

UNITED STATES BANKRUPTCY COURT  
DISTRICT OF DELAWARE

In re: Bear Creek Orchards, Inc.  
Debtor

Case No. : 11-10887  
Reporting Period: March 28 - April 23, 2011

MONTHLY OPERATING REPORT

REQUIRED DOCUMENTS	Form No.	Document Attached	Explanation Attached	Affidavit / Supplement Attached
Schedule of Cash Receipts and Disbursements	MOR-1	No	Note 1	
Bank Reconciliation	MOR-1a	No	Note 2	
Schedule of Professional Fees Paid	MOR-1b	No	Note 2	
Copies of bank statements		No	Note 2	
Cash disbursements journals		No	Note 2	
Statement of Operations	MOR-2	Yes		
Balance Sheet	MOR-3	Yes		
Status of Post-Petition Taxes	MOR-4	Yes		MOR-4A & 4B
Copies of IRS Form 6123 or payment receipt		No	Note 3	
Copies of tax returns filed during reporting period		No	Note 3	
Summary of Unpaid Post-Petition Debts	MOR-4	No	Note 2	
Listing of aged accounts payable	MOR-4	No	Note 2	
Accounts Receivable Reconciliation and Aging	MOR-5	No	Note 2	
Debtor Questionnaire	MOR-5	Yes		

Notes:

- (1) Cash Receipts and Disbursements have been reported on a Consolidated Basis. Please reference Harry and David Monthly Operating Report.
- (2) Requested information is not applicable to reporting entity.
- (3) Due to system constraints and/or the volume of records, UST has agreed to waive requirement to provide requested information.

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\*

  
Date

  
Printed Name of Authorized Individual

  
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.

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**MOR-2: STATEMENT OF OPERATIONS**

	Current Month	Cumulative Filing to Date
<b>REVENUES</b>		
Net Sales	\$ -	\$ -
<b>OPERATING EXPENSES</b>		
Cost of Good Sold	-	-
Selling, General and Administrative Expenses	21,087	21,087
Total Operating Expenses	21,087	21,087
<b>Operating Income</b>	<b>(21,087)</b>	<b>(21,087)</b>
<b>OTHER INCOME AND EXPENSES</b>		
Other Income (Expense), Net (see attached schedule)	-	-
Interest Expense	-	-
<b>Net Profit (Loss) Before Reorganization Items</b>	<b>(21,087)</b>	<b>(21,087)</b>
<b>REORGANIZATION ITEMS</b>		
Professional Fees	-	-
U. S. Trustee Quarterly Fees	-	-
Interest Earned on Accumulated Cash from Chapter 11	-	-
Gain (Loss) from Sale of Equipment	-	-
Other Reorganization Expenses	-	-
Total Reorganization Expenses	-	-
Income Taxes (1)	-	-
<b>Net Profit (Loss)</b>	<b>\$ (21,087)</b>	<b>\$ (21,087)</b>

**Notes:**

(1) The Debtors' normal-course accounting practice is to record the consolidated tax entries at Harry and David Holdings, Inc. versus recording taxes at each individual company.

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**MOR-3: BALANCE SHEET**

ASSETS	BOOK VALUE AT END OF CURRENT REPORTING MONTH	BOOK VALUE ON PETITION DATE
<b>CURRENT ASSETS</b>		
<b>Unrestricted Cash and Equivalents</b>		
Accounts Receivable (Net)	\$ -	\$ -
Inventories	3,914,581	3,118,442
Deferred Catalog Expenses	-	-
Deferred Income Taxes	-	-
Professional Retainers	-	-
Other Current Assets (see attached schedule)	424,259	445,754
<b>TOTAL CURRENT ASSETS</b>	<b>4,338,840</b>	<b>3,564,196</b>
<b>PROPERTY AND EQUIPMENT</b>		
Property and Equipment, net	34,607,125	34,732,514
<b>OTHER ASSETS</b>		
Other Assets (see attached schedule)	-	-
<b>TOTAL OTHER ASSETS</b>	<b>-</b>	<b>-</b>
<b>TOTAL ASSETS</b>	<b>\$ 38,945,965</b>	<b>\$ 38,296,710</b>
<b>LIABILITIES AND OWNER EQUITY</b>		
<b>LIABILITIES NOT SUBJECT TO COMPROMISE (Post-Petition)</b>		
Accounts Payable	\$ 298,525	\$ -
Taxes Payable	40,804	36,050
Wages Payable	227,648	257,099
Rent / Leases - Building/Equipment	-	-
Professional Fees	-	-
Secured Debt / Adequate Protection Payments	-	-
Other Post-Petition Liabilities (see attached schedule)	37,648,780	37,263,405
<b>TOTAL POST-PETITION LIABILITIES</b>	<b>38,215,757</b>	<b>37,556,554</b>
<b>LIABILITIES SUBJECT TO COMPROMISE (Pre-Petition)</b>		
Unsecured Debt	322,545	311,406
<b>TOTAL PRE-PETITION LIABILITIES</b>	<b>322,545</b>	<b>311,406</b>
<b>TOTAL LIABILITIES</b>	<b>38,538,302</b>	<b>37,867,960</b>
<b>OWNER EQUITY</b>		
Capital Stock	1	1
Additional Paid-In Capital	-	-
Retained Earnings - Pre-Petition	428,749	428,749
Retained Earnings - Post-Petition	(21,087)	-
Adjustments to Owner Equity (see attached schedule)	-	-
<b>NET OWNER EQUITY</b>	<b>407,663</b>	<b>428,750</b>
<b>TOTAL LIABILITIES AND OWNERS' EQUITY</b>	<b>\$ 38,945,965</b>	<b>\$ 38,296,710</b>

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**MOR-3: BALANCE SHEET**  
(Continuation Sheet)

ASSETS	BOOK VALUE AT END OF CURRENT REPORTING MONTH	BOOK VALUE ON PETITION DATE
<b>OTHER CURRENT ASSETS</b>		
Orchard heating fuel	\$ 424,231	\$445,027
Miscellaneous receivables	-	699
Other current assets	28	28
<b>Total other current assets</b>	<b>424,259</b>	<b>445,754</b>
<b>OTHER ASSETS</b>		
<b>LIABILITIES AND OWNER EQUITY</b>	<b>BOOK VALUE AT END OF CURRENT REPORTING MONTH</b>	<b>BOOK VALUE ON PETITION DATE</b>
<b>OTHER POST-PETITION LIABILITIES</b>		
Intercompany payables to affiliates	37,648,715	37,263,560
Other payroll withholding, non-tax	(703)	(909)
Other liabilities	768	754
<b>ADJUSTMENTS TO OWNER EQUITY</b>	<b>37,648,780</b>	<b>37,263,405</b>

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**MOR-4: STATUS OF POST-PETITION TAXES**

	Beginning Tax Liability (1)	Amount Withheld or Accrued	Amount Paid (2)	Date Paid	Check No. or EFT	Ending Tax Liability
<b>FEDERAL</b>						
Payroll taxes (3)	\$ 28,155	\$ 58,305	\$ (62,311)			\$ 24,149
Income tax						-
<b>Total Federal Taxes</b>	<b>\$ 28,155</b>	<b>\$ 58,305</b>	<b>\$ (62,311)</b>			<b>\$ 24,149</b>
<b>STATE AND LOCAL</b>						
Withholding						-
Sales & Use						-
Excise						-
Unemployment						-
Real and Personal Property	7,895	8,760		N/A	N/A	16,655
Income tax						-
Franchise						-
<b>Total State and Local Taxes</b>	<b>\$ 7,895</b>	<b>\$ 8,760</b>	<b>\$ -</b>			<b>\$ 16,655</b>

Notes:

- (1) The Debtors have received permission from the Court to pay their pre-petition tax obligations. Beginning balances include pre-petition tax liabilities.
- (2) All payments are made by Harry and David on behalf of Bear Creek Orchards, Inc. and settled via intercompany accounts. Actual payments are reported on Harry & David monthly operating reports.
- (3) Based on system constraints, the Debtor does not have the records available to split payroll taxes out between income tax withholding, unemployment and FICA employer and employee. All tax withholdings are reported on one line in both Federal and State.

I attest that all sales and use tax returns have been filed in accordance with state/county/city requirements for the above referenced period and according to the Company's tax payment schedule (See attached Schedule MOR4-B.) Any payments remitted have been reported on Harry and David's Schedule of Cash Receipts and Disbursements at MOR-1.

All payroll taxes and tax returns are paid through Ceridian, a third party payroll processor. Taxes withheld from employee wages are remitted by the Company to Ceridian. Ceridian is responsible for remitting both the employer and employee portion of payroll tax liabilities to the appropriate jurisdictions. The attached is confirmation that the Company has remitted payroll tax obligations to Ceridian for each of the payroll runs during the fiscal period covered by this report. Any payments remitted have been reported on Harry and David's Schedule of Cash Receipts and Disbursements at MOR-1.



Authorized Representative



Printed Name of Authorized Representative

**MOR-4: SUMMARY OF UNPAID POST-PETITION DEBTS**

	Current	0-30	31-60	61-90	Over 90	Total
Accounts Payable	\$ 298,525					\$ 298,525
Wages Payable	227,648					227,648
Taxes Payable	40,804					40,804
Intercompany payables to affiliates	37,648,715					37,648,715
Other payroll withholding, non-tax	(703)					(703)
Other liabilities	768					768
						-
						-
						-
						-
						-
						-
<b>Total Post-Petition Debts</b>	<b>\$ 38,215,757</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 38,215,757</b>

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**MOR 4A: VERIFICATION OF TAX PAYMENTS**

	Vendor Number	Vendor Name	Amount Paid	Payment Date	EFT / Check Number
<b>FEDERAL</b>					
<b>Total Federal</b>			\$ -		
<b>STATE AND LOCAL</b>					
<b>Total State and Local</b>			\$ -		
<b>SALES &amp; USE</b>					
<b>Total Sales &amp; Use</b>			\$ -		
<b>EXCISE TAX</b>					

**Notes:**

(1) All payments are made by Harry and David on behalf of Bear Creek Orchards, Inc. and settled via intercompany accounts. Actual payments are reported on Harry & David monthly operating reports.

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**MOR 4B: SUMMARY OF TAX RETURNS FILED DURING REPORTING PERIOD**

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**MOR-5: ACCOUNTS RECEIVABLE RECONCILIATION AND AGING**

Accounts Receivable Reconciliation	Amount
Total Accounts Receivable at the beginning of the reporting period	\$ -
+ Amounts billed during the period	-
- Amounts collected during the period	-
Total Accounts Receivable at the end of the reporting period	-
Accounts Receivable Aging	Amount
0 - 30 days old	-
31 - 60 days old	-
61 - 90 days old	-
91+ days old	-
Total Accounts Receivable	-
Amount considered uncollectible (Bad Debt)	-
Accounts Receivable (Net)	-

**MOR-5: DEBTOR QUESTIONNAIRE**

	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.		<input checked="" type="checkbox"/>
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.		<input checked="" type="checkbox"/>
3. Have all post-petition tax returns been timely filed? If no, provide an explanation below.	<input checked="" type="checkbox"/>	
4. Are workers compensation, general liability and other necessary insurance coverages in effect? If no, provide an explanation below.	<input checked="" type="checkbox"/>	
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.		<input checked="" type="checkbox"/>