

**UNITED STATES BANKRUPTCY COURT
DISTRICT OF CONNECTICUT**

IN RE:)	Case No. 17-50247
Apollo Solar, Inc.)	Chapter 11
Debtor)	
Apollo Solar, Inc.)	Re: ECF 9
Movant)	
Vs.)	
State of Connecticut Department of Economic and Community Development and Electronic Specialties of Connecticut, Inc.)	
Respondents)	

**FOURTH ORDER AUTHORIZING
USE OF CASH COLLATERAL AND PROVIDING
ADEQUATE PROTECTION TO SECURED CREDITOR**

On the Debtor's Motion For Authority To Use of Cash Collateral and To Provide Adequate Protection, (the "Motion"), the Court, having considered the Motion, and there being due and sufficient notice of the Hearing, it is found:

1. On March 7, 2017 (the "Petition Date"), Apollo Solar, Inc. (the "Debtor") filed a voluntary petition for the relief afforded by Chapter 11, Title 11, U.S.C. §§1101 et seq., (the "Code"). In accordance with §§1107 and 1108 of the Code, the Debtor was authorized to continue in possession of its properties and to operate and manage its business as a debtor-in-possession. No trustee or examiner has been appointed in these cases.

2. As of the Petition Date, the State of Connecticut Department of Economic and Community Development ("The DECD") alleges a first priority secured claim against all the Debtor' assets, including the Debtor' accounts receivable. In addition, certain additional parties

may assert liens against the Debtor's cash and accounts receivable, including Electronic Specialties of Connecticut, Inc. which the Debtor believes would be junior to the rights of the DECD (The DECD and any other creditors asserting liens against the Debtor's cash and accounts receivable are herein referred to as the "Secured Creditors").

3. It is essential to the Debtor's business and operations that it obtain a Preliminary Order authorizing it to use cash receipts to pay business expenses necessary to avoid irreparable harm to the estate, including wages, rent, utilities, taxes, and payments to vendors. Without the use of its cash collateral, the Debtor will suffer irreparable harm and be forced to terminate operations and abort any chance for successful reorganization.

4. The Court finds that it is in the best interest of the estate, the Secured Creditors and all other creditors and parties-in-interest; and it is necessary to avoid irreparable harm to the Debtor and its estate, that the preliminary use by the Debtor of cash collateral on the terms and conditions set forth herein be approved, and the Court hereby

ORDERS that:

A. Pursuant to 11 U.S.C. § 363(c)(2)(B), the Debtor is hereby authorized, nunc pro tunc from the petition date, to use cash collateral, including proceeds from the Debtor's accounts receivable, which cash collateral may be subject to the liens of the Secured Creditors. The Debtor may use any cash collateral in accordance with the monthly budget annexed hereto as **Exhibit "A"** (the "Budget"), with a variance of 15% on each line item permitted, for the period from November 1, 2017 to January 31, 2018, and every 90 day period, or pro-rated portion thereof, thereafter prior to the entry of the next order authorizing the use of cash collateral. The use of cash collateral for the expenses identified in the Budget is necessary to prevent irreparable harm to the estate.

B. In exchange for the preliminary use of cash collateral by the Debtor, and as adequate protection for Secured Creditors' interests therein, the Secured Creditors are hereby granted replacement and/or substitute liens (subject only to the carve-out in paragraph F of this proposed order) as provided in Code § 361(2) in all post-petition assets and proceeds thereof, excluding any bankruptcy avoidance causes of action, and such replacement liens shall have the same validity, extent, and priority that the Secured Creditors possessed as to said liens as of the Petition Date.

C. It is the purpose and intent of this Order to allow the Debtor to use accounts receivable which may constitute cash collateral of the Secured Creditors on a revolving basis and to provide the Secured Creditors with liens upon post-petition assets to the extent that any such Secured Creditors held valid liens as of the Petition Date, so that their interests therein will not be diminished during the pendency of this Chapter 11 case. The secured position of the Secured Creditors that existed on the Petition Date may not improve by virtue of the granting of the replacement liens as set forth herein.

D. The term for use of cash collateral shall be for a period through and including January 31, 2018. The Debtor and its officers and agents are authorized and directed to execute, file, and record any security agreements, financing statements, instruments, or other documents as may be requested reasonably by any Secured Creditor to evidence and/or perfect the liens and/or security interests granted herein. The Secured Creditors are hereby authorized to file and/or record any such documents, and the automatic stay pursuant to Code §362 is hereby modified to allow them to file and record such documents as are necessary to evidence and perfect the replacement liens granted herein.

E. Notwithstanding any provision of this Order, nothing herein shall be deemed to be

an adjudication or a declaration by the Court of rights with respect to the existence, validity, enforceability, subordination or priority of, or any causes of action relating to the liens or security interests granted by the Debtor or possessed by the Secured Creditors prior to the Petition Date. This Order does not provide for cross collateralization. This Order is without prejudice to any party-in-interest challenging the validity of liens of the Secured Creditor. Nothing herein shall be deemed to prevent Secured Creditors from seeking to terminate the use of cash collateral for any breach by the Debtor of the terms hereof or to obtain relief from the automatic stay or to assert any other rights, claims, remedies, or defenses available to them.

F. The liens of the Secured Creditors and any replacement thereof pursuant to this Order, and any priority to which the Secured Creditors may be entitled or become entitled under § 507(b) of the Bankruptcy Code, shall be subject and subordinate to a carve-out of such liens for amounts payable by the Debtor (i) under § 1930(a)(6) of Title 28 of the United States Code; (ii) for Debtor's post-petition wages and employment taxes; and (iii) approved fees and expenses of the Debtor's and any appointed Committee's professionals.

G. A hearing on the Debtor's Motion for Authority to Use Cash Collateral shall be held on January 23, 2018 at 10:00 AM at the U. S. Bankruptcy Court, 915 Lafayette Boulevard, Room 123, Bridgeport, Connecticut.

Dated at Bridgeport, Connecticut this 18th day of October, 2017.

Julie A. Manning
Chief United States Bankruptcy Judge
District of Connecticut

Apollo Solar, Inc.

Projected/estimated cashflow

	November	December	January
Month	<u>1</u>	<u>2</u>	<u>3</u>
Income			
- cash	100,000.00	90,000.00	90,000.00
Total - Cash	<u>100,000.00</u>	<u>90,000.00</u>	<u>90,000.00</u>
Total Income	100,000.00	90,000.00	90,000.00
Cost of Goods Sold			
- Cost of Sales			
- Production Salaries			
Wages	8,000.00	8,000.00	8,000.00
Other	0.00	0.00	0.00
Total	<u>8,000.00</u>	<u>8,000.00</u>	<u>8,000.00</u>
- Part Time Help	1,000.00	1,000.00	1,000.00
Purchases	40,000.00	40,000.00	40,000.00
- Freight In	500.00	500.00	500.00
- Freight Out	500.00	500.00	500.00
- Other Cost /RMA	1,100.00	1,100.00	1,100.00
Total - Cost of Sales	<u>51,100.00</u>	<u>51,100.00</u>	<u>51,100.00</u>
Total COGS	<u>51,100.00</u>	<u>51,100.00</u>	<u>51,100.00</u>
Gross Profit	48,900.00	38,900.00	38,900.00
Expense			
- Sales & Marketing			
- Sales and Marketing Salaries	0.00	0.00	0.00
- Sales Commissions	4,500.00	4,500.00	4,500.00
- Sales and Marketing Travel Exp	0.00	0.00	0.00
- Sales & Marketing - Other	14,000.00	10,000.00	0.00
Total - Sales & Marketing	18,500.00	14,500.00	4,500.00
- General and Administrative			
- G&A Salaries	7,000.00	7,000.00	7,000.00
- Dental/health Insurance	0.00	0.00	0.00
- Payroll Taxes	1,200.00	1,200.00	1,200.00
- Business Insurance	0.00	0.00	0.00
- Travel	2,000.00	2,000.00	2,000.00
- Professional Fees	8,000.00	7,000.00	8,000.00
- Rent	3,600.00	3,600.00	3,600.00
- Trash	243.90	120.00	120.00
- Electricity	405.58	405.58	405.58
- Heat - Gas	568.11	568.11	568.11
- Phone	232.16	232.16	232.16
- Computer and Internet Expenses	3,276.00	276.00	276.00
- FedEx, UPS & Postage	100.00	100.00	100.00
- Office Supplies	50.00	50.00	50.00
- Payroll Expenses	100.00	100.00	100.00

Apollo Solar, Inc.

Projected/estimated cashflow

Month	November	December	January
	<u>1</u>	<u>2</u>	<u>3</u>
· Bank Service Charges	200.00	200.00	200.00
· Bank Service Charges - Other	0.00	0.00	0.00
Total · Bank Service Charges	200.00	200.00	200.00
· Trustee	0.00	0.00	3,500.00
· Property Tax	200.00	200.00	200.00
· General and Administrative - Other	0.00	0.00	0.00
Total · General and Administrative	27,175.75	23,051.85	27,551.85
· Interest Expense, net			
· Interest Expense Other	0.00	0.00	0.00
· Interest Expense JEP Note	0.00	0.00	0.00
Total · Interest Expense, net	0.00	0.00	0.00
· Depreciation & Amortization			
· Depreciation Expense	0.00	0.00	0.00
· Amortization Expense	0.00	0.00	0.00
Total · Depreciation & Amortization	0.00	0.00	0.00
Total Expense	45,675.75	37,551.85	32,051.85
Net cash on hand	3,224.25	1,348.15	6,848.15