

**UNITED STATES BANKRUPTCY COURT
DISTRICT OF VERMONT**

IN RE:

WORLD OF DISCOVERY, INC.

Debtor in Possession.

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CASE NO. 16-11293CAB

Chapter 11 Reorganization

**AMENDED
DISCLOSURE STATEMENT
OF
WORLD OF DISCOVERY, INC.
Debtor In Possession**

August 2, 2017

Prepared and Submitted by:
WORLD OF DISCOVERY, INC.
Debtor in Possession

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WORLD OF DISCOVERY, INC. (the "Debtor"), as Debtor in Possession under Chapter 11 of Title 11 of the United States Code (the "Bankruptcy Code"), hereby proposes and files this Disclosure Statement (the "Disclosure Statement") for the Chapter 11 Plan of Reorganization of WORLD OF DISCOVERY, INC. dated August 2, 2017 (the "Plan").

THE DEBTOR STRONGLY URGES ALL HOLDERS OF CLAIMS IN IMPAIRED CLASSES TO ACCEPT THE PLAN.

THIS DISCLOSURE STATEMENT IS DESIGNED TO PROVIDE ADEQUATE INFORMATION TO ENABLE HOLDERS OF CLAIMS AGAINST THE DEBTOR TO MAKE AN INFORMED JUDGMENT ON WHETHER TO ACCEPT OR REJECT THE PLAN. ALL HOLDERS OF CLAIMS ARE HEREBY ADVISED AND ENCOURAGED TO READ THIS DISCLOSURE STATEMENT AND THE PLAN IN THEIR ENTIRETY BEFORE VOTING TO ACCEPT OR REJECT THE PLAN. PLAN SUMMARIES AND STATEMENTS MADE IN THIS DISCLOSURE STATEMENT ARE QUALIFIED IN THEIR ENTIRETY BY REFERENCE TO THE PLAN, WHICH IS ANNEXED HERETO AS APPENDIX "D", OTHER APPENDICES ANNEXED HERETO AND OTHER DOCUMENTS REFERENCED AS FILED WITH THE COURT BEFORE OR CONCURRENTLY WITH THE FILING OF THIS DISCLOSURE STATEMENT. FURTHERMORE, THE PROJECTED FINANCIAL INFORMATION CONTAINED HEREIN HAS NOT BEEN THE SUBJECT OF AN AUDIT. SUBSEQUENT TO THE DATE HEREOF, THERE CAN BE NO ASSURANCE THAT: (A) THE INFORMATION AND REPRESENTATIONS CONTAINED HEREIN ARE MATERIALLY ACCURATE; AND (B) THIS DISCLOSURE STATEMENT CONTAINS ALL MATERIAL INFORMATION.

ALL HOLDERS OF IMPAIRED CLAIMS SHOULD READ AND CONSIDER CAREFULLY THE MATTERS DESCRIBED IN THIS DISCLOSURE STATEMENT AS A WHOLE, INCLUDING THE SECTION ENTITLED "RISK FACTORS," PRIOR TO VOTING ON THE PLAN. IN MAKING A DECISION TO ACCEPT OR REJECT THE PLAN, EACH CREDITOR MUST RELY ON ITS OWN EXAMINATION OF THE DEBTOR AS DESCRIBED IN THIS DISCLOSURE STATEMENT AND THE TERMS OF THE PLAN, INCLUDING THE MERITS AND RISKS INVOLVED. IN ADDITION, CONFIRMATION AND CONSUMMATION OF THE PLAN ARE SUBJECT TO CONDITIONS PRECEDENT THAT COULD LEAD TO DELAYS IN CONSUMMATION OF THE PLAN. ALSO, THERE CAN BE NO ASSURANCE THAT EACH OF THESE CONDITIONS WILL BE SATISFIED

OR WAIVED (AS PROVIDED IN THE PLAN) OR THAT THE PLAN WILL BE CONSUMMATED. EVEN AFTER THE EFFECTIVE DATE, DISTRIBUTIONS UNDER THE PLAN MAY BE SUBJECT TO SUBSTANTIAL DELAYS FOR CREDITORS WHOSE CLAIMS ARE DISPUTED.

THIS DISCLOSURE STATEMENT HAS BEEN APPROVED BY ORDER OF THE BANKRUPTCY COURT AS CONTAINING ADEQUATE INFORMATION OF A KIND AND IN SUFFICIENT DETAIL TO ENABLE HOLDERS OF CLAIMS TO MAKE AN INFORMED JUDGMENT WITH RESPECT TO VOTING TO ACCEPT OR REJECT THE PLAN. HOWEVER, THE BANKRUPTCY COURT'S APPROVAL OF THIS DISCLOSURE STATEMENT DOES NOT CONSTITUTE A RECOMMENDATION OR DETERMINATION BY THE BANKRUPTCY COURT WITH RESPECT TO THE MERITS OF THE PLAN.

NO PARTY IS AUTHORIZED BY THE DEBTOR TO GIVE ANY INFORMATION OR MAKE ANY REPRESENTATIONS WITH RESPECT TO THE PLAN OTHER THAN THAT WHICH IS CONTAINED IN THIS DISCLOSURE STATEMENT. NO REPRESENTATIONS OR INFORMATION CONCERNING THE DEBTOR, ITS FUTURE BUSINESS OPERATIONS OR THE VALUE OF ITS PROPERTIES HAVE BEEN AUTHORIZED BY THE DEBTOR OTHER THAN AS SET FORTH HEREIN. ANY INFORMATION OR REPRESENTATIONS GIVEN TO OBTAIN YOUR ACCEPTANCE OR REJECTION OF THE PLAN WHICH ARE DIFFERENT FROM OR INCONSISTENT WITH THE INFORMATION OR REPRESENTATIONS CONTAINED HEREIN AND IN THE PLAN SHOULD NOT BE RELIED UPON BY ANY CREDITOR IN VOTING ON THE PLAN.

THIS DISCLOSURE STATEMENT HAS BEEN PREPARED IN ACCORDANCE WITH SECTION 1125 OF THE BANKRUPTCY CODE AND RULE 3016(c) OF THE FEDERAL RULES OF BANKRUPTCY PROCEDURE AND NOT IN ACCORDANCE WITH FEDERAL OR STATE SECURITIES LAWS OR OTHER APPLICABLE NONBANKRUPTCY LAW.

THIS DISCLOSURE STATEMENT HAS NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION, NOR HAS SUCH COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THE STATEMENTS CONTAINED HEREIN.

WITH RESPECT TO CONTESTED MATTERS, ADVERSARY PROCEEDINGS AND OTHER PENDING OR THREATENED ACTIONS, THIS DISCLOSURE STATEMENT AND THE INFORMATION CONTAINED HEREIN SHALL NOT BE CONSTRUED AS AN ADMISSION OR STIPULATION, BUT RATHER AS STATEMENTS MADE IN SETTLEMENT NEGOTIATIONS GOVERNED BY RULE 408 OF THE FEDERAL RULES OF EVIDENCE AND ANY OTHER RULE OR STATUTE OF SIMILAR IMPORT.

THIS DISCLOSURE STATEMENT SHALL NEITHER BE ADMISSIBLE IN ANY PROCEEDING INVOLVING THE DEBTOR OR ANY OTHER PARTY NOR BE CONSTRUED TO BE ADVICE ON THE TAX, SECURITIES OR OTHER LEGAL EFFECT OF THE PLAN. EACH CREDITOR SHOULD, THEREFORE, CONSULT WITH ITS OWN LEGAL, BUSINESS, FINANCIAL AND TAX ADVISORS AS TO ANY SUCH MATTERS CONCERNING THE SOLICITATION, THE PLAN OR THE TRANSACTIONS CONTEMPLATED THEREBY.

This Disclosure Statement, the Plan annexed hereto as Appendix "D" (and the other appendices hereto), the accompanying form of Ballot, and the related materials delivered together herewith are being furnished by the Debtor to holders of Impaired Claims pursuant to section 1125 of the Bankruptcy Code, in connection with the solicitation by the Debtor of votes to accept or reject the Plan (and the transactions contemplated thereby), as described herein.

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UNITED STATES BANKRUPTCY COURT

DISTRICT OF VERMONT

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WORLD OF DISCOVERY, INC.)	CASE NO. 16-11293CAB
)	<i>Chapter 11 Reorganization</i>
)	
Debtor in Possession.)	

**DISCLOSURE STATEMENT
OF
WORLD OF DISCOVERY, INC.
Debtor in Possession
August 2, 2017**

I. INTRODUCTION AND SUMMARY

The following introduction and summary is qualified in its entirety by, and should be read in conjunction with, the more detailed information and financial statements and notes thereto appearing elsewhere in this Disclosure Statement.

A. Disclosure Statement

This Disclosure Statement is being submitted pursuant to the provisions of Section 1125 of Title 11 of the United States Code, (the "Bankruptcy Code" or "Code"), to all creditors, holders of claims against, and interests in, WORLD OF DISCOVERY, INC. Its purpose is to provide sufficient and adequate information so that the creditors and shareholders can make an informed and appropriate decision when voting on the Plan of Reorganization proposed by the Debtor. Only a summary is contained within this Disclosure Statement, and the Disclosure Statement does not itself represent the terms of the Plan of Reorganization which, if "confirmed" by the Court, such Plan will be binding on all parties. For those terms, all creditors should

carefully read the Plan of Reorganization of the Debtor which accompanies this Disclosure Statement. If there is any discrepancy between the Disclosure Statement and the Plan of Reorganization, the provisions of the Plan govern.

The Debtor has filed Application pursuant to Vt. LRB 9006(c) requesting that the Court consider approval of this Disclosure Statement at the same time as the hearing on confirmation of the Plan of Reorganization. Although this Disclosure Statement has not been approved as containing “adequate information” as defined by 11 USC §1125, it is the Debtor’s belief that the Disclosure statement meets the requirements of §1125, and will be approved as same.

Appendices to this Disclosure Statement include the following:

- APPENDIX "A" - WORLD OF DISCOVERY, INC.’S PROJECTED INCOME STATEMENT AND CASH FLOW ANALYSIS CALENDAR YEAR 2017.
- APPENDIX "B" - WORLD OF DISCOVERY, INC.’S 5 YEAR PROJECTIONS
- APPENDIX "C" - 2016 TAX RETURNS
- APPENDIX "D" - PLAN OF REORGANIZATION
- APPENDIX “E” - MONTHLY BUDGET—30 & 60 DAYS

The statements contained in this Disclosure Statement are made as of the date hereof unless another time is specified herein and neither the delivery of this statement nor any exchange of rights made in connection herewith shall, under any circumstance, create an implication that there has been no change in the facts set forth herein since the date prepared.

No representations concerning the Debtor, its future business operations, the value of its property, or the value of any benefits offered to holders of claims or interest in connection with the Plan are authorized by the Debtor other than as set forth in this Disclosure Statement. Any representations or inducements made to secure your vote which are contrary to information contained in this Disclosure Statement should not be relied upon by you in arriving at your decision, and any such additional representations and inducements should be reported to the

Debtor and its counsel, Rebecca Rice, COHEN & RICE, 26 West Street, Ste 1, Rutland, VT 05701; (802) 775-2352.

B. The Solicitation

The Debtor is hereby soliciting (the "Solicitation") votes for acceptance of the Plan under the Bankruptcy Code from the holders of: (I) SECURED CLAIMS: Secured Claims include Vermont Community Loan Fund, Mascoma Savings Bank, Internal Revenue Service, and the Towns of Hartford and Weathersfield, Vermont. (II) PRIORITY UNSECURED CLAIMS of the Internal Revenue Service, Vermont Department of Taxes and Vermont Department of Labor. (III) GENERAL UNSECURED CLAIMS The Company is not soliciting votes from HOLDERS OF INSIDER INTERESTS, which are unimpaired by the Plan. If the requisite acceptances of the Plan are obtained, the Debtor intends to use such acceptances to obtain confirmation of the Plan by the Bankruptcy Court. The Court fixed the close of business (Eastern Standard Time) on February __, 2017 as the date for the filing of ballots of acceptance or rejection.

WORLD OF DISCOVERY, INC. has now filed its Plan of Reorganization pursuant to which it proposes to address the payment of its obligations to its creditors. Under the Bankruptcy Code, in order for a Plan to be "confirmed" by the Court, the holders of each class of claims, as those classes are defined in the Plan, must accept the Debtor's Plan of Reorganization by a vote that holds at least two-thirds (2/3) or sixty-six and six-tenths (66.6%) percent in Dollar amount and by more than fifty (50%) percent in number of those creditors voting upon approval of the Plan. In the case of holders of interests, i.e. shareholder, for a Plan to be confirmed, the holders of each class must accept the Plan by vote of two-thirds of the number of shares in each class. Should the Plan receive the acceptance of at least one class but fewer than all the classes, the Court may nevertheless confirm the Plan if certain provisions are made for dissenting classes. The details of this procedure, commonly known as "cram-down," are set out in Section 1129(b)(1) and (2) of the Code. The Debtor does not presently contemplate the need to employ the "cram-down" provisions; if that situation should unexpectedly change, appropriate Motion or Application shall be filed pursuant to Section 1127, and request made in accordance with

Vermont Local Bankruptcy Rules, and notice given to all appropriate parties as required by the Bankruptcy Code.

If the Debtor obtains the appropriate consents to the Plan, then a Hearing on confirmation will occur before the Court and, if the Court then confirms a Debtor's Plan, the Plan becomes binding on the Debtor, the creditors, the stockholders, and all other affected parties.

C. The Plan

Included within this package, as APPENDIX "D," is a copy of the Plan. Set forth below is a summary of the significant principles upon which the claims are addressed and treated by the Plan.

The Plan provides for the creation of NINE (9) various classes of claims or interests, hereafter summarized. The Plan provides each class to be treated or paid in the following manner:

1. Fully secured claims: There are several classes of secured creditors. The plan will provide payment in full under various amortization schedules, the following classes of secured creditors: Real estate loans held by Vermont Community Loan Fund and Mascoma Savings Bank, a secured Internal Revenue claim and taxes owed to the Towns of Hartford and Weathersfield.

2. Unexpired leases: Holders of these types of claims, in which the Debtor remains in possession of the leasehold, which include the real lease with River Valley Technical Center will have its claim and agreement assumed and the debtor will continue to perform under the existing terms of the obligations.

3. Unsecured priority claims of the Internal Revenue Service, Vermont Department of Taxes and Vermont Department of Labor.

4. Unsecured claims: Holders of allowed unsecured claims will be paid 15% percent of their outstanding claims in monthly payments during months 48 through 60 of the Plan.

4. Stockholder Interests: Holders of interests will remain in the company as existed prior to the petition or filing date and are not treated in a class.

AMENDMENTS TO THE PLAN'S CLASSIFICATION AND TREATMENT OF ONE OR MORE CLASSES THAT DO NOT MATERIALLY AND ADVERSELY CHANGE THE TREATMENT OF ANY CLASS MAY BE MADE TO THE PLAN. SUCH AMENDMENTS MAY BE APPROVED BY THE BANKRUPTCY COURT AT THE CONFIRMATION HEARING WITHOUT ENTITLING THE MEMBERS OF ANY CLASSES WHOSE TREATMENT IS NOT ADVERSELY CHANGED TO WITHDRAW ANY VOTES CAST FOR OR AGAINST THE PLAN.

THE DEBTOR BELIEVES THAT THE PLAN PROVIDES FOR FAIR AND EQUITABLE TREATMENT OF THE CREDITORS AND INTEREST HOLDERS. THE DEBTOR, THEREFORE, BELIEVES THAT THE ACCEPTANCE OF THE PLAN IS IN THE BEST INTEREST OF EACH AND EVERY CLASS OF CREDITORS AND INTEREST HOLDER AND RECOMMENDS THAT YOU VOTE TO ACCEPT THE PLAN.

THE DEBTOR URGES EACH CREDITOR AND STOCKHOLDER TO REVIEW CAREFULLY THIS DISCLOSURE STATEMENT AND THE PLAN, AND TO COMPLETE AND RETURN THE BALLOT FURNISHED WITH THE DISCLOSURE STATEMENT. YOUR BALLOT MUST BE RECEIVED BY 5:00 P.M. ON _____.

The Debtor believes the treatment of all claimants under the Plan is more beneficial than can be achieved through an immediate and orderly liquidation, as more fully detailed in ARTICLE VII - ACCEPTANCE AND CONFIRMATION OF THE PLAN, Paragraph C, Subparagraph 2, Section a. - The Debtor's Estimate of Liquidation Value and ARTICLE IX - ALTERNATIVES TO CONFIRMATION AND CONSUMMATION OF THE PLAN, Paragraph A - Liquidation Under Chapter 7. The Plan is premised on continued and increased operations as of the effective date. The Debtor considered alternative methods of providing more immediate payments to its creditors, however review of projected results of operations during the course of the ensuing years did not make such method of expediting the amounts of such payments possible.

II. BACKGROUND

A. The Debtor

World of Discovery was established in 2007 when Kim Dyer purchased a building located at Rte 131 in Weathersfield, VT, after running a successful registered inhome childcare in Cavendish VT for 4 years. The building was renovated to accommodate a licensed childcare center for 28 children. In March of 2010, a second building in White River Junction VT was purchased. This building was renovated in order to bring it up to licensing regulations. With the experience it had with the building that was renovated in 2007 and the World of Discovery center that opened in March of 2008 it was able to bring the building up to State Building Codes and Licensing Regulations for a second childcare center known as World of Discovery II. In August of 2011 World of Discovery opened a third center within the River Valley Technical Center with the intent to enter into a Memorandum of Understanding regarding Human Services students participating in the childcare facility. This site is known as World of Discovery III and licensed for 28 children. World of Discovery I (Weathersfield location) was closed in May of 2012 due to lack of enrollment. All the children that attended the center were accommodated in the White River or Springfield VT Centers. The Weathersfield building was on the market for 4 years. During this time World of Discovery rented the space to the Weathersfield Food Shelf for about 1.5 years for \$225 per month with the understanding they would maintain the building and keep it heated. The food shelf moved to a new location in January 2016. At that time, they had the building weatherized for the winter. When WOD went to check the facility in March 2016, all the pipes had burst and it filed an insurance claim. In September of 2016 WOD I reopened the Weathersfield site for 20 preschool/afterschool children. It has submitted the STARS

Application in order to become partnered with the local school districts for Act 166 funding.

In 2008, when the Weathersfield center was originally opened it opened with approximately 10 children and had 2 staff members. As the enrollment picked up over the next few months it added a total of 5 staff including the owner/director. It provided meals through the CACFP and accepted subsidy.

In 2009 to 2010, a second building in White River Junction was purchased. World of Discovery II was created. A loan for the building through VCLF was approved along with a construction loan through Mascoma Savings Bank. The building went through major renovations from March of 2010 until August 2010 when it opened. It had been preapproved with the layout and square footage given to the licensor for 56 kids. In reality when the head licensor came to inspect, it could only be licensed for 40 children and was given a variance for 49 children. From the beginning, the building wasn't able to make its projected income. Teachers were hired at the time of opening for each classroom even though the rooms were not full, in order to comply with licensing. On January 7, 2011 Kim Dyer's personal life and business reputation came crashing down....her now ex-husband had been arrested for touching her 10 year old daughter inappropriately on 2 counts. This hit media and they ran with it, as he had done all the construction and renovations on the 2 centers. The media had said he was joint owner of the business (this was not true as Kim Dyer has always been sole owner) which deterred parents from enrolling their children, kept the center from filling and caused lots of families to leave. The Director WOD had in Weathersfield deterred parents from bringing their children to a childcare that a "joint" owner was accused of molesting his step daughter. She was fired immediately. Over this time, Kim Dyer lost control of finances as the centers were not making money and it was costing WOD over \$4,000 a month to keep the Weathersfield site

open.

At about that time, one of WOD's employees at the White River Junction center approached Kim Dyer regarding an opportunity to open a profitable center in the Howard Dean Technical Center in Springfield, Vermont. WOD went through the process and applied but was denied due to the history earlier in the year of Ms. Dyer's ex-husband. Ms. Dyer met with the school director and they reconsidered and gave WOD the opportunity to rent the space and open World of Discovery III.

The business kept getting deeper into debt as WOD did everything from raising rates to sending letters to parents to explain the situation, then Tropical Storm Irene hit and the roads to Weathersfield center were closed down and parents couldn't get to the Weathersfield center. WOD I closed its doors in May of 2012. Staff from Weathersfield either left or relocated to the Springfield Center.

From 2010-2015, the computer system WOD was using for payroll did not correctly compute its payroll taxes and it became very delinquent in making its tax deposits. This problem was identified in 2015, but the arrearage owed to the IRS is large. WOD did stay current with its secured debts.

In 2013, an employee was injured on the job. WOD was unaware that its workers' compensation insurance had just lapsed. WOD continued to pay the employee's salary and medical bills for the next 3 years.

In 2014, World of Discovery III became 4 stars accredited through the state and partnered with the Springfield School District as early adapters to the state funded Pre-K. This helped bring in more income. In 2015, World of Discovery II became 4 stars accredited and partnered with Hartford School District for Pre-K.

World of Discovery II has had significant turnover in staff. In 2016 it had its largest turnover. Several families left due to the turnover in staff and lack of communication that the then Director was giving. That Director is no longer employed by the Debtor. Currently Kim Dyer is the acting Director at the White River center, subbing for staff who are out, and doing all paperwork and payroll.

WOD is currently working on the Weathersfield center enrolling more children once it becomes an approved partner with the Department of Education for the Act 166 Pre-K. The Springfield center is currently full and the White River center is increasing its enrollment as WOD has been working diligently to reestablish the reputation of the center.

WOD is adjusting rates accordingly, as much as the market will allow, in order to satisfy its debt. It is exploring the possibility of partnering with the Hartford Technical Center to see if World of Discovery II could run a program similar to the program in Springfield and then look at putting the White River real estate on the market. If this is not successful WOD will continue to rebuild its reputation and reach full enrollment. Once enrollment has picked up and the business continues to get a handle on the finances the business will hire a bookkeeper to do all accounts payable and payroll. Each center's director will be in charge of collecting all tuition payments and putting these into the computer. This will free Kim Dyer to take care of the staff and sites appropriately.

1. Analysis of Pre-petition debt.

As of June 30, 2016, the date of the filing of the Petition for Relief under Chapter 11, the Debtor owed the following approximate amounts:

SECURED:

Vermont Community Loan Fund (7099)	\$166,428.48
Vermont Community Loan Fund	\$168,824.62
Mascoma Savings Bank	\$212,150.30
Internal Revenue Service	\$94,378.96
Town of Hartford	\$4,776.93
Town of Weathersfield	\$2,332.86

PRIORITY CLAIMS:

Internal Revenue Service	\$348,774.79
Vermont Department of Taxes	\$4,084.41
Vermont Department of Labor	\$8,006.36
Vermont Department of Labor	\$18,200.00

UNSECURED:

General Unsecured Claims	\$ 205,721.82
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TOTAL **\$ 1,233,679.53**

On the asset side the Debtor, as of June 20, 2016, owned the following assets:

REAL PROPERTY	\$ 625,000.00
EQUIPMENT/PERSONALTY/ACCOUNTS RECEIVABLE	\$ 21,200.00

TOTAL **\$ 646,200.00**

Since the filing, there have been no significant changes to the assets. Following the filing of the Petition, the Company has filed and will file monthly statements of operations, as required by the Court's initial operating order. These statements, which are available upon request, will more accurately reflect the month to month change in the Debtor's financial condition. However, it should be noted that a portion of the information relating to receipts and disbursements (cash flow); operations and balance sheets are contained in such monthly Operating Statements of the

Debtor filed with the court, and as shown in the anticipated budget set forth in Appendix "E" to this Disclosure Statement.

2. Post-petition operations and Prospects for the Future.

Since the filing of the petition, the Debtor has reopened the Weathersfield center and has now applied for STAR accreditation so that it can partner with the Weathersfield School District to provide Pre-K. It is anticipated that it will receive accreditation in June 2017 which will increase its enrollment and income. The White River Junction site is now full to capacity and the Springfield center is full, with a waiting list. The Projections contained in Exhibit E are based on the Debtor's current income for White River Junction and Springfield with a 20% reduction for vacancies/bad debts. The income for the Weathersfield center is based upon its current income with the anticipation that it will be filled by the fourth quarter of 2017, with a reduction by 20% for vacancies/bad debts.

Debtor has been making adequate protection payments to Vermont Community Loan Fund, Mascoma Savings Bank and the IRS. It is current with its post-petition obligations to the IRS.

III. THE BANKRUPTCY PLAN VOTING INSTRUCTIONS AND PROCEDURES

A. General

The Debtor is seeking the acceptance of the Plan by the holders of Secured Claims and General Unsecured Claims. All unexpired leases will be assumed and all stockholder interests will remain intact; as such, they are unimpaired under the Plan and are conclusively presumed to have accepted the Plan.

B. Holders of Claims Entitled to Vote

As more fully described below, the Plan designates Ten (10) separate Classes of Claims and Interests. See "THE PLAN - Classification and Treatment of Claims and Interests Under the Plan." Generally, a claim or interest as to which legal, equitable or contractually rights are altered is "impaired." A holder of an allowed impaired claim or interest that will receive a

distribution under a plan or reorganization is entitled to vote to accept or reject such plan. The Claims in classes 1, 2, 3, 4, 5, 6, 7, 8 and 9 are impaired under the Plan. Claims that are not disputed are being solicited and are entitled to vote to accept or reject the Plan.

A Ballot to be used to accept or reject the Plan has been enclosed with all copies of this Disclosure Statement mailed to holders of Claims whose Claims are Impaired by the Plan but who have not been conclusively presumed to reject the Plan as a matter of law. Accordingly, this Disclosure Statement (and the appendices hereto), together with the accompanying Ballot and the related materials delivered together herewith, are being furnished to holders of all classes entitled to vote and may not be relied upon or used for any purpose by such holders other than to determine whether or not to vote to accept or reject the Plan.

C. Vote Required for Class Acceptance

The Bankruptcy Court will determine whether sufficient acceptances have been received to confirm the Plan. A class of impaired claims is deemed to have accepted a chapter 11 plan if votes to accept the plan have been cast by creditors (other than any entity designated under section 1126(e) of the Bankruptcy Code) that hold at least two-thirds in dollar amount and more than one-half in number of the allowed claims of such voting creditors. The Debtor must request that the Bankruptcy Court confirm the Plan pursuant to section 1129(b) of the Bankruptcy Code.

D. Counting of Ballots to Determine Acceptance of the Plan

The Debtor intends to count all validly executed Ballots received prior to the Voting Deadline (as defined below) for purposes of determining whether each Impaired Voting Class has accepted or rejected the Plan.

E. Voting Deadline

Ballots will not be accepted after ____ p.m.; Eastern Standard Time, on _____, 2017, (the "Voting Deadline"), unless the Bankruptcy Court, at the request of the Debtor,

extends the Voting Deadline, in which event the solicitation period will terminate at such extended time on such extended date. Except to the extent permitted by the Bankruptcy Court, Ballots that are received after the Voting Deadline will not be accepted or used by the Debtor in connection with the Debtor's request for confirmation of the Plan (or any permitted modification thereof).

F. Voting Procedures

The Debtor is providing copies of this Disclosure Statement, Plan, Ballot, and Order of approval of Disclosure Statement, Fixing time for filing acceptances or rejections of plan, Fixing Hearing on confirmation, and Order of transmittal to all holders of Impaired and Unimpaired Claims, including the Existing Lenders (as holders of mortgage or security interests), all holders of Unexpired leases and executory contracts, holders of priority claims and the holders of General Unsecured Claims. Any such nominee who requires additional copies of the Disclosure Statement and Ballots for distribution to beneficial holders may obtain them from the Debtor's counsel, Rebecca Rice, Esquire, by calling (802) 775-2352. Such nominees, if they do not hold for their own account, are required to provide copies of this Disclosure Statement and appropriate Ballots to their customers and to beneficial owners promptly. Any beneficial owner who has not received a Ballot should contact the Debtor. The following is a summary of the voting rules. Reference should be made to the "Order of Approval of Disclosure Statement, Fixing time for filing acceptances or rejections of plan, Fixing hearing on confirmation, and Order of transmittal" prior to voting.

Unless otherwise directed by the Bankruptcy Court, all questions as to the validity, form, eligibility (including time of receipt), acceptance, and revocation or withdrawal of Ballots will be determined by the Bankruptcy Court after notice and a hearing, pursuant to Bankruptcy Rule 3018(a). Any defects or irregularities in connection with the deliveries of Ballots must be cured within such time as the Bankruptcy Court determines. Neither the Debtor nor any other person will be under any duty to provide notification of defects or irregularities with respect to deliveries of Ballots nor will any of them incur any liabilities for failure to provide such notification.

G. Miscellaneous

No statements or information concerning the Debtor or Reorganized WORLD OF DISCOVERY, INC. (particularly as to future business, results of operations or financial condition, or with respect to the distributions to be made under the Plan) or any of the assets or business of the Debtor or Reorganized WORLD OF DISCOVERY, INC. have been authorized by the Debtor or should be relied upon, other than as set forth in this Disclosure Statement.

IN ORDER FOR YOUR BALLOT TO BE COUNTED, YOUR BALLOT MUST BE COMPLETED AS SET FORTH ABOVE AND RECEIVED BY THE VOTING DEADLINE, 5:00 P.M. EASTERN STANDARD TIME, ON _____, 2017 (OR SUCH LATER DATE TO WHICH THE BANKRUPTCY COURT, ON REQUEST OF THE DEBTOR, EXTENDS SUCH DATE). BALLOTS SHOULD BE MAILED OR SENT BY OVERNIGHT DELIVERY TO:

COHEN & RICE
26 WEST ST., Suite 1
RUTLAND, VT 05701

OR SENT BY FACSIMILE TRANSMISSION TO:

REBECCA RICE, ESQ.
(802) 773-6424

IF YOU HAVE ANY QUESTIONS REGARDING THE PROCEDURES FOR VOTING ON THE PLAN, PLEASE CONTACT:

REBECCA RICE, ESQ.
COHEN & RICE
26 WEST ST., Suite 1
RUTLAND, VT 05701
(802) 775-2352
steplbush@aol.com

IV. THE CHAPTER 11 CASE

A. Continuation of Business; Stay of Litigation

On June 30, 2016, (the "Filing Date"), the Debtor commenced this Chapter 11 Case. Since the Filing Date, the Debtor has continued to operate as a debtor in possession subject to the supervision of the Bankruptcy Court in accordance with the Bankruptcy Code. Thus, the Debtor's management remained in place and has continued to date to manage the Debtor's affairs. The Debtor is authorized to operate in the ordinary course of business. Transactions out of the ordinary course of business have required Bankruptcy Court approval. In addition, the Bankruptcy Court has supervised the Debtor's employment of attorneys, accountants and other professionals.

An immediate effect of the filing of the bankruptcy petition was the imposition of the automatic stay under the Bankruptcy Code which, with limited exceptions, enjoined the commencement or continuation of all collection efforts by creditors, enforcement of liens against the Debtor and litigation against the Debtor. This injunction remains in effect, unless modified and lifted by order of the Bankruptcy Court, until consummation of a plan of reorganization.

B. Significant Events During the Chapter 11 Case

1. First Day Orders

The Debtor submitted so-called "first day orders," along with supporting motions, to the Bankruptcy Court on the filing date, which are anticipated to be approved, subject to any further notice and supplements. The first day orders included an order authorizing the retention of COHEN & RICE, as bankruptcy counsel to the Debtor. Officers' salaries were also approved by Court order, as well as permission to utilize bank accounts and continue to pay employees their wages and benefits.

V. THE PLAN

THE FOLLOWING IS A SUMMARY OF CERTAIN SIGNIFICANT PROVISIONS OF THE PLAN. THIS SUMMARY IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO THE MORE DETAILED INFORMATION SET FORTH IN THE PLAN WHICH IS ATTACHED TO THIS DISCLOSURE STATEMENT AS APPENDIX "D". TO THE EXTENT THAT THE TERMS OF THIS DISCLOSURE STATEMENT VARY WITH THE TERMS OF THE PLAN, THE TERMS OF THE PLAN SHALL BE CONTROLLING.

A. General

Chapter 11 is the principal business reorganization chapter of the Bankruptcy Code. Under chapter 11, a debtor is authorized to reorganize its business for the benefit of itself and its creditors and holders of interest in the Company.

Formulation of a plan of reorganization is the principal objective of a chapter 11 reorganization case. In general, a chapter 11 plan of reorganization (i) divides claims and equity interests into separate classes, (ii) specifies the property that each class is to receive under the plan, and (iii) contains other provisions necessary to the reorganization of the debtor. Chapter 11 does not require each holder of a claim or interest to vote in favor of the plan of reorganization in order for the Bankruptcy Court to confirm the plan. However, a Plan of Reorganization must be accepted by the holders of at least one class of claims that is impaired (as defined above) without considering the votes of "insiders" within the meaning of the Bankruptcy Code.

Distributions to be made under the Plan will be made after confirmation of the Plan, on the Effective Date or as soon thereafter as is practicable, or at such other time or times specified in the Plan.

B. Classification and Treatment of Claims and Interest Under the Plan

Section 1122 of the Bankruptcy Code requires that a plan or reorganization classify the claims of a debtor's creditors and the interests of its equity holders. The Bankruptcy Code also provides that, except for certain claims classified for administrative convenience, a plan of

reorganization may place a claim or interest of a creditor or equity holder in a particular class only if such claim or interest is substantially similar to the other claims or interests of such class. The Plan places Secured Claims, General Unsecured Claims, and Interests in separate Classes. The Debtor believes it has classified all Claims and Interests in compliance with the provisions of section 1122 of the Bankruptcy Code. If a creditor or Interest holder challenges such classification of Claims or Interests and the Bankruptcy Court finds that a different classification is required for the Plan to be confirmed, the Debtor, to the extent permitted by the Bankruptcy Court, intends to make such reasonable modifications to the classification of Claims or Interests under the Plan to provide for whatever classification might be required by the Bankruptcy Court for confirmation.

Except to the extent that such modification of classification adversely affects the treatment of a holder of a Claim and requires re-solicitation, acceptance of the Plan by any holder of a Claim pursuant to this Solicitation will be deemed to be a consent to the Plan's treatment of such holder of a Claim regardless of the Class as to which such holder of a Claim is ultimately deemed to be a member.

The Bankruptcy Code also requires that a plan of reorganization provide the same treatment for each claim or interest of a particular class unless the holder of a particular claim or interest agrees to a less favorable treatment of its claim or interest. The Debtor believes that it has complied with such standard. If the Bankruptcy Court finds otherwise, it could deny confirmation of the Plan if the Creditors or equity holders affected do not consent to the treatment afforded them under the Plan.

1. Treatment of Administrative Expenses and Certain Priority Claims

a. Administrative Expenses - All administrative expenses shall be paid in full on the effective date or within 10 days following allowance unless otherwise consented to by the holder of such administrative claims.

b. Priority Tax claims - All priority tax claims shall be paid in full within 5 years of the filing of the case and shall accrue interest in accordance with the statutory provisions of the Internal Revenue Code, unless otherwise provided under the Plan. The Debtor does not anticipate any priority tax claims, other than any asserted by the IRS and Vermont Department of Taxes, which are treated in full in Classes 5 and 6.

Class 1 – Vermont Community Loan Fund.

As of the petition date, Vermont Community Loan Fund held a first position secured claims against the Debtor in the amount of \$166,428.84, secured by a mortgage on the real estate located at 1177 North Hartland Road, White River Junction, Vermont, and claim in the amount of \$168,824.62 secured by a first mortgage on the real estate located at Route 131, Weathersfield, Vermont.

The secured claim of Vermont Community Loan Fund shall be amortized over 30 years at the current rate of 5.50%, with payments of \$944.96 per month (Loan No. 7099) and \$958.57 per month. (Loan 7075). Prior to the Effective Date, Vermont Community Loan Fund will be paid \$944.96 per month on loan 7099 and \$958.57 per month on loan 7075 in adequate protection payments commencing January 1, 2017. Interest arrearage in the total amount of \$7,150.59 on Loan No. 7099 will be paid in the amount of \$119.18 per month for 60 months. Interest arrearage in the total amount of \$7,283.19 on Loan No. 7075 will be paid in the amount of \$121.38 per month for 60 months. There will be a balloon payment on these loans with the option to renegotiate at that time at the end of 60 months from payments being commenced under the Plan.

Confirmation of this Plan shall not affect the creditor's right to apply for any sums allowable under 11 U.S.C. § 506(b).

Class 1 is therefore impaired and the legal, equitable and contractual rights to which the holders of such claims have, are altered.

Class 2 – MASCOMA SAVINGS BANK

As of the petition date, Mascoma Savings Bank held claim in the amount of \$212,150.30 secured by a second mortgage on the real estate located at 1177 North Hartland Road, White River Junction Vermont.

The secured claim of Mascoma Savings Bank shall be amortized over 21 years from March 12, 2010 at the current rate of 5.75%, with payments of \$1,754.93 per month. Prior to the Effective Date, Mascoma Savings Bank will be paid \$1,754.93 per month in adequate protection payments commencing August 1, 2017. Debtor made two adequate protection payments of \$1,238.05 in January and March, 2017. The current arrearage of \$20,337.99 shall be cured by monthly payments of \$338.97 for 60 months.

Confirmation of this Plan shall not affect the creditor's right to apply for any sums allowable under 11 U.S.C. § 506(b).

Class 2 is therefore impaired and the legal, equitable and contractual rights to which the holders of such claim has, is altered.

Class 3 – Internal Revenue Service - Secured.

As of the petition date, the Debtor had a secured claim with Internal Revenue Service secured by liens against its real estate and personal property. As of the date of filing, the amount

of the secured claim was \$94,376.96. This claim shall be satisfied by monthly payments of \$1,740.25 until paid in full. This payment is based on a five year amortization at 4% interest. Adequate protection payments on this claim commenced in July 2016 and these payments shall be continue until confirmation of the Plan.

Confirmation of this Plan shall not affect the creditor's right to apply for any sums allowable under 11 U.S.C. § 506(b).

Class 3 is therefore impaired and the legal, equitable and contractual rights to which the holders of such claims have, are altered.

Class 4 – Secured Claims of the Towns of Hartford and Weathersfield, Vermont.

As of the date of filing, the Town of Hartford held claims secured by Debtor's real estate totaling \$4776.93. There are additional taxes due for the 2016-17 tax year. The total owed is currently 11,517.91. This claim shall be satisfied by monthly payments of \$371.30 per month for 3 years based on a three year amortization and a 12% interest rate on the actual taxes due of \$9447.14.

As of the date of filing, the Town of Weathersfield held a claim secured by Debtor's real estate totaling \$2,332.86 This claim shall be satisfied by monthly payments of \$69.92 per month for 3 years based on a three year amortization and a 5% interest rate.

Class 4 is therefore impaired and the legal, equitable and contractual rights to which the holders of such claims have, are altered.

Class 5 – PRIORITY UNSECURED CLAIM OF THE INTERNAL REVENUE SERVICE

As of the petition date, the Internal Revenue Service held a priority unsecured claim in the amount of \$348,774.79. Payments on this Claim shall commence in July, 2017 in the amount of \$1,000.00 per month for 48 months. Additionally, payments in the amount \$20,625.03, four times per year shall be made from lump sum funds for Pre-K services. Currently those payments shall be made in October, December, March and June.

Class 5 is therefore impaired and the legal, equitable and contractual rights to which the holders of such claims have, are altered.

Class 6 – PRIORITY UNSECURED CLAIMS OF VERMONT DEPARTMENT OF TAXES

As of the petition date, the Vermont Department of Taxes held a priority unsecured claim in the amount of \$4,084.41. Payments on this claim, in the amount of \$113.45 shall be made for a period of 36 months.

Class 6 is therefore impaired and the legal, equitable and contractual rights to which the holders of such claims have, are altered.

Class 7 – PRIORITY UNSECURED CLAIM OF VERMONT DEPARTMENT OF LABOR (CLAIM # 3)

As of the petition date, the Vermont Department of Labor held a priority unsecured claim of state unemployment insurance in the amount of \$8,006.36. This claim shall be satisfied by monthly payments of \$222.40 for a period of 36 months.

Class 7 is therefore impaired and the legal, equitable and contractual rights to which the holders of such claims have, are altered.

Class 8 – PRIORITY UNSECURED CLAIM OF VERMONT DEPARTMENT OF LABOR (CLAIM # 4)

As of the petition date, the Vermont Department of Labor held a priority unsecured claim of state unemployment insurance in the amount of \$18,200.00. This claim shall be satisfied by monthly payments of \$758.33 for a period of 24 months commencing in month 37 of the Plan.

Class 8 is therefore impaired and the legal, equitable and contractual rights to which the holders of such claims have, are altered

Class 9 -- GENERAL UNSECURED CLAIMS

The anticipated claims of general unsecured creditors total \$205,721.82. Allowed General Unsecured Claims shall be paid \$32,883.00, 15.98% of their claims, paid monthly over a 12 month period during months 49 through 60 of the Plan. The monthly payment to Allowed General Unsecured Claims in Class 9 is anticipated to be approximately \$2740.25 per month for 12 months.

Class 9 is therefore impaired and the legal, equitable and contractual rights to which the holders of such claims have, are altered.

Class 10. Holders of Interests

All holders of interest in the Company as of the date of filing shall retain such interests in the same amount or percentage as existed prior to the commencement of the proceeding. Said Holders are unimpaired and shall not be solicited for voting.

C. Effects of Plan Confirmation

1. Discharge. Discharge of All Claims and Interests and Releases. Except as otherwise specifically provided by this Plan, the confirmation of this Plan (subject to the

occurrence of the Effective Date) shall discharge the Debtor and the Reorganized Debtor from any debt that arose before the Confirmation Date, and any debt of the kind specified in sections 502(g), 502(h), or 502(I) of the Bankruptcy Code, whether or not a proof of Claim is Allowed, and whether or not the holder of such Claim has voted on this Plan.

2. Binding Effect. The provisions of the Plan will be binding upon and inure to the benefit of the Debtor, WORLD OF DISCOVERY, INC., any holder of a Claim or Interest, their respective predecessors, successors, assigns, agents, officers and directors and any other Entity affected by the Plan.

3. Releases. Except as otherwise specifically provided by the Plan, the distributions and rights that are provided in the Plan will be in complete satisfaction, discharge and release, effective as of the Confirmation Date (but subject to the occurrence of the Effective Date) of (i) all Claims and Causes of Action against, liabilities of, liens on, obligations of and Interests in the Debtor, WORLD OF DISCOVERY, INC. or the direct or indirect assets and properties of the Debtor, WORLD OF DISCOVERY, INC., whether known or unknown, and (ii) all Causes of Action, whether known or unknown, either directly or derivatively through the Debtor against successors and assigns of the Debtor, based on the same subject matter as any Claim or Interest, or based on any act or omission, transaction or other activity or security, instrument or other agreement of any kind or nature occurring, arising or existing prior to the Effective Date that was or could have been the subject of any Claim or Interest, in each case regardless of whether a proof of claim or interest was filed, whether or not Allowed and whether or not the holder of the Claim or Interest has voted on the Plan.

Further, except as otherwise specifically provided by the Plan, any Entity accepting any distribution pursuant to the Plan will be presumed conclusively to have released the Debtor and any other Entity accepting any distribution pursuant to the Plan, successors and assigns of the Debtor and, reorganized WORLD OF DISCOVERY, INC. The release described in the preceding sentence will be enforceable as a matter of contract against any Entity that accepts any

distribution pursuant to the Plan. This release does not affect the rights of any creditor against guarantors or co-obligors.

4. Injunction. The satisfaction, release and discharge pursuant to the Plan will also act as an injunction against any Entity's commencing or continuing any action, employment of process, or act to collect, offset or recover any Claim or Cause of Action satisfied, released or discharged under the Plan to the fullest extent authorized or provided by the Bankruptcy Code, including, without limitation, to the extent provided for or authorized by sections 524 and 1141 thereof.

5. Revesting. On the Effective Date, pursuant to section 1141 of the Bankruptcy Code, title to all property of the Debtor's estate will pass to Reorganized WORLD OF DISCOVERY, INC., free and clear of all Claims of Creditors and Interests (except as otherwise provided in the Plan). Reorganized WORLD OF DISCOVERY, INC. may pay any expenses, including any fees and expenses of professionals, accruing from and after the Confirmation Date without any application to the Bankruptcy Court. Confirmation of the Plan (subject to occurrence of the Effective Date) will be binding, and the Debtor's debts will, without in any way limiting the Plan, be discharged as provided in section 1141 of the Bankruptcy Code.

D. Executory Contracts and Unexpired Leases

1. General. Subject to the approval of the Bankruptcy Court, the Bankruptcy Code empowers a debtor in possession to assume or reject executory contracts and unexpired leases. Generally, an "executory contract" is a contract under which material performance is due from both parties. If an executory contract or unexpired lease is rejected by a debtor in possession, the other parties to the agreement may file a claim for damages incurred by reason of the rejection, which claim is treated as a prepetition claim. If an executory contract or unexpired lease is assumed by a debtor in possession, the debtor in possession has the obligation to perform its obligations thereunder in accordance with the terms of such agreement and failure to perform such obligations could result in a claim for damages which may be entitled to administrative expense status.

2. The Plan. Any unexpired lease or executory contract that has not been expressly rejected by the Debtor with the Bankruptcy Court's approval on or prior to the Confirmation Date will, as of the Confirmation Date (subject to the occurrence of the Effective Date), be deemed to have been assumed by the Debtor unless there is pending before the Bankruptcy Court on the Confirmation Date a motion to reject such unexpired lease or executory contract or such executory contract or unexpired lease is otherwise designated for rejection, provided that such motion is ultimately allowed; provided, however, that, as of the Confirmation Date (subject to the occurrence of the Effective Date), any executory contracts or unexpired leases to which an Insider or Affiliate of the Debtor is party shall be deemed to have been rejected by the Debtor unless, by such date, either (i) such unexpired lease or executory contract has been expressly assumed by the Debtor, as the case may be, or (ii) a motion seeking such assumption has been filed, provided that such motion is ultimately allowed.

The Debtor has a lease with River Valley Technical Center and will be assuming this lease upon confirmation.

With respect to any executory contract or unexpired lease rejected by the Debtor, the rejection will be deemed to constitute a breach of such contract or lease immediately before the Filing Date and may result in a pre-Filing Date Claim against the Debtor for damages. A Claim for damages against the Debtor arising from the rejection of any executory contract or unexpired lease pursuant to a Final Order will be forever barred and will not be enforceable against the Debtor, WORLD OF DISCOVERY, INC., and no holder of any such Claim will participate in any distributions under the Plan, unless a proof of claim is filed with the Bankruptcy Court within (a) the time period established by the Bankruptcy Court in such Final Order approving such rejection or (b) if no such time period is or was established, thirty (30) days from and after the date of entry of such Final Order.

E. Retention and Enforcement of Causes of Action

Reorganized WORLD OF DISCOVERY, INC. will retain, with the exclusive right to enforce in its sole discretion, any and all Causes of Action of the Debtor or Debtor-In-Possession, including all Causes of Action which may exist under sections 510, 544 through 550

and 553 of the Bankruptcy Code or under similar state laws, including, without limitation, fraudulent conveyance claims, if any, and all other Causes of Action of a trustee and Debtor in Possession under the Bankruptcy Code. The Debtor or reorganized WORLD OF DISCOVERY, INC., as the case may be, may, but will not be required to, set off against any Claim and the distributions to be made pursuant to the Plan in respect of such Claim, any claims of any nature whatsoever which the Debtor or Debtor-In-Possession may have against the holder of such Claim, but neither the failure to do so nor the allowance of any Claim under the Plan shall constitute a waiver or release of any such claim the Debtor or Debtor-In-Possession may have against such holder.

F. Distributions Under the Plan

1. Time of Distributions Under the Plan. Except as otherwise provided in the Plan and without in any way limiting the Plan, payments and distributions in respect to Allowed Claims will be made by reorganized WORLD OF DISCOVERY, INC. (or its designee) on or as promptly as practicable after the Effective Date. Cash or securities otherwise distributable with respect to Disputed Claims will be held by reorganized WORLD OF DISCOVERY, INC. pending resolution of all objections to each such Claim. When such objections have been resolved and the Claim has become an Ultimately Allowed Claim, reorganized WORLD OF DISCOVERY, INC. will make an appropriate distribution with respect to such Ultimately Allowed Claim. See "THE PLAN -- Procedures for Resolving Disputed Claims."

2. Compliance with Tax Requirements. Reorganized WORLD OF DISCOVERY, INC. will comply with all withholding and reporting requirements imposed by federal, state or local taxing authorities in connection with making distributions pursuant to the Plan.

In connection with each distribution with respect to which the filing of an information return (such as an Internal Revenue Service Form 1099 or 1042) and/or withholding is required, reorganized WORLD OF DISCOVERY, INC. will file such information return with the Internal Revenue Service and provide any required statements in connection therewith to the recipients of such distribution, and/or effect any such withholding and deposit all moneys so withheld to the

extent required by law. With respect to any Entity from whom a tax identification number, certified tax identification number or other tax information required by law to avoid withholding has not been received by reorganized WORLD OF DISCOVERY, INC. (or its distribution agent), reorganized WORLD OF DISCOVERY, INC. may, at its sole option, withhold the amount required and distribute the balance to such Entity or decline to make such distribution until the information is received.

3. Allocation Between Principal and Accrued Interest. Except as specifically provided in the Plan, on the Effective Date, the aggregate consideration paid to creditors in respect of their Claims will be treated as allocated first to the principal amount of such Claims and then to any accrued interest thereon.

4. Distribution of Unclaimed Property. Any distribution of property under the Plan that is unclaimed after two years following the effective Date will irrevocably revert to reorganized WORLD OF DISCOVERY, INC., without regard to any state escheatment laws.

5. Set-Offs. Except as otherwise expressly provided in the Plan, the Plan is not intended to, and will not, abrogate or impair any rights of setoff of the Debtor or reorganized WORLD OF DISCOVERY, INC.

G. Procedures for Resolving Disputed Claims

1. Objection to Claims. Any party in interest may object to an Impaired Claim, other than an Impaired Claim otherwise allowed as provided in the Plan, by filing an objection with the Bankruptcy Court and serving such objection upon the holder of such Claim not later than the last to occur of (a) the 45th day following the Effective Date, (b) thirty (30) days after the filing of the proof of claim of such Claim or (c) such other date set by order of the Bankruptcy Court (the application for which may be made on an ex parte basis), whichever is later. Only reorganized WORLD OF DISCOVERY, INC. will have the authority to file objection to Unimpaired Claims. Objection to Unimpaired Claims may be filed by reorganized WORLD OF DISCOVERY, INC. at any time.

Unless otherwise ordered by the Bankruptcy Court or agreed to by written stipulation of the Debtor or reorganized WORLD OF DISCOVERY, INC., or until the Debtor's or reorganized WORLD OF DISCOVERY, INC.'s objection thereto is withdrawn, the Debtor or reorganized WORLD OF DISCOVERY, INC. will litigate the merits of each Disputed Claim until determined by a Final Order; provided, however, subject to the approval of the Bankruptcy Court, if necessary, the Debtor or reorganized WORLD OF DISCOVERY, INC., as the case may be, may compromise and settle any objection to any Claim.

2. Payments and Distributions With Respect to Disputed Claims. No payments or distributions will be made in respect of a Disputed Claim unless and until such Disputed Claim becomes an Ultimately Allowed Claim.

Subject to the provisions of the Plan, payments and distributions with respect to each Disputed Claim that becomes an Ultimately Allowed Claim, which would have otherwise been made on the Effective Date had the Ultimately Allowed Claim been an Allowed Claim on the Effective Date, will be made within thirty (30) days after the date that such Disputed Claim becomes an Ultimately Allowed Claim. Holders of Disputed Claims that become Ultimately Allowed Claims will be bound, obligated and governed in all respect by the provisions of the Plan.

H. Retention of Jurisdiction

The business and the assets of the Debtor will remain subject to the jurisdiction of the Bankruptcy Court until the Effective Date. From and after the Effective Date, the Plan provides for the retention of jurisdiction by the Bankruptcy Court over reorganized WORLD OF DISCOVERY, INC. and the Chapter 11 Case to the fullest extent permissible by law, including, but not limited to, for the purposes of determining all disputes and other issues presented by or arising under the Plan to: (i) determine and adjudicate all disputes relating to Claims and Administrative Expenses (including those allowed by operation of law), including the allowance and amount thereof, provided, however, the Bankruptcy Court's jurisdiction shall be concurrent

with any state or federal court, not exclusive, after the Effective Date, with respect to the enforcement or adjudication of any Unimpaired Claim, (ii) determine all other matters, including any matter arising in an adversary proceeding related to the Chapter 11 Case, pending on the Effective Date, (iii) consider and allow any and all applications for compensation for professional services rendered any defect or omission or reconcile any inconsistency in the Confirmation Order, (v) interpret and enforce the provisions of the Plan, and issue such orders, consistent with section 1142 of the Bankruptcy Code, as may be necessary to effectuate consummation and full and complete implementation of the Plan, and (vi) determine other such matters as may be set forth in the Confirmation Order or that may arise in connection with the implementation of the Plan. The Bankruptcy Court shall retain jurisdiction until entry of the Final Decree.

I. Amendment and Modification to the Plan

Subject to the provisions of the Plan, the Plan may be altered, amended, or modified by the Debtor, before or after the Confirmation Date, as provided in section 1127 of the Bankruptcy Code.

J. Withdrawal of the Plan

Subject to the provisions of the Plan, the Debtor reserves the right, at any time prior to the entry of the Confirmation Order, to revoke or withdraw the Plan. If the Debtor revokes or withdraws the Plan or if the Confirmation Date does not occur, then the Plan will be deemed null and void.

K. Conditions to Modification, Withdrawal and Waiver Rights

Notwithstanding any provisions of the Plan to the contrary, including, without limitation, of the Plan, the Debtor may: (a) withdraw the Plan after having first given four (4) Business Days notice in writing to counsel for the Secured Creditors, and United States Trustee (to be served via facsimile and overnight delivery) of the date of the proposed withdrawal and the reason therefore; provided, however, that the Secured Creditors may object to such withdrawal

and seek an order of the Bankruptcy Court preventing the occurrence thereof; or (b) amend or modify the Plan.

VII. ACCEPTANCE AND CONFIRMATION OF THE PLAN

Described below are certain important considerations under the Bankruptcy Code in connection with confirmation of the Plan.

A. Solicitation of Acceptance

The Debtor is soliciting the acceptance of the Plan from all beneficial owners of Claims in certain Classes of Claims that are "impaired" under the Plan. The solicitation of acceptances from holders of Claims in Unimpaired Classes is not required under the Bankruptcy Code. Classes 1, 2 3, 4, 6, 7, 8 and 9 are Impaired under the Plan.

B. Confirmation Hearing

Section 1128(a) of the Bankruptcy Code requires the Bankruptcy Court, after notice, to hold a confirmation hearing (the "Confirmation Hearing"). Section 1128(b) of the Bankruptcy Code provides that any party in interest may object to confirmation of the Plan.

Notice of the Confirmation Hearing will be provided to all holders of Claims and Interests and other parties in interest (the "Confirmation Notice"). The Confirmation Hearing may be adjourned from time to time by the Bankruptcy Court without further notice except for an announcement of the adjourned date made at the Confirmation Hearing or any adjournment thereof. Objection to confirmation of the Plan must be made in writing, specifying in detail the name and address of the person or entity objecting, the grounds for the objection, and the nature and amount of the Claim or Interest held by the objector. Objection must be filed with the Bankruptcy Court, together with proof of service, and served upon the parties so designated in the Confirmation Notice, on or before the time and date designated in the Confirmation Notice as being the last date for serving and filing objection to confirmation of the Plan. Objection to

confirmation of the Plan is governed by Bankruptcy Rule 9014 and the local rules of the Bankruptcy Court.

C. Requirements for Confirmation of the Plan

As discussed below, the Debtor intends to request confirmation of the Plan pursuant to section 1129(b) of the Bankruptcy Code. Under section 1129(b) of the Bankruptcy Code, the Bankruptcy Court will confirm the Plan despite the lack of acceptance by an Impaired Class or Classes if the Bankruptcy Court finds that (a) the Plan does not discriminate unfairly with respect to each non-accepting Impaired Class, (b) the Plan is "fair and equitable" with respect to each non-accepting Impaired Class, (c) at least one Impaired Class has accepted the Plan (without counting acceptances by insiders) and (d) the Plan satisfies the requirements set forth in Bankruptcy Code section 1129(a) other than section 1129(a)(8).

The Debtor believes that, upon acceptance of the Plan by at least one Impaired Class, determined without including any acceptance of the Plan by any insider, the Plan will satisfy all the statutory requirements of chapter 11 of the Bankruptcy Code, that the Debtor has complied or will have complied with all of the requirements of Chapter 11, and that the Plan has been proposed in good faith.

1. The Plan is Fair and Equitable

The Bankruptcy Code establishes different "fair and equitable" tests for holders of secured and unsecured claims. With respect to a Class of Unsecured Claims that does not accept the Plan, the Debtor must demonstrate to the Bankruptcy Court that either (a) each holder of an Unsecured Claim of the dissenting Class receives or retains under the Plan property of a value equal to the Allowed amount of its Unsecured Claim or (b) the holders of Claims or Interests that are junior to the Claims of the holders of such Unsecured Claims will not receive or retain any property under the Plan. With respect to a Class of secured Claims that does not accept the Plan, the Debtor must demonstrate to the Bankruptcy Court that either (a) the holders of such Claims are retaining the liens securing such Claims that (b) each holder of a Claim of such Class will

receive on account of such Claim deferred cash payments totaling at least the Allowed amount of such Claim, of a value, as of the Effective Date, of at least the value of such holder's interest in such property, or (c) the holders of such Claims will realize the indubitable equivalent of such claims under the Plan. The Debtor believes the Plan is fair and equitable.

2. The Best Interests Test

Whether or not the Plan is accepted by each Impaired Class of Claims entitled to vote on the Plan, in order to confirm the Plan the Bankruptcy Court must, pursuant to section 1129(b)(7) of the Bankruptcy Code, independently determine that the Plan is in the best interests of each holder of a Claim or Interest Impaired by the Plan if the Plan is not unanimously accepted. Thus, the Plan must provide each holder of a Claim or Interest in such impaired Class a recovery on account of such holder's Claim or Interest that has a value, as of the Effective Date, at least equal to the value of the distribution each such holder would receive in a liquidation of the Debtor under chapter 7 of the Bankruptcy Code.

To determine the value that holders of Impaired Claims and Interests would receive if the Debtor were liquidated under chapter 7, the Bankruptcy Court must determine the aggregate dollar amount that would be generated from the liquidation of the Debtor's assets if the Debtor's Chapter 11 Case were converted to a chapter 7 liquidation case and the Debtor's assets were liquidated by a chapter 7 trustee (the "Liquidation Value"). The Liquidation Value would consist of the net proceeds from the disposition of the Debtor's assets, augmented by cash held by the Debtor and reduced by certain increased costs and Claims that arise in a chapter 7 liquidation case that do not arise in a chapter 11 reorganization case.

The Liquidation Value available for satisfaction of general unsecured creditors and Interests in the Debtor would be reduced by: (a) the Claims of Secured Creditors to the extent of the value of their collateral, and (b) the costs, fees and expenses of the liquidation under chapter 7, which would include: (i) the compensation of a trustee and its counsel and other professionals retained, (ii) disposition expenses, (iii) all unpaid expenses incurred by the Debtor during the Chapter 11 Case (such as compensation for attorneys, financial advisors, brokers,

auctioneers and accountants and the costs and expenses of members of any statutory committee of unsecured creditors appointed by the United States Trustee pursuant to section 1102 of the Bankruptcy Code and any other such appointed committee) which are allowed in a chapter 7 case, (iv) litigation costs, and (v) Claims arising from the operation of the Debtor during the pendency of the Chapter 11 Case and the chapter 7 liquidation case. The liquidation itself would trigger certain Claims, such as Claims for severance pay and would accelerate other priority payments which would otherwise be paid in the ordinary course. These Claims would be paid in full out of the liquidation proceeds before the balance would be made available to pay most other Claims or to make any distribution in respect of Interests.

Liquidation would also involve the rejection of additional executory contracts and unexpired leases of the Debtor and substantial additional rejection damage Claims. The Debtor believes that the liquidation would also generate an increase in other General Unsecured Claims.

To determine if the Plan is in the best interests of each impaired Class, the present value of the distributions from the proceeds of the liquidation of the Debtor's assets and properties, after subtracting the amounts attributable to the foregoing Claims, costs, fees and expenses, are then compared with the value of the property offered to such Classes of Claims and Interests under the Plan on the Effective Date.

a. The Debtor's Estimate of Liquidation Value

The Debtor estimates that under its proposed Plan, all secured and unsecured creditors, both tax and otherwise, will be paid in full in accordance with the restructured agreements pursuant to the Debtor's Plan of Reorganization. The Company further estimates that the general unsecured creditors, will be paid the last installment of their 17.5% dividend, at the latest, by the end of 2020.

If, however, the present plan is not acceptable to the creditors, the following is the Debtor's estimate of what could be realized by both secured and unsecured creditors in a liquidation of the assets at this time:

Asset/Liability	Amount Estimated Liquidation Value
Real Property	\$ 625,000.00
Personal Property	\$ 21,200.00
Total Asset Value on Liquidation	\$ 646,200.00
Less:	Balance of Debt
Secured Claims	\$646,200.00
Priority Tax Claims	\$360,865.56
Total Dividend	\$ 0.00

ZERO PERCENT (0%) PAYMENT to any unsecured creditors would occur under Chapter 7. Potentially some administrative and priority claimants, as allowed by the Court, may be paid in accordance with 11 U.S.C. Section 503 and subsequently only 0% would be available to other general unsecured claimants.

b. Assumptions

The analysis is based on the projected assets and liabilities of the Debtor as of June 30, 2016. Underlying the liquidation analysis are a number of estimates and assumptions that are inherently subject to significant uncertainties and contingencies, many of which are beyond the control of the Debtor. Accordingly, there can be no assurances that the values assumed in the following analysis would be realized if the Debtor were in fact liquidated. Accordingly, although the analysis that follows is necessarily presented with numerical specificity, the actual liquidation values could vary significantly from the amounts set forth below. This analysis has

been prepared solely for purposes of estimating proceeds in a complete chapter 7 liquidation, and does not represent values that are appropriate for any other purpose. Variance from the estimates may be caused by, among others, the following:

1. Nature and timing of sales process. Under section 704 of the Bankruptcy Code, a chapter 7 trustee must, along with its other duties, collect and convert the property of the estate as expeditiously as is compatible with the best interest of the parties. The liquidation analysis assumes there would be pressure to complete the liquidation of the Debtor's operating properties and financial assets over a period of approximately 6-9 months. It is possible that the disposition of certain assets could reasonably exceed 12 months, causing deterioration in the value of the Debtor's estate. The liquidation analysis assumes that the Debtor's business has ceased, that assets are sold for their fair market values on an asset by asset basis, and that realization of any going concern value is not possible.

2. Discount factor applied to assets. The precise discount attributable to assets in a chapter 7 case cannot be computed on the basis of any known empirical data. Accordingly, for purposes of the liquidation analysis, assets are valued based on the Debtor's best estimates, which would vary on an asset by asset (and category by category) basis.

3. Estimated liquidation expenses. Such expenses were estimated to be incurred upon liquidation of the Debtor's assets, excluding cash and cash equivalents.

4. Estimated Claims. A conversion to a chapter 7 case would likely result in additional Claims, including Claims resulting from the rejection of executory contracts.

Liquidation values of major operating properties and non-operating assets were based in part upon the financial projection prepared by the Debtor. The precise discount factors attributable to a chapter 7 liquidation are subject to various circumstances. Total chapter 7 expenses are estimated to be over \$50,000. For purposes of the liquidation analysis, the Debtor

has assumed no tax liability. This assumption was based upon the utilization of available tax benefits to offset any gains in the disposition of assets.

c. Conclusion

Due to the numerous uncertainties and time delays associated with liquidation under chapter 7, it is not possible to predict with certainty the outcome of liquidation of the Debtor or the timing of any distribution to creditors. As the Liquidation Analysis and Comparison of Recoveries under the Plan versus Liquidation demonstrate, however, liquidation under chapter 7 of the Bankruptcy Code would result in much lower distributions for most Creditors than that provided for in the Plan.

3. Feasibility

Even if the Plan is accepted by each Class of Claims voting on the Plan, and even if the Bankruptcy Court determines that the Plan satisfies the best interests test, the Bankruptcy Code requires that, in order for the Plan to be confirmed by the Bankruptcy Court, it must be demonstrated that consummation of the Plan is not likely to be followed by liquidation or the need for further financial reorganization of the Debtor. For purposes of determining whether the Plan meets this requirement, the Debtor has analyzed its ability to meet its obligations under the Plan. As part of such analyzes, the Debtor has prepared forecasts of reorganized WORLD OF DISCOVERY, INC.'s cash flow (assuming the transactions contemplated by the Plan are consummated) for the one year post-confirmation and the 5 year period of the Plan. These projections, and the significant assumptions on which they are based, are set forth in Appendix "A" and "B" hereto. Based on such projections, the Debtor believes that reorganized WORLD OF DISCOVERY, INC. will be able to make all payments required to be made pursuant to the Plan.

VIII. ALTERNATIVES TO CONFIRMATION AND CONSUMMATION OF PLAN

If the Plan is not confirmed by the Bankruptcy Court and consummated, the alternatives to the Plan include (A) liquidation of the Debtor under chapter 7 of the Bankruptcy Code and (B) an alternative plan or reorganization.

A. Liquidation Under Chapter 7

If no plan can be confirmed, the Debtor's Chapter 11 Case may be converted to a case under chapter 7 of the Bankruptcy Code, pursuant to which a trustee would be appointed to liquidate the assets of the Debtor for distribution to creditors and Interest holders in accordance with the priorities established by the Bankruptcy Code. For the reasons discussed above, under "ACCEPTANCE AND CONFIRMATION OF THE PLAN -- Best Interests Test," the Debtor believes that confirmation of the Plan will provide each holder of a Claim entitled to receive a distribution under the Plan with a recovery that is not less (and is expected to be substantially more) than it would receive pursuant to liquidation of the Debtor under chapter 7 of the Bankruptcy Code.

B. Alternative Plan

If the Plan is not confirmed, the Debtor (or if the Debtor's exclusive period in which to file a plan of reorganization has expired, any other party in interest) may be entitled to file a different plan. Such a plan might involve either reorganization and continuation of the Debtor's business or an orderly liquidation of its assets. The Debtor has explored various other alternatives in connection with the formulation and development of the Plan. The Debtor believes the Plan enables holders of Claims to realize the most value under the circumstances. In a liquidation under chapter 11, the Debtor's assets would be sold in an orderly fashion over a more extended period of time than in a liquidation under chapter 7, probably resulting in somewhat greater (but indeterminate) recoveries than would be obtained in a chapter 7 liquidation. Further, if a trustee were not appointed (such appointment is not required in a chapter 11 case) the expenses for professional fees would most likely be lower than those incurred in a chapter 7 case. Although preferable to a chapter 7 liquidation, the Debtor believes that liquidation under chapter 11 would result in substantially lower recoveries than provided for

by the Plan. Further, any alternative plan would likely be less favorable to holders of Claims because, *inter alia*, distributions would be delayed.

IX. RISK FACTORS

HOLDERS OF CLAIMS SHOULD READ AND CONSIDER CAREFULLY THE FACTORS SET FORTH BELOW, AS WELL AS THE OTHER INFORMATION SET FORTH IN THIS DISCLOSURE STATEMENT (AND THE DOCUMENTS DELIVERED TOGETHER HERewith AND/OR INCORPORATED BY REFERENCE HEREIN), PRIOR TO VOTING TO ACCEPT OR REJECT THE PLAN.

A. Business Risks

The Debtor is currently, and after the Effective Date, will continue to be, moderately leveraged. There can be no absolute assurance that the operating cash flow of reorganized WORLD OF DISCOVERY, INC., after giving effect to operating requirements, will be adequate to fully fund the payment of interest under its post-confirmation indebtedness, when due, as well as all capital expenditures required pending completion of current litigation.

There can be no absolute assurance that reorganized WORLD OF DISCOVERY, INC.'s performance and its ability to satisfy its debt service obligations will not be adversely affected by one or a combination of the above or other factors.

B. Bankruptcy Risks

1. Objection to Classifications

Section 1122 of the Bankruptcy Code provides that a plan may place a claim or an interest in a particular class only if such claim or interest is substantially similar to the other claims or interests of such class. The Debtor believes that the classification of Claims and Interests under the Plan complies with the requirements set forth in the Bankruptcy Code. However, there can be no assurance that the Bankruptcy Court would reach the same conclusion.

2. Risk of Nonconfirmation of the Plan

Even if all Classes of Claims that are entitled to vote accept the Plan, the Plan might not be confirmed by the Bankruptcy Court. Section 1129 of the Bankruptcy Code sets forth the requirements for confirmation and requires, among other things, that the confirmation of a plan of reorganization is not likely to be followed by the liquidation or the need for further financial reorganization, and that the value of distributions to dissenting creditors and equity security holders not be less than the value of distributions such creditors and equity security holders would receive if the debtor were liquidated under chapter 7 of the Bankruptcy Code. The Debtor believes that the Plan satisfies all the requirements for confirmation of a plan of reorganization under the Bankruptcy Code. There can be no assurance, however, that the Bankruptcy Court would also conclude that the requirements for confirmation of the Plan have been satisfied. See "ACCEPTANCE AND CONFIRMATION OF THE PLAN."

3. Potential Effect of Bankruptcy on Certain Relationships

The effect, if any, which the commencement of the Chapter 11 Case may have upon the operations of reorganized WORLD OF DISCOVERY, INC. cannot be accurately predicted or quantified. The Debtor believes the filing of the Chapter 11 Case and consummation of the Plan will have a minimal future effect on relationships with employees and suppliers, especially in view of the fact that the Debtor has continued to operate without difficulty with such parties. If confirmation and consummation of the Plan do not occur expeditiously, the Chapter 11 Case could adversely affect the Debtor's relationships with its customers, suppliers, and employees, resulting in a material adverse impact on the operations of the Debtor. Moreover, even an expedited reorganization may negatively affect the Debtor by creating a negative image in the eyes of its customers.

X. CERTAIN INFORMATION CONCERNING THE DEBTOR

A. Regulatory and Legal matters.

1. General. The Debtor anticipates that it may need to commence appropriate actions to determine the value of collateral if the treatment of certain creditors under this Plan of Reorganization is not consensually accepted. In addition, Debtor anticipates commencing appropriate actions to object to unsecured claims following expiration of the claims bar date. At this time the only unliquidated claim is that of Lynda Spurr.

2. Related Party Transactions. NONE.

B. Competition.

Competition will remain intensive in the child care field.

C. Key Management.

Key management will continue to be Kim Dyer. No change in key management is expected.

D. Compensation

Senior managers will continue to receive annual compensation, paid on a bi-weekly basis, in the amount of \$20,800.00 per year for Kim Dyer.

XI. CERTAIN FEDERAL INCOME TAX CONSEQUENCES

A. Tax Consequences to Creditors and Reorganized WORLD OF DISCOVERY, INC.

Upon Confirmation of the Plan, WORLD OF DISCOVERY, INC. does not anticipate cancellation of debt ("COD") income to the extent Creditors receive less consideration for the face value of their claim. Creditors are anticipated to receive 100% of their allowed claims.

B. Other Tax Considerations

The Debtor agrees to prepare and issue Forms 1099 as required under Federal and State law for the applicable transactions contemplated under this Plan. Such forms could include Form 1099-INT for the payment of interest expense to applicable creditors as well as Form 1099-MISC, when necessary, for the applicable creditors receiving payment on their claims.

The federal, state, and local tax consequences of the Plan are complex and are not fully discussed in this section. All parties affected by this Plan are urged to consult their tax advisors on the impact the Plan will have on their individual circumstances.

XII. FINANCIAL AND LEGAL ADVISORS; FEES AND EXPENSES.

The Company has employed and at the commencement of this Chapter 11 proceeding, the United States Bankruptcy Court approved the employment of the law firm of COHEN & RICE., as Bankruptcy Counsel to the Debtor. At the commencement of the case, the Company paid a pre-petition retainer to COHEN & RICE., as legal counsel, in the amount of \$3,000.00 including the Court filing fees. It is contemplated that professional fees and expenses for Debtor's counsel during the course of the proceeding, and post-confirmation may be approximately \$8,000.00. The balance of the pre-petition retainer has been paid in full, with the payment of any additional balance as may exist paid in full within 10 days of allowance of such fees and expenses by the US Bankruptcy Court.

XIII. CONCLUSION

Based upon the foregoing analysis, it is the Debtor's belief that the Debtor's Proposed Plan of Reorganization is in the best interests of the creditors of WORLD OF DISCOVERY, INC., and that the claimants should vote favorably for the Plan.

DATED at City of Rutland, Vermont, this 2nd day of August, 2017.

Respectfully submitted,

WORLD OF DISCOVERY, INC.

By: /s/ Kim Dyer
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