bahía de San Juan	(1B)	0.00
	C) Aportación al Fondo Especial para la Universidad de Puerto Rico	(1C)	0.00
	D) A REINTEGRAR	(1D)	0.00
Pago	2. TOTAL NO PAGADO DE LA CONTRIBUCIÓN (Parte IV, línea 58)	(2)	326.00
	3. Menos: Cantidad pagada (a) Con Planilla	(3a)	0.00
	(b) Intereses	(3b)	0.00
	(c) Recargos 0 y Penalidades 0	(3c)	0.00
	4. BALANCE PENDIENTE DE PAGO (Línea 2 menos línea 3(a))	(4)	326.00

**JURAMENTO**

Nosotros, los suscribientes, presidente (o vicepresidente u otro oficial principal) y tesorero (o tesorero auxiliar), o agente de la corporación a nombre de la cual se hace esta planilla de contribución sobre Ingresos, cada uno por sí, bajo el más solemne juramento y so pena de perjurio, declaramos que hemos examinado la misma (incluyendo anejos y estados que la acompañan), y que según nuestro mejor conocimiento y creencia es una planilla exacta, correcta y completa, hecha de buena fe, de acuerdo con el Código de Rentas Internas de Puerto Rico de 2011, según enmendado, y sus Reglamentos.

<i>Gustavo Arango</i> Nombre del presidente o vicepresidente	_____ Firma del presidente o vicepresidente	_____ Fecha
_____ Nombre del tesorero o tesorero auxiliar	_____ Firma del tesorero o tesorero auxiliar	_____ Fecha
_____ Nombre del agente	_____ Firma del agente	_____ Fecha

**PARA USO DEL ESPECIALISTA SOLAMENTE**

Declaro bajo pena de perjurio que he examinado esta planilla (incluyendo los anejos y estados adjuntos), y a mi mejor conocimiento y creencia, los datos en la misma son ciertos, correctos y constituyen en conjunto una planilla exacta y completa. La declaración de la persona que prepara esta planilla es con relación a la información recibida y ésta puede ser verificada.

Nombre del especialista (Letra de molde)	Núm. de registro	Fecha	Marque si es especialista por cuenta propia
<b>Nivea Leon</b>	0   0   6   2   1   9	10/13/2016	<input type="checkbox"/>

BDO PUERTO RICO, PSC	Dirección	Código postal
<i>Nivea Leon Rivera</i>	PO BOX 363436 SAN JUAN, PR.	00936-3436

Indique si hizo pagos por la preparación de su planilla:  Sí  No. Si contestó "SI", exija la firma y el número de registro del Especialista.

Período de Conservación: Diez (10) años

Parte I		Determinación del Ingreso Neto (o Pérdida) de Operaciones	
1.	Ventas netas de bienes o productos (Véanse instrucciones) ..... (1)	444,753	00
Menos: Costos de ventas o costos directos de producción			
2.	Inventario al comienzo del año <input type="checkbox"/> 1 °C° <input checked="" type="checkbox"/> 2 °C° o °VM° ..... (2)	8,502	00
3.	Compra de materiales o mercadería ..... (3)	71,582	00
4.	Jornales directos ..... (4)	0	00
5.	Otros costos directos (De la Parte V, línea 17) ..... (5)	0	00
6.	Costo de bienes disponibles para la venta (Sume líneas 2 a la 5) ..... (6)	80,084	00
7.	Menos: Inventario al finalizar el año <input type="checkbox"/> 1 °C° <input checked="" type="checkbox"/> 2 °C° o °VM° ..... (7)	58,219	00
8.	Total de costos de ventas o costos directos de producción (Línea 6 menos línea 7) ..... (8)	21,865	00
9.	Ganancia bruta de la venta de bienes o productos (Línea 1 menos línea 8) ..... (9)	422,888	00
10.	Ingreso bruto generado en la venta de servicios ..... (10)	0	00
11.	Ganancia neta de capital (Anejo D Corporación, Parte IV, línea 21) ..... (11)	0	00
12.	Ganancia neta (o pérdida) en la venta de propiedad que no sea activo de capital (Anejo D Corporación, Parte V, línea 22) ..... (12)	0	00
13.	Renta ..... (13)	0	00
14.	Intereses: (a) Sujetos a la tasa preferencial de 10% <input type="checkbox"/> o (b) Otros <input type="checkbox"/> ..... (14)	0	00
15.	Ingreso por comisiones ..... (15)	0	00
16.	Dividendos de corporaciones: (a) Domésticas <input type="checkbox"/> o (b) Extranjeras <input type="checkbox"/> ..... (16)	0	00
17.	Participación distribuable en el ingreso neto de sociedades y sociedades especiales (Anejo R Corporación, Parte III, línea 5) ..... (17)	0	00
18.	Participación distribuable en el ingreso neto sujeto a tasas preferenciales proveniente de sociedades y sociedades especiales ..... (18)	0	00
19.	Beneficio tributable de agricultura (Anejo S Corporación, Parte I, línea 9) ..... (19)	0	00
20.	Ingreso neto derivado de las operaciones de una entidad financiera internacional que opera como una unidad de un banco ..... (20)	0	00
21.	Fletes y pasajes ..... (21)	0	00
22.	Regalías ..... (22)	0	00
23.	Condonación de deudas (Someta Formulario 480.6A) ..... (23)	0	00
24.	Espectáculos públicos ..... (24)	0	00
25.	Otros pagos reportados en un Formulario 480.6A o 480.6B ..... (25)	0	00
26.	Ingresos misceláneos ..... (26)	0	00
27.	Total de Ingresos (Sume líneas 9 a la 26) ..... (27)	422,888	00
28.	Menos: Cantidad exenta bajo Ley 135-2014 (Véanse instrucciones) ..... (28)	0	00
29.	Total de ingreso después de la exención bajo la Ley 135-2014 (Línea 27 menos línea 28) ..... (29)	422,888	00
30.	Menos: Total de deducciones (De la Parte VI, línea 51) ..... (30)	414,736	00
31.	Ingreso neto (o pérdida) de operaciones (Línea 29 menos línea 30) ..... (31)	8,152	00

Parte II		Determinación del Ingreso Neto (o Pérdida)	
32.	Menos: Deducción por pérdida neta en las operaciones del año anterior (Someta Anejo G Corporación. No exceder del 80% de la línea 31) ..... (32)	6,522	00
33.	Ingreso neto (o pérdida) ..... (33)	1,630	00

Parte III		Determinación del Ingreso Neto Sujeto a Contribución Normal y Contribución Adicional	
34.	Menos: Dividendos o beneficios recibidos de corporaciones domésticas (Véanse instrucciones) ..... (34)	0	00
35.	Ingreso neto sujeto a contribución normal (Línea 33 menos línea 34) ..... (35)	1,630	00
36.	Menos: Deducción para fines de la contribución adicional (Marque aquí si viene del Modelo SC 2652 <input type="checkbox"/> ..... (36)	25,000	00
37.	Ingreso neto sujeto a contribución adicional (Línea 35 menos línea 36) ..... (37)	0	00

Parte IV		Cómputo de la Contribución	
38.	Contribución normal (Multiplique la línea 35 por: <input checked="" type="checkbox"/> 20% <input type="checkbox"/> 15% <input type="checkbox"/> 10%) ..... (38)	326	00
39.	Contribución adicional (Véanse instrucciones) ..... (39)	0	00
40.	Contribución Total (Sume líneas 38 y 39) ..... (40)	326	00
41.	Contribución Alternativa - Ganancias de Capital y Tasas Preferenciales (Anejo D1 Corporación, línea 9) ..... (41)	0	00
42.	Contribución determinada antes del crédito por contribuciones pagadas a los Estados Unidos, sus posesiones y países extranjeros (Línea 40 o 41, la que sea menor, siempre que la línea 41 sea mayor de cero) ..... (42)	326	00
43.	Crédito por contribuciones pagadas a los Estados Unidos, sus posesiones y países extranjeros (Anejo C Corporación, Parte III, línea 6(b)) ..... (43)	0	00
44.	Contribución determinada antes de contribución alternativa mínima (Línea 42 menos línea 43) ..... (44)	326	00
45.	Contribución alternativa mínima en exceso de la contribución regular (Anejo A Corporación, Parte VI, línea 41) ..... (45)	0	00
46.	Responsabilidad contributiva antes de créditos contributivos (Sume líneas 44 y 45) ..... (46)	326	00
47.	Recobro de crédito reclamado en exceso (Anejo B Corporación, Parte I, línea 3) ..... (47)	0	00
48.	Crédito por contribución alternativa mínima pagada en años anteriores (Anejo A Corporación, Parte VII, línea 4) ..... (48)	0	00
49.	Créditos contributivos (Anejo B Corporación, Parte II, línea 26) ..... (49)	0	00
50.	Responsabilidad contributiva antes del monto equivalente a dividendo o distribución de beneficios y de la contribución sobre dividendo implícito (Sume línea 46 y 47 menos líneas 48 y 49) ..... (50)	326	00
51.	Contribución sobre monto equivalente a dividendo o distribución de beneficios (Modelo SC 2879, Contribución sobre Monto Equivalente a Dividendo, línea 11) ..... (51)	0	00
52.	Contribución sobre dividendo implícito (Véanse instrucciones) (Modelo 2877, Contribución sobre Dividendo Implícito, línea 11) ..... (52)	0	00
53.	Responsabilidad Contributiva Total (Sume líneas 50 a la 52) ..... (53)	326	00
54.	Menos: Otros Pagos y Retenciones (Anejo B Corporación, Parte III, línea 12) ..... (54)	0	00
55.	Total no pagado de la contribución (Si la línea 54 es menor que la línea 53, anote la diferencia aquí, de lo contrario en la línea 56) ..... (55)	326	00
56.	Exceso de contribución pagada o retenida (Véanse instrucciones) ..... (56)	0	00
57.	Adición a la Contribución por Falta de Pago de la Contribución Estimada (Anejo T Corporación, Parte II, línea 21) ..... (57)	0	00
58.	BALANCE: * Si línea 56 es mayor que la suma de líneas 55 y 57, usted tiene un sobrepago. Anote diferencia aquí y en línea 1 de página 1. * Si línea 56 es menor que la suma de líneas 55 y 57, usted tiene un balance pendiente de pago. Anote diferencia aquí y en línea 2 de la página 1. * Si diferencia entre línea 56 y la suma de líneas 55 y 57 es igual a cero, anote cero aquí y pase a firmar su planilla en la página 1. (58)	326	00

LA CANTIDAD REFLEJADA EN LA LÍNEA 58 DEBERÁ TRASLADARSE A LA LÍNEA CORRESPONDIENTE DE LA PÁGINA 1.



Parte V Otros Costos Directos		Partida	Importe	Partida	Importe		
1.	Jornales, sueldos y bonificaciones .....	(1)	0.00	11.	Renta .....	(11)	0.00
2.	Seguro social federal (FICA) .....	(2)	0.00	12.	Limpieza, mantenimiento y recogido de desperdicios .....	(12)	0.00
3.	Seguro de desempleo .....	(3)	0.00	13.	Gastos de empaque de productos .....	(13)	0.00
4.	Primas Fondo Seguro del Estado .....	(4)	0.00	14.	Gastos de comida pagados a empleados de producción (Total \$ 0) .....	(14)	0.00
5.	Seguro médico o de hospitalización .....	(5)	0.00	15.	Depreciación (Someta Anejo E) .....	(15)	0.00
6.	Otros seguros .....	(6)	0.00	16.	Otros gastos (Someta detalle) .....	(16)	0.00
7.	Arbitrios / Impuesto sobre Uso .....	(7)	0.00	17.	Total otros costos directos (Suma líneas 1 a la 16. Igual a la Parte I, línea 5) .....	(17)	0.00
8.	Impuesto sobre ventas y uso en importaciones .....	(8)	0.00				
9.	Reparaciones .....	(9)	0.00				
10.	Luz y agua .....	(10)	0.00				

Parte VI Deducciones					
1.	Compensación a directores (Véanse instrucciones Parte X) .....	(1)	0.00		
2.	Compensación a oficiales (Véanse instrucciones Parte XI) .....	(2)	0.00		
3.	Sueldos, comisiones y bonificaciones a empleados (Véanse instrucciones) .....	(3)	53,006.00		
4.	Comisiones a negocios .....	(4)	7,655.00		
5.	Seguro social federal (FICA) .....	(5)	4,055.00		
6.	Seguro de desempleo .....	(6)	1,797.00		
7.	Primas Fondo Seguro del Estado .....	(7)	0.00		
8.	Seguro médico o de hospitalización .....	(8)	3,963.00		
9.	Seguros .....	(9)	9,487.00		
10.	Intereses pagados en arrendamiento financiero de automóviles (Someta Formulario 480.7D) .....	(10)	0.00		
11.	Intereses hipotecarios (Someta Formulario 480.7A) .....	(11)	0.00		
12.	Otros intereses (Véanse instrucciones) .....	(12)	29,879.00		
13.	Renta de propiedad mueble tangible .....	(13)	0.00		
14.	Renta de propiedad inmueble .....	(14)	0.00		
15.	Contribución sobre propiedad: (a) Mueble 0 (b) Inmueble 0 .....	(15)	0.00		
16.	Otras contribuciones, patentes y licencias (No incluya impuesto sobre ventas y uso. Véanse instrucciones) .....	(16)	965.00		
17.	Impuesto sobre ventas y uso (Véanse instrucciones) .....	(17)	214.00		
18.	Pérdidas ocasionadas por fuego, huracán, otros siniestros o por robo (Véanse instrucciones) .....	(18)	0.00		
19.	Gastos de automóviles (Millaje 0) (Véanse instrucciones) .....	(19)	0.00		
20.	Gastos de otros vehículos de motor (Véanse instrucciones) .....	(20)	11,633.00		
21.	Gastos de comida y entretenimiento (Total 0) (Véanse instrucciones) .....	(21)	0.00		
22.	Gastos de viajes .....	(22)	0.00		
23.	Servicios profesionales .....	(23)	195,027.00		
24.	Aportaciones a planes de pensiones u otros planes calificados (Véanse instrucciones. Someta Modelo SC 6042) .....	(24)	0.00		
25.	Depreciación y amortización (Véanse instrucciones. Someta Anejo E) .....	(25)	34,851.00		
26.	Deudas incobrables (Véanse instrucciones) .....	(26)	0.00		
27.	Reparaciones (Véanse instrucciones) .....	(27)	0.00		
28.	Regalías .....	(28)	0.00		
29.	Cargos de administración .....	(29)	0.00		
30.	Deducción a patronos que emplean personas impedidas (Véanse instrucciones) .....	(30)	0.00		
31.	Aportaciones a cuentas de aportación educativa para los beneficiarios de sus empleados (Véanse instrucciones) .....	(31)	0.00		
32.	Gastos en propiedades arrendadas a la Compañía de Fomento Industrial de Puerto Rico o almacén de la Compañía de Comercio y Exportación (Véanse instrucciones) .....	(32)	0.00		
33.	Gastos incurridos o pagados a accionistas, personas o entidades relacionadas fuera de Puerto Rico (Véanse instrucciones) (Total \$ 0) .....	(33)	0.00		
34.	Deducción por gastos incurridos o pagados a accionistas, personas o entidades relacionadas, totalmente deducibles (Véanse instrucciones) .....	(34)	0.00		
35.	Servicios públicos (agua, luz, teléfono, Internet, etc.) .....	(35)	18,987.00		
36.	Limpieza, mantenimiento y recogido de desperdicios .....	(36)	6,186.00		
37.	Cargos bancarios .....	(37)	2,534.00		
38.	Gastos de publicidad y mercadeo (Anuncios) .....	(38)	18,104.00		
39.	Materiales y efectos de oficina .....	(39)	1,240.00		
40.	Seminarios, adiestramientos y gastos de educación continua para empleados .....	(40)	1,870.00		
41.	Servicios de seguridad .....	(41)	0.00		
42.	Servicios de cobro de cuentas .....	(42)	0.00		
43.	Servicios subcontratados .....	(43)	0.00		
44.	Gastos incurridos o pagados por concepto de servicios recibidos de personas no dedicadas a industria o negocio en Puerto Rico .....	(44)	0.00		
45.	Gasto por concepto de cuotas, suscripciones y membresías .....	(45)	0.00		
46.	Gastos relacionados con licencias y programas de computadoras no capitalizables (Véase instrucciones) .....	(46)	0.00		
47.	Otras deducciones (Véanse instrucciones) .....	(47)	12,378.00		
48.	Subtotal de deducciones (Suma líneas 1 a la 47) .....	(48)	413,831.00		
49.	Donativos (Véanse instrucciones) .....	(49)	905.00		
50.	Deducción bajo la Ley 185-2014 (Véanse instrucciones) .....	(50)	0.00		
51.	Total de deducciones (Suma líneas 48 a la 50. Traslade a la Parte I, línea 30) .....	(51)	414,736.00		

Período de Conservación: Diez (10) años

Parte VII		Corporación - Estado de Situación Comparado		37	
Activos	Al comenzar el año			Al terminar el año	
		Total			Total
1. Efectivo en caja y bancos ..... (1)		11,355.00	(1)		2,650.00
2. Cuentas a cobrar ..... (2)	42,312.00		(2)	53,473.00	
3. Menos: Reserva para cuentas incobrables ..... (3)	0.00	42,312.00	(3)	0.00	53,473.00
4. Inventarios ..... (4)		8,502.00	(4)		58,219.00
5. Otros activos corrientes ..... (5)		29,833.00	(5)		5,000.00
6. Obligaciones a cobrar ..... (6)		0.00	(6)		0.00
7. Inversiones ..... (7)		0.00	(7)		0.00
8. Activos depreciables ..... (8)	1,161,594.00		(8)	1,150,181.00	
9. Menos: Reserva para depreciación ..... (9)	502,419.00	659,175.00	(9)	522,655.00	627,526.00
10. Préstamos por cobrar de accionistas o entidades relacionadas ..... (10)		0.00	(10)		0.00
11. Terrenos ..... (11)		230,000.00	(11)		230,000.00
12. Otros activos a largo plazo ..... (12)		106,775.00	(12)		106,775.00
13. Total de Activos ..... (13)		1,087,952.00	(13)		1,083,643.00
<b>Pasivos y Capital</b>					
<b>Pasivos</b>					
14. Cuentas a pagar ..... (14)	20,289.00		(14)	5,289.00	
15. Gastos incurridos y no pagados ..... (15)	0.00		(15)	0.00	
16. Otros pasivos corrientes ..... (16)	174,939.00		(16)	386,398.00	
17. Obligaciones a pagar a largo plazo ..... (17)	618,449.00		(17)	677,942.00	
18. Obligaciones a pagar a accionistas o entidades relacionadas ..... (18)	0.00		(18)	0.00	
19. Otras obligaciones a largo plazo ..... (19)	483,106.00		(19)	216,039.00	
20. Total de Pasivos ..... (20)		1,296,783.00			1,285,668.00
<b>Capital</b>					
21. Capital en acciones					
(a) Acciones preferidas ..... (21a)	0.00		(21a)	0.00	
(b) Acciones comunes ..... (21b)	100,000.00		(21b)	100,000.00	
22. Sobrante de capital ..... (22)	410,000.00		(22)	410,000.00	
23. Ganancias retenidas ..... (23)	-718,831.00		(23)	-712,025.00	
24. Reserva ..... (24)	0.00		(24)	0.00	
25. Total de Capital ..... (25)		-208,831.00	(25)		-202,025.00
26. Total Pasivos y Capital ..... (26)		1,087,952.00	(26)		1,083,643.00
<b>Parte VIII Reconciliación del Ingreso Neto (o Pérdida) según Libros con el Ingreso Neto Tributable (o Pérdida) según Planilla</b>					
38					
1. Ingreso neto (o pérdida) según libros ..... (1)	6,806.00		(1)		
2. Contribución sobre ingresos según libros ..... (2)	0.00		(2)		
3. Exceso de pérdidas de capital sobre ganancias de capital ..... (3)	0.00		(3)		
4. Ingreso tributable no registrado en los libros este año (Detalle, use anejo si es necesario)					
(a) _____					
(b) _____					
(c) _____					
(d) _____					
(e) _____					
(f) _____					
Total ..... (4)	0.00		(4)		
5. Gastos registrados en los libros este año no reclamados en esta planilla (Detalle, use anejo si es necesario)					
(a) Comida y entretenimiento (porción no deducible) _____ 0					
(b) Depreciación _____ 0					
(c) Embarcaciones, aeronaves y propiedad localizada fuera de P. R. _____ 0					
(d) Gastos incurridos o pagados a accionistas, personas o entidades relacionadas (porción no deducible) _____ 0					
(e) Donations 1,346					
(f) _____					
(g) _____					
(h) _____					
(i) _____					
(j) _____					
Total ..... (5)	1,346.00		(5)		
6. Total (Suma líneas 1 a la 5) ..... (6)	8,152.00		(6)		
7. Ingreso registrado en los libros este año no incluido en esta planilla (Detalle, use anejo si es necesario)					
(a) Ingresos exentos (Anejo IE Corp., Parte II, línea 19) _____ 0					
(b) Ingresos excluidos (Anejo IE Corp., Parte I, línea 6) _____ 0					
(c) _____					
(d) _____					
(e) _____					
(f) _____					
(g) _____					
(h) _____					
(i) _____					
Total ..... (7)			(7)		0.00
8. Deducciones en esta planilla no llevadas contra el ingreso en los libros este año (Detalle, use anejo si es necesario)					
(a) Depreciación _____ 0					
(b) _____					
(c) _____					
(d) _____					
(e) _____					
(f) _____					
(g) _____					
(h) _____					
(i) _____					
Total ..... (8)			(8)		0.00
9. Total (Suma líneas 7 y 8) ..... (9)			(9)		0.00
10. Ingreso neto tributable (o pérdida) según planilla (Línea 6 menos línea 9) ..... (10)			(10)		8,152.00

Parte IX Análisis del Sobrante según Libros		39	
1. Balance al comenzar el año	(1) -718,831.00	5. Distribuciones:	(5a) 0.00
2. Ingreso neto según libros	(2) 6,806.00	(b) Propiedad	(5b) 0.00
3. Otros aumentos (Detalle, use anejo si es necesario)		(c) Acciones	(5c) 0.00
		6. Otras rebajas (Use anejo si es necesario)	
	(3) 0.00		(6) 0.00
4. Total (Sume líneas 1, 2 y 3)	(4) -712,025.00	7. Total (Sume líneas 5 y 6)	(7) 0.00
		8. Balance al finalizar el año (Línea 4 menos línea 7)	(8) -712,025.00

Parte X Compensación a Directores		40			
Nombre del oficial	Número de seguro social	Por ciento del tiempo dedicado a industria o negocio	Por ciento de las acciones poseídas		Compensación
			Comunes	Preferidas	
					0.00
					0.00
					0.00
					0.00
Total de compensación a directores (Traslade a la Parte VI, línea 1)					0.00

Parte XI Compensación a Oficiales		41			
Nombre del oficial	Número de seguro social	Por ciento del tiempo dedicado a industria o negocio	Por ciento de las acciones poseídas		Compensación
			Comunes	Preferidas	
					0.00
					0.00
					0.00
					0.00
Total de compensación a oficiales (Traslade a la Parte VI, línea 2)					0.00

Parte XII Cuestionario		42	
		SI	NO
1. Si es una corporación extranjera, indique si la industria o negocio operó como sucursal	(1) <input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>
2. Si es una sucursal, indique el por ciento que representa el ingreso de fuentes de Puerto Rico del total de ingreso de la corporación: 0%			
3. ¿Mantuvo la corporación durante este año parte de sus récords en un sistema computarizado?	(3) <input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>
4. Los libros de la corporación están a cargo de: Nombre: C/O CORP Dirección:			
Correo electrónico (E-mail): Teléfono:			
5. Indique el método de contabilidad utilizado en los libros para propósitos contributivos: <input type="checkbox"/> Otro (especifique): <input type="checkbox"/> Recibido y Pagado <input checked="" type="checkbox"/> Acumulación			
6. ¿Rindió la corporación los siguientes documentos?: (a) Declaración Informativa (Formularios 480.5, 480.6A, 480.6B) (6a) <input checked="" type="checkbox"/> N <input checked="" type="checkbox"/> A (b) Comprobante de Retención (Formulario 499R-2/W-2PR) (6b) <input checked="" type="checkbox"/> X			
7. Si el ingreso bruto de la entidad o del grupo controlado excede de \$3,000,000, ¿Sometió estados financieros auditados por un CPA con licencia de Puerto Rico?	(7) <input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>
8. Número de empleados durante el año: 5			
9. ¿Reclamó la corporación gastos relacionados con la titularidad, uso, mantenimiento y depreciación de: (a) Automóviles? (9a) <input checked="" type="checkbox"/> X (b) Embarcaciones? (9b) <input checked="" type="checkbox"/> X (1) ¿Derivó más del 80% de la totalidad de sus ingresos de actividades relacionadas exclusivamente con la pesca o transportación de pasajeros o de carga o arrendamiento? (9b1) <input checked="" type="checkbox"/> N <input checked="" type="checkbox"/> A (c) Aeronaves? (9c) <input checked="" type="checkbox"/> X (1) ¿Derivó más del 80% de la totalidad de los ingresos de actividades relacionadas exclusivamente con la transportación de pasajeros o de carga o arrendamiento? (9c1) <input checked="" type="checkbox"/> N <input checked="" type="checkbox"/> A (d) Propiedad residencial fuera de Puerto Rico? (9d) <input checked="" type="checkbox"/> X (1) ¿Derivó más del 80% de la totalidad de sus ingresos de actividades relacionadas exclusivamente con el alquiler de propiedades a personas no relacionadas? (9d1) <input checked="" type="checkbox"/> N <input checked="" type="checkbox"/> A			
10. ¿Reclamó la corporación gastos relacionados con: (a) Alojamiento? (excepto empleados del negocio) (10a) <input checked="" type="checkbox"/> X (b) Empleados que asistieron a convenciones fuera de Puerto Rico o los Estados Unidos? (10b) <input checked="" type="checkbox"/> X			
11. ¿Distribuyó la corporación, durante el año contributivo, dividendos que no fueran en acciones o en liquidación en exceso de la ganancia corriente y acumulada? Si contestó "SI", indique la cantidad: 0	(11) <input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>
12. ¿Es la corporación socio de una sociedad especial o sociedad? (Si es más de una, someta detalle) Nombre de la Sociedad Especial o Sociedad: Número de identificación patronal:	(12) <input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>
13. ¿Recibió ingresos exentos? (Someta Anejo I-E Corporación) (13) <input checked="" type="checkbox"/>			
14. Anota la cantidad correspondiente de donativos a municipios de la cantidad incluida en la Parte VI, línea 49: 0			
15. Indique si pagó primas a aseguradores no autorizados (15) <input checked="" type="checkbox"/>			
16. Número de patrono otorgado por el Departamento del Trabajo y Recursos Humanos: 3197460007			
17. Número de accionistas: 1 (a) ¿Es alguno de los accionistas de la corporación un individuo no residente o corporación extranjera? (17a) <input checked="" type="checkbox"/> X (1) Indique el por ciento de participación del total de accionistas no residentes o corporaciones extranjeras: 0% (2) Indique el país de procedencia del accionista extranjero:			
18. ¿Incurrió o pagó gastos a accionistas, personas o entidades relacionadas fuera de Puerto Rico? (18) <input checked="" type="checkbox"/> X (a) ¿Obtuvo determinación administrativa para tener derecho a la totalidad de la deducción? (18a) <input checked="" type="checkbox"/> N <input checked="" type="checkbox"/> A			
19. ¿Reclamó la corporación gastos relacionados con servicios provistos por no residentes de Puerto Rico? (19) <input checked="" type="checkbox"/> X (a) ¿Pagó el impuesto sobre ventas y uso correspondiente? (19a) <input checked="" type="checkbox"/> N <input checked="" type="checkbox"/> A			
20. ¿Reclamó la corporación gastos de depreciación por propiedad mueble tangible adquirida fuera de Puerto Rico? (20) <input checked="" type="checkbox"/> X (a) ¿Pagó el impuesto sobre ventas y uso correspondiente? (20a) <input checked="" type="checkbox"/> N <input checked="" type="checkbox"/> A			
21. ¿Pagó la corporación dividendo implícito durante el año anterior? Si contestó "SI", indique la cantidad: 0 (21) <input checked="" type="checkbox"/> X			

Período de Conservación: Diez (10) años



Anejo A Corporación		CONTRIBUCION ALTERNATIVA MINIMA		2015	
Rev. 12.15		Año contributivo comenzado el 01 de may de 2015 y terminado el 30 de abr de 2016		A	
Nombre del contribuyente Gustavo Arango Inc.				Número de Identificación Patronal 66-0585606	
<b>Parte I</b>		<b>Ajustes en el Cómputo del Ingreso Neto Alternativo Mínimo Antes de Ajustes en los Libros y Pérdidas de Operaciones</b>			
1.	a. Ingreso neto (o pérdida) sujeto a contribución normal (De la Parte I, línea 31 de la planilla) (1a)	8,152	00		
	b. Menos: Ingresos sujetos a tasas preferenciales que haya optado por tributar a la tasa preferencial correspondiente (Anejo D1 Corporación, línea 2(f)) (1b)	0	00		
	c. Menos: Dividendos o beneficios recibidos de corporaciones domésticas (De la Parte III, línea 34 de la planilla) (1c)	0	00		
	d. Ingreso neto (o pérdida) sujeto a contribución normal sin considerar la pérdida neta en operaciones de años anteriores y excluyendo los ingresos sujetos a tasas preferenciales que haya optado por tributar a la tasa preferencial correspondiente (Línea 1(a) menos líneas 1(b) y 1(c)) (1d)			8,152	00
2.	Ajustes:				
	a. Depreciación flexible (2a)	0	00		
	b. Ventas a plazos (2b)	0	00		
	c. Contrato a largo plazo (2c)	0	00		
	d. Gastos relacionados con intereses exentos (2d)	0	00		
	e. Depreciación acelerada (2e)	0	00		
	f. Total de ajustes (Sume líneas 2(a) a la 2(e)) (2f)			0	00
3.	Ingreso neto (o pérdida) alternativo mínimo antes de ajustes de la Parte II y la pérdida de operaciones (Sume líneas 1(d) y 2(f)) (3)			8,152	00
<b>Parte II</b>		<b>Ajuste por el Exceso del Ingreso Neto Ajustado según Libros sobre el Ingreso Neto Alternativo Mínimo Antes de Ajustes</b>			
4.	Ingreso neto (o pérdida) según libros (4)	6,806	00		
5.	Ajuste por amortización de plusvalía (5)	0	00		
6.	Contribuciones sobre ingresos consideradas en los libros (6)	0	00		
7.	Sume las líneas 4, 5 y 6 (7)			6,806	00
8.	Ingreso de intereses exentos neto de gastos relacionados (8)	0	00		
9.	Dividendos y distribuciones de beneficios recibidos de corporaciones o sociedades domésticas, de ingresos de fomento industrial o de desarrollo turístico (9)	0	00		
10.	Ingreso (o pérdida) de fomento industrial, ingreso exento de desarrollo turístico, ingreso de negocio agrícola <i>bona fide</i> o ingreso de renta bajo la Ley 132-2010 (10)	0	00		
11.	Ingreso (o pérdida) reconocido según el método de equidad (11)	0	00		
12.	Reserva para pérdidas catastróficas (12)	0	00		
13.	Ingresos sujetos a tasas preferenciales que haya optado por tributar a la tasa preferencial correspondiente (De la Parte I, línea 1(b)) (Véanse instrucciones) (13)	0	00		
14.	Sume líneas 8 a la 13 (14)			0	00
15.	Línea 7 menos línea 14 (15)			6,806	00
16.	Línea 15 menos línea 3. Si la línea 3 es mayor que la línea 15, anote cero (16)			0	00
17.	Ajuste por el exceso del ingreso neto ajustado según libros sobre el ingreso neto alternativo mínimo de la línea 3 (Multiplique la línea 16 por 60%) (17)			0	00
<b>Parte III</b>		<b>Cómputo del Ingreso Neto Alternativo Mínimo</b>			
18.	Ingreso neto alternativo mínimo antes de pérdida neta en operaciones (Sume líneas 3 y 17) (18)			8,152	00
19.	Pérdida neta en operaciones de años anteriores para la determinación de la contribución alternativa mínima (No puede exceder del 70% de la línea 18) (Del Anejo G Corporación, Parte II, línea 13. Someta Anejo G Corporación) (Véanse instrucciones) (19)			5,706	00
20.	Línea 18 menos línea 19 (Anote aquí la diferencia, pero no menos del 20% de la línea 18) (20)			2,446	00
21.	Cantidad exenta (Véanse instrucciones) (21)			50,000	00
22.	Ingreso neto alternativo mínimo (Línea 20 menos línea 21) (22)			0	00
<b>Parte IV</b>		<b>Cómputo de la Contribución Mínima Tentativa y del Crédito Alternativo Mínimo por Contribuciones Pagadas al Extranjero</b>			
23.	Contribución mínima tentativa antes del crédito por contribuciones pagadas al extranjero (Multiplique la línea 22 por 30%) (23)	0	00		
24.	Ingreso neto alternativo mínimo antes de la deducción por pérdida neta en operaciones (Línea 18) (24)	8,152	00		
25.	Cantidad exenta permisible sin considerar la pérdida neta en operaciones (Véanse instrucciones) (25)	50,000	00		
26.	Línea 24 menos línea 25 (26)	0	00		
27.	Multiplique la línea 26 por 30% (27)	0	00		
28.	Multiplique la línea 27 por 10% (28)			0	00
29.	Límite del crédito (Línea 23 menos línea 28) (29)			0	00
30.	Crédito alternativo mínimo por contribuciones pagadas al extranjero (Esta cantidad no podrá exceder la cantidad en la línea 29. Véanse instrucciones) (30)			0	00
31.	Contribución mínima tentativa neta del crédito por contribuciones pagadas al extranjero (Línea 23 menos línea 30. Traslade a la Parte VI, línea 37) (31)			0	00

Periodo de Conservación: Diez (10) años

Rev. 12.15

Gustavo Arango Inc.

66-0585606

Anejo A Corporación - Página 2

<b>Parte V</b> Cómputo de Gastos Pagados a una Persona Relacionada y Compras de Propiedad Mueble de una Persona Relacionada			
32. Gastos incurridos o pagados a una persona relacionada y transferencia de costos o asignación de gastos de una oficina principal ("Home Office") localizada fuera de Puerto Rico a una sucursal ("Branch") dedicada a la industria o negocio en Puerto Rico (Esta cantidad proviene de la línea de Total de la Parte VI, línea 35 de la planilla).....	(32)	0	00
33. Multiplique la línea 32 por 20% .....	(33)	0	00
34. Compras de propiedad mueble de una persona relacionada y transferencia de propiedad mueble de una oficina principal ("Home Office") localizada fuera de Puerto Rico a una sucursal ("Branch") dedicada a la industria o negocio en Puerto Rico .....	(34)	0	00
35. Multiplique la línea 34 por el porcentaje que aplique <input type="text" value="0"/> % (Véanse instrucciones) .....	(35)	0	00
36. Total de gastos pagados a una persona relacionada y compras de propiedad mueble de una persona relacionada (Sume líneas 33 y 35) .....	(36)	0	00
<b>Parte VI</b> Cómputo de la Contribución Alternativa Mínima			
37. Contribución mínima tentativa después del crédito alternativo mínimo por contribuciones pagadas al extranjero (Línea 31 de la Parte IV) .....	(37)	0	00
38. Total de gastos pagados a una persona relacionada y compras de propiedad mueble de una persona relacionada (Línea 36 de la Parte V) .....	(38)	0	00
39. Contribución mínima tentativa (Anote la mayor entre líneas 37 y 38) .....	(39)	0	00
40. Contribución total neta del crédito por contribuciones pagadas al extranjero (Línea 40 menos línea 43 de la Parte IV, página 2 de la planilla).....	(40)	326	00
41. Contribución alternativa mínima (Línea 39 menos línea 40. Si la línea 40 excede la línea 39, anote cero, de lo contrario, anote la diferencia en el Formulario 480.2, página 2, Parte IV, línea 45) .....	(41)	0	00
<b>Parte VII</b> Cómputo del Crédito de Contribución Alternativa Mínima			
1. Exceso de la contribución regular sobre la contribución alternativa mínima para el año corriente (Línea 40 menos línea 39 de la Parte VI. Si la línea 39 excede la línea 40, anote cero) .....	(1)	326	00
2. Multiplique la línea 1 por 25% y anote el resultado aquí .....	(2)	82	00
3. Cantidad de contribución alternativa mínima pagada en años anteriores y no reclamada como crédito (Parte VIII, línea 11) .....	(3)	0	00
4. Cantidad del crédito a reclamar (Anote lo menor entre la línea 2 o 3. Traslade a la línea 48, Parte IV de la planilla).....	(4)	0	00
<b>Parte VIII</b> Determinación de la Cantidad de Contribución Alternativa Mínima Pagada en Años Anteriores No Reclamada como Crédito			
Año Contributivo (Día / Mes / Año)	(A) Contribución Alternativa Mínima Pagada en Exceso de la Contribución Regular	(B) Cantidad Utilizada como Crédito en Años Anteriores	(C) Balance
1.	00	00	00
2.	00	00	00
3.	00	00	00
4.	00	00	00
5.	00	00	00
6.	00	00	00
7.	00	00	00
8.	00	00	00
9.	00	00	00
10.	00	00	00
11. Total (Traslade a la Parte VII, línea 3 de este Anejo) .....	(11)	0	00

Periodo de Conservación: Diez (10) años



Gustavo Arango Inc.

66-0585606

ESTADO LIBRE ASOCIADO DE PUERTO RICO

DECLARACIÓN ADJUNTA PARA EL AÑO  
TERMINADO EN 4/30/2016

Otros Intereses

Página 3, Parte VI, Línea 12

<u>Descripción</u>	<u>Cantidad</u>
Interest Expense	\$29,879
Total	<u>\$29,879</u>

Gustavo Arango Inc.

66-0585606

ESTADO LIBRE ASOCIADO DE PUERTO RICO

DECLARACIÓN ADJUNTA PARA EL AÑO  
TERMINADO EN 4/30/2016

Otras Contribuciones, Patentes y Licencias

Página 3, Parte VI, Línea 16

<u>Descripción</u>	<u>Cantidad</u>
Other Taxes	\$300
Municipal License	\$665
Total	<u>\$965</u>

Gustavo Arango Inc.

66-0585606

ESTADO LIBRE ASOCIADO DE PUERTO RICO

DECLARACIÓN ADJUNTA PARA EL AÑO  
TERMINADO EN 4/30/2016

Otras Deducciones

Página 3, Parte VI, Línea 47

<u>Descripción</u>	<u>Cantidad</u>
Computer and Internet Expenses	\$909
Telephone Expense	\$1,696
Postage & Delivery	\$3,562
Uniforms	\$5,761
Miscellaneous	\$450
	<u>Total</u>
	<u>\$12,378</u>

Anejo E Rev. 20 oct 16		DEPRECIACIÓN				2015	
Nombre del contribuyente <b>Gustavo Arango Inc.</b>						Número de Seguro Social o Identificación Patronal <b>66-0585606</b>	
1. Clase de propiedad (en caso de edificaciones, indique el tipo de material utilizado en la construcción).		2. Fecha de adquisición.	3. Costo u otra base (excluya el costo del terreno). En el caso de automóviles, la base no debe exceder de \$30,000 por vehículo.	4. Depreciación reclamada en años anteriores.	5. Estimado de vida usado para computar depreciación.	6. Depreciación reclamada este año.	
(a) Depreciación Corriente							
MAQUINARIA			71,259 00	68,058 00	5	320 00	
EDIFICIO			1,078,922 00	419,747 00	35	34,531 00	
Total				487,805 00		34,851 00	
(b) Depreciación Flexible							
			00	00		00	
			00	00		00	
Total				0 00		0 00	
(c) Depreciación Acelerada							
			00	00		00	
			00	00		00	
Total				0 00		0 00	
(d) Amortización (ej. Goodwill)							
			00	00		00	
			00	00		00	
Total				0 00		0 00	
(e) Automóviles (Véanse instrucciones)							
			00	00		00	
			00	00		00	
Total				0 00		0 00	
(f) Vehículos bajo arrendamiento financiero (Formulario 480.7D) (Cantidad de vehículos <u>0</u> ) (01)..... (02)						0 00	
<b>TOTAL:</b> (Sume el Total de líneas (a) a la (f) de la Columna 6. Traslade a los Anejos K, L, M y N Individuo, según aplique, o a la línea correspondiente de otras planillas).....(10)						<b>34,851 00</b>	

Periodo de Conservación: Diez (10) años

<b>Anejo G Corporación</b> Rev. 12.15	<b>DETALLE DE PÉRDIDAS NETAS EN OPERACIONES INCURRIDAS EN AÑOS ANTERIORES</b>	<b>2015</b>
Año contributivo comenzado el <u>01</u> de <u>may</u> de <u>2015</u> y terminado el <u>30</u> de <u>abr</u> de <u>2016</u>		

Nombre del contribuyente <b>Gustavo Arango Inc.</b>	Número de Identificación Patronal <b>66-0585606</b>
--	--

Parte I Detalle de las Pérdidas Netas en Operaciones para Propósitos de la Contribución Regular							
Año en el cual se incurrió la pérdida (Día / Mes / Año)	(A) Pérdida incurrida según planilla	(B) Ajustes bajo la Sección 1033.14 (Véanse instrucciones)	(C) Total de pérdida arrastrable (Columna A menos Columna B)	(D) Cantidad utilizada en años anteriores	(E) Cantidad disponible (Columna C menos Columna D)	Fecha de expiración (Día / Mes / Año)	
1	30/04/2006	102,549.00	0.00	102,549.00	19,506.00	83,043.00	30/04/2018
2	30/04/2007	134,777.00	0.00	134,777.00	0.00	134,777.00	30/04/2019
3	30/04/2008	104,033.00	0.00	104,033.00	0.00	104,033.00	30/04/2020
4	30/04/2009	67,410.00	0.00	67,410.00	0.00	67,410.00	30/04/2021
5	30/04/2010	41,374.00	0.00	41,374.00	0.00	41,374.00	30/04/2022
6	30/04/2011	35,915.00	0.00	35,915.00	0.00	35,915.00	30/04/2023
7	30/04/2012	12,090.00	0.00	12,090.00	0.00	12,090.00	30/04/2024
8	30/04/2015	29,753.00	0.00	29,753.00	0.00	29,753.00	30/04/2024
9		0.00	0.00	0.00	0.00	0.00	
10		0.00	0.00	0.00	0.00	0.00	
11		0.00	0.00	0.00	0.00	0.00	
12		0.00	0.00	0.00	0.00	0.00	
13. Total (Traslade el total de la Columna E a la línea 32, Parte II de la planilla) ..(13)	527,901.00	0.00	527,901.00	19,506.00	508,395.00		

Parte II Detalle de las Pérdidas Netas en Operaciones para Propósitos de la Contribución Alternativa Mínima							
Año en el cual se incurrió la pérdida (Día / Mes / Año)	(A) Pérdida incurrida según planilla	(B) Ajustes bajo la Sección 1033.14 (Véanse instrucciones)	(C) Total de pérdida arrastrable (Columna A menos Columna B)	(D) Cantidad utilizada en años anteriores	(E) Cantidad disponible (Columna C menos Columna D)	Fecha de expiración (Día / Mes / Año)	
1	30/04/2006	102,549.00	0.00	102,549.00	19,506.00	83,043.00	30/04/2018
2	30/04/2007	134,777.00	0.00	134,777.00	0.00	134,777.00	30/04/2019
3	30/04/2008	104,033.00	0.00	104,033.00	0.00	104,033.00	30/04/2020
4	30/04/2009	67,410.00	0.00	67,410.00	0.00	67,410.00	30/04/2021
5	30/04/2010	41,374.00	0.00	41,374.00	0.00	41,374.00	30/04/2022
6	30/04/2011	35,915.00	0.00	35,915.00	0.00	35,915.00	30/04/2023
7	30/04/2012	12,090.00	0.00	12,090.00	0.00	12,090.00	30/04/2024
8	30/04/2015	29,753.00	0.00	29,753.00	0.00	29,753.00	30/04/2024
9		0.00	0.00	0.00	0.00	0.00	
10		0.00	0.00	0.00	0.00	0.00	
11		0.00	0.00	0.00	0.00	0.00	
12		0.00	0.00	0.00	0.00	0.00	
13. Total (Traslade el total de la Columna E al Anejo A Corporación, Parte III, línea 19) .....(13)	527,901.00	0.00	527,901.00	19,506.00	508,395.00		

Período de Conservación: Diez (10) años

<b>Anejo T Corporación</b> Rev. 12.15	<b>ADICIÓN A LA CONTRIBUCIÓN POR FALTA DE PAGO DE LA CONTRIBUCIÓN ESTIMADA DE CORPORACIONES</b>  Año contributivo comenzado el <u>01</u> de <u>may</u> de 2015 y terminado el <u>30</u> de <u>abr</u> de 2016	<b>2015</b>
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Nombre del contribuyente <b>Gustavo Arango Inc.</b>	Número de Identificación Patronal <b>66-0585606</b>
--	--

<b>Parte I</b>		<b>Determinación de la Cantidad Mínima a Pagar de Contribución Estimada</b>	
1. Responsabilidad contributiva (Sume líneas 42, 45 y 47 de la Parte IV de la página 2 de la planilla)..... (1)		326	00
2. Créditos y pagos en exceso (Véanse Instrucciones) ..... (2)		0	00
3. Contribución estimada (Reste línea 2 de la línea 1. Si es cero o menos, no tiene que completar este Anejo) ..... (3)		326	00
4. Línea 1 por 90% ..... (4)		293	00
5. Total contribución determinada según surge de la planilla de contribución sobre Ingresos del año anterior ..... (5)		0	00
6. Anote la menor entre las líneas 4 y 5 ..... (6)		0	00
7. Reste línea 2 de la línea 6 (Si es menos de cero, anote cero). Esta es la cantidad mínima de contribución estimada que debió pagar ..... (7)		0	00

<b>Parte II</b>		<b>Adición a la Contribución por Falta de Pago</b>			
<b>Sección A - Falta de Pago</b>		Fecha de vencimiento			
		(a)	(b)	(c)	(d)
1 <input type="radio"/> AÑO NATURAL .....		Primer Plazo	Segundo Plazo	Tercer Plazo	Cuarto Plazo
2 <input type="radio"/> AÑO ECONOMICO (Indique las fechas correspondientes) .....					
8. Cantidad de contribución estimada por plazo (Véanse instrucciones) ..... (8)		0 00	0 00	0 00	0 00
9. Cantidad de contribución estimada pagada por plazos (Véanse instrucciones) ..... (9)		0 00	0 00	0 00	0 00
10. Fecha de pago (Véanse instrucciones) ..... (10)					
11. Línea 17 de la columna anterior ..... (11)			0 00	0 00	0 00
12. Sume líneas 9 y 11 ..... (12)		0 00	0 00	0 00	0 00
13. Reste línea 8 de línea 12 (Si es menos de cero, anote cero) ..... (13)		0 00	0 00	0 00	0 00
14. Falta de Pago (Si la línea 13 es cero, reste línea 12 de línea 8, de otro modo, anote cero) ..... (14)		0 00	0 00	0 00	0 00
15. Sume las líneas 14 y 16 de la columna anterior ..... (15)			0 00	0 00	
16. Si línea 15 es igual o mayor que línea 13, reste línea 13 de línea 15 y continúe en línea 11 de próxima columna. De otro modo, continúe en línea 17 ..... (16)			0 00	0 00	
17. Sobrepago (Si línea 13 es mayor que línea 15, reste línea 15 de línea 13, y continúe en la línea 11 de próxima columna. De otro modo, anote cero) ..... (17)		0 00	0 00	0 00	
<b>Sección B - Penalidad</b>					
18. Multiplique línea 14 por 10% ..... (18)		0 00	0 00	0 00	0 00
19. Si la fecha indicada en la línea 10 para cualquier plazo es posterior a su vencimiento y: • la línea 18 es cero, multiplique el resultado de línea 8 menos línea 17 de la columna anterior por 10%; o • la línea 18 es mayor de cero, multiplique el resultado de línea 8 menos línea 17 de la columna anterior por 10% y reste la cantidad reflejada en la línea 18. (Véanse Instrucciones) ..... (19)		0 00	0 00	0 00	0 00
20. Sume las líneas 18 y 19 ..... (20)		0 00	0 00	0 00	0 00
21. Adición a la Contribución por Falta de Pago de la Contribución Estimada (Sume las cantidades de las columnas de la línea 20. Traslada a la línea 57 de la Parte IV de la página 2 de la planilla) ..... (21)					0 00

Periodo de Conservación: Diez (10) años

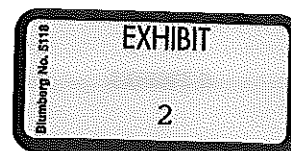
Gustavo Arango Inc.  
66-0585606

A STATEMENT ATTACHED TO AND MADE PART OF THE  
PUERTO RICO INCOME TAX RETURN  
FOR THE YEAR ENDED APRIL 30, 2016

STATEMENT OF DONATIONS CARRYFORWARD

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<u>Year of Created</u>	<u>Donations Exclusions</u>	<u>Amount Used</u>	<u>Amount Available</u>	<u>Expiration Date</u>
2016	\$ 1,346	\$ -	\$ 1,346	2021
TOTAL AMOUNT AVAILABLE FOR 2017			<u>\$ 1,346</u>	



SCHEDULE OF BUSINESS  
CASH RECEIPTS AND CASH DISBURSEMENTS

Date of Petition: July 28, 2016  
 Name of Debtor: Gustavo Arango, Inc.  
 Case Number: 16-05118-BKT11  
 Reporting Period Beginning: July 28, 2016 Ending: August 31, 2016

	June 28 to July 31	Aug-16	Sep-16	Cumulative Total
CASH - Beginning of Month	3,145.66	12,087.82	2,545.45	3,145.66
<b>CASH RECEIPTS</b>				
Cash Sales (Includes Sales Tax)	21,175.98	11,599.82	11,745.09	44,520.89
Account Receivable Collection (Includes Sales Tax)	9,890.05	9,311.52	9,643.50	28,845.07
Sale of Business Assets				-
Other	3,572.60			
				-
<b>TOTAL BUSINESS RECEIPTS</b>	<b>34,638.63</b>	<b>20,911.34</b>	<b>21,388.59</b>	<b>73,365.96</b>
<b>BUSINESS CASH DISBURSEMENTS</b>				
Net Payroll	12,002.71	12,999.27	8,591.99	33,593.97
Taxes - Payroll	-	-	-	-
Taxes - Sales	2,387.00	1,691.94	1,249.00	5,327.94
Taxes Other	-	-	-	-
Contract Labor (Subcontractors)	-	-	-	-
Professional Services	4,921.44	1,900.00	2,850.04	9,671.48
Inventory Purchases	-	-	125.50	125.50
Outside Services	-	108.23	90.00	198.23
Secured/Lease Payments (Business)	-	4,981.00	4,981.00	9,962.00
Utilities (expenses)	1,671.09	2,332.57	347.20	4,350.86
Insurances	1,009.26	-	1,009.26	2,018.52
Vehicle Expenses	40.00	-	373.76	413.76
Other Expense	2,927.25	1,009.26	-	3,936.51
Repair and Maintenances	-	111.50	-	111.50
Supplies	353.42	-	312.75	666.17
Charitable Contributions	-	-	-	-
US Trustee	-	325.00	-	325.00
Bank Charges	384.30	300.34	244.74	929.38
Health Insurance	-	1,122.00	329.00	1,451.00
				-
<b>Total Business Disbursements</b>	<b>25,696.47</b>	<b>26,881.11</b>	<b>20,504.24</b>	<b>73,081.82</b>
<b>CASH - End of Month (Must equal reconcile bank statement- Attachment No. 2)</b>				
	<b>12,087.82</b>	<b>6,118.05</b>	<b>3,429.80</b>	<b>3,429.80</b>





Calle Fernando Calder #454 Urb. Roosevelt S.J. Puerto Rico 00918-  
T: (787) 753-0555 F: (787) 250-

E: jgititle@prtc.net

ESTUDIO DE TITULO

CASO: GUSTAVO ARANGO, INC.  
RE: Leda. Carmen Conde / Carmen Conde & Asoc.

Se solicitó investigación por Índice de Personas, en relación con posible propiedad de la persona de referencia, localizada, según información suministrada, en la Avenida Roosevelt #1334, Puerto Nuevo, en el Municipio de San Juan, área cubierta por la Sección II de San Juan, del Registro de la Propiedad de Puerto Rico. De la investigación practicada resultó lo siguiente:

FINCA: #9740 (antes #12044), inscrita al folio 34 del tomo 256 de Monacillos (Sección III de San Juan).

DESCRIPCION:

URBANA: Solar marcado con el #15-A de la Urbanización Reparto Fullana, radicado en el barrio Monacillos del término municipal de San Juan, Puerto Rico, con una cabida superficial de 390.00 metros cuadrados. En lindes por el NORTE, en 13.00 metros con la Avenida Roosevelt; por el SUR, en 13.00 metros con el solar #14 del referido plano; por el ESTE, en 30.00 metros con el solar #17 del mencionado plano; y por el OESTE, en 30.00 metros con el solar #13 del referido plano.

ENCLAVA: Una casa de concreto armado de una sola planta.

ORIGEN: Se segrega de la finca #1550 inscrita al folio 186 del tomo 193 de Río Piedras.

PROPIETARIO REGISTRAL: GUSTAVO ARANGO INC, quien adquiere por compra a Unique Ornamentales Inc, por el precio de \$928,000.00. Según escritura #27, otorgada en San Juan, el 6 de noviembre de 2006, ante Wilfredo Borges, inscrita al folio 191 del tomo 1086 de Monacillos (ágora), inscripción 7ma.

CARGAS Y GRAVAMENES

Por su Procedencia: Servidumbre a favor de la Autoridad de las Fuentes Fluviales.

Por sí:

1-HIPOTECA: Por \$855,000.00, con intereses al 8.99% anual, en garantía de un pagaré a favor de Westernbank of Puerto Rico, o a su orden, que vence a la presentación. Según escritura #903, otorgada en San Juan, el 6 de noviembre de 2006, ante Juan Carlos Ortega Torres, inscrita al folio 191 del tomo 1086 de Monacillos (ágora), inscripción 8va.

CONDICIONES: Las partes renuncian al término prescriptivo de 20 años de la hipoteca y lo prorrogan o amplían a 35 años a partir de la fecha de la presentación de la copia certificada de la misma en el Registro de la Propiedad.

2-AVISO DE DEMANDA: Dado en el Caso Civil #KCD2012-1545, Tribunal de Primera Instancia, Sala Superior de San Juan; seguido por Banco Popular de Puerto Rico (demandante) versus Gustavo Arango, Inc.; Adolfo Arango Ayala; Carlos Javier Pérez Cruz (demandados). Se reclama el pago de la deuda garantizada con hipoteca de la inscripción 8va, reducida a \$802,413.27, más intereses y otras sumas, o la venta de esta finca en pública subasta. Anotado al folio 102 del tomo 1093 de Monacillos, anotación A, con fecha 27 de febrero de 2015.

REVISADOS: Embargos por Contribuciones, Embargos Federales, Sentencias y Bitácora Electrónica.

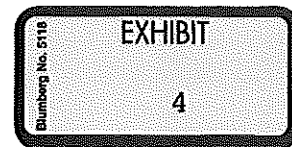
En esta Sección se ha establecido un sistema computadorizado de operaciones. Esta Corporación no se hace responsable por errores u omisiones en la entrada de datos en el sistema de computadora.

Este estudio ha sido realizado el 18 de julio de 2016, a las 10:35 a.m., en la Sección III de San Juan del Registro de la Propiedad de Puerto Rico.

JGI TITLE SERVICE, INC.  
JGITS/ann #84118

Cotejado por: C 9740\_MON\_E08

F-jmss



**Gustavo Arango, Inc.**

**Liquidation Analysis Statement**

**November 7, 2016**

BDO, Puerto Rico, PSC, a Puerto Rico Professional Services Corporation, and BDO USVI, LLC, a United States Virgin Island's limited liability Company, are members of BDO International Limited, a UK company limited by guarantee, and form part of the international BDO network of independent member firms.

BDO is the brand name for the BDO network and for each of the BDO Member Firms.





Gustavo Arango, Inc.  
Liquidation Analysis  
October 2016  
Page 2

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BDO, Puerto Rico, PSC, a Puerto Rico Professional Services Corporation, and BDO USVI, LLC, a United States Virgin Island's limited liability Company, are members of BDO International Limited, a UK company limited by guarantee, and form part of the international BDO network of independent member firms.

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Gustavo Arango, Inc.  
Liquidation Analysis  
November 2016  
Page 3

## 1 INTRODUCTION

### 1.1 Scope and Purpose

BDO Puerto Rico, PSC ("BDO" or "we") was engaged by Gustavo, Arango, Inc. ("Debtor") to assist throughout their restructuring and turnaround process. In connection to the Plan of Reorganization (the "Plan") and the Disclosure Statement related to the Debtor's Chapter 11 case, Debtor has requested assistance in the preparation of a Liquidation Analysis Statement (the "Liquidation").

We have not audited, reviewed, or compiled the Liquidation and, accordingly, do not express an opinion or any other form of assurance on the accompanying Liquidation or their assumptions.

The objective of the Liquidation is to assist the Debtor in presenting financial information without the intention to obtain or provide any assurance of material adequacy to the financial information presented therein.

The Liquidation and this report were prepared for the purpose of evaluating whether the Plan meets the "best interest test" under section 1129(a)(7) of the Bankruptcy Code ("Code"). The Liquidation has been prepared assuming the Debtor's current Chapter 11 case converts to Chapter 7 proceeding under the Code and their assets are liquidated.

Estimating recoveries in a hypothetical chapter 7 liquidation case is an uncertain process due to the number of unknown variables. Thus, extensive use of estimates and assumptions has been made that, although considered reasonable by Debtor's management, are inherently subject to the business uncertainties and contingencies beyond the Debtor control.

The Liquidation provides the estimated values that would be obtained upon disposition of assets pursuant to a hypothetical chapter 7 liquidation as an alternative to continued operation of the business as proposed under the Plan.

The Liquidation is based on: (i) Debtor's Schedules, (ii) Proofs of Claims filed in the case, (iii) liquidation values provided by Debtor, and (iii) Projected Cash Flow Statements prepared by BDO in connection to the approval of the Disclosure Statement and confirmation of its Plan of Reorganization.

BDO, Puerto Rico, PSC, a Puerto Rico Professional Services Corporation, and BDO USVI, LLC, a United States Virgin Island's limited liability Company, are members of BDO International Limited, a UK company limited by guarantee, and form part of the International BDO network of independent member firms.

BDO is the brand name for the BDO network and for each of the BDO Member Firms.



Gustavo Arango, Inc.  
Liquidation Analysis  
November 2016  
Page 4

We have not audited the analysis and, accordingly, do not express an opinion or any other form of assurance on the amounts, estimates, and assumptions that, although considered reasonable by management, are inherently subject to significant uncertainties and contingencies beyond the management control.

The Liquidation included in this report is based on information made available to us as of the date of this report. In the event that any other relevant information is provided, we will evaluate and amend our report, if considered necessary.

Our conclusions are based on information that is commonly used by experts in our field when rendering opinions, in addition to our education, knowledge, and experience. A detailed list of such information has been included as part of this document.

The professional fees charged in connection with this report were based on our regular rates for this type of engagement and fees approved by the Court. Compensation is in no way contingent upon the results of the legal proceedings.

### 1.2 Overview

Gustavo Arango, Inc. is a domestic corporation organized and authorized to do business under the laws of the Commonwealth of Puerto Rico since January 23, 1990. Debtor is located at 1334 Ave. Franklin Delano Roosevelt, San Juan, Puerto Rico.

### 1.3 Background

Gustavo Arango, Inc. ("Debtor") is a debtor in possession in the Chapter 11 case No. 16-05118-BKT11. On June 28, 2016, the Debtor filed a voluntary petition for relief under the provisions of Chapter 11 of the Bankruptcy Code.

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## 2 LIQUIDATION ANALYSIS

	Schedule Value	% of Estimated Value	Liquidation Value	Item	Net Value
Cash	9,166	100%	9,166	-	9,166
Account Receivable	61,769	70%	43,238	-	43,238
Furniture & Fixtures (Leasehold)	14,400	20%	2,880	-	2,880
Inventory	94,269	20%	18,854	-	18,854
Equipment & Vehicle	13,025	50%	6,513	-	6,513
Building	800,000	70%	560,000	727,386	-
	<u>992,630</u>		<u>640,651</u>	<u>727,386</u>	<u>80,651</u>
Total Estimated Liquidation Value	\$ 992,630		\$ 640,651	\$ 727,386	\$ 80,651

Creditor	Property	Amount Expected to be Allowed	Collateral Liquidation Value	Estimated Amount Available for Distribution	Amount Payable	% Recovery
Secured Creditor		\$ 727,386	\$ 560,000	\$ 560,000	\$ 560,000	77%
Condado 3, LLC					\$ 80,651	
Amounts Available for Liquidation Expenses and Other Creditors						
Administrative Claims: (Chapter 7)		8,794	-	8,794	8,794	100%
Legal Fees		12,500	-	12,500	12,500	100%
Accounting and Consulting		35,533	-	35,533	35,533	100%
Chapter 7 Trustee Fees		<u>56,827</u>	<u>-</u>	<u>56,827</u>	<u>\$ 56,827</u>	<u>100%</u>
Total Administrative Claims Estimated for Chapter 7						
Amount Available For Payments to Administrative CH 11 and Others Creditors					\$ 23,824	
Administrative Claims: (Chapter 11)		-	-	-	-	0.0%
Legal Fees		19,500	-	19,500	19,500	100%
Accounting and Consulting		1,950	-	1,950	1,950	100%
US Trustee Fees		<u>21,450</u>	<u>-</u>	<u>21,450</u>	<u>\$ 21,450</u>	<u>100%</u>
Total Administration CH 11 Expenses					\$ 2,374	
Amount Available For Payments of Priority and Unsecured Creditors						
Priority Claims		210,394	-	210,394	2,374	1.1%
Total Priority Claims		<u>210,394</u>	<u>-</u>	<u>210,394</u>	<u>\$ 2,374</u>	<u>1.1%</u>
Amount Available For Payments of Unsecured Creditors					\$ (208,020)	
General Unsecured Creditors		139,846	-	139,846	-	0.0%
Unsecured Portion of Secured Claims		167,386	-	167,386	-	0.0%
Total Unsecured		<u>307,232</u>	<u>-</u>	<u>307,232</u>	<u>\$ -</u>	<u>0.0%</u>
General Unsecured Deficit					\$ (515,252)	0.0%

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### 3 ASSUMPTIONS AND BASIS FOR PREPARATION OF LIQUIDATION ANALYSIS

The Liquidation refers to different categories of assets, liquidation cost, and claims. The following notes describe the assumptions associated within the categories:

#### Assets

1. **Cash** – Considered 100% realizable due to the nature of the asset.
2. **Account Receivables** – Based on an analysis of collectability performed by Debtor and amounts collected subsequent to filing date, the amount realizable is approximately 70% of scheduled amount.
3. **Furniture and Fixtures** - Furniture and fixtures, consisting of executive desks and office furniture, were estimated and the amount realizable is 70% of scheduled amount.
4. **Inventory** – Inventory estimated recovery value is 20% of the scheduled amount.
5. **Equipment**- Estimated recovery value is 20% of the scheduled amount.
6. **Building** – Real estate property located at 1334 Ave. Franklin Delano Roosevelt, San Juan with an estimated recovery value of 70% pursuant to the market conditions. This building has a lien in favor of Banco Popular/Condado 3, LLC.

#### Claims

1. **Condado 3 LLC**– This secured creditor filed a Proof of Claim of \$727,386. The amount available for distribution is \$560,000, which represent the 77% of the amount expected to be allowed. The deficiency is included as a general unsecured claim.

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2. **Administrative Claims (Chapter 7)** –The category includes fees that would be payable to the Trustee, Trustee’s legal and financial advisors by Debtor in accordance to Section 326 of the Code. The amount available for distribution of Administrative Claims (Chapter 7) is \$56,827, which represents a 100% of the amount expected to be allowed.
3. **Administrative Claims (Chapter 11)** – The category includes financial advisor and US Trustee fees related to the previous Chapter 11 proceeding. The amount available for distribution to Administrative Claims (Chapter 11) is \$21,450, which represents a 100% of the amount expected to be allowed.
4. **Priority Claims** – The amount available for distribution of total Priority Claims is \$2,734, which represents a 1.1% of the amount expected to be allowed.
5. **Unsecured Creditors** - The amount available for distribution of total Unsecured Creditors is \$0, which represents a 0% of the amount expected to be allowed.

The Debtor will have a deficit of \$(512,927) after the liquidation and distribution of assets .



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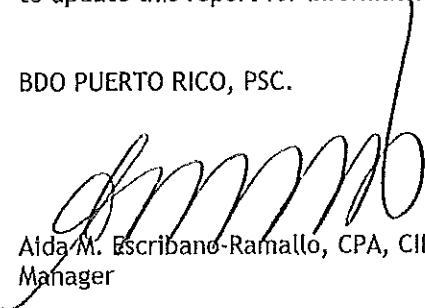
#### 4 SIGNATURE

This report has been prepared under the direction of Aida M. Escribano-Ramallo, CPA, CIRA, CFE, Manager of the Advisory Division of BDO Puerto Rico, P.S.C. Neither the professionals who worked on this engagement, nor the shareholders of BDO Puerto Rico, P.S.C., have any present or contemplated future interest in the Company, as herein defined, or in reference to the owner, nor any personal interest with respect to the parties involved, nor any other interest that might prevent us from performing an unbiased analysis. Our compensation is not contingent on an action or event resulting from the analysis, opinions, or conclusions in, or the use of this report.

We have used financial information and estimated liquidation values provided by Management. We have not examined the financial and values data or the underlying assumptions to determine if they are in accordance with the standards prescribed by the American Institute of Certified Public Accountants nor express an opinion or any other form of assurance regarding the liquidation analysis and related assumptions. The future may not occur as anticipated, and actual liquidation results may vary from those described in our report. Should liquidation values differ from actual future events, the Liquidation Analysis Statement may be materially affected.

This report was prepared for the specific purpose described above and is not to be copied or made available to unrelated parties without the express written consent of BDO Puerto Rico, P.S.C. We did not use the work of one or more outside specialists to assist during this engagement. We have no obligation to update this report for information that comes to our attention after the date of this report.

BDO PUERTO RICO, PSC.



Aida M. Escribano-Ramallo, CPA, CIRA, CFE  
Manager

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5 LIST OF APPENDICE

Attached to this study are the following appendices, which are integral components of the projected cash flow statements presented herein:

Appendix I - Credentials

Appendix II - Information Source

# APPENDIX

**APPENDIX I - CREDENTIALS**

**AIDA M. ESCRIBANO, CPA, CIRA, CFE**

Mrs. Escribano is a Certified Public Accountant, Certified Insolvency and Restructuring Advisor, and a Certified Fraud Examiner. With more than fifteen (15) years of experience, Aida has worked at management level and as advisor within the manufacturing, distribution, tourism, development, and construction industries. She works for BDO Puerto Rico, PSC as a Business Advisory Manager.

Aida specializes in financial advisory, assisting clients with acquisitions and restructuring strategies, bankruptcy processes, and creating tax structures to maximize return on investment for shareholders.

She has also conducted multiple fraud and forensic accounting engagements, business valuations to advise senior management in the context of acquisition, joint ventures and strategic alliances, and worked closely with legal counselors in the formulation of defense strategies and the confection of deposition line of questioning.

Aida's experience includes negotiating with lenders to restructure credit facilities in order to avert bankruptcy case filings and leading due diligence processes. She performed on-site review and investigation of accounting records for accuracy, assessment of business operations and internal controls, and review of financial and statement in order to detect unapproved transactions, provide evidence to stockholders, and counsel to support the dismissal of an officer of a company with sales over \$6,000,000. Additionally, she assisted and advised a manufacturing plant with over \$10,000,000 in assets in a challenging and complex Chapter 11 filing, including surrender of premises, stipulation of adequate protection, review monthly operating reports, plan and disclosure statements, liquidation analysis, financial reports and projections, and objections to proof of claims.

Mrs. Escribano is currently a member of the Board of Directors of Corporation for Business and Community Financing (COFECC) and is a member of the International Women's Insolvency & Restructuring Confederation (IWIRC).

**Professional Affiliations**

Puerto Rico Society of Certified Public Accountants

Association of Certified Fraud Examiners

Association of Insolvency and Restructuring Advisors

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#### Education

Bachelor's Degree in Business Administration with a major in Accounting from the University of Puerto Rico, Río Piedras Campus, Dean's List Student

#### Awards

2015 Caribbean Business Forty under Forty Recognition

2015 Zolfo Cooper CIRA Bronze Medal winner for achieving the third highest national score when obtaining the Certified Insolvency and Restructuring Advisor credential.

#### APPENDIX II - INFORMATION SOURCE

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## CASH FLOW PROJECTIONS

## INFORMATION PROVIDED BY DEBTOR

### DOCKET LIST:

- Docket No. 1: Voluntary petition under chapter 11 Non-Individual with Corporate Resolution, With List of creditors. List of Creditors Holding 20 Largest Unsecured Claims
- Docket No. 6: Application to employ Debtor's attorney, Carmen D. Conde Torres of C. Conde & Assoc.
- Docket No. 7: Application to employ Accountant, Aida M. Escribano Ramallo of BDO Puerto Rico, PSC
- Docket No. 11: Summary of Assets and Liabilities Schedules for Non-Individual, Statement of Financial Affairs for Non-Individual, Motion submitting document(s): Amended 20 Largest Unsecured Claims. filed by Carmen D. Conde Torres on behalf of Gustavo Arango Inc.

### PROOF OF CLAIM LIST:

- POC 1-1: Internal Revenue Services
- POC 2-1: Internal Revenue Services
- POC 3-1: Condado 3, LLC

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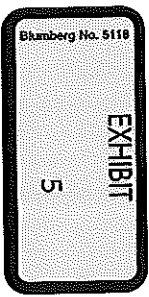
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CLASS	SCHEDULED AMOUNT	PROJECT CLAIM NO.	PROJECT CLAIM AMOUNT	STATUS	ALLOWED AMOUNT	ALLOWED BALANCE	MONTHLY PAYMENT	YEAR											
								YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5							
Administrative Claims																			
Legal and Financial Advisors Fees																			
U.S. Trustee Fees																			
Total																			
Secured Creditor - CRMA																			
CRMA																			
Total																			
Secured Creditor - Conrado 3, LLC																			
Conrado 3, LLC																			
Total																			
Priority Unsecured Claims-Department of Treasury																			
Department of Treasury (TVU)																			
Total																			
General Unsecured Governmental Claims																			
Internal Revenue Services																			
Internal Revenue Services																			
Department of Treasury PR (Other)																			
Department of Treasury PR (TVU)																			
Municipality of San Juan (TVU)																			
Municipality of San Juan (Sales Tax Volume)																			
Scale Insurance Pools																			
Department of Labor (Unemployment)																			
Department of Labor (Disability)																			
Total																			
General Unsecured Others Claims																			
PPS&A																			
PPS&A																			
Liberty Cable of PR																			
Olga Thinesse Banksep																			
Total																			
Equity Security and/or Other Interest Claims																			
Equity Security and/or Other Interest Claims																			
Total																			
Priority Claims																			
Internal Revenue Services																			
Internal Revenue Services																			
Department of Treasury (Other)																			
Department of Labor (Unemployment)																			
Municipality of San Juan (Sales Tax Volume)																			
Municipality of San Juan (TVU)																			
Total																			
Total Claims																			





Gustavo Arango, Inc.  
Projected Cash Flow Statements

PROJECTED CASH FLOW STATEMENT (5 YRS)

	First	Second	Third	Fourth	Fifth
Net Sales	\$ 480,000	\$ 489,600	\$ 499,392	\$ 509,380	\$ 519,567
Operating Expenses					
Net Payroll	\$ 79,000	\$ 144,000	\$ 146,880	\$ 149,818	\$ 152,814
Taxes - Payroll	7,110	12,960	13,219	13,484	13,753
Health Insurance	6,732	6,867	7,004	7,144	7,287
Inventory Purchases	72,000	73,440	74,909	76,407	77,935
Professional Services	80,000	81,600	83,232	84,897	86,595
Outside Services	1,400	1,428	1,457	1,486	1,515
Insurances	3,700	3,774	3,849	3,926	4,005
Repair and Maintenances	1,380	1,408	1,436	1,464	1,494
Utilities (expenses)	25,200	25,704	26,218	26,742	27,277
Bank Charges	4,200	4,284	4,370	4,457	4,546
Other Expense	15,600	15,912	16,230	16,555	16,886
Vehicle Expenses	240	245	250	255	260
Supplies Expenses	2,124	2,166	2,210	2,254	2,299
Advertising	12,000	12,240	12,485	12,734	12,989
Other Taxes (Sales Volume & CRIM)	5,609	5,722	5,836	5,953	6,072
Total Operating Expenses	\$ 316,295	\$ 391,749	\$ 399,584	\$ 407,576	\$ 415,727
Income Before Taxes	163,705	97,851	99,808	101,804	103,840
Income Tax	5,348	2,714	2,792	2,872	2,954
Cash Flow from Operations	\$ 158,356	\$ 95,137	\$ 97,016	\$ 98,932	\$ 100,887
Other Income/Expenses					
Reorganization Payments	129,379	107,929	107,929	107,929	107,929
Total Other Income/Expenses	129,379	107,929	107,929	107,929	107,929
CASH-SUBTOTAL	\$ 28,977	\$ (12,792)	\$ (10,914)	\$ (8,997)	\$ (7,043)
CASH - BEGINNING BALANCE	32,000	60,977	48,185	37,271	28,274
CASH - ENDING BALANCE	\$ 60,977	\$ 48,185	\$ 37,271	\$ 28,274	\$ 21,231

PROJECTED MONTHLY CASH FLOW STATEMENT (12 MONTHS)

Gustavo Arango, Inc.  
Projected Cash Flow Statements

	First	Second	Third	Fourth	Fifth	Sixth	Seventh	Eighth	Ninth	Tenth	Eleventh	Twelve	Cumulative
Net Sales	\$ 22,298	\$ 41,203	\$ 31,131	\$ 32,952	\$ 45,821	\$ 33,564	\$ 40,381	\$ 14,582	\$ 32,884	\$ 20,797	\$ 93,144	\$ 71,290	\$ 480,000
Operating Expenses													
Net Payroll	6,000	6,000	6,000	6,000	6,000	7,000	7,000	7,000	7,000	7,000	7,000	7,000	79,000
Taxes - Payroll	540	540	540	540	540	630	630	630	630	630	630	630	7,110
Health Insurance	561	561	561	561	561	561	561	561	561	561	561	561	6,732
Inventory Purchases	3,345	6,180	4,670	4,943	6,873	5,034	6,057	2,187	4,926	3,120	13,972	10,693	72,000
Professional Services	3,716	6,867	5,188	5,492	7,637	5,594	6,730	2,430	5,473	3,466	15,524	11,882	80,000
Outside Services	65	120	91	96	134	98	118	43	96	61	272	208	1,400
Insurances	300	300	300	300	-	-	1,000	300	300	300	300	300	3,700
Repair and Maintenances	115	115	115	115	115	115	115	115	115	115	115	115	1,380
Utilities (expenses)	2,100	2,100	2,100	2,100	2,100	2,100	2,100	2,100	2,100	2,100	2,100	2,100	25,200
Bank Charges	350	350	350	350	350	350	350	350	350	350	350	350	4,200
Other Expense	1,300	1,300	1,300	1,300	1,300	1,300	1,300	1,300	1,300	1,300	1,300	1,300	15,600
Vehicle Expenses	20	20	20	20	20	20	20	20	20	20	20	20	240
Supplies Expenses	177	177	177	177	177	177	177	177	177	177	177	177	2,124
Advertising	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
Other Taxes (Sales Volume & CRIM)	2,369	82	62	66	92	2,392	81	29	66	42	186	143	5,609
Total Operating Expenses	\$ 21,958	\$ 25,713	\$ 22,474	\$ 23,060	\$ 26,898	\$ 26,370	\$ 27,239	\$ 18,242	\$ 24,114	\$ 20,241	\$ 43,506	\$ 36,479	\$ 316,295
Income Before Taxes	340	15,490	8,657	9,892	18,923	7,191	13,142	(3,660)	8,727	556	49,637	5,348	163,705
Income Tax	-	-	-	-	-	-	-	-	-	-	-	-	-
Cash Flow from Operations	\$ 340	\$ 15,490	\$ 8,657	\$ 9,892	\$ 18,923	\$ 7,191	\$ 13,142	\$ (3,660)	\$ 8,727	\$ 556	\$ 49,637	\$ 29,463	\$ 158,356
Other Income/Expenses													
Reorganization Payments	30,444	8,994	8,994	8,994	8,994	8,994	8,994	8,994	8,994	8,994	8,994	8,994	129,379
Total Other Income/Expenses	30,444	8,994	8,994	8,994	8,994	8,994	8,994	8,994	8,994	8,994	8,994	8,994	129,379
CASH-SUBTOTAL	\$ (30,104)	\$ 6,495	\$ (337)	\$ 898	\$ 9,928	\$ (1,803)	\$ 4,148	\$ (12,655)	\$ (268)	\$ (8,438)	\$ 40,643	\$ 20,469	\$ 28,977
CASH - BEGINNING BALANCE	32,000	1,896	8,391	8,054	8,952	18,880	17,077	21,225	8,571	8,303	(135)	40,508	32,000
CASH - ENDING BALANCE	\$ 1,896	\$ 8,391	\$ 8,054	\$ 8,952	\$ 18,880	\$ 17,077	\$ 21,225	\$ 8,571	\$ 8,303	\$ (135)	\$ 40,508	\$ 60,977	\$ 60,977



Gustavo Arango, Inc.  
Projected Cash Flow Statements

## PROJECTED CASH FLOW STATEMENT NOTES

### 4.1 Summary of Significant Assumptions and Nature of Business

Debtor has prepared the Projections based on its proposed Plan, which is in the process of being completed and filed. Debtor depends on the approval of the Disclosure Statement and confirmation of its Plan, which is contemplated herewith, to comply with the best interest test and feasibility standards of the Bankruptcy Code.

The assumptions disclosed herein are what Debtor believe are significant to the Projections or key factors upon which Debtor's financial results depend. Some assumptions inevitably will not materialize and unanticipated events and circumstances may occur subsequent to the date of the Projections. Therefore, the actual results achieved during the Projections periods may vary and the variations may be significant.

The Debtor president is Gustavo Arango, a fashion designer with over thirty years of experience in the fashion industry. In 1989, his passion for design and constant drive to create took him to New York City. Arango studied at the Fashion Institute of Technology (F.I.T.). In 1991, he worked as an Assistant Fashion Designer for Pierre Balmain and Bill Blass, among others. Since then Gustavo Arango has achieved significant prestige in the fashion industry. From launching his own collection line, GUSTAVO ARANGO COUTURE COLLECTION in 2001, to designing for top celebrities such as Eva Longoria, Anne Hathaway, Oprah Winfrey, Roselyn Sánchez, and Adamari López among others. His high quality and stylish line has let him present his signature collection at the New York Fashion Week in Bryant Park, New York City and other international venues.

### 4.2 Reorganization Plan Summary

The projected sales are estimated based on the actual revenues for the period from May-2015 to April-2016. Also, for the second year and thereafter Debtor estimates a 2% increase due to inflation.

On the Effective Date of the Plan (the "Effective Date"), the Administrative Expenses Claims (Class 1) will be paid in full.

**BDO**

Gustavo Arango, Inc.  
Projected Cash Flow Statements

The Plan considers that Holders of Allowed General Unsecured Governmental and Others Claims (Class 5 & 6) amounting to approximately \$139,846 will be paid in a \$10,000 carve-out (7.1%) and in (60) months installments for \$167.

Most of the expenses and cash outflows projected are based on daily average expenses for the period of July 28, 2016 to August 31, 2016. For the purposes of the Projections, expenses were distributed evenly in the monthly Projections. Expenses were reduced to the minimum level, to provide feasibility to Debtor's Plan.

#### 4.3 Beginning Cash Balance

Beginning cash balance was estimated considering current funds available in bank accounts as disclosed in Debtor's Monthly Operating Report as of September 30, 2016 for \$3,429 and the projected cash flow surplus from October to December 31, 2016 for \$28,571. Debtor reaches a projected cash flow beginning balance for January 1<sup>st</sup>, 2017 of \$32,000.

#### 4.4 Cash Inflows

Cash to be received during the presented periods include the (i) cash on hand as of September 30, 2016 and (ii) income from regular business operations.

#### 4.5 Operating Expenses

The projected operating expenses are estimated based on actual expenses for the period of July 28, 2016 to September 30, 2016 which have been reduced to a minimum in both, and the Debtor's operational, and administrative facets in order to provide an increase in cash flows and to assure the success of the Reorganization process. Also, for the second year and thereafter a 2.0% cost increase has been considered due to inflation.

The following summarizes the assumptions and estimates used in the development of the projected cash flows statements:

- A) *Net Payroll*: Payroll expenses has been reduced to a minimum for the first five months. Also, for the last seven months of the first-year was adjusted by +\$1,000 per month. Additionally, for the second year such expense was adjusted by +\$5,000 per month and for the following years due to inflation.

Gustavo Arango, Inc.  
Projected Cash Flow Statements

- B) *Health Insurance*: Health Insurance expense in the Projections was based on the actual invoice for the year 2015-2016.
- C) *Inventory*: Inventory purchases were estimated based on the Debtor nature and calculated in proportion to sales (15%).
- D) *Professional Services*: Professional services are based on actual average expenses for the period of July 28, 2016 to September 30, 2016, calculated in proportion to sales and adjusted to for seasonal variation.
- E) *Outside Services*: Outside services are based on actual average expenses for the period of July 28, 2016 to September 30, 2016, calculated in proportion to sales and adjusted to for seasonal variation.
- F) *Insurance*: Insurance expense in the Projections was based on the actual invoice for the year 2015-2016. An increase of 2.0% was projected for the following years due to inflation.
- G) *Repair and Maintenance*: Repair and Maintenance are based on actual average expenses for the period of July 28, 2016 to September 30, 2016 and for the following years the increase is adjusted in proportion to sales.
- H) *Bank Charges*: Bank charges services are based on actual average expenses for the period of July 28, 2016 to September 30, 2016 and for the following years the increase is adjusted in proportion to sales.
- I) *Supplies*: Supplies expense is based on actual average expenses for the period of July 28, 2016 to September 30, 2016 and for the following years the increase is adjusted in proportion to sales.
- J) *Advertising*: Debtor did not incur in advertising expenses for the period of July 28, 2016 to September 30, 2016. Nevertheless, the projections for the first-year considers \$12,000 expense and thereafter was adjusted due to inflation.
- K) *Other Taxes*: Property and municipal taxes were estimated based on the last year returns.
- L) *Other Operating Expenses*: All other operating expenses in the Projections were estimated based on actual average expenses for the period of July 28, 2016 to September 30, 2016 and were calculated in proportion to sales and adjusted to for seasonal variation.

Gustavo Arango, Inc.  
Projected Cash Flow Statements

#### 4.6 Payment Plans

The Debtor estimates that the Plan will become effective within (30) days of the Plan Confirmation, proposed by January 31, 2017.

The Plan includes the following claims divided in seven (7) classes and one (1) Priority Claims Group:

**Class 1: Administrative Claims** - This class shall consist of Allowed Administrative Expense, as provided under section 507 (a)(2) of the Code, including but not limited to:

A. Payments as of/or near to the Effective Date of the Plan

US Trustee Fees - Estimated

US Trustee fees will be paid during the pendency of the case. These fees are based on the quarterly disbursements at rates established by the Office of the US Trustee and will continue to be paid in accordance with the US Trustee's guidelines up to the date of the issuance of the Final Decree.

It is estimated that Debtor will make one payment to the US Trustee for the amount of \$1,950 during the first month.

Counsel Legal Fees - Estimated

Legal fees and expenses, including the pending applications for interim compensation, if any, are estimated to be \$25,000 which were paid before the filing of the case. The fees are related to the legal services that will be provided by the Debtor Counselor in connection to the preparation and filing of Debtor's Disclosure Statement and Plan and other services until the Final Decree order is entered.

Debtor's Financial Consultant Fees - Estimated

Fees and expenses to Debtor's Financial Consultant are estimated to be \$25,000 which \$5,500 were paid before the filing of the case and the remaining balance (\$19,500) will be paid on the effective date of the plan. The fees are related to the services that will be provided by Debtor's Financial Consultants in relation to the preparation, assistance, and filing of Debtor's Disclosure Statement and Plan, and other services that may be required until the Final Decree order is entered.

**BDO**



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**Class 2: Secured Creditor CRIM** - This class will consist of the secured claim of the CRIM. The CRIM secured claim is for \$4,649.33 and is related to the property taxes over the real estate property at Ave. Roosevelt 1334, Puerto Nuevo, San Juan, P.R. belonging to the Debtor. This Class will be paid in full by Debtor over sixty (60) equal consecutive monthly installments commencing on the Effective Date. Monthly payments are estimated to be \$85.00 including 3.5% interest.

**Class 3: Secured Creditor - BPPR/Condado 3, LLC**- This Class shall consist of the secured claim of BPPR/Condado 3, LLC. This obligation was listed in the Schedules in the amount of \$626,737.00 and is collateralized by the real property located at 1334 Ave. Franklin Delano Roosevelt, San Juan, Puerto Rico. This Class will be paid in full by Debtor as follows: sixty (60) equal consecutive monthly installments in the amount of \$5,000, commencing on the Effective Date. The amount owed in connection to the pre-petition arrears and to the outstanding principal balance as of the sixtieth month of the Plan will be paid with a balloon payment in such month.

**Class 4: Priority Unsecured Claims - Department of Treasury (IVU)** - This Class shall consist of the unsecured priority claim of the Department of Treasury ("DT"). Debtor listed such claim in the amount of \$285,723.74. The allowed amount as a priority claim in the Plan is \$181,138.72. This Class will be paid in full over sixty (60) equal consecutive monthly installments commencing on the Effective Date. Monthly payments are estimated to be \$3,295 including 3.5% interest.

**Class 5: General Unsecured Governmental Claims** - This class shall consist of general unsecured claims held by government entities listed by the Debtor and those governmental units and taxing authorities who have allowed claims. This Class will be paid 7% of their allowed claims in sixty (60) equal consecutive monthly installments commencing on the Effective Date. Monthly payments are estimated to be \$164.00.

The Debtor listed the Internal Revenue Service ("IRS") claim in the amount of \$6,200.00. The IRS filed Proof of Claim # 1 and 2, both in the total amount of \$6,288.58, asserting priority portion of \$5,930.00 and \$358.00 as *general unsecured*. These claims are duplicated, which may be objected by the Debtor, if one of them is not voluntarily withdrawn by the creditor.

**Class 6: General Unsecured Other Claims** - This class includes all other unsecured claims of the Debtor not related to taxing authorities. This Class will be paid 7% of their allowed claims in sixty (60) equal consecutive monthly installments commencing on the Effective Date. Monthly payments are estimated to be \$3.00.



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**Class 7: Equity Security and/or Other Interest Claims-** This class includes all equity and interest holders who are the owners of the stock of the Debtor. This Class shall not receive any payments under the Plan.

Priority Claims under this plan will be paid in full over sixty (60) equal consecutive monthly installments commencing on the Effective Date. Monthly payments are estimated to be \$448.00 including 3.5% interest.

The Debtor listed the IRS claim in the amount of \$6,200.00. The IRS filed Proof of Claim # 1 and 2, both in the total amount of \$6,288.58, asserting *priority portion* of \$5,930.00 and \$358.00 as general unsecured. These claims are duplicated, which may be objected by the Debtor, if one of them is not voluntarily withdrawn by the creditor.