

Monthly Operating Report
ACCRUAL 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: September 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 (ACCRUAL BASIS-1 THROUGH ACCRUAL 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



ORIGINAL SIGNATURE OF RESPONSIBLE PARTY

CRO
TITLE

Paul Rundell

PRINTED NAME OF RESPONSIBLE PARTY

10/30/14
DATE

PREPARER:



ORIGINAL SIGNATURE OF PREPARER

Senior Director
TITLE

David S. McLaughlin

PRINTED NAME OF PREPARER

10/30/14
DATE

Monthly Operating Report
ACCRUAL BASIS-1

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

COMPARATIVE BALANCE SHEET

	MONTH ENDING JULY 31, 2014	MONTH ENDING AUGUST 31, 2014	MONTH ENDING SEPTEMBER 30, 2014
ASSETS			
OPERATING CASH	\$93,738	(\$996,916)	(\$920,034)
OTHER CASH	\$4,230,202	\$4,671,468	\$5,464,497
TOTAL CASH	\$4,323,940	\$3,674,552	\$4,544,463
ACCOUNTS RECEIVABLE (NET)	\$26,640	\$26,110	\$26,154
INVENTORY	\$0	\$0	\$0
NOTES RECEIVABLE	\$0	\$0	\$0
PREPAID EXPENSES	\$465,934	\$453,243	\$441,230
OTHER	\$0	\$0	\$0
TOTAL CURRENT ASSETS	\$4,816,513	\$4,153,904	\$5,011,847
LAND, PROPERTY, PLANT & EQUIPMENT	\$3,658,992	\$3,733,611	\$3,733,611
LESS: ACCUMULATED DEPRECIATION/DEPLETION	(\$1,767,726)	(\$1,767,230)	(\$1,775,284)
NET LAND, PROPERTY, PLANT & EQUIPMENT	\$1,891,266	\$1,966,381	\$1,958,327
DUE FROM INSIDERS	\$7,353,405	\$8,565,964	\$8,211,322
ASSETS LIMITED TO USE	\$8,421,946	\$7,066,859	\$7,023,333
BOND ISSUANCE COSTS - NET OF AMORTIZATION	\$2,432,407	\$2,425,386	\$2,421,897
INVESTMENT IN SMF	\$11,395,962	\$11,395,962	\$11,395,962
INVESTMENT IN CCIC	\$681,937	\$681,937	\$681,937
INVESTMENT IN SWAC	\$300,000	\$300,000	\$300,000
OTHER	\$239,018	\$237,974	\$249,370
TOTAL ASSETS	\$37,532,454	\$36,794,367	\$37,253,995
POSTPETITION LIABILITIES			
ACCOUNTS PAYABLE	\$105,098	\$233,650	\$353,654
ACCRUED LIABILITIES	\$37,748	\$24,324	\$27,144
DUE TO INSIDERS	\$979,642	\$0	\$0
OTHER	\$0	\$0	\$0
TOTAL POSTPETITION LIABILITIES	\$1,122,488	\$257,973	\$380,798
PREPETITION LIABILITIES			
ACCOUNTS PAYABLE	\$1,437,058	\$1,555,528	\$1,467,165
ACCRUED LIABILITIES	\$188,397	\$226,156	\$253,105
DUE TO INSIDERS	\$1,148,582	\$886,537	\$944,531
NOTES PAYABLE - CURRENT	\$2,224,851	\$2,224,851	\$2,136,751
PROFESSIONAL FEES	\$0	\$0	\$0
SECURED DEBT (PRE-PETITION)	\$97,913,200	\$97,879,867	\$97,846,533
INTEREST PAYABLE - BOND	\$1,151,443	\$1,612,020	\$2,072,597
OTHER	\$1,299,431	\$1,350,437	\$1,432,358
PRIORITY DEBT	\$0	\$0	\$0
UNSECURED DEBT	\$0	\$0	\$0
TOTAL PREPETITION LIABILITIES	\$105,362,961	\$105,735,397	\$106,153,040
TOTAL LIABILITIES	\$106,485,449	\$105,993,371	\$106,533,838
EQUITY			
PREPETITION OWNERS' EQUITY	(\$69,532,103)	(\$69,532,103)	(\$69,532,103)
POSTPETITION CUMULATIVE PROFIT OR (LOSS)	\$579,108	\$333,100	\$252,260
DIRECT CHARGES TO EQUITY (ATTACH EXPLANATION)	\$0	\$0	\$0
TOTAL EQUITY	(\$68,952,995)	(\$69,199,003)	(\$69,279,843)
TOTAL LIABILITIES & OWNERS' EQUITY	\$37,532,454	\$36,794,367	\$37,253,995

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

Monthly Operating Report
ACCURAL BASIS-2

CASE NAME:	Sears Methodist Retirement S
CASE NUMBER:	14-32821-11

INCOME STATEMENT	MONTH ENDING 7/31/2014	MONTH ENDING 8/31/2014	MONTH ENDING 9/30/2014
REVENUES:			
GROSS REVENUES	\$915,807	\$483,182	\$263,249
LESS: RETURNS & DISCOUNTS	\$0	\$0	\$0
NET REVENUE	\$915,807	\$483,182	\$263,249
COST OF GOODS SOLD:			
MATERIAL	\$0	\$0	\$0
DIRECT LABOR	\$0	\$0	\$0
DIRECT OVERHEAD	\$0	\$0	\$0
TOTAL COST OF GOODS SOLD	\$0	\$0	\$0
GROSS PROFIT	\$915,807	\$483,182	\$263,249
OPERATING EXPENSES:			
NURSING	\$23	\$0	\$0
ENVIRONMENTAL SERVICES	(\$500)	\$0	\$0
UTILITIES	\$4,898	\$5,233	\$5,274
DIETARY	\$3	\$0	
GENERAL & ADMINISTRATIVE	\$194,409	\$367,507	\$282,203
EMPLOYEE BENEFITS & INSURANCE	(\$23,128)	\$43,946	\$36,991
OTHER	(\$228,447)	\$1,375	\$1,375
TOTAL OPERATING EXPENSES	(\$52,742)	\$418,062	\$325,842
INCOME BEFORE NON-OPERATING INCOME & EXPENSE	\$968,549	\$65,120	(\$62,593)
OTHER INCOME & EXPENSES:			
NON-OPERATING INCOME	\$0	\$22,582	\$0
NON-OPERATING EXPENSE	(\$399,945)	(\$362,723)	(\$51,519)
PRE-PETITION INTEREST/DEBT EXPENSE	\$46,064	\$40,813	\$46,582
POST-PETITION/DIP INTEREST/DEBT EXPENSE	\$0	\$0	\$0
DEPRECIATION / DEPLETION	(\$4,787)	(\$6,545)	(\$8,054)
AMORTIZATION	(\$5,255)	(\$5,255)	(\$5,255)
OTHER	\$0	\$0	\$0
NET OTHER INCOME & EXPENSES	(\$363,923)	(\$311,128)	(\$18,246)
REORGANIZATION EXPENSES:			
PROFESSIONAL FEES	\$0	\$0	\$0
U.S. TRUSTEE FEES	\$325	\$0	\$0
OTHER	\$0	\$0	\$0
TOTAL REORGANIZATION EXPENSES	\$325	\$0	\$0
INCOME TAX	\$0	\$0	
NET PROFIT (LOSS)	\$604,301	(\$246,008)	(\$80,840)

Monthly Operating Report
ACCRUAL BASIS-3

CASE NAME:	Sears Methodist Retirement
CASE NUMBER:	14-32821-11

CASH RECEIPTS AND DISBURSEMENTS	MONTH ENDING 7/31/2014	MONTH ENDING 8/31/2014	MONTH ENDING 9/30/2014	QUARTER
CASH - BEGINNING OF MONTH	(\$111,714)	\$93,738	(\$996,916)	
RECEIPTS FROM OPERATIONS				
OPERATING RECEIPTS	\$1,192,738	\$6,804	\$998,240	\$2,197,781
TOTAL OPERATING RECEIPTS	\$1,192,738	\$6,804	\$998,240	\$2,197,781
NON-OPERATING RECEIPTS				
LOANS & ADVANCES	\$0	\$0	\$0	\$0
SALE OF ASSETS	\$0	\$0	\$0	\$0
OTHER	\$0	\$0	\$0	\$0
TOTAL NON-OPERATING RECEIPTS	\$0	\$0	\$0	\$0
TOTAL RECEIPTS	\$1,192,738	\$6,804	\$998,240	\$2,197,781
TOTAL CASH AVAILABLE	\$1,081,023	\$100,542	\$1,323	
OPERATING DISBURSEMENTS				
NET PAYROLL	\$202,703	\$209,305	\$198,951	\$610,958
PAYROLL TAXES PAID	\$132,776	\$91,784	\$83,514	\$308,074
SALES, USE & OTHER TAXES PAID	\$0	\$0	\$0	\$0
SECURED / RENTAL / LEASES	\$10,332	\$10,332	\$10,332	\$30,997
UTILITIES	\$4,661	\$5,197	\$4,750	\$14,608
INSURANCE	\$388,378	\$445,732	\$243,435	\$1,077,545
INVENTORY PURCHASES	\$0	\$0	\$0	\$0
VEHICLE EXPENSES	\$0	\$0	\$0	\$0
TRAVEL	\$928	\$2,134	\$1,869	\$4,931
ENTERTAINMENT	\$0	\$0	\$0	\$0
REPAIRS & MAINTENANCE	\$0	\$0	\$0	\$0
SUPPLIES	\$12,425	\$12,814	\$11,854	\$37,093
ADVERTISING	\$2,036	\$82,188	\$3,456	\$87,680
REHAB SERVICES	\$0	\$0	\$0	\$0
OTHER TRADE PAYABLES	232,396	\$237,972	\$362,146	\$832,514
TOTAL OPERATING DISBURSEMENTS	\$986,635	\$1,097,458	\$920,307	\$3,004,400
REORGANIZATION EXPENSES				
PROFESSIONAL FEES	\$0	\$0	\$0	\$0
U.S. TRUSTEE FEES	\$650	\$0	\$0	\$650
OTHER	\$0	\$0	\$1,050	\$1,050
TOTAL REORGANIZATION EXPENSES	\$650	\$0	\$1,050	\$1,700
TOTAL DISBURSEMENTS	\$987,285	\$1,097,458	\$921,357	\$3,006,100
NET CASH FLOW	\$205,452	(\$1,090,654)	\$76,883	(\$808,319)
CASH - END OF MONTH	\$93,738	(\$996,916)	(\$920,034)	

Monthly Operating Report
ACCUAL BASIS-4

CASE NAME:	Sears Methodist Retirement System, Inc.
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ACCOUNTS RECEIVABLE AGING		Jul-14	Aug-14	Sep-14
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: September 2014			
TAXES PAYABLE	0-30 DAYS	31-60 DAYS	61-90 DAYS	91+ DAYS	TOTAL
1. FEDERAL	\$27,144	\$0	\$0	\$0	\$27,144
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	\$27,144	\$0	\$0	\$0	\$27,144

6. ACCOUNTS PAYABLE	\$42,226	\$251,282	\$715	\$59,432	\$353,654
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STATUS OF POSTPETITION TAXES		MONTH: September 2014			
	BEGINNING TAX LIABILITY	AMOUNT WITHHELD AND/OR ACCRUED	AMOUNT PAID	ENDING TAX LIABILITY	
FEDERAL					
7. TOTAL FEDERAL TAXES	\$37,748	\$78,170	\$91,594	\$24,324	
STATE AND LOCAL					
15. TOTAL STATE & LOCAL	\$0	\$0	\$0	\$0	
16. TOTAL TAXES	\$37,748	\$78,170	\$91,594	\$24,324	

Monthly Operating Report
ACCRUAL BASIS-6

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

MONTH: September 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