

UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

In re School Specialty, Inc. et al

Case No. 13-10125 (KJC)
Reporting Period: June 29, 2014 - September 27, 2014

POST CONFIRMATION QUARTERLY SUMMARY REPORT

File with Court and submit copy to United States Trustee within 20 days after end of month.

	Form No.	Document Attached	Explanation Attached	Affadavit Attached
Schedule of Cash Receipts and Disbursements	PCQSR-1a	X		
Schedule of Cash Disbursements for Calculating US Trustee Fee	PCQSR-1a.a	X		
Bank Reconciliation (or copies of debtor's bank reconciliations)	PCQSR-1b		X	
Schedule of Bank Accounts with Book Balances	PCQSR-1c	X		
Statement of Operations	PCQSR-2	X		
Balance Sheet	PCQSR-3	X		
Listing of Debtor Entities	Appendix A	X		

I declare under penalty of perjury (28 U.S.C. Section 1746) that this report and the attached documents are true and correct to the best of my knowledge and belief.

Signature of Debtor


Date

Signature of Joint Debtor

Date



Signature of Authorized Individual*



Date



Printed Name of Authorized Individual



Title of Authorized Individual

*Authorized individual must be an officer, director or shareholder if debtor is a corporation; a partner if debtor is a partnership; a manager or member if debtor is a limited liability company.



In Re School Specialty, Inc. et al

Chapter 11

Debtor

Case No. 13-10125 (KJC)

PCQSR - 1
Schedule of Cash Receipts and Disbursements
For the period June 29, 2014 to September 27, 2014

Receipts

Accounts receivable collections	
Lockbox deposits	\$ 101,267,619
Credit card receipts	26,131,512
Wires/EFTs/ACHs	20,492,026
Other	
Rent	-
Total Receipts	147,891,157

Disbursements

Payroll	19,467,523
Rent	1,023,878
Freight	19,868,859
Taxes	4,483,029
Inventory	99,245,747
SG&A and other	44,599,510
Total Operating Expenses	188,688,546
Net Operating Cash Flow	(40,797,389)

Non-Operating Cash Flows

ABL Interest Expense	\$ 531,840
ABL Commitment Fee	-
ABL Closing Fee	-
ABL Fees	5,135
ABL EXIT Annual Agent Fee	-
Term Loan Interest Expense	3,429,173
Term Loan Closing Fee	-
Term Loan Commitment Fee	-
Debtor Professional Fees & Expense	275,194
Secured Lender Early Termination Fee	-
Secured Lenders' Professional Fees and Expenses	-
Expense of Secured Lender	-
US Trustees Fees	30,000
Unsecured Lender Professional Fees	2,841
Exit Financing Professional Fees & Expenses	-
Exit Financing Fees	-
Exit Financing ABL Commitment Fee	-
Exit Financing ABL Legal Fees	-
Exit Financing Term Loan Commitment Fee	-
Exit Financing Term Loan Underwriting Fee	-
Exit Financing Term Loan Admin Fee	-
Total Non-Operating Cash Flows	4,274,183
Net Cash Flow	(45,071,572)

In Re School Specialty, Inc. et al**Chapter 11****Debtor****Case No. 13-10125 (KJC)**

PCQSR - 1a
Schedule of Cash Disbursements by Legal Entity
For the period June 29, 2014 to September 27, 2014

<u>Debtor Entity</u>	<u>Bankruptcy Case Number</u>	<u>Disbursements (1)</u>
School Specialty, Inc.	13-10125 (KJC)	192,962,729
Total Disbursements		<u>\$ 192,962,729</u>

Notes:

- 1 Disbursement amounts include all payments clearing the bank during the period. Intercompany transfers are not included.
- 2 Debtor entity does not have disbursements to report during the period.
- 3 Disbursements for Debtors were estimated based on changes within the corresponding intercompany accounts. This method was utilized in order estimate payments made by the parent entity, School Specialty, Inc., on behalf of other subsidiary debtors. The consolidated entity utilizes a centralized treasury function in which disbursements are paid from a School Specialty, Inc.-owned bank account. The activity in the transactional intercompany accounts is a proxy for cash flow for the non-parent debtors. See Cash Management motion for further details on the Debtors treasury and cash management functions.

In Re School Specialty, Inc. et al**Chapter 11****Debtor****Case No. 13-10125 (KJC)**

PCQSR - 1a.1**Disbursements by Legal Entity for Calculating US Trustee Fees
For the period June 29, 2014 to September 27, 2014**

<u>Debtor Entity</u>	<u>Disbursements</u>	<u>US Trustee Fees</u>
School Specialty, Inc.	<u>192,962,729</u>	<u>\$ 30,000</u>

In Re School Specialty, Inc. et al

Chapter 11

Debtor

Case No. 13-10125 (KJC)

MOR - 1a(Dec)

For the period June 29, 2014 to September 27, 2014

Declaration Regarding the Cash Disbursements Schedule
As of September 27, 2014

Kevin Baehler hereby declares under penalty of perjury:

- 1 I am the Chief Financial Officer for School Specialty, Inc. et al, the above-captioned debtors and debtors in possession (collectively, the "Debtors"). I am familiar with the Debtors day-to-day operations, business affairs and books and records.
- 2 The Debtors submit the Declaration regarding cash disbursements in lieu of providing copies of the cash disbursement schedules.
- 3 All statements in the Declaration are based on my personal knowledge, my review of the relevant documents, my discussions with other employees of the Debtors, or my opinion based upon my experience and knowledge of the Debtors' operations and financial condition. If I were called upon to testify, I could and would testify to each each of the facts set forth herein based on such personal knowledge, review of documents or opinion. I am authorized to submit this Declaration on behalf of the Debtors.
- 4 The Debtors have, on a timely basis, disbursed approximately \$193,000,000 for post-petition and allowable pre-petition amounts for the period June 29, 2014 through September 27, 2014. Copies of the cash disbursement schedules are available for inspection upon request by the Office of the United States Trustee.

Dated October 14, 2014

Respectfully submitted,



By: Kevin Baehler

Title: Interim Chief Financial Officer

In Re School Specialty, Inc. et al

Chapter 11

Debtor

Case No. 13-10125 (KJC)

PCQSR - 1b

For the period June 29, 2014 to September 27, 2014

Declaration Regarding the Status of Bank Reconciliations of the Debtors
As of September 27, 2014

Kevin Baehler hereby declares under penalty of perjury:

- 1 I am the Chief Financial Officer for School Specialty, Inc. et al, the above-captioned debtors and debtors in possession (collectively, the "Debtors"). I am familiar with the Debtors day-to-day operations, business affairs and books and records.
- 2 All statements in the Declaration are based on my personal knowledge, my review of the relevant documents, my discussions with other employees of the Debtors, or my opinion based upon my experience and knowledge of the Debtors' operations and financial condition. If I were called upon to testify, I could and would testify to each each of the facts set forth herein based on such personal knowledge, review of documents or opinion. I am authorized to submit this Declaration on behalf of the Debtors.
- 3 To the best of my knowledge, all of the Debtors' bank balances as of September 27, 2014 have been reconciled in an accurate and timely manner.

Dated October 14, 2014

Respectfully submitted,



By: Kevin Baehler
Title: Interim Chief Financial Officer

In Re School Specialty, Inc. et al

Chapter 11

Debtor

Case No. 13-10125 (KJC)

PCQSR - 1c
Schedule of Bank Accounts with Book Balances
As of September 27, 2014

<u>Bank Account</u>	<u>Debtor</u>	<u>Book Balance</u>
JPMorgan Operating XXXXX9092	School Specialty, Inc.	2,046,693
JPMorgan Lockbox Deposit XXXXX2298	School Specialty, Inc.	-
JPMorgan Concentration XXXXX4536	School Specialty, Inc.	-
Bank of America Operating XXXXX7474	School Specialty, Inc.	6,738,080
Bank of America E-Tail Depository XXXXX7479	School Specialty, Inc.	-
Bank of America Term Loan XXXXX7493	School Specialty, Inc.	-
Bank of America Disbursements Sales & Use Tax XXXXX7498	School Specialty, Inc.	-
Bank of America Credit Card Depository XXXXX7870	School Specialty, Inc.	-
Bank of America Payroll XXXXX0074	School Specialty, Inc.	-
Bank of America Medical XXXXX0079	School Specialty, Inc.	-
Bank of America Flexible Spending XXXXX0093	School Specialty, Inc.	-
Bank of America Disbursements XXXXX01111	School Specialty, Inc.	-
		<u>\$ 8,784,774</u>

In Re School Specialty, Inc. et al

Chapter 11

Debtor

Case No. 13-10125 (KJC)

PCQSR - 2
Consolidated Debtor Income Statement
 For the Quarter Ended September 27, 2014

Unaudited	School Specialty
Total Sales	216,382,047
Total COS	134,142,634
Std Cost Variances	(382,364)
FIFO Revaluation	(146,446)
Product Dev Amort	784,693
Freight-In	6,499,122
Other Variances	306,009
	<hr/>
Actual Gross Profit	75,178,399
Actual Gross Margin	34.7%
Administrative Exp	5,225,226
Supply Chain Exp	17,428,133
Total Selling Expense	15,375,020
Marketing & Merch Exp	5,902,917
One time Charges	5,425,993
Other	1,474,401
Stock Options Expense	-
Total Expenses	50,831,690
	<hr/>
Direct Contribution Margin	24,346,709
Depreciation in COGS	(3,640)
Product Dev Amort in COGS	(784,693)
EBITDA	25,135,042
Depreciation	2,945,584
EBITA	22,189,458
Intangible Amortization	342,734
Product Dev Amortization	784,693
EBIT	21,062,031
Interest	5,428,501
EBT	15,633,530
Tax Expense	(510,078)
NI from Controlling Int	16,143,608
Non-Controlling Interest	-
Tax Expense	-
Net Income	16,143,608

In Re School Specialty, Inc. et al

Debtor
PCQSR - 3
Consolidated Debtor Balance Sheet
For the Month Ended September-14
Unaudited

	SSI
ASSETS	
Cash	8,784,774
Trade Accounts Receivable	118,779,855
Allow for Doubtful Accounts	(112,560)
Bad Debt Recovery	(126,133)
Database Credits	-
Database Debits	-
Allowance for Credits & Returns	(681,557)
Accts Rec Allowances	(920,250)
Net Accounts Receivable	117,859,606
Inventory	53,599,559
Inventory Reserve	(1,786,760)
Net Inventory	51,812,800
Receivables Other	6,302,731
Net Prepaid Catalog	2,433,019
Other Prepaid Expenses	5,449,373
Prepaid Expense & Other	14,185,123
TOTAL CURRENT ASSETS	192,642,302
Net Fixed Assets	36,685,195
Net Intangibles	18,778,858
Other Long Term Assets	16,910,410
Minority Interest	715,000
TOTAL ASSETS	265,731,765
LIABILITIES	
AP Trade	(25,276,586)
Accrued Accts Payable	(1,062,320)
Intercompany Charges	(37,522,049)
Accrued Compensation	(3,394,961)
Net Accrued Commissions	(5,192,428)
Accrued Liabilities	(14,603,075)
TOTAL CURRENT LIABILITIES	(87,477,659)
Convertible Debt 2nd	-
Long Term Debt	(202,408,788)
Post Chapter 11 Loans	(16,865,069)
Total Bank & Convert Debt	(219,273,857)
Intercompany Purchase Price	174,358,335
Deferred Tax Liability	-
Other Long Term Liability	(1,175,970)
TOTAL LIABILITIES	(133,569,151)
SHAREHOLDERS' EQUITY	
Common Stock	(1,000)
Treasury Stock	-
Paid In Capital	(119,391,517)
Investment by Parent	-
Retained Earnings	(1,828,402)
Current Year Profit	(10,846,006)
Dividend Paid	-
CTA	(95,690)
Total Shareholders' Equity	(132,162,615)
TOTAL LIABILITIES & EQUITY	(265,731,766)

In Re School Specialty, Inc. et al

Chapter 11

Debtor

Case No. 13-10125 (KJC)

Appendix A

Listing of Debtor Entities

For the period June 29, 2014 to September 27, 2014

<u>Debtor Entity</u>	<u>Bankruptcy Case Number</u>
School Specialty, Inc.	13-10125 (KJC)