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*Counsel for the Debtor
and Debtor in Possession***UNITED STATES BANKRUPTCY COURT****NORTHERN DISTRICT OF CALIFORNIA****OAKLAND DIVISION**

In re:

THE ROMAN CATHOLIC BISHOP OF
OAKLAND, a California corporation sole,

Debtor.

Case No. 23-40523 WJL

Chapter 11

**NOTICE OF FILING OF REVISED
LIQUIDATION ANALYSIS FOR DEBTOR'S
SECOND AMENDED DISCLOSURE
STATEMENT REGARDING DEBTOR'S
SECOND AMENDED PLAN OF
REORGANIZATION**

Judge: Hon. William J. Lafferty

Date: March 3, 2025

Time: 1:30 p.m.

Place: United States Bankruptcy Court
1300 Clay Street
Courtroom 220
Oakland, CA 94612

1 The Roman Catholic Bishop of Oakland, a California corporation sole, and the debtor and debtor
2 in possession (the “Debtor”) in the above-captioned chapter 11 bankruptcy case (the “Chapter 11 Case”),
3 hereby files this notice of filing of its revised Liquidation Analysis to be attached as Exhibit B to the
4 Debtor’s *Second Amended Disclosure Statement for Debtor’s Second Amended Plan of Reorganization*
5 [Docket No. 1763] (the “Second Amended Disclosure Statement”).¹

6 On February 19, 2025, the Debtor filed its Second Amended Disclosure Statement, in support of
7 its *Debtor’s Second Amended Plan of Reorganization* [Docket No. 1757] (the “Second Amended Plan”).
8 The Debtor’s liquidation analysis comparing recoveries under the Second Amended Plan to a hypothetical
9 liquidation (the “Liquidation Analysis”), is attached as Exhibit B to the Second Amended Disclosure
10 Statement.

11 Attached here to as **Exhibit 1** is a revised Liquidation Analysis which provides additional,
12 supplemental analysis as discussed therein. The attached Liquidation Analysis is intended to fully replace
13 the previously filed Exhibit B to the Second Amended Disclosure Statement.

14 DATED: February 23, 2025

FOLEY & LARDNER LLP

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/s/ Shane J. Moses

SHANE J. MOSES

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and Debtor in Possession*

27 ¹ Capitalized terms used but not defined herein shall have the meanings ascribed to them in the Disclosure Statement.

EXHIBIT 1

Liquidation Analysis to be attached as Exhibit B to Second Amended Disclosure Statement

Exhibit B

Liquidation Analysis¹

Introduction

The Debtor, with the assistance of its legal and financial advisors, has prepared this hypothetical liquidation analysis (this “Liquidation Analysis”) in connection with the Plan and the Disclosure Statement.

The Debtor submits this Liquidation Analysis in connection with the Disclosure Statement. The Debtor believes it will be helpful to holders of Claims as they evaluate their proposed treatment under the Plan. This Liquidation Analysis shall not be construed as or deemed to constitute a waiver or admission of any kind.

The Liquidation Analysis permits holders of Impaired Claims to evaluate whether they will receive or retain value under the Plan on account of their Claims as of the Effective Date, which is assumed to be May 31, 2025, that is not less than the amount that such holder would receive if the Debtor were liquidated under chapter 7 of the Bankruptcy Code. To calculate the probable distribution to holders of Claims in each Impaired Class if the Debtor was liquidated under chapter 7, the Liquidation Analysis:

- i) estimates the cash proceeds (the “Liquidation Proceeds”) that a chapter 7 trustee (the “Trustee”) would generate if the Chapter 11 Case were converted to a case under chapter 7 on the Effective Date and the assets of the Debtor’s Estate were liquidated;
- ii) determines the distribution each holder of a Claim would receive from the Liquidation Proceeds under the statutory priority scheme that applies in a case under chapter 7; and
- iii) compares each holder’s distribution from the Liquidation Proceeds to the distribution such creditor would receive under the Plan if it were confirmed and consummated.

As noted above, this Liquidation Analysis shall not be construed as or deemed to constitute a waiver or admission of any kind. The Debtor reserves all rights to oppose the applicability of the best interests test in this Chapter 11 Case or the inclusion of all of its real estate assets in any hypothetical liquidation analysis.

Executive Summary

Section 1112(c) of the Bankruptcy Code provides that non-profit entities cannot have their chapter 11 cases converted into chapter 7 cases involuntarily.² A liquidation under chapter 7 of the Bankruptcy Code is—unlike in the context of for-profit debtors—a path that can be chosen only by

¹ All capitalized terms not otherwise defined herein shall have the meanings ascribed to them in the Plan or Disclosure Statement, as applicable.

² 11 U.S.C. § 1112(c) (“The court may not convert a case under [chapter 11] to a case under chapter 7 of this title if the debtor is a farmer or a corporation that is not a moneyed, business, or commercial corporation, unless the debtor requests such conversion.”).

the non-profit debtor. Here, the Debtor is a non-profit entity. In the first instance, the Debtor's Liquidation Analysis is predicated on the premise that a "hypothetical liquidation" must be a *possible* liquidation. Assets of the Debtor's estate which cannot be legally made available for distribution to creditors are not included in a hypothetical liquidation. This is because: 1) the Debtor cannot be forced into a chapter 7 liquidation proceeding under the Bankruptcy Code and 2) the Debtor cannot be forced to sell real estate on which it operates one of the Churches. The Liquidation Analysis therefore does not contemplate such sales. The Debtor believes this presents a more accurate view of potential recoveries in a hypothetical liquidation scenario and provides appropriate context to whether the Plan is in the best interests of Abuse Claimants, in particular. The Debtor believes its Liquidation Analysis will be helpful to holders of Claims as they evaluate their proposed treatment under the Plan and accordingly, the Debtor is providing the Liquidation Analysis herein. The Debtor's submission of the Liquidation Analysis shall not be construed as or deemed to constitute a waiver or admission of any kind and the Debtor reserves all rights with respect to the best interests test in this Chapter 11 Case.

This Liquidation Analysis is based on certain estimates and assumptions that the Debtor has developed, with the assistance of its advisors, and which the Debtor considers to be reasonable under the circumstances of the Chapter 11 Case. These estimates and assumptions are inherently subject to significant economic, operational, legal, and other uncertainties and contingencies that are outside of the Debtor's control. Accordingly, the Debtor cannot provide any assurance that the values reflected in this Liquidation Analysis would be realized if the Debtor were, in fact, to undergo the liquidation discussed herein, and actual results in the event of a liquidation could vary materially from this Liquidation Analysis.

In summary, the Liquidation Analysis estimates that a maximum of approximately \$37 million would be available to general unsecured creditors of which approximately \$0 million to \$25 million would be available to Abuse Claims based on the range of estimated asset proceeds. The value of the Debtor's Plan for the purposes of this Liquidation Analysis is no less than \$160 million based on contributions from the Debtor and RCWC only. As described below, this Liquidation Analysis does not account for any recovery from insurance proceeds under either a plan of reorganization or under a chapter 7 liquidation.

Best Interests Test – Liquidation Analysis

Class	Claims / Equity Interests	Projected Midpoint Amount of Claims	Projected Amount of Recovery Under the Plan	Projected Midpoint Recovery % Under the Plan	Projected Midpoint Recovery % Under Liquidation	Pass / Fail
1	Secured Claims	\$ 25,872,322	\$ 25,872,322	100.0%	0.0%	PASS
2	Priority Unsecured Claims	6,200,606	6,200,606	100.0%	100.0%	PASS
3	General Unsecured Claims ⁽¹⁾	16,601,251	42,473,573	100.0%	12.3%	PASS
4	Abuse Claims	98,000,000	98,000,000	100.0%	12.3%	PASS
5	Unknown Abuse Claims	5,000,000	5,000,000	100.0%	12.3%	PASS
6	Non-Abuse Litigation Claims	350,000	NA	NA	12.3%	PASS
7	Contribution and Indemnification Claims Related to Class 4/5 Claim	-	NA	NA	12.3%	PASS
8	OPF Claims ⁽²⁾	35,019,178	8,217,820	23.5%	0.0%	PASS
TOTAL		\$187,043,357	\$ 185,764,321	99.3%	11.3%	

⁽¹⁾ General Unsecured Claims recovery under the Plan does not contemplate the payment of interest.

⁽²⁾ Recovery under the Plan for OPF Claims is the present value of future cash flows to OPF starting in 2035 to pay off the loan (excluding interest).

In addition, the Debtor prepared a supplemental liquidation analysis ("Supplemental Liquidation Analysis"), which differs from the Liquidation Analysis in that it includes all real property titled in the name of the Debtor rather than just vacant property the Debtor assumes it will

liquidate and collateral supporting the RCC loan in the Liquidation Analysis. The Debtor reserves all rights to argue the Supplemental Liquidation Analysis is unnecessary and not relevant in light of the protections granted to religious organizations under the U.S. Constitution and federal law.

In summary, the Supplemental Liquidation Analysis estimates that a maximum of approximately \$139 million would be available to general unsecured creditors of which approximately \$49 million to \$93 million would be available to Abuse Claims based on the range of estimated asset proceeds. Consistent with the Liquidation Analysis, the value of the Debtor's Plan for the purposes of this Supplemental Liquidation Analysis is no less than \$160 million based on contributions from the Debtor and RCWC only. The Debtor's Plan therefore satisfies the best interests test under both the Liquidation Analysis and the Supplemental Liquidation Analysis.

Best Interests Test – Supplemental Liquidation Analysis

Class	Claims / Equity Interests	Projected Midpoint Amount of Claims	Projected Amount of Recovery Under the Plan	Projected Midpoint Recovery % Under the Plan	Projected Midpoint Recovery % Under Liquidation	Pass / Fail
1	Secured Claims	\$ 25,872,322	\$ 25,872,322	100.0%	0.0%	PASS
2	Priority Unsecured Claims	6,200,606	6,200,606	100.0%	100.0%	PASS
3	General Unsecured Claims ⁽¹⁾	16,601,251	42,473,573	100.0%	72.5%	PASS
4	Abuse Claims	98,000,000	98,000,000	100.0%	72.5%	PASS
5	Unknown Abuse Claims	5,000,000	5,000,000	100.0%	72.5%	PASS
6	Non-Abuse Litigation Claims	350,000	NA	NA	72.5%	PASS
7	Contribution and Indemnification Claims Related to Class 4/5 Claim	-	NA	NA	72.5%	PASS
8	OPF Claims ⁽²⁾	35,019,178	8,217,820	23.5%	0.0%	PASS
TOTAL		\$187,043,357	\$ 185,764,321	99.3%	52.6%	

⁽¹⁾ General Unsecured Claims recovery under the Plan does not contemplate the payment of interest.

⁽²⁾ Recovery under the Plan for OPF Claims is the present value of future cash flows to OPF starting in 2035 to pay off the loan (excluding interest).

1) Liquidation Analysis of Debtor³

i) Process and Assumption Overview

All of the assets of the Debtor were identified, including tangible assets such as property, plant, and equipment, as well as other assets such as accounts receivable and loan and loan interest receivable. The value of each asset was then adjusted for (i) expected changes in the balance of the asset between June 30, 2024 (the date of the most recent financial statements available) and May 31, 2025 (the "Liquidation Date") and (ii) any impact to the asset that may render it fully or partially unavailable for sale (e.g., restricted cash is removed from the cash balance used to determine the liquidation value of cash available to pay unsecured creditors in a liquidation). The liquidation value of each asset was estimated using high, medium and low scenarios. The liquidation value is the amount of proceeds that may be generated in the event of a sale or liquidation of the asset. Given the circumstances of a sale in this scenario, the assumption is made that the respective asset values will be less than the market values of the assets if sold in the ordinary course due to timing and constraints on the ability to market or negotiate the sale.

³ All supporting information and assumptions apply to both the Liquidation Analysis and Supplemental Liquidation Analysis unless otherwise noted.

The outstanding amount of any secured debt associated with that asset is then deducted from the liquidation value of each asset. This determines the remaining amount of proceeds that could be utilized from the sale of the asset. Estimated Chapter 11 administrative claims as of the Liquidation Date are then subtracted from the net proceeds available after payment of secured debt. The costs associated with the liquidation process, such as Chapter 7 trustee expenses, wind down expenses, claims processing costs, litigation costs, and broker fees were estimated. The estimated costs are deducted from the total liquidation value to determine the potential net proceeds available for distribution to creditors who are successful in pursuing claims against the Debtor.

The Debtor has assumed that the liquidation would occur over an approximately twelve-month time period, except that the Supplemental Liquidation Analysis assumes a liquidation of just the Debtor's real estate over a 60-90 day time period because a complete shutdown of operations (including of the Churches) would make it extremely difficult for the Debtor's estate to carry the holding costs of the Debtor's real estate portfolio for a longer time period. This assumption is consistent with assumptions utilized for hypothetical liquidations analyses in other chapter 11 cases. In the Debtor's view, these time periods represent the minimum required to complete the sale of substantially all of the Debtor's available and unrestricted assets,⁴ monetize and collect receivables and other unrestricted assets of the Debtor, and administer and wind-down the estate. Except as otherwise noted herein, the Liquidation Analysis is based upon the Debtor's unaudited projected consolidated balance sheet as of May 31, 2025, and those values are assumed to be representative of the Debtor's assets and liabilities as of the Liquidation Date unless otherwise noted. Any projected balance sheet amounts presented in this Liquidation Analysis are intended to be a proxy for actual balances on the Liquidation Date (the "Liquidation Balances"). In addition, this Liquidation Analysis incorporates certain adjustments to account for the effects of the chapter 7 liquidation process, including costs of winding down the Debtor's estate, employee-related costs, and professional and Trustee fees.

It is assumed that, on the Liquidation Date, the Bankruptcy Court would appoint the Trustee, who would sell the unrestricted assets of the Debtor's bankruptcy estate and distribute the Liquidation Proceeds, net of liquidation-related costs, to creditors in accordance with the statutory priority scheme provided for under section 726 of the Bankruptcy Code. To maximize recoveries in an expedited process, this Liquidation Analysis assumes that the Trustee's initial step would be to develop a liquidation plan to generate Liquidation Proceeds from the sale of the Debtor's unrestricted assets for distribution to creditors. This Liquidation Analysis assumes the appointed Trustee will retain legal and financial advisors and real estate and other brokers to assist in the liquidation.

This Liquidation Analysis assumes that a Trustee would immediately begin the wind-down process following a conversion to chapter 7, with limited employee and operating costs continuing during the liquidation process. Certain of the Debtor's unrestricted assets would be marketed on an accelerated timeline, and asset sales would generally occur within the twelve-month wind-down period. Asset values in the liquidation process are assumed to be driven by, among other factors:

⁴ For purposes of this Exhibit B, a "restricted" asset is an asset that is subject to enforceable use restrictions under applicable law or an asset that the Debtor holds in a fiduciary capacity for the sole benefit of donors, their intended beneficiaries, or members of the public who have entrusted the Debtor to carry out its respective charitable missions. The Bankruptcy Code recognizes and enforces these state-law restrictions in bankruptcy cases of charitable non-profit corporations under sections 363(d)(1) and 541(d) of the Bankruptcy Code.

- the accelerated time frame in which the assets are marketed and sold;
- the loss of key personnel;
- negative public sentiment and damage to the Debtor's brand; and
- the general forced nature of the sale.

The cessation of operations in a liquidation would likely trigger certain Claims that otherwise would not exist under a Plan absent a liquidation including, without limitation, potential employee Claims. The amounts of these Claims could be material and certain of these Claims could be entitled to administrative or priority payment status under the relevant provisions of the Bankruptcy Code. Administrative and priority Claims would be paid in full from the Liquidation Proceeds before the balance of such proceeds would be made available to holders of allowed general unsecured Claims. Estimates of certain of these potential additional Claims have been included in the Liquidation Analysis.

Except as described below with respect to avoidance actions, no recovery or related litigation costs have been attributed to any potential preference actions. The Debtor believes that the vast majority of the payments made to creditors in the 90 days preceding the chapter 11 proceedings (including one year for insiders) were in the ordinary course of business and when weighed against, among other issues, the cost of such litigation, the uncertainty of the outcome thereof and anticipated disputes regarding these matters, the outcome of such litigation is unlikely to affect materially the outcome of the Liquidation Analysis. Additionally, this analysis does not include estimates for tax consequences, either federal or state, that may be triggered upon the liquidation and sale of assets; these tax consequences could be material. Finally, the Liquidation Analysis assumes that there will not be any proceeds from the Debtor's directors and officers liability insurance available to satisfy creditors generally because the Debtor is unaware of any legally viable causes of action that could be asserted on behalf of the general creditor body that would recover from the Debtor's directors and officers liability insurance. A substantial amount of the Debtor's assets are subject to valid and enforceable donor-imposed restrictions on use or disposition of such assets. Under applicable law, restricted assets do not constitute property of the estate and would not be available to creditors in a chapter 7 liquidation.⁵ The Liquidation Analysis excludes the value of those assets in calculating the gross Liquidation Proceeds unless specifically noted. Moreover, certain of the Debtor's properties may be less marketable due to disputes over their classification as being restricted or unrestricted, limitations on their use including requirements to be used in the same manner, or restrictions on residential or commercial development.

In addition, certain other factors could materially diminish the Liquidation Proceeds due to the nature of the Debtor's status as a non-profit entity. The Debtor will be required to comply with the applicable non-bankruptcy law that governs non-profit entities in connection with the disposition of its assets. These obligations vary among jurisdictions, but can require, *inter alia*, consent from a state's attorney general or other governmental authorities. State attorneys general may intervene or, depending upon state law, be compelled to intervene, in a chapter 7 liquidation to ensure that the

⁵ "The acceptance of charitable contributions by a charity or any person soliciting on behalf of a charity establishes a charitable trust and a duty on the part of the charity and the person soliciting on behalf of the charity to use those charitable contributions for the declared charitable purposes for which they are sought." Cal. Bus. & Prof. Code § 17510.8. *See also City of Palm Springs v. Living Desert Rsrvc.*, 70 Cal. App. 4th 613, 615 (Cal. Ct. App. 1999) ("if the donor clearly manifests an intention to make a conditional gift, that intention will be honored").

intent of donors is carried out and that the restricted donations are not distributed to creditors.⁶ The costs that attend these potential disputes and related delays and uncertainty regarding the same are not factored into this Liquidation Analysis and could reasonably be expected to negatively impact the Liquidation Proceeds.

Approximately 345 unique Abuse Claims were filed against the Debtor in the Chapter 11 Case. The Debtor has procured commercial general liability policies from multiple insurers since the 1960s to protect themselves from losses including Abuse Claims. This Liquidation Analysis does not account for any recovery from insurance proceeds (irrespective of whether an insured Claim relates to Abuse) on the basis that recoveries from such proceeds are assumed to be materially the same or greater under a plan of reorganization that provides for a global resolution of Abuse Claims than under a chapter 7 liquidation. In addition, the Liquidation Analysis does not account for any potential recovery from other entities, as potential co-liable parties under the Abuse Claims, on the basis that recoveries from such proceeds are assumed to be materially the same or greater under a plan of reorganization that provides for a global resolution of Abuse Claims as compared to a chapter 7 liquidation.

ii) Distribution of Net Proceeds to Claimants

Any available net proceeds would be allocated to holders of Claims in accordance with the priority scheme of section 726 of the Bankruptcy Code:

- Liquidation Adjustments / Super Priority Claims – includes estimated fees paid to the U.S. Trustee and Clerk of the Bankruptcy Court, wind-down costs and certain Professional Fees and broker fees;
- Secured Claims – includes secured loan claims;
- Chapter 11 Administrative and Priority Claims – includes estimated Claims held by creditors for post-petition accounts payable, post-petition accrued expenses including professional fees, employee obligations, Claims arising under section 503(b)(9) of the Bankruptcy Code, and Unsecured Claims entitled to priority under section 507 of the Bankruptcy Code; and
- General Unsecured Claims – includes prepetition trade Claims, other types of prepetition liabilities, Abuse Claims, and unsecured loan claims.

Under the absolute priority rule, no junior creditor would receive any distributions until all senior creditors are paid in full. The assumed distributions to creditors as reflected in the Liquidation Analysis are estimated in accordance with the absolute priority rule.

iii) Conclusion

This Liquidation Analysis and Supplemental Liquidation Analysis were prepared before the completion of the reconciliation and allowance process for Claims against the Debtor. The Debtor therefore has not had an opportunity to fully evaluate Claims against the Debtor or to

⁶ Cal. Gov't Code § 12598 (California's Attorney General has "primary responsibility for supervising charitable trusts in California, for ensuring compliance with trusts and articles of incorporation, and for protection of assets held by charitable trusts and public benefit corporations").

adjudicate such Claims before the Bankruptcy Court. Accordingly, the amount of the final Allowed Claims against the Debtor's estate may differ from the estimated Claim amounts used in this Liquidation Analysis. Additionally, asset values discussed herein may be different than amounts referred to in the Plan, which presumes the reorganization of the Debtor's assets and liabilities under chapter 11 of the Bankruptcy Code.

The Debtor determined, as summarized in the following Liquidation Analysis and Supplemental Liquidation Analysis, upon the Effective Date, the Plan will provide all creditors with a recovery (if any) that is not less than what they would otherwise receive pursuant to a liquidation of the Debtor under chapter 7 of the Bankruptcy Code, and thus the Plan satisfies the requirement of 1129(a)(7) of the Bankruptcy Code, if the Bankruptcy Court determines that such requirement is applicable to a non-profit Debtor in chapter 11.

The following Liquidation Analysis and Supplemental Liquidation Analysis should be reviewed with the accompanying notes.

2) **Liquidation Analysis and Supplemental Liquidation Analysis Detail**

Liquidation Proceeds

- A. Cash and Cash Equivalents – Represents projected Cash and Cash equivalents of the Debtor as of the Liquidation Date based on the Debtor's most recent financial projections which are included in Exhibit C, segregated between restricted and unrestricted balances. Restricted cash balances generally reflect donor-imposed restrictions on use and disposition and accordingly such amounts are excluded from the Liquidation Proceeds. The Debtor estimates a 100% recovery on the unrestricted cash balances.
- B. Investments – Represents investments of the Debtor as of the Liquidation Date based on the Debtor's most recent financial projections, segregated between restricted and unrestricted. Restricted investment balances reflect donor-imposed restrictions on use and disposition and accordingly such amounts are excluded from the Liquidation Proceeds. Further, unrestricted investments have been adjusted for the amount of investments that have been loaned to other Churches as well as the Oakland Parochial Fund loan to the Debtor, all of which are assumed to be uncollectable. While the unrestricted investments are on the Churches' balance sheets, they are not fully recoverable due the uncollectable loan claims against them. The Debtor estimates a 100% recovery on adjusted unrestricted investments.
- C. Accounts Receivable – Accounts receivable are comprised of invoiced and accrued third party receivables, including receivables from non-debtor entities and other non-trade receivables. Accounts Receivable is presented based on the Debtor's most recent financial statements and is adjusted for amounts assumed to be uncollectable which include amounts owed to the Diocese by Churches (e.g. assessments and insurance premiums) and the Catholic Cathedral Corporation of the East Bay ("CCCEB"). Certain of the above Accounts Receivable do not have a contractual basis. Estimated recovery percentages for the adjusted balance of accounts receivable are between approximately 25% and 50% based on the estimated amount an arm's length purchaser or a collections firm would pay for such Accounts Receivable.

- D. Loan and Loan Interest Receivable – Loan and loan interest receivable is comprised of the Debtor’s loan to CCCEB and related interest. Loan and loan interest receivable is presented based on the Debtor’s most recent financial statements and is adjusted for additional accrued interest through the Liquidation Date. The Debtor estimates an 80% to 100% recovery on the loan and loan interest receivable based on assessed value, which assumes that the deed for the Cathedral property that CCCEB owns is brought into the estate and the Cathedral property is sold. The tax assessed value for the land the Cathedral occupies and the improvement value is discounted due to lack of marketability and land use restrictions.
- E. Contributions Receivable – Contributions receivable reflect unconditional donor pledges at face value. As the pledges are both donor-restricted and highly unlikely to be enforceable in a liquidation, they are valued at zero. Additional pledges not reflected in the financial statements are conditional and thus could not be collected in a liquidation.
- F. Property, Plant & Equipment (net)
- i. Liquidation Analysis - The Debtor’s land, buildings, and equipment, which primarily includes Church land and buildings, is estimated to be materially consistent with the Debtor’s most recent financial statements. Most recent financial statement balances and pro forma balances are presented net of depreciation and amortization. Because the Debtor cannot have its chapter 11 case converted into a chapter 7 case involuntarily, the Debtor also cannot be forced to close and sell Churches. Estimated proceeds from liquidating these properties were determined by the Debtor’s advisor, Hilco Real Estate, based on a Broker’s Opinion of Value (the “Hilco Broker’s Opinion of Value”). In some instances, entire properties were included in the Broker’s Opinion of Value, even though the entire property may not be sold in a hypothetical liquidation, so the net proceeds could be lower. The value of the Debtor’s vacant land is difficult to determine for several reasons, including, but not limited to, that (i) any sale would likely involve a loss of tax exempt status for the subject property; (ii) any sale would likely necessitate a zoning change for the subject property; (iii) any sale would likely be subject to various state and corporate approvals involving nonprofit corporations; and (iv) forcing a nonprofit to liquidate real property used for religious purposes may be challenged in court. Based on the Hilco Real Estate Broker Opinion of Value, the Debtor’s RCC loan collateral properties are assumed to be valued \$0. For purposes of this analysis, total property, plant & equipment recoveries are estimated to range from 14% to 19% of pro forma values.
 - ii. Supplemental Liquidation Analysis – Again, the Debtor believes applicable law does not require it to liquidate real estate on which a church is presently located, and it therefore need not include such real estate in its best interests analysis under 11 U.S.C. § 1129(a)(7)(A)(ii). The Debtor reserves all rights to assert this position. In the event a court rules otherwise, the Debtor’s

book value of land, buildings, and equipment, which primarily includes Church land and buildings, is estimated to be materially consistent with the Debtor's most recent financial statements. Most recent financial statement balances and pro forma balances are presented net of depreciation and amortization. Estimated proceeds from liquidating these properties were developed by the Debtor's advisor, Hilco Real Estate, based on a Broker's Opinion of Value. The value of the Debtor's real estate is difficult to determine for several reasons, including, but not limited to, that (i) any sale would likely involve a loss of tax exempt status for the subject property; (ii) any sale would likely necessitate a zoning change for the subject property; (iii) any sale would likely be subject to various state and corporate approvals involving nonprofit corporations; (iv) forcing a nonprofit to liquidate real property used for religious purposes may be challenged in court; (v) compared to more traditional residential and commercial real estate, there is a more limited market for real estate containing houses of worship and ancillary religious buildings given the unique nature, purpose, and use of those improvements; (vi) multiple church campuses contain parcels titled in the name of the Roman Catholic Welfare Corporation of Oakland, which parcels would not be liquidated in a hypothetical chapter 7 liquidation; and (vii) in the event of an immediate marketing for approximately 90 different religious properties, where prompt sale of all properties is needed, it is appropriate to apply a liquidation discount to the entire property portfolio. Based on the Hilco Real Estate Broker Opinion of Value, the Debtor's RCC loan collateral properties are assumed to be valued at \$0. For purposes of this analysis, total property, plant & equipment recoveries are estimated to range from 67% to 90% of pro forma values.

- G. Prepaid Expenses – Primarily comprised of insurance premiums, professional fees, and other vendor prepayments. Prepaids are presented based on the Debtor's most recent financial statements. Prepaid insurance recoveries are estimated to be zero based on (i) most of the Debtor's insurance policy premiums are financed and any unearned premium refunded would be apply first to outstanding amounts owed to the lender, and (ii) as to non-financed policies, based on minimum earned premiums, the total amount of premiums, the installment payment nature of certain policies, short-rate penalties applicable to workers' compensation insurance, and the timing of payments, unearned premiums would not be material. Prepaid professional fees are assumed to be recovered 100% and applied against administrative professional fee claims in a liquidation scenario. Other vendor prepayments are recovered at 0% of current financial statement balances given that they will be significantly depleted by the time a liquidation is completed.
- H. Investments in Other Entities – Investments in other entities is comprised of RCBO's ownership interest in Furrer Properties and Western Catholic Insurance Company. Liquidation proceeds from the Debtor's investment in Western Catholic Insurance Company would be zero as it has been in runoff since 2017, is currently in the process of winding down, and there is no expected net equity to be recovered. Liquidation proceeds from Furrer Properties are estimated to be \$1.1 million to \$1.5 million based on the Broker Opinion of Value from Hilco Real Estate on Cooper Mortuary and adjacent parcel.

- I. Unqualified Pension and Benefit Plans – The Debtor has two unqualified pension and benefit plans: The Priests’ Long Term Care Plan (“LTC Plan”) and the Priests Supplemental Retirement Plan (“SERP”). Both plans have been frozen and are assumed to be assets of the Debtor’s estate. Liquidation proceeds from the LTC Plan are \$8.2 million and from the SERP are \$2.4 million for a total of \$10.6 million of proceeds from the unqualified pension and benefit plans.
- J. Assets Held in Trust for Others – The Debtor’s assets held in trust for others related to the James and Ramona Mulvaney Charitable Remainder Unitrust (“Mulvaney CRUT”) funds which the Debtor held as trustee for the benefit of Christ the Light Cathedral Corporation (“CCTL”). However, the trust has since been dissolved and the liquidation proceeds would be zero.
- K. Right to Appoint 50% of Directors of CTN – The Debtor has the right to appoint 50% of the Directors of the Roman Catholic Communications Corporation of the Bay Area dba Catholic Telemedia Network (“CTN”). The right to appoint directors of CTN is assumed to be valued at zero in a chapter 7 liquidation.
- L. Insurance Proceeds (related to Abuse Claims) – The value of insurance assets is yet to be determined, and while there may be substantial additional cost to pursue insurance, along with the potential for erosion of limits with respect to defense costs that would not otherwise be incurred, the value of Insurance Proceeds is assumed to be approximately equal in a liquidation to the value realized under a chapter 11 plan of reorganization.

Liquidation Costs

- M. Operational Wind Down Expenses – Represents an estimate of the costs of operations incurred during a liquidation. Wind down costs primarily include payroll and related expenses, costs to maintain facilities, general liability and other insurance policies, and other base operating expenses. Operating expenses are assumed to reduce significantly during a liquidation to between 10% and 25% of projected monthly costs in a going concern scenario excluding lease fees.
- N. Chapter 7 Trustee Fees – Assumed to be 3% of gross liquidation proceeds or between \$3.3 million to \$3.9 million in the Liquidation Analysis and between \$5.8 million to \$7.3 million in the Supplemental Liquidation Analysis.
- O. Trustee’s Professional Fees – Assumed to be 3.5% of gross liquidation proceeds or between \$3.9 million to \$4.5 million in the Liquidation Analysis and between \$6.8 million to \$8.5 million in the Supplemental Liquidation Analysis.
- P. Incremental Litigation Costs – Assumes \$71 million to \$87 million of cost associated with an estimated 12 abuse cases being litigated through the trial process followed by an alternative dispute resolution process undertaken to expedite the review and adjudication of the remaining abuse cases in order to preserve and efficiently distribute estate assets. This does not account for additional litigation, or risk to insurance assets, related to such a process.

- Q. Broker Fees – Include the estimated cost to market and dispose of certain parcels of the Debtor’s land. In the Liquidation Analysis, broker fees are estimated to be approximately 5.0% of gross Liquidation Proceeds from these asset classes.

Claims

A. Secured Claims

- RCC Loan and Interest – Claims related to the RCC loan are secured by certain of the Debtor’s real property. To the extent the Debtor is unable to pay the RCC loan and interest, the Debtor’s real property would serve as a source of recoveries on such claims which are unliquidated.
- Secured Claims are expected to recover 0%, based on the Hilco Real Estate Broker Opinion of Value.

B. Administrative and Priority Expenses – comprised of expenses incurred during the post-petition period prior to the Liquidation Date.

- The Liquidation Analysis assumes that there are employee-related costs which are estimated to be \$0.3 million as of the Liquidation Date, comprised primarily of accrued employee benefit costs obligations. Full-time salaried employees are assumed to be paid current immediately prior to the Liquidation Date. The Liquidation Analysis assumes that workers’ compensation claims are covered by the Debtor’s workers’ compensation insurance provider.
- Post-Petition Professional Fees as of the Liquidation Date are estimated to be \$3.0 million. Post-Petition Trade Claims are estimated to be \$0.9 million as of the Liquidation Date based on Debtor’s most recent financial projections.
- Funds Held for Others of \$2.0 million relates to second collections.
- Administrative Expenses are expected to recover between 74% and 100% in the Liquidation Analysis and 100% in the Supplemental Liquidation Analysis.

C. General Unsecured Claims

- The below chart reflects the aggregation of Liquidation Analyses of the Debtor.
- The Liquidation Analysis estimates that there will be between \$0 million and \$37 million of proceeds available to satisfy General Unsecured Claims in the Liquidation Analysis and \$73 million and \$139 million in the Supplemental Liquidation Analysis.
- General Unsecured Claims are assumed to include Abuse Claims, pre-petition trade payables and accrued liabilities, pension obligations, the deficiency claim on the RCC secured loan (if any), and the unsecured Oakland Parochial Fund loan Claim. Certain deferred revenue obligations

on the Debtor's balance sheet for items such as parish assessments, insurance, and employee benefits are assumed to be accounting entries for which the Debtor has a corresponding receivable but has not yet received cash and are therefore excluded as claims in this analysis.

- Pension Claims are assumed to result from the Debtor's termination of its liability or withdrawal from the Priests' Pension Plan ("PPP") and the Lay Employees' Money Purchase Pension Plan ("LERP") qualified pension plans. Based on analysis completed by the Debtor's actuarial advisors, the Debtor further assumes that it will be liable for the full termination/withdrawal liability of participants in the PPP (approximately \$15.3 million) and in the LERP (approximately \$0 million). It is assumed that any withdrawal or termination liability associated with the Debtor's pension obligations would share in recoveries with other creditors.
- Abuse Claims are shown at the Plan recovery value of \$98 million for purposes of the Liquidation Analysis only. This is not intended to reflect a valuation of the Abuse Claims, or an estimate thereof, or to indicate that the Abuse Claims are not impaired. This amount is used only for purposes of comparison of recoveries under the Plan to recoveries in a hypothetical liquidation as set forth in the Liquidation Analysis. All rights as to the valuation of Abuse Claims are reserved, and no party shall be found to have made or deemed to have made an admission with respect to the valuation of Abuse Claims as a result of this Liquidation Analysis. As applied to individual Abuse Claims, the Liquidation Analysis provides an estimate of the percent-on-the-dollar recovery that individual claimants would receive in a hypothetical liquidation, as compared to the recovery under the Plan. However, the value of any particular individual claim that this percentage applies to is highly dependent on the facts and circumstances of the individual claim.
- The Oakland Parochial Fund Claim consists of an unsecured loan to the Debtor and related interest, estimated to be \$35 million as of the Liquidation Date. The Oakland Parochial Fund Claim is assumed to be uncollectable and was adjusted from investments in the liquidation proceeds from assets.
- General Unsecured Claims excluding the Oakland Parochial Fund Claim are expected to recover 0% to 26% in the Liquidation Analysis and 50% to 95% in the Supplemental Liquidation Analysis.

Summary Liquidation Analysis

					Estimated Recovery (%)			Estimated Recovery (\$)			
Assumptions		Book Value	Adj. to	Pro Forma							
Paragraph		at 6/30/24	Book Value	Value at 5/31/25	Low	Mid	High	Low	Mid	High	
Assets											
Cash and Cash Equivalents - Unrestricted	A	\$ 42,184,208	\$ (6,300,276)	\$ 35,883,932	100.0%	100.0%	100.0%	\$ 35,883,932	\$ 35,883,932	\$ 35,883,932	
Cash and Cash Equivalents - Restricted	A	18,389,552	(805,807)	17,583,745	—	—	—	-	-	-	
Investments - Unrestricted	B	52,250,357	(49,314,956)	2,935,401	100.0%	100.0%	100.0%	2,935,401	2,935,401	2,935,401	
Investments - Restricted	B	19,973,213	-	19,973,213	—	—	—	-	-	-	
Accounts Receivable	C	15,881,344	(9,950,682)	5,930,662	25.0%	37.5%	50.0%	1,482,665	2,223,998	2,965,331	
Loan & Loan Interest Receivable	D	42,767,321	668,489	43,435,810	80.0%	90.0%	100.0%	34,748,648	39,092,229	43,435,810	
Contributions Receivable	E	236,590	-	236,590	—	—	—	-	-	-	
Property, Plant & Equipment (net)	F.i	160,947,562	-	160,947,562	14.2%	16.7%	19.2%	22,870,000	26,925,000	30,980,000	
Prepaid Expenses	G	1,451,577	(871,621)	579,956	100.0%	100.0%	100.0%	579,956	579,956	579,956	
Investments in Other Entities	H	1,349,753	-	1,349,753	80.8%	94.8%	108.9%	1,090,000	1,280,000	1,470,000	
Unqualified Pension and Benefit Plans	I	-	10,611,000	10,611,000	100.0%	100.0%	100.0%	10,611,000	10,611,000	10,611,000	
Assets Held in Trust for Others	J	1,361,829	(1,361,829)	-	—	—	—	-	-	-	
Right to Appoint 50% of Directors of CTN	K	-	-	-	NA	NA	NA	-	-	-	
Insurance Proceeds (Abuse Claims)	L	-	-	-	NA	NA	NA	-	-	-	
Total Gross Liquidation Proceeds		\$356,793,305	\$ (57,325,682)	\$299,467,623	36.8%	39.9%	43.0%	\$ 110,201,602	\$119,531,516	\$128,861,430	
(-) Less Liquidation Deductions											
(-) Operational Wind Down Expenses	M							\$ (10,200,000)	\$ (7,140,000)	\$ (4,080,000)	
(-) Chapter 7 Trustee Fees	N							(3,306,048)	(3,585,945)	(3,865,843)	
(-) Trustee's Professional Fees	O							(3,857,056)	(4,183,603)	(4,510,150)	
(-) Incremental Litigation Costs	P							(87,120,000)	(79,200,000)	(71,280,000)	
(-) Broker Fees	Q							(1,143,500)	(1,346,250)	(1,549,000)	
Total Liquidation Costs								\$ (105,626,604)	\$ (95,455,799)	\$ (85,284,993)	
Total Net Liquidation Proceeds ex-Insurance								\$ 4,574,998	\$ 24,075,717	\$ 43,576,437	
					Estimated Claims Pool	Estimated Recovery (%)		Estimated Recovery (\$)			
						Low	Mid	High	Low	Mid	High
Class 1: Secured Claims											
RCC Loan & Interest Payable					\$ 25,872,322	—	—	—	\$ -	\$ -	\$ -
Total Secured Claims					\$ 25,872,322	—	—	—	\$ -	\$ -	\$ -
Proceeds Available After Secured Claims								\$ 4,574,998	\$ 24,075,717	\$ 43,576,437	
Class 2: Administrative / Priority Claims											
Employee Related Claims					\$ 349,245	74%	100%	100%	\$ 257,683	\$ 349,245	\$ 349,245
Professional Fees					2,983,364	74%	100%	100%	2,201,218	2,983,364	2,983,364
Post-Petition Trade Claims					850,915	74%	100%	100%	627,832	850,915	850,915
Funds Held for Others					2,017,083	74%	100%	100%	1,488,265	2,017,083	2,017,083
Total Administrative / Priority Claims					\$ 6,200,606	74%	100%	100%	\$ 4,574,998	\$ 6,200,606	\$ 6,200,606
Proceeds Available for General Unsecured Claims								\$ -	\$ 17,875,111	\$ 37,375,830	
Class 3 - 8: General Unsecured Claims											
Trade Payables and Accrued Expenses					\$ 104,363	—	12%	26%	\$ -	\$ 12,793	\$ 26,749
Other Claims					27,069,210	—	12%	26%	-	3,318,154	6,938,070
Pension Claims					15,300,000	—	12%	26%	-	1,875,480	3,921,521
Abuse Claims					98,000,000	—	12%	26%	-	12,012,879	25,118,239
Unknown Abuse Claims					5,000,000	—	12%	26%	-	612,902	1,281,543
Non-Abuse Litigation Claims					350,000	—	12%	26%	-	42,903	89,708
Contribution and Indemnification Claims Related to Class 4/5 Claims					-	NA	NA	NA	-	-	-
Oakland Parochial Fund Claim					35,019,178	—	—	—	-	-	-
Total General Unsecured Claims					\$180,842,751	—	10%	21%	\$ -	\$ 17,875,111	\$ 37,375,830
Proceeds Available After General Unsecured Claims								\$ -	\$ -	\$ 0	

Note: Asset recovery percentages are based on asset proceeds recovered divided by pro forma asset balances Claims recoveries are based on the low, mid, and high ranges of estimated recoveries.

Summary Supplemental Liquidation Analysis

					Estimated Recovery (%)			Estimated Recovery (\$)			
Assumptions	Book Value	Adj. to	Pro Forma								
Paragraph	at 6/30/24	Book Value	Value at 5/31/25	Low	Mid	High	Low	Mid	High		
Assets											
Cash and Cash Equivalents - Unrestricter	A	\$ 42,184,208	\$ (6,300,276)	\$ 35,883,932	100.0%	100.0%	100.0%	\$ 35,883,932	\$ 35,883,932	\$ 35,883,932	
Cash and Cash Equivalents - Restricted	A	18,389,552	(805,807)	17,583,745	—	—	—	-	-	-	
Investments - Unrestricted	B	52,250,357	(49,314,956)	2,935,401	100.0%	100.0%	100.0%	2,935,401	2,935,401	2,935,401	
Investments - Restricted	B	19,973,213	-	19,973,213	—	—	—	-	-	-	
Accounts Receivable	C	15,881,344	(9,950,682)	5,930,662	25.0%	37.5%	50.0%	1,482,665	2,223,998	2,965,331	
Loan & Loan Interest Receivable	D	42,767,321	668,489	43,435,810	80.0%	90.0%	100.0%	34,748,648	39,092,229	43,435,810	
Contributions Receivable	E	236,590	-	236,590	—	—	—	-	-	-	
Property, Plant & Equipment (net)	F.ii	160,947,562	-	160,947,562	66.7%	78.4%	90.4%	107,290,000	126,235,000	145,550,000	
Prepaid Expenses	G	1,451,577	(871,621)	579,956	100.0%	100.0%	100.0%	579,956	579,956	579,956	
Investments in Other Entities	H	1,349,753	-	1,349,753	80.8%	94.8%	108.9%	1,090,000	1,280,000	1,470,000	
Unqualified Pension and Benefit Plans	I	-	10,611,000	10,611,000	100.0%	100.0%	100.0%	10,611,000	10,611,000	10,611,000	
Assets Held in Trust for Others	J	1,361,829	(1,361,829)	-	—	—	—	-	-	-	
Right to Appoint 50% of Directors of CTN	K	-	-	-	NA	NA	NA	-	-	-	
Insurance Proceeds (Abuse Claims)	L	-	-	-	NA	NA	NA	-	-	-	
Total Gross Liquidation Proceeds		\$356,793,305	\$ (57,325,682)	\$299,467,623	65.0%	73.1%	81.3%	\$ 194,621,602	\$ 218,841,516	\$243,431,430	
(-) Less Liquidation Deductions											
(-) Operational Wind Down Expenses	M							\$ (10,200,000)	\$ (7,140,000)	\$ (4,080,000)	
(-) Chapter 7 Trustee Fees	N							(5,838,648)	(6,565,245)	(7,302,943)	
(-) Trustee's Professional Fees	O							(6,811,756)	(7,659,453)	(8,520,100)	
(-) Incremental Litigation Costs	P							(87,120,000)	(79,200,000)	(71,280,000)	
(-) Broker Fees	Q							(5,364,500)	(6,311,750)	(7,277,500)	
Total Liquidation Costs								\$ (115,334,904)	\$ (106,876,449)	\$ (98,460,543)	
Total Net Liquidation Proceeds ex-Insurance								\$ 79,286,698	\$ 111,965,067	\$144,970,887	
					Estimated Claims Pool	Estimated Recovery (%)		Estimated Recovery (\$)			
						Low	Mid	High	Low	Mid	High
Class 1: Secured Claims											
RCC Loan & Interest Payable					\$ 25,872,322	—	—	—	\$ -	\$ -	\$ -
Total Secured Claims					\$ 25,872,322	—	—	—	\$ -	\$ -	\$ -
Proceeds Available After Secured Claims								\$ 79,286,698	\$ 111,965,067	\$144,970,887	
Class 2: Administrative / Priority Claims											
Employee Related Claims					\$ 349,245	100%	100%	100%	\$ 349,245	\$ 349,245	\$ 349,245
Professional Fees					2,983,364	100%	100%	100%	2,983,364	2,983,364	2,983,364
Post-Petition Trade Claims					850,915	100%	100%	100%	850,915	850,915	850,915
Funds Held for Others					2,017,083	100%	100%	100%	2,017,083	2,017,083	2,017,083
Total Administrative / Priority Claims					\$ 6,200,606	100%	100%	100%	\$ 6,200,606	\$ 6,200,606	\$ 6,200,606
Proceeds Available for General Unsecured Claims								\$ 73,086,092	\$ 105,764,461	\$138,770,280	
Class 3 - 8: General Unsecured Claims											
Trade Payables and Accrued Expenses					\$ 104,363	50%	73%	95%	\$ 52,306	\$ 75,694	\$ 99,315
Other Claims					27,069,210	50%	73%	95%	13,566,961	19,633,042	25,759,908
Pension Claims					15,300,000	50%	73%	95%	7,668,288	11,096,946	14,559,959
Abuse Claims					98,000,000	50%	73%	95%	49,117,141	71,078,475	93,259,870
Unknown Abuse Claims					5,000,000	50%	73%	95%	2,505,977	3,626,453	4,758,157
Non-Abuse Litigation Claims					350,000	50%	73%	95%	175,418	253,852	333,071
Contribution and Indemnification Claims Related to Class 4/5 Claims					-	NA	NA	NA	-	-	-
Oakland Parochial Fund Claim					35,019,178	0%	0%	0%	0	0	0
Total General Unsecured Claims					\$180,842,751	40%	58%	77%	\$ 73,086,092	\$ 105,764,461	\$138,770,280
Proceeds Available After General Unsecured Claims								\$ -	\$ -	\$ -	

Note: Asset recovery percentages are based on asset proceeds recovered divided by pro forma asset balances Claims recoveries are based on the low, mid, and high ranges of estimated recoveries.