

**UNITED STATES BANKRUPTCY COURT
DISTRICT OF NEVADA**

In re: AHERN RENTALS, INC.

Case No. 11-53860-BTB

**CHAPTER 11
MONTHLY OPERATING REPORT
(GENERAL BUSINESS CASE)**

SUMMARY OF FINANCIAL STATUS

MONTH ENDED: Mar-12

PETITION DATE: 12/22/11

1. Debtor in possession (or trustee) hereby submits this Monthly Operating Report on the Accrual Basis of accounting (or if checked here the Office of the U.S. Trustee or the Court has approved the Cash Basis of Accounting for the Debtor).

Dollars reported in \$1

	<u>End of Current Month</u>	<u>End of Prior Month</u>	<u>As of Petition Filing</u>
2. Asset and Liability Structure			
a. Current Assets	\$101,512,851	\$103,152,454	
b. Total Assets	\$457,501,316	\$460,314,992	\$485,807,118
c. Current Liabilities	\$36,188,257	\$31,100,427	
d. Total Liabilities	\$659,855,338	\$659,258,234	\$649,919,474
			<u>Cumulative</u>
3. Statement of Cash Receipts & Disbursements for Month	<u>Current Month</u>	<u>Prior Month</u>	<u>(Case to Date)</u>
a. Total Receipts	\$63,986,317	\$367,336,025	\$431,322,342
b. Total Disbursements	\$65,295,765	\$364,415,370	\$429,711,135
c. Excess (Deficiency) of Receipts Over Disbursements (a - b)	(\$1,309,448)	\$2,920,655	\$1,611,207
d. Cash Balance Beginning of Month	\$6,338,962	\$3,418,307	\$3,418,307
e. Cash Balance End of Month (c + d)	\$5,029,514	\$6,338,962	\$5,029,514
			<u>Cumulative</u>
4. Profit/(Loss) from the Statement of Operations	(\$3,420,016)	(\$17,173,641)	(\$20,593,657)
5. Account Receivables (Pre and Post Petition)	\$62,966,434	\$65,783,902	
6. Post-Petition Liabilities	\$276,179,073	\$274,840,989	
7. Past Due Post-Petition Account Payables (over 30 days)	\$3,414,748	\$3,615,489	

At the end of this reporting month:

	<u>Yes</u>	<u>No</u>
8. Have any payments been made on pre-petition debt, other than payments in the normal course to secured creditors or lessors? (if yes, attach listing including date of payment, amount of payment and name of payee)	X	_____
9. Have any payments been made to professionals? (if yes, attach listing including date of payment, amount of payment and name of payee)	X	_____
10. If the answer is yes to 8 or 9, were all such payments approved by the court?	X	_____
11. Have any payments been made to officers, insiders, shareholders, relatives? (if yes, attach listing including date of payment, amount and reason for payment, and name of payee)	X	_____
12. Is the estate insured for replacement cost of assets and for general liability?	X	_____
13. Are a plan and disclosure statement on file?	_____	X
14. Was there any post-petition borrowing during this reporting period?	X	_____

15. Check if paid: Post-petition taxes X; U.S. Trustee Quarterly Fees X; Check if filing is current for: Post-petition tax reporting and tax returns: X.
(Attach explanation, if post-petition taxes or U.S. Trustee Quarterly Fees are not paid current or if post-petition tax reporting and tax return filings are not current.)

I declare under penalty of perjury I have reviewed the above summary and attached financial statements, and after making reasonable inquiry believe these documents are correct.

Date: 5-15-12


 Responsible Individual
 
 115386012051500000000002

Case No.: 11-53860-BTB
Monthly Operating Report
March 2012

Question 8: Detail listing of payments made on pre-petition debt

Date of Payment	Name of Payee	Amount of Payment	Reason for Payment
See attached Notes to Monthly Operating Report			

In re: Almerinda, Inc.
Case No.: 11-53860-BTB
Monthly Operating Report
March 2012

Question 9: Detail listing of payments to professionals

Date of Payment	Name of Payee	Amount of Payment	Reason for Payment
03/07/2012	Kaye Scholer	291,552.84	December 2011 billings
03/07/2012	Gordon Silver	207,583.29	Petition date through January 31, 2012 billings
03/15/2012	Snell & Wilmer	16,925.50	January 2012 billings
03/21/2012	Oppenheimer	369,048.91	Petition date through January 31, 2012 billings
03/21/2012	Seaport Group	222,646.15	Petition date through January 31, 2012 billings
03/27/2012	CRG Partners	51,956.00	Petition date through January 31, 2012 billings
03/27/2012	Kaye Scholer	212,442.57	January 2012 billings
03/28/2012	Kurtzmann Carson	96,181.13	December 2011 and January 2012 billings
03/28/2012	Marotta Gund	33,320.57	December 2011 billings
03/28/2012	Stoel Rives	50,973.37	Petition date through January 31, 2012 billings
03/30/2012	Milbank Tweed	118,003.46	Pre-petition billings

Case No.: 11-53860-BTB

Monthly Operating Report

March 2012

Question 11: Detail listing of payments to officers, insiders, shareholders, relatives

Date of Payment	Name of Payee	Amount of Payment	Reason for Payment
03/06/2012	Tim Lotspeich	2,500.00	Payroll
03/06/2012	Gary Willingham	623.00	Payroll
03/06/2012	Evan Ahern	7,692.31	Payroll
03/06/2012	Howard Brown	3,461.54	Payroll
03/06/2012	John Ahern	2,403.85	Payroll
03/06/2012	Terry Quattrocchi	1,346.15	Payroll
03/06/2012	Ryan Ahern	1,923.08	Payroll
03/06/2012	Fan Chou	1,923.08	Payroll
03/06/2012	Philip Keesling	240.38	Payroll
03/06/2012	Don Ahern	15,846.15	Payroll
03/06/2012	Kirk Hartle	3,846.15	Payroll
03/13/2012	Tim Lotspeich	2,500.00	Payroll
03/13/2012	Gary Willingham	623.00	Payroll
03/13/2012	Evan Ahern	7,692.31	Payroll
03/13/2012	Howard Brown	3,461.54	Payroll
03/13/2012	John Ahern	2,403.85	Payroll
03/13/2012	Terry Quattrocchi	1,346.15	Payroll
03/13/2012	Ryan Ahern	1,923.08	Payroll
03/13/2012	Fan Chou	1,923.08	Payroll
03/13/2012	Philip Keesling	240.38	Payroll
03/13/2012	Don Ahern	15,846.15	Payroll
03/13/2012	Kirk Hartle	3,846.15	Payroll
03/20/2012	Tim Lotspeich	2,500.00	Payroll
03/20/2012	Gary Willingham	623.00	Payroll
03/20/2012	Evan Ahern	7,692.31	Payroll
03/20/2012	Howard Brown	3,461.54	Payroll
03/20/2012	John Ahern	2,403.85	Payroll
03/20/2012	Terry Quattrocchi	1,346.15	Payroll
03/20/2012	Ryan Ahern	1,923.08	Payroll
03/20/2012	Fan Chou	1,923.08	Payroll
03/20/2012	Philip Keesling	240.38	Payroll
03/20/2012	Don Ahern	15,846.15	Payroll
03/20/2012	Kirk Hartle	3,846.15	Payroll
03/21/2012	Don Ahern	16,154.89	Payroll - December 2011 Profit commission
03/27/2012	Tim Lotspeich	2,500.00	Payroll
03/27/2012	Gary Willingham	623.00	Payroll
03/27/2012	Evan Ahern	7,692.31	Payroll
03/27/2012	Howard Brown	3,461.54	Payroll
03/27/2012	John Ahern	2,403.85	Payroll
03/27/2012	Terry Quattrocchi	1,346.15	Payroll
03/27/2012	Ryan Ahern	1,923.08	Payroll
03/27/2012	Fan Chou	1,923.08	Payroll
03/27/2012	Philip Keesling	240.38	Payroll
03/27/2012	Don Ahern	15,846.15	Payroll
03/27/2012	Kirk Hartle	3,846.15	Payroll

Case No.: 11-53860-BTB

Monthly Operating Report

March 2012

Question 11: Detail listing of payments to officers, insiders, shareholders, relatives

Date of Payment	Name of Payee	Amount of Payment	Reason for Payment
03/01/2012	DFA, LLC	781,378.50	Rent
03/01/2012	Philip Keesling	24,801.32	Rent
03/01/2012	Don & Paul, LLC	56,430.00	Rent
03/06/2012	Don Ahern	4,099.38	Employee loan repayments
03/06/2012	Xtreme Manufacturing	247,388.77	Parts, rerents, and equipment
03/06/2012	Ahern IT LLC	7,168.80	Fiber contract
03/08/2012	Xtreme Manufacturing	4,285.00	Parts
03/08/2012	Xtreme Financial	3,149.00	Pass through commission
03/12/2012	Fan Chou	29.00	Expense reimbursement
03/13/2012	Don Ahern	3,819.24	Employee loan repayments
03/13/2012	Xtreme Financial	714.20	Pass through commission
03/13/2012	Equipment Connections LLC	2,376.67	Contract consulting services and rental commission
03/14/2012	DFA, LLC	2,200.00	Rent for corporate housing
03/16/2012	Xtreme Manufacturing	344,174.64	Parts, rerents, and equipment
03/19/2012	Xtreme Manufacturing	1,332,567.00	Equipment
03/19/2012	Diamond A Equipment LLC	24,211.82	Parts
03/19/2012	Fan Chou	131.56	Expense reimbursement
03/20/2012	Don Ahern	3,080.16	Employee loan repayments
03/20/2012	Evan Ahern	3,280.60	Expense reimbursement
03/22/2012	Xtreme Manufacturing	430,018.96	Parts, rerents, and equipment
03/22/2012	Fanterior LLC	1,141.00	Parts
03/22/2012	Fan Chou	750.00	Car allowance
03/23/2012	Xtreme Financial	618.46	Pass through commission
03/26/2012	Evan Ahern	1,646.30	Expense reimbursement
03/26/2012	Diamond A Equipment LLC	3,057.92	Parts
03/26/2012	Fan Chou	67.92	Expense reimbursement
03/27/2012	Don Ahern	2,820.63	Employee loan repayments
03/27/2012	Don F Ahern Family LP	38,406.00	Rent
03/28/2012	Xtreme Manufacturing	255,996.42	Parts and equipment
03/28/2012	Fan Chou	4,873.31	Expense reimbursement
03/29/2012	Equipment Connections LLC	2,065.50	Contract consulting services
03/29/2012	Fan Chou	1,494.46	Expense reimbursement
03/30/2012	Enoch Stiff	10,000.00	Director's Fees
03/30/2012	Fan Chou	3,249.90	Expense reimbursement

STATEMENT OF OPERATIONS

(General Business Case)

For the Month Ended 03/31/12

	<u>Current Month</u>	
	<u>Actual</u>	<u>Cumulative (Case to Date)</u>
Revenues:		
1 Gross Sales	\$29,892,818	\$95,221,454
2 less: Sales Returns & Allowances		
3 Net Sales	\$29,892,818	\$95,221,454
4 less: Cost of Goods Sold (Schedule 'B')	\$0	
5 Gross Profit	\$29,892,818	\$95,221,454
6 Interest		
7 Other Income: <u>Other, net</u>	\$34,489	\$33,930
8		
9		
10 Total Revenues	\$29,927,307	\$95,255,384
Expenses:		
11 Compensation to Owner(s)/Officer(s)		
12 Salaries		
13 Commissions		
14 Contract Labor		
Rent/Lease:		
15 Personal Property		
16 Real Property		
17 Insurance		
18 Management Fees		
19 Depreciation	\$7,358,512	\$24,532,333
Taxes:		
20 Employer Payroll Taxes		
21 Real Property Taxes		
22 Other Taxes		
23 Other Selling		
24 Other Administrative		
25 Interest		
26 Other Expenses:		
27 Cost of equipment rental operations	\$14,638,506	\$47,650,038
28 Cost of rental equipment sales	\$895,280	\$2,384,653
29 Cost of new equipment sales and other	\$1,383,216	\$3,861,846
30 Selling, general & administrative	\$5,921,745	\$17,464,544
31 Lease exit costs	\$359,509	\$359,509
32		
33		
34 Interest expense	\$4,788,570	\$16,422,191
35 Total Expenses	\$35,345,338	\$112,675,114
36 Subtotal	(\$5,418,031)	(\$17,419,730)
Reorganization Items:		
37 Professional Fees	\$1,998,015	(\$3,163,527)
38 Provisions for Rejected Executory Contracts		
39 Interest Earned on Accumulated Cash from Resulting Chp 11 Case		
40 Gain or (Loss) from Sale of Equipment		
41 U.S. Trustee Quarterly Fees	\$0	(\$10,400)
42		
43 Total Reorganization Items	\$1,998,015	(\$3,173,927)
44 Net Profit (Loss) Before Federal & State Taxes	(\$3,420,016)	(\$20,593,657)
45 Federal & State Income Taxes		
46 Net Profit (Loss)	(\$3,420,016)	(\$20,593,657)

BALANCE SHEET
(General Business Case)
For the Month Ended 03/31/12

Assets		<u>From Schedules</u>	<u>Book Value</u>
Current Assets			
1	Cash and cash equivalents - unrestricted		
2	Cash and cash equivalents - restricted		\$5,029,514
3	Accounts receivable (net)	A	\$62,966,434
4	Inventory	B	\$26,728,236
5	Prepaid expenses		\$2,362,468
6	Professional retainers		\$524,422
7	Other: <u>Deposits</u>		\$3,901,777
8	<hr/>		
9	Total Current Assets		<u>\$101,512,851</u>
Property and Equipment (Book Value)			
10	Real property	C	\$0
11	Machinery and equipment	D	\$286,497,817
12	Furniture and fixtures	D	\$9,312,703
13	Office equipment	D	\$0
14	Leasehold improvements	D	\$27,975,624
15	Vehicles	D	\$20,907,357
16	Other: <hr/>	D	
17	<hr/>	D	
18	<hr/>	D	
19	<hr/>	D	
20	<hr/>	D	
21	Total Property and Equipment		<u>\$344,693,501</u>
Other Assets			
22	Loans to shareholders		
23	Loans to affiliates		
24	Debt issuance costs		\$8,614,459
25	Other		\$2,680,505
26	<hr/>		
27	<hr/>		
28	Total Other Assets		<u>\$11,294,964</u>
29	Total Assets		<u><u>\$457,501,316</u></u>

Liabilities and Equity
(General Business Case)

Liabilities From Schedules

Post-Petition

Current Liabilities

30	Salaries and wages		\$3,985,206
31	Payroll taxes		\$834,920
32	Real and personal property taxes		\$1,364,486
33	Income taxes		\$0
34	Sales taxes		\$2,231,351
35	Notes payable (short term)		
36	Accounts payable (trade)	A	\$15,386,775
37	Real property lease arrearage		
38	Personal property lease arrearage		
39	Accrued professional fees		
40	Current portion of long-term post-petition debt (due within 12 months)		
41	Other: Insurance and other		\$1,749,899
42	Interest payable (see attached notes to MOR)		\$9,198,015
43	Lease exit costs		\$1,437,605

44	Total Current Liabilities		<u>\$36,188,257</u>
----	----------------------------------	--	---------------------

45	Long-Term Post-Petition Debt, Net of Current Portion		<u>\$239,990,816</u>
----	---	--	----------------------

46	Total Post-Petition Liabilities		<u>\$276,179,073</u>
----	--	--	----------------------

Pre-Petition Liabilities

47	Secured claims	F	\$379,244,086
48	Priority unsecured claims	F	\$57,586
49	General unsecured claims	F	\$4,374,593
50	Total Pre-Petition Liabilities		<u>\$383,676,265</u>

51	Total Liabilities		<u>\$659,855,338</u>
----	--------------------------	--	----------------------

Equity (Deficit)

52	Retained Earnings/(Deficit) at time of filing		(\$184,866,047)
53	Capital Stock		\$5,915,214
54	Additional paid-in capital		
55	Cumulative profit/(loss) since filing of case		(\$20,593,657)
56	Post-petition contributions/(distributions) or (draws)		
57	Year end 2011 audit adjustments		(\$2,809,532)
58	Market value adjustment		

59	Total Equity (Deficit)		<u>(\$202,354,022)</u>
----	-------------------------------	--	------------------------

60	Total Liabilities and Equity (Deficit)		<u><u>\$457,501,316</u></u>
----	---	--	-----------------------------

SCHEDULES TO THE BALANCE SHEET
(General Business Case)

Schedule A

Accounts Receivable and (Net) Payable

Receivables and Payables Agings	<u>Accounts Receivable</u> <u>[Pre and Post Petition]</u>	<u>Accounts Payable</u> <u>[Post Petition]</u>	<u>Past Due</u> <u>Post Petition Debt</u>
0 -30 Days	\$26,707,228	\$11,972,027	
31-60 Days	\$14,343,016	\$3,334,742	
61-90 Days	\$6,780,357	\$80,006	\$3,414,748
91+ Days	\$18,137,218		
Total accounts receivable/payable	\$65,967,819	\$15,386,775	
Allowance for doubtful accounts	\$3,001,385		
Accounts receivable (net)	<u>\$62,966,434</u>		

Schedule B

Inventory/Cost of Goods Sold

<u>Types and Amount of Inventory(ies)</u>	<u>Inventory(ies)</u> <u>Balance at</u> <u>End of Month</u>	<u>Cost of Goods Sold</u>	
		Inventory Beginning of Month	
		Add -	
Retail/Restaurants -		Net purchase	
Product for resale		Direct labor	
		Manufacturing overhead	
Distribution -		Freight in	
Products for resale	\$26,728,236	Other:	
Manufacturer -			
Raw Materials			
Work-in-progress		Less -	
Finished goods		Inventory End of Month	
		Shrinkage	
Other - Explain		Personal Use	
TOTAL	<u>\$26,728,236</u>	Cost of Goods Sold	<u>\$0</u>

Method of Inventory Control

Do you have a functioning perpetual inventory system?

Yes X No _____

How often do you take a complete physical inventory?

- Weekly See attached Notes to MOR
- Monthly _____
- Quarterly _____
- Semi-annually _____
- Annually _____

Date of last physical inventory was See attached Notes to MOR

Date of next physical inventory is See attached Notes to MOR

Inventory Valuation Methods

Indicate by a checkmark method of inventory used.

Valuation methods -

- FIFO cost _____
- LIFO cost _____
- Lower of cost or market _____
- Retail method _____
- Other X
- Explain _____

See attached Notes to MOR

**Schedule C
Real Property**

Description	<u>Cost</u>	<u>Market Value</u>
NONE		
Total	\$0	\$0

**Schedule D
Other Depreciable Assets**

Description	<u>Cost</u>	<u>Book Value</u>
Machinery & Equipment -		
Rental equipment, net	\$286,497,817	\$286,497,817
Total	\$286,497,817	\$286,497,817
Furniture & Fixtures -		
Other property and equipment, net	\$9,312,703	\$9,312,703
Total	\$9,312,703	\$9,312,703
Office Equipment -		\$0
Total	\$0	\$0
Leasehold Improvements -		
Leasehold improvements, net	\$23,768,071	\$23,768,071
Construction in progress	\$4,207,553	\$4,207,553
Total	\$27,975,624	\$27,975,624
Vehicles -		
Transportation equipment, net	\$20,907,357	\$20,907,357
Total	\$20,907,357	\$20,907,357

STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS

Increase/(Decrease) in Cash and Cash Equivalents

For the Month Ended 03/31/12

	Actual Current Month	Cumulative (Case to Date)
Cash Receipts		
1 Rent/Leases Collected		
2 Cash Received from Sales	\$33,856,821	\$106,604,236
3 Interest Received		
4 Borrowings	\$30,129,496	\$324,718,106
5 Funds from Shareholders, Partners, or Other Insiders		
6 Capital Contributions		
7		
8		
9		
10		
11		
12 Total Cash Receipts	\$63,986,317	\$431,322,342
Cash Disbursements		
13 Payments for Inventory		
14 Selling		
15 Administrative		
16 Capital Expenditures	\$4,864,537	\$5,845,777
17 Principal Payments on Debt	\$33,366,760	\$343,082,304
18 Interest Paid	\$2,447,498	\$6,036,187
Rent/Lease:		
19 Personal Property		
20 Real Property	\$1,203,566	\$3,627,985
Amount Paid to Owner(s)/Officer(s)		
21 Salaries		
22 Draws		
23 Commissions/Royalties		
24 Expense Reimbursements		
25 Other		
26 Salaries/Commissions (less employee withholding)	\$6,769,219	\$19,366,342
27 Management Fees		
Taxes:		
28 Employee Withholding		
29 Employer Payroll Taxes	\$2,074,696	\$7,561,168
30 Real Property Taxes		
31 Other Taxes	\$2,217,588	\$9,168,650
32 Other Cash Outflows:		
33 Operating disbursements	\$6,162,597	\$16,864,787
34 Other selling, general, and administrative	\$2,748,725	\$5,651,407
35 Equipment held for sale	\$682,822	\$2,300,615
36 Insurance	\$656,077	\$3,147,759
37 Restructuring expenses	\$2,101,680	\$7,058,154
38 Total Cash Disbursements:	\$65,295,765	\$429,711,135
39 Net Increase (Decrease) in Cash	(\$1,309,448)	\$1,611,207
40 Cash Balance, Beginning of Period	\$6,338,962	\$3,418,307
41 Cash Balance, End of Period	\$5,029,514	\$5,029,514

In re: AHERN RENTALS, INC.
Case No.: 11-53860-BTB
MONTHLY OPERATING REPORT
GENERAL NOTES
MARCH 2012

Basis of Presentation

The financial statements and related information contained herein are unaudited, preliminary, and may not comply with generally accepted accounting principles in the United States of America ("U.S. GAAP") in all material respects. The unaudited financial statements have been derived from the books and records of the Debtor. The financial information furnished herein includes normal recurring adjustments necessary for a fair statement of the results for the period. The results of operations presented herein are not necessarily indicative of results that may be expected for any other period.

Method of Inventory Control and Accounting

Parts managers at each of Debtor's branches perform a daily cycle count of at least 1% of inventory (not including rental equipment) so that a full cycle count is completed in approximately 6 months. Branch managers perform a monthly inventory count of all rental equipment assigned to their branch. Additionally, Debtor's Internal Audit department performs test counts of inventories during routine branch audits and ensures compliance with Debtor's inventory policies.

Debtor's inventories (not including rental equipment) are valued at the lower of market or cost determined by the average cost method, except to new serialized equipment units held for sale, the cost of which is determined using the specific identification method.

Bank Accounts and Reconciliation – Schedule H

The Debtor has, on a timely basis, completed all bank account reconciliations in the ordinary course of business. Copies of bank statements, check registers, and reconciliations are available for inspections upon request by the United States Trustee's Office.

The Debtor's bank account structure is fairly complex and the amounts reflected as Cash in Bank on Debtor's Balance Sheet are comprised of either deposits in transit or amounts drawn on the DIP Credit Facility to fund for disbursements, and until the disbursement clear the bank, this funding will show as cash in bank. The structure of the Debtor's bank accounts is very much like a zero balance sweep structure wherein draws are made on the DIP credit facility to fund disbursements as they occur and the DIP credit facility is paid down as deposits clear the bank and are swept.

In re: AHERN RENTALS, INC.
Case No.: 11-53860-BTB
MONTHLY OPERATING REPORT
GENERAL NOTES
MARCH 2012

Interest payable

Interest payable included in the post-petition liabilities section of the Monthly Operating Report includes the following:

- Accrued and unpaid interest on the DIP revolving credit facility
- Interest accrued post-petition on the Debtor's first-lien last-out Term Loan ("Term Loan"). The Term Loan and interest accrued pre-petition on the Term Loan are included in Pre-petition liabilities – Secured Claims. The Debtor is authorized to pay post-petition interest on the Term Loan monthly in cash.
- Interest accrued post-petition on the Debtor's Second Priority Senior Secured Notes ("2nd Lien Notes"). The 2nd Lien Notes and interest accrued pre-petition on the 2nd Lien Notes are included in Pre-petition liabilities – Secured Claims.

It has not been determined by the Bankruptcy Court that all the debt of the Debtor is fully secured and hence may not be entitled to interest. However, in the interest of being conservative, and until such determination is made by the Bankruptcy Court, the financial statements reflect an interest accrual on all debt.

Payments made on pre-petition debt

The Debtor has paid prepetition obligations since the filing per first day orders and subsequent orders approved by the Bankruptcy Court. Such orders include but are not limited to: employees related obligations, shipping and warehouseman costs, selected customer practices costs, 503 b (9) claims, DIP financing costs and taxes.