

United States Bankruptcy Court  
District of Puerto Rico

In re INSTITUCION AMOR REAL CORPORATION

Debtor(s)

Case No. 18-01737- EAG  
Chapter 11

Small Business Case under Chapter 11

**INSTITUCION AMOR REAL CORPORATION'S DISCLOSURE STATEMENT,**  
**DATED SEPTEMBER 7, 2018**

**I. INTRODUCTION**

This is the disclosure statement (the "Disclosure Statement") in the small business chapter 11 case of INSTITUCION AMOR REAL CORPORATION (the "Debtor"). This Disclosure Statement contains information about the Debtor and describes the **[insert name of plan]** (the "Plan") filed by INSTITUCION AMOR REAL CORPORATION on [insert date]. A full copy of the Plan is attached to this Disclosure Statement as Exhibit A. *Your rights may be affected. You should read the Plan and this Disclosure Statement carefully and discuss them with your attorney. If you do not have an attorney, you may wish to consult one.*

The proposed distributions under the Plan are discussed at pages 11 - 12 of this Disclosure Statement. [General unsecured creditors are classified in Class 2, and will receive a distribution of 10% of their allowed claims,

**A. Purpose of This Document**

This Disclosure Statement describes:

The Debtor and significant events during the bankruptcy case,  
How the Plan proposes to treat claims or equity interests of the type you hold (i.e., what you will receive on your claim or equity interest if the plan is confirmed),  
Who can vote on or object to the Plan,  
What factors the Bankruptcy Court (the "Court") will consider when deciding whether to confirm the Plan,  
Why [the Proponent] believes the Plan is feasible, and how the treatment of your claim or equity interest under the Plan compares to what you would receive on your claim or equity interest in liquidation, and  
The effect of confirmation of the Plan.

Be sure to read the Plan as well as the Disclosure Statement. This Disclosure Statement describes the Plan, but it is the Plan itself that will, if confirmed, establish your rights.

**B. Deadlines for Voting and Objecting; Date of Plan Confirmation Hearing**

The Court has not yet confirmed the Plan described in this Disclosure Statement. This section describes the procedures pursuant to which the Plan will or will not be confirmed.

1. *Time and Place of the Hearing to [Finally Approve This Disclosure Statement and] Confirm the Plan*

The hearing at which the Court will determine whether to [finally approve this Disclosure Statement and] confirm the Plan will take place on [insert date], at 9:30 a.m., in Courtroom 1, at the *US Bankruptcy Court, SWD, MCS Building, Second Floor, 880 Tito Castro Avenue, Ponce, Puerto Rico*

2. *Deadline For Voting to Accept or Reject the Plan*

If you are entitled to vote to accept or reject the plan, vote on the enclosed ballot and return the ballot in the enclosed envelope to: ***Santiago & González Law, LLC, 11 Calle Betances, Yauco, Puerto Rico 00698 or by email to: [bufetesg@gmail.com](mailto:bufetesg@gmail.com)***. See section IV.A., below for a discussion of voting eligibility requirements.

Your ballot must be received by [insert date] or it will not be counted.

3. *Deadline for Objecting to the [Adequacy of Disclosure and] Confirmation of the Plan*

Objections to [this Disclosure Statement or to] the confirmation of the Plan must be filed with the Court and served upon [insert entities] by [insert date].

4. *Identity of Person to Contact for More Information*

If you want additional information about the Plan, you should contact ***Nydia Gonzalez Ortiz, Esq., 11 Calle Betances, Yauco, PR 00698, Tel. (787)267-2252, Email: [bufetesg@gmail.com](mailto:bufetesg@gmail.com)***

**C. *Disclaimer***

***The Court has [conditionally] approved this Disclosure Statement as containing adequate information to enable parties affected by the Plan to make an informed judgment about its terms. The Court has not yet determined whether the Plan meets the legal requirements for confirmation, and the fact that the Court has approved this Disclosure Statement does not constitute an endorsement of the Plan by the Court, or a recommendation that it be accepted. [The Court's approval of this Disclosure Statement is subject to final approval at the hearing on confirmation of the Plan. Objections to the adequacy of this Disclosure Statement may be filed until \_\_.]***

**II. BACKGROUND**

**A. Description and History of the Debtor's Business**

Debtor is a non-profit corporation that was incorporated on October 2013, as an assisted living facility and/or nursing home in the Department of State of the Commonwealth of Puerto Rico and is presently a corporation in good standing having filed all required reports and payments of fees..

Debtor operates in the town of Juana Diaz, Puerto Rico an assisted living facilities and/or nursing home, and is regulated by the Department of Family Services in Puerto Rico. The debtor corporation offer a less-expensive, residential approach to delivering the same services available in skilled nursing, either by employing personal care staff or contracting with home health agencies and other outside professionals. The home is license to house 35 elderly persons and its' current population is 33. It provides care to bedridden and non bed persons who need help with daily living activities and personal care. This is a small business case (11U.S.C. 101(51c).

**B. Events Leading to Chapter 11 Filing**

Debtor filed for bankruptcy due to a law suit instituted against it by the landlord Institución Nuevo Renacer de Juana Diaz in the amount of \$313,000.00. The debtor has classified the claim as contingent and gave notice of the same.

The Managers of the Debtor during the Debtor's chapter 11 case have been: **(1)Jose Santiago Santiago, President, (2)Irielisse Nahir Galletti Ramos, Secretary Board of Directors; (3)Pedro Franceschi, Treasurer of Board of Directors.**

**C. Significant Events During the Bankruptcy Case:**

• **Voluntary Petition, Schedules, and Amendments:**

- ✓ On April 20, 2018 debtor filed a Motion to inform the Court that a Health Care Ombudsman is not necessary for the protection of the patients.
- ✓ On June 7, 2018 the debtor filed a Motion to correct mailing address.
- ✓ On June 7, 2018 file Amended Statement of Financial Affairs to include the vehicle Hyundai Tucson 2006.
- ✓ On June 7, 2018 debtor filed a Notice to Creditor Institución de Envejecientes Nuevo Renacer de Juana Diaz its' attorney representative, Juan Medina Quintana, listed claim for Money collection was scheduled by debtor as disputed, contingent, or unliquidated.
- ✓ On June 20, 2018 filed Amended Schedule H: Non-Individual to list Dra. Kiyomi Santos as personal guarantor in relation to creditor Centro Ceski, CSP, as per testimony at meeting of creditors.

• **Employment of Professionals:**

- ✓ On April 30, 2018 the debtor filed an Application to employ Attorney, Nydia Gonzalez Ortiz and on May 30, 2018 the Court approved the employment of attorney.
- ✓ On July 10, 2018 filed Application to employ CPA, Wilfredo Gonzalez Vega.
- ✓ On August 7, 2018 the Court entered Order Approving Employment of Accountant.
- ✓ The debtor does not anticipate the filing of any other employment of professionals.

• **Duties of the Debtor in Possession:**

The debtor has complied with all of the duties as Debtor in Possession, including but not limited to the appearance at the meeting of creditors, the filing of all Monthly Operating Reports and payments of fees to the U.S. Trustee. With the submission of the instant document, the Debtor is now fulfilling another one of the responsibilities as Debtor in Possession.

• **Critical Vendors:**

The debtor has not denominated any vendor as a critical vendor in this case and has not filed any motions to request the court to allow it to pay any vendor in lieu of services.

## D. OTHER MATTERS

- **Litigation:**

1. The debtor is a party of law suit for Collection of Money for alleged rents due that has been stayed by the bankruptcy filing; *"Institucion de Envejeciente Nuevo Renacer de Juana Díaz v. Institución Amor Real Corporation,* it was filed on 2017, against debtor, in the Ponce Superior Court, civil number: J PE2017-0377.

- **Fee Applications:**

As of this writing, none have been filed. The attorney will file fee applications before the confirmation of the plan and/or no later than 14 days after confirmation.

- **Executory Contracts:** At the time of the filing the debtor has:

1. *Contract for Placement by Department of Family Services* of elderly persons in home contract for each elderly patient is individual.
2. *Lease of Premises with Institucion de Envejecientes Nuevo Renacer de Juana Diaz,* Road 149, km 64.7, in the municipality of Juana Diaz, Puerto Rico. The monthly rent by contract is \$10,000.00 and by agreement modification \$5,000.00 (Disputed in law suit)
3. *Monthly Contract with Conwaste for Waste Disposable Service.*

- **Insurance Policies:**

The debtor has and is current with all the insurance policies required by law. (General Liability, commercial general liability for the health care facilities, homes for the aged, for profit insurance. Is insured with Universal Insurance Company, Policy Number: UC-5150558040, Policy Effective Date: 10/31/2017, Policy Expiration: 10/31/2018.

General Liability - \$300,000.00

Fire Damages - \$100,000.00

Personal Injury & Advertising Injury - \$300,000.00

General Aggregate - \$300,000.00

Medical Expenses - \$5,000.00

Products – Comp/OP AGG - INCLUDED

## E. Claims Objections

None have been filed. Any objection to a claim must be filed (45) days prior to the hearing on confirmation with a thirty (30) days objection period. If no response is filed within the (30) days, the motion will be considered and decided without the actual hearing. Except to the extent that a claim is already allowed pursuant to a final non-appealable order the Debtor reserves the right to object to claims. Therefore, even if your claim is allowed for voting purposes, you may not be entitled to a

distribution if an objection to your claim is later upheld. The procedures for resolving disputed claims are set for in Article V. of the Plan.

#### F. Current and Historical Financial Conditions

- The identity and fair market value of the estate's assets are listed in the **Schedule A/B- Assets - Real Property (dk-1)**, the real property value has remained unchanged as of this date. The debtor's personal assets are listed in **the Schedule B- Personal Property**, with the proper values. The basis for the valuation of debtor's personal assets used to determine the values of the assets are historic cost rather than fair value. With historic cost, the amount originally paid for the asset is the basis for valuation. Whereas, fair value is the amount for which an asset or liability could be exchanged between knowledgeable, willing parties in an arm's length transaction. Hence, when fair value is the basis for valuation, it is possible that assets are valued above cost, whereas this is not possible with historic cost as the basis.

- **REAL PROPERTY**

Debtor no has real estate property in Puerto Rico or elsewhere, as stated in Schedule A/B.

- **PERSONAL PROPERTY**

Personal property for the debtor is detailed in the Schedule A/B- Personal Property filed with the Court, in the amount of \$30,190.00. The personal property values are as stated below:

REAL PROPERTY DESCRIPTION	CURRENT MARKET VALUE	SECURED CLAIM OR LIEN
Inventory	\$1,050.00	NONE
Office furniture, fixtures, and equipment; and collectibles	\$7,400.00	NONE
Machinery, equipment, and vehicles	\$21,740.00	NONE
<b>TOTAL OF ALL PROPERTY ON SCHEDULE A/B</b>	<b>\$30,190.00</b>	

The Debtor's most recent *Financial Statements of 2016, 2015, and 2014*, issued before bankruptcy, are set forth in *Exhibit A*.

The Monthly Operating Reports are available on the Bankruptcy court's file, which reflect the debtor's post petition finances and/or can view *Exhibit B- Summary of Monthly Operating Reports, from March to July 2018*. The debtor request that the creditors review the documents and financial statements in order to make a conscious decision when voting for or against the proposed plan of reorganization.

### III. SUMMARY OF THE PLAN OF REORGANIZATION AND TREATMENT OF CLAIMS AND EQUITY INTERESTS

#### A. What is the Purpose of the Plan of Reorganization?

As required by the Code, the Plan places claims and equity interests in various classes and describes the treatment each class will receive. The Plan also states whether each class of claims or equity interests is impaired or unimpaired. If the Plan is confirmed, your recovery will be limited to the amount provided by the Plan.

#### B. Unclassified Claims

Certain types of claims are automatically entitled to specific treatment under the Code. They are not considered impaired, and holders of such claims do not vote on the Plan. They may, however, object if, in their view, their treatment under the Plan does not comply with that required by the Code. As such, the Plan Proponent has not placed the following claims in any class:

##### 1. *Administrative Expenses*

Administrative expenses are costs or expenses of administering the Debtor's chapter 11 case which are allowed under § 507(a)(2) of the Code. Administrative expenses also include the value of any goods sold to the Debtor in the ordinary course of business and received within 20 days before the date of the bankruptcy petition. The Code requires that all administrative expenses be paid on the effective date of the Plan, unless a particular claimant agrees to a different treatment.

The following chart lists the Debtor's estimated administrative expenses and their proposed treatment under the Plan:

<u>Type</u>	<u>Estimated Amount Owed</u>	<u>Proposed Treatment</u>
Expenses Arising in the Ordinary Course of Business After the Petition Date		Paid in full on the effective date of the Plan, or according to terms of obligation if later
The Value of Goods Received in the Ordinary Course of Business Within 20 Days Before the Petition Date		Paid in full on the effective date of the Plan, or according to terms of obligation if later
Professional Fees, as approved by the Court.	<b>\$10,000.00</b>	Paid in full on the effective date of the Plan, or according to separate written agreement, or according to court order if such fees have not been approved by the Court on the effective date of the Plan
Clerk's Office Fees		Paid in full on the effective date of the Plan
Other administrative expenses		Paid in full on the effective date of the Plan or according to separate written agreement
Office of the U.S. Trustee Fees		Paid in full on the effective date of the Plan
<b>TOTAL</b>	<b>\$10,000.00</b>	

**C. Classes of Claims and Equity Interests**

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

**1. *Classes of Priority Unsecured Claims***

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

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

Class #	Description	Impairment	Treatment
<b>1</b>	<b>CRIM</b> - property taxes 2013-2018, disputed, not filed claim.  <b>Total amt of claim = \$2,500.00</b>	This class is unimpaired	The debtor will pay the full amount of this priority claim in thirty six (36) monthly installments payments of \$70.00 from the effective date of the plan, with a final payment to cover outstanding interests, no later than five (5) years from the filing date.
<b>1</b>	<b>INTERNAL REVENUE SERVICE</b> - For 940 and 941, March 2018, not filed claim.  <b>Total amt of claim = \$ 3,200.00</b>	This class is unimpaired	The debtor will pay the full amount of this priority claim in thirty six (36) monthly installments payments of \$89.00 from the effective date of the plan, with a final payment to cover outstanding interests, no later than five (5) years from the filing date.
<b>1</b>	<b>STATE INSURANCE FUND CORPORATION</b> – Workers compensation for July 2018, did not file claim.  <b>Total amt of claim - \$525.00</b>	This class is unimpaired	The debtor will pay the full amount of this priority claim in one (1) payment, with a final payment to cover outstanding interests, no later than five (5) years from filing date

**2. *Class of General Unsecured Claims (Nonpriority Unsecured Claims)***

General unsecured claims are not secured by property of the estate and are not entitled to priority under § 507(a) of the Code.

- Class of General Unsecured Disputed Claim, not allow to vote while in dispute. Rent contract of *Institucion Nuevo Renacer De Juana Diaz*



The following chart identifies the Plan's proposed treatment of Class[es] **2 & 3**, which contain general unsecured claims against the Debtor:

Class #	Description	Impairment	Treatment
<b>2</b>	<b>CENTRO CESKI C.S.P. INC. –</b> Loan to start up operations and maintain working capital, debt was incurred in October 2013, did not file a claim.  <b>Total amount of claim - \$120,000.00</b>	This class is unimpaired	This class will receive a dividend of ten percent (10%) of the allowed claim: <b>(\$12,000.00) Payment: \$333.33 x 36 months).</b>
<b>3</b>	<b>INSTITUCION DE ENVEJECIENTES NUEVO RENACER DE JUANA DIAZ;</b> debt was incurred 10/15/2013, for Rent Contract, did not file a claim.  <b>Total amount of claim - \$313,000.00</b>	This class is unimpaired	This class will receive a dividend of ten percent (10%) of the allowed claim: <b>(\$31,300.00), Payment: \$522 x 60 months). This claim is currently in dispute in State Appeal Court.</b>

#### **D. Means of Implementing the Plan**

1. *Source of Payments* - Payments and distributions under the Plan will be funded by the income from the debtor's continuation and operation of the business.

2. *Post-confirmation Management*

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

Name	Position	Compensation
<b>JOSE A SANTIAGO SANTIAGO</b>	<b>PRESIDENT</b>	<b>0%</b>
<b>IRIELISSE NAHIR GALLETI RAMOS</b>	<b>SECRETARY BOARD OF DIRECTORS</b>	<b>0%</b>
<b>PEDRO FRANSCESHI</b>	<b>TREASURER BOARD OF DIRECTORS</b>	<b>0%</b>
<b>MIGDALIA QUIÑONES</b>	<b>EXEXUTIVE ADMINISTRATOR</b>	<b>\$ 2,045.00 Monthly</b>

#### **E. Risk Factors**

*The proposed Plan has the following risks:*

The risk to creditors in this Chapter 11, is based on the following; The debtor has successfully continued operations of the assisted living facilities, keeping current payment of taxes, insurance, payroll and not incurring in additional debts, except the day to day business expenses of the operation.



**If debtor continues to effectively operates the business the unsecured creditors will receive a ten percent (10% ) distribution on their claims.** In the worse, case scenario in a conversion to a Chapter 7, the creditors will not receive any distribution from the liquidation of the debtor's assets. The percent distribution in a Chapter 7 is zero. This plan is beneficial to creditors since it has a **ten percent (10%)** distribution to the unsecured creditors.

#### **F. Executory Contracts and Unexpired Leases**

The Plan, in Exhibit 5.1, lists all executory contracts and unexpired leases that the Debtor will assume under the Plan. Assumption means that the Debtor has elected to continue to perform the obligations under such contracts and unexpired leases, and to cure defaults of the type that must be cured under the Code, if any. Exhibit 5.1 also lists how the Debtor will cure and compensate the other party to such contract or lease for any such defaults.

If you object to the assumption of your unexpired lease or executory contract, the proposed cure of any defaults, or the adequacy of assurance of performance, you must file and serve your objection to the Plan within the deadline for objecting to the confirmation of the Plan, unless the Court has set an earlier time.

All executory contracts and unexpired leases that are not listed in Exhibit 5.1 will be rejected under the Plan. Consult your adviser or attorney for more specific information about particular contracts or leases.

If you object to the rejection of your contract or lease, you must file and serve your objection to the Plan within the deadline for objecting to the confirmation of the Plan.

#### **G. Tax Consequences of Plan**

***Creditors and Equity Interest Holders Concerned with How the Plan May Affect Their Tax Liability Should Consult with Their Own Accountants, Attorneys, And/Or Advisors.***

The following are the anticipated tax consequences of the Plan: [List the following general consequences as a minimum: (1) Tax consequences to the Debtor of the Plan; (2) General tax consequences on creditors of any discharge, and the general tax consequences of receipt of plan consideration after confirmation.]

### **IV. CONFIRMATION REQUIREMENTS AND PROCEDURES**

To be confirmable, the Plan must meet the requirements listed in §§ 1129(a) or (b) of the Code. These include the requirements that: the Plan must be proposed in good faith; at least one impaired class of claims must accept the plan, without counting votes of insiders; the Plan must distribute to each creditor and equity interest holder at least as much as the creditor or equity interest holder would receive in a chapter 7 liquidation case, unless the creditor or equity interest holder votes to accept the Plan; and the Plan must be feasible. These requirements are not the only requirements listed in § 1129, and they are not the only requirements for confirmation.

#### **A. Who May Vote or Object**

Any party in interest may object to the confirmation of the Plan if the party believes that the requirements for confirmation are not met.

Many parties in interest, however, are not entitled to vote to accept or reject the Plan. A creditor or equity interest holder has a right to vote for or against the Plan only if that creditor or equity interest holder has a claim or equity interest that is both (1) allowed or allowed for voting purposes and (2) impaired.

In this case, the Plan Proponent believes that classes 0 are impaired and that holders of claims in each of these classes are therefore entitled to vote to accept or reject the Plan. The Plan Proponent believes that classes 2 are unimpaired and that holders of claims in each of these classes, therefore, do not have the right to vote to accept or reject the Plan.

1. *What Is an Allowed Claim or an Allowed Equity Interest?*

Only a creditor or equity interest holder with an allowed claim or an allowed equity interest has the right to vote on the Plan. Generally, a claim or equity interest is allowed if either (1) the Debtor has scheduled the claim on the Debtor's schedules, unless the claim has been scheduled as disputed, contingent, or unliquidated, or (2) the creditor has filed a proof of claim or equity interest, unless an objection has been filed to such proof of claim or equity interest. When a claim or equity interest is not allowed, the creditor or equity interest holder holding the claim or equity interest cannot vote unless the Court, after notice and hearing, either overrules the objection or allows the claim or equity interest for voting purposes pursuant to Rule 3018(a) of the Federal Rules of Bankruptcy Procedure.

The deadline for filing a proof of claim in this case was August 6, 2018.

The deadline for filing a proof of claim in this case is October 1, 2018.

2. *What Is an Impaired Claim or Impaired Equity Interest?*

As noted above, the holder of an allowed claim or equity interest has the right to vote only if it is in a class that is *impaired* under the Plan. As provided in § 1124 of the Code, a class is considered impaired if the Plan alters the legal, equitable, or contractual rights of the members of that class.

3. *Who is **Not** Entitled to Vote*

The holders of the following five types of claims and equity interests are *not* entitled to vote:

holders of claims and equity interests that have been disallowed by an order of the Court;

holders of other claims or equity interests that are not "allowed claims" or "allowed equity interests" (as discussed above), unless they have been "allowed" for voting purposes.

holders of claims or equity interests in unimpaired classes;

holders of claims entitled to priority pursuant to §§ 507(a)(2), (a)(3), and (a)(8) of the Code; and

holders of claims or equity interests in classes that do not receive or retain any value under the Plan;

Administrative Expenses.

***Even If You Are Not Entitled to Vote on the Plan, You Have a Right to Object to the Confirmation of the Plan [and to the Adequacy of the Disclosure Statement].***

4. *Who Can Vote in More Than One Class*

A creditor whose claim has been allowed in part as a secured claim and in part as an unsecured claim, or who otherwise hold claims in multiple classes, is entitled to accept or reject a Plan in each capacity, and should cast one ballot for each claim.

## **B. Votes Necessary to Confirm the Plan**

If impaired classes exist, the Court cannot confirm the Plan unless (1) at least one impaired class of creditors has accepted the Plan without counting the votes of any insiders within that class, and (2) all impaired classes have voted to accept the Plan, unless the Plan is eligible to be confirmed by "cram down" on non-accepting classes, as discussed later in Section [B.2.].

### *1. Votes Necessary for a Class to Accept the Plan*

A class of claims accepts the Plan if both of the following occur: (1) the holders of more than one-half (1/2) of the allowed claims in the class, who vote, cast their votes to accept the Plan, and (2) the holders of at least two-thirds (2/3) in dollar amount of the allowed claims in the class, who vote, cast their votes to accept the Plan.

A class of equity interests accepts the Plan if the holders of at least two-thirds (2/3) in amount of the allowed equity interests in the class, who vote, cast their votes to accept the Plan.

### *2. Treatment of Nonaccepting Classes*

Even if one or more impaired classes reject the Plan, the Court may nonetheless confirm the Plan if the nonaccepting classes are treated in the manner prescribed by § 1129(b) of the Code. A plan that binds nonaccepting classes is commonly referred to as a "cram down" plan. The Code allows the Plan to bind nonaccepting classes of claims or equity interests if it meets all the requirements for consensual confirmation except the voting requirements of § 1129(a) (8) of the Code, does not "discriminate unfairly," and is "fair and equitable" toward each impaired class that has not voted to accept the Plan.

***You should consult your own attorney if a "cramdown" confirmation will affect your claim or equity interest, as the variations on this general rule are numerous and complex.***

## **C. Liquidation Analysis**

To confirm the Plan, the Court must find that all creditors and equity interest holders who do not accept the Plan will receive at least as much under the Plan as such claim and equity interest holders would receive in a chapter 7 liquidation. A liquidation analysis is attached to this Disclosure Statement as ***Exhibit C***.

## **D. Feasibility**

The Court must find that confirmation of the Plan is not likely to be followed by the liquidation, or the need for further financial reorganization, of the Debtor or any successor to the Debtor, unless such liquidation or reorganization is proposed in the Plan.

### *1. Ability to Initially Fund Plan*

The Plan Proponent believes that the Debtor will have enough cash on hand on the effective date of the Plan to pay all the claims and expenses that are entitled to be paid on that date. Tables showing the amount of cash on hand on the effective date of the Plan, and the sources of that cash are attached to this disclosure statement as Exhibit F.

### *2. Ability to Make Future Plan Payments And Operate Without Further Reorganization*

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

The Plan Proponent has provided projected financial information.

The Plan Proponent's financial projections show that the Debtor will have an aggregate annual average cash flow, after paying operating expenses and post-confirmation taxes, of **\$1050.00**. The final Plan payment is expected to be paid on February 2024.

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

## **V. EFFECT OF CONFIRMATION OF PLAN**

A. **DISCHARGE OF DEBTOR** [If the Debtor is not entitled to discharge pursuant to 11 U.S.C. § 1141(d)(3) change this heading to "**NO DISCHARGE OF DEBTOR.**"]

### **[Option 1 - If Debtor is an individual and § 1141(d)(3) is not applicable]**

Discharge. Confirmation of the Plan does not discharge any debt provided for in the Plan until the court grants a discharge on completion of all payments under the Plan, or as otherwise provided in § 1141(d)(5) of the Code. Debtor will not be discharged from any debt excepted from discharge under § 523 of the Code, except as provided in Rule 4007(c) of the Federal Rules of Bankruptcy Procedure.

### **[Option 2 -- If the Debtor is a partnership and § 1141(d)(3) of the Code is not applicable]**

Discharge. On the effective date of the Plan, the Debtor shall be discharged from any debt that arose before confirmation of the Plan, subject to the occurrence of the effective date, to the extent specified in § 1141(d)(1)(A) of the Code. However, the Debtor shall not be discharged from any debt imposed by the Plan. After the effective date of the Plan your claims against the Debtor will be limited to the debts imposed by the Plan.

### **[Option 3 -- If the Debtor is a corporation and § 1141(d)(3) is not applicable]**

Discharge. On the effective date of the Plan, the Debtor shall be discharged from any debt that arose before confirmation of the Plan, subject to the occurrence of the effective date, to the extent specified in § 1141(d)(1)(A) of the Code, except that the Debtor shall not be discharged of any debt (i) imposed by the Plan, (ii) of a kind specified in § 1141(d)(6)(A) if a timely complaint was filed in accordance with Rule 4007(c) of the Federal Rules of Bankruptcy Procedure, or (iii) of a kind specified in § 1141(d)(6)(B). After the effective date of the Plan your claims against the Debtor will be limited to the debts described in clauses (i) through (iii) of the preceding sentence.

### **[Option 4 - If § 1141(d)(3) is applicable]**

No Discharge. In accordance with § 1141(d)(3) of the Code, the Debtor will not receive any discharge of debt in this bankruptcy case.

## **B. Modification of Plan**

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

Upon request of the Debtor, the United States trustee, or the holder of an allowed unsecured claim, the Plan may be modified at any time after confirmation of the Plan but before the completion of payments under the Plan, to (1) increase or reduce the amount of payments under the Plan on claims of a particular class, (2) extend or reduce the time period for such payments, or (3) alter the amount of distribution to a creditor whose claim is provided for by the Plan to the extent necessary to take account of any payment of the claim made other than under the Plan.

C. **Final Decree**

Once the estate has been fully administered, as provided in Rule 3022 of the Federal Rules of Bankruptcy Procedure, the Plan Proponent, or such other party as the Court shall designate in the Plan Confirmation Order, shall file a motion with the Court to obtain a final decree to close the case. Alternatively, the Court may enter such a final decree on its own motion.

VI. **OTHER PLAN PROVISIONS**

/s/ **JOSE A. SANTIAGO SANTIAGO**

INSTITUCION AMOR REAL CORPORATION

/s/ **Nydia González Ortiz, Esq.**

Nydia González Ortiz, ESQ USDC124006

Exhibit A

**INSTITUCION AMOR REAL CORPORATION**

Estados Financieros Proyectados  
Al 31 de diciembre de 2014, 2015 y 2016

**INSTITUCION AMOR REAL CORPORATION**  
Estados Financieros

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**FELICIANO, GONZALEZ AND CO., P.S.C.**  
**Certified Public Accountants**

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16 de octubre de 2013

**INFORME DE COMPILACION DE LOS  
CONTADORES PUBLICOS AUTORIZADOS INDEPENDIENTES**

A la Junta de Directores de  
INSTITUCION AMOR REAL CORPORATION  
Ponce, Puerto Rico

Hemos compilado los Estados de Posición Financiera que se acompañan de INSTITUCION AMOR REAL CORPORATION al 31 de diciembre de 2014, 2015 y 2016 y los correspondientes Estados de Actividades y Cambios en los Activos Netos y Flujos de Efectivo para los años terminados en dichas fechas. No hemos auditado o revisado los estados financieros que se acompañan y por lo tanto, no expresamos una opinión ni proveemos ningún otro tipo de seguridad acerca si dichos estados financieros están preparados conforme con los Principios de Contabilidad Generalmente Aceptados en los Estados Unidos de América.

La gerencia es la responsable por la preparación y fiel presentación de los estados financieros conforme a los principios de contabilidad generalmente aceptados en los Estados Unidos de América y por el diseño, implantación y mantenimiento de los controles internos relevantes para la preparación y fiel presentación de los estados financieros.

Nuestra responsabilidad es conducir la compilación de acuerdo a los Pronunciamientos Sobre las Normas para los Servicios de Contabilidad y Revisión establecidas por el Instituto Americano de Contadores Públicos Autorizados. El objetivo de la compilación es asistir a la gerencia en presentar la información financiera en forma de estados financieros sin tener que obtener o proveer ningún otro tipo de seguridad de que no existen modificaciones significativas que se le tengan que realizar a los estados financieros.



*Feliciano, Gonzalez and Co. P.S.C.*  
FELICIANO, GONZALEZ AND CO., P.S.C.  
Lic. No. 83 (Vence el 1 diciembre 2016)

**INSTITUCION AMOR REAL CORPORATION**  
**ESTADOS DE POSICION FINANCIERA PROYECTADOS**  
31 de diciembre de 2014, 2015 y 2016

<b>ACTIVOS</b>			
<b><u>ACTIVOS CORRIENTES</u></b>	2014	2015	2016
Efectivo	\$19,515	\$138,723	\$279,443
Cuentas por Cobrar (Nota 4)	120,000	144,000	156,000
Inventarios (Nota 4)	5,000	6,250	7,813
Depósitos y Otros Prepagados (Nota 5)	2,000	2,000	2,000
<b>TOTAL ACTIVOS CORRIENTES</b>	<b>\$146,515</b>	<b>\$290,973</b>	<b>\$445,256</b>
<b><u>PROPIEDADES Y EQUIPOS (Nota 6)</u></b>			
Mejoras	25,000	25,000	25,000
Equipos	20,000	20,000	20,000
Equipo de Oficina	5,000	5,000	5,000
Subtotal	50,000	50,000	50,000
Menos: Depreciación Acumulada	(7,500)	(15,000)	(22,500)
<b>TOTAL PROPIEDADES</b>	<b>42,500</b>	<b>35,000</b>	<b>27,500</b>
<b>TOTAL ACTIVOS</b>	<b>\$189,015</b>	<b>\$325,973</b>	<b>\$472,756</b>
<b>PASIVOS Y ACTIVOS NETOS</b>			
<b><u>PASIVOS CORRIENTES</u></b>			
Cuentas a Pagar (Nota 7)	51,285	61,243	65,765
Otras Cuentas a Pagar (Nota 8)	12,613	15,249	15,674
Porción Corriente Obligación a Pagar (Nota 9)	4,719	4,985	5,266
<b>TOTAL PASIVOS CORRIENTES</b>	<b>\$68,617</b>	<b>\$81,477</b>	<b>\$86,705</b>
<b><u>OBLIGACIONES A LARGO PLAZO</u></b>			
Obligación a Pagar (Nota 9)	20,533	15,814	10,829
Menos: Porción Corriente	(4,719)	(4,985)	(5,266)
<b>TOTAL PASIVOS A LARGO PLAZO</b>	<b>\$15,814</b>	<b>\$10,829</b>	<b>\$5,563</b>
<b>TOTAL PASIVOS</b>	<b>\$84,431</b>	<b>\$92,307</b>	<b>\$92,269</b>
<b>ACTIVOS NETOS</b>			
Fondos No Restrictos	104,584	233,666	380,487
<b>TOTAL ACTIVOS NETOS</b>	<b>104,584</b>	<b>233,666</b>	<b>380,487</b>
<b>TOTAL PASIVOS Y ACTIVOS NETOS</b>	<b>\$189,015</b>	<b>\$325,973</b>	<b>\$472,756</b>

Ver las notas que se acompañan y el Informe de Compilación de los Contadores Públicos Autorizados

**INSTITUCION AMOR REAL CORPORATION**  
**ESTADOS DE ACTIVIDADES Y CAMBIOS EN LOS ACTIVOS NETOS PROYECTADOS**  
 Para los años terminados el 31 de diciembre de 2014, 2015 y 2016

	#	Mensual	2014	#	2015	#	2016	
<b>INGRESOS (Nota 3)</b>								
Servicios Prestados	50	\$60,000	\$720,000	60	\$864,000	65	\$936,000	
Total Ingresos			\$720,000	100%	\$864,000	100%	\$936,000	100%
<b>GASTOS OPERACIONALES (Nota 3):</b>								
Salarios		\$25,133	\$301,600	42%	\$392,080	45%	\$422,240	45%
Seguro Social		1,923	23,072	3%	29,994	3%	32,301	3%
Desempleo		408	4,900	1%	6,125	1%	4,900	1%
Seguro Incapacidad		45	540	0%	675	0%	540	0%
Fondo del Seguro Estado		628	7,540	1%	9,802	1%	10,556	1%
Seguridad		1,200	14,400	2%	14,400	2%	14,400	2%
Seguros		417	5,000	1%	5,250	1%	5,513	1%
Reparaciones y Mantenimiento		500	6,000	1%	6,300	1%	6,615	1%
Intereses (Nota 9)		105	1,264	0%	1,012	0%	745	0%
Renta		10,000	120,000	17%	120,000	14%	120,000	13%
Teléfono y Celular		300	3,600	1%	3,780	0%	3,969	0%
Depreciación (Nota 6)		625	7,500	1%	7,500	1%	7,500	1%
Promocion		300	3,600	1%	3,780	0%	3,969	0%
Servicios Profesionales		1,200	14,400	2%	15,120	2%	15,876	2%
Agua y Luz		1,800	21,600	3%	22,680	3%	23,814	3%
Gastos Oficina		200	2,400	0%	2,520	0%	2,646	0%
Gastos Vehículos de motor		1,000	12,000	2%	12,600	1%	13,230	1%
Suplidos y Alimentos		5,000	60,000	8%	75,000	9%	93,750	10%
Otros Gastos		500	6,000	1%	6,300	1%	6,615	1%
Total Gastos Operacionales		\$51,285	615,416	85%	734,918	85%	789,179	84%
Exceso Ingresos Sobre Gastos		\$8,715	\$104,584	15%	\$129,082	15%	\$146,821	16%
Más: Sobrante al Principio de Año			0		104,584		233,666	
<b>ACTIVOS NETOS NO RESTRICTOS</b>			<b>\$104,584</b>		<b>\$233,666</b>		<b>\$380,487</b>	

Ver las notas que se acompañan y el Informe de Compilación de los Contadores Públicos Autorizados

**INSTITUCION AMOR REAL CORPORATION**  
**ESTADOS DE FLUJOS DE EFECTIVO PROYECTADOS**  
31 de diciembre de 2014, 2015 y 2016

	2014	2015	2016
<b>FLUJO DE EFECTIVO DE LAS OPERACIONES:</b>			
GANANCIA NETA	\$104,584	\$129,082	\$146,821
Ajustes para reconciliar la ganancia neta con el efectivo neto provisto por las operaciones:			
Depreciación	7,500	7,500	7,500
(Aumentos) disminuciones en Activos Corrientes:			
Aumento en Cuentas por Cobrar	(120,000)	(24,000)	(12,000)
Aumento en Inventario	(5,000)	(1,250)	(1,563)
Aumento en Otros Activos	(2,000)	0	0
Aumentos (Disminuciones) en Deudas Corrientes:			
Aumentos en Cuentas a Pagar	51,285	9,958	4,522
Total de Ajustes	(68,215)	(7,792)	(1,541)
Efectivo neto provisto (usado) por las operaciones	\$36,369	\$121,291	\$145,280
<b>FLUJO DE EFECTIVO DE LAS ACTIVIDADES DE INVERSION:</b>			
Inversión en Mejoras y Equipos	(50,000)	0	0
Efectivo neto provisto (usado) por las actividades de inversion	(\$50,000)	\$0	\$0
<b>FLUJO DE EFECTIVO DE LAS ACTIVIDADES DE FINANCIAMIENTO:</b>			
Préstamos	25,000	0	0
Otras Cuentas a Pagar	12,613	2,636	425
Repago de Préstamos	(4,467)	(4,719)	(4,985)
Efectivo neto provisto (usado) por las actividades de financiamiento	\$33,146	(\$2,083)	(\$4,560)
AUMENTO NETO EN EFECTIVO	19,515	119,208	140,720
EFECTIVO A PRINCIPIO DE AÑO	0	19,515	138,723
<b><u>EFECTIVO A FINAL DE AÑO</u></b>	<b><u>\$19,515</u></b>	<b><u>\$138,723</u></b>	<b><u>\$279,443</u></b>
<b>INFORMACION ADICIONAL:</b>			
Pago de Intereses	1,264	1,012	745

Ver las notas que se acompañan y el Informe de Compilación de los Contadores Públicos Autorizados

**INSTITUCION AMOR REAL CORPORATION**  
**NOTAS A LOS ESTADOS FINANCIEROS PROYECTADOS**  
31 de diciembre de 2014, 2015 y 2016

**NOTA 1. ORGANIZACION**

INSTITUCION AMOR REAL CORPORATION es una corporación sin fines de lucro organizada bajo las leyes del Estado Libre Asociado de Puerto Rico. La corporación ofrecerá servicios de cuidado para envejecientes. Sus facilidades están localizadas en el Barrio Guayabal, Sector Tacadillo en Juana Díaz, Puerto Rico. Su número de identificación patronal es 66-0810813 y su número de registro con el Departamento de Estado es el 331,256.

**NOTA 2. PRACTICAS DE CONTABILIDAD**

**A. Base de Contabilidad**

Los activos y pasivos y los ingresos y gastos son reconocidos utilizando la base de contabilidad acumulada.

**B. Propiedades y Equipos**

Las propiedades son registradas al costo. El mantenimiento y reparaciones son registrados como gastos y las adiciones y mejoras capitalizadas. La depreciación y amortización es computada utilizando el método directo a través de la vida útil de los activos.

**C. Uso de Estimados**

La preparación de unos estados financieros en conformidad con los principios de contabilidad generalmente aceptados requieren el uso de estimados y presunciones que afectan ciertas cantidades. Los resultados actuales pueden diferir de esos estimados.

**NOTA 3. RESUMEN DE PRESUNCIONES SIGNIFICATIVAS**

A continuación se presenta un resumen de las presunciones significativas utilizadas en la preparación de los estados. Los estados financieros proyectados fueron preparados en base a ciertas condiciones y presunciones que se esperan ocurran, basados en el conocimiento gerencial de los administradores.

**A. INGRESOS**

El centro tiene una capacidad para 65 envejecientes. Se proyecta atender 50 envejecientes durante el primer año a un precio promedio de \$1,200 mensuales por cada uno. Para el segundo año se estima atender a 60 y para el tercer año de esta proyección se estima operar a su máxima capacidad.

**B. GASTOS OPERACIONALES**

Los gastos operacionales para los diferentes renglones son los siguientes:

Salarios - Para el primer año de operaciones se estima tener 20 empleados. Se proyecta para el segundo año un aumento a 25 empleado y para el tercer año se proyecta añadir 2 empleados adicionales.



**INSTITUCION AMOR REAL CORPORATION**  
**NOTAS A LOS ESTADOS FINANCIEROS PROYECTADOS**  
31 de diciembre de 2014, 2015 y 2016

Impuestos Sobre Nómina - Se computaron utilizando las tasas vigentes al 2013 las cuales se presume no cambiarán para el 2014, 2015 y 2016. Para seguro social se utilizó la tasa de 7.65%; para desempleo federal y estatal se utilizaron .8% y 3.5% respectivamente, con un tope salarial de \$7,000; y para el seguro por incapacidad .3% con tope de \$9,000.

Primas Fondo del Seguro del Estado - Se computaron a razón de \$2.50 por cada \$100 dólares pagados en salarios para todos los empleados.

Seguridad - se estima en \$1,200 mensuales e incluye la renta mensual del sistema de alarma computadorizado. Se estima que el gasto se mantendrá fijo durante los demás años de esta proyección.

Seguros - Se espera adquirir una póliza que cubra las operaciones y responsabilidad pública a un costo de \$5,000 anual. Se proyecta un aumento de un 5% anual para el segundo y tercer año de esta proyección.

Reparaciones y Mantenimiento - Se estiman a razón de \$500 al mes y cubren los materiales de limpieza y mantenimiento a las facilidades. Se proyecta un aumento de un 5% anual para el segundo y tercer año de esta proyección.

Renta - Se estima en \$10,000 mensuales y no se espera que cambie durante los años que cubren esta proyección

Teléfono y Celular - Se estima en \$300 mensuales y se proyecta un aumento de un 5% anual para el segundo y tercer año de esta proyección.

Promoción - se estiman en \$3,600 para el primer año y se proyecta un aumento de un 5% anual para el segundo y tercer año de esta proyección.

Servicios Profesionales - se estiman en \$1,200 mensuales para el primer año y se espera que aumenten en un 5% anualmente para el segundo y tercer año de esta proyección.

Agua y Luz - se proyectan en \$1,800 mensuales y se proyecta un aumento de un 5% anual para el segundo y tercer año de esta proyección.

Gastos de Oficina - Incluyen los gastos necesarios para operar las funciones clericales. Se estiman a razón de \$200 al mes. Se proyecta un aumento de un 5% anual para el segundo y tercer año de esta proyección.

Gastos Vehículos de motor - se estiman en \$1,000 mensuales y se proyecta un aumento de un 5% anual para el segundo y tercer año de esta proyección.

Suplidos y Alimentos - se proyectan en \$5,000 mensuales y se proyecta un aumento de un 25% anual para el segundo y tercer año de esta proyección.

Otros Gastos - Se estiman a razón de \$500 mensuales e incluye otros gastos misceláneos y posibles contingencias no contempladas.

**INSTITUCION AMOR REAL CORPORATION**  
**NOTAS A LOS ESTADOS FINANCIEROS PROYECTADOS**  
31 de diciembre de 2014, 2015 y 2016

**NOTA 4. INVENTARIOS Y CUENTAS POR COBRAR**

Los inventarios se valorizan al menor de costo o mercado bajo el método de primero en entrada, primero en salida. Se estima que serán una doceava parte del total del gasto anual de suplidos y alimentos lo que equivale al consumo de un mes. Las cuentas por cobrar se estiman en dos doceavas partes del total de ingresos lo que equivale a la facturación de dos meses.

**NOTA 5. OTROS ACTIVOS**

Incluye depósitos pagados y otros activos misceláneos.

**NOTA 6. PROPIEDADES Y EQUIPOS**

	Vida Útil	Costo	Depreciación Primer Año	Depreciación 2do Año	Depreciación 3er Año
Mejoras	10	\$25,000	2,500	2,500	2,500
Equipos	5	20,000	4,000	4,000	4,000
Equipo de Oficina	5	5,000	1,000	1,000	1,000
Total		\$50,000	\$7,500	\$7,500	\$7,500

**NOTA 7. CUENTAS A PAGAR**

Se estima que las cuentas a pagar serán una doceava parte del total de gastos operacionales lo que equivale a los gastos de un mes.

**NOTA 8. OTRAS CUENTAS A PAGAR**

Incluyen gastos acumulados, impuestos sobre nóminas por pagar y otras deudas.

**NOTA 9. INTERESES Y FINANCIAMIENTO**

Los intereses para los años proyectados se determinaron a base de un financiamiento a 60 meses con una tasa de interés anual compuesta mensualmente de 5.5% con pagos fijos mensuales de \$488.53 en principal e intereses. La cantidad a ser financiada será de \$25,000 la cual será utilizada para las mejoras de las facilidades, la compra de equipos, inventario y capital de trabajo.



Exhibit B

INSTITUCION AMOR REAL CORPORATION

CASE NUMBER: 18-01737-EAG / CHAPTER 11

SUMMARY OF MONTHLY OPERATING REPORTS (INCOME / EXPENSES FROM MARCH TO JULY 2018)

Column1	JAN-FEB-MARCH	APRIL	MAY	JUNE	JULY
FUNDS AT THE BEGINNING	\$ -	\$ 57,228.24	\$ 19,233.21	14,278.90	\$ 25,174.31
TOTAL RECEIPTS	\$ 22,358.76	\$ 26,415.76	\$ 19,352.86	35,600.86	\$ 19,329.91
TOTAL FUNDS FOR OPERATIONS		\$ 83,644.00	\$ 38,586.07	49,879.76	44,502.22
TOTAL DISBURSEMENTS	\$ 21,301.03	\$ 64,410.79	\$ 24,307.17	24,705.45	\$ 34,766.75
NET INCOME	\$ 1,057.73	\$ 19,233.21	\$ 14,278.90	25,174.31	\$ 9,737.47

Exhibit C

**United States Bankruptcy Court**  
**District of Puerto Rico**

In re **INSTITUCION AMOR REAL CORPORATION**

Debtor(s)

Case No. **18-01737**

Chapter

**7**

**LIQUIDATION SUMMARY**

Description	Total Amount	Real Property	Personal Property
Total Property Value	30,190.00	0.00	30,190.00
Less:			
Schedule D. Secured Claims	0.00	0.00	0.00
Schedule C. Exemptions	0.00	0.00	0.00
<b>Interest in Nonexempt Property</b>	<b>30,190.00</b>	<b>0.00</b>	<b>30,190.00</b>
Less:			
Estimated Chapter 7 Admin Expenses	3,769.00		
Schedule E. Priority Claims	3,025.00		
<b>Available to General Unsecured</b>	<b>23,396.00</b>		
Total General Unsecured	436,200.00		
Percent Distribution	5.36%		

**Details:**

Unsecured from Schedule D	0.00	0.00	0.00
Unsecured from Schedule E	3,200.00		
Unsecured from Schedule F	433,000.00		
Estimated Chapter 7 Administrative Expenses:			
11§326 Trustee Compensation on \$30,190.00	3,769.00		
Add'l Trustee Cost as 0% of §326 Fee	0.00		
Additional Admin Expense	0.00		
Total Estimated Admin Expense	3,769.00		