UNITED STATES BANKRUPTCY COURT
DISTRICT OF NEW JERSEY

In Re:
Dots, LLC, et al.[i]
Debtors

Chapter 11
Case Number: 14-11016 (DHS)
Jointly Administered
Hon. Donald H. Steckroth

Monthly Operating Report
For the Period July 6, 2014 through Aug 2, 2014

Required Documents	Form No.	Documents Complete	Explanation Attached	Debtors' Statement
Schedule of Cash Receipts and Disbursements	MOR-1	X		
Bank Reconciliation (or copies of debtor's bank reconciliations)	MOR-1a			X
Schedule of Professional Fees and Expenses Paid	MOR-1b	X		
Copies of bank statements Cash disbursements journals				
Statement of Operations	MOR-2	X		
Balance Sheet	MOR-3	X		
Status of Post-Petition Taxes	MOR-4			X
Summary of Unpaid Post-Petition Accounts Payable	MOR-4	X		
Accounts Receivable Reconciliation and Aging	MOR-5	X		
Debtor Questionnaire	MOR-5	X		

I declare under penalty of perjury (28 U.S.C. Section 1746) that the information contained in this monthly operating report (including attached schedules) is true and correct to the best of my knowledge, information and belief. Information included in this monthly operating report has been accumulated by Joseph Catalano, the Debtors' associate, based on the work of Pricewaterhouse Coopers, LLP, through the period 7/5/14 and on the financial information provided by the Debtors. I have executed this document solely as a board member of the Debtors and in reliance on the information supplied to me.

08/20/2014

Edward Bond
Director
Dots, LLC

Date

Notes:

i. Includes IPC/Dots LLC Case No. 14-11017 (DHS) and Dots Gift LLC Case No. 14-11018 (DHS), non-operating Debtor entities. (Dots, LLC, et al) On February 28, 2014, the Debtors completed the court-approved sale of its inventory to Gordon Brothers Retail Partners, LLC ("GB"). During the period March through May, the Debtors completed the court-approved assignment and transfer of certain unexpired leases of non-residential real property to Rainbow Southeast Leasing, Inc.; Duluth (Gwinnett) SSR LLC; Charlotte (Archdale) UY, LLC; Greenville (Woodruff) WMB, LLC; RPAI Southwest Management LLC; RPAI US Management LLC; RioCan Austin Southpark Meadows II Limited Partnership; and RioCan Grand Prairie Southwest Crossing Limited Partnership. In addition, during the period March through June, the Debtors completed various sales of furniture and fixtures owed at corporate headquarters and store locations. The financial information contained herein reflects the impact of the sale to the best of the Debtors' knowledge, pending final reconciliation and further adjustments.

The information contained herein is provided to fulfill the requirements of the Office of the United States Trustee. All information contained herein is unaudited and is subject to future adjustment. Certain assumptions have been made as noted herein. The unaudited consolidated financial statements presented herein have been derived from the Debtors' books and records. Certain financial information, however, has not been subject to procedures that would typically be applied to financial information presented in accordance with US GAAP, and upon the application of such procedures, the Debtors believe that the financial information could be subject to further changes, and these changes could be material. Nothing contained in this Monthly Operating Report shall constitute a waiver of any of the Debtors' rights or an admission with respect to their Chapter 11 Proceedings (as defined herein), including, but not limited to, matters involving objections to claims, substantive consolidation, equitable subordination, defenses, characterization or re-characterization of contracts, assumption or rejection of contracts under the provisions of chapter 3 of Title 11 of the United States Code (the "Bankruptcy Code") and/or causes of action under the provisions of chapter 5 of the Bankruptcy Code or any other relevant applicable laws to recover assets or avoid transfers.

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Dots LLC Bank Accts — Reporting Prd: Aug 02,2014

CASH FLOW

	7/6/2014 - 8/2/2014	Cumulative Filing to Date
Receipts		
Cash Sales		29,397,449
Inventory Liquidation Proceeds		25,929,437
Collection of GOB Sale Taxes		3,813,422
Lease Sale Proceeds		2,071,115
GB Reimbursements	630,688	17,539,635
Other	164,067	417,347
Total Receipts	794,755	79,168,405
Disbursements		
Merchandise - Pre-petition		504,342
Merchandise - Post-petition		11,799,285
Post-petition AP Reserve		-
Non-Merchandise / Miscellaneous		3,950,563
Rent	316,345	3,119,700
Payroll	1,946	10,472,089
Sales Taxes		6,626,845
Cigna Med & Flex	13,176	1,472,750
CC Fees / Tax Distros / Other		20,240
Less: Checks Written		(18,004,090)
Plus: Checks Cleared		18,044,224
Post-Liquidation GB-Reimbursed Costs		16,936,457
Corporate/DC Occupancy Costs	1,158	924,110
Total Operating Disbursements	332,625	55,866,516
Paydown of DIP	1,728,352	21,328,904
Cash Interest	88,899	874,327
DIP Fees		431,570
Deposits		1,116,105
KEIP		-
Professional Fee Escrow		1,388,750
Morgan Lewis (Salus Counsel)		544,865
GRL (Lender Agent)		158,299
GUC Escrow		262,500
UST/Other Professionals	90,000	370,650
Total Non-Operating Disbursements	1,907,251	26,475,970
Total Disbursements	2,239,876	82,342,486
Net Cash Flow	(1,445,121)	(3,174,081)

MOR-1

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Dots LLC Bank Accts

MOR-1a

Debtors Statement with respect to Bank Account Reconciliations, Bank Statements and Cash Disbursements Journal

For the Period July 6, 2014 through Aug 2, 2014

Bank Account Reconciliations & Cash Disbursement Journals

The Debtors affirm that bank reconciliations have been prepared for all open and active bank accounts to the Debtor's books as of Aug 2, 2014 without exception. The Debtors affirm that within its financial accounting records, check registers and/or disbursement journals are maintained for each disbursement account.

Bank Statements

The Debtors affirm that bank statements for all open and active bank accounts are retained by the Debtors and will be available upon request. The

Bank	Account Number	8/2/2014
IBC Bank	XXXXXX5883	319,928
Citibank	XXXXXX4093	225,581
Key Bank - Operating	XXXXXXXX0417	181,609
Key Bank - Main	XXXXXXXX6900	-
Key Bank - Disbursment	XXXXXXXX7671	-
Key Bank - Letter of Credit	XXXXXXXX8924	15,271
JP Morgan Chase - Medical	XXXXXX7372	147,643
JP Morgan Chase - Flex	XXXXXX7399	1,688
Key Bank - Dots Gift	XXXXXXXX2492	1,440
Key Bank - GUC	XXXXXXXX1224	262,500
Key Bank - Utility Deposits	XXXXXXXX1174	161,203
Key Bank - Sales Tax	XXXXXXXX1216	202,550
Totals		1,519,413

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Dots LLC Bank Accts Reporting Prd: Aug 02,2014

Professional Fees Paid

July 2014

Professional	Amounts Paid This Period			Previous Unapplied Retainer	Cumulative Amounts Paid Since Petition		
	Fees	Expenses	Total		Fees	Expenses	Total
Lowenstein Sandler LLP	-	-	-	261,621	762,050	14,571	776,621
Lowenstein Sandler LLP (Escrow Acct)	90,000		90,000 *				
PricewaterhouseCoopers LLP	-	-	-		493,663	27,587	521,250
Donlin Recano & Company		-	-	15,000	90,000	-	105,000
FTI Consulting, Inc.	-	-	-		90,419	237	90,656
Otterbourg Steindler Houston & Rosen PC	-	-	-		118,175	3,669	121,844
Total Professional Fees and Expenses	90,000	-	90,000		1,554,307	46,064	1,615,371

*** Payment to escrow for professionals fees of $40,000 to Donlin Recano and $50,000 to the Creditors Commmitee, paid from the escrow August 6, 2014**

**** Totals adjusted for previously unapplied retainers**

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Statement of Operations(2)

Dots, LLC Operating Results
Jan 21- Aug 2, 2014

	7/5/14 - 8/2/14	Cumulative Filing to Date
Net Sales		25,340,982
COGS		15,853,593
Gross Margin		9,487,389
Shrink	-	578,223
DC Expenses	-	494,815
Payroll	1,946	6,998,424
Payroll Taxes and Benefits	13,176	1,404,278
Supplies	-	100,656
Repairs and Maintenance	-	157,732
Utilities	-	973,987
Trash Removal	-	99,989
Marketing	-	270,209
Security	-	45,740
Employee Activities	-	2,668
Travel & Entertainment	-	130,308
Purchased Services	90,000	407,561
Merchandising Costs	-	4,900
Controllable Other	18	97,037
Rent	-	3,408,181
Rent Extras	-	974,223
Insurance	-	171,544
Non-Controllable Other	-	89,006
Cash/Banking Fees	1,158	303,047
Other Income	-	(1,349,094)
Other Expenses	-	357,758
Taxes	-	33,760
Interest Expense	88,899	646,744
Depreciation & Amortization	-	1,329,661
Reorganization Items	(154,218)	34,273,003
Total Operating Expenses	40,979	52,004,361
Net Income (Loss)	(40,979)	(42,516,972)

MOR-2

[2] This consolidated statement of income has been presented in a manner consistent with historical external financial reporting and would be unduly burdensome for the Estate to produce in a different or modified format.

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Dots, LLC Balance Sheet (1)
as of Month End

	8/2/2014
ASSETS	
Cash & Equivalents	$ 2,759,938
Merchandise Inventory	-
Inventory Reserve	-
Prepaid Merchandise	-
Gordon Brothers Receivable	-
Other Current Assets	3,649,022
Current Assets	6,408,960.1
Property & Equipment, Net	-
Goodwill	-
Intangible Assets	-
Other Assets	124,726
Total Assets	$ 6,533,686
LIABILITIES	
DIP Financing	9,075,071
Merchandise Payables	2,420,273
Expense Payables	982,695
Accrued Expenses	82,683
Gordon Brothers Payable	-
Current Liabilities	12,560,722
Liabilities Subject to Compromise- Secured	17,100,818
Liabilities Subject to Compromise- Unsecured	37,683,381
Long-Term Liabilities	54,784,198
Total Liabilities	67,344,920
MEMBERS' EQUITY	
Stock	56,609,310
Retained Earnings	(117,420,542)
Total Members' Equity	(60,811,233)
Total Liabilities & Members' Equity	$ 6,533,686

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[1] This consolidated balance sheet has been presented in a manner consistent with historical external financial reporting and would be unduly burdensome for the Estate to produce in a

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MOR-4
Debtors' Statement with respect to Status of Post-Petition Taxes
As of Aug 2, 2014

The Debtors have received approval to pay prepetition tax and fee obligations, including, without limitation, sales, use and excise taxes, franchise taxes, real and property taxes, and certain other taxes due in the normal course of business through certain First Day Motions. As such, the applicable taxes had been paid when due except for amounts that are in dispute, if any. The Debtors have filed their 2013 Federal and State income tax returns. All other post-petition tax obligations to the proper taxing authorities are current. No post-petition tax returns were required to be filed during the current period.

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AP Aging - Aug. 2, 2014

	Age				
	0-30	31-60	61-90	91 & Over	TOTAL
Merchandise Payables	-	-	-	2,420,273	2,420,273
Expense Payables	-		786,151	196,538	982,689
%	0%	0%	23%	77%	100%

MOR 4-(Cont)

** The debtors are currently in the process of reconciling post-petition AP balances with vendors, which may or may not be in dispute.*

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Reporting Prd 08/02/2014

DEBTOR QUESTIONNAIRE

Must be completed each month	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.	N/A	N/A
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	

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Dots, LLC et al.
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ACCOUNTS RECEIVABLE RECONCILIATION AND AGING

Accounts Receivable Reconciliation	Amount	
Total Accounts Receivable at the beginning of the reporting period	-	-
+ Amounts billed during the period	-	-
- Amounts collected during the period	-	-
Total Accounts Receivable at the end of the reporting period	-	-
Accounts Receivable Aging	**Amount**	
0 - 30 days old	-	-
31 - 60 days old	-	-
61 - 90 days old	-	-
91+ days old	-	-
Total Accounts Receivable	-	-
Amount considered uncollectible (Bad Debt)	-	-
Accounts Receivable (Net)	-	-

* Note: credit card A/R has been included in "Cash & Equivalents" on the balance sheet.

MOR 3a