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10 Attorneys for Debtor and Debtor-In-Possession,  
11 RADIOLOGY SUPPORT DEVICES, INC.

12 UNITED STATES BANKRUPTCY COURT  
13 CENTRAL DISTRICT OF CALIFORNIA – LOS ANGELES DIVISION

14 In re ) Case No. 2:17-bk-12054-ER  
15 )  
16 RADIOLOGY SUPPORT ) Chapter 11  
17 DEVICES, INC. )  
18 Debtor and Debtor-in-Possession. ) **DEBTOR’S SUBMISSION OF FURTHER**  
19 ) **EVIDENCE IN SUPPORT OF CONTINUED**  
20 ) **USE OF CASH COLLATERAL THROUGH**  
21 ) **MAY 31, 2018;**  
22 ) **DECLARATIONS OF MATTHEW**  
23 ) **ALDERSON AND BETTE HIRAMATSU IN**  
24 ) **SUPPORT THEREOF**  
25 )  
26 ) Date: January 24, 2018  
27 ) Time: 10:00 a.m.  
28 ) Place: Courtroom 1568  
255 E. Temple St.  
Los Angeles, CA

26 **TO THE HONORABLE ERNEST M. ROBLES, UNITED STATES BANKRUPTCY**  
27 **JUDGE, AND ALL PARTIES IN INTEREST:**

1 Radiology Support Devices, Inc., a California corporation, debtor and debtor in  
2 possession (“Debtor” or “RSD”), hereby submits its evidence regarding the Debtor’s operations  
3 in support of its request for continued use of cash collateral through May 31, 2018, and to  
4 address the issues set forth in the Court’s Order entered September 22, 2017 (“Cash Collateral  
5 Order”) [Docket #135].  
6

7 As set forth in detail below, during the last cash collateral budget period, the Debtor has:

- 8 1. Eliminated its entire backlog such that all Purchase Orders are current, meaning  
9 pending for less than 90 days;
- 10 2. Filed motions to disallow the claims of Chawalit Krautim, Daniel Krautim  
11 (collectively, the (“Krautims”), and Michael Kohrman (“Kohrman”) and prevailed,  
12 disallowing all three claims in their entirety and paving the way for the Debtor’s  
13 Chapter 11 Plan which provides 100% payment to all creditors;
- 14 3. Negotiated consensual Plan treatment of the Internal Revenue Service (“IRS”) claim  
15 and memorialized said agreement in the *Stipulation for Chapter 11 Plan Treatment of*  
16 *Claim Of The Internal Revenue Service* [Docket #177], which was approved by order  
17 of the Court [Docket #181];
- 18 4. Negotiated Plan treatment of the Franchise Tax Board’s claim (“FTB”) and the  
19 parties have circulated a stipulation;
- 20 5. The Debtor continues to work with Bette Hiramatsu of Hiramatsu & Associates, a  
21 certified turnaround consultant, in connection with its financial controls and  
22 reporting, and improvements in its business operations;
- 23 6. Overall, the Debtor has met its projected cash receipts and cash disbursements set  
24 forth in the previous cash collateral budget; and  
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1 7. Due to the Debtor's post-petition operations, the Debtor has increased its bank  
2 balance from \$1,400 on the Petition Date to \$156,893.00 as of January 1, 2018;  
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4 Furthermore, the Debtor is currently also in negotiations with Cedars-Sinai Medical  
5 Center to develop and supply a new MRI quality control phantom. This new client, along with  
6 the Debtor's existing clients will continue to ensure that the Debtor's cash flow remains healthy  
7 and provides adequate protection to Debtor's secured creditors.

8 Perhaps more importantly, the Debtor is in the process of amending its Disclosure  
9 Statement and Plan to provide for the consensual Plan treatment of the IRS and FTB claims.  
10 With the disallowance of the claims of the Krautims and Kohrman, and the consensual  
11 agreements with the IRS and FTB, the Debtor believes the Debtor is headed towards a smooth  
12 confirmation process. The current hearing to consider the adequacy of the Debtor's amended  
13 Disclosure Statement is February 14, 2018 at 10:00 a.m. Because the Court's prior tentative  
14 ruling was to approve the Debtor's Disclosure Statement, the Debtor believes that due to the  
15 limited changes in the Amended Disclosure Statement, that the Amended Disclosure Statement  
16 will be approved as well.  
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18 The Debtor's current cash collateral authority expires January 30, 2018; thus the Debtor  
19 requests the use of Cash Collateral for an additional four months through May 31, 2018 to carry  
20 the Debtor through the Plan confirmation process. Attached hereto as **Exhibit "1"** to the  
21 Declaration of Bette Hiramatsu ("Hiramatsu Declaration") is a *pro forma* budget projecting the  
22 income and necessary expenses associated with the Debtor's day to day, ordinary course  
23 business operations ("Budget"). Consistent with the Court's prior cash collateral orders [Docket  
24 #50, #82, #135], the Debtor requests authorization to exceed the amounts set forth in the Budget  
25 by 15% of the budget total, provided that if the Debtor's revenues increase above the projections  
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1 in Debtor's operating budget, the Debtor's expenditures may increase in proportion to the  
2 increase in actual revenues from budgeted revenues.

3 The Budget includes compensation to Matthew Alderson of \$2,885.00 per week as  
4 provided for in the *Notice of Setting Insider Compensation*, which was served on February 22,  
5 2017 and as to which no objection was made.

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7 Additionally, the Budget provides for (1) monthly adequate protection payments of  
8 \$1,820.45. to Wells Fargo Bank; (2) a \$11,235.00 one-time cost for a new compressor, which  
9 powers all of the hand tools in the factory; and (3) payment of administrative professional fees  
10 (\$5,000 per month for general bankruptcy counsel Weintraub & Selth, APC, and \$5,000.00 per  
11 month for Hiramatsu & Associates), which fees will only be drawn down pursuant to fee orders.<sup>1</sup>  
12

13 In support of Debtor's request for continued cash collateral, and to address the issues set  
14 forth in the Cash Collateral Order [Docket #135] the Debtor submits the following brief and  
15 evidence.

16 **I.**

17 **DEBTOR'S RESPONSE TO THE COURT'S**

18 **CASH COLLATERAL ORDER**

19 **A. Debtor's Sales, Expenses, and Profit Margin**

20 Attached hereto as **Exhibit "2"** to the Hiramatsu Declaration is a detailed report showing  
21 the Debtor's actual post-petition sales, expenses, gross profit, and net income covering the period  
22 of the Petition Date- December 31, 2017. In summary, the report shows:  
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26 <sup>1</sup> On September 5, 2017, the Court approved the interim fees of \$54,135.00 to general bankruptcy  
27 counsel Weintraub & Selth, APC [Docket #120] and interim fees of \$45,875.00 to financial  
28 consultant Hiramatsu & Associates, Inc. [Docket #121]. The Court also authorized payment of  
outstanding fees.

- 1 1. Net Sales/Revenue. **\$1,638,739.00**. Debtor projected \$1,599,483.00.
- 2 2. Costs of Goods Sold: **\$188,313.00**. Debtor projected \$208,053.00.
- 3 3. Total Operating Expenses: **\$983,005.00**. Debtor projected \$1,005,800.00.
- 4 4. Non- Operating Expenses: **\$100,617.00**. Debtor projected \$130,305.00.

5 For the post-petition period through December 31, 2017, the Debtor had a net income of  
6 \$367,071.00, equating to net profit margin of 22.4%. The Debtor projected net income of  
7 \$255,325.00, or a net profit margin of 16%, thus exceeding its net income projection.

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9 **B. Extent to Which the Debtor's Performance Varied from the Previous Cash**  
10 **Collateral Budget Projections**

11 Attached hereto as **Exhibit "3"** to the Hiramatsu Declaration is a variance report which  
12 shows the Debtor's performance for the Cash Collateral period of September 1, 2017 through  
13 December 31, 2017 ("Cash Collateral Period").

- 14 1. Disbursements. For the Cash Collateral Period, the Debtor projected \$619,986.00 in  
15 operating expenses, while the amount actually spent was \$604,049.00. Thus, the  
16 Debtor spent \$15,937.00 less than projected.
- 17 2. Collections: For the Cash Collateral Period, the Debtor projected collections of  
18 \$698,083, while it actually collected \$669,660. Thus, the Debtor collected  
19 \$28,423.00 less than anticipated during the Cash Collateral Period. This is due to a  
20 couple of the Debtor's customers taking longer than the 30 days to make payment due  
21 to the holidays in December.
- 22 3. Ending Bank Balance: For the Cash Collateral Period, the Debtor projected an ending  
23 bank balance of \$179,860.00, while the ending bank balance as of December 31,  
24 2017 was \$156,893.00. Thus, the Debtor had \$22,966.00 less cash than was  
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1 projected. A customer collection of approximately \$56,000 was received in the first  
2 week of January 2018, but was projected to be received in December 2017.

3 Looking at the Debtor’s collections and disbursements as a whole, the Debtor submits  
4 that it met its projections.  
5

6 **C. Debtor’s Collections on Accounts Receivable**

7 The below chart shows the *projected* cash collateral collections of accounts receivables  
8 versus Debtor’s *actual* collections of accounts receivable. For the post-petition period of March  
9 2017 through December 2017, the Debtor projected collections of \$1,416,443. In actuality, the  
10 Debtor collected **more** than projections, and collected \$1,437,770. **This is \$21,327.00 more**  
11 **than the projected collections, or a 1.5% variance.**  
12

13 **ACTUAL COLLECTIONS V. PROJECTED:**  
14 **MARCH - AUGUST 2017**

<i>Projected</i>	<i>Projected</i>	<i>Projected</i>	<i>Projected</i>	<i>Projected</i>	<i>Projected</i>	<i>Projected</i>
<b>2017</b>	<u>Mar-17</u>	<u>Apr-17</u>	<u>May-17</u>	<u>Jun-17</u>	<u>Jul-17</u>	<u>Aug-17</u>
Collections (\$)	116,806	77,662	84,662	152,574	140,000	146,657
<b>Actual</b>	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>
<b>2017</b>	<u>Mar-17</u>	<u>Apr-17</u>	<u>May-17</u>	<u>Jun-17</u>	<u>Jul-17</u>	<u>Aug-17</u>
Collections (\$)	161,541	77,809	137,921	151,518	145,453	92,427
% Change	38.3%	0.2%	62.9%	-0.7%	3.9%	-37.0%

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<i>Projected</i>	<i>Projected</i>	<i>Projected</i>	<i>Projected</i>	<i>Projected</i>
<u>Sep-17</u>	<u>Oct-17</u>	<u>Nov-17</u>	<u>Dec-17</u>	<u>Mar-Dec 2017</u>
228,512	145,789	127,764	196,017	1,416,443
<b>Actual</b>	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>
<u>Sep-17</u>	<u>Oct-17</u>	<u>Nov-17</u>	<u>Dec-17</u>	<u>Mar-Dec 2017</u>
194,522	163,816	130,303	182,461	1,437,770
-14.9%	12.4%	2.0%	-6.9%	1.5%

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23 **D. Debtor Does Not Have A Delinquent “Backlog”**

24 At the time the case was filed, RSD had pending purchase orders in the total amount of  
25 \$323,181, consisting of \$164,061 in orders that had been pending for longer than 90 days.  
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1 As set forth in Debtor’s prior cash collateral brief, RSD implemented several targeted  
 2 changes to the production department, hired a seasoned and capable production manager, and  
 3 used its breathing spell in Chapter 11 to work through its purchase orders, so that currently there  
 4 are no purchase orders are greater than 90 days old.  
 5

6 The below chart, which covers the period from the Petition Date through December 31,  
 7 2017, show the Debtor’s purchase orders, separated into two categories: those purchase orders  
 8 that have been in progress greater than 90 days and those that have been in progress for less than  
 9 90 days.

	Petition Date							
	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual
	<u>2/22/17</u>	<u>2/28/17</u>	<u>3/31/17</u>	<u>4/30/17</u>	<u>5/31/17</u>	<u>6/30/17</u>	<u>7/31/17</u>	<u>8/31/17</u>
TOTAL POS	\$323,181	\$308,738	\$237,614	\$259,354	\$214,833	\$104,829	\$187,979	\$385,799
POs < 90 Days Old	164,061	126,051	16,660	128,144	78,607	57,695	187,979	385,799
POs < 90 Days %	50.8%	40.8%	7.0%	49.4%	36.6%	55.0%	100.0%	100.0%
POs > 90 Days Old	159,120	182,687	220,954	131,210	136,226	47,134	0	0
POs > 90 Days %	49.2%	59.2%	93.0%	50.6%	63.4%	45.0%	0.0%	0.0%

	<u>9/30/2017</u>	<u>10/31/2017</u>	<u>11/30/2017</u>	<u>12/31/2017</u>
	Actual	Actual	Actual	Actual
TOTAL POs	364,091	302,613	202,562	311,908
POs < 90 Days Old	364,091	302,613	145,992	311,908
POs < 90 Days %	100%	100%	72%	100%
POs > 90 Days Old	0	0	56,570	0
POs > 90 Days %	0%	0%	27.9%	0%

1 As the above chart shows, on the Petition Date, half of the Debtor's purchase orders were  
2 pending longer than 90 days. Now, all of the Debtor's current pending purchase orders are less  
3 than 90 days old and total \$311,908.00.

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5 **II.**

6 **DEBTOR'S CURRENT REQUEST FOR CASH COLLATERAL**

7 **THROUGH MAY 31, 2018**

8 **A. Secured Creditors are Adequately Protected by Debtor's Continued Operations**  
9 **and Replacement Liens**

10 The Debtor submits that secured creditors Citibank, N.A. ("Citibank"), Wells Fargo Bank  
11 ("WFB"), and Clay Lorinsky ("Lorinsky" hereinafter collectively with Citibank, WFB, and  
12 Lorinsky shall be referred to as the "Secured Creditors") are adequately protected by the  
13 Debtor's continued profitable operations and an increase in cash during the budget period. As of  
14 January 1, 2018, the Debtor had a beginning balance of \$156,983.00. As set forth in the Cash  
15 Projections, the Debtor anticipates having an ending cash balance of \$230,486.00 by the end of  
16 May 2018. It is important to note that (1) the Budget includes payment to the Debtor's  
17 professionals<sup>2</sup>; and (2) that on the Petition Date, the Debtor had cash of only \$1,400.00, which  
18 balance has grown to \$156,983.00 as of January 1, 2018.

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21 **Cedars-Sinai Medical Center Project**

22 RSD was approached by Cedars-Sinai Medical Center to jointly collaborate on a new QA  
23 MRI phantom. The phantom is intended to be a first of its kind, 4-dimensional quality assurance  
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27 <sup>2</sup> On September 5, 2017, the Court approved the interim fees of \$54,135.00 to general bankruptcy  
28 counsel Weintraub & Selth, APC [Docket #120] and interim fees of \$45,875.00 to financial  
consultant Hiramatsu & Associates, Inc. [Docket #121]. The Court also authorized payment of  
outstanding fees.



1 phantom that will validate and confirm an MRI scanner before daily use at hospitals. To develop  
2 this phantom, RSD will need to hire a part time Medical Physicist/ Engineer to help facilitate this  
3 project. RSD does not expect any other additional costs in labor or significant rise in raw  
4 material costs as a result of this project. Thus, the Debtor submits that the Secured Creditors are  
5 adequately protected by the Debtor's continued operations.  
6

7 Post-petition operations and the Budget establish there will not be any diminution in the  
8 value of the Secured Creditors' collateral during the budget period and Debtor's going concern  
9 value will be preserved by Debtor's ongoing business operations. Notwithstanding the fact that  
10 there will be no diminution in the value of the collateral, the Debtor will continue to provide as  
11 additional adequate protection a replacement lien in the Debtor's post-petition cash and accounts  
12 receivable and the proceeds thereof, to the same extent, validity, and priority of each respective  
13 creditor's lien as of the Petition Date and will continue making monthly adequate protection  
14 payments to WFB in the amount of \$1,820.45.  
15

16 Lastly, the Debtor anticipates its amended Disclosure Statement being approved on  
17 February 14, 2018. The Debtor is close to confirmation of its Plan.

18 The Bankruptcy Code expressly provides that granting additional or replacement liens is  
19 a means of adequate protection. 11 U.S.C. § 361(2). See In re Center Wholesale, Inc., 759 F.2d  
20 1440, 1450 (9th Cir. 1985) (observing that a lien on additional property of the debtor would  
21 likely constitute adequate protection for the secured creditor); In re Musicland Holding Cord.,  
22 362 B.R. 644, 648 (Bankr. S.D.N.Y. 2007) (finding that a replacement lien on the estate's post-  
23 petition assets would qualify as adequate protection and thus permit the debtor to use the cash  
24 collateral).  
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**III.**

**CONCLUSION**

WHEREFORE the Debtor respectfully requests that the Court enter an order:

1. Authorizing the Debtor to use cash on hand and the cash receipts received from the Debtor's continuing business operations to pay critical and necessary expenses associated with the Debtor's day to day, ordinary course business operations as outlined in the budget ("Budget") attached to the *Declaration of Bette Hiramatsu* ("Hiramatsu Declaration") as **Exhibit "1"**, which is incorporated herein by this reference.

2. Authorizing the Debtor to make the expenditures provided for in the Budget and, if necessary, to exceed the amounts set forth in the Budget by 15% of the budget total provided that, if the Debtor's revenues increase above the projections in Debtor's operating budget, then the Debtor's expenditures may increase in proportion to the increase in actual revenues from budgeted revenues.

3. Granting Citibank, N.A. ("Citibank"), Wells Fargo Bank ("WFB"), Clay Lorinsky ("Lorinsky" hereinafter collectively with Citibank, and WFB referred to as the "Secured Creditors"), a replacement lien in the Debtor's post-petition assets in the same extent, validity, and priority of each respective creditor's lien as of the Petition Date.

4. Authorizing Debtor to make monthly adequate protection payments of \$1,820.45 to WFB.

Dated: January 10, 2018

WEINTRAUB & SELTH, APC

By: /s/ Elaine V. Nguyen  
Daniel J. Weintraub  
James R. Selth  
Elaine V. Nguyen  
Attorneys for Debtor and Debtor-In-Possession,  
RADIOLOGY SUPPORT DEVICES, INC.

**DECLARATION OF BETTE HIRAMATSU**

I, Bette Hiramatsu, declare and state as follow:

1. I am the principal of Hiramatsu & Associates, Inc. ("H&A"), the financial consultant to Radiology Support Devices, Inc. the debtor and debtor in possession herein ("Debtor" or "RSD"). Unless otherwise stated, each of the facts contained in this declaration is based on my personal knowledge and my review of RSD's books and records kept in the ordinary course of business.

2. I have been a turnaround and management consultant since 1991. Prior to that, I spent ten years in commercial banking as a Vice President with commercial lending authority.

3. I have reviewed the Debtor's historical monthly financial statements for 2016 and 2017 and the Debtor's cash receipts and cash disbursements during this time. I have also reviewed the Debtor's books and records as they relate to the Debtor's customer purchase orders, accounts receivables, and inventory and spent a substantial amount of time on the Debtor's premises and in meetings with management familiarizing myself with the Debtor's operations.

4. I also personally prepared the Cash Collateral budgets and projections which were previously submitted to the Court in connection with the *Emergency Motion For Order Authorizing Use Of Cash Collateral Through April 7, 2017* [Docket #4] and *Supplemental Declaration Of Matthew Alderson And Bette Hiramatsu In Support Of Cash Collateral Use Through June 30, 2017* [Docket #44].

5. Attached hereto as **Exhibit "1"** is a *pro forma* budget projecting the income and necessary expenses associated with the Debtor's day to day, ordinary course business operations ("Budget").

6. Attached hereto as **Exhibit "2"** is a comparative income statement showing the Debtor's projected and actual post-petition sales, gross profit, expenses, and net income covering the period of the Petition Date- December 31, 2017. I prepared this report.

7. Attached hereto as **Exhibit "3"** is a variance report that I prepared, showing the Debtor's performance for the cash collateral period of September 1, 2017 through December 31, 2017. I prepared this report.

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- a. Disbursements. For the Cash Collateral Period, the Debtor projected \$619,986.00 in operating expenses, while the amount actually spent was \$604,049.00. Thus, the Debtor spent \$15,937.00 less than projected.
- b. Collections: For the Cash Collateral Period, the Debtor projected collections of \$698,083, while it actually collected \$669,660. Thus, the Debtor collected \$28,423.00 less than anticipated during the Cash Collateral Period. This is due to a couple of the Debtor’s customers taking longer than the 30 days to make payment due to the holidays in December.
- c. Ending Bank Balance: For the Cash Collateral Period, the Debtor projected an ending bank balance of \$179,860.00, while the ending bank balance as of December 31, 2017 was \$156,893.00. Thus, the Debtor had \$22,966.00 less cash than was projected. A customer collection of approximately \$56,000 was received in the first week of January 2018, but was projected to be received in December 2017.

8. I reviewed the Debtor’s collections and accounts receivables and prepared a summary of the Debtor’s collections. For the post-petition period of March 2017 through December 2017, the Debtor projected collections of \$1,416,443. In actuality, the Debtor collected **more** than projections, and collected \$1,437,770. **This is \$21,327.00 more than the projected collections, or a 1.5% variance.** Below is a chart that I created of the Debtor’s collections:

ACTUAL COLLECTIONS V. PROJECTED: MARCH - AUGUST 2017						
<i>Projected</i>	<i>Projected</i>	<i>Projected</i>	<i>Projected</i>	<i>Projected</i>	<i>Projected</i>	<i>Projected</i>
<b>2017</b>	<u>Mar-17</u>	<u>Apr-17</u>	<u>May-17</u>	<u>Jun-17</u>	<u>Jul-17</u>	<u>Aug-17</u>
<b>Collections (\$)</b>	116,806	77,662	84,662	152,574	140,000	146,657
<b>Actual</b>	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>
<b>2017</b>	<u>Mar-17</u>	<u>Apr-17</u>	<u>May-17</u>	<u>Jun-17</u>	<u>Jul-17</u>	<u>Aug-17</u>
<b>Collections (\$)</b>	161,541	77,809	137,921	151,518	145,453	92,427
<b>% Change</b>	38.3%	0.2%	62.9%	-0.7%	3.9%	-37.0%

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<i>Projected</i>	<i>Projected</i>	<i>Projected</i>	<i>Projected</i>	<i>Projected</i>
<u>Sep-17</u>	<u>Oct-17</u>	<u>Nov-17</u>	<u>Dec-17</u>	<u>Mar-Dec 2017</u>
228,512	145,789	127,764	196,017	1,416,443
<i>Actual</i>	<i>Actual</i>	<i>Actual</i>	<i>Actual</i>	<i>Actual</i>
<u>Sep-17</u>	<u>Oct-17</u>	<u>Nov-17</u>	<u>Dec-17</u>	<u>Mar-Dec 2017</u>
194,522	163,816	130,303	182,461	1,437,770
-14.9%	12.4%	2.0%	-6.9%	1.5%

9. At the time the case was filed, RSD had pending purchase orders in the total amount of \$323,181, consisting of \$164,061 in orders that had been pending for longer than 90 days. As set forth in Debtor’s prior cash collateral brief, RSD implemented several targeted changes to the production department, hired a seasoned and capable production manager, and used its breathing spell in Chapter 11 to work through its purchase orders, so that currently there are no purchase orders are greater than 90 days old.

10. The below chart, which covers the period from the Petition Date through December 31, 2017, show the Debtor’s purchase orders, separated into two categories: those purchase orders that have been in progress greater than 90 days and those that have been in progress for less than 90 days. I prepared the below chart by reviewing the Debtor’s purchase orders.

	<b>Petition Date</b>							
	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>
	<u>2/22/17</u>	<u>2/28/17</u>	<u>3/31/17</u>	<u>4/30/17</u>	<u>5/31/17</u>	<u>6/30/17</u>	<u>7/31/17</u>	<u>8/31/17</u>
<b>TOTAL POs</b>	\$323,181	\$308,738	\$237,614	\$259,354	\$214,833	\$104,829	\$187,979	\$385,799
<b>POs &lt; 90 Days Old</b>	164,061	126,051	16,660	128,144	78,607	57,695	187,979	385,799
<b>POs &lt; 90 Days %</b>	50.8%	40.8%	7.0%	49.4%	36.6%	55.0%	100.0%	100.0%
<b>POs &gt; 90 Days Old</b>	159,120	182,687	220,954	131,210	136,226	47,134	0	0
<b>POs &gt; 90 Days %</b>	49.2%	59.2%	93.0%	50.6%	63.4%	45.0%	0.0%	0.0%

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	<u>9/30/2017</u>	<u>10/31/2017</u>	<u>11/30/2017</u>	<u>12/31/2017</u>
	<u>Actual</u>	<u>Actual</u>	<u>Actual</u>	<u>Actual</u>
TOTAL POs	364,091	302,613	202,562	311,908
POs < 90 Days Old	364,091	302,613	145,992	311,908
POs < 90 Days %	100%	100%	72%	100%
POs > 90 Days Old	0	0	56,570	0
POs > 90 Days %	0%	0%	27.9%	0%

I declare under penalty of perjury, under the laws of the United States, that the foregoing is true and correct, and that this declaration was executed by me on the 10<sup>th</sup> day of January, 2017 at Los Angeles, California.

  
BETTE HIRAMATSU

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**DECLARATION OF MATTHEW ALDERSON**

I, Matthew Alderson, hereby declare and state as follows:

1. I am an individual over the age of eighteen and am the President of Radiology Support Devices, Inc., a California corporation and the debtor and debtor in possession herein (“Debtor” or “RSD”). Each of the facts contained in this declaration is based on my personal knowledge and books and records of the Debtor kept in the ordinary course. If called as a witness, I could and would competently testify thereto.

2. On February 21, 2017 (“Petition Date”), RSD commenced the instant bankruptcy case (“Case”) by filing an emergency petition under Chapter 11 of the United States Bankruptcy Code, 11 U.S.C. § 101 *et seq.* RSD filed this Case in order to restructure its financial affairs and confirm a plan providing for the repayment of the allowed claims of its creditors over time in accordance with the provisions of the Bankruptcy Code. The Debtor generates enough revenue from its operations to pay creditor claims, but needs the relief and restructuring afforded by the Code in order to do so.

3. I reviewed and assisted Ms. Hiramatsu in the preparation of the *pro forma* budget projecting the income and necessary expenses associated with the Debtor’s day to day, ordinary course business operations (“Budget”), which is attached to the Hiramatsu Declaration as **Exhibit “1”**.

4. I reviewed and assisted Ms. Hiramatsu in the preparation of the **Exhibit “2”** comparative income statement, which accurately reflects the Debtor’s post-petition sales, gross profit, expenses, and net income covering the period of the Petition Date – December 31, 2017.

5. I reviewed and assisted Ms. Hiramatsu in preparation of the **Exhibit “3”** variance report.

6. I have also reviewed the accounts receivable report, and purchase order report.

Everything is accurate based on my review of RSD’s books and records.

1 7. RSD was approached by Cedars-Sinai Medical Center to jointly collaborate on a new QA  
2 MRI phantom. The phantom is intended to be a first of its kind, 4-dimensional quality assurance  
3 phantom that will validate and confirm an MRI scanner before daily use at hospitals. To develop  
4 this phantom, RSD will need to hire a part time Medical Physicist/ Engineer to help facilitate this  
5 project. RSD does not expect any other additional costs in labor or significant rise in raw material  
6 costs as a result of this project.  
7

8 8. With the new relationship with Cedars-Sinai Medical Center, and RSD's continued  
9 operations I believe that the Secured Creditors are adequately protected by the company's  
10 continued operations.  
11

12 I declare under penalty of perjury, under the laws of the United States, that the foregoing  
13 is true and correct, and that this declaration was executed by me on the \_\_\_ day of January, 2018  
14 at \_\_\_\_\_, California.

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16 MATTHEW ALDERSON  
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# EXHIBIT 1

RADIOLOGY SUPPORT DEVICES, INC.  
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 FOR THE 5 MONTH PERIOD OF JANUARY - MAY 2018

	Projected	Projected	Projected	Projected	Projected	Projected
	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jan - May 2018
<b>Cash Receipts</b>						
A/R Collections	\$ 196,997	\$ 167,615	\$ 180,796	\$ 182,775	\$ 176,258	\$ 904,441
Other Cash Receipts						
<b>Total Cash Receipts</b>	<b>\$ 196,997</b>	<b>\$ 167,615</b>	<b>\$ 180,796</b>	<b>\$ 182,775</b>	<b>\$ 176,258</b>	<b>\$ 904,441</b>
<b>Cash Disbursements</b>						
Product Purchases	\$ 19,831	\$ 19,740	\$ 19,039	\$ 20,813	\$ 16,763	\$ 96,185
Production Equipment Purchases/Repairs	\$ 13,700	\$ 700	\$ 700	\$ 700	\$ 700	\$ 16,500
Shipping Expense/Supplies	\$ 9,609	\$ 9,991	\$ 9,636	\$ 9,541	\$ 9,100	\$ 47,878
Payroll - Production (17)	\$ 43,960	\$ 44,040	\$ 53,800	\$ 44,040	\$ 44,040	\$ 229,880
Payroll Taxes (All Payroll)	\$ 9,030	\$ 9,040	\$ 10,820	\$ 9,040	\$ 9,040	\$ 46,970
Production Manager	\$ 4,200	\$ 4,200	\$ 5,250	\$ 4,200	\$ 4,200	\$ 22,050
Production Contractor (Wallace, Phan, Goesch)	\$ 3,500	\$ 3,500	\$ 3,500	\$ 3,500	\$ 3,500	\$ 17,500
Bank & Finance Charges	\$ 325	\$ 325	\$ 325	\$ 325	\$ 325	\$ 1,625
Dues & Subscriptions	\$ 30	\$ 30	\$ 30	\$ 30	\$ 30	\$ 150
Insurance- General Liability	\$ 314	\$ 314	\$ 330	\$ 330	\$ 330	\$ 1,617
Insurance- Workers' Compensation	\$ 4,100	\$ 4,100	\$ 4,100	\$ 4,100	\$ 4,100	\$ 20,500
Insurance- Auto	\$ 165	\$ 165	\$ 165	\$ 165	\$ 165	\$ 825
Insurance- Health	\$ 1,060	\$ 1,060	\$ 1,060	\$ 1,060	\$ 1,060	\$ 5,300
Interest	\$ 1,820	\$ 1,820	\$ 1,820	\$ 1,820	\$ 1,820	\$ 9,100
IT Expenses - Software & Licenses	\$ 100	\$ 100	\$ 100	\$ 100	\$ 100	\$ 500
Marketing/Advertising	\$ 500	\$ 500	\$ 500	\$ 500	\$ 500	\$ 2,500
Meals & Entertainment	\$ 400	\$ 400	\$ 400	\$ 400	\$ 400	\$ 2,000
Supplies-Office	\$ 1,200	\$ 1,200	\$ 1,200	\$ 1,200	\$ 1,200	\$ 6,000
Supplies-Janitorial						\$ -
Outside Services (Bookkeeper)	\$ 1,600	\$ 1,345	\$ 1,345	\$ 1,345	\$ 1,345	\$ 6,980
Payroll - Executive (Matthew Alderson)	\$ 11,538	\$ 11,538	\$ 14,423	\$ 11,538	\$ 11,538	\$ 60,577
Payroll - Director of Finance (P.T.)						\$ -
Payroll - Office (2)	\$ 9,760	\$ 9,760	\$ 9,760	\$ 9,760	\$ 9,760	\$ 48,800
Payroll Processing	\$ 350	\$ 350	\$ 350	\$ 350	\$ 350	\$ 1,750
Permits and Licenses	\$ 500			\$ 4,620		\$ 5,120
Postage	\$ 25	\$ 25	\$ 25	\$ 25	\$ 25	\$ 125
Professional Fees - CPA				\$ 3,000		\$ 3,000
Professional Fees-Legal (General/Krautim Litigation)						\$ -
Professional Fees-Legal (Kohrman Litigation)	\$ 10,000					\$ 10,000
Rent	\$ 13,000	\$ 13,529	\$ 13,529	\$ 13,529	\$ 13,529	\$ 67,117
Rubbish Removal	\$ 200	\$ 200	\$ 200	\$ 200	\$ 200	\$ 1,000
Telephone (Land Line)	\$ 2,200	\$ 2,200	\$ 2,200	\$ 2,200	\$ 2,200	\$ 11,000
Telephone (Mobile)	\$ 450	\$ 450	\$ 450	\$ 450	\$ 450	\$ 2,250
Trade Show (Exhibitor Booth and Travel)					\$ 10,000	\$ 10,000
Trade Show (Travel)						\$ -
Travel (Non-Trade Show)						\$ -
Utilities (Water/Power)	\$ 2,600	\$ 2,600	\$ 2,600	\$ 2,600	\$ 2,600	\$ 13,000
Utilities (Gas)	\$ 100	\$ 100	\$ 100	\$ 100	\$ 100	\$ 500
Vehicle Expense	\$ 480	\$ 480	\$ 480	\$ 880	\$ 480	\$ 2,800
Miscellaneous						\$ -

FOR THE 5 MONTH PERIOD OF JANUARY - MAY 2018

	Projected	Projected	Projected	Projected	Projected	Projected
	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jan - May 2018
<i>Administrative Claims:</i>						
US Trustee (Quarterly Fee)	\$ 4,875			\$ 4,875		\$ 9,750
Weintraub, Selth & Nguyen	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 25,000
Hiramatsu & Associates	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 25,000
						\$ -
<b>Total Cash Disbursements</b>	<b>181,522</b>	<b>153,802</b>	<b>168,237</b>	<b>167,337</b>	<b>159,951</b>	<b>830,849</b>
Net Cash Flow	\$ 15,475	\$ 13,813	\$ 12,559	\$ 15,438	\$ 16,307	\$ 73,593
Beginning Bank Balance	\$ 156,893	\$ 172,368	\$ 186,181	\$ 198,740	\$ 214,178	\$ 156,893
<b>Ending Bank Balance</b>	<b>\$ 172,368</b>	<b>\$ 186,181</b>	<b>\$ 198,740</b>	<b>\$ 214,178</b>	<b>\$ 230,486</b>	<b>\$ 230,486</b>

# EXHIBIT 2

RADIOLOGY SUPPORT DEVICES, INC.  
 COMPARISON OF PROJECTED V. ACTUAL INCOME STATEMENTS

FEBRUARY 22, 2017 - DECEMBER 31, 2017

	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected
	Feb 22 - Mar 31, 2017	Apr-17	May-17	Jun-17	Jul-17	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17	Feb 22 - Dec 31, 2017	% of Sales
<b>Sales/Revenue:</b>												
Gross Sales/Revenue	150,000	176,231	150,000	140,000	146,657	138,512	\$ 228,512	\$ 145,789	\$ 127,764	\$ 196,017	1,599,483	100.0%
Less: Returns/Discounts											-	
Net Sales/Revenue	150,000	176,231	150,000	140,000	146,657	138,512	228,512	145,789	127,764	196,017	1,599,483	100.0%
<b>Cost of Goods Sold:</b>												
Beginning Inventory at cost												
Purchases	18,500	18,750	36,250	9,900	17,819	20,258	28,827	23,900	18,067	15,782	208,053	13.0%
Less: Ending Inventory at cost												
Cost of Goods Sold (COGS)	18,500	18,750	36,250	9,900	17,819	20,258	28,827	23,900	18,067	15,782	208,053	13.0%
Gross Profit	131,500	157,481	113,750	130,100	128,838	118,254	199,685	121,889	109,697	180,235	1,391,430	87.0%
<b>Operating Expenses:</b>												
Payroll - Insiders	13,300	9,232	11,540	11,540	11,538	11,538	\$ 14,423	\$ 11,538	\$ 11,538	\$ 14,423	120,611	7.5%
Payroll - Other Employees	45,300	43,000	53,750	43,000	42,840	42,840	63,000	52,640	52,640	65,800	504,810	31.6%
Payroll Taxes	7,600	7,200	9,000	7,200	7,069	7,069	\$ 10,065	\$ 8,343	\$ 8,343	\$ 10,429	82,318	5.1%
Other Taxes & Licenses (Itemize)	0	2,775	0	0	0	0	\$ 500	\$ 500	\$ 500	\$ 500	4,775	0.3%
Depreciation and Amortization											-	0.0%
Rent Expense - Real Property	12,600	13,000	13,000	13,000	16,713	13,000	\$ 13,000	\$ 13,000	\$ 13,000	\$ 13,000	133,313	8.3%
Lease Expense - Personal Property											-	0.0%
Insurance (Itemized Below)											-	0.0%
Real Property Taxes											-	0.0%
Telephone and Utilities	2,210	2,952	2,886	2,886	2,650	2,650	2,650	3,000	3,000	3,000	27,884	1.7%
Repairs and Maintenance											-	0.0%
Travel and Entertainment (Itemize)											-	0.0%
Miscellaneous Operating Expenses (Itemize)	6,037	25,201	13,031	9,676	14,984	16,184	10,819	9,419	11,919	14,819	132,089	8.3%
Total Operating Expenses	87,047	103,360	103,207	87,302	95,794	93,281	114,457	98,441	100,941	121,971	1,005,800	62.9%
Net Gain/(Loss) from Operations	44,453	54,121	10,543	42,798	33,044	24,973	85,228	23,449	8,757	58,264	385,629	24.1%
<b>Non-Operating Income:</b>												
Interest Income											-	0.0%
Net Gain on Sale of Assets (Itemize)											-	0.0%
Other (Federal Income Tax Refund 2014)											-	0.0%
Total Non-Operating income	0	0	0	0	0	0					0	0.0%
<b>Non-Operating Expenses:</b>												
Interest Expense	1,820	1,820	1,820	1,820	1,820	1,820	\$ 1,820	\$ 1,820	\$ 1,820	\$ 1,820	18,205	1.1%
Legal and Professional (Itemize)	0	0	3,000	0	3,000	0	30,000	21,000	22,500	21,875	101,375	6.3%
Other (Itemize)	0	975	0	0	4,875	0	0	4,875	0	0	10,725	0.7%
Total Non-Operating Expenses	1,820	2,795	4,820	1,820	9,695	1,820	31,820	27,695	24,320	23,695	130,305	8.1%
<b>NET INCOME/(LOSS)</b>	42,633	51,326	5,723	40,978	23,349	23,153	53,407	(4,247)	(15,564)	34,568	255,325	16.0%

FEBRUARY 22, 2017 - DECEMBER 31, 2017

Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected
Feb 22 - Mar 31, 2017	Apr-17	May-17	Jun-17	Jul-17	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17	Feb 22 - Dec 31, 2017	% of Sales	
(Attach exhibit listing all itemizations required above)												
<b>Operating Expenses:</b>												
Other Taxes & Licenses (Itemize):											-	
Franchise Tax Board											-	
Southern California AQMD											-	
City of Carson											-	
Los Angeles County Tax Collector											-	
California Department of Public Health											-	
Los Angeles County Fire Department											-	
State Board of Equalization											-	
Property Taxes (Paid to Wilmington Associates)											-	
Miscellaneous Operating Expenses- Subtotal	0	2,775	0	0	0	0	0	0	0	0	2,775	0.2%
<b>Miscellaneous Operating Expenses (Itemize)</b>												
Advertising											-	0.0%
Auto Expenses	960	505	480	480	1,280	480	\$ 480	\$ 480	\$ 480	\$ 480	6,105	0.4%
Bank Service Charges	300	150	150	150	200	200	\$ 200	\$ 200	\$ 200	\$ 200	1,950	0.1%
Bookkeeping	1,200	1,280	1,600	1,280	1,800	1,800	\$ 2,000	\$ 1,600	\$ 1,600	\$ 2,000	16,160	1.0%
Consulting Services (Production)	1,750	10,000	3,000		3,000	5,000	1,000		\$ 2,500		26,250	1.6%
Dues and Subscriptions (IT)		430	130	130	130	130	130	130	130	130	1,470	0.1%
Insurance - General Liability	640	300	300	300	314	314	\$ 314	\$ 314	\$ 314	\$ 314	3,424	0.2%
Insurance - Workers' Compensation		6,101	6,101	6,101	6,110	6,110	\$ 4,100	\$ 4,100	\$ 4,100	\$ 4,100	46,923	2.9%
Insurance - Auto	300	150	150	150	165	165	\$ 165	\$ 165	\$ 165	\$ 165	1,740	0.1%
Insurance - Health	537	545	545	545	1,045	1,045	\$ 1,045	\$ 1,045	\$ 1,045	\$ 1,045	8,442	0.5%
Insurance - Property											-	0.0%
Meals and Entertainment					200	200	\$ 400	\$ 400	\$ 400	\$ 400	2,000	0.1%
Office Expenses							\$ 500	\$ 500	\$ 500	\$ 500	2,000	0.1%
Payroll Processing Fees	200	140	175	140	215	215	\$ 260	\$ 260	\$ 260	\$ 260	2,125	0.1%
Postage		100	100	100	25	25	\$ 25	\$ 25	\$ 25	\$ 25	450	0.0%
Supplies		5,300	100	100	300	300					6,100	0.4%
Rubbish Removal	150	200	200	200	200	200	\$ 200	\$ 200	\$ 200	\$ 200	1,950	0.1%
Trade Show - Travel										5,000	5,000	0.3%
Trade Show - Meals											-	0.0%
Miscellaneous Operating Expenses- Subtotal	6,037	25,201	13,031	9,676	14,984	16,184	10,819	9,419	11,919	14,819	132,089	8.3%
<b>Non-Operating Income:</b>												
Interest Income												
Other (Federal Tax Refund 2014)												
Non-Operating Income-Subtotal	0	0	0	0	0	0	0	0	0	0	0	0.0%

RADIOLOGY SUPPORT DEVICES, INC.  
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 COMPARISON OF PROJECTED V. ACTUAL INCOME STATEMENTS  
 FEBRUARY 22, 2017 - DECEMBER 31, 2017

	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected
	Feb 22 - Mar 31, 2017	Apr-17	May-17	Jun-17	Jul-17	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17	Feb 22 - Dec 31, 2017	% of Sales
Non-Operating Expenses:												
Legal and Professional (Itemize)												
Legal Fees (Tiedt & Hurd for Krautim Litigation)					3,000						3,000	0.2%
Legal Fees (Weintraub Selth & Nguyen)							\$ 15,000	\$ 11,000	\$ 11,000	\$ 11,000	48,000	3.0%
Legal Fees (Sheppard Mullin for Kohrman Litigation)										\$ 1,500	-	0.3%
Accounting Fees (Servatius, O'Brien & Fong, CPAs)			3,000								4,500	0.3%
Financial Advisory (Hiramatsu & Assoc)							\$ 15,000	\$ 10,000	\$ 10,000	\$ 10,875	45,875	2.9%
Legal and Professional - Subtotal	0	0	3,000	0	3,000	0	30,000	21,000	22,500	21,875	101,375	6.3%
Other (Itemize):												
U.S. Trustee Quarterly Fees		975			4,875			4,875			10,725	0.7%
Other Non-Operating Expenses	0	975	0	0	4,875	0	0	4,875	0	0	10,725	0.7%

RADIOLOGY SUPPORT DEVICES, INC.  
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 COMPARISON OF PROJECTED V. ACTUAL PERFORMANCE STATEMENTS

FEBRUARY 22, 2017 - DECEMBER 31, 2017

	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual Preliminary	Actual	Actual	Projected	Actual	Variance	Comments
	Feb 22 - Mar 31, 2017	Apr-17	May-17	Jun-17	Jul-17	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17	Feb 22 - Dec 31, 2017	% of Sales	Feb 22 - Dec 31, 2017	Feb 22 - Dec 31, 2017	(Better/ (Worse))	
<b>Sales/Revenue:</b>																
Gross Sales/Revenue	189,814	180,208	162,400	160,258	130,843	155,576	142,676	164,722	190,351	161,912	1,638,760	100.0%	1,599,483	1,638,760	39,278	
Less: Returns/Discounts																
Net Sales/Revenue	194,898	180,208	162,400	160,258	130,843	155,576	142,676	164,722	190,351	161,912	1,638,760	100.0%	1,599,483	1,638,760	39,278	
<b>Cost of Goods Sold:</b>																
Beginning Inventory at cost																
Purchases	16,799	20,147	20,013	29,418	17,575	21,224	21,610	8,225	10,888	22,412	188,313	11.5%	208,053	188,313	19,740	
Less: Ending Inventory at cost																
Cost of Goods Sold (COGS)	16,799	20,147	20,013	29,418	17,575	21,224	21,610	8,225	10,888	22,412	188,313	11.5%	208,053	188,313	19,740	
<b>Gross Profit</b>	178,098	160,061	142,387	130,840	113,268	134,352	121,066	156,497	179,463	139,500	1,450,448	88.5%	1,391,430	1,450,448	59,018	
<b>Operating Expenses:</b>																
Payroll - Insiders	14,976	9,216	9,216	11,520	10,944	14,400	11,520	11,520	14,400	11,520	119,232	7.3%	120,611	119,232	1,379	
Payroll - Other Employees	41,912	41,148	44,525	52,775	48,328	58,373	49,947	58,782	68,371	62,814	526,975	32.2%	504,810	526,975	(22,165)	
Payroll Taxes	7,341	5,041	4,502	5,288	4,290	5,500	5,095	5,380	6,855	9,269	58,562	3.6%	82,318	58,562	23,757	
Other Taxes & Licenses (Itemize)	0	1,055	0	2,761	2,430	1,063	1,063	2,937	1,493	1,818	14,619	0.9%	4,775	14,619	(9,844)	
Depreciation and Amortization											-	0.0%	-	-	-	
Rent Expense - Real Property	12,544	12,836	12,836	11,773	11,773	11,773	11,773	11,773	11,773	11,773	120,627	7.4%	133,313	120,627	12,686	
Lease Expense - Personal Property											-	0.0%	-	-	-	
Insurance (Itemized Below)											-	0.0%	-	-	-	
Real Property Taxes											-	0.0%	-	-	-	
Telephone and Utilities	1,569	1,713	2,433	(218)	2,183	4,541	3,773	3,985	3,550	5,521	29,050	1.8%	27,884	29,050	(1,166)	
Repairs and Maintenance	758	200		260	184	60	883	677	194	2,190	5,407	0.3%	-	5,407	(5,407)	Unexpected repair of production oven
Travel and Entertainment (Itemize)						166					166	0.0%	-	166	(166)	
Miscellaneous Operating Expenses (Itemize)	9,189	9,531	12,950	9,361	9,869	10,348	11,382	17,041	5,718	12,980	108,368	6.6%	132,089	108,368	23,721	
<b>Total Operating Expenses</b>	88,287	80,740	86,461	93,520	90,000	106,224	95,435	112,095	112,355	117,886	983,005	60.0%	1,005,800	983,005	22,795	
<b>Net Gain/(Loss) from Operations</b>	89,811	79,321	55,926	37,320	23,267	28,127	25,631	44,402	67,107	21,613	467,442	28.5%	385,629	467,442	81,813	
<b>Non-Operating Income:</b>																
Interest Income								246			246	0.0%	-	246	246	
Net Gain on Sale of Assets (Itemize)											-	0.0%	-	-	-	
Other (Federal Income Tax Refund 2014)											-	0.0%	-	-	-	
<b>Total Non-Operating income</b>	0	0	0	0	0	0	0	246	0	0	246	0.0%	-	246	246	
<b>Non-Operating Expenses:</b>																
Interest Expense		1,820	1,820	1,820	1,820	1,841	1,825	1,826	2,070	1,820	16,665	1.0%	18,205	16,665	1,539	
Legal and Professional (Itemize)	0	0	0	3,000	3,000	0	18,000	10,000	21,156	18,071	73,227	4.5%	101,375	73,227	28,148	
Other (Itemize)	0	975	0	0	4,875	0	0	4,875	0	0	10,725	0.7%	10,725	10,725	-	
<b>Total Non-Operating Expenses</b>	0	2,795	1,820	4,820	9,695	1,841	19,825	16,701	23,226	19,891	100,617	6.1%	130,305	100,617	29,687	
<b>NET INCOME/(LOSS)</b>	89,811	76,525	54,106	32,500	13,572	26,286	5,806	27,947	43,881	1,722	367,071	22.4%	255,325	367,071	111,746	



RADIOLOGY SUPPORT DEVICES, INC.  
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 COMPARISON OF PROJECTED V. ACTUAL PERFORMANCE STATEMENTS  
 FEBRUARY 22, 2017 - DECEMBER 31, 2017

(Attach exhibit listing all itemizations required above)

Operating Expenses:

Other Taxes & Licenses (Itemize):

Franchise Tax Board

Southern California AQMD

City of Carson

Los Angeles County Tax Collector

California Department of Public Health

Los Angeles County Fire Department

State Board of Equalization

Property Taxes (Paid to Wilmington Associates)

Miscellaneous Operating Expenses- Subtotal

Miscellaneous Operating Expenses (Itemize)

Advertising

Auto Expenses

Bank Service Charges

Bookkeeping

Consulting Services (Production)

Dues and Subscriptions (IT)

Insurance - General Liability

Insurance - Workers' Compensation

Insurance - Auto

Insurance - Health

Insurance - Property

Meals and Entertainment

Office Expenses

Payroll Processing Fees

Postage

Supplies

Rubbish Removal

Trade Show - Travel

Trade Show - Meals

Miscellaneous Operating Expenses- Subtotal

Non-Operating Income:

Interest Income

Other (Federal Tax Refund 2014)

Non-Operating Income-Subtotal

Actual Feb 22 - Mar 31, 2017	Actual Apr-17	Actual May-17	Actual Jun-17	Actual Jul-17	Actual Aug-17	Actual Sep-17	Actual Oct-17	Actual Nov-17	Actual Dec-17	Actual Preliminary Dec-17	Actual Feb 22 - Dec 31, 2017	Actual % of Sales	Projected Feb 22 - Dec 31, 2017	Actual Feb 22 - Dec 31, 2017	Variance (Better/ (Worse))	Comments	
											-			-	-	-	
			823	59							882			-	882	(882)	
	203										203			-	203	(203)	
	852									716	1,568			-	1,568	(1,568)	
			876								876			-	876	(876)	
				1,308				32			1,340			-	1,340	(1,340)	
								1,506	398		1,904						
											368						
			1,063	1,063	1,063	1,063	1,063	1,063	1,102		7,478			-	7,478	(7,478)	
	0	1,055	0	2,761	2,430	1,063	1,063	2,937	1,493	1,818	14,619	0.9%		2,775	14,619	(11,844)	
			45		240						285	0.0%		-	285	(285)	
	850	470	450	450	450	2,001	698		429		6,248	0.4%		6,105	6,248	(143)	
	278	45	265	310	155	320	355	290	340	229	2,587	0.2%		1,950	2,587	(637)	
	720	510		1,085	220	1,530	1,450	1,640	800	1,110	9,065	0.6%		16,160	9,065	7,095	
	1,450		(345)		2,375			7,425			17,750	0.8%		26,250	12,655	13,595	
	0			1,530					24	24	1,578	0.1%		1,470	1,578	(108)	
	0	595	612	298	298		826	595	298	298	3,819	0.2%		3,424	3,819	(395)	
	2,227	6,108	6,108	2,994	4,012	4,005	4,088	4,012		4,005	37,559	2.3%		46,923	37,559	9,364	
	0	158		154	150	150			163	163	937	0.1%		1,740	937	803	
	537	537	1,074	1,029	1,029	1,037	1,074	500	1,037	1,037	8,892	0.5%		8,442	8,892	(450)	
	0	161		161	161	161		148	148	148	1,087	0.1%		-	1,087	(1,087)	
	266						457	538	431	1,030	2,722	0.2%		2,000	2,722	(722)	
	1,761	433	815	837	718	400	622	832	980	712	8,111	0.5%		2,000	8,111	(6,111)	Purchase of computers, printers
	226	336	256	291	252	238	317	187	353	432	2,887	0.2%		2,125	2,887	(762)	
	0			49			20		49	49	166	0.0%		450	166	284	
	874		3,536			1,644					6,054	0.4%		6,100	6,054	46	
	0	178	178	178		173	173	176	173	173	1,401	0.1%		1,950	1,401	549	
									224	1,393	1,617						
								700			700						
	0										-	0.0%		-	-	-	
	9,189	9,531	12,950	9,361	9,869	10,348	11,382	17,041	5,718	12,980	108,368	6.6%		132,089	108,368	23,721	
								246			246	0.0%		-	246	246	
									50,889		50,889	3.1%		-	50,889	50,889	
	0	0	0	0	0	0	0	0	51,135	0	51,135	3.1%		-	51,135	51,135	

RADIOLOGY SUPPORT DEVICES, INC.  
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 COMPARISON OF PROJECTED V. ACTUAL INCOME STATEMENTS  
 FEBRUARY 22, 2017 - DECEMBER 31, 2017

	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual Preliminary	Actual	Actual	Projected	Actual		
	Feb 22 - Mar 31, 2017	Apr-17	May-17	Jun-17	Jul-17	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17	Feb 22 - Dec 31, 2017	% of Sales	Feb 22 - Dec 31, 2017	Feb 22 - Dec 31, 2017	Variance (Better/ (Worse)	Comments
Non-Operating Expenses:																
Legal and Professional (Itemize)																
Legal Fees (Tiedt & Hurdt for Krautim Litiga					3,000						3,000	0.2%	3,000	3,000	-	
Legal Fees (Weintraub Selth & Nguyen)							10,000	5,000	5,000	7,500	27,500		48,000	27,500	20,500	
Legal Fees (Sheppard Mullin for Kohrman Li									11,156	3,071	14,227		-	14,227	(14,227)	
Accounting Fees (Servatius, O'Brien & Fong,				3,000							3,000	0.2%	4,500	3,000	1,500	
Financial Advisory (Hiramatsu & Assoc)							8,000	5,000	5,000	7,500	25,500		45,875	25,500	20,375	
Legal and Professional - Subtotal	0	0	0	3,000	3,000	0	18,000	10,000	21,156	18,071	73,227	4.5%	101,375	73,227	28,148	
Other (Itemize):											-	0.0%	-	-	-	
U.S. Trustee Quarterly Fees		975			4,875			4,875			10,725	0.7%	10,725	10,725	-	
Other Non-Operating Expenses	0	975	0	0	4,875	0	0	4,875	0	0	157,179	9.6%	10,725	157,179	(146,454)	

# EXHIBIT 3

SEPTEMBER - DECEMBER 2017

	Proj Sep-17	Proj Oct-17	Proj Nov-17	Proj Dec-17	Proj Sept-Dec 2017	Actual Sep-17	Actual Oct-17	Actual Nov-17	Actual/Estim Dec-17	Actual/Estim Sept-Dec 2017	Better/(Worse) Variance
<b>Cash Receipts</b>											
A/R Collections	\$ 228,512	\$ 145,789	\$ 127,764	\$ 196,017	\$ 698,083	\$ 194,522	\$ 163,816	\$ 128,861	\$ 182,461	669,660	(28,423)
Other Cash Receipts					-					-	-
<b>Total Cash Receipts</b>	<b>228,512</b>	<b>145,789</b>	<b>127,764</b>	<b>196,017</b>	<b>698,083</b>	<b>194,522</b>	<b>163,816</b>	<b>128,861</b>	<b>182,461</b>	<b>669,660</b>	<b>(28,423)</b>
<b>Cash Disbursements</b>											
Product Purchases	\$ 24,289	\$ 20,138	\$ 14,301	\$ 12,100	\$ 70,829	32,242	21,065	13,918	14,878	82,104	(11,275)
Production Equipment Purchases/Repairs	\$ 700	\$ 700	\$ 700	\$ 700	\$ 2,800	406	6		2,371	2,782	2,018
Shipping Expense/Supplies	\$ 3,838	\$ 3,062	\$ 3,066	\$ 2,982	\$ 12,948	5,677	4,249	4,043	3,996	17,965	(5,017)
Payroll - Production (17)	\$ 45,900	\$ 38,960	\$ 38,960	\$ 48,700	\$ 172,520	39,092	42,607	48,878	46,563	177,140	2,421
Payroll Taxes (All Payroll)	\$ 10,065	\$ 8,343	\$ 8,343	\$ 10,429	\$ 37,180	5,095	5,380	9,345	5,411	25,231	15,698
Production Manager (P.T.)	\$ 5,100	\$ 4,080	\$ 4,080	\$ 5,100	\$ 18,360	3,672	4,080	5,250	4,200	17,202	2,208
Production Consultant (Mercer)										-	-
Production Contractor (Wallace, Phan)	\$ 1,000	\$ -	\$ 2,500		\$ 3,500		7,425			7,425	(3,925)
Advertising										-	-
Bank & Finance Charges	\$ 200	\$ 200	\$ 200	\$ 200	\$ 800	355	290	325	214	1,184	(384)
Dues & Subscriptions	\$ 30	\$ 30	\$ 30	\$ 30	\$ 120					-	120
Financial Advisory (Hiramatsu & Assoc)	\$ 15,000	\$ 10,000	\$ 10,000	\$ 10,875	\$ 45,875	8,000	5,000	5,000	7,500	25,500	20,375
Insurance- General Liability	\$ 314	\$ 314	\$ 314	\$ 314	\$ 1,256	298	298	298	298	1,190	66
Insurance- Workers' Compensation	\$ 4,100	\$ 4,100	\$ 4,100	\$ 4,100	\$ 16,400	4,019	4,012	4,005	4,005	16,042	358
Insurance- Auto	\$ 165	\$ 165	\$ 165	\$ 165	\$ 660	165	163	163	163	490	170
Insurance- Health	\$ 1,045	\$ 1,045	\$ 1,045	\$ 1,045	\$ 4,180	1,604	500	1,037	1,037	4,178	2
Interest	\$ 1,820	\$ 1,820	\$ 1,820	\$ 1,820	\$ 7,280	1,820	1,820	1,820	1,820	7,282	(2)
IT Expenses - Software & Licenses	\$ 100	\$ 100	\$ 100	\$ 100	\$ 400	283			24	307	93
Marketing/Advertising										-	-
Meals & Entertainment	\$ 400	\$ 400	\$ 400	\$ 400	\$ 1,600	457	538	431	261	1,686	89
Supplies-Office	\$ 500	\$ 500	\$ 500	\$ 500	\$ 2,000	1,203	1,106	1,167	1,187	4,663	(2,663)
Supplies-Janitorial										-	-
Outside Services (Bookkeeper)	\$ 2,000	\$ 1,600	\$ 1,600	\$ 2,000	\$ 7,200	2,180	1,320	1,120	880	5,500	1,700
Payroll - Executive (Matthew Alderson)	\$ 14,423	\$ 11,538	\$ 11,538	\$ 14,423	\$ 51,923	11,520	11,520	14,400	11,520	48,960	5,843
Payroll - Director of Finance (P.T.)										-	-
Payroll - Office (2)	\$ 12,000	\$ 9,600	\$ 9,600	\$ 12,000	\$ 43,200	9,600	9,720	12,200	9,760	41,280	4,360
Payroll Processing	\$ 260	\$ 260	\$ 260	\$ 260	\$ 1,040	317	187	353	432	1,288	(248)
Permits and Licenses	\$ 500	\$ 500	\$ 500	\$ 500	\$ 2,000	1,308	368	250	2,652	4,578	(1,960)
Postage	\$ 25	\$ 25	\$ 25	\$ 25	\$ 100	20				20	80
Professional Fees - CPA	\$ -	\$ -	\$ 1,500		\$ 1,500					-	1,500
Professional Fees-Legal (WS&N)	\$ 15,000	\$ 11,000	\$ 11,000	\$ 1,070	\$ 38,070	10,000	5,000	5,000	7,500	27,500	10,570
Professional Fees-Legal (Krautim Litigation)										-	-
Rent	\$ 13,000	\$ 13,000	\$ 13,000	\$ 13,000	\$ 52,000	12,997	12,984	12,984	13,023	51,987	13
Rubbish Removal	\$ 200	\$ 200	\$ 200	\$ 200	\$ 800	178	178	173	173	702	98
Telephone (Land Line)	\$ 650	\$ 1,000	\$ 1,000	\$ 1,000	\$ 3,650	635	1,656	1,956	2,154	6,401	(2,751)
Telephone (Mobile)	\$ 450	\$ 450	\$ 450	\$ 450	\$ 1,800	449	1,656		302	2,406	(606)
Trade Show (Exhibitor Booth and Travel)										-	-
Trade Show (Travel)				\$ 5,000	\$ 5,000			924	1,461	2,384	2,616
Travel (Non-Trade Show)										-	-
Utilities (Water/Power)	\$ 1,450	\$ 1,450	\$ 1,450	\$ 1,450	\$ 5,800	2,395	5,224	1,708	1,334	10,661	(4,861)
Utilities (Gas)	\$ 100	\$ 100	\$ 100	\$ 100	\$ 400				8	8	392
Vehicle Expense	\$ 480	\$ 480	\$ 480	\$ 480	\$ 1,920	2,001	698		429	3,128	(1,208)
Miscellaneous										-	-
US Trustee (Quarterly Fee)	\$ -	\$ 4,875	\$ -		\$ 4,875		4,875			4,875	-
<b>Total Cash Disbursements</b>	<b>175,105</b>	<b>150,035</b>	<b>143,328</b>	<b>151,518</b>	<b>619,986</b>	<b>157,986</b>	<b>153,761</b>	<b>146,746</b>	<b>145,556</b>	<b>604,049</b>	<b>15,937</b>
<b>Net Cash Flow</b>	<b>53,407</b>	<b>(4,246)</b>	<b>(15,564)</b>	<b>44,499</b>	<b>78,097</b>	<b>36,536</b>	<b>10,055</b>	<b>(17,885)</b>	<b>36,905</b>	<b>65,611</b>	<b>(12,486)</b>
Beginning Bank Balance	101,763	155,170	150,924	135,361	101,763	91,283	127,818	137,873	119,988	91,283	(10,480)
<b>Ending Bank Balance</b>	<b>155,170</b>	<b>150,924</b>	<b>135,361</b>	<b>179,860</b>	<b>179,860</b>	<b>127,818</b>	<b>137,873</b>	<b>119,988</b>	<b>156,893</b>	<b>156,893</b>	<b>(22,966)</b>

## PROOF OF SERVICE OF DOCUMENT

I am over the age of 18 and not a party to this bankruptcy case or adversary proceeding. My business address is:

11766 Wilshire Blvd., Ste. 1170, Los Angeles, CA 90025

**A true and correct copy of the foregoing document entitled (*specify*): DEBTOR'S SUBMISSION OF FURTHER EVIDENCE IN SUPPORT OF CONTINUED USE OF CASH COLLATERAL THROUGH MAY 31, 2018; DECLARATIONS OF MATTHEW ALDERSON AND BETTE HIRAMATSU IN SUPPORT THEREOF** will be served or was served (a) on the judge in chambers in the form and manner required by LBR 5005-2(d); and (b) in the manner stated below:

**1. TO BE SERVED BY THE COURT VIA NOTICE OF ELECTRONIC FILING (NEF):** Pursuant to controlling General Orders and LBR, the foregoing document will be served by the court via NEF and hyperlink to the document. On **January 10, 2018**, I checked the CM/ECF docket for this bankruptcy case or adversary proceeding and determined that the following persons are on the Electronic Mail Notice List to receive NEF transmission at the email addresses stated below:

Ronald K Brown ron@rkbrownlaw.com

Lazaro E Fernandez lef17@pacbell.net, lef-karina@pacbell.net;lef-mari@pacbell.net;lefkarina@gmail.com

Brian Matthew Grossman bgrossman@trgllp.com, bmg@bgrolaw.com;antonou@trgllp.com;mvera@trgllp.com

Elaine Nguyen elaine@wsrlaw.net, vinnet@ecf.inforuptcy.com;elayna@wsrlaw.net

J. Alexandra Rhim arhim@hemar-rousso.com

James R Selth jim@wsrlaw.net, jselth@yahoo.com;melissa@wsrlaw.net;vinnet@ecf.inforuptcy.com

Najah J Shariff najah.shariff@usdoj.gov, USACAC.criminal@usdoj.gov

United States Trustee (LA) ustpreion16.la.ecf@usdoj.gov

Daniel J Weintraub dan@wsrlaw.net, melissa@wsrlaw.net;vinnet@ecf.inforuptcy.com

Hatty K Yip hatty.yip@usdoj.gov

**2. SERVED BY UNITED STATES MAIL:**

On (*date*) **January 10, 2018**, I served the following persons and/or entities at the last known addresses in this bankruptcy case or adversary proceeding by placing a true and correct copy thereof in a sealed envelope in the United States mail, first class, postage prepaid, and addressed as follows. Listing the judge here constitutes a declaration that mailing to the judge will be completed no later than 24 hours after the document is filed.

X See Attached Mailing List

**3. SERVED BY PERSONAL DELIVERY, OVERNIGHT MAIL, FACSIMILE TRANSMISSION OR EMAIL** (*state method for each person or entity served*): Pursuant to F.R.Civ.P. 5 and/or controlling LBR, on (*date*) **January 10, 2018**, I served the following persons and/or entities by personal delivery, overnight mail service, or (for those who consented in writing to such service method), by facsimile transmission and/or email as follows. Listing the judge here constitutes a declaration that personal delivery on, or overnight mail to, the judge will be completed no later than 24 hours after the document is filed.

**Personal delivery to Chambers of Hon. Ernest M. Robles, United States Bankruptcy Court, Los Angeles Division**

I declare under penalty of perjury under the laws of the United States that the foregoing is true and correct.

**January 10, 2018,**

Elaine Nguyen

/s/ Elaine Nguyen

*Date*

*Printed Name*

*Signature*

20 LARGEST UNSECURED CREDITORS

California Water Service  
2632 W. 237th Street  
Torrance, CA 90505-5230

Carson Industrial Hardware  
20840 Leapwood Ave  
Carson, CA 90746

Chempoint.com, Inc.  
411 108th Ave. NE #1050  
Bellevue, WA 98004

Clay Lorinsky Law Office  
12424 Wilshire Boulevard # 1200  
Los Angeles, CA 90025

Costco Membership  
P.O. Box 34783  
Seattle, WA 98124-1783

Del Amo Chemical Co., Inc.  
535 W. 152nd Street  
Gardena, CA 90248

Direct TV  
P.O. Box 5007  
Carol Stream, IL 60197-5007

Edison  
PO Box 6400  
Rancho Cucamonga, CA 91729-6400

Employment Development Dept.  
Bankruptcy Group MIC 92E  
P.O. Box 826880  
Sacramento, CA 94280-0001

Franchise Tax Board  
Bankruptcy Section, MS: A-340  
P.O. Box 2952  
Sacramento, CA 95812-2952

Holiday Paper Products  
17625 Fabrica Way  
Cerritos, CA 90703

Internal Revenue Service  
P.O. Box 7346  
Philadelphia, PA 19101-7346

Liberty Mutual  
P.O. Box 85830  
San Diego, CA 92186-5830

Mirion Technologies  
2652 McGaw Ave  
Irvine, CA 92614

Packaging Systems, Inc.  
26435 Summit Circle  
Santa Clarita, CA 91350

Takahashi Accountancy Corporation  
4030 Spencer Street #101  
Torrance, CA 90503

The Hartford  
P.O. Box 15257  
Clearwater, FL 33766-5257

Tied & Hurd  
980 Montecito Drive # 209  
Corona, CA 92879

Waste Management -LA  
PO Box 541065  
Los Angeles, CA 90054-1065

Wilmington Associates Landlord  
27405 Puerta Real # 120  
Mission Viejo, CA 92691