

UNITED STATES BANKRUPTCY COURT
DISTRICT OF NEW MEXICO

FILED
12:00 MIDNIGHT
NOV 06 2001

DROP BOX
United States Bankruptcy Court
Albuquerque, New Mexico

In re:

FURR'S SUPERMARKETS, INC.,

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

Debtor.

**FIRST INTERIM 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 from September 21, 2001 through November 2, 2001 (the "First Application Period"). In support of this fee application Sage states:

1. First 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 first fee application filed by Sage in this bankruptcy case. Sage seeks 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 Debtor, plus costs and applicable gross receipts tax on fees and costs, of \$ 36,124.82, consisting of \$ 31,750.00 for professional fees, \$ 2,390.41 for reimbursable costs and expenses, and \$ 1,984.41 for gross receipts tax. As of November 2, 2001, Sage had received payment from Debtor of \$ 27,725.43 for services, costs, and gross receipts taxes, leaving an unpaid balance of \$ 8,399.39. Total fees, costs, and expenses Sage charged the Debtor 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

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Sage billed the Debtor 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 Debtor 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 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's 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 First Application Period were Actual and Necessary; Fees Charged are Reasonable.

During the First Application Period Sage performed ongoing consulting for the Debtor as requested by the Debtor. 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 First Application Period have included basic consulting requested by management to replace employees that no longer work at Furr's, 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) 3rd quarter payroll reports and other payroll & sales tax filings & research;
- (e) 1099 testing and preparation;
- (f) Preparation of 401k and benefit plan supporting documentation for 2001 tax year;
- (g) Coordination of staff for asset recovery and final wind-down tasks;
- (h) Assist Meyner's & Co. with tax return preparation for 2001;
- (i) Accumulate data for preference screening;
- (j) Property tax research, including working with attorneys on settlement amounts;
- (k) Data download from current systems for future trustee;
- (l) Coordinate the record retention documentation and procedure, including coordination with Iron Mountain on record retrieval and storage; and
- (m) Assist with other requests as needed.

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 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 fifteen-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, the Debtor sold a substantial portion of its assets to Fleming Companies Inc. for a favorable price. Since the sale, the Debtor has liquidated other assets on favorable terms. Overall, the Debtor has realized value for the estate that is substantially more than it could have in a Chapter 7 liquidation.

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.

10. Certification of Review by the Debtor. Sage hereby certifies that the Debtor 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 \$36,124.82, consisting of \$31,750.00 for professional fees, \$2,390.41 for reimbursable costs and expenses, and \$1,984.41 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 K
Rachel L. Kefauver, CPA
1720 Louisiana Blvd. NE, Suite 212
Albuquerque, New Mexico 87102
(505) 255-7300
(505) 255-7299 (fax)

Accountants for 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 6th day of November, 2001.

Rachel K

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 (September 21 through November 2, 2001).

Week Ending Billed	Fees	Costs	Tax	Total Billed
09/28/01	4,400.00		255.75	4,655.75
10/05/01	5,375.00		312.42	5,687.42
10/12/01	5,350.00		310.97	5,660.97
10/19/01	6,150.00	2,390.41	496.41	9,036.82
10/26/01	5,275.00		306.61	5,581.61
11/02/01	5,200.00		302.25	5,502.25
TOTAL	31,750.00	2,390.41	1,984.41	36,124.82

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 First Application Period (September 21, 2001 through November 2, 2001).

Accountant	Billing Rate	Hours Billed	Amount Billed
Rachel L. Kefauver	100.00	302.50	30,250.00
Jim C. Small	100.00	15.00	1,500.00
TOT HRS BILLED		317.50	
TOT AMT BILLED			31,750.00



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

Invoice # F092901A
Date 9/29/01
Client No. FURRS

Consulting services September 23 through September 29, 2001

44 hours @ \$100 per hour \$ 4,400.00

Gross receipts tax 255.75

Current Total 4,655.75

Prior Balance -

Total amount Due \$ 4,655.75

*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*



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

Invoice # F0100601A
Date 10/6/01
Client No. FURRS

Consulting services September 30 through October 6, 2001

53.75 hours @ \$100 per hour	\$ 5,375.00
Gross receipts tax	<u>312.42</u>
Current Total	5,687.42
Prior Balance	<u>952.31</u>
Total amount Due	<u><u>\$ 6,639.73</u></u>

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Thanks for the opportunity to work with you



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

Invoice # F0101301A
Date 10/13/01
Client No. FURRS

Consulting services October 7 through October 13, 2001

53.5 hours @ \$100 per hour	\$ 5,350.00
Gross receipts tax	<u>310.97</u>
Current Total	5,660.97
Prior Balance	<u>1,560.73</u>
Total amount Due	<u>\$ 7,221.70</u>

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Thanks for the opportunity to work with you



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

Invoice # W2101701
Date 10/17/01
Client No. FURRS

W-2 & 1099 services through 10/19/01

1099 Pro Software purchase	393.95	
W-2 Pro software purchase	413.95	
W-2 Forms purchase	1,582.51	\$ 2,390.41
	Gross receipts tax	<u>138.94</u>
	Current Total	2,529.35
	Prior Balance	<u>-</u>
	Total amount Due	<u><u>\$ 2,529.35</u></u>

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

 **ACCOUNTING**
Small / Kefauver CPAs, PC

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

Invoice # F102101A
Date 10/21/01
Client No. FURRS

Consulting services October 14 through October 21, 2001

61.5 hours @ \$100 per hour \$ 6,150.00

Gross receipts tax 357.47

Current Total 6,507.47

Prior Balance 2,222.06

Total amount Due \$ 8,729.53



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

Invoice # F102601A
Date 10/26/01
Client No. FURRS

Consulting services October 21 through October 27, 2001

52.75 hours @ \$100 per hour	\$ 5,275.00
Gross receipts tax	<u>306.61</u>
Current Total	5,581.61
Prior Balance	<u>3,333.09</u>
Total amount Due	<u>\$ 8,914.70</u>



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

Invoice # F110201
Date 11/2/01
Client No. FURRS

Consulting services October 28 through November 2, 2001

52 hours @ \$100 per hour	\$ 5,200.00
Gross receipts tax	<u>302.25</u>
Current Total	5,502.25
Prior Balance	<u>4,153.14</u>
Total amount Due	<u>\$ 9,655.39</u>

Invoices are Due Upon Receipt
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Thanks for the opportunity to work with you

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

www.sage-accounting.com