

Monthly Operating Report
ACCURAL BASIS

CASE NAME:	Sears Methodist Retirement System, Inc.
CASE NUMBER:	14-32821-11
JUDGE:	Stacey G. Jernigan

UNITED STATES BANKRUPTCY COURT
NORTHERN & EASTERN DISTRICTS OF TEXAS
REGION 6

MONTHLY OPERATING REPORT

MONTH ENDING: June 2014
MONTH YEAR

IN ACCORDANCE WITH TITLE 28, SECTION 1746, OF THE UNITED STATES CODE, I DECLARE UNDER PENALTY OF PERJURY THAT I HAVE EXAMINED THE FOLLOWING MONTHLY OPERATING REPORT (ACCURAL BASIS-1 THROUGH ACCURAL BASIS-7) AND THE ACCOMPANYING ATTACHMENTS AND, TO THE BEST OF MY KNOWLEDGE, THESE DOCUMENTS ARE TRUE, CORRECT, AND COMPLETE. DECLARATION OF THE PREPARER (OTHER THAN RESPONSIBLE PARTY) IS BASED ON ALL INFORMATION OF WHICH PREPARER HAS ANY KNOWLEDGE.

RESPONSIBLE PARTY:

<u><i>Paul Rudell</i></u>	<u>CRD</u>
ORIGINAL SIGNATURE OF RESPONSIBLE PARTY	TITLE
<u>Paul Rudell</u>	<u>8/15/14</u>
PRINTED NAME OF RESPONSIBLE PARTY	DATE

PREPARER:

<u><i>David S. McLaughlin</i></u>	<u>Senior Director</u>
ORIGINAL SIGNATURE OF PREPARER	TITLE
<u>David S. McLaughlin</u>	<u>8/15/14</u>
PRINTED NAME OF PREPARER	DATE

Monthly Operating Report
ACCRUAL BASIS-1

CASE NAME:	Sears Methodist Retirement System, Inc.
CASE NUMBER:	14-32821-11

COMPARATIVE BALANCE SHEET

	MONTH ENDING JUNE 30, 2014	MONTH	MONTH
ASSETS			
OPERATING CASH	(\$111,714)		
OTHER CASH	\$3,693,667		
TOTAL CASH	\$3,581,953	\$0	\$0
ACCOUNTS RECEIVABLE (NET)	\$41,649		
INVENTORY	\$0		
NOTES RECEIVABLE	\$0		
PREPAID EXPENSES	\$533,027		
OTHER	\$0		
TOTAL CURRENT ASSETS	\$4,156,630	\$0	\$0
LAND, PROPERTY, PLANT & EQUIPMENT	\$3,658,528		
LESS: ACCUMULATED DEPRECIATION/DEPLETION	(\$1,762,940)		
NET LAND, PROPERTY, PLANT & EQUIPMENT	\$1,895,588	\$0	\$0
DUE FROM INSIDERS	\$6,192,265		
ASSETS LIMITED TO USE	\$7,864,731		
BOND ISSUANCE COSTS - NET OF AMORTIZATION	\$2,437,662		
INVESTMENT IN SMF	\$11,395,962		
INVESTMENT IN CCIC	\$681,937		
INVESTMENT IN SWAC	\$300,000		
OTHER	\$247,486		
TOTAL ASSETS	\$35,172,261	\$0	\$0
LIABILITIES			
ACCOUNTS PAYABLE	\$2,396,539		
ACCRUED LIABILITIES	\$208,556		
NOTES PAYABLE - CURRENT	\$2,285,689		
PROFESSIONAL FEES	\$0		
SECURED DEBT (PRE-PETITION)	\$97,946,533		
INTEREST PAYABLE - BOND	\$690,866		
OTHER	\$1,201,373		
PRIORITY DEBT	\$0		
UNSECURED DEBT	\$0		
TOTAL LIABILITIES	\$104,729,556	\$0	\$0
EQUITY			
PREPETITION OWNERS' EQUITY	(\$69,532,103)		
POSTPETITION CUMULATIVE PROFIT OR (LOSS)	(\$25,192)		
DIRECT CHARGES TO EQUITY (ATTACH EXPLANATION)	\$0		
TOTAL EQUITY	(\$69,557,295)	\$0	\$0
TOTAL LIABILITIES & OWNERS' EQUITY	\$35,172,261	\$0	\$0

*Operating cash line ties to Page 3 end of period cash balance

Monthly Operating Report
ACCRUAL BASIS-2

CASE NAME:	Sears Methodist Retirement System, Inc.
CASE NUMBER:	14-32821-11

INCOME STATEMENT	21 DAYS ENDING 6/30/14	MONTH	MONTH	MONTH
REVENUES				
GROSS REVENUES	\$591,555			
LESS: RETURNS & DISCOUNTS	\$0			
NET REVENUE	\$591,555	\$0	\$0	\$0
COST OF GOODS SOLD				
MATERIAL	\$0			
DIRECT LABOR	\$0			
DIRECT OVERHEAD	\$0			
TOTAL COST OF GOODS SOLD	\$0	\$0	\$0	\$0
GROSS PROFIT	\$591,555	\$0	\$0	\$0
OPERATING EXPENSES				
NURSING	\$480			
ENVIRONMENTAL SERVICES	\$2,483			
UTILITIES	\$4,303			
DIETARY	\$5,359			
GENERAL & ADMINISTRATIVE	(\$162,130)			
EMPLOYEE BENEFITS & INSURANCE	(\$80,334)			
OTHER	\$169,533			
TOTAL OPERATING EXPENSES	(\$60,305)	\$0	\$0	\$0
INCOME BEFORE NON-OPERATING INCOME & EXPENSE	\$651,860	\$0	\$0	\$0
OTHER INCOME & EXPENSES				
NON-OPERATING INCOME	\$0			
NON-OPERATING EXPENSE	(\$37,079)			
PRE-PETITION INTEREST/DEBT EXPENSE	\$23,268			
POST-PETITION/DIP INTEREST/DEBT EXPENSE	\$0			
DEPRECIATION / DEPLETION	(\$3,112)			
AMORTIZATION	(\$3,679)			
OTHER	\$0			
NET OTHER INCOME & EXPENSES	(\$20,601)	\$0	\$0	\$0
REORGANIZATION EXPENSES				
PROFESSIONAL FEES	\$0			
U.S. TRUSTEE FEES	\$0			
OTHER	\$0			
TOTAL REORGANIZATION EXPENSES	\$0	\$0	\$0	\$0
INCOME TAX	\$0			
NET PROFIT (LOSS)	\$631,259	\$0	\$0	\$0

Monthly Operating Report
ACCRUAL BASIS-3

CASE NAME:	Sears Methodist Retirement System, Inc.
CASE NUMBER:	14-32821-11

CASH RECEIPTS AND DISBURSEMENTS	21 DAYS ENDING 6/30/14	MONTH	MONTH	QUARTER
CASH - BEGINNING OF MONTH	\$261,834	(\$111,714)	(\$111,714)	
RECEIPTS FROM OPERATIONS				
OPERATING RECEIPTS	\$8,043			\$8,043
TOTAL OPERATING RECEIPTS	\$8,043	\$0	\$0	\$8,043
NON-OPERATING RECEIPTS				
LOANS & ADVANCES	\$600,000			\$600,000
SALE OF ASSETS	\$0			\$0
OTHER	\$0			\$0
TOTAL NON-OPERATING RECEIPTS	\$600,000	\$0	\$0	\$600,000
TOTAL RECEIPTS	\$608,043	\$0	\$0	\$608,043
TOTAL CASH AVAILABLE	\$869,878	(\$111,714)	(\$111,714)	
OPERATING DISBURSEMENTS				
NET PAYROLL	\$193,398			\$193,398
PAYROLL TAXES PAID	\$113,959			\$113,959
SALES, USE & OTHER TAXES PAID	\$0			\$0
SECURED / RENTAL / LEASES	\$0			\$0
UTILITIES	\$0			\$0
INSURANCE	\$510,703			\$510,703
INVENTORY PURCHASES	\$0			\$0
VEHICLE EXPENSES	\$0			\$0
TRAVEL	\$0			\$0
ENTERTAINMENT	\$0			\$0
REPAIRS & MAINTENANCE	\$0			\$0
SUPPLIES	\$0			\$0
ADVERTISING	\$0			\$0
OTHER TRADE PAYABLES	\$163,532			\$163,532
TOTAL OPERATING DISBURSEMENTS	\$981,592	\$0	\$0	\$981,592
REORGANIZATION EXPENSES				
PROFESSIONAL FEES	\$0			\$0
U.S. TRUSTEE FEES	\$0			\$0
OTHER	\$0			\$0
TOTAL REORGANIZATION EXPENSES	\$0	\$0	\$0	\$0
TOTAL DISBURSEMENTS	\$981,592	\$0	\$0	\$981,592
NET CASH FLOW	(\$373,549)	\$0	\$0	(\$373,549)
CASH - END OF MONTH	(\$111,714)	(\$111,714)	(\$111,714)	

Monthly Operating Report
ACCUAL BASIS-4

CASE NAME: Sears Methodist Retirement System, Inc.

CASE NUMBER: 14-32821-11

ACCOUNTS RECEIVABLE AGING		MONTH	MONTH	MONTH
1.	0-30	\$0	\$0	\$0
2.	31-60	\$0	\$0	\$0
3.	61-90	\$0	\$0	\$0
4.	91+	\$0	\$0	\$0
5.	TOTAL ACCOUNTS RECEIVABLE	\$0	\$0	\$0
6.	AMOUNT CONSIDERED UNCOLLECTIBLE	\$0	\$0	\$0
7.	ACCOUNTS RECEIVABLE (NET)	\$0	\$0	\$0

AGING OF POSTPETITION TAXES AND PAYABLES		MONTH: June 2014			
TAXES PAYABLE	0-30 DAYS	31-60 DAYS	61-90 DAYS	91+ DAYS	TOTAL
1. FEDERAL	\$29,857	\$0	\$0	\$0	\$29,857
2. STATE	\$0	\$0	\$0	\$0	\$0
3. LOCAL	\$0	\$0	\$0	\$0	\$0
4. OTHER	\$0	\$0	\$0	\$0	\$0
5. TOTAL TAXES PAYABLE	\$29,857	\$0	\$0	\$0	\$29,857

6. ACCOUNTS PAYABLE	\$26,313	\$0	\$0	\$0	\$26,313
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STATUS OF POSTPETITION TAXES		MONTH: June 2014			
	BEGINNING TAX LIABILITY	AMOUNT WITHHELD AND/OR ACCRUED	AMOUNT PAID	ENDING TAX LIABILITY	
FEDERAL					
7. TOTAL FEDERAL TAXES	\$25,674	\$144,729	\$140,546	\$29,857	
STATE AND LOCAL					
15. TOTAL STATE & LOCAL	\$0	\$0	\$0	\$0	
16. TOTAL TAXES	\$25,674	\$144,729	\$140,546	\$29,857	

Monthly Operating Report
ACCRUAL BASIS-6

CASE NAME:	Sears Methodist Retirement System, Inc.
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MONTH: June 2014

PAYMENTS TO INSIDERS AND PROFESSIONALS

INSIDERS			
NAME	TYPE OF PAYMENT	AMOUNT PAID	TOTAL PAID TO DATE
1. NONE			
2.			
3.			
4.			
5.			
6. TOTAL PAYMENTS TO INSIDERS		\$0	\$0

PROFESSIONALS					
NAME	DATE OF COURT ORDER AUTHORIZING PAYMENT	AMOUNT APPROVED	AMOUNT PAID	TOTAL PAID TO DATE	TOTAL INCURRED & UNPAID
1. NONE					
2.					
3.					
4.					
5.					
6. TOTAL PAYMENTS TO PROFESSIONALS			\$0	\$0	\$0

POSTPETITION STATUS OF SECURED NOTES, LEASES PAYABLE AND ADEQUATE PROTECTION PAYMENTS

NAME OF CREDITOR	SCHEDULED MONTHLY PAYMENTS DUE	AMOUNTS PAID DURING MONTH	TOTAL UNPAID POSTPETITION
1. NONE			
2.			
3.			
4.			
5.			
6. TOTAL	\$0	\$0	\$0

**Monthly Operating Report
ACCRUAL BASIS-7**

CASE NAME:	Sears Methodist Retirement System, Inc.
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MONTH: June 2014

QUESTIONNAIRE

	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?		X
3. ARE ANY POSTPETITION RECEIVABLES (ACCOUNTS, NOTES, OR LOANS) DUE FROM RELATED PARTIES?	X	
4. HAVE ANY PAYMENTS BEEN MADE ON PREPETITION LIABILITIES THIS REPORTING PERIOD?		X
5. HAVE ANY POSTPETITION LOANS BEEN RECEIVED BY THE DEBTOR FROM ANY PARTY?	X	
6. ARE ANY POSTPETITION PAYROLL TAXES PAST DUE?		X
7. ARE ANY POSTPETITION STATE OR FEDERAL INCOME TAXES PAST DUE?		X
8. ARE ANY POSTPETITION REAL ESTATE TAXES PAST DUE?		X
9. ARE ANY OTHER POSTPETITION TAXES PAST DUE?		X
10. ARE ANY AMOUNTS OWED TO POSTPETITION CREDITORS DELINQUENT?		X
11. HAVE ANY PREPETITION TAXES BEEN PAID DURING THE REPORTING PERIOD?		X
12. ARE ANY WAGE PAYMENTS PAST DUE?		X

IF THE ANSWER TO ANY OF THE ABOVE QUESTIONS IS "YES," PROVIDE A DETAILED EXPLANATION OF EACH ITEM. ATTACH ADDITIONAL SHEETS IF NECESSARY.

Question #3 - Post-petition receivable composed of management fees due to corporate
 Question #5 - DIP Loan received during June 2014

INSURANCE

	YES	NO
1. ARE WORKER'S COMPENSATION, GENERAL LIABILITY AND OTHER NECESSARY INSURANCE COVERAGES IN EFFECT?	X	
2. ARE ALL PREMIUM PAYMENTS PAID CURRENT?	X	
3. PLEASE ITEMIZE POLICIES BELOW.		

IF THE ANSWER TO ANY OF THE ABOVE QUESTIONS IS "NO," OR IF ANY POLICIES HAVE BEEN CANCELLED OR NOT RENEWED DURING THIS REPORTING PERIOD, PROVIDE AN EXPLANATION BELOW. ATTACH ADDITIONAL SHEETS IF NECESSARY.

INSTALLMENT PAYMENTS

TYPE OF POLICY	CARRIER	PAYMENT AMOUNT & FREQUENCY
Group Medical	Blue Cross Blue Shield	\$68,500 Weekly
Group Dental	Blue Cross Blue Shield	\$3,500 Weekly
Vision	Ameritas	\$4,400 Monthly
Various Ancillary Policies	Unum	\$4,500 Monthly
Various Ancillary Policies	Provident	\$17,200 Monthly
Nonsubscriber/Employee	North American Capacity	\$4,500 Monthly
GL/PL/ Employee Benefits Liability	Southwest Assurance Company (SMRS Captive)	\$61,900 Monthly
Excess Liability	SWAC/Ironshore	\$39,600 Monthly
D&O Liability	RSUI	\$55,000 Annually
Auto	Philadelphia	Note ⁽¹⁾
Commercial Crime	Hartford	\$4,400 every 3 years
Property/Crime	Travelers	Note ⁽¹⁾
Wind/Hail	Landmark American	Note ⁽¹⁾
TN Workers Comp	Travelers	\$500 Annually
Long-term Disability	Standard	\$1,400 Monthly

Note⁽¹⁾: Monthly Premium Finance Agreement payment is \$50,924.16