

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORKIn re Quirky, Inc. et al. ^[1]
DebtorsCase No. 15-12596
Reporting Period: 9/22/15 - 10/31/15**CORPORATE MONTHLY OPERATING REPORT**

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

/s/ Ed Kremer
Ed Kremer
CEO and CFO, Quirky

11/30/2015
Date

Notes:

[1] The Debtors in these chapter 11 cases, along with the last four digits of each Debtor's federal taxpayer identification number, are: Quirky, Inc. (2873), Wink, Inc. (8826), and Undercurrent Acquisition LLC (9692).

**GLOBAL NOTES AND STATEMENTS OF LIMITATIONS AND DISCLAIMERS
REGARDING THE DEBTORS' MONTHLY OPERATING REPORTS**

On September 22, 2015 (the "Commencement Date"), Quirky, Inc. ("Quirky") and certain of its affiliates (collectively, the "Debtors")^[1] each commenced a voluntary case under chapter 11 of the Bankruptcy Code in the United States Bankruptcy Court for the Southern District of New York. The Debtors are authorized to operate their businesses and manage their properties as debtors in possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code. On September 25, 2015, the Bankruptcy Court entered an order authorizing the joint administration of these cases pursuant to Bankruptcy Rule 1015(b). On October 2, 2015, the United States Trustee for Region 2 (the "U.S. Trustee") appointed an official committee of unsecured creditors pursuant to section 1102(a)(1) of the Bankruptcy Code (the "Creditors' Committee").

The Debtors are filing their consolidated monthly operating report (the "MOR") solely for purposes of complying with the monthly operating requirements applicable in the Debtors' chapter 11 cases. The MOR is in a format acceptable to the U.S. Trustee. The MOR should not be relied upon by any persons for information relating to current or future financial conditions, events, or performance of any of the Debtors or their affiliates.

These following notes and statements and limitations should be referred to, and referenced in connection with, any review of the MOR.

1. Basis of Presentation. For financial reporting purposes, the Debtors generally prepare consolidated financial statements, which include information for Quirky and its Debtor affiliates. The financial statements and information contained herein are unaudited and preliminary. The Debtors are maintaining their books and records in accordance with generally accepted accounting principles ("GAAP") and the information furnished in this MOR uses the companies' normal accrual method of accounting. In preparing the MOR, the Debtors relied on financial data derived from their books and records that was available at the time of preparation. Subsequent information or discovery may result in material changes to the MOR and errors or omissions may exist. Notwithstanding any such discovery, new information, or errors or omissions, the Debtors do not undertake any obligation or commitment to update the MOR.

2. Reporting Period. Unless otherwise noted herein, the MOR generally reflects the Debtors' books and records and financial activity occurring during the applicable reporting period. Except as otherwise noted, no adjustments have been made for activity occurring after the close of the reporting period.

3. Consolidated Entity Accounts Payable and Disbursement Systems. As described in the Cash Management Motion ^[2], the Debtors utilize an integrated, centralized cash management system, in the ordinary course of business, to collect, concentrate, and disburse funds generated by their operations (the "**Cash Management System**"). The Debtors maintain a consolidated accounts payable and disbursements system to pay operating and administrative expenses primarily through the Quirky Operating account. As such, the Debtors have made reasonable efforts to report segregated receipt and disbursement information by Debtor entity.

4. Accuracy. The financial information disclosed herein was not prepared in accordance with federal or state securities laws or other applicable non-bankruptcy law or in lieu of complying with any periodic reporting requirements thereunder. Persons and entities trading in or otherwise purchasing, selling, or transferring the claims against or equity interests in the Debtors should evaluate this financial information in light of the purposes for which it was prepared. The Debtors are not liable for and undertake no responsibility to indicate variations from securities laws or for any evaluations of the Debtors based on this financial information or any other information.

5. Payment of Prepetition Claims Pursuant to First Day Orders. Within the first three days of the Debtors' chapter 11 cases, the Bankruptcy Court entered orders (the "**First-Day Orders**") authorizing, but not directing, the Debtors to, among other things, pay certain prepetition (a) claims of warehousemen and miscellaneous lien claimants; (b) obligations to "critical vendors;" (c) customer program obligations; (d) employee wages, salaries, and related items, including employee benefit programs; and (e) taxes and assessments. To the extent any payments were made on account of such claims following the commencement of these chapter 11 cases pursuant to the authority granted to the Debtors by the Bankruptcy Court under the First Day Orders, such payments have been included in the MOR unless otherwise noted.

6. Liabilities Subject to Compromise. As of the date of this MOR, no bar date has been set for the filing or assertion of claims against the Debtors. Accordingly, the amounts currently classified as liabilities subject to compromise are estimates and are subject to future change and adjustment.

7. Reservation of Rights. The Debtors reserve all rights to amend or supplement the MOR in all respects, as may be necessary or appropriate. Nothing contained in this MOR shall constitute a waiver of any of the Debtors' rights or an admission with respect to their chapter 11 cases.

Notes:

[1] The Debtors in these chapter 11 cases, along with the last four digits of each Debtor's federal taxpayer identification number, are: Quirky, Inc. (2873), Wink, Inc. (8826), and Undercurrent Acquisition LLC (9692).

[2] Motion for an Order Authorizing the Debtors to (I) Continue to Use Existing Cash Management System, (II) Maintain Existing Bank Accounts and Business Forms, and (III) Waive Requirements of Section 345(b) of the Bankruptcy Code [Docket No. 8] ("**Cash Management Motion**").

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SCHEDULE OF CASH DISBURSEMENTS

	QUIRKY, INC.	WINK, INC.	UNDERCURRENT ACQUISITION LLC	TOTAL
Cash - Beginning of Period	\$ 6,603,699	\$ -	\$ 728,566	\$ 7,332,265
Receipts				
Total Receipts	\$ 719,406.38	\$ 427,458.95	\$ 417,833.00	\$ 1,564,698.33
Disbursements ^[2]				
Payroll, Payroll Taxes & Benefits	\$ (208,603.50)	\$ (1,050,606.63)	\$ (4,702.72)	(1,263,913)
Temporary Staffing	-	(78,993)	-	(78,993)
Rent & Facilities	(33,628)	(67,910)	-	(101,538)
Utilities & Telecom	(1,824)	(4,763)	-	(6,587)
Taxes & Insurance	-	(28,100)	-	(28,100)
Manufacturing & Production	-	(705,797)	-	(705,797)
Shipping & Logistics	(162,936)	(120,589)	-	(283,526)
Technology	(471)	(84,854)	-	(85,325)
Other Operating	(5,981)	(1,628)	-	(7,608)
Credit Card Payments	(11,626)	(114,880)	-	(126,506)
Financing	-	-	-	-
Professional Fees	-	-	-	-
U.S. Trustee Quarterly Fees	-	-	-	-
Other Restructuring	-	-	-	-
Total Disbursements	\$ (425,069.66)	\$ (2,258,119.52)	\$ (4,702.72)	(2,687,892)
Net Cash Flow (Receipts Less Disbursements)	\$ 294,336.72	\$ (1,830,660.57)	\$ 413,130.28	\$ (1,123,193.57)
Cash - End of Period	\$ 6,898,036.11	\$ (1,830,660.57)	\$ 1,141,695.81	\$ 6,209,071

THE FOLLOWING SECTION MUST BE COMPLETED
DISBURSEMENTS FOR CALCULATING U.S. TRUSTEE QUARTERLY FEES:

OCTOBER ONLY	QUIRKY, INC.	WINK, INC.	UNDERCURRENT ACQUISITION LLC	TOTAL
Total Disbursements	\$ (297,049.27)	\$ (1,917,160.89)	\$ -	\$ (2,214,210)
Less: Transfers to Other Debtor in Possession Accounts	-	-	-	-
Plus: Estate Distributions Made by Outside Sources	-	-	-	-
Total Disbursements For Calculating U.S. Trustee Quarterly Fees	\$ (297,049.27)	\$ (1,917,160.89)	\$ -	\$ (2,214,210)

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BANK RECONCILIATIONS ^[1]

	Quirky Operating	Quirky Merchant	Undercurrent	Wink	Operating	Money	Total
	JPM Chase	JPM Chase	Operating	Operating	Comerica	Market	
Bank Accounts ^[2]	xxxxx1303	xxxxx1295	JPM Chase	JPM Chase	xxxxxx1369	Comerica	
	xxxxxx1377		xxxxxx1050	xxxxxx0565		xxxxxx1377	
Balance per Books	\$ 5,497,631	\$ 68,263	\$ 146,399	\$ 128,060	\$ 304,105	\$ 64,614	\$ 6,209,071
Bank Balance	5,497,631	68,263	146,399	128,060	304,105	64,614	6,209,071
(+) Deposits in Transit	-	-	-	-	-	-	-
(-) Outstanding Checks	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Adj. Bank Balance *	\$ 5,497,631	\$ 68,263	\$ 146,399	\$ 128,060	\$ 304,105	\$ 64,614	\$ 6,209,071

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

Notes:

[1] Copies of bank statements and cash disbursement journals available upon request.

[2] The Debtors are authorized to use these accounts on a post-petition basis pursuant to the Final Order signed on 10/23/15 Authorizing Debtors to (I) Continue to Use Existing Cash Management System, (II) to Maintain Existing Bank Accounts and Business Forms, and (III) Waive Requirements of Section 345(b) of the Bankruptcy Code.

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STATEMENT OF OPERATIONS

P&L	REPORTING PERIOD	CUMULATIVE - FILING TO DATE
Gross Product Revenue	\$ 938,316	938,316
Service Revenue	141,639	141,639
Other Revenue	4,404	4,404
Revenue Deductions	(2,286)	(2,286)
Net Revenue	\$ 1,082,072	\$ 1,082,072
Direct Product Costs	953,243	953,243
Indirect Product Costs	(90,155)	(90,155)
Community Rewards	55,880	55,880
COGS	918,969	918,969
Gross Margin	\$ 163,104	\$ 163,104
Employment	1,188,553	1,188,553
Travel & Entertainment	18,095	18,095
Professional Services	456,035	456,035
Selling	-	-
Marketing	-	-
Fulfillment, Warehousing and Freight Out	116,797	116,797
Product Development	-	-
Legal	882,675	882,675
Facilities	93,332	93,332
Technology	505,730	505,730
Depreciation & Amortization	129,839	129,839
Other SG&A ^[1]	25,366	25,366
Total SG&A	3,416,421	3,416,421
Tax	(28,019)	(28,019)
Other Income ^[1]	1,614	1,614
Other Expenses ^[1]	(84,333)	(84,333)
Total Other Income / Expense	(110,738)	(110,738)
Net Income (Loss)	\$ (3,142,579)	\$ (3,142,579)
EBITDA	\$ (3,123,479)	\$ (3,123,479)
<u>Reorganization Costs</u>		
Professional Fees ^[2]	998,271	998,271
U.S. Trustee Quarterly Fees	6,825	6,825
Other Reorganization Costs ^[1]	-	-
Total Reorganization Costs	\$ 1,005,096	\$ 1,005,096

Notes:

[1] Support for Other SG&A, Other Income, Other Expenses and Other Reorganization Costs available upon request.

[2] Professional fees for the reporting period were estimated by the Debtors and will be adjusted for actual invoices received. Such adjustments will be reported on future MORs.

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Debtor

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BALANCE SHEET

BALANCE SHEET ^[1]	END OF REPORTING PERIOD
Cash and Cash Equivalents	\$ 6,388,989
Accounts Receivable, Net	1,721,317
Inventory, Net	10,098,409
Prepaid Expenses	2,716,763
Other Current Assets	383,665
Current Assets	21,309,143
Operational Fixed Assets	7,298,370
Accumulated Depreciation	(5,052,123)
Intangible Assets	26,346,789
Accumulated Amortization	(1,700,905)
Other Assets	-
Total Assets	\$ 48,201,273
Accounts Payable ^[2]	\$ 560,023
Community Payable	-
Sales Tax Payable ^[2]	34,411
Royalty Payable	-
Accrued Expenses ^[2]	2,500,646
Warrant Liability	-
Note Payable	-
Deferred Revenue	-
Debt	-
Convertible Notes	-
Long Term Liabilities	-
Total Liabilities Not Subject to Compromise	3,095,080
Liabilities Subject to Compromise	132,812,456
Total Liabilities	\$ 135,907,535
Preferred Stock	\$ 45,218
Common Stock	100,801
APIC - Preferred Stock	154,810,368
APIC - Common Stock	5,591,628
Contributed Capital	305,887
Warrants	-
Retained Earnings	(248,560,164)
Total Equity	\$ (87,706,262)
Total Liabilities and Equity	\$ 48,201,273

Notes:

[1] Support for balance sheet items available upon request.

[2] Amounts include pre-petition debts that the Debtors have been authorized to pay after the Petition Date by the Bankruptcy Court.

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Debtor

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BALANCE SHEET

LIABILITIES SUBJECT TO COMPROMISE ^[1]	MONTH
Accounts Payable	\$ 21,234,162
Community Payable	2,936,729
Sales Tax Payable	-
Royalty Payable	299,806
Accrued Expenses	706,599
Warrant Liability	8,055,737
Note Payable	8,797,620
Deferred Revenue	4,404,077
Debt	28,926,732
Convertible Notes	36,800,000
Long Term Liabilities	20,650,995
Total Liabilities Subject to Compromise	\$ 132,812,456

Notes:

[1] The amounts currently classified as liabilities subject to compromise are estimates and are subject to further change and adjustment. Any such adjustments will be reflected in subsequent MORs.

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STATUS OF POST-PETITION TAXES ^[1]

Federal ^[2]	Beginning Tax ^[3]	Amount Accrued	Amount Paid	Date Paid	Check # or EFT	Ending Tax
Withholding	\$ -	\$ -	\$ -			\$ -
FICA-Employee	-	-	-			-
FICA-Employer	-	-	-			-
Unemployment	-	-	-			-
Income	-	-	-			-
Other: _____	-	-	-			-
Total Federal Taxes	\$ -	\$ -	\$ -			\$ -
State and Local						
Withholding	\$ 58,266	\$ -	\$ -			\$ 58,266
Sales	34,411	-	-			34,411
Excise	-	-	-			-
Unemployment	-	-	-			-
Real Property	-	-	-			-
Personal Property	-	-	-			-
Other: Franchise Taxes	44,209	-	-			44,209
Total State and Local	\$ 78,619	\$ -	\$ -			\$ 78,619
Total Taxes	\$ 78,619	\$ -	\$ -			\$ 78,619

Notes:

- [1] Copies of IRS Form 6123, payment receipts and tax returns filed during reporting period available upon request.
 [2] The Debtors' Federal tax withholdings are handled by the Debtors' 3rd party payroll provider. The Debtors are current with all Federal taxes.
 [3] Amounts include pre-petition taxes that the Debtors have been authorized to pay after the Petition Date by the Bankruptcy Court.

SUMMARY OF UNPAID POST-PETITION DEBTS ^[1]

Aging ^[2]	Number of Days Past Due					Total
	Current	0-30	31-60	61-90	Over 91	
Accounts Payable ^[3]	\$ 26,428	\$ 96,002	\$ 7,627	\$ -	\$ -	\$ 130,057
Wages Payable	22,336	-	-	-	-	22,336
Taxes Payable ^[4]	54,323	-	-	-	24,296	78,619
Professional Fees	-	-	-	-	-	-
Amounts Due to Insiders	-	-	-	-	-	-
Other: _____	-	-	-	-	-	-
Total Post-Petition Debts	\$ 103,087	\$ 96,002	\$ 7,627	\$ -	\$ 24,296	\$ 231,012

Notes:

- [1] To the best of the Debtors' knowledge, all undisputed post-petition accounts payable have been paid, or are being paid under agreed-upon payment terms.
 [2] Aging is based on vouchered invoices only; all other amounts are shown as current. Aging schedule excludes accruals.
 [3] Listing of aged Accounts Payable by vendor available upon request. Excludes pre-petition amounts that the Debtors have been authorized to pay after the Petition Date by the Bankruptcy Court.
 [4] Amounts include pre-petition taxes that the Debtors have been authorized to pay after the Petition Date by the Bankruptcy Court.

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ACCOUNTS RECEIVABLE RECONCILIATION AND AGING

Accounts Receivable Reconciliation	Amount
Total Accounts Receivable at the beginning of the reporting period	\$ 1,897,500
Plus: Amounts billed during the period	450,325
Less: Amounts collected during the period	625,379
Total Accounts Receivable at the end of the reporting period	\$ 1,722,446

Accounts Receivable Aging	0-30 Days	31-60 Days	61-90 Days	91+ Days	Total
Total Accounts Receivable	\$ 1,211,452	\$ 349,732	\$ 695,537	\$ 1,868,592	\$ 4,125,313
Less: Bad Debts (Amount considered uncollectible)	na	na	na	na	(2,402,867)
Net Accounts Receivable	na	na	na	na	\$ 1,722,446

TAXES RECONCILIATION AND AGING

Taxes Payable	0-30 Days	31-60 Days	61-90 Days	91+ Days	Total
Federal	\$ -	\$ -	\$ -	\$ -	\$ -
State and Local	54,323	-	-	24,296	78,619
Other	-	-	-	-	-
Total Taxes Payable	\$ 54,323	\$ -	\$ -	\$ 24,296	\$ 78,619

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PAYMENTS TO INSIDERS AND PROFESSIONALS

INSIDERS ^[1]				
Name	Title / Capacity	Type of Payment	Amount Paid	Total Paid to Date
Ed Kremer	CEO and CFO, Quirky	Payroll	\$ 60,577	\$ 60,577
Charlie Kwalwasser	General Counsel, Chief Admin. Officer and Secretary, Quirky	Payroll	43,269	43,269
Nathan Smith	VP Engineering and President, Wink	Payroll	38,942	38,942
Brett Worthington	General Manager, Wink	Payroll	34,615	34,615
Ed Kremer	CEO and CFO, Quirky	Expense Reimbursement	159	159
Brett Worthington	General Manager, Wink	Expense Reimbursement	8,128	8,128
Total Payments to Insiders			\$ 185,691	\$ 185,691

PROFESSIONALS ^[1]						
Name	Description	Date of Court Order Authorizing Payment	Amount Approved	Amount Paid	Total Paid to Date	Total Incurred and Unpaid
na	na	na	\$ -	\$ -	\$ -	\$ -
Total Payments to Professionals			\$ -	\$ -	\$ -	\$ -

Notes:

[1] As of the date of this MOR, the Debtors have not made payments to the estate's professionals. On November 20, 2015, the Bankruptcy Court entered the order establishing procedures for interim compensation and reimbursement of expenses of professionals. Any payments made by the Debtors to estate professionals will be in accordance with the terms and conditions set forth therein.

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

Name of Creditor	Description	Scheduled Payment Due During Reporting Period	Amount Paid During Reporting Period	Total Unpaid Post-Petition
Development at City Center	Lease for office space in Schnectandy	\$ 64,640	\$ 64,640	\$ -
Total Payments		\$ 64,640	\$ 64,640	\$ -

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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?		X
2	Have any funds been disbursed from any account other than a debtor in possession account this reporting period?	X ^[1]	
3	Is the Debtor delinquent in the timely filing of any post-petition tax returns?		X
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?		X
5	Is the Debtor delinquent in paying any insurance premium payment?		X
6	Have any payments been made on pre-petition liabilities this reporting period?	X ^[2]	
7	Are any post petition receivables (accounts, notes or loans) due from related parties?		X
8	Are any post petition payroll taxes past due?		X
9	Are any post petition State or Federal income taxes past due?		X
10	Are any post petition real estate taxes past due?		X
11	Are any other post petition taxes past due?		X
12	Have any pre-petition taxes been paid during this reporting period?		X
13	Are any amounts owed to post petition creditors delinquent?		X
14	Are any wage payments past due?		X
15	Have any post petition loans been received by the Debtor from any party?		X
16	Is the Debtor delinquent in paying any U.S. Trustee fees?	X ^[3]	
17	Is the Debtor delinquent with any court ordered payments to attorneys or other professionals?		X
18	Have the owners or shareholders received any compensation outside of the normal course of business?		X

Notes:

- [1] The Debtors are authorized to use these accounts on a post-petition basis pursuant to the Final Order signed on 10/23/15 Authorizing Debtors to (I) Continue to Use Existing Cash Management System, (II) to Maintain Existing Bank Accounts and Business Forms, and (III) Waive Requirements of Section 345(b) of the Bankruptcy Code.
- [2] As authorized pursuant to various First Day Orders entered by the Court, the Debtors have made certain payments on account of pre-petition liabilities during the reporting period.
- [3] As of the end of the reporting period 10/31/15, the Debtors were delinquent in paying its September quarterly U.S. Trustee fees. As of the submission of the MOR, all outstanding fees have been paid.