

**Evergreen Investments, Incorporated**  
**Transmittal of Compliance with United States**  
**Trustee Operating Requirements for the Period Ended**  
**February 29, 2008**

**FILED**  
**Form 1**

2008 Mar 24 PM 01:52

CLERK U.S. BANKRUPTCY COURT  
 NORTHERN DISTRICT OF OHIO  
 AKRON

IN RE: EVERGREEN INVESTMENTS, LLC Case No.: 07-51262  
 Chapter 11 Judge: Marylin Shea Stonum

As debtor in possession, I affirm:

1. That I have reviewed the financial statements attached hereto, consisting of:

✓	Operating Statement	(Form 2)
✓	Balance Sheet	(Form 3)
✓	Summary of Operations	(Form 4)
✓	Monthly Cash Statement	(Form 5)
✓	Statement of Compensation	(Form 6)
✓	Schedule of In-Force Insurance	(Form 7)

and that they have been prepared in accordance with normal and customary accounting practices, and fairly and accurately reflect the debtor's financial activity for the period stated;

2. That insurance, including workers' compensation and unemployment insurance as described in Section 4 of the Reporting Requirements For Chapter 11 Cases is in effect; and , (If not, attach a written explanation)

YES ✓ NO         

3. That all postpetition taxes as described in Sections 1 and 14 of the Operating Instructions and Reporting Requirements For Chapter 11 cases are current and, (If not, attach a written explanation).

YES ✓ NO         

4. No professional fees (attorney, accountant, etc.) have been paid without specific court authorization, and (If not, attach a written explanation).

YES ✓ NO         

5. All United States Trustee Quarterly fees have been paid and are current?

YES ✓ NO         

6. Have you filed your prepetition tax returns?

YES ✓ NO         

I hereby certify, under penalty of perjury, that the information provided above and in the attached documents is true and correct.

3/19/08  
Date

C. O. O.  
Responsible Officer of the Debtor in Possession

C. O. O.  
Title

(330) 762-1881  
Phone

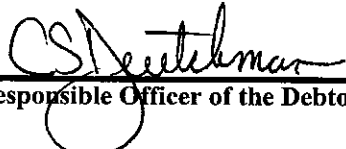
# Evergreen Investments, Incorporated

## Operating Statement Period Ending February 29, 2008

Case No. 07-51262

Form 2

	<u>Current Month</u>	<u>Total Since Filing</u>
<b><u>Revenues:</u></b>		
Interest Income - Intercompany (from EH)	\$0	\$451,818
Interest Income - Related Entity (Brittain Holdings)	\$0	\$22,733
Other Fee Income	\$4,662	\$50,280
Rental Income	\$4,500	\$4,500
Other (Elimination of Mortgage Discounts)	<u>\$283,329</u>	<u>\$283,329</u>
<b>Total Revenues</b>	<b><u>\$292,491</u></b>	<b><u>\$812,660</u></b>
<b><u>Expenses:</u></b>		
Officer Compensation	\$0	\$0
Management Fees - Intercompany (to EH )	\$5,558	\$87,625
Bad Debt Expense	\$220,000	\$4,659,869
Rent and Lease Expense	\$0	\$0
Depreciation	\$893	\$7,143
Travel and Entertainment	\$0	\$0
Repairs and Maintenance	\$0	\$0
Advertising	\$0	\$0
Supplies, Office Expense, etc.	<u>\$0</u>	<u>(\$162)</u>
<b>Total Expenses</b>	<b><u>\$226,450</u></b>	<b><u>\$4,754,475</u></b>
<b>Net Operating Profit (Loss)</b>	<b>\$66,041</b>	<b>(\$3,941,815)</b>
<b><u>Non Operating Income:</u></b>		
Interest Income	\$0	\$0
Other Income	\$0	\$35
<b><u>Non Operating Expenses:</u></b>		
Professional Fees	\$4,369	\$11,369
U. S. Trustee Fees	<u>\$108</u>	<u>\$1,966</u>
<b>Net Income (Loss)</b>	<b><u>\$61,563</u></b>	<b><u>(\$3,955,115)</u></b>

 C.O.O.  
Responsible Officer of the Debtor in Possession

3/19/08  
Date

# Evergreen Investments, Incorporated

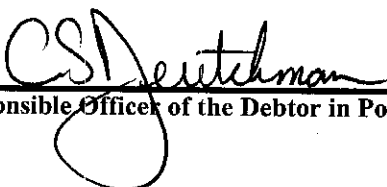
## Balance Sheet

Period Ending February 29, 2008

Case No. 07-51262

Form 3

	February 29, 2008 <u>(Current Month)</u>	January 31, 2008 <u>(Current Month)</u>	April 30, 2007 <u>(At Filing)</u>
<b><u>Assets:</u></b>			
Cash	\$88,789	\$75,509	\$864
Accounts Receivables	\$5,486,071	\$5,497,358	\$6,180,899
Allowance for Loan Loss	(\$4,309,316)	(\$4,089,316)	(\$89,872)
Disc. on Mortgage Notes, net of amort.	\$0	(\$352,354)	(\$352,354)
Disc. on Mortgage Notes Receivables	\$0	\$69,025	\$69,025
Non-Residential R. E. Receivable (Brittain Holdings)	\$673,785	\$698,921	\$470,972
Furniture, Fixtures & Equipment	\$36,946	\$36,946	\$36,946
Accumulated Depreciation	(\$36,176)	(\$35,283)	(\$29,926)
Inter-Company Receivable (Evergreen Homes, LLC)	<u>\$6,263,769</u>	<u>\$6,244,191</u>	<u>\$5,868,013</u>
<b>Total Assets</b>	<b><u>\$8,203,868</u></b>	<b><u>\$8,144,997</u></b>	<b><u>\$12,154,567</u></b>
<b><u>Liabilities:</u></b>			
<b>Postpetition Liabilities:</b>			
Accounts Payable	\$4,417	\$7,108	\$0
Accrued Payroll	\$0	\$0	\$0
Accrued Expenses	\$0	\$0	\$0
Insider Payable	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<b>Total Postpetition Liabilities</b>	<b><u>\$4,417</u></b>	<b><u>\$7,108</u></b>	<b><u>\$0</u></b>
<b>Secured Liabilities:</b>			
Subject to Postpetition	\$0	\$0	\$0
Collateral or Financing Order	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<b>All Other Secured Liabilities</b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>
<b>Prepetition Liabilities:</b>			
Taxes & Other Priority Liabilities	\$0	\$0	\$0
Subordinated Investment Certificates	\$12,537,100	\$12,537,100	\$12,537,100
Accrued Interest Payable (Certificates)	\$1,006,444	\$1,006,444	\$1,006,444
Unsecured Liabilities	\$126,802	\$126,802	\$126,802
Checks Not Cleared	\$1,198	\$1,198	\$1,198
Other	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<b>Total Prepetition Liabilities</b>	<b><u>\$13,671,545</u></b>	<b><u>\$13,671,545</u></b>	<b><u>\$13,671,545</u></b>
<b><u>Equity:</u></b>			
Owners Capital	\$363,074	\$363,074	\$363,074
Common Stock	\$500	\$500	\$500
Draws - Willan	(\$14,500)	(\$14,500)	(\$14,500)
Retained Earnings - Pre Petition	(\$1,866,053)	(\$1,866,053)	(\$1,866,053)
Retained Earnings - Post Petition	<u>(\$3,955,115)</u>	<u>(\$4,016,678)</u>	<u>\$0</u>
<b>Total Equity (Deficit)</b>	<b><u>(\$5,472,093)</u></b>	<b><u>(\$5,533,656)</u></b>	<b><u>(\$1,516,978)</u></b>
<b>Total Liabilities and Equity</b>	<b><u>\$8,203,868</u></b>	<b><u>\$8,144,997</u></b>	<b><u>\$12,154,566</u></b>

 C.O.O.  
Responsible Officer of the Debtor in Possession

3/19/08  
Date

# Evergreen Investments, Incorporated

## Summary of Operations Period Ending February 29, 2008

Case No. 07-51262

Form 4

### Schedule of Postpetition Taxes Payable:

	<u>Beginning Balance</u>	<u>Accrued Withheld</u>	<u>Payments Deposits</u>	<u>Ending Balance</u>
<b><u>Income Taxes Withheld:</u></b>				
Federal	\$0	\$0	\$0	\$0
State	\$0	\$0	\$0	\$0
FICA	\$0	\$0	\$0	\$0
Employers FICA	\$0	\$0	\$0	\$0
Local (Akron)	\$0	\$0	\$0	\$0
<b><u>Unemployment Taxes:</u></b>				
FUTA	\$0	\$0	\$0	\$0
SUTA	\$0	\$0	\$0	\$0
<b><u>Taxes:</u></b>				
Personal Property Tax	\$0	\$0	\$0	\$0
Real Estate Taxes	\$0	\$0	\$0	\$0
Workers Comp	\$0	\$0	\$0	\$0
IRS Penalties	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<b>TOTALS</b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>

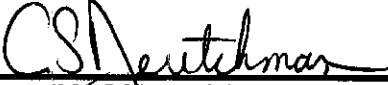
### Aging of Accounts Receivable and Postpetition Accounts Payable:

<u>Age in Days</u>	<u>0-30 Days</u>	<u>30-60 Days</u>	<u>&gt; 60 Days</u>	<u>Total</u>
Accounts Receivable	\$46,002	\$45,164	\$705,029	\$796,194
Accounts Payable	\$4,308	\$108	\$0	\$4,417

For all Postpetition accounts payable over 30 days old, please attach a sheet listing such account, to whom the account is Owed, the date the account was opened and the reason for the non-payment of the account.

Describe events or factors occurring during this reporting period materially affecting operations and formulation of a plan of reorganization:

See Attached

  
C.S. Neitchman C.O.O.  
Responsible Officer of the Debtor in Possession

3/19/08  
Date

**Evergreen Investments, Inc.**  
**Monthly Operating Statements for February 2008**  
**Explanation of Adjustments to the Accounting Records**

- (1) During February 2008, the company decided to write off two general ledger accounts that had been established to ratably recognize the discount offered to Evergreen Homes, LLC for homes sold which the Company provided financing. These accounts had not been used in over a year and a departure from this approach which systematically amortized the discount earned to income over an extended period of time is not essential to the operations of the Company. The elimination of this practice will impact on results (income of \$283,329) during the month of February however it will have no impact on the cash flow of the operations.
  
- (2) For the month ending January 31, 2008, the Company reported Accounts Receivables in the amount of \$5,497,358 with a corresponding allowance (contra account) for uncollectible accounts of \$4,089,316. During the preparation of the February 2008 monthly operating statements, a review of these accounts was performed which analyzed the ultimate collectability for these receivables. Based on the analysis, it was determined that an additional charge of \$220,000 against operating results was necessary to more accurately reflect the net realizable value of the receivables.

There are several categories of receivables which comprise the total for receivables, which include Second Mortgages, Assumption Mortgages and Other Miscellaneous Loans. The most significant reason for the recorded charge was as a result of the current conditions within the real estate mortgage markets, the overall tightening of the credit markets for residential lending and the delinquencies that have occurred.

# Evergreen Investments, Incorporated

Monthly Cash Statement  
Period Ending February 29, 2008

Case No. 07-51262

Form 5

Cash Activity Analysis (Cash Basis only):

	<u>Bank Account, by type</u>		
	<u>General</u>	<u>Payroll</u>	<u>Taxes</u>
A. Beginning Balance	\$75,508.99	\$0.00	\$0.00
B. Receipts (Attach Separate Schedule)	<u>\$20,449.45</u>	<u>\$0.00</u>	<u>\$0.00</u>
C. Balance Available	\$95,958.44	\$0.00	\$0.00
D. Less Disbursements (Attach Separate Schedule)	<u>\$7,169.25</u>	<u>\$0.00</u>	<u>\$0.00</u>
E. Ending Balance	<u>\$88,789.19</u>	<u>\$0.00</u>	<u>\$0.00</u>

(Copies of the most recent reconciled bank statements for each account are attached)

General Account:

1. Depository Name & Location Key Bank
2. Account Number 350421004242

Payroll Account:

1. Depository Name & Location Key Bank
2. Account Number N/A

Tax Account:

1. Depository Name & Location Key Bank
2. Account Number N/A

CS Neitchman C.O.O.  
Responsible Officer of the Debtor in Possession

3/19/08  
Date

**Evergreen Investments, Incorporated**  
**Transactions by Account - General**  
**As of February 29, 2008**

Case No. 07-51262

<u>Type</u>	<u>Date</u>	<u>Num</u>	<u>Name</u>	<u>Memo</u>	<u>Split</u>	<u>Debit</u>	<u>Credit</u>	<u>Balance</u>
Deposit	02/04/08			Deposit	-SPLIT-	\$3,193.63		\$75,508.99
Deposit	02/05/08			Deposit	-SPLIT-	\$617.19		\$78,702.62
Deposit	02/07/08			Deposit	-SPLIT-	\$448.55		\$79,319.81
Deposit	02/08/08			Deposit	-SPLIT-	\$3,988.28		\$79,768.36
Deposit	02/11/08			Deposit	-SPLIT-	\$1,739.63		\$83,756.64
Deposit	02/13/08			Deposit	-SPLIT-	\$832.52		\$85,496.27
Deposit	02/14/08			Deposit	-SPLIT-	\$258.00		\$86,328.79
Deposit	02/15/08			Deposit	Rent	\$3,000.00		\$86,586.79
Deposit	02/19/08			Deposit	Rent	\$1,500.00		\$89,586.79
Deposit	02/21/08			Deposit	-SPLIT-	\$408.30		\$91,086.79
Deposit	02/22/08			Deposit	-SPLIT-	\$976.61		\$91,495.09
Deposit	02/25/08			Deposit	-SPLIT-	\$696.45		\$92,471.70
Deposit	02/26/08			Deposit	-SPLIT-	\$1,109.84		\$93,168.15
Deposit	02/28/08			Deposit	Mortg. Note Receivable	\$265.00		\$94,277.99
Deposit	02/29/08			Deposit	-SPLIT-	\$1,415.45		\$94,542.99
Bill Pmt -Check	02/29/08	1018	Levin, Swedler & Company, Inc.		Post Petition A / P	\$0.00	\$7,169.25	\$95,958.44
					<b>TOTAL</b>	<b>\$20,449.45</b>	<b>\$7,169.25</b>	<b>\$88,789.19</b>

EVERGREEN INVESTMENTS, INC.  
 GENERAL DISBURSEMENTS ACCOUNT  
 FEBRUARY 2008

**KeyNotes** (con't)

copy of the revised Funds Availability Policy is available at any KeyBank branch.

PLEASE RETAIN THIS IMPORTANT INFORMATION FOR YOUR RECORDS.

**Key Business Free Checking 350421004242**

EVERGREEN INVESTMENT CORP, CASE#07-51262

MANDIE L PUGH TRUSTEE

Beginning balance 1-31-08	\$75,508.99
15 Additions	+ 20,449.45
<b>Ending balance 2-29-08</b>	<b>\$95,958.44</b>

<b>Additions</b>	<u>Deposits</u>	<u>Date</u>	<u>Serial #</u>	<u>Source</u>	
		2-4		Customer Deposit	\$3,193.63
		2-5		Customer Deposit	617.19
		2-7		Customer Deposit	448.55
		2-8		Customer Deposit	3,988.28
		2-11		Customer Deposit	1,739.63
		2-13		Customer Deposit	832.52
		2-14		Customer Deposit	258.00
		2-15		Customer Deposit	3,000.00
		2-19		Customer Deposit	1,500.00
		2-21		Customer Deposit	408.30
		2-22		Customer Deposit	976.61
		2-25		Customer Deposit	696.45
		2-26		Customer Deposit	1,109.84
		2-28		Customer Deposit	265.00
		2-29		Customer Deposit	1,415.45
				<b>Total additions</b>	<b>\$20,449.45</b>



# Evergreen Investments, Incorporated

Monthly Statement for

Case No. 07-51262

Insider Compensation / Payments

Form 6

For the Month Ending February 29, 2008

The following Information is to be provided for each shareholder, officer, director, manager, insider or owner that is employed by the debtor in possession.

Name: (No Employees)

Capacity: \_\_\_\_\_ Shareholder  
\_\_\_\_\_ Owner  
\_\_\_\_\_ Director  
\_\_\_\_\_ Insider

Detail Description of Duties:

---

	<u>Monthly</u>
Current Draws	\$0.00

**Current Benefits Paid:**

Health Insurance	
Life Insurance	\$0.00
Retirement (401k)	\$0.00
Company Vehicle	\$0.00
Entertainment	\$0.00
Travel	\$0.00
Phone Allowance	<u>\$0.00</u>
<b>Total Benefits Paid</b>	<u>\$0.00</u>

**Current Other Payments Paid:**

Rent Paid	\$0.00
Loans	\$0.00
Other	\$0.00
Other	<u>\$0.00</u>
<b>Total Other Payments</b>	<u>\$0.00</u>

<b>Current Total of all Payments</b>	<u>\$0.00</u>
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CS Neutelman C.O.O.  
Responsible Officer of the Debtor in Possession

3/19/08  
Date

# Evergreen Investments, Incorporated

Schedule of In-Force Insurance  
Period Ending February 29, 2008

Case No. 07-51262

Form 7

Insurance Type

Carrier

Expiration Date

Workers Comp  
General Business

N/A - No Employees

No Current Policy

CS Neitchman C.O.O.  
Responsible Officer of the Debtor in Possession

3/19/08  
Date