

**UNITED STATES BANKRUPTCY COURT  
FOR THE DISTRICT OF DELAWARE**

In re School Specialty, Inc. et al

Case No. **13-10125 (KJC)**  
Reporting Period: **March 29, 2015 - June 27, 2015**

**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.



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**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 March 29, 2015 - June 27, 2015****Receipts**

Accounts receivable collections	
Lockbox deposits	\$ 58,714,661
Credit card receipts	22,149,908
Wires/EFTs/ACHs	13,964,306

Other	
Rent	-

Total Receipts	94,828,875
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**Disbursements**

Payroll	15,682,777
Rent	1,122,491
Freight	11,089,242
Taxes	1,781,945
Inventory	97,199,507
SG&A and other	1,997,946

Total Operating Expenses	128,873,908
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Net Operating Cash Flow	(34,045,033)
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**Non-Operating Cash Flows**

ABL Interest Expense	\$ 411,834
ABL Amendment Fee	-
ABL Closing Fee	-
ABL Fees	3,216
ABL EXIT Annual Agent Fee	100,230
Term Loan Interest Expense	3,937,894
Term Loan Closing Fee	-
Term Loan Commitment Fee	-
Debtor Professional Fees & Expense	26,088
Secured Lender Early Termination Fee	-
Secured Lenders' Professional Fees and Expenses	-
Expense of Secured Lender	-
US Trustees Fees	30,000
Unsecured Lender Professional Fees	3,191
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	4,512,453
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Net Cash Flow	(38,557,486)
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**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 March 29, 2015 - June 27, 2015**

<b>Debtor Entity</b>	<b>Bankruptcy Case Number</b>	<b>Disbursements (1)</b>
School Specialty, Inc.	13-10125 (KJC)	133,386,361
Total Disbursements		<u>\$ 133,386,361</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 March 29, 2015 - June 27, 2015**

<b>Debtor Entity</b>	<b>Disbursements</b>	<b>US Trustee Fees</b>
School Specialty, Inc.	133,386,361	\$ 30,000

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**In Re School Specialty, Inc. et al**

**Chapter 11**

**Debtor**

**Case No. 13-10125 (KJC)**

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**MOR - 1a(Dec)**

**For the period March 29, 2015 - June 27, 2015**

Declaration Regarding the Cash Disbursements Schedule  
As of June 27, 2015

Kevin Baehler hereby declares under penalty of perjury:

- 1 I am the Chief Accounting 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 \$133,400,000 for post-petition and allowable pre-petition amounts for the period March 29, 2015 through June 27, 2015. Copies of the cash disbursement schedules are available for inspection upon request by the Office of the United States Trustee.

Dated July 21, 2015

Respectfully submitted,



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By: Kevin Baehler

Title: Chief Accounting Officer

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**In Re School Specialty, Inc. et al**

**Chapter 11**

**Debtor**

**Case No. 13-10125 (KJC)**

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**PCQSR - 1b**

**For the period March 29, 2015 - June 27, 2015**

Declaration Regarding the Status of Bank Reconciliations of the Debtors  
As of June 27, 2015

Kevin Baehler hereby declares under penalty of perjury:

- 1 I am the Chief Accounting 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 June 27, 2015 have been reconciled in an accurate and timely manner.

Dated July 21, 2015

Respectfully submitted,



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By: Kevin Baehler

Title: Chief Accounting 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 June 27, 2015**

<b>Bank Account</b>	<b>Debtor</b>	<b>Book Balance</b>
Bank of America Operating XXXXXX7474	School Specialty, Inc.	1,854,956
Bank of America E-Tail Depository XXXXXX7479	School Specialty, Inc.	-
Bank of America Term Loan XXXXXX7493	School Specialty, Inc.	-
Bank of America Disbursements Sales & Use Tax XXXXXX7498	School Specialty, Inc.	-
Bank of America Credit Card Depository XXXXXX7870	School Specialty, Inc.	-
Bank of America Payroll XXXXXX0074	School Specialty, Inc.	-
Bank of America Medical XXXXXX0079	School Specialty, Inc.	-
Bank of America Flexible Spending XXXXXX0093	School Specialty, Inc.	-
Bank of America Disbursements XXXXXX0111	School Specialty, Inc.	-
		<u>\$ 1,854,956</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 June 27, 2015**

<b>Unaudited</b>	<b>School Specialty</b>
<b>Total Sales</b>	107,950,493
<b>Total COS</b>	64,768,613
<b>Std Cost Variances</b>	(602,906)
<b>FIFO Revaluation</b>	315,196
<b>Product Dev Amort</b>	2,244,008
<b>Freight-In</b>	3,525,990
<b>Other Variances</b>	(419,751)
<b>Actual Gross Profit</b>	38,119,344
<b>Actual Gross Margin</b>	35.3%
<b>Administrative Exp</b>	8,726,577
<b>Supply Chain Exp</b>	11,922,015
<b>Total Selling Expense</b>	11,015,000
<b>Marketing &amp; Merch Exp</b>	4,801,225
<b>One time Charges</b>	886,178
<b>Other</b>	(39,832)
<b>Stock Options Expense</b>	434,488
<b>Total Expenses</b>	37,745,650
<b>Direct Contribution Margin</b>	373,694
<b>Depreciation in COGS</b>	(7,418)
<b>Product Dev Amort in COGS</b>	(2,244,008)
<b>EBITDA</b>	2,625,120
<b>Depreciation</b>	3,589,203
<b>EBITA</b>	(964,083)
<b>Intangible Amortization</b>	341,900
<b>Product Dev Amortization</b>	2,244,008
<b>EBIT</b>	(3,549,991)
<b>Interest</b>	4,934,799
<b>EBT</b>	(8,484,790)
<b>Tax Expense</b>	(849,581)
<b>Net Income</b>	(7,635,209)



**In Re School Specialty, Inc. et al****Debtor**

**PCQSR - 3**  
**Consolidated Debtor Balance Sheet**  
**For the Month Ended June-15**  
**Unaudited**

	SSI
<b>ASSETS</b>	
Cash	1,854,956
<b>Trade Accounts Receivable</b>	50,037,104
Allow for Doubtful Accounts	(171,243)
Bad Debt Recovery	(162,915)
Database Credits	-
Database Debits	-
Allowance for Credits & Returns	(344,359)
Accts Rec Allowances	(678,517)
<b>Net Accounts Receivable</b>	49,358,587
<b>Inventory</b>	96,688,352
Inventory Reserve	(966,869)
<b>Net Inventory</b>	95,721,483
<b>Receivables Other</b>	4,162,493
<b>Net Prepaid Catalog</b>	4,236,874
<b>Other Prepaid Expenses</b>	4,813,821
<b>Prepaid Expense &amp; Other</b>	13,213,187
<b>TOTAL CURRENT ASSETS</b>	160,148,213
<b>Net Fixed Assets</b>	27,852,411
<b>Net Intangibles</b>	17,752,324
<b>Other Long Term Assets</b>	15,114,018
<b>Minority Interest</b>	715,000
<b>TOTAL ASSETS</b>	221,581,965
<b>LIABILITIES</b>	
AP Trade	(41,331,965)
Accrued Accts Payable	(659,923)
Intercompany Charges	(37,710,040)
Accrued Compensation	(3,097,364)
Net Accrued Commissions	(1,924,495)
<b>Accrued Liabilities</b>	(9,097,058)
<b>TOTAL CURRENT LIABILITIES</b>	(90,343,667)
Convertible Debt 2nd	-
Long Term Debt	(201,375,766)
Post Chapter 11 Loans	(17,910,254)
<b>Total Bank &amp; Convert Debt</b>	(219,286,020)
Intercompany Purchase Price	174,358,396
Deferred Tax Liability	-
Other Long Term Liability	(1,274,384)
<b>TOTAL LIABILITIES</b>	(136,545,676)
<b>SHAREHOLDERS' EQUITY</b>	
Common Stock	(1,000)
Treasury Stock	-
Paid In Capital	(118,718,469)
Investment by Parent	-
Retained Earnings	28,981,404
Current Year Profit	4,795,595
Dividend Paid	-
CTA	(93,819)
<b>Total Shareholders' Equity</b>	(85,036,289)
<b>TOTAL LIABILITIES &amp; EQUITY</b>	(221,581,965)

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**In Re School Specialty, Inc. et al**

**Chapter 11**

**Debtor**

**Case No. 13-10125 (KJC)**

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**Appendix A**

**Listing of Debtor Entities**

**For the period March 29, 2015 - June 27, 2015**

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