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UNITED STATES BANKRUPTCY COURT

DISTRICT OF ARIZONA

In re: GLOBAL RENAISSANCE ACADEMY OF DISTINGUISHED EDUCATION, INC. dba GRAND CANYON PREPARATORY ACADEMY, Debtor.	Case No. 10-bk-13140-SSC Chapter 11 Proceeding DEBTOR'S DISCLOSURE STATEMENT DATED DECEMBER 23, 2010

1.1 INTRODUCTION AND REPRESENTATIONS.

GLOBAL RENAISSANCE ACADEMY OF DISTINGUISHED EDUCATION, INC., dba GRAND CANYON PREPARATORY ACADEMY, Debtor and Debtor-In-Possession, has prepared and is disseminating this Disclosure Statement (the "Disclosure Statement") in accordance with Section 1125 of the Bankruptcy Code to holders of Claims against Debtor for the purpose of soliciting acceptances of Debtor's Plan of Reorganization (the "Plan").

Debtor believes this Disclosure Statement contains adequate information for the creditors to arrive at an informed decision in exercising their right to vote for acceptance of the Plan. A

copy of the Plan accompanies this Disclosure Statement, is attached hereto and incorporated herein.

THE DISCLOSURE STATEMENT IS NOT THE PLAN. THIS DISCLOSURE STATEMENT, TOGETHER WITH THE PLAN ATTACHED HERETO, SHOULD BE READ IN ITS ENTIRETY. FOR THE CONVENIENCE OF CREDITORS AND PARTIES-IN-INTEREST, THE TERMS OF THE PLAN ARE SUMMARIZED IN THIS DISCLOSURE STATEMENT, BUT ALL SUMMARIES ARE QUALIFIED IN THEIR ENTIRETY BY THE PLAN ITSELF, WHICH IS CONTROLLING IN THE EVENT OF ANY INCONSISTENCIES.

The United States Bankruptcy Court for the District of Arizona will set a hearing on confirmation of the Plan in the United States Bankruptcy Federal Courthouse located at: 230 N. First Avenue, Phoenix, Arizona 85003.

1.2 VOTING ON PLAN.

Creditors may vote on the Plan by completing and delivering the ballot form to the Court and to counsel listed below at least five business days prior to the hearing date. EXECUTED BALLOTS MUST BE RECEIVED NO LATER THAN 5:00 P.M., MOUNTAIN STANDARD TIME, ON THE DUE DATE. SINCE MAIL DELAYS MAY OCCUR, IT IS IMPORTANT THAT BALLOTS BE MAILED OR DELIVERED WELL IN ADVANCE OF THE SPECIFIED DATE. ANY BALLOTS RECEIVED AFTER THE DUE DATE MAY NOT BE INCLUDED IN ANY CALCULATION TO DETERMINE WHETHER DEBTOR'S CREDITORS HAVE VOTED TO ACCEPT OR REJECT THE PLAN.

Ballots should be mailed as follows:

Clerk of Court
U.S. Bankruptcy Court

230 N First Avenue, Ste 101
Phoenix, AZ 85003

With a copy mailed to:

Clint W. Smith
CLINT W. SMITH, P.C.
1423 S. Higley Rd., #120
Mesa, AZ 85206
(480) 807-9300

The votes of creditors are important. For a Class of Claims to accept the Plan, acceptances must be filed by at least two-thirds in amount and more than one-half in number of the Allowed Claims of such Class that actually vote on the Plan.

If the requisite acceptances of each Class of Claims are obtained and the Plan is confirmed, the Plan will be binding with respect to all holders of Claims of each Class, including members who did not vote or who voted to reject the Plan.

Acceptance of the Plan is sought only from holders of Claims which Claims are impaired by the Plan; that is, acceptance is solicited only from those creditors and parties-in-interest whose legal, equitable, or contractual rights are altered by the Plan, or who will not receive under the Plan, the amount of their allowed claims. Holders of Claims which are not impaired under the Plan are deemed to have accepted the Plan. 11 U.S.C. §1126.

If the Plan is rejected by one or more impaired Classes of Claims held by Debtor's creditors, the Plan or a modification thereof may still be confirmed by the Court at the request of Debtor if the Court determines, among other things, that the Plan does not discriminate unfairly and is "fair and equitable" with respect to such rejecting Class or Classes of Claims impaired by the Plan. Debtor has requested such a determination if the Plan or a modification thereof is not accepted by one or more of the impaired Classes of Claims.

The Plan must be affirmatively accepted by at least one of the impaired Classes of Claims.

DEBTOR RECOMMENDS THAT ALL CREDITORS VOTE TO ACCEPT THE PLAN.

1.3 REPRESENTATIONS.

NO REPRESENTATIONS CONCERNING THE DEBTOR OR THE PLAN ARE AUTHORIZED OTHER THAN AS SET FORTH HEREIN. ANY REPRESENTATIONS OR INDUCEMENTS TO SECURE YOUR ACCEPTANCE OF THE PLAN OTHER THAN AS CONTAINED HEREIN SHOULD NOT BE RELIED UPON BY YOU.

THE INFORMATION CONTAINED HEREIN HAS NOT BEEN REVIEWED BY AN ACCOUNTANT. DEBTOR IS UNABLE TO WARRANT OR REPRESENT THAT THE INFORMATION CONTAINED HEREIN IS WITHOUT ANY INACCURACY, ALTHOUGH ALL SUCH INFORMATION IS ACCURATE TO DEBTOR'S BEST KNOWLEDGE, INFORMATION AND BELIEF.

THE COURT HAS NOT VERIFIED THE ACCURACY OF THE INFORMATION CONTAINED HEREIN, AND THE COURT'S APPROVAL OF THIS DISCLOSURE STATEMENT DOES NOT IMPLY THAT THE COURT ENDORSES OR APPROVES THE PLAN, BUT ONLY THAT IF THE INFORMATION IS ACCURATE, IT IS SUFFICIENT TO PROVIDE AN ADEQUATE BASIS FOR CREDITORS TO MAKE INFORMED DECISIONS WHETHER TO APPROVE OR REJECT THE PLAN.

DEBTOR IS THE SOURCE OF INFORMATION FOR THIS DISCLOSURE STATEMENT.

1.4 DEFINITIONS.

Most words or phrases used in this Disclosure Statement shall have their usual and customary meanings. Some words or phrases with initial capital letters shall have the definitions set forth in the Plan. Unless otherwise defined, the terms used in this Disclosure Statement shall have the same meaning as in the Bankruptcy Code or Bankruptcy Rules.

1.5 OVERVIEW OF THE PLAN.

Debtor proposes under this Plan of Reorganization to pay all creditors according to the Plan.

2.1 HISTORY AND DESCRIPTION OF BUSINESS.

Debtor is a state sponsored, NCA accredited, charter school, in its fourteenth year of operation. Debtor was founded in 1996 by its current President/CEO, David Alyn Gordon. Since its inception, Debtor's focus has been on students who need a smaller and more individualized academic environment, an environment where scholarship and service are emphasized.

From 1996 though 1999, Debtor experienced several setbacks as it struggled to become an established charter school in the Phoenix/Metro area. Due to construction cost overruns, which caused a delay in the school's opening, which in turn resulted in higher than expected enrollment cancellations, Debtor filed for Chapter 11 protection in 1999. Following its Chapter 11 filing in 1999, Debtor enjoyed a slow, but steady return to productivity and sustainability, which pattern continued until the recession of 2007.

Beginning in 2007, with the general economic challenges faced by our society, Debtor began to see a decrease in its enrollment, especially in its middle school programs. These decreases in enrollment were due generally to the strain of higher gas prices and uncertainty placed on the families of Debtor's students.

As a result of decreased enrollment, during the 2009/2010 school year Debtor began having difficulties meeting its obligations. Debtor was unable to overcome the loss caused by the decrease in enrollment and continued to have difficulty meeting its current obligations until April 30, 2010, when this Chapter 11 case was filed. It is the opinion of Debtor's management that the loss caused by the recession, which began in 2007, is the principal cause of Debtor's present financial difficulties.

3.1 FINANCIAL INFORMATION.

Debtor is a 501(c)(3) corporation and a State-sponsored public charter school. Ninety-five percent (95%) of Debtor's income is generated from state aid (equalization, Proposition 301, and Indian Gambling Revenue). The remaining Five percent (5%) income is from supply fees, grants, and tax credit donations.

The principal tangible assets of Debtor are as follows:

Misc. furniture and equipment -	$23,327.41

The principal liabilities of Debtor are as follows:

Pre-petition Wages and Salaries -	$21,921.42
Taxes due the IRS -	$136,201.87
Taxes due to AZ Dept. of Rev. -	$4,271.81
Taxes due to AZ DES -	$3571.04

Taxes due to AZ State Retirement -	$12,071.61
General Unsecured Nonpriority Claims -	$1,309,244.44
On Going Monthly Wages and Salaries (approximate) -	$30,000.00
Monthly Rent for School Property -	$7,377.00

4.1 CLASSIFICATION OF CLAIMS AND INTERESTS.

A copy of the Debtor's Plan of Reorganization dated December 27, 2010, is attached hereto and incorporated herein. Under the Debtor's Plan of Reorganization, all allowed claims and allowed interests are placed in the following Classes.

A. <u>Priority Claims: Class 1</u>

1. <u>Administrative Claims: 1-A</u>

This Class consists of Allowed Priority Claims under 11 U.S.C. §507(a)(2) (Administrative Claims) related to the Debtor. Unless they agree to an alternative form of treatment, the Allowed Claims of Class 1-A shall be paid in full, in cash, by the earlier of the Effective Date or the date that such are allowed and ordered paid by the Court. Any Class 1-A Claim not allowed as of the Effective Date shall be paid as soon thereafter as they are allowed by the Court according to the terms of this Class. The Allowed Administrative Claim of counsel for the Debtor that has not been paid as of the Effective Date, shall be paid in monthly payments of principal and interest, with interest at 8% until paid in full.

2. <u>Tenant Claims: 1-B</u>

There are no Tenant Claims.

3. <u>Tax Claims: 1-C</u>

This Class consists of Allowed Priority Claims under 11 U.S.C. § 507(a)(8)-tax claims. Under Section 1129(a)(9)(C), Claims for taxes entitled to priority must be paid in full in regular

installment payments in cash over a period not later than 5 years after the date of the order for relief in order to confirm a Plan. The following priority claims are allowed:

The Internal Revenue Service (IRS) has filed Proof of Claim No. 16 in the Allowed Unsecured Priority Amount of $136,201.87 for WT-FICA taxes. Their remaining claim of $176,331.96 shall be treated as an Allowed General Unsecured Claim.

The Arizona Department of Revenue has filed an Amended Proof of Claim No. 2 in the Unsecured Allowed Priority Amount of $3,147.95 for withholding taxes. The remaining claim of $3,167.52 shall be treated as an Allowed General Unsecured Claim.

The Arizona Department of Revenue has filed a Second Amended Proof of Claim No. 8 in the Unsecured Allowed Priority Amount of $1,123.86 for withholding taxes.

The DES Unemployment Tax of Arizona has filed a Proof of Claim No. 17 in the Unsecured Allowed Priority Amount of $3,571.04 for unemployment taxes.

The Arizona State Retirement System has filed a Proof of Claim No. 14 in the Unsecured Allowed Priority Amount of $12,071.61 for member and employer contributions to the Arizona State Retirement System.

4. <u>Wage Claims: 1-D</u>

The Plan classifies Claims for wages entitled to priority under §507(a)(4) as Class 1D Claims. Such Claims include Claims for wages, salaries, and commissions, including severance, sick pay and vacation leave, to the extent the Claims were incurred within the 180-day period immediately prior to the bankruptcy filing. The amount of each such Claim entitled to priority is limited to $10,950.00 per Claimant. Claims for wages outside the 180 day period or in excess of the dollar amount limitations are classified as non-priority Claims, in Class 3A.

B. Secured Claims: Class 2

There are no Class 2 Secured Claims.

C. Unsecured Claims: Class 3

1. General Unsecured Claims: Class 3-A

Class 3-A consists of the Allowed Unsecured Claims of Creditors. Class 3-A Creditors shall be paid a pro-rata share from the Debtor's Excess Cash Flow, on a quarterly basis, in an amount sufficient to fund the value of the Debtor's Liquidation Equity (as calculated in the Debtor's Disclosure Statement), after all senior Allowed Claims have been paid in accordance with the terms of the Plan. Any Allowed Unsecured Claims that are determined to be non-dischargeable will continue to receive a pro-rata distribution of the Excess Cash Flow until satisfied in full.

D. Debtors' Interest: Class 4

Pursuant to §1129(a)(15) and (b)(2)(B)(ii) of the Bankruptcy Code, the Debtor shall retain their interest in all estate property in consideration of their funding of Allowed Claims and shall receive all exempt property.

4.2 TREATMENT OF EXECUTORY CONTRACTS AND UNEXPIRED LEASES.

The Debtor assumes the education contract with the Arizona State Board of Education relating to debtor's operation of a charter school, and rejects all executory contracts and unexpired leases not otherwise assumed herein or by separate order of the Court.

5.1 PENDING CLAIMS AND LITIGATION.

There are no currently pending claims or litigation.

6.1 PRESENT AND PROJECTED EARNINGS.

As the 2010-2011 school year begins, Debtor projects that it will earn approximately $621,834 on an enrollment of 73 students. Final figures for the current school year will be finalized by June, 2011. Over the next five years Debtor projects its enrollment and earnings to be as follows:

School Year	Enrollment Figure	Projected Earnings
2011-2012	77	$650,220
2012-2013	81	$672,388
2013-2014	84	$695,664
2014-2015	87	$724,553
2015-2016	91	$753,209
2016-2017	95	$784,204

7.1 CONFIRMATION POSSIBLE WHERE CLASS DOES NOT ACCEPT.

The Court will be asked to confirm as to any Class of claims that does not accept the Plan. To do so, the Court must find that each holder of a claim receives or retains under the Plan, on account of such Claim, property of a value, as of the Effective date of the Plan, that is not less than the amount that would be received or retained if the Debtors' property were liquidated under Chapter 7 of Title 11 of the Bankruptcy Code.

7.2 BEST INTEREST TEST.

The Debtor believes that the "Best Interest Test" imposed by 11 U.S.C. §1129(a)(7) is satisfied by the Plan. That is, each holder of a claim will receive at least as much as such holder would receive in a Chapter 7 liquidation.

8.1 TAX CONSEQUENCES.

IN NO EVENT WILL THE DEBTOR OR ANY AFFILIATES OR PROFESSIONAL ADVISORS ENGAGED BY DEBTOR BE LIABLE IF, FOR ANY REASON, THE TAX CONSEQUENCES OF THE PLAN ARE OTHER THAN AS ANTICIPATED. CREDITORS MUST LOOK SOLELY TO AND RELY UPON THEIR OWN ADVISORS AS TO THE TAX CONSEQUENCES OF THIS PLAN.

9.1 LIQUIDATION ANALYSIS.

Unless all impaired creditors or interest holders accept, in order to confirm the Plan of Reorganization the Bankruptcy Court must independently determine that the Plan is in the best interest of all creditors or interest holders which do not accept the Plan. The "best interest" test requires that the Plan provide to each member of each class of unsecured claims recovery that has a present value at least equal to the present value of the Distribution which each such claimant would receive if the Debtors were instead liquidated under Chapter 7 of the Bankruptcy Code.

In other words, the issue is whether the creditors will receive as much under the Plan as they would from a Trustee's liquidation pursuant to Chapter 7.

In performing this analysis, the Bankruptcy Court must first determine the dollar amount that would be generated from a Chapter 7 liquidation of Debtor's assets, add this amount to cash held by the Debtor and to be recovered on actions against third parties, then deduct the costs of liquidation.

Should Debtor file under Chapter 7 of the Bankruptcy Code as of the date of this Disclosure Statement, it is estimated that the following assets would be realized by the trustee in the following amounts:

Real Estate -	none
Accounts Receivable -	none
Inventory/Equipment -	$23,327.41
Other Assets -	none
Total:	$23,327.41

The expenses of administration of a Chapter 7 case of this type are estimated to be $10,000.00, which would leave a balance of $13,327.41 available for the payment of claims. The estimated total value of priority claims that would be allowed in a Chapter 7 case is $165,966.14. This would leave $0.00 available for the payment of nonpriority unsecured claims, and $152,638.73 of priority claims left unpaid.

10.1 MANAGEMENT.

The members of Debtor's Governing Board and their respective annual salaries are as follows:

Board Member	Annual Salary
David Gordon	$25,000.00
Dr. Gwyneth Gordon	$0.00
Maggie Palmer	$0.00
Stephen Harmon	$41,000.00

Since Debtor is 501(c)(3) corporation, none of the board members have ownership shares in Debtor.

11.1 STATUS OF CASE.

This Chapter 11 case was filed by Debtor because, in the opinion of Debtor's management, it was the only feasible method of dealing with Debtor's debt load and remaining in operation. In the opinion of Debtor's management, most of Debtor's creditors will receive considerably more in this Chapter 11 case than they would have received had Debtor filed under Chapter 7 of the Bankruptcy Code.

This Chapter 11 case was filed by Debtor on April 30, 2010. Since that time, under the protection of the bankruptcy court, Debtor has shown a steady improvement in both enrollment and sustainability.

12.1 REQUIREMENTS OF US TRUSTEE.

All quarterly fees owing to the United States Trustee and/or other administrative expenses will be paid in a timely manner as of the effective date of the Plan. All quarterly fees to the United States Trustee, post-confirmation, pursuant to 28 U.S.C. § 1930, as amended, will be paid in a timely manner. Post-confirmation financial reports on a quarterly basis, with a copy to the Office of the United States Trustee, will be filed in a timely manner.

13.1 SUMMARY OF PROPOSED PLAN OF REORGANIZATION.

The Plan of Reorganization proposed by Debtor will pay all secured claims, priority tax claims, and priority wage claims in full. The plan will pay dividends totaling five percent (5%) of all other allowed unsecured claims over a six-year period. The funds for implementing and

carrying out the Plan will come from the operation of Debtor's business. It is estimated that it will take approximately six (6) years for Debtor to consummate the proposed Plan. Confirmation of the Plan by the Court will serve to release all current and former Governing Board Members from personal liability for any claim dealt with in the Plan.

The Debtor recommends that the Plan of Reorganization be approved. Under the Plan, creditors of the estate will be paid the amount of their allowed claims as stated in the Plan. Debtor believes that the Plan is in the best interest of all creditors and parties-in-interest.

Dated and respectively submitted this 27th day of December, 2010.

APPROVED:

CLINT W. SMITH, P.C.,
an Arizona professional corporation

By_____
Clint W. Smith, President
Attorney for Debtor in Possession

GLOBAL RENAISSANCE ACADEMY OF
DISTINGUISHED EDUCATION, INC.,
an Arizona non-profit corporation

By_____
David Gordon, President/CEO

Clint W. Smith (010461)
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Attorney for Debtor

UNITED STATES BANKRUPTCY COURT

DISTRICT OF ARIZONA

In re: GLOBAL RENAISSANCE ACADEMY OF DISTINGUISHED EDUCATION, INC. dba GRAND CANYON PREPARATORY ACADEMY, Debtor.	Case No. 10-bk-13140-SSC Chapter 11 Proceeding DEBTORS' FIRST PLAN OF REORGANIZATION

Global Renaissance Academy of Distinguished Education, Inc., dba Grand Canyon Preparatory Academy (the "Debtor"), debtor-in-possession in the above captioned bankruptcy estate, submits to the Court and creditors of the Debtor's estate the following Plan of Reorganization (the "Plan), pursuant to § 1121(a) of the Bankruptcy Code.

I. DEFINITIONS.

For purposes of this Plan, except as expressly provided or unless the context otherwise requires, all capitalized terms not otherwise defined have the meanings ascribed to them in Section I of the Plan. Any term used in the Plan that is not defined in the Plan, but is defined in the Bankruptcy Code or the Bankruptcy Rules, retains the meaning ascribed to such term in the Bankruptcy Code or the Bankruptcy Rules. Whenever the context requires, such term includes the plural as well as the singular, the masculine gender includes the feminine gender, and the feminine

gender includes the masculine gender. As used in this Plan, the following terms have the meanings specified below:

Administrative Claim: A Claim for payment of an administrative expense of a kind specified in 11 U.S.C. §§ 503(b) or 1114(e)(2) and entitled to priority pursuant to Code §507(a)(1), including, but not limited to, (a) the actual, necessary costs and expenses, incurred after the Petition Date, of preserving the bankruptcy estate and operating the Debtor's business, (b) all Allowed Claims of professionals appointed by the Bankruptcy Court, (c) all fees and charges assessed against the bankruptcy estate under 28 U.S.C.§ 1930, and (d) All Allowed Claims that are entitled to be treated as Administrative Claims pursuant to a Final Order of the Bankruptcy Court under Code § 546(c)(2).

Allowed Claim: Allowed Claim shall mean a Claim:

(a) with respect to which a proof of claim has been filed with the Court within the applicable period of limitation fixed by Rule 3003 of the Rules of Bankruptcy Procedure and to which no objection to the allowance of the Claim has been filed by the Debtor or any other party or as to which any such objection has been determined by an order or judgment of the Court which is no longer subject to appeal and to which no appeal is pending, or,

(b) Scheduled in the list of creditors prepared and filed with the Court pursuant to Rule 1007(b), Rules of Bankruptcy Procedure, and not listed as disputed, contingent or unliquidated as to the amount.

An Allowed Claim shall not include un-matured or post-petition interest, penalties, fees, or costs, unless specifically stated in the Plan. Notwithstanding § 502(a) of the Code and Rules 3001 and 3003, for the purposes of the Plan, a Claim shall not be an Allowed Claim unless it satisfies the definition of Allowed Claim under this Plan.

Allowed Interest: An Allowed Interest shall mean an Interest in the Debtor held by a person or entity, as of the Effective Date, and as to which Interest no objection has been made within the time allowed for the making of objections, or as to which such Interest is allowed by a final order, or an Interest as to which a timely and proper proof of interest has been filed, and as to which proof of interest no objection has been made within the time allowed for making objections.

Allowed Priority Claim: The Allowed Claim of a Claimant that is entitled to priority in payment under 11 U.S.C. § 507(a)(2) through (a)(8).

Allowed Secured Claim: An Allowed Claim to the extent that such Allowed Claim is secured by a lien which unavoidable, on property in which the estate has an interest, to the extent of the value of such Creditor's interest in the estate's interest in such property as determined in light of the purpose of the valuation and of the proposed disposition and use of such property and determined as of the Petition Date.

Allowed Unsecured Claim: An Allowed Claim to the extent that such Allowed Claim is not secured by a lien on property in which the estate has an interest.

Ballot: Each of the ballot forms distributed with the Disclosure Statement to holders of Impaired Claims entitled to vote as specified in this Plan in connection with the solicitation of acceptances of this Plan.

Bankruptcy Code: 11 U.S.C. § 101 et seq.

Bankruptcy Court: The United States Bankruptcy Court for the District of Arizona or any other bankruptcy court which may have jurisdiction over this case or any proceeding arising under, in, or relating to this case.

Bankruptcy Rule: The Federal Rules of Bankruptcy Procedure as amended and the Local Rules of the Bankruptcy Court, as applicable to the Chapter 11 Case or proceedings therein, as the case may be.

Bar Date: The date, if any, designated by the Bankruptcy Court as the last date for filing Proofs of Claim or Interest against the Debtor.

Chapter 11: Chapter 11 of the United States Bankruptcy Code, 11 U.S.C. § 1101, et seq.

Claim: (a) a right to payment, whether or not such right is reduced to judgment, liquidated, un-liquidated, fixed, contingent, matured, un-matured, disputed, undisputed, legal, equitable, secured or unsecured, which right arose or accrued prior to the date of Confirmation, or; (b) a right to an equitable remedy for breach of performance if such breach gives rise to a right to payment, whether or not such right to an equitable remedy is reduced to judgment, fixed, contingent, matured, un-matured, disputed, undisputed, secured, or unsecured, where such right arose or accrued prior to Confirmation, or; (c) a claim arising under 11 U.S.C. §502(g).

Claimant or Creditor: Any person or entity that asserts a Claim.

Class: A category of holders of Claims or Interests as described in this Plan.

Confirmation: The signing by the Court of the Confirmation Order.

Confirmation Date: The date upon which the Confirmation Order is entered upon the docket.

Confirmation Hearing: The hearing held by the Bankruptcy Court regarding confirmation of the Plan, as it may be continued from time to time.

Confirmation Order: The Order signed by the Bankruptcy Court pursuant to 11 U.S.C. § 1129 confirming the Plan.

Contingent Claim: Any Claim for which a proof of claim has been filed with the Bankruptcy Court: (a) which was not filed in a sum certain, or which has not accrued and is dependent on a future event that has not occurred and may never occur, and (b) which has not been allowed on or before the Confirmation Date.

Court: The United States Bankruptcy Court for the District of Arizona, which has jurisdiction in this case.

Debtor: Global Renaissance Academy of Distinguished Education, Inc., dba Grand Canyon Preparatory Academy.

Disbursing Agent: The Reorganized Debtor shall be the Disbursing Agent and shall make distributions to holders of Allowed Claims under the Plan.

Disclosure Statement: The Debtor's disclosure statement and any amendments and supplements thereto as approved by an order of the Bankruptcy Court.

Disputed Claim: A Claim which the Debtor listed as un-liquidated, disputed or contingent in its Schedules or to which an objection has been filed which has not been resolved by a final order of the Bankruptcy Court.

Effective Date: Thirty (30) days after the Confirmation Date. If thirty (30) days after the Confirmation Date falls on a weekend or a holiday, the Effective Date will be the first business day thereafter.

Excess Cash Flow: Cash flow of the Debtor's post-petition income after deduction from its post-petition income as set forth in its Schedule I, all expenses as set forth in its Schedule J, including all payments to administrative, priority, and secured creditors.

Final Order: An order or judgment which has not been stayed.

Impaired: When used with reference to a Claim or Interest, a Claim or Interest that is impaired within the meaning of Code § 1124.

Insider: A person or entity within the definition contained at § 101(31) of the Bankruptcy Code.

Interest: Any equity interest in the Debtor as of the Effective Date.

Interest Holder: Any person or persons owning an Interest in the Debtor as of the Effective Date.

IRS: Internal Revenue Service.

New Obligations: Those debts of the Debtor which existed pre-confirmation, but which are modified by the confirmed Plan resulting in the creation of a new note. The obligations for which the Reorganized Debtor has liability under the terms of the confirmed Plan. Said new obligations shall be not considered in default unless and until the Reorganized Debtor defaults on said obligations after the Effective Date.

Oversecured: The term describing the Allowed Claim of a secured Creditor when the value of the collateral securing said Allowed Claim exceeds the amount of the debt serving as the basis for said Allowed Claim.

Person: Any individual, corporation, partnership, joint venture, association, joint stock company, trust, unincorporated association or organization, governmental agency, or associated political subdivision.

Petition: The original Petition under Chapter 11.

Petition Date: The date on which the Petition was filed.

Plan: This Plan of Reorganization and any amendments or supplements thereto.

Plan Rate: The rate of interest referred to in the Plan which is the prime rate.

Proof of Claim: The proof of claim that must be filed by a holder of an Impaired Claim by the Bar Date.

Pro Rata: The ratio of an Allowed Claim or Allowed Interest in a particular Class to the aggregate amount of all Allowed Claims or Allowed Interests in that Class.

Reorganized Debtor: The Debtor after the Effective Date.

Tax Claim Rate: The rate of interest, to be determined by the Bankruptcy Court at the Confirmation Hearing, that, when applied to the amount of an Allowed Priority Claim to be paid in installments will result in such installments being of an aggregate value, as of the Effective Date, equal to the Allowed amount of such Claim, consistent with the requirements of 11 U.S.C. § 1129(a)(9). At the Confirmation Hearing, the Debtor will request the Court to determine that the Tax Claim Rate is five percent (5%) per annum.

Undersecured: The term describing the Allowed Claim of a secured Creditor when the value of the collateral securing said Allowed Claim is less than the debt which serves as the basis of said Allowed Claims.

II. CLASSIFICATION OF CLAIMS AND INTERESTS.

A. Priority Claims: Class 1

Class 1-A consists of Allowed Priority Claims under 11 U.S.C. § 507(a)(2) (Administrative Claims).

Class 1-B consists of Allowed Priority Claims under 11 U.S.C § 507(a)(7) (Tenant Claims).

Class 1-C consists of Allowed Priority Claims under 11 U.S.C. § 507(a)(8) (Tax Claims).

Class 1-D consists of Allowed Priority Claims under 11 U.S.C. § 507(a)(4) (Wage Claims).

B. Secured Claims: Class 2

There are no Class 2 secured claims.

C. General Unsecured Claims: Class 3

Class 3-A consists of the Allowed Unsecured Claims of Creditors of the Debtor.

D. Debtors' Interest: Class 4

Class 4-A consists of the Allowed Interest of the Debtor.

III. IMPAIRMENT OF CLASSES.

Classes 1-A, 1-B and 1-C are unimpaired under the Plan. All other classes are impaired, as that term is defined in 11 U.S.C. § 1124.

IV. TREATMENT OF CLASSES.

A. Priority Claims: Class 1

1. Administrative Claims: 1-A

This Class consists of Allowed Priority Claims under 11 U.S.C. §507(a)(2) (Administrative Claims) related to the Debtor. Unless they agree to an alternative form of treatment, the Allowed Claims of Class 1-A shall be paid in full, in cash, by the earlier of the Effective Date or the date that such are allowed and ordered paid by the Court. Any Class 1-A Claim not allowed as of the Effective Date shall be paid as soon thereafter as they are allowed by the Court according to the terms of this Class. The Allowed Administrative Claim of counsel for the Debtor that has not been paid as of the Effective Date, shall be paid in monthly payments of principal and interest, with interest at 8% until paid in full.

2. Tenant Claims: 1-B

There are no Tenant Claims.

3. Tax Claims: 1-C

This Class consists of Allowed Priority Claims under 11 U.S.C. § 507(a)(8)-tax claims. Under Section 1129(a)(9)(C), Claims for taxes entitled to priority must be paid in full in regular installment payments in cash over a period not later than 5 years after the date of the order for relief in order to confirm a Plan. The following priority claims are allowed:

The Internal Revenue Service (IRS) has filed Proof of Claim No. 16 in the Allowed Unsecured Priority Amount of $136,201.87 for WT-FICA taxes. Their remaining claim of $176,331.96 shall be treated as an Allowed General Unsecured Claim.

The Arizona Department of Revenue has filed an Amended Proof of Claim No. 2 in the Unsecured Allowed Priority Amount of $3,147.95 for withholding taxes. The remaining claim of $3,167.52 shall be treated as an Allowed General Unsecured Claim.

The Arizona Department of Revenue has filed a Second Amended Proof of Claim No. 8 in the Unsecured Allowed Priority Amount of $1,123.86 for withholding taxes.

The DES Unemployment Tax of Arizona has filed a Proof of Claim No. 17 in the Unsecured Allowed Priority Amount of $3,571.04 for unemployment taxes.

The Arizona State Retirement System has filed a Proof of Claim No. 14 in the Unsecured Allowed Priority Amount of $12,071.61 for member and employer contributions to the Arizona State Retirement System.

4. <u>Wage Claims: 1-D</u>

The Plan classifies Claims for wages entitled to priority under §507(a)(4) as Class 1D Claims. Such Claims include Claims for wages, salaries, and commissions, including severance, sick pay and vacation leave, to the extent the Claims were incurred within the 180-day period immediately prior to the bankruptcy filing. The amount of each such Claim entitled to priority is

limited to $10,950.00 per Claimant. Claims for wages outside the 180 day period or in excess of the dollar amount limitations are classified as non-priority Claims, in Class 3A.

B. Secured Claims: Class 2

There are no Class 2 Secured Claims.

C. Unsecured Claims: Class 3

a. General Unsecured Claims: Class 3-A

Class 3-A consists of the Allowed Unsecured Claims of Creditors. Class 3-A Creditors shall be paid a pro-rata share from the Debtor's Excess Cash Flow, on a quarterly basis, in an amount sufficient to fund the value of the Debtor's Liquidation Equity (as calculated in the Debtor's Disclosure Statement), after all senior Allowed Claims have been paid in accordance with the terms of the Plan. Any Allowed Unsecured Claims that are determined to be non-dischargeable will continue to receive a pro-rata distribution of the Excess Cash Flow until satisfied in full.

D. Debtors' Interest: Class 4

a. Debtors' Interest: Class 4-A

Pursuant to §1129(a)(15) and (b)(2)(B)(ii) of the Bankruptcy Code, the Debtor shall retain their interest in all estate property in consideration of their funding of Allowed Claims and shall receive all exempt property.

V. MEANS FOR EXECUTING THE PLAN.

A. Funding

Pursuant to § 1123(a)(8) of the Bankruptcy Code, the Debtor shall provide for the payment to creditors under the Plan of all or such portion of earnings from personal services performed by the Debtor after the commencement of the case or other future income of the Debtor as is

necessary for the execution of the Plan. The Debtor will contribute its Excess Cash Flow in an amount sufficient to fund the value of their Liquidation Equity.

B. Liquidation of Estate Property

The Debtor shall have the authority to retain such brokers, agents, counsel, or representatives, as they deem necessary to liquidate all assets of the bankruptcy estate. Any sales of Debtor's assets which occur post-confirmation shall not require approval of the Bankruptcy Court for the sale, although the Debtor will be free to see such order if it deems appropriate.

C. Management

The Reorganized Debtor will continue to operate under the same management structure utilized prior to Confirmation.

D. Disbursing Agent

The Reorganized Debtor shall act as the Disbursing Agent under the Plan.

E. Documentation of Plan Implementation

In the event any entity which possesses an Allowed Secured Claim or any other lien in any of the Debtor's property for which the Plan requires the execution of any documents to incorporate the terms of the Plan, fails to provide a release of its lien or execute the necessary documents to satisfy the requirements of the Plan, the Debtor may record a copy of this Plan or the Confirmation Order with the appropriate governmental agency and such recordation shall constitute the lien release and creation of any necessary new liens to satisfy the terms of the Plan. If the Debtor deems advisable, they may obtain a further Order from the Court that may be recorded in order to implement the terms of the Plan.

VI. EFFECT OF CONFIRMATION.

Nothing in the Plan shall be deemed to waive, limit or restrict in any way the discharge granted upon Confirmation of the Plan in § 1141 of the Code. Except as otherwise provided in the Plan or in the Order confirming the Plan, such Confirmation Order acts as of the Effective Date as a discharge, of any and all debts of the Debtor that arose at any time before the entry of the Confirmation Order, including, but not limited to, all principal and any and all interest accrued thereon, pursuant to § 1141(d)(1) of the Code. The discharge of the Debtor shall be effective as to each Claim, regardless of whether a proof of claim thereof was filed, whether the claim is an Allowed Claim or whether the holder thereof votes to accept the Plan. In addition, any pre-confirmation obligations of the Debtor dealt with in this Plan shall be considered New Obligations of the Debtor, and these New Obligations shall not be considered in default unless and until the Reorganized Debtor defaults on the New Obligation pursuant to the terms of the Plan. The New Obligations provided for in the Plan shall be in the place of, and completely substitute for, any pre-Confirmation obligations of the Debtor and, once the Plan is confirmed, the only obligations of the Debtor shall be such New Obligations as provided for under the Plan.

VII. OBJECTIONS TO AND ESTIMATIONS OF CLAIMS.

A. Objections and Bar Date for Filing Objections.

As soon as practicable, but in no event later than 120 days after the Effective Date, objections to Claims shall be filed with the Bankruptcy Court and served upon the Debtor and the holders of each of the Claims to which objections are made pursuant to the Bankruptcy Code and the Bankruptcy Rules. Objections filed after such date will be barred.

B. Settlement of Claims.

Settlement of any objection to a Claim not exceeding $10,000.00 shall be permitted on the eleventh (11th) day after notice of the settlement has been provided to the Debtor, the Creditors,

the settling party, and other persons specifically requesting such notice, and if on such date there is no written objection filed, such settlement shall be deemed approved. In the event of a written objection to the settlement, the settlement must be approved by the Court on notice to the objecting party.

C. Estimation of Claims.

For purposes of making distributing provided for under the Plan, all Claims objected to shall be estimated by the Disbursing Agent at an amount equal to (i) the amount, if any, determined by the Court pursuant to § 502(c) of the Bankruptcy Code as an estimate for distribution purposes; (ii) an amount agreed to between the Debtor and the Claimant; or, (iii) that amount set forth as an estimate in the Plan or Disclosure Statement. Notwithstanding anything herein to the contrary, no distributions shall be made on account of any Claim until such Claim is an Allowed Claim.

D. Unclaimed Funds and Interests.

Distribution to Claimants shall be mailed by the Reorganized Debtor to the Claimants at the address appearing on the master mailing matrix unless the Claimant provides the Reorganized Debtor with an alternative address. For a period of one year from the date that a distribution was to be made by disbursing agent but has gone uncollected by the Claimant, the disbursing agent shall retain any distributions otherwise distributable hereunder which remain unclaimed or as to which the disbursing agent has not received documents required pursuant to the Plan. Thereafter, the unclaimed funds shall revest in the Reorganized Debtor.

VIII. NONALLOWANCE OF PENALTIES AND FINES.

No distribution shall be made under this Plan on account of, and no other Allowed Claim, whether secured, unsecured, administrative, or priority, shall include any fine, penalty, exemplary

or punitive damages, late charges, default interest or other monetary charges relating to or arising from any default or breach by the Debtor, and any claim on account thereof shall be deemed disallowed, whether or not an objection was filed to it.

IX. CLOSING OF CASE.

Until this case is officially closed, the Reorganized Debtor will be responsible for filing pre and post-confirmation reports required by the United States Trustee and paying the quarterly post-confirmation fees of the Unites States Trustee, in cash, pursuant to 20 U.S.C. §1930, as amended. Pursuant to 11 U.S.C. § 1129(a)(12), all fees payable under section 1930 of title 28, as determined by the Court at the hearing on confirmation of the Plan, will be paid, in cash, on the Effective Date.

X. MODIFICATION OF THE PLAN.

In addition to their modification rights under § 1127 of the Bankruptcy Code, the Debtor may amend or modify this Plan at any time prior to Confirmation without leave of the Court. The Debtor may propose amendments and/or modifications of this Plan at any time subsequent to Confirmation with leave of the Court and upon notice to Creditors. After Confirmation of the Plan, the Debtor may, with approval of the Court, as long as it does not materially or adversely affect the interest of Creditors, remedy any defect or omission or reconcile any inconsistencies of the Plan, or in the Confirmation Order, if any may be necessary to carry out the purposes and intent of this Plan.

XI. JURISDICTION OF THE COURT.

The Court will retain jurisdiction until this Plan has been fully consummated for including, but not limited to, the following purposes:

1. The classification of the Claims of any Creditors and the re-examination of any Claims which have been allowed for the purposes of voting, and for the determination of such objections as may be filed to the Creditor's Claims. The failure by the Debtor to object to or examine any Claim for the purpose of voting shall not be deemed to be a waiver of the Debtor's rights to object to or to re-examine the Claim in while or in part.

2. To determine any Claims which are disputed by the Debtor, whether such objections are filed before or after Confirmation, to estimate any Unliquidated or Contingent Claims pursuant to 11 U.S.C. §502(c)(1) upon request of the Debtor or any holder of a Contingent or Unliquidated Claim, and to make determination on any objection to such Claim.

3. To determine all questions and disputes regarding title to the assets of the estate, and determination of all causes of action, controversies, disputes or conflicts, whether or not subject to action pending as of the date of Confirmation, between the Debtor and any other party, including but not limited to, any rights of the Debtor to recover assets pursuant to the provisions of the Bankruptcy Code.

4. The correction of any defect, the curing of any omission or any reconciliation of any inconsistencies in this Plan, or the Confirmation Order, as may be necessary to carry out the purposes and intent of this Plan.

5. The modification of this Plan after Confirmation, pursuant to the Bankruptcy Rules and Bankruptcy Code.

6. To enforce and interpret the terms and conditions of this Plan.

7. The entry of an order, including injunctions, necessary to enforce the title, rights, and powers of the Debtor, and to impose such limitations, restrictions, terms and conditions of such title, right and power that this Court may deem necessary.

8. The entry of an order concluding and terminating this case.

XII. RETENTION AND ENFORCEMENT OF CLAIMS.

Pursuant to § 1123(b)(3) of the Bankruptcy Code, the Reorganized Debtor shall retain and may enforce any and all claims of the Debtor, except those claims specifically waived herein.

XIII. EXECUTORY CONTRACTS.

The Debtor assumes the education contract with the Arizona State Board of Education relating to debtor's operation of a charter school, and rejects all executory contracts and unexpired leases not otherwise assumed herein or by separate order of the Court. Claims for any executory contracts or unexpired leases rejected by the Debtor shall be filed no later than 10 days after the earlier of Confirmation or the date the executory contract or unexpired lease is specifically rejected. Any such Claims not timely filed and served shall be disallowed.

XIV. REVESTING.

Except as provided for in the Plan or in the Confirmation Order, on the Effective Date the Reorganized Debtor shall be vested with all the property of the estate free and clear of all claims, liens, charges, and other interest of Creditors, arising prior to the Effective Date. Upon the Effective Date, the Reorganized Debtors shall operate their business free of any restrictions.

RESPECTFULLY SUBMITTED this 27th day of December, 2010.

CLINT W. SMITH, P.C.

/s/

Clint W. Smith
Attorney for Debtor

A copy of the foregoing mailed
this 27th day of December, 2010, to:

U.S. Trustees Office
230 N. First Ave., Suite 204
Phoenix, Arizona 85003

/s/ Stacey Tarwater