

UNITED STATES BANKRUPTCY COURT  
DISTRICT OF NEW JERSEY

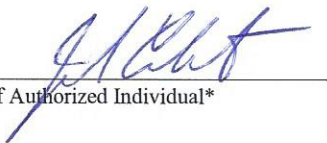
In Re: Kid Brands, Inc. et al.<sup>1</sup>

Case No. 14-22582

MONTHLY OPERATING REPORT  
For the Period August 1, 2014 through August 31, 2014

REQUIRED DOCUMENTS	Form No.	Document Attached	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 Paid	MOR-1b	X		
Copies of bank statements				
Cash disbursements journals				
Statement of Operations	MOR-2	X		
Balance Sheet	MOR-3	X		
Status of Postpetition Taxes	MOR-4			X
Copies of IRS Form 6123 or payment receipt				
Copies of tax returns filed during reporting period				
Summary of Unpaid Postpetition Debts	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 this report and the attached documents are true and correct to the best of my knowledge and belief.



Signature of Authorized Individual\*

10/24/2014  
Date

Joseph Catalano  
Printed Name of Authorized Individual

Secretary  
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.

<sup>1</sup>The Debtors in these chapter 11 cases, along with the last four digits of each Debtor's tax identification number, are: Kid Brands, Inc. (5337); Kids Line, LLC (0448); Sassy, Inc. (9722); I&J Holdco, Inc. (1543); LaJobi, Inc. (1450); CoCaLo, Inc. (3844); and RB Trademark Holdco, LLC (0611).

Case No. 14-22582

**SCHEDULE OF CASH RECEIPTS AND DISBURSEMENTS**

For the Period August 1, 2014 through August 31, 2014

In Re: Kid Brands, Inc. et al.  
Debtors

	Kid Brands, Inc.	Kids Line, LLC	Sassy, Inc.	I&J Holdings, Inc.	Laibbi, Inc.	CoCaLo, Inc.	RB Trademark Holdco, LLC
<b>RECEIPTS</b>							
CASH RECEIPTS	\$ 860,648.09	\$ 1,776,060.50	\$ 1,494,553.81	\$ -	\$ 2,042,175.97	\$ 999,001.75	\$ -
<b>TOTAL RECEIPTS</b>	\$ 860,648.09	\$ 1,776,060.50	\$ 1,494,553.81	\$ -	\$ 2,042,175.97	\$ 999,001.75	\$ -
<b>DISBURSEMENTS</b>							
OPERATING DISBURSEMENTS							
PAYROLL & EMPLOYEE EXPENSE REIMBURSEMENTS	121,859.19	11,525.06	274,973.47		51,442.45	179.32	
EMPLOYEE MEDICAL	74,338.93	72,959.89	158,467.66		1,388.02		
DISTRIBUTION & FREIGHT	457,280.73	66,439.00	84,406.78				
INVENTORY PURCHASES	3,653.23		36,238.42		36,450.00		
RENT	4,950.32	13,528.00	8,104.62				
INSURANCE	70,818.12	100,931.36	65,728.02	29,974.64	55,017.53	2,254.06	
ADMINISTRATIVE & OTHER OPERATING	732,900.52	265,383.31	627,918.97	29,974.64	144,298.00	2,433.38	
<b>TOTAL OPERATING DISBURSEMENTS</b>	1,685,000.91	1,510,027.19	1,685,000.91	(29,974.64)	1,897,877.97	996,568.37	
NON-OPERATING DISBURSEMENTS							
LOAN PAYDOWN, INTEREST AND FEES	945,275.39						
PROFESSIONAL FEES	6,825.00	650.00					
DEPOSITS	952,100.39	650.00					
U.S. TRUSTEE FEES							
<b>TOTAL NON-OPERATING DISBURSEMENTS</b>	1,885,000.91	266,033.31	627,918.97	29,974.64	144,298.00	2,433.38	
<b>TOTAL DISBURSEMENTS</b>	\$ (824,352.82)	\$ 1,510,027.19	\$ 866,634.84	\$ (29,974.64)	\$ 1,897,877.97	\$ 996,568.37	\$ -
<b>NET CASH FLOW</b>							

**THE FOLLOWING SECTION MUST BE COMPLETED**

	(FROM CURRENT MONTH ACTUAL COLUMN)		
<b>DISBURSEMENTS FOR CALCULATING U.S. TRUSTEE QUARTERLY FEES:</b>			
TOTAL DISBURSEMENTS	1,685,000.91	627,918.97	29,974.64
LESS: TRANSFERS TO DEBTOR IN POSSESSION ACCOUNTS			
PLUS: ESTATE DISBURSEMENTS MADE BY OUTSIDE SOURCES			
<b>TOTAL DISBURSEMENTS FOR CALCULATING U.S. TRUSTEE QUARTERLY FEES</b>	1,685,000.91	627,918.97	29,974.64

FORM MOR-1  
(9/99)

In Re: Kid Brands, Inc. et al.  
Debtors

Case No. 14-22582

**BANK RECONCILIATIONS**  
**Continuation Sheet for MOR-1**  
**For the Period August 1, 2014 through August 31, 2014**

Bank Account Reconciliations & Cash Disbursement Journals

The Debtors affirm that bank account reconciliations have been prepared for all open and active bank accounts to the Debtors' books as of August 31, 2014 without exception. The Debtors affirm that within the financial accounting systems, 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 list of bank accounts and balances are as follows:

Debtor	Bank	Account No.	Balance
Sassy, Inc.	Cole Taylor Bank	0690-16941	-
Sassy, Inc.	Cole Taylor Bank	0092614	-
Sassy, Inc.	JP Morgan Chase	555788889	-
Sassy, Inc.	JP Morgan Chase	555787808	-
Kids Line, LLC	Union Bank of California	0020021802	170
Kids Line, LLC	Union Bank of California	0020021810	80,203
Kids Line, LLC	Union Bank of California	0020030216	15,587
Kids Line, LLC	JP Morgan Chase	555786081	-
Kids Line, LLC	JP Morgan Chase	555782189	5,894
LaJobi, Inc.	JP Morgan Chase	255135961	7,273
LaJobi, Inc.	JP Morgan Chase	255135950	7,154
CoCaLo, Inc.	Union Bank of California	3520004253	-
CoCaLo, Inc.	Union Bank of California	0023994965	40,919
CoCaLo, Inc.	JP Morgan Chase	555792790	-
CoCaLo, Inc.	JP Morgan Chase	555791271	1,101
Kid Brands, Inc.	JP Morgan Chase	610-0451245	32,050
Kid Brands, Inc.	JP Morgan Chase	212-111683	20,897
Kid Brands, Inc.	JP Morgan Chase	610-0449666	27,023
Kid Brands, Inc.	JP Morgan Chase	790-346233	15,296
Kid Brands, Inc.	UBS	WD08575	-
I&J Holdco, Inc.	JP Morgan Chase	838-188373	7,964
I&J Holdco, Inc.	JP Morgan Chase	551132819	1,290
I&J Holdco, Inc.	JP Morgan Chase	551139632	132,824

In Re: Kid Brands, Inc. et al.  
Debtors

Case No. 14-22582

**SCHEDULE OF PROFESSIONAL FEES AND EXPENSES PAID<sup>1</sup>**  
**For the Period August 1, 2014 through August 31, 2014**

Payee	Period Covered	Amount Approved	Wire Details			Amount Paid		Cumulative (Since Petition Date)	
			Payor	Number	Date	Fees	Expenses	Fees	Expenses
Rust Omni Consulting			Kid Brands, Inc.		8/21/2014	\$ 61,784		\$ 61,784	
Rust Omni Consulting			Kid Brands, Inc.		8/21/2014	\$ 2,106		\$ 63,890	
GRL Capital Advisors			Kid Brands, Inc.		8/4/2014	\$ 38,474		\$ 38,474	
GRL Capital Advisors			Kid Brands, Inc.		8/18/2014	\$ 38,831		\$ 77,306	

<sup>1</sup>An amount of \$1,600,000 was disbursed into an escrow account for professional fees - Lowenstein Sandler - Debtor Counsel, PwC - Debtor Advisor, Omni - Claims Agent, Creditors' Committee professionals



In Re: Kid Brands, Inc. et al.  
Debtors

Case No. 14-22582

**STATEMENT OF OPERATIONS**  
**For the Period August 1, 2014 through August 31, 2014**

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	Kid Brands, Inc.	Kids Line, LLC	Sassy, Inc.	I&J Holdco, Inc.	LaJobi, Inc.	CoCaLo, Inc. <sup>1</sup>	Kid Brands Australia	RB Trademark Holdco, LLC
Net Revenue	\$ 374,259	\$ 524,386	\$ 1,346,965	\$ 155,343	\$ 818,516			
Cost of Goods Sold	583,658	861,754	2,147,884	169,633	798,131			
Inventory reserve		747,066	3,263,173					
Gross Profit	-	(209,399)	(1,084,434)	-	(4,064,092)	(14,290)	20,385	-
<b>OPERATING EXPENSES</b>								
Direct Selling		422	26,366		11,049			
Sales Support			3,161		9,899			
Shipping	157,158	175,544	379,749		181,789	-	68,469	
Administrative	559,030	183,366	135,904	344,000	54,777	-	190,887	
MIS	59,305	5,932	3,678	83,998	2,979	-		
Legal	(60,699)					-	871	
Design and Product Development		297	9,213		12,202			
Other	20,553	(1,090)	65,519		(22,555)			
Intercompany								
Total Operating Expenses	735,347	364,471	623,590	427,998	250,140	-	260,227	-
Net Profit (Loss) Before Other Income & Expenses	(735,347)	(573,870)	(1,708,024)	(427,998)	(4,314,232)	(14,290)	(239,842)	-
<b>OTHER INCOME AND EXPENSES</b>								
Gain/Loss on sale of subsidiary	(7,989,398)							
TRC settlement	(700,000)							
Interest Expense				390,290				
Net Profit (Loss) Before Reorganization Items	7,954,051	(573,870)	(1,708,024)	(818,288)	(4,314,232)	(14,290)	(239,842)	-
Income Taxes								
Net Profit (Loss)	7,954,051	(573,870)	(1,708,024)	(818,288)	(4,314,232)	(14,290)	(239,842)	-

<sup>1</sup>CoCaLo, Inc. operations are supported entirely by Kids Line, LLC staff

<sup>2</sup>Includes write off of deferred financing cost related to prior credit facility and early termination fee.

In Re: Kid Brands, Inc. et al.  
Debtors

Case No. 14-22582

**BALANCE SHEET**  
For the Period Ended August 31, 2014

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

ASSETS														
	Consolidated	Kid Brands, Inc.	Kidz Line, LLC	Samy, Inc.	L&J Holdings, Inc.	L&J Holdings, Inc.	CoCoLo, Inc.	RB Trademark Holdings, LLC	L&J Quality Co (Thailand)	L&J International (Hong Kong)	L&J Quality (China)	Kid Brands (Australia)	Ross Berrie (Banatex) B.V.	Kid Brands (UK)
<b>CURRENT ASSETS</b>														
Unrestricted Cash and Equivalents	425,795	-	-	-	-	-	-	-	-	959	1,007	106,963	315,971	-
Restricted Cash	363,611	80,231	88,047	-	141,515	14,919	38,809	-	-	-	-	-	-	6,895
Accounts Receivable (Net)	8,003,209	-	2,352,057	-	-	4,234,283	497,224	-	-	-	-	919,895	-	-
Notes Receivable	150,000	-	-	-	-	-	-	150,000	-	-	-	-	-	-
Inventories (Net)	5,178,770	-	2,156,984	750,000	-	1,322,100	938,375	-	-	-	-	-	11,301	-
Income Taxes Receivable	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Prepaid Expenses and Other Current Assets	5,838,542	4,599,044	940,547	92,465	24,705	46,209	79,199	-	-	-	-	1,891	50,995	3,400
<b>TOTAL CURRENT ASSETS</b>	<b>19,859,927</b>	<b>4,679,275</b>	<b>5,332,643</b>	<b>842,465</b>	<b>166,217</b>	<b>5,617,611</b>	<b>1,353,747</b>	<b>150,000</b>	<b>659</b>	<b>1,007</b>	<b>102,854</b>	<b>1,297,762</b>	<b>-</b>	<b>10,385</b>
<b>PROPERTY AND EQUIPMENT</b>														
Fixed Assets	3,781,440	861,161	-	-	2,917,442	-	-	-	-	-	-	2,837	-	-
Less Accumulated Depreciation	(1,412,279)	(58,124)	-	-	(1,353,700)	-	-	-	-	-	-	(449)	-	-
<b>TOTAL PROPERTY &amp; EQUIPMENT</b>	<b>2,369,161</b>	<b>803,037</b>	<b>-</b>	<b>-</b>	<b>1,563,742</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,388</b>	<b>-</b>	<b>-</b>
<b>OTHER ASSETS</b>														
Intangibles	3,462,529	-	-	-	-	-	3,462,529	-	-	-	-	-	-	-
Notes Receivable, Long-Term	209,950	-	-	-	-	-	-	209,950	-	-	-	-	-	-
Other Assets	237,535	53,234	13,922	-	-	106,149	-	-	-	-	1,524	62,815	-	-
<b>TOTAL OTHER ASSETS</b>	<b>3,909,914</b>	<b>53,234</b>	<b>13,922</b>	<b>-</b>	<b>-</b>	<b>106,149</b>	<b>3,462,529</b>	<b>209,950</b>	<b>-</b>	<b>-</b>	<b>1,524</b>	<b>62,815</b>	<b>-</b>	<b>-</b>
<b>TOTAL ASSETS</b>	<b>26,239,802</b>	<b>5,535,546</b>	<b>5,551,467</b>	<b>842,465</b>	<b>1,729,953</b>	<b>5,723,751</b>	<b>5,816,276</b>	<b>359,950</b>	<b>959</b>	<b>1,007</b>	<b>106,766</b>	<b>1,360,577</b>	<b>-</b>	<b>10,385</b>
<b>LIABILITIES AND OWNER EQUITY</b>														
<b>LIABILITIES NOT SUBJECT TO COMPROMISE (Postpetition)</b>														
D/E Financing	19,960,830	-	-	-	19,960,830	-	-	-	-	-	-	-	-	-
Accounts Payable	751,518	159,459	19,546	-	18,281	13,769	6,548	-	-	-	20,118	513,797	-	-
Taxes Payable	208,641	-	-	-	-	-	-	-	-	-	-	-	208,641	-
Accrued expenses	567,600	-	-	-	391,455	-	-	-	-	-	-	43,765	98,295	16,519
<b>TOTAL POSTPETITION LIABILITIES</b>	<b>21,485,589</b>	<b>159,459</b>	<b>19,546</b>	<b>-</b>	<b>20,370,566</b>	<b>13,769</b>	<b>6,548</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>63,883</b>	<b>621,733</b>	<b>16,519</b>	<b>16,566</b>
<b>LIABILITIES SUBJECT TO COMPROMISE (Pre-Petition)</b>														
Accounts Payable	15,948,100	3,705,304	2,690,528	-	139,362	8,968,021	1,434,895	-	-	-	-	-	-	-
Taxes Payable	453,958	443,619	10,239	-	-	-	-	-	-	-	-	-	-	-
Accrued expenses	24,718,318	1,890,247	2,853,108	-	-	20,139,727	26,236	-	-	-	-	-	-	-
Deferred Rent-leases	1,595,637	1,164,067	431,570	-	-	-	-	-	-	-	-	-	-	-
<b>TOTAL PRE-PETITION LIABILITIES</b>	<b>42,711,913</b>	<b>7,112,237</b>	<b>5,095,445</b>	<b>-</b>	<b>139,362</b>	<b>29,207,748</b>	<b>1,461,121</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL LIABILITIES</b>	<b>64,204,502</b>	<b>7,371,696</b>	<b>5,714,991</b>	<b>-</b>	<b>20,309,928</b>	<b>29,221,517</b>	<b>1,467,669</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>63,883</b>	<b>621,733</b>	<b>16,519</b>	<b>16,566</b>
<b>SHAREHOLDER EQUITY</b>														
<b>NET SHAREHOLDER EQUITY</b>	<b>(37,965,590)</b>	<b>(1,836,150)</b>	<b>(163,524)</b>	<b>842,465</b>	<b>(18,779,975)</b>	<b>(22,497,766)</b>	<b>3,548,697</b>	<b>359,950</b>	<b>659</b>	<b>1,007</b>	<b>42,883</b>	<b>338,844</b>	<b>(16,519)</b>	<b>(6,181)</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>26,239,802</b>	<b>5,535,546</b>	<b>5,551,467</b>	<b>842,465</b>	<b>1,729,953</b>	<b>5,723,751</b>	<b>5,816,276</b>	<b>359,950</b>	<b>959</b>	<b>1,007</b>	<b>106,766</b>	<b>1,360,577</b>	<b>-</b>	<b>10,385</b>

In Re: Kid Brands, Inc. et al.  
Debtors

Case No. 14-22582

**DEBTORS' STATEMENT WITH RESPECT TO STATUS OF POSTPETITION TAXES  
For the Period August 1, 2014 through August 31, 2014**

The Debtors have received approval to pay pre petition 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 have been paid when due except for amounts that are in dispute, if any. All other post-petition tax obligations to the proper taxing authorities are current.

In Re: Kid Brands, Inc. et al.  
Debtors

Case No. 14-22582

**Consolidated Summary of Unpaid Post-Petition Accounts Payable  
For the Period August 1, 2014 through August 31, 2014**

**Post Petition Account Payable: Aging as of 8/31/2014**

Debtors	Less than 30 Days	30 - 60 Days	60 - 90 Days	Greater than 90 Days
Kids Line LLC	15,177	3,587	782	
CoCaLo, Inc.	5,916	626	6	
LaJobi, Inc.	13,365	404		
Sassy, Inc.	-	-	-	-
I&J Holdco, Inc.	11,661	-	6,620	
Kid Brands, Inc.	140,805	6,928	5,193	6,532
<b>Total</b>	<b>186,925</b>	<b>11,545</b>	<b>12,601</b>	<b>6,532</b>

Note: the Debtors are currently in the process of reconciling post-petition accounts payable with vendors, that may or may not be in dispute



In Re: Kid Brands, Inc. et al.  
Debtors

Case No. 14-22582

**ACCOUNTS RECEIVABLE RECONCILIATION AND AGING**  
**For the Period Ended August 31, 2014**

Accounts Receivable Aging	Amount
0 - 30 days old	3,962,477
31 - 60 days old	554,388
61 - 90 days old	791,948
91+ days old	4,871,475
Total Accounts Receivable	10,180,288
(Allowance Reserve)	(3,096,574)
Accounts Receivable (Net)	7,083,714

**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.	X	
4. Are workers compensation, general liability and other necessary insurance coverages in effect? If no, provide an explanation below.	X	

The net assets of Sassy, Inc. were sold on August 18, 2014 with the exception of certain inventories.

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In Re: Kid Brands, Inc. et al.  
Debtors

Case No. 14-22582

**Accounts Receivable Rollforward  
For the Period August 1, 2014 through August 31, 2014**

	Kid Brands, Inc.	Kids Line, LLC	Sassy, Inc.	I&J Holdco, Inc.	LaJobi, Inc.	CoCaLo, Inc.	RB Trademark Holdco, LLC
<b>Balance, beginning</b>		\$ 3,846,070	\$ 2,514,665	\$ -	\$ 4,912,768	\$ 1,351,263	
Net Sales		374,259	524,386		1,346,965	155,343	
(Collections)		(1,868,272)	(1,438,184)		(2,025,350)	(1,009,332)	
Other [1]			(1,600,867)				
<b>Balance, ending</b>		\$ 2,352,057	\$ -	\$ -	\$ 4,234,383	\$ 497,274	

[1] The net assets of Sassy, Inc. were sold on August 18, 2014 with the exception of certain inventories.

(9/99)