

United States Bankruptcy Court  
Middle District of Alabama

In re The Money Tree Inc.,  
Debtor

Case No. 11-12255  
Chapter 11

**PERIODIC REPORT REGARDING VALUE, OPERATIONS AND PROFITABILITY OF  
ENTITIES IN WHICH THE ESTATE OF THE MONEY TREE INC.  
HOLDS A SUBSTANTIAL OR CONTROLLING INTEREST**

This is the report as of June 25, 2012 on the value, operations and profitability of those entities in which the estate holds a substantial or controlling interest, as required by Bankruptcy Rule 2015.3. The estate of The Money Tree Inc. holds a substantial or controlling interest in the following entities:

| Name of Entity            | Interest of the Estate | Tab # |
|---------------------------|------------------------|-------|
| Home Furniture Mart, Inc. | 100% ownership         |       |
|                           |                        |       |
|                           |                        |       |


This periodic report (the "Periodic Report") contains separate reports ("Entity Reports") on the value, operations, and profitability of each entity listed above.

Each Entity Report shall consist of three exhibits. Exhibit A contains a valuation estimate for the entity as of a date not more than two years prior to the date of this report. It also contains a description of the valuation method used. Exhibit B contains a balance sheet, a statement of income (loss), a statement of cash flows, and a statement of changes in shareholders' or partners' equity (deficit) for the period covered by the Entity Report, along with summarized footnotes. Exhibit C contains a description of the entity's business operations.

**THIS REPORT MUST BE SIGNED BY A REPRESENTATIVE OF THE TRUSTEE OR DEBTOR  
IN POSSESSION.**

The undersigned, having reviewed the above listing of entities in which the estate of The Money Tree Inc. holds a substantial or controlling interest, and being familiar with the Debtor's financial affairs, verifies under the penalty of perjury that the listing is complete, accurate and truthful to the best of his/her knowledge.

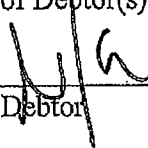
Date: September 17, 2012

  
\_\_\_\_\_  
Signature of Authorized Individual

S. Gregory Hays  
Name of Authorized Individual

Chapter 11 Trustee  
Title of Authorized Individual

[If the Debtor is an individual or in a joint case]

Signature(s) of Debtor(s) (Individual/Joint)  
  
\_\_\_\_\_  
Signature of Debtor

\_\_\_\_\_  
Signature of Joint Debtor

**Exhibit A to Form B26**

The following statement of value, supporting calculations and conclusions have been prepared as of June 25, 2012 for Home Furniture Mart, Inc. ("The Entity"), a wholly owned subsidiary of The Money Tree Inc. ("The Debtor").

The Entity operates to sell consumer household goods to customers of the various Money Tree locations. Its principal assets consist of cash and consumer goods inventory.

Entity Value 174,983

Value of the Estate's Interest in the Entity 174,983

Nature of the Estate's Interest in the Entity The Debtor owns 100% of the Common Stock of Home Furniture Mart, Inc.

Preparer

Basis for Valuation Liquidation Basis from historical book value

Date of Valuation 9/10/2012

Valuation method used Net Asset Value: The debtor's assets are currently being marketed for sale and a buyer would not likely continue its relationship with the entity. Thus, we have concluded that this method provides the most accurate basis for valuation.

Source of the Information Internally prepared financial statements provided by the Money Tree's accounting staff.

Supporting Calculations and Conclusions

|  | Book Value              | Valuation             | Valuation Comments   |
|--|-------------------------|-----------------------|--|
| <u>Assets</u>                                    |                         |                       |  |
| Cash   | 63,972                  | 63,972                |  |
| Consumer goods inventory                         | 160,873                 | 160,000               | Estimated liquidation value of inventory.  |
| Intercompany receivable from The Money Tree Inc. | 1,450,465               | -                     | The obligor is presently in Chapter 11 with substantial claims in excess of book value, therefore ultimate realization of this receivable is unlikely. |
| Other assets                                     | (49)                    | -                     |  |
| <b>Total Assets</b>                              | <u><u>1,675,261</u></u> | <u><u>223,972</u></u> |  |
| <u>Liabilities and Equity</u>                    |                         |                       |  |
| Accounts payable & accrued liabilities           | 48,989                  | 48,989.00             |  |
| Equity/ Net Asset Value                          | <u>1,626,272</u>        | <u>174,983</u>        |  |
| <b>Total Liabilities and Equity</b>              | <u><u>1,675,261</u></u> | <u><u>223,972</u></u> |  |

**Exhibit B**  
**Financial Statements for Home Furniture Mart, Inc.**

**EXHIBIT B-1  
HOME FURNITURE MART, INC.  
BALANCE SHEET**

|   | As of June 25, 2012            | As of September 25, 2011       |
|---|--------------------------------|--------------------------------|
| <b><u>ASSETS</u></b>                          |                                |                                |
| CASH & EQUIVALENTS                            | 63,972                         | 6,581                          |
| RECEIVABLE FROM AFFILIATES                    | 1,450,465                      | 1,400,591                      |
| INVENTORY                                     | 160,873                        | 409,315                        |
| PLANT, PROPERTY & EQUIPMENT, NET              | 1,469                          | 1,506                          |
| OTHER ASSETS                                  | <u>(1,518)</u>                 | <u>-</u>                       |
| <b>TOTAL ASSETS</b>                           | <b><u><u>1,675,261</u></u></b> | <b><u><u>1,817,994</u></u></b> |
| <b><u>LIABILITIES &amp; OWNERS EQUITY</u></b> |                                |                                |
| <b><u>LIABILITIES</u></b>                     |                                |                                |
| ACCOUNTS PAYABLE & ACCRUED LIABILITIES        | 48,989                         | 166,648                        |
| <b>TOTAL LIABILITIES</b>                      | <b>48,989</b>                  | <b>166,648</b>                 |
| <b><u>SHAREHOLDER EQUITY</u></b>              |                                |                                |
| CAPITAL STOCK                                 | 1,000                          | 1,000                          |
| RETAINED EARNINGS                             | <u>1,625,272</u>               | <u>1,650,346</u>               |
| <b>TOTAL SHAREHOLDER EQUITY</b>               | <b>1,626,272</b>               | <b>1,651,346</b>               |
| <b>TOTAL LIABILITIES/SHAREHOLDER EQUITY</b>   | <b><u><u>1,675,261</u></u></b> | <b><u><u>1,817,994</u></u></b> |

SOURCE: Company's financial records

**EXHIBIT B-2  
HOME FURNITURE MART, INC.  
STATEMENT OF INCOME**

|                                    | Nine Months ended June 25, 2012 | Three Months ended Dec 16, 2011 |
|------------------------------------|---------------------------------|---------------------------------|
| MISC INCOME                        | 0                               | 0                               |
| RETAIL SALES                       | 525,692                         | 336,829                         |
| COST OF SALES                      | <u>(349,426)</u>                | <u>(229,922)</u>                |
| GROSS MARGIN ON RETAIL SALES       | 176,266                         | 106,908                         |
| NET REVENUES                       | 176,266                         | 106,908                         |
| <b>OPERATING EXPENSES</b>          |                                 |                                 |
| PERSONNEL COST                     | 31,258                          | 14,351                          |
| FACILITIES COST                    | 10,149                          | 10,050                          |
| GENERAL & ADMIN COST               | 7,163                           | 93                              |
| ALL OTHER COST                     | <u>163,070</u>                  | <u>94,346</u>                   |
| TOTAL OPERATING EXPENSES           | 211,640                         | 118,840                         |
| NET OPERATING PROFIT (LOSS)        | (35,374)                        | (11,932)                        |
| (LOSS)GAIN ON SALE OF FIXED ASSETS | <u>10,300</u>                   | <u>0</u>                        |
| NET INCOME (LOSS) BEFORE TAX       | (25,074)                        | (11,932)                        |
| INCOME TAX EXPENSE                 | <u>0</u>                        | <u>0</u>                        |
| NET PROFIT (LOSS)                  | <u><u>(25,074)</u></u>          | <u><u>(11,932)</u></u>          |

SOURCE: Company's financial records

**EXHIBIT B-3**  
**HOME FURNITURE MART, INC.**  
*Statement of Cash Flows*

For the Nine Months Ended  
6/25/2012

For the Three Months Ended  
12/16/2011

|   | For the Nine Months Ended<br>6/25/2012 | For the Three Months Ended<br>12/16/2011 |
|---|--|--|
| <b>Cash flows from operating activities</b>                                       |  |  |
| Net income  | \$ (25,074)                            | \$ (11,932)                              |
| Adjustments to reconcile net income to net cash provided by operating activities: |  |  |
| Provision for credit losses   | -                                      | -  |
| Depreciation  | 37                                     | 12                                       |
| Change in assets and liabilities:   |  |  |
| Other receivables   | (49,874)                               | (88,992)                                 |
| Inventory   | 248,442                                | 203,824                                  |
| Other assets  | 1,518                                  | (1,060)                                  |
| Accounts payable and other accrued liabilities                                    | (117,658)                              | (53,781)                                 |
| Loss (gain) on sale of property and equipment                                     | (10,300)                               | -  |
| <b>Net cash provided by operating activities</b>                                  | <b>47,091</b>                          | <b>48,071</b>                            |
| <b>Cash flows from investing activities</b>                                       |  |  |
| Purchase of property and equipment  | -                                      | -  |
| Proceeds from sale of property and equipment                                      | 10,300                                 | -  |
| <b>Net cash used in investing activities</b>                                      | <b>10,300</b>                          | <b>-</b>                                 |
| <b>Cash flows from financing activities</b>                                       |  |  |
| Net proceeds (repayments) on:   |  |  |
| Borrowing   | -                                      | -  |
| <b>Net cash provided by financing activities</b>                                  | <b>-</b>                               | <b>-</b>                                 |
| <b>Net change in cash and cash equivalents</b>                                    | <b>57,391</b>                          | <b>48,071</b>                            |
| Cash and cash equivalents, beginning of period                                    | 6,581                                  | 6,581                                    |
| <b>Cash and cash equivalents, end of period</b>                                   | <b>\$ 63,972</b>                       | <b>\$ 54,652</b>                         |

SOURCE: Company's financial records

**EXHIBIT B-4**  
**HOME FURNITURE MART, INC.**  
***Statement of Shareholders Equity***

|  | <b>Total<br/>Shareholders'<br/>Equity</b> |
|--|---|
| Balance at September 25, 2010              | \$ 1,581,519                              |
| Net profit for Fiscal year ended 9/25/2011 | 69,827                                    |
| Balance at September 25, 2011              | 1,651,346                                 |
| Net profit for Nine Months ended 6/25/2012 | (25,074)                                  |
| Balance at June 25, 2012                   | 1,626,272                                 |

SOURCE: Company's financial records



# EXHIBIT C

## Description of Operations for Home Furniture Mart, Inc.

The Money Tree Inc. owns 100% of the common stock of Home Furniture Mart, Inc.

Home Furniture Mart, Inc. (HFM) is a retailer of consumer goods, primarily furniture, electronics and appliances. These goods are offered to customers at the finance offices of Small Loans, The Money Tree of Georgia and The Money Tree of Florida. These affiliated companies act as sales agent for HFM by maintaining a limited inventory of goods for sale, completing the sale, collecting the sales price and the applicable sales tax and remitting the collected funds to HFM. In return, the affiliated companies earn a sales commission from HFM and the opportunity to generate loans to these customers to purchase the goods.

Seasonality – HFM generally experiences its highest sales in the months of November and December.

Competition – retailers such as Walmart, Best Buy, Home Depot and Sears offer similar products.

Properties – HFM has its corporate headquarters at the headquarters of The Money Tree Inc.

Trends, events, uncertainties – the poor economic conditions currently in existence has suppressed the overall retail market. Continuation of these conditions will continue to affect retail sales for HFM.

Since the Company is dependent on their sales being generated by their affiliated entities branch operations, and there is a good likelihood that these entities will be sold to a 3<sup>rd</sup> party, ongoing operations for HFM is unlikely.

Prepared by:

Steven P. Morrison

Chief Financial Officer