

**UNITED STATES BANKRUPTCY COURT  
FOR THE DISTRICT OF DELAWARE**

In re Natrol, Inc. et al.

Case No.: 14-11446 (BLS)

Reporting Period: July 1, 2014 to July 31, 2014

**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.

<b>REQUIRED DOCUMENTS</b>	<b>Form No.</b>	<b>Document Attached</b>	<b>Explanation Attached</b>	<b>Affidavit/Supplement Attached</b>
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				X
Cash disbursements journals				X
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		
Listing of aged 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 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

/s/ Jeffrey C. Perea  
Signature of Authorized Individual\*

9/2/2014  
Date

Jeffrey C. Perea  
Printed Name of Authorized Individual

Interim Chief Financial 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.

**In re Natrol, Inc. et al.**

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**GENERAL NOTES AND DISCLAIMER TO MONTHLY OPERATING REPORT**

General: The report includes activities from the following Debtors and related case numbers:

<u>Case #</u>	<u>Debtor's Name</u>
14-11446	Natrol, Inc.
14-11447	Natrol Holdings, Inc.
14-11448	Natrol Products, Inc.
14-11449	Natrol Direct, Inc.
14-11450	Natrol Acquisition Corp.
14-11451	Prolab Nutrition, Inc.
14-11452	Medical Research Institute

The financial statements and supplemental information contained herein are unaudited, preliminary, and may not comply with generally accepted accounting principles ("GAAP") in all material respects. In addition, the financial statements and supplemental information contained herein is provided to fulfill the requirements of the Office of the United States Trustee and have been derived from the books and records of the Debtors.

The results of operations contained herein are not necessarily indicative of results that are expected from any other period or for the full year and are not reflective of the results of operations, financial position, and cash flow of the Debtors in the future.

**Notes to MOR-1**

Cash balances may be different from cash balance in Balance Sheet because Balance Sheet balance includes petty cash. Further, Bank of America #6219 balances are unreconciled and are subject to adjustment.

Despite that all disbursements are paid by Natrol, Inc., accounts payable are booked to the appropriate Debtor's general ledger and disbursements are allocated by Debtor in MOR-1 Continuation Sheet.

In lieu of bank reconciliations, bank and book balances are provided.

**Notes to MOR-4**

The accounts payable aging is presented at a consolidated level as of July 31, 2014.

**Notes to MOR-5**

The gross accounts receivable reconciliation and aging are presented at a consolidated level as of July 31, 2014.

In re Natrol, Inc. et al.  
Debtor

Case No. 14-11446 (BLS)  
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**MOR - 1**  
**Receipts & Disbursements Report**

	Chase #8671 (Depository Acc.)	City National #6908 (Depository Acc.)	City National #8196 (Disbursement Acc.)	City National #8161 (Payroll Acc.)	City National #9443 (Utilities Acc.)	City National #9516 (Legal Settlement Acc.)	Chase #8630 (Positive Pay Acc.)	City National #8765 (Inactive)	Chase #8650 (Inactive)	Bank of America #6219 (Inactive)	Total
<b>Beginning Book Cash</b>											
<b>Opening Book Balance</b>	\$ 294,962	\$ 3,307,579	\$ 352,974	\$ 379,071	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 15,064	\$ 4,349,650
<b>Receipts</b>											
<i>Receipts</i>											
Receipts from Sales	\$ 377,845	\$ 8,204,698	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8,582,543
<b>Total Receipts</b>	\$ 377,845	\$ 8,204,698	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8,582,543
Receipts - Transferred from Other Debtor Acc.		\$ 400,000	\$ 5,225,000	\$ 1,100,000	\$ 24,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,749,000
Miscellaneous Receipts		14,983	-	-	-	2,000,000	-	-	-	-	2,014,983
<b>Total Receipts</b>	\$ 377,845	\$ 8,619,680	\$ 5,225,000	\$ 1,100,000	\$ 24,000	\$ 2,000,000	\$ -	\$ -	\$ -	\$ -	\$ 17,346,525
<b>Disbursements</b>											
<i>Disbursements</i>											
Raw Materials	-	-	(2,947,310)	-	-	-	-	-	-	-	(2,947,310)
Payroll and Related	-	-	(32,468)	(1,273,598)	-	-	-	-	-	-	(1,306,066)
Marketing	-	-	(229,049)	-	-	-	-	-	-	-	(229,049)
Insurance	-	-	(391,388)	-	-	-	-	-	-	-	(391,388)
Taxes, Permits, Licenses & Fees	-	-	(89,796)	-	-	-	-	-	-	-	(89,796)
Freight	-	-	(465,102)	-	-	-	-	-	-	-	(465,102)
Broker Commission	-	-	(422,777)	-	-	-	-	-	-	-	(422,777)
Rent & Utilities	-	-	(64,667)	-	-	-	-	-	-	-	(64,667)
SG&A	-	-	(126,345)	-	-	-	-	-	-	-	(126,345)
Bank Charge	(1,451)	(959)	(1,077)	(332)	-	-	-	-	-	-	(3,818)
Other	-	(69)	-	-	-	-	-	-	-	-	(69)
Voided Checks	-	-	-	-	-	-	-	-	-	-	-
<b>Total Operating Disbursements</b>	(1,451)	(1,028)	(4,769,980)	(1,273,930)	-	-	-	-	-	-	(6,046,389)
<i>Non-Operating Disbursements</i>											
Bankruptcy Related Professional Fees	-	-	(31,932)	-	-	-	-	-	-	-	(31,932)
Interest Expense	-	-	-	-	-	-	-	-	-	-	-
Capital Expenditures	-	-	(121,797)	-	-	-	-	-	-	-	(121,797)
US Trustee	-	-	(2,275)	-	-	-	-	-	-	-	(2,275)
<b>Other Non-Operating</b>	-	-	-	-	-	-	-	-	-	-	-
<b>Total Non-Operating Disbursements</b>	-	-	(156,004)	-	-	-	-	-	-	-	(156,004)
<b>Operating Cash Flow</b>	\$ 376,394	\$ 8,618,653	\$ 299,016	\$ (173,930)	\$ 24,000	\$ 2,000,000	\$ -	\$ -	\$ -	\$ -	\$ 11,144,133
Secured Loan Paydown	-	-	-	-	-	-	-	-	-	-	-
Transfer to Other Debtor Account	(400,000)	(6,349,000)	-	-	-	-	-	-	-	-	(6,749,000)
<b>Net Cash Flow</b>	(23,606)	2,269,653	299,016	(173,930)	24,000	2,000,000	-	-	-	-	4,395,133
Closing Book Balance	\$ 271,356	\$ 5,577,232	\$ 651,990	\$ 205,141	\$ 24,000	\$ 2,000,000	\$ -	\$ -	\$ -	\$ 15,064	\$ 8,744,783
Outstanding Checks	-	-	186,424	24,496	-	-	-	-	-	3,614	214,534
<b>Ending Cash Balance (Bank)</b>	\$ 271,356	\$ 5,577,232	\$ 838,414	\$ 229,637	\$ 24,000	\$ 2,000,000	\$ -	\$ -	\$ -	\$ 18,678	\$ 8,959,316
Total Operating Disbursements	(1,451)	(1,028)	(4,769,980)	(1,273,930)	-	-	-	-	-	-	(6,046,389)
Non-Operating Disbursements	-	-	(156,004)	-	-	-	-	-	-	-	(156,004)
Secured Loan Paydown	-	-	-	-	-	-	-	-	-	-	-
Transfer to Operating Account	(400,000)	(6,349,000)	-	-	-	-	-	-	-	-	(6,749,000)
Less: Intercompany transfers	400,000	6,349,000	-	-	-	-	-	-	-	-	6,749,000
<b>Total Disbursements</b>	\$ (1,451)	\$ (1,028)	\$ (4,925,984)	\$ (1,273,930)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (6,202,392)

**In re Natrol, Inc. et al.**  
Debtor

Case No. 14-11446 (BLS)  
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**MOR - 1 - CONTINUATION SHEET**  
**Schedule of Bank Account Balances**

<b>Entity</b>	<b>Bank</b>	<b>Account Number</b>	<b>Name/Type</b>	<b>Book Balance</b>	<b>Bank Balance</b>
Natrol, Inc.	Chase	XXX8671	Depository Acc.	\$ 271,356	\$ 271,356
Natrol, Inc.	City National	XXX6908	Depository Acc.	5,577,232	5,577,232
Natrol, Inc.	City National	XXX8196	Disbursement Acc.	651,990	838,414
Natrol, Inc.	City National	XXX8161	Payroll Acc.	205,141	229,637
Natrol, Inc.	City National	XXX9443	Utilities Acc.	24,000	24,000
Natrol, Inc.	City National	XXX9516	Legal Settlement Acc.	2,000,000	2,000,000
Natrol, Inc.	Chase	XXX8630	Positive Pay Acc.	-	-
Natrol, Inc.	City National	XXX8765	Inactive	-	-
Natrol, Inc.	Chase	XXX8650	Inactive	-	-
Natrol, Inc.	Bank of America	XXX6219	Inactive	15,064	18,678
				<b>\$ 8,744,783</b>	<b>\$ 8,959,316</b>

**Schedule of Disbursements by Legal Entity**

<b>Case #</b>	<b>Debtor's Name</b>	<b>Disbursement by Entity</b>
14-11446	Natrol, Inc.	\$ 6,017,426
14-11447	Natrol Holdings, Inc.	-
14-11448	Natrol Products, Inc.	-
14-11449	Natrol Direct, Inc.	-
14-11450	Natrol Acquisition Corp.	-
14-11451	Prolab Nutrition, Inc.	6,301
14-11452	Medical Research Institute	178,665
		<b>\$ 6,202,392</b>

In re Natrol, Inc. et al.

Chapter 11

Debtor

Case No. 14-11446 (BLS)

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**MOR - 1 Continuation**  
**Declaration Regarding the Cash Disbursement Schedule**  
**For period July 1, 2014 to July 31, 2014**

Jeffrey C. Perea hereby declares under penalty of perjury:

1. I am the Interim Chief Financial Officer for Natrol, Inc. et al., the above-captioned debtors and debtors in possession (collectively, the "Debtors").
2. The Debtors submit this Declaration regarding cash disbursements in lieu of providing copies of the cash disbursement schedule.
3. All statements in the Declaration are based on my personal knowledge, my review of the relevant documents, or my discussions with Debtor's employees. I am authorized to submit this Declaration on behalf of the Debtors.
4. The Debtors have, on a timely basis, disbursed approximately \$6,202,392 for post-petition and allowable pre-petition amounts for the period July 1, 2014 to July 31, 2014. Copies of the cash disbursement schedules are available for inspection upon request by the Office of the United States Trustee.

Dated: 9/2/2014

Jeffrey C. Perea, Interim Chief Financial Officer

/s/ Jeffrey C. Perea

**In re Natrol, Inc. et al.**

Chapter 11

Debtor

Case No. 14-11446 (BLS)

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**MOR - 1a**  
**Declaration Regarding the Bank Reconciliations**  
**For period July 1, 2014 to July 31, 2014**

Jeffrey C. Perea hereby declares under penalty of perjury:

1. I am Interim Chief Financial Officer for Natrol, Inc. et al., the above-captioned debtors and debtors in possession (collectively, the "Debtors"). I am familiar with the Debtors' day-to-day operations, business affairs and books and records.
2. All statements in the Declaration are based on my personal knowledge, my review of the relevant documents, or my discussions with Debtor's employees. I am authorized to submit this Declaration on behalf of the Debtors.
3. To the best of my knowledge, all of the Debtors' bank balances are reconciled in an accurate and timely manner.

Dated: 9/2/2014

Jeffrey C. Perea, Interim Chief Financial Officer

/s/ Jeffrey C. Perea

**In re Natrol, Inc. et al.**  
Debtor

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**MOR 1B**

**SCHEDULE OF PROFESSIONAL FEES AND EXPENSES PAID**

This schedule is to include all retained professional payments from case inception to current month.

		Amount Paid This Period [a]	Cumulative Amount Paid
Professionals		Fees and Expenses	Fees and Expenses
Epiq Bankruptcy Solutions, LLC	[b]	\$31,932	\$31,932
Gronek & Associates		\$1,000	\$1,000

Footnote

[a] An ordinary course professional was inadvertently paid prior to such professional's compliance with the *Order Authorizing the Debtors to Retain, Employ, and Compensate Certain Professionals Utilizing in the Ordinary Course of Business*, which was entered by the Court on July 16, 2014. Those funds have been returned to the Debtors.

[b] Payment made pursuant to Epiq Bankruptcy Solutions, LLC's retention under 28 U.S.C. 156(c).

In re Natrol, Inc. et al.  
Debtor

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**MOR 2**  
**CONSOLIDATING STATEMENTS OF OPERATIONS**  
**For the Month of July 2014**

	Natrol, Inc.	Natrol Products, Inc.	Prolab Nutrition, Inc.	Medical Research Institute	Natrol Direct, Inc.	Elimination	Combined
<b>Net Sales</b>	\$ 1,027,961	\$ 5,576,282	\$ 220,529	\$ 404,540	\$ 23,003		\$ 7,252,315
Cost of goods sold	15,778	2,654,311	149,557	333,777	3,821		3,157,244
Gross profit	1,012,183	2,921,971	70,972	70,763	19,182		4,095,071
<b>Operating expenses</b>							
Selling and marketing expenses	(1,497,806)	2,853,325	24,235	295,219	-		1,674,973
General and administrative expenses	559,806	2,214	32,168	132,919	884		727,991
Total operating expenses	(938,000)	2,855,539	56,403	428,138	884		2,402,964
<b>Operating income</b>	1,950,183	66,432	14,569	(357,375)	18,298		1,692,107
<b>Other income (expenses)</b>							
Other income (expenses)	17	-	-	-	-		17
Interest expenses	(883,425)	-	18,501	33,887	-		(831,037)
Restructuring expenses	(3,153,772)	-	-	-	-		(3,153,772)
<b>Income before income taxes</b>	(2,086,997)	66,432	33,070	(323,488)	18,298		(2,292,685)
<b>Income tax provision (benefit)</b>	(823,530)	26,214	13,050	(127,648)	7,221		(904,693)
<b>Net loss</b>	\$ (1,263,467)	\$ 40,218	\$ 20,020	\$ (195,840)	\$ 11,077		\$ (1,387,992)



In re Natrol, Inc. et al.  
Debtor

Case No. 14-11446 (BLS)  
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**MOR 3**  
**CONSOLIDATING BALANCE SHEETS**  
**As of July 31, 2014**

	Natrol, Inc.	Natrol Products, Inc.	Prolab Nutrition, Inc.	Medical Research Institute	Natrol Direct, Inc.	Elimination	Combined
<b>Assets</b>							
<b>Current assets</b>							
Cash and cash equivalents	\$ 8,749,312	\$ -	\$ -	\$ -	\$ -		\$ 8,749,312
Accounts receivable, net	9,665,829	-	1,445,916	798,809	-		11,910,554
Inventory	12,280,712	-	1,462,792	2,039,092	-		15,782,596
Income taxes receivable	4,976,224	7,000	1,287	(1,832,509)	-		3,152,002
Def. Tax Current portion	523,196	-	-	-	-		523,196
Prepaid expenses and other current assets	972,430	2,145	8,700	109,058	8		1,092,341
<b>Total current assets</b>	<b>37,167,703</b>	<b>9,145</b>	<b>2,918,695</b>	<b>1,114,450</b>	<b>8</b>	<b>-</b>	<b>41,210,001</b>
<b>Property and equipment</b>							
Machinery and equipment	6,420,762	-	158,501	678	-		6,579,941
Furniture and office equipment	2,292,630	-	2,669	10,601	-		2,305,900
	8,713,392	-	161,170	11,279	-		8,885,841
Accumulated depreciation and amortization	(7,273,853)	-	(161,170)	(9,253)	-		(7,444,276)
<b>Total property and equipment, net</b>	<b>1,439,539</b>	<b>-</b>	<b>-</b>	<b>2,026</b>	<b>-</b>	<b>-</b>	<b>1,441,565</b>
<b>Deferred income taxes</b>	<b>(511,407)</b>	<b>-</b>	<b>-</b>	<b>1,395,421</b>	<b>-</b>	<b>-</b>	<b>884,014</b>
<b>Goodwill, net of accumulated amortization and impairment charges</b>	<b>19,458,686</b>	<b>-</b>	<b>2,025,815</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>21,484,501</b>
<b>Trademarks</b>	<b>11,897,670</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>11,897,670</b>
<b>Intangible assets, net of accumulated amortization</b>	<b>4,625,094</b>	<b>-</b>	<b>-</b>	<b>1,484,455</b>	<b>-</b>	<b>-</b>	<b>6,109,549</b>
<b>Notes receivable – related parties</b>	<b>1,746,805</b>	<b>-</b>	<b>802,360</b>	<b>157,576</b>	<b>-</b>	<b>-</b>	<b>2,706,741</b>
<b>Intercompany receivable, net</b>	<b>3,471,409</b>	<b>8,949,789</b>	<b>-</b>	<b>-</b>	<b>1,462,841</b>	<b>(13,884,039)</b>	<b>-</b>
<b>Other assets</b>	<b>37,321,643</b>	<b>-</b>	<b>2,144,174</b>	<b>336,645</b>	<b>-</b>	<b>-</b>	<b>39,802,462</b>
<b>Total assets</b>	<b>\$ 116,617,142</b>	<b>\$ 8,958,934</b>	<b>\$ 7,891,044</b>	<b>\$ 4,490,573</b>	<b>\$ 1,462,849</b>	<b>\$ (13,884,039)</b>	<b>\$ 125,536,503</b>
<b>Liabilities and Stockholders' Equity</b>							
<b>Current liabilities</b>							
Accounts payable	\$ 3,081,948	\$ -	\$ (29,361)	\$ 130,824	\$ -		\$ 3,183,411
Accounts payable-Liabilities subject to compromise	8,007,193	-	230,977	1,511,970	-		9,750,140
Accrued expenses	5,604,690	-	964,379	294,478	-		6,863,547
Accrued payroll and related liabilities	758,311	190,419	-	104,982	-		1,053,712
<b>Total current liabilities</b>	<b>17,452,142</b>	<b>190,419</b>	<b>1,165,995</b>	<b>2,042,254</b>	<b>-</b>	<b>-</b>	<b>20,850,810</b>
<b>Long-term debt to Cerberus Capital Lease</b>	<b>68,961,557</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>68,961,557</b>
<b>Intercompany payable, net</b>	<b>312,117</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>312,117</b>
	-	-	7,871,072	6,012,967	-	(13,884,039)	-
<b>Total liabilities</b>	<b>\$ 86,725,816</b>	<b>\$ 190,419</b>	<b>\$ 9,037,067</b>	<b>\$ 8,055,221</b>	<b>\$ -</b>	<b>\$ (13,884,039)</b>	<b>\$ 90,124,484</b>
<b>Commitments and contingencies</b>							
<b>Stockholders' equity</b>							
Additional paid-in-capital	\$ 10,073,349	\$ 30,000	\$ 27,444,544	\$ 8,539,095	\$ 30		\$ 46,087,018
Accumulated deficit	19,846,421	8,738,515	(28,590,567)	(12,103,743)	1,462,819		(10,646,555)
Accumulated other comprehensive loss	(28,444)	-	-	-	-		(28,444)
<b>Total stockholders' equity</b>	<b>\$ 29,891,326</b>	<b>\$ 8,768,515</b>	<b>\$ (1,146,023)</b>	<b>\$ (3,564,648)</b>	<b>\$ 1,462,849</b>	<b>\$ -</b>	<b>\$ 35,412,019</b>
<b>Total liabilities and stockholders' equity</b>	<b>\$ 116,617,142</b>	<b>\$ 8,958,934</b>	<b>\$ 7,891,044</b>	<b>\$ 4,490,573</b>	<b>\$ 1,462,849</b>	<b>\$ (13,884,039)</b>	<b>\$ 125,536,503</b>

In re Natrol, Inc. et al.  
Debtor

Case No. 14-11446 (BLS)  
Reporting Period: July 1, 2014 to July 31, 2014

**MOR 3 - Continuation Sheet**  
**BALANCE SHEET - continuation sheet**

**Other Assets**

Deposits	\$ 32,891,287	[a]
Trade Credit	701,248	
Capitalized Loan Fees	4,911,107	
Accum. Amort. Loan	(1,879,837)	
Net Receivable Natrol UK	3,178,657	
	<u>\$ 39,802,462</u>	

[a] The Debtors' books and records reflect an advance to Fabtech in the amount of \$25.0 million made in connection with the construction of four new production lines for the Debtors. The Debtors are evaluating the accounting for this matter and, upon completion of this evaluation, will make an appropriate amendment to MOR-3.

In re Natrol, Inc. et al.  
Debtor

Case No. 14-11446 (BLS)  
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**MOR 4**  
**SUMMARY OF UNPAID POSTPETITION DEBTS**

	<u>Amount</u>
Past Due 1-30	\$ 3,010,223
Past Due 31-60	173,188
Past Due 61-90	-
Past Due Over 90	-
<b>Total Gross Accounts Payable</b>	<u>\$ 3,183,411</u>

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In re Natrol, Inc. et al.

Chapter 11

Debtor

Case No. 14-11446 (BLS)

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**MOR - 4**  
**Declaration Regarding Status of Postpetition Taxes**  
**For period July 1, 2014 to July 31, 2014**

Jeffrey C. Perea hereby declares under penalty of perjury:

1. I am the Interim Chief Financial Officer for Natrol, Inc. et al., the above-captioned debtors and debtors in possession (collectively, the "Debtors"). I am familiar with the Debtors' day-to-day operations, business affairs and books and records.
2. All statements in the Declaration are based on my personal knowledge, my review of the relevant documents, or my discussions with Debtor's employees. I am authorized to submit this Declaration on behalf of the Debtors.
3. To the best of my knowledge, all of the Debtors have filed all necessary federal, state and local tax returns and made all required post-petition tax payments in connection therewith on a timely basis or have promptly remedied any late filing or payments that may have occurred due to unintentional oversight.

Dated: 9/2/2014

Jeffrey C. Perea, Interim Chief Financial Officer

/s/ Jeffrey C. Perea

In re Natrol, Inc. et al.  
Debtor

Case No. 14-11446 (BLS)  
Reporting Period: July 1, 2014 to July 31, 2014

**MOR 5**  
**ACCOUNTS RECEIVABLE AGING**

Accounts Receivable Aging	Amount
Current	\$ 10,041,652
1 - 30 days past due	2,925,413
31-60 days past due	1,219,719
61-90 days past due	695,515
91-120 days past due	2,802,967
Total Gross Accounts Receivable	\$ 17,685,266
Less: allowance for doubtful accounts, reserves, and returns	(5,774,712)
Accounts Receivable (Net)	\$ 11,910,554

**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	
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	

**Question 5 Explanation**

City National Bank Acc #9443 and City National Bank Acc #9516 was opened in July to hold utility deposit and certain litigation settlement funds, respectively, and in accordance with orders of the Court. Copies of the bank account statements for these accounts will be made available to the U.S. Trustee upon request.