

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF FLORIDA
FORT LAUDERDALE DIVISION

In re:

CASE NO. 11-15410-BKC-RBR

RIVER ISLAND FARMS, INC.,
a California corporation,

CHAPTER 11

Debtor.

DEBTOR'S DISCLOSURE STATEMENT

The Debtor, River Island Farms, Inc. (debtor or River Island) files this Disclosure Statement in accordance with the provisions of 11 U.S.C. § 1125.

No representations concerning the Debtor, its future business operations, the value of its property or the value of any benefits offered to holders of claims or interest in connection with the Plan are authorized other than as set forth in this Disclosure Statement. Any representations or inducements made to secure acceptance of the Plan which are other than as contained in this Disclosure Statement should not be relied upon by a creditor or interest holder. Any such additional representations and inducements should be reported to counsel for the Debtor, who in turn, shall deliver such information to the U.S. Trustee for such actions as may be deemed appropriate. The information contained in this Disclosure Statement has not been subject to certified audit and, except for financial projections, is based to a large extent on information maintained and collected by the Debtor. The books and records of the Debtor are not audited, but are kept in the ordinary course of the Debtor's business.

You are urged to read this Disclosure Statement carefully in order to obtain adequate information to enable you to decide whether to accept or reject the Plan.

INTRODUCTION – NATURE, HISTORY AND STRUCTURE OF THE BUSINESS

HISTORY OF THE BUSINESS

River Island is a California corporation formed in 1989. It was initially formed as a single asset entity that acquired an 80% interest in 55 acres of developable property opposite Blackhawk in Danville, California. Sid Corrie, Jr. is the 100% owner of the common stock of the company.

On June 30, 2004, the company sold the 55 acre property to Shapell Industries. The sale was structured as an Internal Revenue Code Section 1031 exchange. Due to the requirements that River

Island purchase property within a specified time period in order to take advantage of the IRS Code provision, River Island purchased property in Ft. Lauderdale and Stuart, Florida consisting of 2328 Aqua Vista Blvd., Ft. Lauderdale, Florida; 2521 Mercedes Drive, Ft. Lauderdale, Florida; 2001 SE St. Lucie Blvd., Stuart, Florida; and 1735 SE St. Lucie Blvd., Stuart, Florida. The Mercedes Drive residence was sold in June 2011. The other remaining properties are being actively marketed.

STRUCTURE OF THE BUSINESS

The Debtor is a California corporation, licensed and authorized to do business in the State of Florida. It is wholly owned by Sid Corrie, Jr.

THE BANKRUPTCY CASE

This bankruptcy case was commenced on February 28, 2011 as a result of a pending foreclosure sale regarding one of the properties owned by the Debtor. Since the filing of the bankruptcy case the Debtor has sold one of its properties, 2521 Mercedes, Ft. Lauderdale, Florida. This resulted in satisfaction of the mortgage debt owed Gibraltar Private Bank and Trust Company (Gibraltar) on that property.

A portion of the sale proceeds was retained in the Debtor in Possession account as a reserve regarding a dispute between the Debtor and Gibraltar regarding the calculation of the amount of interest due on that obligation. This dispute centers on Gibraltar's entitlement to default interest and its calculation. The amount of default interest is impacted by a judgment in the sum of \$6,000,000.00 obtained by Gibraltar on a portion of the overall debt owed by the Debtor to Gibraltar.

The court has granted Gibraltar relief from the automatic stay of § 362 of the Bankruptcy Code to proceed in the State court to judgment on other properties owned by the Debtor and secured by mortgages held by Gibraltar. Those issues are pending in the State Court and no judgment has been entered as of the date of this Disclosure Statement.

The Debtor is also indebted to Eurotrade Short Term Loans, Ltd. (Eurotrade). Eurotrade is also seeking relief from the automatic stay of § 362 of the Bankruptcy Code. The Debtor is presently contesting that relief and is proposing payments to Eurotrade on an interim basis until the proposed Plan to resolve the Debtor's obligations to creditors is approved by creditors and the Court.

THE DEBTOR' BUSINESS PLAN

The Debtor's business plan is to aggressively sell the remaining properties and satisfy all indebtedness owed to Gibraltar and Eurotrade. The Debtor is prepared to reduce sale prices on the various properties in order to attract buyers and prompt sales within the time frame proposed in the Plan.

I. SUMMARY OF OPERATIONS SINCE FILING CHAPTER 11

Since the Chapter 11 Bankruptcy Petition was filed the Debtor has successfully sold one of its properties and has continued to aggressively market the remaining properties. All expenses related to the continuing operations have been paid as agreed from funds on deposit in the Debtor's Debtor in Possession Operating account. No salaries or other expenses have been paid to or for any of the officers of the Debtor. River Island's principal is prepared to subsidize the Debtor's operations from independent funds on an ongoing basis.

II. ASSETS AND LIABILITIES

The Debtor's Assets and Liabilities are summarized in the attached Exhibit "A".

III. SUMMARY OF PLAN OF REORGANIZATION AND MEANS FOR IMPLEMENTATION OF PLAN.

The Plan which accompanies this Disclosure Statement sets forth with particularity the manner in which all claims will be paid. The Debtor is the Proponent of the Plan and the following summarizes the terms and conditions of the Plan.

The Debtor has proposed a Plan of Reorganization. In summary it proposes to pay unsecured creditors one-hundred percent (100%) of their claims with an initial payment of fifty percent (50%) of the allowed amount of each claim on the Effective Date after Confirmation of the Plan. The balance is to be paid in two monthly installments thereafter, one payment thirty (30) days after the Effective Date and the last payment sixty (60) days after the Effective Date, until the claims are paid in full.

The Debtor proposes full payment to Gibraltar the allowed amount of its claim against the Debtor, including such interest, fees, costs and expenses as may be allowed by the court. Full payment is to be made on or before one year from the Effective Date of the Plan. Partial payment on account of Gibraltar's allowed claim shall be made when there is a sale or refinance of any property securing the indebtedness owed Gibraltar that occurs prior to that date.

Upon confirmation, within 10 days after the Effective Date the Debtor will pay Gibraltar all funds presently retained in Debtor's operating account as a reserve regarding Gibraltar's claim for default interest resulting from the sale of 2521 Mercedes Drive, Ft. Lauderdale, Florida (Mercedes) pursuant to the terms of the order dated June 14, 2011 authorizing the Mercedes sale. This payment shall be applied to the allowed amount of Gibraltar's claim. It shall first be applied to unpaid and

accrued interest at the highest rate applicable to the allowed amount of the claim (the applicable Default Interest). If there is an excess after payment of the Default Interest then it is to be applied to unpaid interest and then to principal.

Commencing ten (10) days after the Effective Date, and on the first day of each subsequent month, Gibraltar shall be paid a sum equal to interest at six (6) percent per annum on the principal balance of Gibraltar's allowed claim until the allowed amount of the claim has been paid in full. The remaining balance of the allowed amount of the claim, including accrued and unpaid Default Interest as allowed by the Court, shall be due and payable twelve (12) months after the Effective Date (the Due Date).

All payments resulting from the sale of any property securing Gibraltar's allowed claim occurring prior to the Due Date, shall first be applied to unpaid Default Interest, then to statutory interest and then to principal.

Corrie Development Corporation and Sid Corrie, Jr. have each made loans to the Debtor. The Plan provides that such loans are to be subordinated to the claims of unsecured creditors, Gibraltar, Eurotrade and any taxing authority with a claim for taxes against the Debtor until each of these creditors have been paid in full under the terms of the Plan.

A. Classification and Treatment of Pre-petition Claims Against the Debtor's Estates and Equity Security Interests.

This Plan divides the respective creditors and equity security interests of the Debtor into respective classes, the classification and treatment of which are described herein. The claims against the Debtor and Equity Security Interests are divided into six (6) classes.

For purposes of this Plan, the claims of the Debtor are classified as follows:

Class I - consists of General Unsecured Claims.

Class II – consists of the secured claim of Gibraltar Private Bank and Trust Company (Gibraltar).

Class III – consists of the secured claim of Eurotrade Short Term Loans, Ltd. (Eurotrade).

Class IV- consists of the unsecured claim of Corrie Development Corporation (CDC).

Class V – consists of the unsecured claim of Sid Corrie, Jr. (Corrie).

Class VI - consists of the equity security holder of the common stock of the Debtor owned by Sid Corrie, Jr.

B. Payment of Priority Claims.

Claims in this category are entitled to priority of payment over general unsecured creditors pursuant to the provisions of § 507 of the Bankruptcy Code. The following describes the amount and treatment of all outstanding priority claims owed by the Debtor:

C. Payment of Post-Petition Administrative Claims.

All administrative claims, as allowed and ordered by the Bankruptcy Court, including fees payable pursuant to § 1930 of Title 28, U.S.C., shall be satisfied by payments in cash in full to the holders of such claims on the Effective Date except to the extent the holders of such claims have agreed to different treatment or have been earlier paid, and except for unpaid administrative claims which were incurred by the Debtor in the ordinary course of business. Unpaid administrative claims which were incurred by the Debtor in the ordinary course of business shall be paid the allowed amount of such claims by the Reorganized Debtor in the ordinary course of its business as such claims become due.

The claims of professionals acting on behalf of the Debtor, including Debtor's counsel for reimbursement of fees and expenses will be as awarded by the court after application and hearing and will be paid in cash on confirmation of the Plan of Reorganization, or on such terms as otherwise agreed by the parties. It is estimated that the professional fees due to counsel for the Debtor will be approximately \$60,000.00 plus out of pocket costs. Cost reimbursement requests by professionals will be in compliance with the guidelines of the U. S. Trustee and this court.

The cash amount required to be deposited for confirmation of the Plan will be provided by capital contributions of the Debtor's shareholder.

Post confirmation of the Plan the Debtor will pay all quarterly fees due the United States Trustee as required by law.

D. Means for Execution and Implementation of the Plan.

The Plan will be funded in its entirety by the Debtor's principal (insider) of the Debtor through available funds and future revenue.

All distributions will be mailed to creditors at the address stated in the Debtor's Schedules of Liabilities or as stated in a properly filed Proof of Claim. In the event the claim is disputed, the dispute will be resolved either by agreement or as a result of a court hearing and ruling. Neither the Debtor, any disbursing agent, nor any professional retained by them will have any obligation to locate creditors whose distribution or notices were properly mailed but nevertheless returned. However, the Debtor will make a reasonable effort to locate such creditors. Any creditor who fails to

claim its distribution due under the Plan within 180 days after a distribution has been delivered will be deemed to have no further interest in that distribution or any further distributions under the Plan.

The Debtor and the Reorganized Debtor retain the option of setting off against any claim, and any distribution made pursuant to the Plan in respect to such claim, a claim of any nature whatsoever, that the Debtor or the Reorganized Debtor have against the holder of such claim. However, neither the failure to do so nor the allowance of any claim under the Plan constitutes a waiver or release by the Debtor or the Reorganized Debtor of any claim that the Debtor or the Reorganized Debtor may have against the holder of such claim.

As of the Confirmation Date all executory contracts and unexpired leases of the Debtor's estate if any will be assumed, except those rejected by the Debtor prior to Confirmation of the Plan. The Debtor projects that there will be no rejection claims.

E. Confirmation Procedure.

Each impaired class of claims or interests is entitled to vote separately to accept or reject the Plan. The votes of each class are tallied separately to determine if there has been acceptance of the Plan. For the court to confirm the Plan it is necessary that a majority of creditors in number and two-thirds in amount of each class of creditors who cast a ballot regarding acceptance or rejection of the Plan affirmatively vote in favor of the Plan. Under those circumstances the Plan will be deemed to have been accepted to the advantage of a group of creditors so long as those creditors in such class have a reasonable and logical connection with each other. The Debtor believes that the classification of claims is reasonable and that there is a logical connection among the creditors in each class.

IV. FINANCIAL INFORMATION AND LIQUIDATION ANALYSIS OF REORGANIZED DEBTOR

This Plan of Reorganization is proffered in the context of the financial information contained in the Debtor's Schedules and as contained in relevant portions of the Debtor's three most recent Debtor in Possession Operating Reports filed with the Court regarding the Debtor's current operations. The summaries through August 31, 2011 are attached as Composite Exhibit "B". These Reports also reflect information regarding the Debtor operations (revenue and expense) from the date of filing of this Chapter 11 case.

A. Financial Information.

Financial information hereinafter presented is to be considered in the context of the Debtor's industry, which has been fully described in Section I of this Disclosure Statement. This business is affected by any economic trends which affect the residential luxury home market in Ft. Lauderdale and Stuart, Florida.

B. Liquidation Analysis.

This is a liquidating Plan of Reorganization, the purpose of which is to satisfy all secured, unsecured and property tax claims. As reflected in the summary of assets and liabilities and as reflected in the statement of appraised values, Exhibit "C" as of the dates indicated, the Debtor believes there is substantial equity in the properties sufficient to satisfy all claims. If the case is converted to a Chapter 7 case under the Bankruptcy Code, dismissed or relief from the automatic stay of § 362 of the Bankruptcy Code is granted to the secured creditors, the properties would be sold in state foreclosure proceedings. In this connection, creditors should be apprised that management believes that the orderly liquidation of the Debtor's assets will realize greater revenue for all creditors as under the foregoing circumstances there would be no funds available for unsecured creditors.

V. METHOD OF POST-PETITION OPERATIONS

During the period of implementation of the Plan of Reorganization and thereafter, it is anticipated that the Debtor's day-to-day business affairs will be managed by Sid Corrie, Jr., President and Pete Klein, Chief Financial Officer at no salary or compensation.

Presently and in the future there is 1 full time maintenance person who oversees the properties. He has been and will continue to be paid by Corrie Development Corp.

VI. PREFERENTIAL OR FRAUDULENT CONVEYANCES AND PENDING LITIGATION.

A. Procedures With Respect To Filing Objections To Claims.

In order to share in the distributions being made to any class of creditors, a creditor must have timely filed a proof of claim on or before the date set by the Court and in the form required by the Bankruptcy Rules, unless the creditor's Claim was listed in the Schedule of Liabilities filed by the Debtor, and that listing did not indicate the creditor's Claim as being disputed, contingent or unliquidated. Each individual creditor has the duty to ascertain the accuracy of its listing in the Schedule of Liabilities and to file a proof of claim in the event that it disagrees with the manner scheduled by the Debtor, or in the event that it is not scheduled at all by the Debtor. Certain Claims, called Rejection Claims, which arise from the rejection of unexpired or executory contracts, may be filed within thirty (30) days after the Confirmation Date. However, the Debtor will be assuming all executory contracts and unexpired leases pursuant to the Plan. Therefore, the Debtor does not anticipate any Rejection Claims.

The Debtor or any other party in interest will be required to file Objections to the Allowance of any Claim including Rejection Claims, if any, pursuant to an Order which will be entered by the Bankruptcy Court. Creditors and all interested parties will be served with a copy of that Order and

are directed to review carefully the time limitations contained therein. Pursuant to the Plan terms, such objections must be filed no later than fifteen (15) days after the Effective Date, which is ten (10) days after the date when the court enters an order confirming the Plan.

The failure of the Debtor, or any other party in interest, to object to or examine any claim for the purposes of voting on the Plan does not waive the rights of the Debtor, or any other party in interest to object to such claims later in any way or seek any type of relief as might be appropriate.

VII. SPECIAL RISK FACTORS

ALL THE RISK FACTORS INHERENT IN A PLAN OF REORGANIZATION UNDER CHAPTER 11 ARE PRESENT IN THIS CASE. CREDITORS ARE URGED TO CAREFULLY READ THIS DISCLOSURE STATEMENT AND THE ANNEXED FINANCIAL STATEMENTS, TOGETHER WITH THE ACCOMPANYING PLAN OF REORGANIZATION, IN FULL, SO THAT AN INFORMED JUDGMENT CAN BE EXERCISED WITH RESPECT TO VOTING ON THE PLAN.

VIII. CONCLUSION

A. The effect of Confirmation of the Plan.

If the court confirms the Plan, the terms and conditions of the Plan will bind the Debtor, the creditors and the equity security holders. Since the creditor claims and equity security interests are impaired they will be bound by the terms of the Plan even if they did not accept the Plan. Moreover the confirmation of the Plan will discharge the Debtor from debts arising before the date of such confirmation and any debts arising from the rejection of an executory contract, certain avoidance actions and certain postpetition tax claims. Since none of the Debtor's executory contracts have been or will be rejected and there are no avoidance actions or postpetition tax claims, that aspect of the confirmation order will have no affect on creditors.

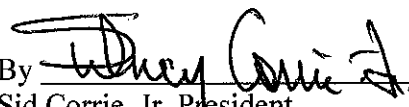
In the event of any conflict between the Plan and this Disclosure Statement, the terms of the Plan shall govern.

The Debtor believes the Chapter 11 Plan of Reorganization is feasible, should be accepted by the creditors and confirmed by the Court.

SIGNATURE PAGE FOLLOWS

19th
Dated October , 2011.

River Island Farms, Inc.

By 
Sid Corrie, Jr. President

 SANDLER & SANDLER

By M. L. Sandler, P. A.

Attorneys for Debtors

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/s/ Martin L. Sandler

Martin L. Sandler

Florida Bar No. 0070370

EXHIBIT "A"**ASSETS & LIABILITIES**

| | |
|---|------------------|
| Assets | |
| Real Property | \$ 15,500,000.00 |
| Personal Property | \$ 474,222.07 |
| Total Assets | \$ 15,974,222.07 |
| Liabilities & Shareholder Equity | |
| Secured Claims | \$ 8,352,520.00 |
| Unsecured Claims | \$ 3,305,774.30 |
| Total Liabilities | \$ 11,658,294.30 |
| Shareholder Equity | \$ 4,315,927.77 |
| | \$ 15,974,222.07 |

EXHIBIT "B"

Schedule of Appraised Value for Described Properties:

2001 SE St. Lucie Boulevard, Stuart, Florida

Appraisal value on January 28, 2011 by Charles Stublely, SRA

\$5,500,000.00

Mortgage

\$3,250,000.00

2328 Aqua Vista, Ft. Lauderdale, Florida

Appraisal value on January 24, 2011 by James D. Plihcik

\$7,200,000.00

Mortgage

\$3,717,520.00

1735 SE St. Lucie Blvd., Stuart, Florida

Appraisal value on August 12, 2011 by Charles A. Stublely, SRA

\$2,800,000.00

Mortgage

\$1,385,000.00

SCHEDULE OF RECEIPTS AND DISBURSEMENTS

August 1, 2011

FOR THE PERIOD BEGINNING [REDACTED] AND ENDING August 31, 2011

River Island Farms, Inc.
Date of Petition: February 28, 2011

Case Number: 11-15410-BKC-RBR

CURRENT MONTH CUMULATIVE PETITION TO DATE

1. FUNDS AT BEGINNING OF PERIOD

646,305.13 (a) 694.07 (b)

2. RECEIPTS:

A. Cash Sales

Minus: Cash Refunds

Net Cash Sales

B. Accounts Receivable

C. Other Receipts (See MOR-3)

(If you receive rental income, you must attach a rent roll.)

3. TOTAL RECEIPTS (Lines 2A+2B+2C)

4. TOTAL FUNDS AVAILABLE FOR OPERATIONS (Line 1 + Line 3)

877,181.10

5. DISBURSEMENTS

A. Advertising

B. Bank Charges

C. Contract Labor

D. Fixed Asset Payments (not incl. in "N")

E. Insurance

F. Inventory Payments (See Attach. 2)

G. Leases

H. Manufacturing Supplies

I. Office Supplies

J. Payroll - Net (See Attachment 4B)

K. Professional Fees (Accounting & Legal)

L. Rent

M. Repairs & Maintenance

N. Secured Creditor Payments (See Attach. 2)

O. Taxes Paid - Payroll (See Attachment 4C)

P. Taxes Paid - Sales & Use (See Attachment 4C)

Q. Taxes Paid - Other (See Attachment 4C)

R. Telephone

S. Travel & Entertainment

Y. U.S. Trustee Quarterly Fees

U. Utilities

V. Vehicle Expenses

W. Other Operating Expenses (See MOR-3)

6. TOTAL DISBURSEMENTS (Sum of 5A thru W)

7. ENDING BALANCE (Line 4 Minus Line 6)

197,305.13
197,305.13
448,999.92 (c)
428,875.52
448,999.92 (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.

This 19th day of September, 2011 [Signature] (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.

SCHEDULE OF RECEIPTS AND DISBURSEMENTS

July 1, 2011

FOR THE PERIOD BEGINNING [REDACTED] AND ENDING July 31, 2011

River Island Farms, Inc.
Date of Petition: February 28, 2011

Case Number: 11-15410-BKC-RBR

| | CURRENT MONTH | CUMULATIVE PETITION TO DATE |
|--|---------------------------|--------------------------------|
| 1. FUNDS AT BEGINNING OF PERIOD | 866,267 ¹¹ (a) | 694,071 (b) |
| 2. RECEIPTS: | | |
| A. Cash Sales | | |
| Minus: Cash Refunds | (-) | |
| Net Cash Sales | | |
| B. Accounts Receivable | | |
| C. Other Receipts (See MOR-3) | 1,096.02 | 811,181 ⁴⁰ |
| (If you receive rental income, you must attach a rent roll.) | | |
| 3. TOTAL RECEIPTS (Lines 2A+2B+2C) | 1,096.02 | |
| 4. TOTAL FUNDS AVAILABLE FOR OPERATIONS (Line 1 + Line 3) | | |
| 5. DISBURSEMENTS | | |
| A. Advertising | | |
| B. Bank Charges | | |
| C. Contract Labor | | |
| D. Fixed Asset Payments (not incl. in "N") | | |
| E. Insurance | | |
| F. Inventory Payments (See Attach. 2) | | |
| G. Leases | | |
| H. Manufacturing Supplies | | |
| I. Office Supplies | | |
| J. Payroll - Net (See Attachment 4B) | | |
| K. Professional Fees (Accounting & Legal) | | |
| L. Rent | | |
| M. Repairs & Maintenance | | |
| N. Secured Creditor Payments (See Attach. 2) | | |
| O. Taxes Paid - Payroll (See Attachment 4C) | | |
| P. Taxes Paid - Sales & Use (See Attachment 4C) | | |
| Q. Taxes Paid - Other (See Attachment 4C) | | |
| R. Telephone | | |
| S. Travel & Entertainment | | |
| Y. U.S. Trustee Quarterly Fees | | |
| U. Utilities | | |
| V. Vehicle Expenses | | |
| W. Other Operating Expenses (See MOR-3) | 221,057 ⁴⁰ | (231,569 ⁷⁴) |
| 6. TOTAL DISBURSEMENTS (Sum of 5A thru W) | 221,057 ⁴⁰ | 646,305 ⁷³ (c) |
| 7. ENDING BALANCE (Line 4 Minus Line 6) | 646,305 ⁷³ (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.

This 17th day of Aug, 2011,  CFO (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.

SCHEDULE OF RECEIPTS AND DISBURSEMENTS

June 1, 2011

FOR THE PERIOD BEGINNING [REDACTED] AND ENDING June 30, 2011

River Island Farms, Inc.
Date of Petition: February 28, 2011

Case Number: 11-15410-BKC-RBR

| | <u>CURRENT</u> <u>MONTH</u> | <u>CUMULATIVE</u> <u>PETITION TO DATE</u> |
|--|--------------------------------|--|
| 1. FUNDS AT BEGINNING OF PERIOD | <u>10,613.07</u> | (a) _____ (b) |
| 2. RECEIPTS: | | |
| A. Cash Sales | _____ | |
| Minus: Cash Refunds | (-) | |
| Net Cash Sales | _____ | |
| B. Accounts Receivable | _____ | |
| C. Other Receipts (See MOR-3) | <u>866,085.58</u> | |
| (If you receive rental income, you must attach a rent roll.) | <u>866,085.58</u> | |
| 3. TOTAL RECEIPTS (Lines 2A+2B+2C) | _____ | |
| 4. TOTAL FUNDS AVAILABLE FOR OPERATIONS (Line 1 + Line 3) | _____ | |
| 5. DISBURSEMENTS | | |
| A. Advertising | _____ | |
| B. Bank Charges | _____ | |
| C. Contract Labor | _____ | |
| D. Fixed Asset Payments (not incl. in "N") | _____ | |
| E. Insurance | _____ | |
| F. Inventory Payments (See Attach. 2) | _____ | |
| G. Leases | _____ | |
| H. Manufacturing Supplies | _____ | |
| I. Office Supplies | _____ | |
| J. Payroll - Net (See Attachment 4B) | _____ | |
| K. Professional Fees (Accounting & Legal) | _____ | |
| L. Rent | _____ | |
| M. Repairs & Maintenance | _____ | |
| N. Secured Creditor Payments (See Attach. 2) | _____ | |
| O. Taxes Paid - Payroll (See Attachment 4C) | _____ | |
| P. Taxes Paid - Sales & Use (See Attachment 4C) | _____ | |
| Q. Taxes Paid - Other (See Attachment 4C) | _____ | |
| R. Telephone | _____ | |
| S. Travel & Entertainment | _____ | |
| Y. U.S. Trustee Quarterly Fees | _____ | |
| U. Utilities | _____ | |
| V. Vehicle Expenses | _____ | |
| W. Other Operating Expenses (See MOR-3) | <u>10,491.34</u> | |
| 6. TOTAL DISBURSEMENTS (Sum of 5A thru W) | <u>10,491.34</u> | |
| 7. ENDING BALANCE (Line 4 Minus Line 6) | <u>866,267.11</u> | (c) _____ (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.

This 19 day of July, 2011. [Signature] (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.