

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of report (Date of earliest event reported): September 21, 2020

TUESDAY MORNING CORPORATION

(Exact name of registrant as specified in charter)

Delaware
(State or other jurisdiction of incorporation)

0-19658
(Commission File Number)

75-2398532
(IRS Employer Identification No.)

6250 LBJ Freeway
Dallas, Texas
(Address of principal executive offices)

75240
(Zip Code)

(972) 387-3562
(Registrant's telephone number, including area code)

Not applicable
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, par value \$0.01 per share	TUESQ*	*

*As previously disclosed, on May 27, 2020, Tuesday Morning Corporation (the "Company") was notified by the Listing Qualifications Department of The Nasdaq Stock Market ("Nasdaq") that the Company's common stock would be delisted from Nasdaq as a result of the Company's filing of a voluntary petition under Chapter 11 of the United States Bankruptcy Code. On June 8, 2020, trading in the Company's common stock on Nasdaq was suspended, and on July 1, 2020, Nasdaq filed a Form 25 with the SEC to delist the Company's common stock. The deregistration of the common stock under Section 12(b) of the Securities Exchange Act of 1934 (the "Exchange Act") will be effective 90 days, or such shorter period as the SEC may determine, after filing of the Form 25. Upon deregistration of the common stock under Section 12(b) of the Exchange Act, the common stock will remain registered under Section 12(g) of the Exchange Act.

Indicate by check mark whether the registrant is an emerging growth company as defined in as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Item 7.01. Regulation FD Disclosure.

As previously disclosed, on May 27, 2020 (the “Petition Date”), the Company and certain of its direct and indirect subsidiaries (collectively with the Company, the “Debtors”) filed voluntary petitions (the “Chapter 11 Cases”) under Chapter 11 of the United States Bankruptcy Code (the “Bankruptcy Code”) in the United States Bankruptcy Court for the Northern District of Texas, Dallas Division (the “Bankruptcy Court”). The Chapter 11 Cases are being administered jointly under the caption “In re: Tuesday Morning Corporation, *et. al.*, Case No. 20-31476-HDH-11.” The Debtors will continue to operate their businesses as “debtors-in-possession” under the jurisdiction of the Bankruptcy Court and in accordance with the applicable provisions of the Bankruptcy Code and orders of the Bankruptcy Court.

On September 21, 2020, the Debtors filed with the Bankruptcy Court their monthly operating report for the period beginning August 1, 2020 and ending August 31, 2020 (the “Monthly Operating Report”). The Monthly Operating Report is attached hereto as Exhibit 99.1 and is incorporated herein by reference. This Current Report on Form 8-K (including the exhibit hereto) (this “Form 8-K”) will not be deemed an admission as to the materiality of any information disclosed herein.

The Monthly Operating Report and other documents filed with the Bankruptcy Court are available for inspection at <https://dm.epiq11.com/case/tuesdaymorning/info>. Documents and other information available on such website are not part of this Form 8-K and are not deemed to be incorporated by reference in this Form 8-K.

The information furnished in this Item 7.01 of this Current Report on Form 8-K and the Monthly Operating Report attached hereto as Exhibit 99.1 shall not be deemed “filed” for the purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liabilities of such section, and shall not be deemed to be incorporated by reference into the filings of the Company under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended.

Cautionary Statement Regarding the Monthly Operating Report

The Company cautions investors and potential investors not to place undue reliance upon the information contained in the Monthly Operating Report, which was not prepared for the purpose of providing the basis for an investment decision relating to any of the securities of the Company. The Monthly Operating Report is limited in scope, covers a limited time period and has been prepared solely for the purpose of complying with the monthly reporting requirements of the Bankruptcy Court. The Monthly Operating Report was not audited or reviewed by independent accountants, was not prepared in accordance with generally accepted accounting principles, is in a format prescribed by applicable bankruptcy laws or rules, and is subject to future adjustment and reconciliation. There can be no assurance that, from the perspective of an investor or potential investor in the Company’s securities, the Monthly Operating Report is complete. Results set forth in the Monthly Operating Report should not be viewed as indicative of future results.

Cautionary Notice Regarding Forward-Looking Statements

This Current Report on Form 8-K contains forward-looking statements within the meaning of the federal securities laws and the Private Securities Litigation Reform Act of 1995, which are based on management's current expectations, estimates and projections. Forward looking statements also include statements regarding the Company's plans with respect to the Chapter 11 Cases, the Company's plan to continue its operations while it works to complete the Chapter 11 process and other statements regarding the Company's proposed reorganization, strategy, future operations, performance and prospects. These forward-looking statements are subject to risks and uncertainties that could cause the Company's actual results to differ materially from the expectations expressed in the Company's forward-looking statements. These risks, uncertainties and events also include, but are not limited to, the following: the Company's ability to obtain timely approval of the Bankruptcy Court with respect to motions filed in the Chapter 11 Cases; pleadings filed that could protract the Chapter 11 Cases; the Bankruptcy Court's rulings in the Chapter 11 Cases, and the outcome of the Chapter 11 Cases generally; the Company's ability to comply with the restrictions imposed by the terms and conditions of the DIP ABL Credit Agreement, including the Company's ability to maintain certain minimum liquidity requirements and file and obtain approval of a plan of reorganization or sale of all of its assets by agreed upon deadlines; the length of time that the Company will operate under Chapter 11 protection and the continued availability of operating capital during the pendency of the Chapter 11 Cases; the Company's ability to continue to operate its business during the pendency of the Chapter 11 Cases; employee attrition and the Company's ability to retain senior management and other key personnel due to the distractions and uncertainties; the effectiveness of the overall restructuring activities pursuant to the Chapter 11 Cases and any additional strategies the Company may employ to address its liquidity and capital resources; the actions and decisions of creditors and other third parties that have an interest in the Chapter 11 Cases; risks associated with third parties seeking and obtaining authority to terminate or shorten the Company's exclusivity period to propose and confirm one or more plans of reorganization, for the appointment of a Chapter 11 trustee or to convert the Chapter 11 proceeding to a Chapter 7 proceeding; increased legal and other professional costs necessary to execute the Company's restructuring; the Company's ability to maintain relationships with suppliers, customers, employees and other third parties as a result of the Chapter 11 Cases; the trading price and volatility of the Company's common stock and the effects of the delisting from The Nasdaq Stock Market; litigation and other risks inherent in a bankruptcy process; the effects and length of the novel coronavirus pandemic; and the other factors listed in the Company's filings with the Securities and Exchange Commission.

Except as may be required by law, the Company disclaims any obligation to update any forward-looking statements to reflect events or circumstances after the date on which the statements were made or to reflect the occurrence of unanticipated events. Investors are cautioned not to place undue reliance on any forward-looking statements.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits.

[99.1 Monthly Operating Report](#)

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

TUESDAY MORNING CORPORATION

Date: September 21, 2020

By: /s/ Bridgett C. Zeterberg
Bridgett C. Zeterberg
Executive Vice President Human Resources, General Counsel and
Corporate Secretary

Monthly Operating Report
CASH BASIS

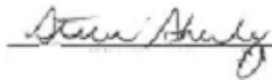
CASE NAME:	Tuesday Morning Corporation, <i>et al.</i>
CASE NUMBER:	20-31476 (Jointly Administered)
JUDGE:	Harlin DeWayne Hale

UNITED STATES BANKRUPTCY COURT
NORTHERN & EASTERN DISTRICTS OF TEXAS
REGION 6
MONTHLY OPERATING REPORT

MONTH ENDING: August 2020 *Note 1*
MONTH YEAR

IN ACCORDANCE WITH TITLE 28, SECTION 1746, OF THE UNITED STATES CODE, I DECLARE UNDER PENALTY OF PERJURY THAT I HAVE EXAMINED THE FOLLOWING MONTHLY OPERATING REPORT (CASH BASIS-1 THROUGH CASH BASIS-6) AND THE ACCOMPANYING ATTACHMENTS AND, TO THE BEST OF MY KNOWLEDGE, THESE DOCUMENTS ARE TRUE, CORRECT, AND COMPLETE. DECLARATION OF THE PREPARER (OTHER THAN RESPONSIBLE PARTY) IS BASED ON ALL INFORMATION OF WHICH PREPARER HAS ANY KNOWLEDGE.

RESPONSIBLE PARTY:



ORIGINAL SIGNATURE OF RESPONSIBLE PARTY

EVP, Chief Financial Officer

TITLE

STACIE SHIRLEY

PRINTED NAME OF RESPONSIBLE PARTY

September 18, 2020

DATE

PREPARER:



ORIGINAL SIGNATURE OF PREPARER

Director - AlixPartners, LLP

TITLE

JASON MUSKOVICH

PRINTED NAME OF PREPARER

September 18, 2020

DATE

Note 1: This report covers the period from August 1 through August 31, 2020 unless otherwise noted.

Notes to the Monthly Operating Report

This Monthly Operating Report ("MOR") is unaudited and has been prepared solely for the purpose of complying with the obligations of the above-captioned debtors and debtors in possession (the "Debtors") to provide monthly operating reports during these Chapter 11 Cases. The Debtors have prepared this monthly operating report using the best information presently available to them, which has been collected, maintained, and prepared in accordance with their historical accounting practices. This monthly operating report is, thus, true and accurate to the best of the Debtors' knowledge, information, and belief based on currently available data.

This MOR includes activity from the following Debtors and related Case Numbers:

Debtor	Case Number
Tuesday Morning Corporation (LEAD)	20-31476
TMI Holdings, Inc.	20-31477
Tuesday Morning, Inc.	20-31478
Friday Morning, LLC	20-31479
Days of the Week, Inc.	20-31480
Nights of the Week, Inc.	20-31481
Tuesday Morning Partners, Ltd.	20-31482

Background: On May 27, 2020 (the "Petition Date"), each of the Debtors filed with the Court their respective voluntary petitions for relief under chapter 11 of Title 11 of the Bankruptcy Code, commencing the above-captioned chapter 11 cases. The Debtors continue to operate their businesses and manage their properties as debtors-in-possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code. On May 28, 2020, the Court entered an order authorizing the joint administration of these chapter 11 cases [Dkt. 66].

Notes:

The Debtors prepared this MOR relying primarily upon the information set forth in their books and records. Consequently, certain transactions that are not identified in the normal course of business in the Debtors' books and records may not be included in this MOR. Nevertheless, in preparing this MOR, the Debtors made best efforts to supplement the information set forth in their books and records with additional information concerning transactions that may not have been included therein.

Except as relates to Cash Receipts and Disbursements information presented on Page 1 and Page 1A of the attached MOR, information herein has been prepared on a consolidated basis for the Debtors.

The financial information contained herein is unaudited, limited in scope, covers a limited time period, and has been prepared solely for the purpose of complying with the monthly reporting requirements for Chapter 11 debtors as required by the United States Bankruptcy Court for the Northern District of Texas (the "Bankruptcy Court"). The financial information is in a format intended to meet the requirements of the Bankruptcy Court and the Office of the United States Trustee for the Northern District of Texas, Dallas Division (the "U.S. Trustee").

As discussed below, this MOR is not prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP"). This MOR does not include all of the information and footnotes required by GAAP.

The results of operations contained herein are not necessarily indicative of results that may be expected from any other period or for the full year and may not necessarily reflect the consolidated results of operations, financial position and cash flows of the Debtors in the future.

No assurance can be given as to the value, if any, that may be ascribed to the Debtors' various pre-petition liabilities and other securities. Accordingly, the Debtors urge that caution be exercised with respect to existing and future investments in any of these securities or claims against the Debtors.

Reservation of Rights: Given the complexity of the Debtors' financial affairs, inadvertent errors, omissions or over-inclusions may have occurred. Accordingly, the Debtors hereby reserve all of their rights to dispute the validity, status, enforceability, or nature of any claim amount, representation, or other statement in this MOR and reserve the right to amend or supplement this MOR, if necessary.

Additional Information: For more information related to these Chapter 11 Cases, court filings and claims information please refer to the Restructuring website at <https://dm.epiq11.com/case/tuesdaymorning/info>.

Monthly Operating Report

CASH BASIS-1

CASE NAME:	Tuesday Morning Corporation, et al.
CASE NUMBER:	20-31476 (Jointly Administered)

	JUL 1 to 31	AUG 1 to 31	SEP 1 to 30	TOTAL
CASH RECEIPTS AND DISBURSEMENTS				
1. CASH - BEGINNING OF MONTH	\$ 40,366,078	\$ 63,925,497	\$ -	\$ 40,366,078
RECEIPTS				
2. CASH SALES ¹	\$ 51,714,136	\$ 47,862,526	\$ -	\$ 99,576,661
3. ACCOUNTS RECEIVABLE COLLECTIONS	-	-	-	-
4. LOANS AND ADVANCES ²	49,500,000	31,200,000	-	80,700,000
5. SALE OF ASSETS	-	-	-	-
6. LEASE & RENTAL INCOME	-	-	-	-
7. WAGES	-	-	-	-
8. OTHER (SEE MONTHLY DETAIL)	16,613,457	7,584,269	-	24,197,727
9. TOTAL RECEIPTS	\$ 117,827,593	\$ 86,646,795	\$ -	\$ 204,474,388
DISBURSEMENTS				
10. NET PAYROLL	\$ 10,187,291	\$ 10,537,203	\$ -	\$ 20,724,495
11. PAYROLL TAXES PAID ³	-	-	-	-
12. SALES, USE & OTHER TAXES PAID	6,558,835	5,098,345	-	11,657,179
13. INVENTORY PURCHASES	9,186,713	24,224,586	-	33,411,298
14. MORTGAGE PAYMENTS	-	-	-	-
15. OTHER SECURED NOTE PAYMENTS ²	49,687,500	31,200,000	-	80,887,500
16. RENTAL & LEASE PAYMENTS	6,989,972	5,413,060	-	12,403,032
17. UTILITIES	724,189	1,752,689	-	2,476,878
18. INSURANCE	439,571	210,710	-	650,281
19. VEHICLE EXPENSES ⁴	1,774,994	3,123,092	-	4,898,087
20. TRAVEL	220,064	64,363	-	284,427
21. ENTERTAINMENT	-	-	-	-
22. REPAIRS & MAINTENANCE	1,457,039	661,365	-	2,118,404
23. SUPPLIES	377,343	586,347	-	963,690
24. ADVERTISING	158,085	342,732	-	500,818
25. HOUSEHOLD EXPENSES	-	-	-	-
26. CHARITABLE CONTRIBUTIONS	-	-	-	-
27. GIFTS	-	-	-	-
28. OTHER (ORDINARY COURSE PROFESSIONALS)	495,895	316,391	-	812,286
29. TOTAL ORDINARY DISBURSEMENTS	\$ 88,257,491	\$ 83,530,883	\$ -	\$ 171,788,374
REORGANIZATION EXPENSES				
30. PROFESSIONAL FEES	\$ 5,268,345	\$ 3,091,633	\$ -	\$ 8,359,978
31. U.S. TRUSTEE FEES	285,323	-	-	285,323.0
32. OTHER (SEE MONTHLY DETAIL)	457,015	106,910	-	563,925
33. TOTAL REORGANIZATION EXPENSES	\$ 6,010,682	\$ 3,198,543	\$ -	\$ 9,209,225
34. TOTAL DISBURSEMENTS	\$ 94,268,173	\$ 86,729,426	\$ -	\$ 180,997,599
35. NET CASH FLOW	\$ 23,559,419	\$ (82,631)	\$ -	\$ 23,476,788
36. CASH - END OF MONTH	\$ 63,925,497	\$ 63,842,866	\$ -	\$ 63,842,866

NOTES:

¹ Includes all cash and credit card in-store sales.

² Includes all borrowings or repayments against Pre-Petition ABL and Post-Petition DIP. Debtors have repaid the Pre-Petition ABL to the required minimum balance of \$100,000. Furthermore, as of August 31, 2020 the Debtors have no outstanding borrowings against either their Post-Petition ABL DIP or their DIP Term Loan.

³ Included in Net Payroll disbursements item #10

⁴ Represents freight disbursements

CALCULATION OF QUARTERLY UST FEES

CASE NAME: Tuesday Morning Corporation, et al.
CASE NUMBER: 20-31476 (Jointly Administered)

34. TOTAL DISBURSEMENTS			TMI		Days of the Week, Inc.	Nights of the Week, Inc.	TMP		TOTAL
	Tuesday Morning Corporation	TMI Holdings, Inc.	Tuesday Morning, Inc.	Friday Morning, LLC			Tuesday Morning Partners, Ltd.		
Q2/M1 - JUL 1 - JUL 31, 2020	\$ -	\$ -	\$ 82,440,911	\$ -	\$ -	\$ -	\$ 11,827,262	\$ 94,268,173	
Q2/M2 - AUG 1 - AUG 31, 2020	-	-	62,957,724	-	-	-	23,771,702	86,729,426	
Q2/M3 - SEP 1 - SEP 30, 2020	-	-	-	-	-	-	-	-	
TOTAL DISBURSEMENTS - CALENDAR Q3 2020	\$ -	\$ -	\$ 145,398,636	\$ -	\$ -	\$ -	\$ 35,598,964	\$ 180,997,599	
QUARTERLY FEES DUE	\$ 325.00	\$ 325.00	\$ 250,000.00	\$ 325.00	\$ 325.00	\$ 325.00	\$ 250,000.00	\$ 501,625.00	

Quarterly Disbursement Minimum	Quarterly Disbursement Maximum	Applicable Quarterly Fee
\$ -	\$ -	\$ 325.00
\$ 0.01	\$ 14,999.99	\$ 325.00
\$ 15,000.00	\$ 74,999.99	\$ 650.00
\$ 75,000.00	\$ 149,999.99	\$ 975.00
\$ 150,000.00	\$ 224,999.99	\$ 1,625.00
\$ 225,000.00	\$ 299,999.99	\$ 1,950.00
\$ 300,000.00	\$ 999,999.99	\$ 4,875.00
\$ 1,000,000.00	\$ 24,999,999.99	1%
\$ 25,000,000.00		\$ 250,000.00

Monthly Operating Report

CASH BASIS-1

CONSOLIDATING DISBURSEMENTS BY LEGAL ENTITY - JUL 1 TO JUL 31, 2020

CASE NAME: Tuesday Morning Corporation, et al.

CASE NUMBER: 20-31476 (Jointly Administered)

JULY 1 - JULY 31, 2020 BY LEGAL ENTITY

	JULY 1 - JULY 31, 2020 BY LEGAL ENTITY							JUL 1 - JUL 31 TOTAL
	Tuesday Morning Corporation	TMI Holdings, Inc.	TMI Tuesday Morning, Inc.	Friday Morning, LLC	Days of the Week, Inc.	Nights of the Week, Inc.	Tuesday Morning Partners, Ltd.	
CASH RECEIPTS AND DISBURSEMENTS								
1. CASH - BEGINNING OF MONTH	\$ -	\$ -	\$ 40,366,078	\$ -	\$ -	\$ -	\$ -	\$ 40,366,078
RECEIPTS								
2. CASH SALES ¹	\$ -	\$ -	\$ 51,714,136	\$ -	\$ -	\$ -	\$ -	\$ 51,714,136
3. ACCOUNTS RECEIVABLE COLLECTIONS	-	-	-	-	-	-	-	-
4. LOANS AND ADVANCES ²	-	-	49,500,000	-	-	-	-	49,500,000
5. SALE OF ASSETS	-	-	-	-	-	-	-	-
6. LEASE & RENTAL INCOME	-	-	-	-	-	-	-	-
7. WAGES	-	-	-	-	-	-	-	-
8. OTHER (SEE BELOW)	\$ -	\$ -	\$ 16,613,457	\$ -	\$ -	\$ -	\$ -	\$ 16,613,457
8a. Sales Taxes Collected	-	-	3,754,446	-	-	-	-	3,754,446
8b. GOB Sales Proceeds	-	-	12,859,011	-	-	-	-	12,859,011
9. TOTAL RECEIPTS	\$ -	\$ -	\$ 117,827,593	\$ -	\$ -	\$ -	\$ -	\$ 117,827,593
DISBURSEMENTS								
10. NET PAYROLL	\$ -	\$ -	\$ 8,571,146	\$ -	\$ -	\$ -	\$ 1,616,146	\$ 10,187,291
11. PAYROLL TAXES PAID ³	-	-	-	-	-	-	-	-
12. SALES, USE & OTHER TAXES PAID	-	-	6,558,835	-	-	-	-	6,558,835
13. INVENTORY PURCHASES	-	-	-	-	-	-	9,186,713	9,186,713
14. MORTGAGE PAYMENTS	-	-	-	-	-	-	-	-
15. OTHER SECURED NOTE PAYMENTS ²	-	-	49,687,500	-	-	-	-	49,687,500
16. RENTAL & LEASE PAYMENTS	-	-	6,707,732	-	-	-	282,240	6,989,972
17. UTILITIES	-	-	723,649	-	-	-	540	724,189
18. INSURANCE	-	-	439,571	-	-	-	-	439,571
19. VEHICLE EXPENSES ⁴	-	-	1,321,765	-	-	-	453,229	1,774,994
20. TRAVEL	-	-	220,064	-	-	-	-	220,064
21. ENTERTAINMENT	-	-	-	-	-	-	-	-
22. REPAIRS & MAINTENANCE	-	-	1,438,961	-	-	-	18,079	1,457,039
23. SUPPLIES	-	-	308,640	-	-	-	68,704	377,343
24. ADVERTISING	-	-	158,085	-	-	-	-	158,085
25. HOUSEHOLD EXPENSES	-	-	-	-	-	-	-	-
26. CHARITABLE CONTRIBUTIONS	-	-	-	-	-	-	-	-
27. GIFTS	-	-	-	-	-	-	-	-
28. OTHER (ORDINARY COURSE PROFESSIONALS)	-	-	495,895	-	-	-	-	495,895
29. TOTAL ORDINARY DISBURSEMENTS	\$ -	\$ -	\$ 76,631,841	\$ -	\$ -	\$ -	\$ 11,625,650	\$ 88,257,491
REORGANIZATION EXPENSES								
30. PROFESSIONAL FEES	\$ -	\$ -	\$ 5,268,345	\$ -	\$ -	\$ -	\$ -	\$ 5,268,345
31. U.S. TRUSTEE FEES	-	-	285,323	-	-	-	-	285,323
32. OTHER (SEE BELOW)	\$ -	\$ -	\$ 255,403	\$ -	\$ -	\$ -	\$ 201,612	\$ 457,015
32a. PRE-PETITION TRADE ORDER PAYMENTS	-	-	31,792	-	-	-	201,612	233,404
32b. UTILITIES ESCROW DEPOSITS	-	-	223,611	-	-	-	-	223,611
33. TOTAL REORGANIZATION EXPENSES	\$ -	\$ -	\$ 5,809,070	\$ -	\$ -	\$ -	\$ 201,612	\$ 6,010,682
34. TOTAL	\$ -	\$ -	\$ 82,440,911	\$ -	\$ -	\$ -	\$ 11,827,262	\$ 94,268,173

DISBURSEMENTS															
35. NET CASH FLOW	\$	-	\$	-	\$	35,386,682	\$	-	\$	-	\$	-	\$(11,827,262)	\$	23,559,419
36. CASH - END OF MONTH	\$	-	\$	-	\$	75,752,759	\$	-	\$	-	\$	-	\$(11,827,262)	\$	63,925,497

NOTES:

¹ Includes all cash and credit card in-store sales.

² Includes all borrowings or repayments against Pre-Petition ABL and Post-Petition DIP. Debtors have repaid the Pre-Petition ABL to the required minimum balance of \$100,000. Furthermore, as of July 31, 2020 the Debtors have no outstanding borrowings against either their Post-Petition ABL DIP or their DIP Term Loan.

³ Included in Net Payroll disbursements item #10

⁴ Represents freight disbursements

Monthly Operating Report

CASH BASIS-1

CONSOLIDATING DISBURSEMENTS BY LEGAL ENTITY - AUG 1 TO AUG 31, 2020

CASE NAME: Tuesday Morning Corporation, et al.

CASE NUMBER: 20-31476 (Jointly Administered)

AUGUST 1 - AUGUST 31, 2020 BY LEGAL ENTITY

CASH RECEIPTS AND DISBURSEMENTS	Tuesday Morning Corporation	TMI Holdings, Inc.	TMI Tuesday Morning, Inc.	Friday Morning, LLC	Days of the Week, Inc.	Nights of the Week, Inc.	TMP Tuesday Morning Partners, Ltd.	AUG 1 - AUG 31 TOTAL
	1. CASH - BEGINNING OF MONTH	\$ -	\$ -	\$ 63,925,497	\$ -	\$ -	\$ -	\$ -
RECEIPTS								
2. CASH SALES ¹	\$ -	\$ -	\$ 47,862,526	\$ -	\$ -	\$ -	\$ -	\$ 47,862,526
3. ACCOUNTS RECEIVABLE COLLECTIONS	-	-	-	-	-	-	-	-
4. LOANS AND ADVANCES ²	-	-	31,200,000	-	-	-	-	31,200,000
5. SALE OF ASSETS	-	-	-	-	-	-	-	-
6. LEASE & RENTAL INCOME	-	-	-	-	-	-	-	-
7. WAGES	-	-	-	-	-	-	-	-
8. OTHER (SEE BELOW)	\$ -	\$ -	\$ 7,584,269	\$ -	\$ -	\$ -	\$ -	\$ 7,584,269
8a. Sales Taxes Collected	-	-	3,474,819	-	-	-	-	3,474,819
8b. GOB Sales Proceeds	-	-	4,109,450	-	-	-	-	4,109,450
9. TOTAL RECEIPTS	\$ -	\$ -	\$ 86,646,795	\$ -	\$ -	\$ -	\$ -	\$ 86,646,795
DISBURSEMENTS								
10. NET PAYROLL	\$ -	\$ -	\$ 8,792,138	\$ -	\$ -	\$ -	\$ 1,745,065	\$ 10,537,203
11. PAYROLL TAXES PAID ³	-	-	-	-	-	-	-	-
12. SALES, USE & OTHER TAXES PAID	-	-	5,098,345	-	-	-	-	5,098,345
13. INVENTORY PURCHASES	-	-	3,452,859	-	-	-	20,771,727	24,224,586
14. MORTGAGE PAYMENTS	-	-	-	-	-	-	-	-
15. OTHER SECURED NOTE PAYMENTS ²	-	-	31,200,000	-	-	-	-	31,200,000
16. RENTAL & LEASE PAYMENTS	-	-	5,130,820	-	-	-	282,240	5,413,060
17. UTILITIES	-	-	1,751,985	-	-	-	704	1,752,689
18. INSURANCE	-	-	210,710	-	-	-	-	210,710
19. VEHICLE EXPENSES ⁴	-	-	2,454,929	-	-	-	668,163	3,123,092
20. TRAVEL	-	-	64,363	-	-	-	-	64,363
21. ENTERTAINMENT	-	-	-	-	-	-	-	-
22. REPAIRS & MAINTENANCE	-	-	655,954	-	-	-	5,410	661,365
23. SUPPLIES	-	-	357,562	-	-	-	228,785	586,347
24. ADVERTISING	-	-	342,732	-	-	-	-	342,732
25. HOUSEHOLD EXPENSES	-	-	-	-	-	-	-	-
26. CHARITABLE CONTRIBUTIONS	-	-	-	-	-	-	-	-
27. GIFTS	-	-	-	-	-	-	-	-
28. OTHER (ORDINARY COURSE PROFESSIONALS)	-	-	316,391	-	-	-	-	316,391
29. TOTAL ORDINARY DISBURSEMENTS	\$ -	\$ -	\$ 59,828,789	\$ -	\$ -	\$ -	\$ 23,702,094	\$ 83,530,883
REORGANIZATION EXPENSES								
30. PROFESSIONAL FEES	\$ -	\$ -	\$ 3,091,633	\$ -	\$ -	\$ -	\$ -	\$ 3,091,633
31. U.S. TRUSTEE FEES	-	-	-	-	-	-	-	-
32. OTHER (SEE BELOW)	\$ -	\$ -	\$ 37,302	\$ -	\$ -	\$ -	\$ 69,608	\$ 106,910
32a. PRE-PETITION TRADE ORDER PAYMENTS	-	-	5,516	-	-	-	69,608	75,124
32b. UTILITIES ESCROW DEPOSITS	-	-	31,786	-	-	-	-	31,786

33. TOTAL REORGANIZATION EXPENSES	\$ -	\$ -	\$ 3,128,935	\$ -	\$ -	\$ -	\$ 69,608	\$ 3,198,543
34. TOTAL DISBURSEMENTS	\$ -	\$ -	\$ 62,957,724	\$ -	\$ -	\$ -	\$ 23,771,702	\$ 86,729,426
35. NET CASH FLOW	\$ -	\$ -	\$ 23,689,071	\$ -	\$ -	\$ -	\$ (23,771,702)	\$ (82,631)
36. CASH - END OF MONTH	\$ -	\$ -	\$ 87,614,568	\$ -	\$ -	\$ -	\$ (23,771,702)	\$ 63,842,866

NOTES:

¹ Includes all cash and credit card in-store sales.

² Includes all borrowings or repayments against Pre-Petition ABL and Post-Petition DIP. Debtors have repaid the Pre-Petition ABL to the required minimum balance of \$100,000. Furthermore, as of August 31, 2020 the Debtors have no outstanding borrowings against either their Post-Petition ABL DIP or their DIP Term Loan.

³ Included in Net Payroll disbursements item #10

⁴ Represents freight disbursements

NOTES:

¹ Includes all cash and credit card in-store sales.

² Includes all borrowings or repayments against Pre-Petition ABL and Post-Petition DIP. Debtors have repaid the Pre-Petition ABL to the required minimum balance of \$100,000. Furthermore, as of August 31, 2020 the Debtors have no outstanding borrowings against either their Post-Petition ABL DIP or their DIP Term Loan.

³ Included in Net Payroll disbursements item
#10

⁴ Represents freight
disbursements

Monthly Operating Report

CASH BASIS-1A

2020

CASE NAME:	Tuesday Morning Corporation, et al.
CASE NUMBER:	20-31476 (Jointly Administered)

CASH DISBURSEMENTS DETAIL MONTH: August

CASH DISBURSEMENTS				
	DATE	PAYEE	PURPOSE	AMOUNT
		<i>SEE NOTE 1 BELOW</i>		
TOTAL CASH DISBURSEMENTS ¹				\$ -

BANK ACCOUNT DISBURSEMENTS				
CK#	DATE	PAYEE	PURPOSE	AMOUNT
		<i>SEE NOTE 2 BELOW</i>		
TOTAL BANK ACCOUNT DISBURSEMENTS				\$ 86,729,426

TOTAL DISBURSEMENTS FOR THE PERIOD	\$ 86,729,426
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¹ Aside from immaterial petty cash transactions conducted by the stores which are not individually recorded, the Debtors do not make cash disbursements.

² Debtors process hundreds of individual transactions per week. In many cases these disbursements relate to confidential pricing agreements with merchandise suppliers or other commercially sensitive information. Due to the voluminous and confidential nature of this information, Debtors have excluded details from this MOR. Individual payment line items are available for review on request by the Office of the US Trustee.

Monthly Operating Report
CASH BASIS-2

CASE NAME:	Tuesday Morning Corporation, et al.
CASE NUMBER:	20-31476 (Jointly Administered)

BANK RECONCILIATIONS	Acct #1	Acct #2	Acct #3	
A. BANK:	SEE FOLLOWING SCHEDULE OF ACCOUNTS			TOTAL
B. ACCOUNT NUMBER:				
C. PURPOSE (TYPE):				
1. BALANCE PER BANK STATEMENT				\$ 70,264,381
2. ADD: TOTAL DEPOSITS NOT CREDITED				\$ -
3. SUBTRACT: OUTSTANDING CHECKS				\$ (6,421,514)
4. OTHER RECONCILING ITEMS				\$ -
5. MONTH END BALANCE PER BOOKS	\$ -	\$ -	\$ -	\$ 63,842,866
6. NUMBER OF LAST CHECK WRITTEN				

INVESTMENT ACCOUNTS	DATE OF PURCHASE	TYPE OF INSTRUMENT	PURCHASE PRICE	CURRENT VALUE
BANK, ACCOUNT NAME & NUMBER				
7.				
8.				
9.				
10.				
11. TOTAL INVESTMENTS			\$ -	\$ -

CASH	
12. CURRENCY ON HAND	\$ -
13. TOTAL CASH - END OF MONTH	\$ 63,842,866

Monthly Operating Report
CASH BASIS-2A
SCHEDULE OF DEBTOR BANK ACCOUNTS

CASE NAME:	Tuesday Morning Corporation, et al.
CASE NUMBER:	20-31476 (Jointly Administered)

Bank	GL	Nature of Account	Account Number	Balance as of August 31, 2020
Wells Fargo	1013	TMI - AP - NACHA ACH	xxx3007	\$ -
Wells Fargo	1013	TMP - AP - NACHA ACH	xxx3015	-
Wells Fargo	1015	TMI - Property Tax	xxx4381	-
Wells Fargo	1018	TMI - Sale Tax II	xxx3495	213,446
Wells Fargo	1020	TMI Main Disbursement	xxx7526	1,865,924
Wells Fargo	1025	Friday Morning, Inc.	xxx1036	-
Wells Fargo	1025	TMI - Main Cash Concentration	xxx5063	4,972,956
Wells Fargo	1025	TMP - Main	xxx0097	4,469,807
Bank of America	1025	TMP - DP Payments	xxx5718	-
Wells Fargo	1032	TMI - Visa/MC	xxx8307	-
Wells Fargo	1033	TMI - Discover	xxx8299	-
Wells Fargo	1034	TMI - American Express	xxx7708	-
Community First National	1045	Store #863 Depository Account	xxx9812	37
People Bank	1045	Store #984 Depository Account	xxx1340	2,831
Hancock Bank	1045	Store #598 Depository Account	xxx0914	1,807
BBVA/Compass Bank	1045	Stores Depository Account	xxx9325	20,086
Fifth Third Bank	1045	Stores Depository Account	xxx5683	6,997
Regions Bank	1045	Stores Depository Account	xxx0300	107,985
Chase Bank	1045	Stores Depository Account	xxx3000	351,904
PNC Bank	1045	Stores Depository Account	xxx0704	33,074
Wells Fargo	1045	Stores Depository Account	xxx4140	-
Wells Fargo	1045	Stores Depository Account	xxx4488	-
Bank of America	1045	Stores Depository Account	xxx1681	74,374
BB&T Bank	1045	Stores Depository Account	xxx5675	45,935
BancFirst Bank	1045	Store #481 Depository Account	xxx6246	1,531
International Bank of Commerce	1045	Stores #953,#1017, #1077 & #1191 Depository Account	xxx4877	5,896
Citizens Bank	1045	Stores Depository Account	xxx5872	8,703
US Bank	1045	Stores Depository Account	xxx1357	24,527
Key Bank	1045	Stores Depository Account	xxx4743	9,178
Wells Fargo	1056	TMI - ADP - PR Tax & Garnishment	xxx5892	380,322
Wells Fargo	1056	TMP - ADP - PR Tax & Garnishment	xxx5792	13,626
Wells Fargo	1062	TMI - Postage	xxx2195	265,925
Wells Fargo	1070	TMI - Workers Comp	xxx3193	983
Wells Fargo	1082	TMI - UHC Medical	xxx0415	168,003
Wells Fargo	1091	TMI - CIGNA Dental/STD	xxx6906	169,727
Wells Fargo	1094	TMI - Tax Saver - FSA	xxx1184	-
JPMorgan Chase Bank	1099	Cash Holding Account	xxx7366	57,048,798
Wells Fargo	1100	Wells Fargo Brokerage Services	xxx6142	-
				\$ 70,264,381

Note 1: Excludes individual store depository accounts, which are swept into Intermediate Store Depository Accounts included above. For more information, see the Debtors' Cash Management Motion [Dkt 10]

Note 2: Book to bank reconciliation of each of the Debtors' bank accounts are performed in the ordinary course of business on a monthly basis. Additional support for each of these accounts is available for review on request by the Office of the US Trustee.

Monthly Operating Report
CASH BASIS-3

CASE NAME:	Tuesday Morning Corporation, et al.
CASE NUMBER:	20-31476 (Jointly Administered)

ASSETS OF THE ESTATE				
SCHEDULE "A" REAL PROPERTY	SCHEDULE AMOUNT	31-Jul-20	31-Aug-20	30-Sep-20
		1. HQ AND DISTRIBUTION CENTER <i>(AT NBV)</i>	\$ 22,293,977	\$ 19,544,476
2.				
3.				
4. OTHER (ATTACH LIST)				
5. TOTAL REAL PROPERTY ASSETS	\$ 22,293,977	\$ 19,544,476	\$ 19,436,855	\$ -
SCHEDULE "B" PERSONAL PROPERTY				
1. CASH ON HAND	\$ 580,900	\$ 480,044	\$ 421,944	
2. CHECKING, SAVINGS, ETC.	\$ 16,047,077	\$ 63,925,497	\$ 63,842,866	
3. SECURITY DEPOSITS	\$ 806,583	\$ 893,572	\$ 893,582	
4. HOUSEHOLD GOODS				
5. BOOKS, PICTURES, ART				
6. WEARING APPAREL				
7. FURS AND JEWELRY				
8. FIREARMS & SPORTS EQUIPMENT				
9. INSURANCE POLICIES				
10. ANNUITIES				
11. EDUCATION				
12. RETIREMENT & PROFIT SHARING				
13. STOCKS				
14. PARTNERSHIPS & JOINT VENTURES				
15. GOVERNMENT & CORPORATE BONDS				
16. ACCOUNTS RECEIVABLE	\$ 889,577	\$ 970,520	\$ 882,131	
17. ALIMONY				
18. OTHER LIQUIDATED DEBTS				
19. EQUITABLE INTERESTS				
20. CONTINGENT INTERESTS				
21. OTHER CLAIMS	\$ 5,374,800	\$ 11,922,685	\$ 10,668,532	
22. PATENTS & COPYRIGHTS ¹	\$ -	\$ -	\$ -	
23. LICENSES & FRANCHISES ¹	\$ -	\$ -	\$ -	
24. CUSTOMER LISTS ¹	\$ -	\$ -	\$ -	
25. AUTOS, TRUCKS & OTHER VEHICLES	\$ 23,943	\$ 21,723	\$ 20,983	
26. BOATS & MOTORS				
27. AIRCRAFT				
28. OFFICE EQUIPMENT	\$ 15,234,482	\$ 15,639,420	\$ 14,908,286	
29. MACHINERY, FIXTURES & EQUIPMENT	\$ 65,973,947	\$ 32,193,929	\$ 31,668,020	
30. INVENTORY	\$ 217,542,264	\$ 101,376,974	\$ 100,774,166	
31. ANIMALS				
32. CROPS				
33. FARMING EQUIPMENT				
34. FARM SUPPLIES				
35. OTHER (ATTACH LIST)				
36. TOTAL PERSONAL PROPERTY ASSETS	\$ 322,473,572	\$ 227,424,364	\$ 224,080,510	\$ -
37. TOTAL ASSETS	\$ 344,767,549	\$ 246,968,840	\$ 243,517,365	\$ -

¹ Value of intellectual property and intangibles is excluded as Undetermined,

Monthly Operating Report
CASH BASIS-4

CASE NAME:	Tuesday Morning Corporation, et al.
CASE NUMBER:	20-31476 (Jointly Administered)

MONTH: August

LIABILITIES OF THE ESTATE		
PREPETITION LIABILITIES	SCHEDULE AMOUNT	PAYMENTS
1. SECURED ¹	\$ 39,210,220	\$ 39,110,220
2. PRIORITY ²	\$ -	
3. UNSECURED ^{3, 4}	\$ 107,241,762	\$ 3,134,906
4. OTHER (ATTACH LIST)		
5. TOTAL PREPETITION LIABILITIES	\$ 146,451,982	\$ 42,245,126

POSTPETITION LIABILITIES	DATE INCURRED	AMOUNT OWED	DUE DATE	AMOUNT PAST DUE
1. FEDERAL INCOME TAXES				
2. FICA/MEDICARE				
3. STATE TAXES				
4. REAL ESTATE TAXES				
5. OTHER TAXES (ATTACH LIST)				
6. TOTAL TAXES	Various	\$ 644	Various	\$ -
OTHER POSTPETITION LIABILITIES INCLUDING TRADE CREDITORS (LIST NAMES OF CREDITORS)				
7.				
8. Total Post-Petition Accounts Payable	Various	\$ 14,824,921	Various	\$ -
9.				
10.				
11.				
12.				
13.				
14.				
15.				
16.				
17.				
18.				
19. (IF ADDITIONAL ATTACH LIST)				
20. TOTAL OF LINES 7 - 19		\$ 14,824,921		\$ -
21. TOTAL POSTPETITION LIABILITIES		\$ 14,825,565		\$ -

¹ Debtors have repaid the Pre-Petition ABL to the required minimum balance of \$100,000. Furthermore, as of August 31, 2020 the Debtors have no outstanding borrowings against either their Post-Petition ABL DIP or their DIP Term Loan.

² The Debtors did not list any Priority liabilities in their Schedules of Assets and Liabilities. Debtors received authority to make payments on account of Pre-Petition Wages and related employee benefits and certain Pre-Petition Taxes Because the authority granted is sufficient to satisfy all known such liabilities, the Debtors do not believe that they have exposure to Priority Claim Liabilities.

³ Payments against unsecured liabilities represent payments made under authority granted in the Debtors' Trade Order to certain foreign vendors, shippers and warehousemen and miscellaneous lien claimants.

⁴ Debtors' negotiations with its Landlords are on-going and, consequently, certain waivers of pre-petition rent obligations are expected but not yet fully quantified. Debtors will include these reductions as "payments" against corresponding unsecured rents once these amounts are agreed and quantified.

Monthly Operating Report
CASH BASIS-4A

CASE NAME:	Tuesday Morning Corporation, et al.
CASE NUMBER:	20-31476 (Jointly Administered)

MONTH: August

ACCOUNTS RECEIVABLE AGING	SCHEDULE AMOUNT	MONTH	MONTH	MONTH
1. 0 - 30				
2. 31 - 60	See Note 1 Below			
3. 61 - 90				
4. 91 +				
5. TOTAL ACCOUNTS RECEIVABLE	\$ -	\$ -	\$ -	\$ -
6. AMOUNT CONSIDERED UNCOLLECTIBLE				
7. ACCOUNTS RECEIVABLE (NET)	\$ -	\$ -	\$ -	\$ -

AGING OF POSTPETITION TAXES AND PAYABLES	0 - 30 DAYS	31-60 DAYS	90+ DAYS	Total
TAXES PAYABLE				
1. FEDERAL				\$ -
2. STATE				\$ -
3. LOCAL				\$ -
4. OTHER (ATTACH LIST)				\$ -
5. TOTAL TAXES PAYABLE	\$ 644	\$ -	\$ -	\$ 644

6. ACCOUNTS PAYABLE	\$ 14,824,921	\$ -	\$ -	\$ 14,824,921
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STATUS OF POSTPETITION TAXES	BEGINNING TAX LIABILITY	AMOUNT WITHHELD OR ACCRUED	AMOUNT PAID	ENDING TAX LIABILITY
FEDERAL				
1. WITHHOLDING				\$ -
2. FICA-EMPLOYEE				\$ -
3. FICA-EMPLOYER				\$ -
4. UNEMPLOYMENT				\$ -
5. INCOME				\$ -
6. OTHER (ATTACH LIST)				\$ -
7. TOTAL FEDERAL TAXES	\$ -	\$ -	\$ -	\$ -
STATE AND LOCAL				
8. WITHHOLDING				\$ -
9. SALES				\$ -
10. EXCISE				\$ -
11. UNEMPLOYMENT				\$ -
12. REAL PROPERTY				\$ -
13. PERSONAL PROPERTY				\$ -
14. OTHER (ATTACH LIST)				\$ -
15. TOTAL STATE & LOCAL	\$ -	\$ -	\$ -	\$ -
16. TOTAL TAXES	\$ 5,277	\$ 644	\$ 5,277	\$ 644

NOTE: The Debtors were granted authority under their Tax Order [Dkt 97] to pay certain pre-petition taxes in the ordinary course of business. To the best of Debtors' information and belief, Debtors are current and remain current in their payment of all taxes included in the tables above.

¹ Debtors' sales are conducted in real-time in-store. The Debtors do not offer credit to customers and therefore do not have material Accounts Receivable at any time. A/R listed relates primarily to reimbursements due from landlords for tenant improvement allowances authorized under certain real property leases

Monthly Operating Report
CASH BASIS-5

CASE NAME:	Tuesday Morning Corporation, et al.
CASE NUMBER:	20-31476 (Jointly Administered)

MONTH: August

PAYMENTS TO INSIDERS AND PROFESSIONALS

INSIDERS			
NAME	TYPE OF PAYMENT	AMOUNT PAID	TTL PD TO DATE
<i>SEE CERTIFICATION 1 BELOW</i>			
TOTAL PAYMENTS TO INSIDERS			

PROFESSIONALS					
NAME	DATE OF COURT ORDER AUTHORIZING PAYMENT	AMOUNT APPROVED	AMOUNT PAID	TTL PAID TO DATE	TOTAL INCURRED & UNPAID
1. Haynes & Boone			\$ 464,199	\$ 1,081,730	\$ 553,270
2. Squire Patton Boggs			-	-	-
3. AlixPartners			5,000	907,705	2,287,295
4. Stifel / Miller Buckfire			-	520,000	755,000
5. Vinson & Elkins			-	624,515	480,569
6. Berkley Research Group			164,068	356,890	135,933
7. Montgomery McCracken Walker & Rhoads			493,266	493,266	236,734
8. BDO			406,698	406,698	332,802
9. Munsch Hardt			31,710	92,601	46,399
10. Great American Group	Dkt 197 - 6/9/2020		717,569	1,843,613	-
11. A&G Realty Partners	Dkt 139 - 6/2/2020		482,778	1,728,308	-
12. Epiq Systems	Dkt 100 - 5/29/2020		289,896	364,855	35,145
13. Merrill Communications			1,006	7,307	-
14. Willkie Farr & Gallagher			35,443	292,399	-
TOTAL PAYMENTS TO PROFESSIONALS		\$ -	\$ 3,091,633	\$ 8,719,886	\$ 4,863,146

POSTPETITION STATUS OF SECURED NOTES, LEASES PAYABLE AND ADEQUATE PROTECTION PAYMENTS

NAME OF CREDITOR	SCHEDULED MONTHLY PAYMENTS DUE	AMOUNTS PAID DURING MONTH	TOTAL UNPAID POST-PETITION
<i>SEE CERTIFICATION 2 BELOW</i>			
6. TOTAL			

CERTIFICATION 1 - PAYMENTS TO INSIDERS

I, STACIE SHIRLEY, hereby certify that only customary wages have been paid to insiders during this reporting period. There have been no bonuses, loans or other amounts paid aside from ordinary course compensation

CERTIFICATION 2 - POSTPETITION STATUS OF SECURED NOTES, LEASES PAYABLE & ADEQUATE PROTECTION PAYMENTS

I, STACIE SHIRLEY, hereby certify that to the best of my knowledge Debtors are current on any and all Post-Petition amounts due on account of Secured Notes, Leases Payable and Adequate Protection Payments

Monthly Operating Report

CASH BASIS-6

2020

CASE NAME:	Tuesday Morning Corporation, et al.
CASE NUMBER:	20-31476 (Jointly Administered)

MONTH: August

QUESTIONNAIRE

	YES	NO
1. HAVE ANY ASSETS BEEN SOLD OR TRANSFERRED OUTSIDE THE NORMAL COURSE OF BUSINESS THIS REPORTING PERIOD?	Y See Note 1	
2. HAVE ANY FUNDS BEEN DISBURSED FROM ANY ACCOUNT OTHER THAN A DEBTOR IN POSSESSION ACCOUNT?		X
3. ARE ANY POSTPETITION RECEIVABLES (ACCOUNTS, NOTES OR LOANS) DUE FROM RELATED PARTIES?		X
4. HAVE ANY PAYMENTS BEEN MADE ON PREPETITION LIABILITIES THIS REPORTING PERIOD?	Y See Note 2	
5. HAVE ANY POSTPETITION LOANS BEEN RECEIVED BY THE DEBTOR FROM ANY PARTY?	Y See Note 3	
6. ARE ANY POSTPETITION PAYROLL TAXES PAST DUE?		X
7. ARE ANY POSTPETITION STATE OR FEDERAL INCOME TAXES PAST DUE?		X
8. ARE ANY POSTPETITION REAL ESTATE TAXES PAST DUE?		X
9. ARE ANY OTHER POSTPETITION TAXES PAST DUE?		X
10. ARE ANY AMOUNTS OWED TO POSTPETITION CREDITORS DELINQUENT?		X
11. HAVE ANY PREPETITION TAXES BEEN PAID DURING THE REPORTING PERIOD?	Y See Note 4	
12. ARE ANY WAGE PAYMENTS PAST DUE?		X

IF THE ANSWER TO ANY OF THE ABOVE QUESTIONS IS "YES"; PROVIDE A DETAILED EXPLANATION OF EACH ITEM. ATTACH ADDITIONAL SHEETS IF NECESSARY.

Note 1: During August, the Debtors entered into a sale agreement for certain fixtures from their Phoenix distribution facility including racking and packing lines. Please refer to the Final Order related to this transaction at Docket 740 for more details.

Note 2: Debtors have made certain payments on Pre-Petition items only where authorized under and in compliance with various orders of the Court including Insurance [dkt 108], Taxes [dkt 97], Wages [dkt 69], Cash Management [dkt 68], Trade [dkt 330]. These disbursements are included on relevant pages within this Monthly Operating Report.

Note 3: Debtors have received Post-Petition Financing in accordance with their Motion to Obtain Post-Petition Financing [dkt 19 and dkt 90] and the Interim and Final Orders, thereto [dkt 67 and dkt 331, respectively] These disbursements are included on relevant pages within this Monthly Operating Report.

Note 4: Debtors have made certain payments on Pre-Petition Taxes only where authorized under and in compliance with related orders of the Court with respect to Tax obligations [dkt 97] These disbursements are included on relevant pages within this Monthly Operating Report.

INSURANCE

	YES	NO
1. ARE WORKER'S COMPENSATION, GENERAL LIABILITY AND OTHER NECESSARY INSURANCE COVERAGES IN EFFECT?	X	
2. ARE ALL PREMIUM PAYMENTS PAID CURRENT?	X	
3. PLEASE ITEMIZE POLICIES BELOW	See Note 4	

IF THE ANSWER TO ANY OF THE ABOVE QUESTIONS IS "NO" OR IF ANY POLICIES HAVE BEEN CANCELED OR NOT RENEWED DURING THIS REPORTING PERIOD, PROVIDE AN EXPLANATION BELOW. ATTACH ADDITIONAL SHEETS IF NECESSARY.

Note 4: Please refer to Debtors' Insurance Motion [dkt 11] for details of all of Debtors' Insurance Policies.

INSTALLMENT PAYMENTS

TYPE OF POLICY	CARRIER	PERIOD COVERED	PAYMENT AMOUNT & FREQUENCY

<i>SEE NOTE 4 ABOVE</i>			