

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

In re Flat Out Crazy, LLC DIP

Debtor

Case No. 13-22094

Reporting Period: August 29, 2013 to October 2, 2013

Federal Tax I.D. # 27-0440160

CORPORATE MONTHLY OPERATING REPORT

File with the Court and submit a copy to the United States Trustee within 20 days after the end of the month and submit a copy of the report to any official committee appointed in the case.

(Reports for Rochester and Buffalo Divisions of Western District of New York are due 15 days after the end of the month, as are the reports for Southern District of New York.)

REQUIRED DOCUMENTS	Form No.	Document Attached	Explanation Attached
Schedule of Cash Receipts and Disbursements	MOR-1	Y	
Bank Reconciliation (or copies of debtor's bank reconciliations)	MOR-1 (CONT)	Y	
Copies of bank statements			
Cash disbursements journals			
Statement of Operations	MOR-2	Y	
Balance Sheet	MOR-3	Y	
Status of Post-petition Taxes	MOR-4	Y	
Copies of IRS Form 6123 or payment receipt			
Copies of tax returns filed during reporting period			
Summary of Unpaid Post-petition Debts	MOR-4	Y	
Listing of Aged Accounts Payable			
Accounts Receivable Reconciliation and Aging	MOR-5	Y	
Taxes Reconciliation and Aging	MOR-5	Y	
Payments to Insiders and Professional	MOR-6	Y	
Post Petition Status of Secured Notes, Leases Payable	MOR-6		
Debtor Questionnaire	MOR-7	Y	

Prepared by: Robert Pape

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 Authorized Individual*

Date

Printed Name of Authorized Individual

Date

*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.



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SCHEDULE OF CASH RECEIPTS AND DISBURSEMENTS

Amounts reported should be from the debtor's books and not the bank statement. The beginning cash should be the ending cash from the prior month or, if this is the first report, the amount should be the balance on the date the petition was filed. The amounts reported in the "CURRENT MONTH - ACTUAL" column must equal the sum of the four bank accounts columns. Attach copies of the bank statements and the cash disbursements journal. The total disbursements listed in the disbursements journal must equal the total disbursements reported on this page. A bank reconciliation must be attached for each account. [See MOR-1 (CONT)]

	BANK ACCOUNTS																CURRENT MONTH ACTUAL/TOTAL OF ALL ACCOUNTS
ACCOUNT NUMBER (LAST 4)	13-22094	13-22093	13-22095	13-22096	13-22096	13-22098	13-22099	13-22100	13-22101	13-22102	13-22103	13-22104	13-22105	13-22106	13-22107		
CASH BEGINNING OF MONTH	386,175																386,175
RECEIPTS																	
CREDIT CARD SALES																	
STORE CASH SALES																	
REBATES, COSTCO SALES, E-CERTIFICATES																	
DIP Loan (Hillstreet)																	
ESCROW DEPOSITS NOTE A:																	
OTHER (True up of Bank Acct to Outstanding Cks)																	
TRANSFERS (FROM DIP ACCTS)																	
TOTAL RECEIPTS																	
DISBURSEMENTS																	
NET PAYROLL																	
PAYROLL TAXES																	
PAYROLL 401K																	
SALES, USE, & OTHER TAXES																	
TAXES AND LICENSES																	
VENDOR TRADE PAYMENT	34,920																34,920
FOOD PURCHASES																	
SECURED RENTAL/LEASES																	
INSURANCE PROPERTY & LIABILITY																	
INSURANCE MEDICAL DENTAL																	
PAYMENTS TO COD ACCOUNTS (Bk Tels)																	
PAYROLL FEES																	
VENDOR DEPOSITS AND WIRE PMTS																	
OTHER (ATTACH LIST)																	
TRANSFERS (TO DIP ACCTS)																	
TRANSFERS (TO Concentration ACCT)																	
CONTROLLER 1099	3,575																3,575
U.S. TRUSTEE QUARTERLY FEES																	
COURT COSTS																	
TOTAL DISBURSEMENTS	38,495																38,495
NET CASH FLOW (RECEIPTS LESS DISBURSEMENTS)	(38,495)																(38,495)
CASH - END OF MONTH	347,680																347,680

* COMPENSATION TO SILE PROPRIETORS FOR SERVICES RENDERED TO BANKRUPTCY ESTATE

Note (A) Escrow Account includes \$200,000 Wind Down expenses, US Trustee Fees and Other Liabilities

THE FOLLOWING SECTION MUST BE COMPLETED

DISBURSEMENTS FOR CALCULATING U.S. TRUSTEE QUARTERLY FEES (FROM CURRENT MONTH ACTUAL COLUMN)

TOTAL DISBURSEMENTS	
LESS: TRANSFERS TO OTHER DEBTOR IN POSSESSION ACCOUNTS	Not Applicable
PLUS: ESTATE DISBURSEMENTS MADE BY OUTSIDE SOURCES (i.e. from escrow accounts)	
TOTAL DISBURSEMENTS FOR CALCULATING U.S. TRUSTEE QUARTERLY FEES	38,495

Continuation Sheet for MOR-1

A bank reconciliation must be included for each bank account. The debtor's bank reconciliation may be substituted for this page.

(Bank account numbers may be redacted to last four numbers.)

****Adjusted Bank Balance" must equal "Balance per Books"**

Note (A) Escrow Account includes \$200,000 Wind Down expenses, US Trustee Fees and Other Liabilities

OTHER

STATEMENT OF OPERATIONS (Income Statement)

The Statement of Operations is to be prepared on an accrual basis. The accrual basis of accounting recognizes revenue when it is realized and expenses when they are incurred, regardless of when cash is actually received or paid.

REVENUES	MONTH	CUMULATIVE - FILING TO DATE
Gross Revenues	-	13,456,101
Less: Returns and Allowances	-	971,317
Net Revenue	-	12,484,784
COST OF GOODS SOLD		
Beginning Inventory	-	-
Add: Purchases	-	-
Add: Cost of Labor	-	3,490,080
Add: Other Costs (attach schedule)	-	3,931,480
Less: Ending Inventory	-	-
Cost of Goods Sold	-	7,421,560
Gross Profit	-	5,063,224
OPERATING EXPENSES		
Advertising	-	-
Auto and Truck Expense	-	-
Bad Debts	-	-
Contributions	-	-
Employee Benefits Programs	-	133,408
Officer/Insider Compensation*	-	-
Insurance	-	56,400
Management Fees/Bonuses (Store Management Bonus)	-	39,407
Office Expense	-	12,685
Pension & Profit-Sharing Plans	-	-
Repairs and Maintenance	-	139,421
Rent and Lease Expense (CAM, and Equipment Rentals)	-	1,362,432
Salaries/Commissions/Fees	-	-
Supplies	-	384,780
Taxes - Payroll	-	537,832
Taxes - Real Estate	-	-
Taxes - Other	-	-
Travel and Entertainment	-	-
Utilities	-	361,868
Other (attach schedule)	-	777,275
Total Operating Expenses Before Depreciation	-	3,805,508
Depreciation/Depletion/Amortization	-	752,254
Net Profit (Loss) Before Other Income & Expenses	-	505,462
OTHER INCOME AND EXPENSES		
OTHER G & A Expenses(attach schedule)	38,495	1,485,418
Other Income (attach schedule)	-	8,443
Interest Expense	-	394,291
Other Expense (attach schedule)	-	12,287,350
Net Profit (Loss) Before Reorganization Items	(38,495)	(13,653,154)
REORGANIZATION ITEMS		
Professional Fees	-	-
U. S. Trustee Quarterly Fees (From G & A Summary Below)	-	35,100
Interest Earned on Accumulated Cash from Chapter 11 (see continuation sheet)	-	-
Gain (Loss) from Sale of Equipment	-	-
Other Reorganization Expenses (attach schedule)	-	-
Total Reorganization Expenses	-	35,100
Income Taxes	-	-

Net Profit (Loss)	(38,495)	(13,688,254)
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*"Insider" is defined in 11 U.S.C. Section 101(31).

BREAKDOWN OF "OTHER" CATEGORY**CGS OTHER COSTS**

Food Purchases	-	3,611,192
Liquor Purchases	-	320,288
Total	-	3,931,480

OTHER

Contract Services(Armored Car, Cleaning, HVAC Service)	-	184,156
Workmans Compensation	-	72,276
Credit Card Fees	-	242,340
Equipment Rentals	-	54,468
Linens	-	77,937
Taxes & Licenses	-	55,957
Miscellaneous Costs	-	90,141
Total Other	-	777,275

OTHER G & A EXPENSES

G & A Salaries		421,119
Officer/Insider Compensation*	-	196,708
G & A Taxes - Payroll		47,167
G & A Travel & Entertainment		127,396
G & A Employee Benefits	-	26,974
G & A Insurance		18,328
G & A Office Expense		111,382
G & A Payroll, IT, Other Outside Services(US Trustee Fees shown above)	34,418	399,621
G & A Other	4,077	136,723
G & A Rounding		
Total Operational G & A Expense	38,495	1,485,418

OTHER INCOME

OTHER (True up of Bank Acct to Outstanding Cks)		8,443
Total Other Income	-	8,443

OTHER EXPENSES

Closed Store Expenses		(51,900)
Closing Down Costs and Sale of Business Transactions		12,339,250
Total Other Expenses	-	12,287,350

OTHER REORGANIZATION EXPENSES

Reorganization Items - Interest Earned on Accumulated Cash from Chapter 11:

Interest earned on cash accumulated during the chapter 11 case, which would not have been earned but for the bankruptcy proceeding, should be reported as a reorganization item.

BALANCE SHEET

The Balance Sheet is to be completed on an accrual basis only. Pre-petition liabilities must be classified separately from post-petition obligations.

ASSETS	BOOK VALUE AT END OF CURRENT REPORTING MONTH	BOOK VALUE AT END OF PRIOR REPORTING MONTH	BOOK VALUE ON PETITION DATE OR SCHEDULED
CURRENT ASSETS			
Unrestricted Cash and Equivalents	51,766	90,261	700,000
Restricted Cash and Cash Equivalents (see continuation sheet)	295,914	295,914	-
NOTE B			
Other Receivable (Net) (attach schedule) NOTE A:	172,866	172,866	345,000
Notes Receivable			
Inventories	-	-	-
Prepaid Expenses (attach schedule) NOTE A:	107,317	107,317	486,000
Professional Retainers			
Other Current Assets (attach schedule)			
TOTAL CURRENT ASSETS	627,863	666,358	1,531,000
PROPERTY & EQUIPMENT			
Real Property and Improvements			
Machinery and Equipment			
Furniture, Fixtures and Office Equipment	-	-	10,124,000
Leasehold Improvements	-	-	27,202,000
Vehicles	-	-	-
Less: Accumulated Depreciation	-	-	(16,118,000)
TOTAL PROPERTY & EQUIPMENT	-	-	21,208,000
OTHER ASSETS			
Amounts due from Insiders*	-	-	-
Other Assets (attach schedule) NOTE A:	188,621	188,621	3,657,000
TOTAL OTHER ASSETS	-	-	-
TOTAL ASSETS	816,484	854,979	26,396,000
LIABILITIES AND OWNER EQUITY	BOOK VALUE AT END OF CURRENT REPORTING MONTH	BOOK VALUE AT END OF PRIOR REPORTING MONTH	BOOK VALUE ON PETITION DATE
LIABILITIES NOT SUBJECT TO COMPROMISE (Post-petition)			
Accounts Payable	24,000	24,000	6,680,000
Taxes Payable (refer to FORM MOR-4)	-	-	-
Accrued Payroll and Related	-	-	279,000
Short Term Debt	TBD	TBD	6,250,000
Interest in Kind	TBD	TBD	658,000
Other Accrued Expenses (attach schedule) NOTE A:	25,000	25,000	3,166,000
Short Term Loan	-	-	3,065,000
Capital Leases	-	-	3,588,000
Secured Debt / Adequate Protection Payments	-	-	-
Escrow Account Liabilities NOTE B:	308,836	308,836	-
Deferred Rent	-	-	8,391,000
Leasehold Interest	-	-	1,488,000
Warrants Liability	-	-	145,000
Other Liability			499,000
Amounts Due to Insiders*			
Other Post-petition Liabilities (attach schedule)			
TOTAL POST-PETITION LIABILITIES	357,836	357,836	34,209,000
LIABILITIES SUBJECT TO COMPROMISE (Pre-Petition)			
Secured Debt			
Priority Debt			
Unsecured Debt			
TOTAL PRE-PETITION LIABILITIES	-	-	-
TOTAL LIABILITIES	357,836	357,836	34,209,000
OWNERS' EQUITY			
FOC Series A Preferred Units	-	-	8,758,000
FOC Series B Preferred Units	-	-	4,296,000
FOC Series C Preferred Units	-	-	5,407,000
Owner's Equity Account			
Retained Earnings - Pre-Petition			(26,274,000)

Debtor

Reporting Period: August 29, 2013 to October 2, 2013

Retained Earnings - Post-petition(Before ST Debt Adj)	385,172	423,667	-
Adjustments to Owner Equity (<i>attach schedule</i>)	73,476	73,476	-
Post-petition Contributions (<i>attach schedule</i>)	-	-	-
NET OWNERS' EQUITY	458,648	497,143	(7,813,000)
TOTAL LIABILITIES AND OWNERS' EQUITY	816,484	854,979	26,396,000

**"Insider" is defined in 11 U.S.C. Section 101(31).

BALANCE SHEET - continuation section

ASSETS	BOOK VALUE AT END OF CURRENT REPORTING MONTH	BOOK VALUE AT END OF PRIOR REPORTING MONTH	BOOK VALUE ON PETITION DATE
Other Receivables (Net)			
Other Receivables-Coke Rebate, Costco, CAM Credit Acct 1210	-	-	141,766
Larry Freed Note Rec. re: Keene Addington Settlement Acct 1235	127,178	127,178	127,178
Employee Receivables Acct 1215	-	-	2,614
Employee Receivables Greg Carey COO Acct 1215	45,688	45,688	45,688
Take-Out-Taxi Receivable Acct 1220	-	-	27,754
Other Receivables (Net)	172,866	172,866	345,000

Prepaid Expenses

Insurance Audit Liberty Mutual 2013	40,000	40,000	-
Insurance Audit Liberty Mutual 2012	67,317	67,317	-
Prepaid Ins and D & O Ins Acct 1520	-	-	176,575
Prepaid Costco Gift Cards and Standby Letter of Credit Acct 1510	-	-	192,264
Prepaid Contracts--Sage Maintenance Acct 1515	-	-	3,732
Prepaid Store Licences and Liquor Licenses Acct 1525	-	-	113,429
Prepaid Expenses	107,317	107,317	486,000

Other Assets

Other Assets(2 Liquor Licences and Other)	130,000	130,000	220,000
Def Financing Fees Acct 1940 & 1941	-	-	1,093,000
Deposits Other Acct 1920	-	-	417,000
Deposit Ecolab Acct 1920	18,621	18,621	-
Tradename Acct 1935 & 1937	-	-	1,927,000
VISA Credit Card Settlement(Current offer \$40k, but probably worth \$80k)	40,000	40,000	-
Other Assets	188,621	188,621	3,657,000

LIABILITIES AND OWNER EQUITY	BOOK VALUE AT END OF CURRENT REPORTING MONTH	BOOK VALUE AT END OF PRIOR REPORTING MONTH	BOOK VALUE ON PETITION DATE
Other Accrued Liabilities			
Other Accrued Liabilities--Grant Thornton Tax Acct 2310	25,000	25,000	581510
Accrued Health Insurance Acct 2322	0	0	51648
Accrued CAM Acct 2325	0	0	159212
Accrued Interest Acct 2350	0	0	638538
Gift Cards Liability Acct 2360-2362	0	0	929000
Sales Tax Payable Acct 2370	0	0	806092
Other Accrued Liabilities	25,000	25,000	3,166,000

Adjustments to Owner's Equity--NOTE C

Write-down of Other Receivable (net)	(66,462)	(66,462)	
Write-Down of Prepaid Expenses	(285,683)	(285,683)	
Write-Down of Other Assets	(134,379)	(134,379)	
Write-Down of Accrued Payroll and Related	248,000	248,000	
Write-Down of Other Accrued Expenses	312,000	312,000	
Adjustments to Owner's Equity	73,476	73,476	-

Post-Petition Contributions

Restricted Cash: Cash that is restricted for a specific use and not available to fund operations.
Typically, restricted cash is segregated into a separate account, such as an escrow account.

In re Flat Out Crazy, LLC DIP

Debtor

Case No. 13-22094

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NOTE A: These balances are subject to discussion with auditors and based upon the Asset Purchase Agreement.

NOTE B: Escrow Account includes \$200,000 Wind Down expenses, US Trustee Fees, and Other Liabilities

NOTE C: Subject to discussions with auditors

STATUS OF POST-PETITION TAXES

The beginning tax liability should be the ending liability from the prior month or, if this is the first report, the amount should be zero.

Attach photocopies of IRS Form 6123 or payment receipt to verify payment or deposit of federal payroll taxes.

Attach photocopies of any tax returns filed during the reporting period.

Federal	Beginning Tax	Amount Withheld and/or Accrued	Amount Paid	Date Paid	Check # or EFT	Ending Tax
Withholding	0	No Payrolls after June 2013—Only Temporary Help				
FICA-Employee	0					
FICA-Employer	0					
Unemployment	0					
Income	0					
Other:	0	-	-			
Total Federal Taxes	0	-	-			
State and Local						
Withholding	0					
Sales	0					
Excise	0	-	-			
Unemployment	0	-	-			
Real Property	0	-	-			
Personal Property	0	-	-			
Other:	0					
Total State and Local	0	-	-			
Total Taxes						
	0	-	-			

SUMMARY OF UNPAID POST-PETITION DEBTS

Attach aged listing of accounts payable.

	Number of Days Past Due					Total
	Current	0-30	31-60	61-90	Over 91	
Accounts Payable	17,542	0	0	0	0	0
Wages Payable						
Taxes Payable						
Rent/Leases-Building	6,458	0	0	0	0	0
Rent/Leases-Equipment		0	0	0	0	0
Secured Debt/Adequate Protection Payments						
Professional Fees		0	0	0	0	0
Amounts Due to Insiders	-	0	0	0	0	0
Other:						
Other:						
Total Post-petition Debts	24,000	0	0	0	0	0

Explain how and when the Debtor intends to pay any past due post-petition debts.

In re Flat Out Crazy, LLC DIP
Debtor

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ACCOUNTS RECEIVABLE RECONCILIATION AND AGING

Accounts Receivable Reconciliation		Amount
Total Accounts Receivable at the beginning of the reporting period		
Plus: Amounts billed during the period		
Less: Amounts collected during the period		
Total Accounts Receivable at the end of the reporting period		

Note: No Accounts Receivable as the restaurant business is cash or credit card only.

Note: A Note Receivable from Larry Freed(Related Party) in the amount of \$127,178 exists and is reported as an "Other Receivable(Net)"

Accounts Receivable Aging	0-30 Days	31-60 Days	61-90 Days	91+ Days	Total
0 - 30 days old					
31 - 60 days old					
61 - 90 days old					
91+ days old					
Total Accounts Receivable					
Less: Bad Debts (Amount considered uncollectible)					
Net Accounts Receivable					

TAXES RECONCILIATION AND AGING

Taxes Payable	0-30 Days	31-60 Days	61-90 Days	91+ Days	Total
0 - 30 days old					
31 - 60 days old					
61 - 90 days old					
91+ days old					
Total Taxes Payable					
Total Accounts Payable					

PAYMENTS TO INSIDERS AND PROFESSIONALS

Of the total disbursements shown on the Cash Receipts and Disbursements Report (MOR-1) list the amount paid to insiders (as defined in Section 101(31) (A)-(F) of the U.S. Bankruptcy Code) and to professionals. For payments to insiders, identify the type of compensation paid (e.g. Salary, Bonus, Commissions, Insurance, Housing Allowance, Travel, Car Allowance, Etc.). Attach additional sheets if necessary.

INSIDERS			
NAME	TYPE OF PAYMENT	AMOUNT PAID	TOTAL PAID TO DATE
Steve DeLong(Interim CFO)	Travel Expense	-	1,956
William Van Epps(MGR)	Travel Expense	-	9,180
TOTAL PAYMENTS TO INSIDERS		-	11,136

PROFESSIONALS					
NAME	DATE OF COURT ORDER AUTHORIZING PAYMENT	AMOUNT APPROVED	AMOUNT PAID	TOTAL PAID TO DATE	TOTAL INCURRED & UNPAID*
Getzler Henrich		112,510	112,510	112,510	593,221
Squire Sanders		257,162	257,162	257,162	1,426,302
Kurtzman, Carson Consultants		50,000	50,000	190,644	375,576
CBIZ		9,258	9,258	9,258	36,070
Kelley Drye		81,070	81,070	81,070	440,742
UCC		-	-	-	-
TOTAL PAYMENTS TO PROFESSIONALS		510,000	510,000	650,644	2,871,911

* INCLUDE ALL FEES INCURRED, BOTH APPROVED AND UNAPPROVED

POST-PETITION STATUS OF SECURED NOTES, LEASES PAYABLE AND ADEQUATE PROTECTION PAYMENTS

NAME OF CREDITOR	SCHEDULED MONTHLY PAYMENT DUE	AMOUNT PAID DURING MONTH	TOTAL UNPAID POST-PETITION
TOTAL PAYMENTS			

DEBTOR QUESTIONNAIRE

Must be completed each month. If the answer to any of the questions is "Yes", provide a detailed explanation of each item. Attach additional sheets if necessary.		Yes	No
1	Have any assets been sold or transferred outside the normal course of business this reporting period?	Yes Note (A)	
2	Have any funds been disbursed from any account other than a debtor in possession account this reporting period?		No
3	Is the Debtor delinquent in the timely filing of any post-petition tax returns?		No
4	Are workers compensation, general liability or other necessary insurance coverages expired or cancelled, or has the debtor received notice of expiration or cancellation of such policies?		No
5	Is the Debtor delinquent in paying any insurance premium payment?		No
6	Have any payments been made on pre-petition liabilities this reporting period?		No
7	Are any post petition receivables (accounts, notes or loans) due from related parties?		None
8	Are any post petition payroll taxes past due?		No
9	Are any post petition State or Federal income taxes past due?		None
10	Are any post petition real estate taxes past due?		No
11	Are any other post petition taxes past due?		No
12	Have any pre-petition taxes been paid during this reporting period?		No
13	Are any amounts owed to post petition creditors delinquent?		No
14	Are any wage payments past due?		No
15	Have any post petition loans been received by the Debtor from any party?		No
16	Is the Debtor delinquent in paying any U.S. Trustee fees?		No
17	Is the Debtor delinquent with any court ordered payments to attorneys or other professionals?		No
18	Have the owners or shareholders received any compensation outside of the normal course of business?		No

Note (A) Agreement to sell Liquor License--not finalized yet. Furniture sold for approximately \$15,000.