

UNITED STATES BANKRUPTCY COURT  
DISTRICT OF DELAWARE

Case No. 12-11127  
Chapter 11

**AFA INVESTMENT INC., ET AL.**

Monthly Operating Report for  
the period from January 1, 2014 through January 31, 2014

Debtors' Address for Notices:  
1001 17th Street, Suite 1100  
Denver, Colorado 80202


Debtors' Attorneys  
Jones Day  
1420 Peachtree Street, N.E.  
Suite 800  
Atlanta, Georgia 30309-3053

Monthly Operating Income (Loss):  
\$(1,309,353)

Report Preparer:

The undersigned, having reviewed the attached report and being familiar with the Debtors' financial affairs, verifies under the penalty of perjury that the information contained therein is complete, accurate and truthful to the best of my knowledge.

Date: February 28, 2014

  
David J. Beckman  
Chief Restructuring Officer



IN RE AFA INVESTMENT INC., *ET AL.*

Case No. 12-11127

DEBTOR IN POSSESSION

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## Global Notes

### 1. Introduction.

On April 2, 2012 (the "Commencement Date"), AFA Investment Inc. ("AFA") and certain of its subsidiaries and affiliates, as debtors and debtors in possession (collectively with AFA, the "Debtors"),<sup>1</sup> each filed a voluntary petition for relief commencing cases (the "Chapter 11 Cases") under chapter 11 of title 11 of the United States Code (the "Bankruptcy Code"). Following the Commencement Date, the Debtors continued to operate their businesses and manage their property as debtors in possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code.<sup>2</sup> On April 12, 2012, the United States Trustee for the District of Delaware (the "U.S. Trustee") appointed an official committee of unsecured creditors pursuant to section 1102(a)(1) of the Bankruptcy Code.

This Monthly Operating Report ("MOR") has been prepared for the period from January 1, 2014 to January 31, 2014 (the "Reporting Period") consistent with discussions between the Debtors and the U.S. Trustee. In particular, the Debtors have prepared the MOR on a consolidated basis for all of the Debtors, as agreed by the U.S. Trustee. Please note that certain information contained herein may differ from data in the Debtors' filings on the Commencement Date because more accurate information has become available in the period since the Commencement Date.

### 2. GAAP.

The financial statements and supplemental information contained herein are preliminary and unaudited, and may not comply in all material respects with generally accepted accounting principles in the United States of America ("GAAP"). In addition, the financial statements and supplemental information contained herein represent information for the Debtors only and exclude all non-Debtor affiliates.

The unaudited financial statements have been derived from the Debtors' books and records. Certain procedures that typically would be applied to financial information in accordance with GAAP have not been applied to this data. Upon application of such procedures, the Debtors believe that the financial information could be subject to change, which could be material. The information furnished in this MOR includes normal

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<sup>1</sup> The Debtors in these chapter 11 cases, along with the last four digits of each Debtor's federal tax identification number, as applicable, are: AFA Investment Inc. (0331); American Foodservice Corporation (1780); American Fresh Foods, Inc. (7389); American Fresh Foods, L.P. (7302); AFA Foods, Inc. (0429); American Fresh Foods, LLC (7301); Fairbank Reconstruction Corporation (2405); American Foodservice Investment Company, LLC (9525); and United Food Group LLC (7584). Each of the Debtors was formerly located at 860 First Avenue, Suite 9A, King of Prussia, Pennsylvania 19406.

<sup>2</sup> Having sold substantially all of their assets pursuant to orders of the Court, the Debtors are not presently conducting any material business operations.

recurring adjustments, but does not include all adjustments that typically would be made for financial statements in accordance with GAAP.

**3. General Methodology.**

The Debtors prepared this MOR relying primarily upon the information set forth in their books and records. Consequently, certain transactions that, in the normal course of business, would not be identified in the Debtors' books and records if they occur, may not be included in this MOR if any such transactions have occurred during the Reporting Period. Nevertheless, in preparing this MOR, the Debtors made reasonable efforts to supplement the information set forth in their books and records with available and relevant information concerning transactions that are not reflected therein.

**4. Past Performance.**

The results of operations contained herein are not necessarily indicative of results that may be expected for any other period or for the full year and may not necessarily reflect the financial position of the Debtors in the future.

**5. Prepetition vs. Postpetition Liabilities.**

The Debtors allocated liabilities between prepetition and postpetition periods based upon the information available at the time of, and research conducted in connection with, the preparation of this MOR. As additional information becomes available and further research is conducted, the Debtors' allocation of liabilities between the prepetition and postpetition periods may change. Except as otherwise noted, the Debtors' liabilities are identified as of the close of business on January 31, 2014. The Debtors reserve all rights to amend, supplement or otherwise modify this MOR as necessary or appropriate.

**6. Book Value of Assets.**

Unless otherwise indicated, the values of assets contained in this MOR represent book values as of January 31, 2014 and are not based on any estimate of their market value. Amounts ultimately realized from any disposition of the Debtors' assets may vary materially from the stated book value. The Debtors reserve their rights to amend or adjust the value of each asset set forth herein, as necessary or appropriate.

**7. Liabilities Subject to Compromise.**

As a result of the commencement of the Chapter 11 Cases, the payment of prepetition indebtedness generally is subject to compromise or other treatment under a chapter 11 plan. Generally, creditor actions to enforce or otherwise collect prepetition liabilities are stayed.

**8. Liabilities Not Subject to Compromise.**

The payment of prepetition claims generally is not permitted except pursuant to a chapter 11 plan or as specifically authorized by the Bankruptcy Court. In these cases, the Bankruptcy Court has entered certain orders (collectively, the "Prepetition Claim Orders") authorizing the Debtors in their discretion to pay certain prepetition claims in designated categories and subject to certain terms and conditions (collectively, the "Designated Claims"). The relief granted in the Prepetition Claim Orders generally was designed to preserve the value of the Debtors' businesses and assets. To the extent that Designated Claims have been authorized for payment pursuant to the Prepetition Claim Orders, such Designated Claims have been categorized as "Liabilities Not Subject to Compromise;" however, the Debtors reserve all of their rights to dispute such claims or exercise their discretion not to pay such claims under the Prepetition Claim Orders.

**9. Reservation of Rights.**

Given the complexity of the Debtors' businesses, inadvertent errors or omissions may have occurred in the preparation of this MOR. Accordingly, the Debtors hereby reserve all of their rights to dispute the validity, status or enforceability of any identified claim amounts, or challenge any representation or other statement, in this MOR and reserve the right to amend or supplement this MOR, if and to the extent necessary or appropriate.

Nothing contained in this MOR shall constitute a waiver of the Debtors' rights or an admission with respect to the Chapter 11 Cases, including with respect to any issues involving the Debtors' ownership interests, executory contracts and unexpired leases, substantive consolidation, equitable subordination and any causes of action arising under the provisions of chapter 5 of the Bankruptcy Code and any other relevant non-bankruptcy laws or defenses thereto.

**10. The Debtors' Postpetition Financing Facility.**

On April 30, 2012, the Bankruptcy Court entered a final order (Docket No. 199) (the "Final DIP Order") approving the postpetition financing facility (the "DIP Facility") between (a) the Debtors (in their capacities either as borrowers or guarantors) and (b) the lenders (collectively, the "Lenders") under the Debtors' prepetition first lien credit facility (the "Prepetition First Lien Facility"). Pursuant to the Final DIP Order, the borrowing Debtors were authorized to borrow, and the remaining Debtors to guarantee, on a final basis up to an aggregate principal amount not to exceed \$56 million under the DIP Facility, \$4,969,885.57 having been deemed advanced and applied to repayment of obligations under the Prepetition First Lien Facility, pursuant to the Bankruptcy Court's order approving the DIP Facility on an interim basis (Docket No. 42) (the "Interim DIP Order").

Pursuant to the Interim DIP Order and the Final DIP Order, receipts from cash collateral were first used to pay down certain of the Debtors' obligations to the Lenders

under the Prepetition First Lien Facility, and new advances are secured by newly created assets, such that the DIP Facility effectively "rolled over" certain of the debt payable under the Prepetition First Lien Facility. Consequently, prior to April 30, 2012, approximately \$47,856,000 in repayments related to the DIP Facility was applied to repaying amounts outstanding under the Prepetition First Lien Facility (collectively, the "Roll-Over Payments"). All of these Roll-Over Payments occurred prior to the Reporting Period.

As set forth in MOR-3, the Debtors extinguished the outstanding balances of the DIP Facility and the Prepetition First Lien Facility prior to the Reporting Period, in accordance with the Bankruptcy Court's orders approving the sales of the assets associated with the Debtors' Texas and Pennsylvania facilities (Docket Nos. 463 and 464, respectively).



AFA Investment Inc. & Subsidiaries  
Debtors-in-Possession  
MOR - 1

Consolidating Schedule of Receipts and Disbursements to Date [1] [2]  
for April 2, 2012 to January 31, 2014

In U.S. Dollars	American Foodservice Corporation	American Fresh Foods, L.P.	Fairbank Reconstruction Corporation	United Food Group LLC	AFA Foods, Inc.	Consolidated AFA Investment Inc., et al.
Beginning Cash Balance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,616,104
<b>Cash Receipts:</b>						
Trade Receipts	130,523,938	35,399,089	50,993,222	29,238,681	378,666	246,533,597
Asset Sale Receipts [3]	-	122,769	-	-	63,721,127	63,843,897
Net Receipts Held for Third Party [4]	-	-	-	-	211,956	211,956
TSA Fee Receipts [5]	-	-	-	-	260,000	260,000
Other Receipts	-	-	-	-	2,232,742	2,232,742
DIP Draws	131,725,515	35,063,700	41,053,553	13,773,795	-	221,616,563
<b>Total Cash Receipts</b>	<b>262,249,453</b>	<b>70,585,559</b>	<b>92,046,775</b>	<b>43,012,476</b>	<b>66,804,491</b>	<b>534,698,755</b>
<b>Disbursements:</b>						
Meat Purchases	(110,565,278)	(28,587,253)	(42,749,020)	(2,136,379)	(32,342)	(184,070,271)
Term Debt Payoff [6]	-	-	-	-	(11,511,906)	(11,511,906)
Payroll	(4,478,682)	(896,195)	(1,849,052)	(1,257,825)	(2,112,036)	(10,593,789)
Packaging	(2,162,705)	(1,382,524)	(1,927,736)	(1,590,976)	-	(7,063,941)
Freight	(962,221)	(491,345)	(1,536,040)	(1,423,343)	(63,025)	(4,475,975)
L/C Draw and Fees	-	-	-	-	(752,207)	(752,207)
Interest & Bank Fees	-	-	-	(9,668)	(2,221,038)	(2,230,706)
Insurance	(10,232)	(9)	-	(173)	(3,727,094)	(3,737,508)
Commercial (Including Sales Rebates)	(610,323)	(30,958)	(43,256)	(281,489)	(39,551)	(1,005,577)
Sanitation	(1,177,366)	(81,322)	(250,287)	(122,221)	(1,925)	(1,633,122)
Other SG&A	(407,582)	(331,970)	(348,912)	(169,350)	(691,386)	(1,949,200)
401K	-	-	(19,287)	-	(866,908)	(886,196)
Professional Services and Fees	(35,549)	(24,613)	(8,765)	(105,804)	(13,606,235)	(13,780,967)
HR	(6,411)	(25,930)	(5,283)	(100)	(424,909)	(462,634)
Quality Control	(352,526)	(18,386)	(108,604)	(55,192)	(9,214)	(543,922)
Other Plant Costs	(1,154,021)	(188,063)	(244,777)	(57,775)	(81,259)	(1,725,896)
Other	(1,793,628)	(473,834)	(573,311)	(1,019,055)	(1,959,876)	(5,819,704)
Maintenance	(1,040,157)	(341,261)	(82,766)	(41,059)	(1,573)	(1,506,816)
DIP Repayments	(156,588,999)	(43,219,448)	(53,485,015)	(16,178,627)	-	(269,472,089)
<b>Total Cash Disbursements</b>	<b>\$ (281,345,681)</b>	<b>\$ (76,093,111)</b>	<b>\$ (103,232,112)</b>	<b>\$ (24,449,036)</b>	<b>\$ (38,102,485)</b>	<b>(523,222,424)</b>
					Subtotal	14,092,435
					Petty Cash	-
					<b>Ending Cash Balance</b>	<b>\$ 14,092,435</b>

[1] The Debtors are reporting a rolling cash balance on a consolidated basis. All receipts and disbursements are controlled centrally through the Debtors' cash management system. However, receipts and disbursements can be separated by legal entity and have been illustrated accordingly.

[2] There was no activity in the Reporting Period for the following Debtors: AFA Investment Inc., American Fresh Foods, LLC, American Foodservice Investment Company, LLC and American Fresh Foods, Inc.

[3] Represents cash receipts from the sales of the assets associated with the Debtors' California, Georgia, New York, Pennsylvania and Texas facilities.

[4] Represents the net balance of customer receipts received into the Debtors' bank accounts post-closing that are owed to the purchasers of the receivables associated with the Pennsylvania and Texas facilities.

[5] Represents payments received from the purchasers of the assets associated with the Debtors' Pennsylvania and Texas facilities during the Reporting Period pursuant to the terms of the applicable Transition Services Agreements.

[6] Represents payments made by the Debtors to extinguish the principal balance of the Prepetition First Lien Facility.



**AFA Investment Inc. & Subsidiaries**  
**Debtors-in-Possession**  
**MOR - 1a**  
**Schedule of Bank Account Balances**  
**as of January 31, 2014**

Case #	Related Entity	Bank Name	Bank Account Ending in:	Balance	
12-11134	United Food Group	Wells Fargo Pledge Account	9548	\$ -	
12-11134	United Food Group	Bank of America	7123	-	
12-11128	AFA Foods Inc.	Bank of America	7152	-	
12-11128	AFA Foods Inc.	Bank of America	7149	-	
12-11128	AFA Foods Inc.	Bank of America	7136	470,680	
12-11128	AFA Foods Inc.	Bank of America	1489	-	[7]
12-11128	AFA Foods Inc.	Bank of America	1471	54,750	
12-11128	AFA Foods Inc.	Bank of America	1693	217,549	[1]
12-11128	AFA Foods Inc.	Wells Fargo	6538	-	[2]
12-11129	American Foodservice Corp	Wachovia	2349	-	[2]
12-11129	American Foodservice Corp	Petty Cash	N/A	-	
12-11128	AFA Foods Inc.	Petty Cash	N/A	-	
12-11134	United Food Group	Bank of America, LA Sale Proceeds Escrow Account	8152	-	[3] [8]
12-11128	AFA Foods Inc.	Bank of America, GA Sale Proceeds Escrow Account	8165	-	[3] [8]
12-11129 / 12-11133	American Foodservice Corporation / American Fresh Foods, L.P.	Bank of America, Texas Sale Proceeds Escrow Account	9889	-	[4] [5] [8]
12-11129	American Foodservice Corporation	Bank of America, King of Prussia Sale Proceeds Escrow Account	9876	-	[5] [8]
12-11135	Fairbank Reconstruction Corporation	Bank of America, New York Sale Proceeds Escrow Account	9863	-	[5] [8]
12-11128	AFA Foods Inc.	Bank of America, Professional Fees Escrow Account	6505	-	[6] [8]
12-11127	AFA Investment Inc.	Union Bank	0063	13,349,455	[9]
				\$ 14,092,435	

[1] Account opened on 4/17/12 - Utility Adequate Assurance Deposit. Amount of original deposit was \$270,000 which has been reduced to the current balance due to adequate assurance payments negotiated with certain utilities.

[2] Accounts closed prior to the Reporting Period.

[3] Accounts opened on 6/28/12.

[4] Certain of the assets associated with the Debtors' Texas and Georgia facilities are allocated between American Foodservice Corporation and American Fresh Foods, L.P. Accordingly, both Debtors and their respective chapter 11 case numbers are identified.

[5] Accounts opened on 7/10/12.

[6] Account opened on 9/25/12.

[7] Account closed in February 2013.

[8] Account closed in March 2013.

[9] Pursuant to the Interim Cash Collateral Order dated September 19, 2012 paragraph 20 the Debtors transferred the balance of all sales proceeds accounts to the second lien agent designated account at Union Bank "for the benefit of AFA Investment Inc."

AFA Investment Inc. & Subsidiaries  
 Debtors-in-Possession  
 MOR - 1b  
 Schedule of Professional Fees and Expenses Paid  
 for January 1, 2014 to January 31, 2014

Payee	Period Covered	Amount Approved	Payor	Check/Wire Number	Date(s)	Amount Paid for Period		Filing to Date	
						Fees	Expenses	Fees	Expenses
Conway, Del Genio, Gries and Co.	N/A	\$ -	N/A	N/A	N/A	\$ -	\$ -	\$ 500,000	\$ 16,783
FTI Consulting Inc.	N/A	-	N/A	N/A	N/A	-	-	3,518,333	216,086
Imperial Capital	N/A	-	N/A	N/A	N/A	-	-	1,738,592	12,655
Jones Day	N/A	-	N/A	N/A	N/A	-	-	3,162,277	73,192
Kurtzman Carson Consultants, LLC	N/A	-	N/A	N/A	N/A	-	-	248,829	261,460
McDonald Hopkins, LLC	N/A	-	N/A	N/A	N/A	-	-	790,633	38,490
J.H. Cohn, LLP	N/A	-	N/A	N/A	N/A	-	-	336,234	1,979
Potter Anderson and Caroon, LLP	N/A	-	N/A	N/A	N/A	-	-	125,788	8,059
Sidley Austin, LLP	N/A	-	N/A	N/A	N/A	-	-	644,721	14,961
Richards, Layton & Finger	N/A	-	N/A	N/A	N/A	-	-	53,314	2,633
Pachulski Stang Ziehl and Jones LLP	N/A	-	N/A	N/A	N/A	-	-	588,859	28,480
Morris, Nichols, Arsht & Tunnell	N/A	-	N/A	N/A	N/A	-	-	351,686	3,372
Munger, Tolles & Olson	N/A	-	N/A	N/A	N/A	-	-	454,065	228
		\$ -				\$ -	\$ -	\$ 12,513,331	\$ 678,378

AFA Investment Inc. & Subsidiaries  
Debtors-in-Possession  
MOR - 2  
Consolidating Statement of Operations [1]  
for January 1, 2014 to January 31, 2014

In U.S. Dollars	American Foodservice Corporation	American Fresh Foods, L.P.	Fairbank Reconstruction Corporation	United Food Group LLC	AFA Foods, Inc.	Consolidated AFA Investment Inc., et al.
Sales	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Outbound Freight	-	-	-	-	-	-
Net Sales	-	-	-	-	-	-
Meat Cost	-	-	-	-	-	-
Adjustments	-	-	-	-	-	-
Total Cost of Materials	-	-	-	-	-	-
<b>Variable Costs</b>						
Packaging Supplies	-	-	-	-	-	-
Labor and Benefits	-	-	-	-	-	-
Utilities	-	-	-	-	-	-
Freezing and Chilling	-	-	-	-	-	-
Sanitation and Janitorial	-	-	-	-	-	-
Equipment Maintenance	-	-	-	-	-	-
Lab and QC Expenses	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total Variable Costs	-	-	-	-	-	-
<b>Fixed Mfg. Costs</b>						
Total Fixed Mfg. Costs	-	-	-	-	-	-
<b>SG&amp;A Costs</b>						
Brokerage and Commissions	-	-	-	-	-	-
Wages and Benefits	-	-	-	-	2,579	2,579
Professional Fees	-	-	-	-	-	-
Other SG&A Costs	-	-	-	-	37,395	37,395
Total SG&A Costs	-	-	-	-	39,974	39,974
Adjusted EBITDA	-	-	-	-	(39,974)	(39,974)
<b>Other (Income) Expense</b>						
Depreciation	-	-	-	-	37,500	37,500
Reorganization Expense	-	-	-	-	241,551	241,551
Other	-	-	-	-	990,328	990,328
Total Other (Income) Expense	-	-	-	-	1,269,379	1,269,379
Income Tax (Benefit) Expense	-	-	-	-	-	-
Net Income (Loss)	\$ -	\$ -	\$ -	\$ -	\$ (1,309,353)	\$ (1,309,353)

[1] There was no activity in the Reporting Period for the following Debtors: AFA Investment Inc., American Fresh Foods, LLC, American Foodservice Investment Company, LLC and American Fresh Foods, Inc.

AFA Investment Inc. & Subsidiaries  
Debtors-in-Possession  
MOR - 3  
Consolidating Balance Sheet [1]  
as of January 31, 2014

In U.S. Dollars	American Foodservice Corporation [2]	American Fresh Foods, L.P. [2]	Fairbank Reconstruction Corporation [2]	United Food Group LLC [2]	AFA Foods, Inc.	Consolidated AFA Investment Inc., et al.
Cash and Equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted Cash	-	-	-	-	14,092,435	14,092,435
Accounts Receivable, Net	66,150	112,444	(0)	854,616	216,599	1,249,809
Inventories	-	-	7,650	-	-	7,650
Income Taxes, Net	-	-	(36,309)	-	112,130	75,821
Other Current Assets	-	-	(17,500)	-	2,300,709	2,283,209
<b>Total Current Assets</b>	<b>66,150</b>	<b>112,444</b>	<b>(46,159)</b>	<b>854,616</b>	<b>16,721,872</b>	<b>17,708,923</b>
PP&E at Cost	-	-	-	-	170,345	170,345
Cumulative Depreciation & Amortization	-	-	-	-	(170,345)	(170,345)
<b>Net Property, Plant and Equipment</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(0)</b>	<b>(0)</b>
Deferred Financing Costs, Net	-	-	-	-	57,656	57,656
Excess Purchase Price	-	-	-	-	-	-
Other Intangibles, Net	-	-	-	-	-	-
Other Assets	-	-	-	-	36,000	36,000
Total Intangible and Other Assets	-	-	-	-	93,656	93,656
<b>TOTAL ASSETS</b>	<b>\$ 66,150</b>	<b>\$ 112,444</b>	<b>\$ (46,159)</b>	<b>\$ 854,616</b>	<b>\$ 16,815,528</b>	<b>\$ 17,802,579</b>
<b>Liabilities Not Subject to Compromise</b>						
Accounts Payable, Trade	780,175	231,677	17,780	253,266	256,833	1,539,731
Accounts Payable, Other	-	-	-	-	-	-
Accrued Expenses	-	-	-	-	161,000	161,000
Long-Term Debt	-	-	-	-	-	-
Other Liabilities	-	-	-	-	-	-
DIP Financing [3]	-	-	-	-	-	-
<b>Total Liabilities Not Subject to Compromise</b>	<b>780,175</b>	<b>231,677</b>	<b>17,780</b>	<b>253,266</b>	<b>417,833</b>	<b>1,700,731</b>
<b>Liabilities Subject to Compromise</b>						
Accounts Payable, Trade	19,255,788	5,246,985	3,657,593	20,578,560	135,983	48,874,908
Accounts Payable, Other	543,505	5,138	-	1,988,953	3,427,906	5,965,502
Accrued Expenses	3,512	18,931	-	-	977,079	999,522
Intercompany Accounts	(18,604,542)	16,878,001	(15,070,723)	82,902,731	(66,108,582)	(3,116)
Payable to Former Shareholders	-	-	-	-	2,380,324	2,380,324
Other Liabilities	-	-	-	5,670,598	2,565,490	8,236,088
Long-Term Debt [3]	-	-	-	1,653,252	90,951,504	92,604,756
<b>Total Liabilities Subject to Compromise</b>	<b>1,198,262</b>	<b>22,149,055</b>	<b>(11,413,131)</b>	<b>112,794,092</b>	<b>34,329,705</b>	<b>159,057,983</b>
<b>TOTAL LIABILITIES</b>	<b>1,978,437</b>	<b>22,380,732</b>	<b>(11,395,351)</b>	<b>113,047,359</b>	<b>34,747,537</b>	<b>160,758,714</b>
Consolidated Equity [4]	-	-	-	-	-	(142,956,135)
<b>TOTAL LIABILITIES AND EQUITY</b>						<b>\$ 17,802,579</b>

[1] There was no activity in the Reporting Period for the following Debtors: AFA Investment Inc., American Fresh Foods, LLC, American Foodservice Investment Company, LLC and American Fresh Foods, Inc.

[2] As a result of the sale of the assets associated with the Debtors' New York, Texas, Pennsylvania, Georgia and California facilities prior to the Reporting Period, Property, Plant and Equipment and certain Intangible Assets are recorded as zero.

[3] The Debtors extinguished the outstanding balance of their DIP Facility and Prepetition First Lien Facility prior to the Reporting Period. As a result, the Long-Term Debt balance relates primarily to amounts owed under the Debtors' prepetition second lien credit facility.

[4] The Debtors maintain equity accounts on a consolidated basis rather than by individual Debtor.

**AFA Investment Inc. & Subsidiaries**  
**Debtors-in-Possession**  
**MOR - 4**  
**Consolidated Status of Postpetition Taxes**  
**for January 1, 2014 to January 31, 2014**

In U.S. Dollars	Beginning Tax Liability	Amount Withheld or Accrued	Amount Paid	Date Paid	Check No. or EFT	Ending Tax Liability
<b>Federal</b>						
Withholding/FICA	\$ -	\$ -	\$ -	N/A	N/A	\$ -
FUTA	-	-	-	N/A	N/A	-
<i>Total Federal Taxes</i>	-	-	-			-
<b>State and Local</b>						
Withholding						
PA	-	-	-	N/A	N/A	-
GA	-	-	-	N/A	N/A	-
NJ	-	-	-	N/A	N/A	-
SUI	-	-	-	N/A	N/A	-
Philadelphia Wage Tax	-	-	-	N/A	N/A	-
Other Local Tax	-	-	-	N/A	N/A	-
NY School Tax	-	-	-	N/A	N/A	-
NY County/Twp. Tax Pilot	-	-	-	N/A	N/A	-
<i>Total State and Local</i>	-	-	-			-
<b>Total Taxes</b>	\$ -	\$ -	\$ -			\$ -

**AFA Investment Inc. & Subsidiaries****Debtors-in-Possession****MOR - 4a****Consolidated Summary of Unpaid Postpetition Debts  
as of January 31, 2014**

In U.S. Dollars	0-30 Days	31-60 Day	61-90 Days	91-120 Days	Over 120 Days	Total
Accounts Payable, Trade [1]	\$ 256,833	\$ -	\$ -	\$ -	\$ 1,282,898	\$ 1,539,731

[1] Since the sale of the Debtors' operating assets is complete, the majority of the prepetition accounts payable is located at the corporate entity which includes liabilities to professionals and other third parties.

AFA Investment Inc. & Subsidiaries  
 Debtors-in-Possession  
 MOR - 5  
 Consolidated Summary of Accounts Receivable  
 as of January 31, 2014

	Number of Days Outstanding					Total
	0-7 Days	8-15 Days	16-23 Days	24-31 Days	32+ Days	
Trade Receivables	\$ -	\$ -	\$ -	\$ -	\$ 305,041	\$ 305,041
Trade Allowances and Sales in Transit Adjustment [1]						(141,118)
Non-Trade Receivables [1]						1,085,886
						\$ 1,249,809

[1] Trade Allowances, Sales in Transit Adjustment and Non-Trade Receivables are not aged.

**AFA Investment Inc. & Subsidiaries**  
**Debtors-in-Possession**  
**MOR - 5a**  
**Debtors' Questionnaire**  
**for January 1, 2014 to January 31, 2014**

	Yes	No
1. Have any assets been sold or transferred outside the normal course of business this reporting period? If yes, provide an explanation below.		X
2. Have any funds been disbursed from any account other than a debtor in possession account this reporting period? If yes, provide an explanation below.		X
3. Have all postpetition tax returns been timely filed? If no, provide an explanation below. The Debtors have determined that the preparation and filing of certain tax returns due since the commencement of these cases have been delayed as a result of budgetary constraints. The Debtors are in the process of addressing this issue and intend to file additional tax returns as soon as reasonably practicable.		X
4. Are workers compensation, general liability and other necessary insurance coverages in effect? If no, provide an explanation below.	X	
5. Has any bank account been opened during the reporting period? If yes, provide documentation identifying the opened account(s). If an investment account has been opened, provide the required documentation pursuant to the Delaware Local Rule 4001-3.		X