

UNITED STATES BANKRUPTCY COURT
DISTRICT OF NEW MEXICO

7-1-2002 10:39 AM
FURR'S SUPERMARKETS, INC. v. ...
Case No. 7-01-10779-SA
Chapter 7

In re:

FURR'S SUPERMARKETS, INC.,

Case No. 7-01-10779-SA
Chapter 7

Debtor.

**FIRST INTERIM FEE APPLICATION OF SAGE ACCOUNTING,
SMALL/KEFAUVER CPA'S, P.C., ACCOUNTANTS FOR THE CHAPTER 7
TRUSTEE**

Sage Accounting, Small/Kefauver CPA's, P.C. ("Sage"), accountants for Yvette J. Gonzales, Chapter 7 Trustee, (the "Trustee"), submits this application for allowance and payment of compensation pursuant to Bankruptcy Code §§330, 331 and 503(b)(2) for work done from January 21, 2002 through July 31, 2002 (the "First Application Period").

In support of this fee application Sage states:

1. First Fee Application. The Debtor Furr's Supermarkets, Inc. (the "Debtor") filed its voluntary petition for relief under Chapter 11 of the Bankruptcy Code on February 8, 2001 (the "Petition Date"). On December 19, 2001 (the "Conversion Date"), the Debtor converted the case to a Chapter 7 case, and the Trustee was appointed. The Trustee retained Sage as of December 19, 2001. This is the first fee application filed by Sage in this case in Sage's capacity as the Trustee's accountants (although Sage previously filed fee applications in connection with its work for the Debtor in possession). Sage seeks allowance of compensation for the First Application Period.

2. Amount of Fees, Costs, and Applicable Gross Receipts Tax. For the First Application Period, Sage seeks allowance of compensation for services rendered by Sage for Trustee, plus costs and applicable gross receipts tax on fees and costs, of \$2,762.50, consisting of \$2,610.75 for professional fees, \$0.00 for reimbursable costs and expenses,

1706

and \$151.75 for gross receipts tax. As of August 9, 2002, Sage had received payment from Trustee of \$0.00 for services, costs, and gross receipts taxes, leaving an unpaid balance of \$2,762.50. Total fees, costs, and expenses Sage charged the Trustee each month during the First Application Period are summarized on Exhibit A hereto. The billing rates, number of hours charged, and amount of fees that Sage billed the Trustee for each accountant during the First Application Period are summarized on Exhibit B hereto.

3. Billing Statements; Itemization and Description of Services Rendered.

The monthly billing statements Sage rendered to the Trustee for services rendered during the First Application Period are attached hereto as Exhibit C (together, the "Billing Statements"). The Billing Statements summarize all charges for professional services, reimbursable costs and expenses, and gross receipts tax. The accounting of services, costs, and expenses as set out in the Billing Statements is true and correct to the best of Sage's knowledge, information, and belief.

4. Customary Billing Rates and Other Charges.

During the First Application Period, the billing rates Sage charged for accountants were charged at the accountants' normal and customary billing rates in effect when Sage commenced its consulting for the Trustee. Sage, in accordance with its customary billing practices, also charged for costs and expenses, and actual out-of-pocket expenses for other expenses such as postage and long distance telephone. Sage did not charge for hand deliveries, or secretarial overtime.

5. Trustee's Employment of Sage.

The Trustee retained Sage for an hourly rate of \$100 up to June 16, 2002. As of June 17, 2002, the rate was increased to \$135. The Trustee retained Sage to perform ongoing consulting for preference claim substantiation and collection, as well as accounts receivable and prepaid calculations and collections. Pursuant to the Sage Employment Order, the Trustee was authorized to pay

Sage's billing statements, prior to the Court's determination of the allowability of Sage's compensation, up to and including 75% of fees, and up to and including 100% of reimbursable costs and applicable gross receipts tax, subject to ultimate approval of the paid compensation.

6. Services Rendered During the First Application Period were Actual and Necessary; Fees Charged are Reasonable. During the First Application Period Sage performed ongoing consulting for the Trustee as requested by the Trustee and Attorneys preparing the ongoing claims and recoveries. The amount charged for fees is reasonable based on the nature, extent, and value of the services and the amount of time spent providing the services. The services rendered were actual and necessary.

7. General Description of Services Rendered. In general the services Sage rendered for the Trustee during the First Application Period are investigation and calculation of prepaids, accounts receivable and preference claim.

8. Other Factors. Sage also supports this First Application with a discussion of various other factors, as follows:

(a) Expertise and experience in the area of Furr's background and software systems of the accountants rendering services to the Trustee. Rachel I. Kefauver played a substantial role in management as a previous employee and consultant of the Debtor. Her previous knowledge of the systems, data retention, and final closing of Furr's is a key advantage in providing services to the Trustee and others.

(b) Method used to compute time charges. Sage accountants billed their time in 5-minute increments.

(c) Method used for determining hours to be actually billed for services and for making billing adjustments. Sage accountants kept daily time records in

the ordinary course of business, from which Sage prepared the Billing Statements. Draft bills were adjusted downward from time to time before being rendered, based on perceived inefficiencies or for other reasons.

(d) Results Achieved and Benefit to the Estate. During the First Application Period, Sage has assisted in preparing and responding to claims on preference payment, accounts receivable, and prepaids.

9. Services Rendered Solely for the Trustee; No Fee Sharing Arrangement. Sage performed all professional services for which Sage seeks allowance and payment of compensation for the Trustee, and not on behalf of any creditor or any committee or other person. Sage has not shared or agreed to share any compensation received or to be received by it for services rendered in or in connection with this case with any person except with employees of Sage in the ordinary course of business.

10. Certification of Review by the Trustee. Sage hereby certifies that the Trustee have received, reviewed and approved this First Fee Application.

WHEREFORE, Sage respectfully requests that the Court allow compensation to Sage for the First Application Period, as a priority, administrative expense, of \$2,762.50, consisting of \$2,610.75 for professional fees, \$0.00 for reimbursable costs and expenses, and \$151.75 for gross receipts tax, and authorize the Trustee to pay to Sage the unpaid balance of the allowed compensation.

SAGE ACCOUNTING, SMALL/KEFAUVER
CPA'S, P.C

By: Rachel L. Kefauver, CPA
Rachel L. Kefauver, CPA
1720 Louisiana Blvd. NE, Suite 212

Albuquerque, New Mexico 87102
(505) 255-7300
(505) 255-7299 (fax)
Accountants for the Chapter 7 Trustee

I hereby certify that a copy of
the foregoing Fee Application
was mailed to:

United States Trustee
P.O. Box 608
Albuquerque, New Mexico 87103

William F. Davis
P.O. Box 6
Albuquerque, New Mexico 87103

Paul M. Fish
Modrall Law Firm
P.O. Box 2168
Albuquerque, New Mexico 87102

Jennie D. Behles
P.O. Box 849
Albuquerque, New Mexico 87103

this 9th day of August, 2002.

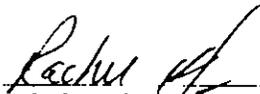

Rachel Kefauver

EXHIBIT A

The following summarizes the amount of fees, costs and gross receipts taxes billed by accountants for Furr's Supermarkets, Inc. for the First Application Period (January 21, 2002 through July 31, 2002).

Period Billed	Fees	Costs	Tax	Total Billed
07 31 02	2,610.75		151.75	2,762.50
TOTAL	2,610.75	0	151.75	2,762.50

EXHIBIT B

The following summarizes the billing rates, number of hours billed, and amount billed by each accountant employed by Furr's Supermarkets, Inc. for the Second Application Period (November 5, 2001 through July 31, 2002).

Accountant	Billing Rate	Hours Billed	Amount Billed
Rachel L. Kefauver	100.00	2.55	255.00
Rachel L. Kefauver	135.00	17.45	2,355.75
TOT HRS BILLED		20.00	
TOT AMT BILLED			2,610.75

FURR'S CHAPTER SEVEN BANKRUPTCY

Post-bankruptcy Billing Recap

Invoice Date	Type billed	Amount of Invoice	Total Fees	75% of		75% of total fees and tax on fees		100% of		100% of		25% of fees + tax on fees		
				Fees	Tax on Fees	taxes	100% of sales tax costs	tax on costs	Authorized Payment	Payments Made	Balance Owing	Statement Balance		
July 31, 2002	Jan-July consulting	2,762.50	2,610.75	1,958.06	151.75	113.81	2,071.87	0.00	2,071.87	0.00	2,071.87	0.00	690.62	2,762.50
	TOTALS	2,762.50	2,610.75	1,958.06	151.75	113.81	2,071.87	0.00	2,071.87	0.00	2,071.87	0.00		

SAGE

ACCOUNTING

Small / Kefauver CPAs, PC

Furr's
Yvette Gonzales
PO Box 1037
Placitas, NM 87043

Invoice # F073102
Date 7/31/02
Client No. FURRS

Consulting services from January 1, 2002 through July 31, 2002
See attached detail

2.55 hours @ \$100 per hour	\$	255.00
17.45 hours @ \$135 per hour (after June 17th, 2002)	\$	2,355.75

Gross receipts tax	<u>151.75</u>
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Current Total	2,762.50
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Please pay 75%	<u>\$ 2,071.88</u>
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COPY

Invoices are Due Upon Receipt
Invoices over 30 Days Old will accrue interest at the annual rate of 15% (1.5% monthly)
Thanks for the opportunity to work with you

Furrs
Payment status & payments on account
As of 7/31/02

<u>Date</u>	<u>Description</u>	<u>Hours</u>
1/21/02	T/C w/ Yvette Gonzales - Try to assist Yvette in getting info off of CD's	0.50
1/29/02	T/C w/ Yvette Gonzales RE: Iron mtn files, payroll files, etc. review files	0.50
3/18/02	W-2 call to ADP - they will not re-issue	0.25
3/26/02	Disc. W/ David Thuma re: Furr's preference calculations	0.50
4/1/02	t/c w/ David Thuma re: preference claims, Pinnacle & Countrywide	0.40
4/1/02	Review preference calculation for Pinnacle & Countrywide	0.20
4/2/02	t/c w/ David Thuma re: Pinnacle preference claim	0.20
6/17/02	t/c w/ Thuma re: preference payment calculation, specifically the cutoff deadline for check date versus bank honor date. Review Challenge Beverage preference calculation to discuss potential of understatement.	0.80
6/19/02	Review CD's for Accounts Payable records to determine payment dates prior to 11/9/00 for preference calculation, Challenge Beverage	0.50
6/19/02	Review Nestle preference calculation for receipts/payments prior to 11/9/00	0.40
6/19/02	d/w Thuma re: Preference calculation findings for Challenge Beverage & Nestle	0.30
6/25/02	t/c w/ Chris atty re: preference investigation & timing	0.10
6/26/02	Preference calculation download excel spreadsheets from both David & Chris	0.08
7/1/02	t/c w/ Bob on Yvette request for tax registration number for liquor licenses	0.10
7/1/02	t/c w/ Thuma re: Nabisco good faith response to preference claim	0.33
7/1/02	t/c w/ Jacobvitz & Gonzales re: liquor license NM state ID# certificate. T/c w/ NMTRD re: same	0.17
7/1/02	t/c w/ Thuma re: Nabisco good faith response to preference claim	0.20
7/1/02	t/c w/ Thuma re: Nestle good faith response to preference claim	0.20
7/1/02	t/c w/ Thuma re: general preference claim calculations. options to obtain additional payments for honor date vs. check date	0.40
7/1/02	t/c w/ Michelle Cope re: A/R collections	0.50
7/1/02	t/c w/ NMTRD re: liquor license NM state ID# clearance certificate (NMTRD=David Ferguson)	0.17

<u>Date</u>	<u>Description</u>	<u>Hours</u>
7/2/02	Nabisco preference claim calculations and responses. D/w Thuma on findings, how to report	1.75
7/2/02	Prepaid inventory review of excel spreadsheets	0.50
7/2/02	A/R d/w Michelle & Thuma to request Michelle's help, schedule meetings	0.25
7/2/02	t/c w/ Chris atty re: Receipts response from Wells Dairy preference claim	0.17
7/2/02	t/c w/ Chris atty on preference claim - Unilever	0.03
7/2/02	t/c w/ Chris atty on preference claim - Topco	0.07
7/2/02	Topco review excel spreadsheets for preference claim detail	0.23
7/3/02	mtg w/ Thuma & Cope on A/R & prepaids planning.	1.75
7/8/02	Preference claim email to Chris, Steve Stork re: Topco	0.20
7/8/02	t/c w/ Thuma on preference calc - general questions on spreadsheet	0.17
7/9/02	email disc. W/ David & Michelle RE: Pharmacy A/R	0.10
7/16/02	t/w Chana @ Yvette's office re: returning phone call, items needed for NMTRD to release liquor id#	0.13
7/16/02	d/w NMTRD for liquor ID registration, items needed to proceed	0.22
7/16/02	Unilver preference calculation	0.67
7/16/02	d/w Bob J. & Linda Aiken on NMTRD liquor ID registration	0.20
7/16/02	d/w Thuma re: Unilever, general response claims, deadlines for witnesses, etc.	0.75
7/16/02	d/w Chris re: Preference claim - Unilever	0.08
7/16/02	d/w Chris re: Preference claim - Deming Coke	0.17
7/16/02	Preference claim - Deming coke calculation of terms prior to preference & during preference for like vendors	1.00
7/17/02	t/c w/ Chantal re: Preference claim general - warehouse system requirements, what type of documents we might have for defense.	0.17
7/17/02	Preference claim - Unilever calculation	0.50
7/17/02	t/c w/ Colleen re: Preference claim - Unilever, warehouse payment requirements, what type of documents available for defense	0.17
7/17/02	Preference claim calculation - Unilever	0.33
7/17/02	t/c w/ David re: Preference claim - Unilver, OCOB payments who to call for witness, Chantal, Sandra	0.50

<u>Date</u>	<u>Description</u>	<u>Hours</u>
7/17/02	t/c w/ Colleen re: Preference defense - personnel Jose Truncoso, Deborah Kershaw, people who knew state of payment affairs, per David's request	0.17
7/17/02	Preference claim - Earthgrains other vendor numbers research	0.33
7/17/02	t/c w/ Deborah Kershaw re: Preference claim OCOB payments discussion. She OK'd d/w/ David Thuma.	0.17
7/17/02	t/c w/ Chris re: Preference claim - Unilever multiple vendors, separate legal entities? Summarize separate vendors, send to Chris	0.25
7/18/02	t/c w/ Chris re: Preference claim - Magnolia Coke & Phoenix Coke preference calculation to their responses	0.25
7/22/02	t/c w/ Chris re: Preference claim - American Greetings #100312, deliveries differed b/c credits not taken into account by American Greetings	0.17
7/24/02	Preference claim - Review Nabisco response written by David for terms, etc. per David's request	0.25
7/24/02	t/c w/ David re: Preference claim - Nabisco response written by David for terms, etc.	0.25
7/29/02	t/c w/ David Thuma re: update on A/R & Prepaids approval to move forward	0.08
7/29/02	t/c w/ David Thuma re: Preference claim - Pinnacle & Countrywide	0.25
7/31/02	t/c w/ Carolyn Novis @ Thuma re: Quality Produce PACA vendor claim of \$174k	0.17
7/31/02	Michelle Cope in office w/ summary A/R-Prepaids file. Reviewing with her for reasonableness. Emailed to Thuma	0.75
Totals		<u>20.00</u>