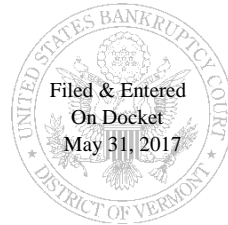


UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF VERMONT

IN RE: WORLD OF DISCOVERY, INC.,
Debtor-in-Possession.

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Case No. 16-11293-cab
Chapter 11 Case



**ORDER ON
THIRD STIPULATED MOTION AUTHORIZING DEBTOR'S CONTINUED USE OF
CASH COLLATERAL AND AUTHORIZING ADEQUATE PROTECTION
OF INTERESTS OF THE UNITED STATES OF AMERICA**

Based upon the Third Stipulated Motion for Use of Cash Collateral and Authorizing Adequate Protection of Interests of the United States of America filed by World of Discovery, Inc., ("Debtor") and the United States of America, on behalf of the Internal Revenue Service, a secured creditor herein, authorizing use of cash collateral for a limited period of time until September 1, 2017, and no party having objected, it is hereby **ORDERED** as follows:

1. In order to provide adequate protection for the secured claim of the Internal Revenue Service during the term of this Order:

a. The IRS is granted a continuing post-petition security interest in all assets the Debtor owned at the time the Chapter 11 was filed, or acquired subsequent to the filing of the Chapter 11 case to the same extent and priority as the liens held at the commencement of the case.

b. The IRS shall be granted a "rollover" replacement lien, effective as of the Filing Date, on all post-petition inventory, accounts, equipment (including vehicles), cash, and cash equivalents, contracts rights, general intangibles and all other post-petition personal property of the Debtor, including proceeds and products thereof the other same extent and priority as existed as of the date of filing. This lien shall be limited to the above-described assets

which are acquired from the petition-date through the term of this agreement. This lien shall be in addition to the liens that the Internal Revenue Service had in the assets and property of the Debtor as of the Petition date, which liens extend to and encumber the proceeds and property of the Debtor in existence at the time the bankruptcy petition was filed.

c. The post-petition lien granted to the Internal Revenue Service will be shared with other secured creditors as they are identified. The priority of each secured creditor in the post-petition property will be based on the priority each secured creditor held in property of the Debtor as of the petition-date. Such priority shall be determined by agreement of the secured creditors and/or by order or judgment of the Court. The federal tax liens continue to attach to the newly arising assets and protect the secured federal tax claim to the same extent and priority as existed as of the filing date.

d. The Debtor represents that as of the Petition Date, all of the assets were subject to the federal tax liens, the value and nature of such assets are set forth in the Debtor's Schedules.

e. The Debtor shall not use cash collateral during the pendency of this agreement for any purpose which is not authorized by the Bankruptcy Code or by an order of the Court. The parties to this Order agree that the Bankruptcy Code will allow the Debtor to pay normal post-petition expenses incurred in the ordinary course of business.

f. The Internal Revenue Service, by and through its agents or representatives, shall have access to and the right to inspect the Debtor's assets and properties during normal business hours, with at least 24 hours advance notice being given and with a right of the Debtor to propose an alternative, if required for business reasons.

g. Upon reasonable notice, the Debtor will permit the Internal Revenue

Service to inspect, review and copy any financial records of the Debtor. These records will be made available at the Debtor's place of business.

h. Beginning on May 15, 2017, the Debtor will make a minimum monthly payments of \$1,740.75 on the secured pre-petition tax debt. Payments will be made on the 15th day of each month. The first payment shall be due on May 15, 2017, and payments shall continue each month thereafter until confirmation of Debtor's Chapter 11 Plan. Adequate Protection Payments to the Internal Revenue Service shall be made payable to the U.S. Treasury and sent to the Internal Revenue Service, P.O. Box 9502, Portsmouth, NH, 03802 Attn: Gail Irving, and shall be received by 12:00 pm noon on the 15th of each month. Payments shall be applied by the Internal Revenue Service as the Service, in its sole discretion, determines to be in its best interests.

2. Nothing in this Order shall constitute an admission by the Internal Revenue Service that the protection provided to it shall not at some time become inadequate to fully and properly protect the creditor's interests and at any time the Internal Revenue Service may apply to the Court for additional adequate protection. Further, nothing in this Order shall bind the Internal Revenue Service or constitute an agreement by it to the treatment of its claims under any plan of reorganization.

3. The Debtor shall timely file all post-petition tax returns on the due date of the return with the appropriate IRS office and submit a copy to Bankruptcy Specialist Gail Irving, within two (2) working days of the submission.

4. The Debtor shall timely pay each federal tax deposit as it accrues (when payroll is made) by electronic transfer or through a federal depository (by federal deposit form 8109B

payable to the Debtor's depository institution) and submit a proof of payment to Bankruptcy Specialist Gail Irving within two (2) business days of the deposit.

5. A copy of all tax returns and tax payments shall be provided to the IRS within two business days of submission by either (a) mailing the same to Gail Irving, Bankruptcy Specialist, Internal Revenue Service, Insolvency Unit, P.O. Box 9502, Portsmouth, NH 03802-9502, or (b) by facsimile transmission to the attention of Gail Irving at 603-433-0558.

6. The Debtor shall maintain all insurance policies generally required of entities engaged in the business of providing childcare, including workers compensation, general liability, fire and casualty.

7. There shall not be entered in the Debtor's Chapter 11 case any order under Section 363 authorizing the use, sale or lease of cash collateral, or the sale of any other collateral, without notice to the United States.

8. In the event of any sale of the Debtor's businesses, to the extent not previously paid, the Debtor agrees that the secured claim of the United States will be paid from the proceeds of such sale, in accordance with the priorities of its liens and security interests on the assets sold. This Order is without prejudice to the rights of any other creditors or the Office of the United States Trustee to object to or dispute the perfection of the United States' liens or the relative priorities of its liens and security interest in the assets of the Debtor.

9. The Debtor's authority to use cash collateral pursuant to this Order shall immediately terminate without further order, notice or hearing, upon the occurrence of any of the following events:

- a. The conversion of any of these Chapter 11 cases to one(s) under Chapter 7 of the Code;
- b. The appointment of any Chapter 11 Trustee;


- c. The dismissal of the Debtor's bankruptcy case;
- d. The cessation of the Debtor's normal business operations or the sale of Debtor's businesses.
- e. The filing by the IRS of a proposed order for dismissal with a declaration stating that the Debtor defaulted on one or more terms of this agreement;
- f. The expiration of this Agreement without extension on September 1, 2017.

10. The occurrence of any of the following shall constitute an event of default by the Debtor in its obligations pursuant to this Stipulation ("Event of Default"): Debtor's failure to keep, observe, or perform any of their agreements or undertakings under this Order, including, but not limited to, the timely payment of the cash adequate protection payments (without having checks returned for insufficient funds), the timely and accurate payment of each federal tax deposit as it accrues and the timely filing of tax returns, failure to comply with any Order of this Court, failure to comply with any requirement of the U.S. Bankruptcy Code, Federal Rules of Bankruptcy Procedure or Local Rules of this Court, including timely filing of Monthly Operating Reports or failure to comply with any requirement of the U.S. Internal Revenue Code.

11. In the event of any default, the IRS may file a proposed order for dismissal, with prejudice, along with a declaration stating the Debtor's default and, without further notice or hearing, this case shall be dismissed, with prejudice against re-filing for a period of 180 days from the date of the entry of the dismissal order.

12. This Order shall continue until the earlier of the termination of this agreement on September 1, 2017 or the confirmation of a plan in this case, whichever occurs first.

Dated at Burlington, in the District of Vermont, this May 31, 2017.



COLLEEN A. BROWN
United States Bankruptcy Judge