

UNITED STATES BANKRUPTCY COURT  
DISTRICT OF NEW MEXICO

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BANKRUPTCY COURT  
ALBUQUERQUE, NM

In re:

FURR'S SUPERMARKETS, INC.,

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

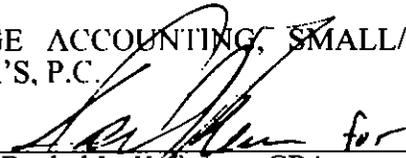
Debtor.

**SUBMISSION OF AFFIDAVIT OF RACHEL KEFAUVER IN SUPPORT OF  
FIRST INTERIM FEE APPLICATION OF SAGE ACCOUNTING,  
SMALL/KEFAUVER CPA'S, P.C.**

Sage Accounting, Small/Kefauver CPA's, P.C. submits the attached Affidavit of Rachel Kefauver in support of its First Interim Fee Application of Sate Accounting, Small/Kefauver CPAs.

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

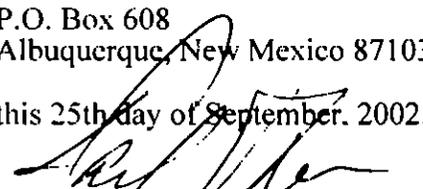
By:

  
Rachel L. Kefauver, CPA  
1720 Louisiana Blvd. NE, Suite 212  
Albuquerque, New Mexico 87102  
(505) 255-7300  
(505) 255-7299 (fax)

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

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

this 25th day of September, 2002.

  
David T. Thuma

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UNITED STATES BANKRUPTCY COURT  
DISTRICT OF NEW MEXICO

In re:

FURR'S SUPERMARKETS, INC.,

Case No. 11-01-10779-SA  
Chapter 11

Debtor.

**AFFIDAVIT OF RACHEL KEFAUVER**

Rachel Kefauver states that the following is true to the best of her knowledge, information, and belief:

1. I am the Vice-President of Sage Accounting, Inc. ("Sage Accounting").
2. I have personal knowledge of the facts set forth in this Affidavit.
3. Sage Accounting's agreement to provide professional services to Furr's Supermarkets, Inc. ("Furr's") created missed opportunities and hardship for Sage Accounting, due to the full-time work requirements as requested by Furr's management. Sage Accounting is a small, 3 person local CPA firm. While I was consulting full-time for Furr's, Sage Accounting experienced turnover of one staff accountant. Sage Accounting's engagement by Furr's prevented me from assisting in the hiring and training of the new staff. This created additional work for my partner, James C. Small. I was also severely limited in assisting with the ongoing daily, weekly, monthly and annual work at Sage Accounting, which resulted in many overtime hours by my partner and the new accountant. Also, I was prevented from networking and expanding our current business, which will result in lost revenue for Sage Accounting.

4. Furr's retained Sage Accounting 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. Furr's management requested that I work from approximately 7 am each morning through approximately 6 pm each evening, with occasional longer evenings and weekends required, starting September 24<sup>th</sup> through the final closing of Furr's, which occurred December 2<sup>nd</sup> 2001.

5. I reported to Steve Stork, Controller, and worked closely with the management team in place at that time, including but not limited to: Steve Mortensen, President, Patrick Hurley, Cash Management, and Tom Moss, Special Projects. I also assisted Steve Stork in the management of the accounting team, including the accounts receivable/payable, payroll, tax, cash and reporting teams. Due to the circumstances surrounding Furr's, management could not hire full-time accountants to perform these ongoing services. Therefore, they utilized the Sage Accounting contract to complete the ongoing, regular tasks, as well as bankruptcy-related tasks. A summary of each category follows:

a. Period closings, gain/loss calculations – estimated 51.25 hours. The Lawson accounting system required monthly journal entries and period closings. I reviewed the journal entries, posted journal entries, reviewed accounts for additional postings, and closed the periods. This included managing/reviewing staff in the same areas, as well as closing the balance sheet to the assets and liabilities remaining post-bankruptcy. I reconciled several asset and liability accounts, and reviewed all other reconciliations. I obtained detailed information out of the Lawson system to assist with