

UNITED STATES BANKRUPTCY COURT
DISTRICT OF Delaware

In re Baxano Surgical Inc

Case No. 14-12545 July 2015
 Reporting Period: _____

MONTHLY OPERATING REPORT

File with Court and submit copy to United States Trustee within 20 days after end of month

Submit copy of report to any official committee appointed in the case.

REQUIRED DOCUMENTS	Form No.	Document Attached	Explanation Attached	Affidavit/Supplement Attached
Schedule of Cash Receipts and Disbursements	MOR-1			
Bank Reconciliation (or copies of debtor's bank reconciliations)	MOR-1a			
Schedule of Professional Fees Paid	MOR-1b			
Copies of bank statements				
Cash disbursements journals				
Statement of Operations	MOR-2			
Balance Sheet	MOR-3			
Status of Postpetition Taxes	MOR-4			
Copies of IRS Form 6123 or payment receipt				
Copies of tax returns filed during reporting period				
Summary of Unpaid Postpetition Debts	MOR-4			
Listing of aged accounts payable	MOR-4			
Accounts Receivable Reconciliation and Aging	MOR-5			
Debtor Questionnaire	MOR-5			

I declare under penalty of perjury (28 U.S.C. Section 1746) that this report and the attached documents are true and correct to the best of my knowledge and belief.

 Signature of Debtor

 Date

 Signature of Joint Debtor

 Date

 Signature of Authorized Individual*

8/2/15
 Date

John L Palmer, CTP
 Printed Name of Authorized Individual

Chief Restructuring Officer
 Title of Authorized Individual

*Authorized individual must be an officer, director or shareholder if debtor is a corporation; a partner if debtor is a partnership; a manager or member if debtor is a limited liability company.

Month	Jul-15 Combined Operating Accounts
Cash In	
Interest Income	
AR Cash In	66,172.44
Return of Deposits	36,412.87
Legal Settlement	-
Total Cash In	<u>102,585.31</u>
Cash Out	
Salaries & Benefits	8,250.00
Bank Fees	<u>389.35</u>
Subtotal - Personnel Costs	8,639.35
AP/Vendor Payments	632.51
Sales Tax	
Software Licenses	
Subtotal - Operating Costs	<u>632.51</u>
Total Operating and Personnel	<u>9,271.86</u>
Tamarack Associates	12,265.12
Payment of Hercules Debt	
Stevens & Lee	
Investment Banker Fees & Exp	
Utility Deposits	
Committee's Professionals	
Noticing Agent	
US Trustee Fees	<u>4,875.00</u>
Subtotal Finance & Restructuring	<u>17,140.12</u>
TOTAL CASH OUT	<u>26,411.98</u>
CASH FLOW SUMMARY	
Cash Beginning of Month	129,445.11
Cash In	102,585.31
Cash Out	26,411.98
Cash End of Month	205,618.44

Cash Receipts	First Citizens Operating	First Citizens New Operating	
July 2015 Cash Flow			Total
Cash Beginning of Period	28,445.11	101,000.00	129,445.11
Prepetition AmEx Balance			-
Amex Payment Made			-
Landlord Debt			-
Cash Available to Debtor	28,445.11	-	28,445.11
Cash In	-		
Transfer from Operating	(17,000.00)	17,000.00	-
AR Cash In	2,507.00	63,665.44	66,172.44
Return of Deposits		36,412.87	36,412.87
		-	-
		-	-
		-	-
		-	-
		-	-
Total Cash In	(14,493.00)	117,078.31	102,585.31
Cash Out	12,654.47	13,757.51	26,411.98
End of Month Cash	1,297.64	204,320.80	205,618.44

Statement of Operations
July 2015**Revenue**

Revenue	-
Cost of Goods	-
Net Revenue	-
Gross Margin	0%

Operating Expenses

Wages, Commissions, Benefits	8,250.00
Office Expenses	632.51
Travel & Entertainment	
Insurance	-
Other G&A	389.35
Lease & Rental	-
Tax	-
Advertising	
Shipping	
Repair & Maintenance	
Total Operating Expense	9,271.86
Net Operating Expense	(9,271.86)

Other Expenses

	-
Restructuring Expense	6,134.04
Total Other Expenses	6,134.04

Net Loss (15,405.90)

Assets	Opening Balance	11/30/14	12/31/14	1/31/15	2/2/15
Current assets:					
Cash and cash equivalents	489,973.20	606,941.33	445,800.79	335,865.97	360,000.00
Accounts receivable, net of allowances	2,611,523.78	2,373,777.90	2,108,633.32	1,812,792.74	1,090,000.00
Inventory	6,885,332.28	6,760,574.04	6,620,030.85	-	-
Prepaid expenses and other assets	751,440.63	561,906.86	499,055.57	443,811.57	-
Total current assets	10,738,269.89	10,303,200.13	9,673,520.53	2,592,470.28	1,450,000.00
Property and equipment, net	1,583,646.18	1,477,646.18	1,377,422.38	-	-
Intangible assets, net	14,435,091.68	14,352,685.31	14,270,278.94	-	-
Total assets	26,757,007.75	26,133,531.62	25,321,221.85	2,592,470.28	1,450,000.00
Liabilities and Stockholders' Equity (Deficit)					
Current liabilities:					
Accounts payable	-	134,345.86	365,460.87	13,165.98	360,000.00
Accrued Payroll	-	199,425.64	70,156.46	206,962.22	-
Accrued Interest	-	94,363.32	94,363.32	-	-
Accrued Taxes	-	16,116.64	52,794.51	9,380.05	-
Secured Debt	7,305,547.12	7,305,547.12	7,405,547.12	1,269,031.12	440,000.00
Total current liabilities	7,305,547.12	7,749,798.58	7,988,322.28	1,498,539.37	800,000.00
Pre Petition Liabilities					
PP Unsecured Creditors	21,243,952.60	21,243,952.60	21,221,298.72	21,221,298.72	21,220,000.00
PP Priority	251,564.29	251,564.29	251,564.29	251,564.29	250,000.00
PP Distributor Commissions *	320,689.37	320,689.37	13,480.00	-	-
PP Sales Taxes	84,706.00	57,448.74	-	-	-
Total Pre Petition Liabilities	21,900,912.26	21,873,655.00	21,486,343.01	21,472,863.01	21,470,000.00
Total Liabilities	29,206,459.38	29,623,453.58	29,474,665.29	22,971,402.38	22,870,000.00
Shareholders Equity	(2,449,451.63)	(3,489,921.96)	(4,153,443.44)	(20,378,932.10)	(20,820,000.00)
Changes in Equity		(1,040,470.33)	(663,521.48)	(16,225,488.66)	(440,000.00)

* Not included in unsecured claim

Assets	4/30/15	5/31/15	6/30/15	7/31/15
Current assets:				
Cash and cash equivalents	210,238.89	15,773.28	129,445.11	20,000.00
Accounts receivable, net of allowances	598,868.45	598,868.45	340,809.39	340,809.39
Inventory				
Prepaid expenses and other assets				
Total current assets	809,107.34	614,641.73	470,254.50	540,809.39
Property and equipment, net				
Intangible assets, net				
Total assets	809,107.34	614,641.73	470,254.50	540,809.39
Liabilities and Stockholders' Equity (Deficit)				
Current liabilities:				
Accounts payable	392,392.47	392,392.47	382,213.81	382,213.81
Accrued Payroll	-	-	-	-
Accrued Interest	-	-	-	-
Accrued Taxes	-	-	-	-
Secured Debt	113,901.20	51,901.20	-	-
Total current liabilities	506,293.67	444,293.67	382,213.81	382,213.81
Pre Petition Liabilities				
PP Unsecured Creditors	21,221,298.72	21,221,298.72	21,221,298.72	21,221,298.72
PP Priority	251,564.29	153,452.00	153,452.00	153,452.00
PP Distributor Commissions *	-	-	-	-
PP Sales Taxes	-	-	-	-
Total Pre Petition Liabilities	21,472,863.01	21,374,750.72	21,374,750.72	21,374,750.72
Total Liabilities	21,979,156.68	21,819,044.39	21,756,964.53	21,756,964.53
Shareholders Equity	(21,170,049.34)	(21,204,402.66)	(21,286,710.03)	(21,286,710.03)
Changes in Equity	(342,680.41)	(34,353.32)	(82,307.37)	(82,307.37)

* Not included in unsecured claim

US Trustee Fee Reconciliation

	Disbursements	US Trustee Fees Due	US Trustee Fees Paid
November Post Petition	519,176.15		
December	1,454,702.12		
Total 4th QTR 2014	1,973,878.27	6,500.00	6,500.00
January	8,155,158.94		
February	1,598,763.51		
March	26,411.98		
Total 1st QTR 2015	9,780,334.43	13,000.00	13,000.00
April	26,411.98		
May	189,286.37		
June	26,411.98		
Total 2nd QTR 2015	242,110.33	4,875.00	4,875.00
July	26,411.98		
August			
September			
Total 3rd QTR 2015	26,411.98		
Total Disbursements	12,022,735.01	24,375.00	24,375.00