

UNITED STATES BANKRUPTCY COURT  
DISTRICT OF NEW MEXICO

7-01-10779-SA  
3:38

In re:

FURR'S SUPERMARKETS, INC.,

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

Debtor.

**SECOND AND FINAL FEE APPLICATION OF SAGE ACCOUNTING,  
SMALL/KEFAUVER CPA'S, P.C., ACCOUNTANTS FOR THE DEBTOR IN  
POSSESSION**

Sage Accounting, Small Kefauver CPA's, P.C. ("Sage"), accountants for Furr's Supermarkets, Inc., (the "Debtor"), submits this application for allowance and payment of compensation pursuant to Bankruptcy Code §§330, 331 and 503(b)(2) for work done for the debtor in possession from November 5, 2001 through January 21, 2002 (the "Second Application Period"). In support of this fee application Sage states:

1. Second and Final Fee Application. The Debtor filed its voluntary petition for relief under Chapter 11 of the Bankruptcy Code on February 8, 2001 (the "Petition Date"). This is the second and final fee application filed by Sage in this bankruptcy case. Sage seeks compensation for the Second Application Period.

2. Amount of Fees, Costs, and Applicable Gross Receipts Tax. For the Second Application Period, Sage seeks allowance of compensation for services rendered by Sage for the Debtor, plus costs and applicable gross receipts tax on fees and costs, of \$22,098.50, consisting of \$20,884.59 for professional fees, \$0.00 for reimbursable costs and expenses, and \$1,213.91 for gross receipts tax. As of January 21, 2002, Sage had received payment from Debtor of \$16,573.89 for services, costs, and gross receipts taxes, leaving an unpaid balance of \$5,524.61. Total fees, costs, and expenses Sage charged the Debtor each month during the

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Second Application Period are summarized on Exhibit A hereto. The billing rates, number of hours charged, and amount of fees that Sage billed the Debtor for each accountant during the Second 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 Debtor for services rendered during the Second 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 Second Application Period, the billing rates Sage charged for accountants were charged at less than the accountants' normal and customary billing rates in effect when Sage commenced its consulting for the Debtor. 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. Debtor' Employment of Sage. On September 21, 2001, the Debtor filed its application to employ Sage as its accountants. The Debtor retained Sage to perform ongoing consulting for general monthly reporting, post-petition reporting, ad-hoc reporting requests, managing staff on asset recovery, and other miscellaneous accounting requirements as requested by management. Pursuant to the Sage Employment Order, the Debtor 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 Second Application Period were Actual and Necessary; Fees Charged are Reasonable. During the Second Application Period Sage performed ongoing consulting for the Debtor as requested by the Debtor and its counsel 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 Debtor during the Second Application Period have included basic consulting requested by management to replace employees that no longer work at Furr's, requests from the Debtor's counsel for ongoing claims and recoveries, including but not limited to the following:

- (a) Period closings within Lawson system, including gain/loss calculation for tax return requirements;
- (b) W-2 reconciliation and testing;
- (c) W-2 preparation;
- (d) 3<sup>rd</sup> quarter payroll reports and other payroll & sales tax filings & research;
- (e) 1099 testing and preparation;
- (f) Coordination of staff for asset recovery and final wind-down tasks;
- (g) Accumulate data for preference screening;
- (h) Property tax research, including working with attorneys on settlement amounts;

- (i) Data download from current systems for future trustee;
- (j) Coordinate the record retention documentation and procedure, including coordination with Iron Mountain on record retrieval and storage; and
- (k) Assist with other requests as needed.

8. Other Factors. Sage also supports this Second 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 Debtor. Rachel L Kefauver played a substantial role in management as a previous employee of the Debtor. Her previous knowledge of the systems, staff and procedures is a key advantage in providing services to the Debtor.

(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 Second Application Period, Sage assisted in the final efforts of the Debtor in organizing preference claim calculations, trial balance amounts for future preparation of tax returns and audits, organization and creation of documents for data retention, and W-2 and 1099 printing and distribution.

9. Services Rendered Solely for the Debtor; No Fee Sharing Arrangement. Sage performed all professional services for which Sage seeks allowance and payment of compensation for the Debtor, 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.

WHEREFORE, Sage respectfully requests that the Court allow compensation to Sage for the Second Application Period, as a priority, administrative expense, of \$22,098.50, consisting of \$20,884.59 for professional fees, \$0.00 for reimbursable costs and expenses, and \$1,213.91 for gross receipts tax, and authorize the Debtor 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 Debtor

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

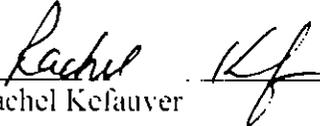
William F. Davis

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 Second Application Period (November 5, 2001 through January 21, 2002).

<b>Period Billed</b>	<b>Fees</b>	<b>Costs</b>	<b>Tax</b>	<b>Total Billed</b>
11/09/01	4,425.00		257.20	4,682.20
11/16/01	3,775.00		219.42	3,994.42
11/30/01	5,075.00		294.98	5,369.98
01/21/02	7,609.59		442.31	8,051.90
<b>TOTAL</b>	<b>20,884.59</b>	<b>0</b>	<b>1,213.91</b>	<b>22,098.50</b>

## 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).

<b>Accountant</b>	<b>Billing Rate</b>	<b>Hours Billed</b>	<b>Amount Billed</b>
Rachel L. Kefauver	100.00	131.75	13,175.00
Jim C. Small	100.00	1.00	100.00
W-2 contract billing			7,609.59
<b>TOT HRS BILLED</b>		<b>132.75</b>	
<b>TOT AMT BILLED</b>			<b>20,884.59</b>

**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 taxes		100% of sales tax on costs		100% of		25% of fees + tax on fees	
				Fees	Fees	Tax on Fees	taxes	tax on fees	costs	costs	Authorized Payment	Made Payments	Balance Owing
November 9, 2001	Weekly consulting	4,682.20	4,425.00	3,318.75	257.20	192.90	3,511.55	0.00	0.00	3,511.55	3,511.55	0.00	1,170.55
November 16, 2001	Weekly consulting	3,994.42	3,775.00	2,831.25	219.42	164.57	2,995.82	0.00	0.00	2,995.82	2,995.82	0.00	998.60
November 30, 2001	Weekly consulting	5,369.98	5,075.00	3,806.25	294.98	221.24	4,027.49	0.00	0.00	4,027.49	4,027.49	0.00	1,342.49
January 21, 2002	W-2 prep.	8,051.90	7,609.59	5,707.19	442.31	331.73	6,038.92	0.00	0.00	6,038.92	6,038.92	0.00	2,012.98
<b>TOTALS</b>		<b>22,098.50</b>	<b>20,884.59</b>	<b>15,663.44</b>	<b>1,213.92</b>	<b>910.44</b>	<b>16,573.88</b>	<b>0.00</b>	<b>0.00</b>	<b>16,573.88</b>	<b>16,573.89</b>		

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# SAGE

ACCOUNTING  
Small / Kefauver CPAs, PC

Furr's  
Steven Stork  
4411 The 25 Way NE  
Albuquerque, NM 87109-5857

Invoice # F110901  
Date 11/9/01  
Client No. FURRS

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Consulting services from November 5 through November 9, 2001

44.25 hours @ \$100 per hour	\$ 4,425.00
Gross receipts tax	<u>257.2</u>
Current Total	4,682.20
Prior Balance **	<u>-</u>
Total amount Due	<u><u>\$ 4,682.20</u></u>
Please pay 75%	3,511.65
	1,170.55

\*\* Prior balance remitted on bankruptcy court fee application is NOT included on this bill.

**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*

# SAGE

ACCOUNTING  
Small / Kefauver CPAs, PC

Furr's  
Steven Stork  
4411 The 25 Way NE  
Albuquerque, NM 87109-5857

Invoice # F111601  
Date 11/16/01  
Client No. FURRS

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Consulting services from November 12 through November 16, 2001

37.75 hours @ \$100 per hour	\$ 3,775.00
Gross receipts tax	<u>219.42</u>
Current Total	3,994.42
Please pay 75%	<u><u>\$ 2,995.82</u></u>
25% balance accumulation since 11/02/01 **	1,170.55

\*\* Prior unpaid balance remitted on bankruptcy court fee application is NOT included on this bill.

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# SAGE

ACCOUNTING

Small / Kefauver CPAs, PC

Furr's  
Steven Stork  
4411 The 25 Way NE  
Albuquerque, NM 87109-5857

Invoice # F113001  
Date 11/30/01  
Client No. FURRS

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Consulting services from November 26 through December 3, 2001

50.75 hours @ \$100 per hour	\$	5,075.00
Gross receipts tax		<u>294.98</u>
Current Total		5,369.98
Please pay 75%	\$	<u><u>4,027.49</u></u>

25% balance accumulation since 11/02/01 \*\*

2,169.16

\*\* Prior unpaid balance remitted on bankruptcy court fee application is NOT included on this bill.

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**Sage Accounting**  
**Fee Application detail support**  
**From 11/05/01 thru 11/30/01**  
**Date: 8/01/02**

Period	Rachel Kefauver		Jim Small		Total	Period closings, Gain/loss calc	A/P payments & investigation	Payroll & sales tax reports	Preference screening	Property tax research	Data retention	Total
	hours worked	6.25	hours worked	1.00								
11/5/01	6.25				6.25							
11/6/01	10.00		1.00		11.00							
11/7/01	8.50				8.50							
11/8/01	9.50				9.50							
11/9/01	9.00				9.00							
<b>Total WE 11/09/01</b>	<b>43.25</b>		<b>1.00</b>		<b>44.25</b>	1.25	5.75	3.00	23.75	1.25	8.25	<b>43.25</b>
11/12/01	8.25				8.25							
11/13/01	7.25				7.25							
11/14/01	6.75				6.75							
11/15/01	8.50				8.50							
11/16/01	7.00				7.00							
<b>Total WE 11/16/01</b>	<b>37.75</b>		<b>-</b>		<b>37.75</b>	5.25	4.75	12.00	7.25	0.75	7.75	<b>37.75</b>
11/26/01	10.00				10.00							
11/27/01	9.50				9.50							
11/28/01	9.75				9.75							
11/29/01	9.50				9.50							
11/30/01	12.00				12.00							
<b>Total WE 11/30/01</b>	<b>50.75</b>		<b>-</b>		<b>50.75</b>	15.25	5.25		2.50		27.75	<b>50.75</b>
<b>Totals</b>	<b>131.75</b>		<b>1.00</b>		<b>132.75</b>	21.75 17%	15.75 12%	15.00 11%	33.50 25%	2.00 2%	43.75 33%	<b>131.75</b> 100%



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

Invoice # W2 - Total  
Date 1/21/02  
Client No. FURRS

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W-2 & 1099 contract billing		
Original Contract	9,500.00	
Add: ADP executive W-2's	500.00	
Less: Amount billed to date	(2,390.41)	
		\$ 7,609.59
	Gross receipts tax	<u>442.31</u>
	Current Total	8,051.90
	Prior Balance	<u>-</u>
	Total amount Due	<u><u>\$ 8,051.90</u></u>

**COPY**

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1720 Louisiana Blvd. NE, Suite 212 • Albuquerque, NM 87110 • Telephone - (505) 255-7300 • Facsimile - (505) 255-7299

[www.sage-accounting.com](http://www.sage-accounting.com)