

EXCERPT FROM THE DEBTOR'S STANDARD MONTHLY OPERATING REPORTUNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF FLORIDA
WEST PALM BEACH DIVISION

| | | | |
|---------------|---|-------------|-----------------|
| IN RE: | } | CASE NUMBER | 11-23341-EPK |
| | } | | |
| | } | | |
| HearUSA, Inc. | } | JUDGE | Erik P. Kimball |
| | } | | |
| DEBTOR. | } | CHAPTER 11 | |

DEBTOR'S STANDARD MONTHLY OPERATING REPORT (BUSINESS)
FOR THE PERIODFROM March 1, 2012 TO March 31, 2012

Comes now the above-named debtor and files its Monthly Operating Reports in accordance with the Guidelines established by the United States Trustee and FRBP 2015.

_____, CRO

Debtor's Signature

Debtor's Address
and Phone Number:Attorney's Address
and Phone Number:HUSA Liquidating Corp. f/k/a HearUSA, Inc.Berger Singerman LLPc/o DSI, 200 S. Biscayne Blvd., Suite 18181450 Brickell Ave, Suite 1900Miami, FL 33131Miami, FL 33131(305) 374-2717(305) 755-9500

Note: The original Monthly Operating Report is to be filed with the court and a copy simultaneously provided to the United States Trustee Office. Monthly Operating Reports must be filed by the 20th day of the following month.

For assistance in preparing the Monthly Operating Report, refer to the following resources on the United States Trustee Program Website, <http://www.usdoj.gov/ust/r21/index.htm>.

- 1) Instructions for Preparations of Debtor's Chapter 11 Monthly Operating Report
- 2) Initial Filing Requirements
- 3) Frequently Asked Questions (FAQs) <http://www.usdoj.gov/ust/>.

SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE PERIOD BEGINNING March 1, 2012 AND ENDING March 31, 2012

Name of Debtor: HearUSA, Inc.
Date of Petition: May 16, 2011

Case Number 11-23341-EPK

| | <u>CURRENT MONTH</u> | <u>CUMULATIVE PETITION TO DATE</u> |
|---|--------------------------|--|
| 1. FUNDS AT BEGINNING OF PERIOD | \$ 53,598,172(a) | \$ 2,788,724 (b) |
| 1a. LESS: ESCROW FUNDS (see MOR-30 already accounted for) | \$ - | \$ 997,658 |
| ADJUSTED FUNDS AT BEGINNING OF PERIOD | \$ 53,598,172 | \$ 1,791,066 |
| 2. RECEIPTS: | | |
| A. Cash Sales | \$ - | \$ - |
| Minus: Cash Refunds | (-) \$ - | \$ - |
| Net Cash Sales | \$ - | \$ - |
| B. Accounts Receivable | \$ - | \$ 19,709,839 |
| C. Other Receipts (<i>See MOR-3</i>) (If you receive rental income, you must attach a rent roll.) | \$ 29 | \$ 61,746,671 |
| 3. TOTAL RECEIPTS (Lines 2A+2B+2C) | \$ 29 | \$ 81,456,510 |
| 4. TOTAL FUNDS AVAILABLE FOR OPERATIONS (Line 1 + Line 3) | \$ 53,598,201 | \$ 83,247,576 |
| 5. DISBURSEMENTS | | |
| A. Advertising | \$ - | \$ 1,870,402 |
| B. Bank Charges | \$ 12 | \$ 144,232 |
| C. Contract Labor | \$ - | \$ 50,639 |
| D. Fixed Asset Payments (not incl. in "N") | \$ - | \$ - |
| E. Insurance | \$ 37,650 | \$ 1,069,723 |
| F. Inventory Payments (<i>See Attach 2</i>) | \$ - | \$ 4,786,032 |
| G. Leases | \$ - | \$ 120,667 |
| H. Manufacturing/Packaging Supplies | \$ - | \$ - |
| I. Office Supplies | \$ - | \$ 59,540 |
| J. Payroll - Net (<i>See Attachment 4B</i>) | \$ - | \$ 5,288,463 |
| K. Professional Fees (Accounting & Legal) | \$ 174,996 | \$ 4,536,157 |
| L. Rent | \$ - | \$ 2,143,164 |
| M. Repairs & Maintenance | \$ - | \$ 155,276 |

| | | | |
|-----------|--|-------------------------|-------------------------|
| N. | Secured Creditor Payments (<i>See Attach 2</i>) | \$ - | \$ - |
| O. | Taxes Paid - Payroll (<i>See Attachement 4C</i>) | \$ - | \$ 1,957,232 |
| P. | Taxes Paid - Sales & Use (<i>See Attachment 4C</i>) | \$ - | \$ 5,243 |
| Q. | Taxes Paid - Other (<i>See Attachment 4C</i>) | \$ 2,976,400 | \$ 2,997,360 |
| R. | Telephone | \$ - | \$ 218,734 |
| S. | Travel & Entertainment | \$ - | \$ 136,057 |
| T. | U.S. Trustee Quarterly Fees | \$ - | \$ 37,875 |
| U. | Utilities | \$ - | \$ 218,737 |
| V. | Vehicle Expenses | \$ - | \$ - |
| W. | Other Operating Expenses (<i>See MOR-3</i>) | \$ 3,928 | \$ 7,046,826 |
| 6. | TOTAL DISBURSEMENTS (<i>Sum of 5A thru W</i>) | \$ 3,192,986 | \$ 32,842,359 |
| 7. | ENDING BALANCE (<i>Line 4 Minus Line 5A Minus Line 6</i>) | \$ 50,405,216(c) | \$ 50,405,216(c) |

I declare under penalty of perjury that this statement and the accompanying documents and reports are true and correct to the best of my knowledge and belief, subject to the General Disclaimer and footnotes to this Report.

This _____ day of _____, 2012 _____, as CRO
(Signature)

- (a) This number is carried forward from last month's report. For the first report only, this number will be the balance as of the petition date.
- (b) This figure will not change from month to month. It is always the amount of funds on hand as of the date of the petition.
- (c) These two amounts will always be the same if form is completed correctly.

MONTHLY SCHEDULE OF RECEIPTS AND DISBURSEMENTS (cont'd)**Detail of Other Receipts and Other Disbursements****OTHER RECEIPTS:**

Describe Each Item of Other Receipt and List Amount of Receipt. Write totals on Page MOR-2, Line 2C.

| <u>Description</u> | <u>Current Month</u> | <u>Cumulative Petition to Date</u> |
|---|----------------------|--|
| DIP Loan Funding | \$ - | \$ 6,269,300 |
| Escrow funding for pre-sale expenses | \$ - | \$ 599,083 |
| Net escrow funding for winddown and professional fees | \$ - | \$ 4,490,418 |
| Net sales proceeds | \$ - | \$ 50,379,087 |
| Interest | \$ 29 | \$ 291 |
| Stock option redemptions | \$ - | \$ 8,492 |
| | | |
| | | |
| | | |
| | | |
| | | |
| | | |
| | | |
| TOTAL OTHER RECEIPTS | \$ 29 | \$ 61,746,671 |

“Other Receipts” includes Loans from Insiders and other sources (i.e. Officer/Owner, related parties directors, related corporations, etc.). Please describe below:

| <u>Loan Amount</u> | <u>Source of Funds</u> | <u>Purpose</u> | <u>Repayment Schedule</u> |
|--------------------|------------------------|----------------|---------------------------|
| None | | | |
| | | | |
| | | | |

OTHER DISBURSEMENTS:

Describe Each Item of Other Disbursement and List Amount of Disbursement. Write totals on Page MOR-2, Line

| <u>Description</u> | <u>Current Month</u> | <u>Cumulative Petition to Date</u> |
|---|----------------------|--|
| DIP Loan Closing Fee | \$ - | \$ 200,000 |
| Network Provider Payments | \$ - | \$ 2,338,348 |
| AARP-General Program Charges | \$ - | \$ 243,027 |
| Bankruptcy Professionals/Claims/Noticing Agent (escrow) | \$ - | \$ 2,733,964 |
| Consulting Fees | \$ - | \$ 104,575 |
| Postage | \$ - | \$ 49,697 |
| Refunds to Customers | \$ - | \$ 762,546 |
| Administrative Fee-HCS | \$ - | \$ 152,897 |
| Dues & Subscriptions | \$ - | \$ 32,997 |
| License & Fees | \$ - | \$ 11,593 |
| Shareholder Fees | \$ - | \$ 17,268 |
| Quarter Filing Fees (SEC) | \$ 428 | \$ 1,501 |
| AARP-Royalties | \$ - | \$ 90,186 |
| Employee expenses | \$ - | \$ 6,936 |
| Cure costs | \$ - | \$ 102,438 |
| IT expenses | \$ - | \$ 12,777 |

| | | |
|---------------------------|-----------------|---------------------|
| Board of Directors' Fees | \$ - | \$ 155,625 |
| Administrative Claim | \$ - | \$ 26,650 |
| Miscellaneous expenses | \$ - | \$ 302 |
| Stock transfer agent fees | \$ 3,500 | \$ 3,500 |
| TOTAL OTHER DISBURSEMENTS | <u>\$ 3,928</u> | <u>\$ 7,046,826</u> |

Note-Actual payments made to professionals based on the procedures for the interim payment of fees and reimbursements of expenses (DE#50) have been reclassified to line K of MOR-2.

NOTE:

Attach a current Balance Sheet and Income (Profit & Loss) Statement.

ATTACHMENT 1**MONTHLY ACCOUNTS RECEIVABLE RECONCILIATION AND AGING**

| | | | |
|---------------------------------------|----------------------|----------------|-----------------------|
| Name of Debtor: | <u>HearUSA, Inc.</u> | Case Number: | <u>11-23341-EPK</u> |
| Reporting Period Beginning: | <u>March 1, 2012</u> | Period Ending: | <u>March 31, 2012</u> |
| ACCOUNTS RECEIVABLE AT PETITION DATE: | | \$ | <u>3,343,607</u> |

ACCOUNTS RECEIVABLE RECONCILIATION(Include all accounts receivable, pre-petition and post-petition, including charge card sales which have not been received):

| | | | |
|--------------------------------------|----|---|-----|
| Beginning of Month Balance | \$ | - | (a) |
| PLUS: Current Month New Billings | \$ | - | |
| MINUS: Collection During the Month | \$ | - | (b) |
| PLUS/MINUS: Adjustments or Writeoffs | \$ | - | * |
| End of Month Balance | \$ | - | (c) |

*For any adjustments or Write-offs provide explanation and supporting documentation, if applicable:

POST PETITION ACCOUNTS RECEIVABLE AGING

(Show the total for each aging category for all accounts receivable)

| | | | | |
|-----------|------------|------------|--------------|----------|
| 0-30 Days | 31-60 Days | 61-90 Days | Over 90 Days | Total |
| \$ - | \$ - | \$ - | \$ - | \$ - (c) |

For any receivables in the "Over 90 Days" category, please provide the following:

| Customer | Receivable Date | Status (Collection efforts taken, estimate of collectability, write-off, disputed account, etc.) |
|----------|-----------------|--|
| _____ | _____ | _____ |
| _____ | _____ | _____ |
| _____ | _____ | _____ |
| _____ | _____ | _____ |
| _____ | _____ | _____ |

(a) This number is carried forward from last month's report. For the first report only, this number will be the balance as of the petition date.

(b) This must equal the number reported in the "Current Month" column of Schedule of Receipts and Disbursements (Page MOR-2, Line 2B).

(c) These two amounts must equal.

ATTACHMENT 3
INVENTORY AND FIXED ASSETS REPORT

Name of Debtor: HearUSA, Inc. Case Number: 11-23341-EPK
 Reporting Period Beginning: March 1, 2012 Period Ending: March 31, 2012

INVENTORY REPORT

| | | |
|---|----|---------|
| INVENTORY BALANCE AT PETITION DATE: | \$ | 895,527 |
| INVENTORY RECONCILIATION: | | |
| Inventory Balance at Beginning of Month | \$ | - (a) |
| PLUS: Inventory Purchased During Month | \$ | - |
| MINUS: Inventory Used or Sold | \$ | - |
| PLUS/MINUS: Adjustments or Write-downs | \$ | - * |
| Inventory on Hand at End of Month | \$ | - |

METHOD OF COSTING INVENTORY: N/A

*For any adjustments or write-downs provide explanation and supporting documentation, if applicable.

INVENTORY AGING

| | Less than 6 months old | 6 months to 2 years old | Greater than 2 years old | Considered Obsolete | Total Inventory |
|---|---------------------------|----------------------------|-----------------------------|------------------------|-----------------|
| | <u>N/A</u> % | <u>N/A</u> % | <u>N/A</u> % | <u>N/A</u> % | <u>100</u> % * |
| * Aging Percentages must equal 100%. <input type="checkbox"/> Check here if inventory contains perishable items. | | | | | |

Description of Obsolete Inventory: NA

FIXED ASSET REPORT

FIXED ASSETS FAIR MARKET VALUE AT PETITION DATE: N/A (b)
 (Includes Property, Plant and Equipment)

BRIEF DESCRIPTION (First Report Only): _____

| | | |
|---|--|-------------|
| FIXED ASSETS RECONCILIATION: | | |
| Fixed Assets Book Value at Beginning of Month | | \$ - (a)(b) |
| MINUS: Depreciation Expense | | \$ - |
| PLUS: New Purchases | | \$ - |
| PLUS/MINUS: Adjustments or Write-downs | | \$ - * |
| Ending Monthly Balance | | \$ - |

*For any adjustments or write-downs, provide explanation and supporting documentation, if applicable.

BRIEF DESCRIPTION OF FIXED ASSETS PURCHASED OR DISPOSED OF DURING THE REPORTING PERIOD: _____

(a) This number is carried forward from last month's report. For the first report only, this number will be the balance as of the petition date.

(b) Fair Market Value is the amount at which fixed assets could be sold under current economic conditions. Book Value is the cost of the fixed assets minus accumulated depreciation and other adjustments.
