

FILED
FULTON COUNTY
COMMON PLEAS COURT
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PAUL E. MACDONALD
CLERK

IN THE COURT OF COMMON PLEAS
FULTON COUNTY, OHIO

THE FARMERS & MERCHANTS STATE BANK,)	Case No. 11CV000128
)	Judge Barber
Plaintiff,)	<u>RECEIVER'S FOURTH STATUS REPORT</u>
-vs-)	
ARCHBOLD ELEVATOR, INC., et al.,)	Gerald R. Kowalski (0022323)
)	Renisa A. Dorner (0040192)
Defendants.)	COOPER & WALINSKI, LPA
)	900 Adams Street
)	Toledo, Ohio 43604
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)	dorner@cooperwalinski.com
)	Receiver and Counsel
)	

On April 12, 2011, this Court issued an Order appointing Gerald R. Kowalski as the Receiver for Archbold Elevator, Inc., Kainos Operations, Ltd., O-MI-O, Inc. and Henry Pig, Inc. (the "Archbold Entities"). This report will summarize the actions taken by the Receiver since the Third Status Report which was filed on August 9, 2011.

After the Court approved the Receiver's Second Motion to Approve Partial Sale, the Receiver concluded the sale of the assets located at the Liberty Center and Rolling Meadows Farm for \$680,303.21. With the receipt of these funds, the Receiver has opened up two interest-bearing accounts at Huntington Bank. As a result of these funds and the significant positive cash

flow to the Receivership, the Receiver will soon be seeking Court approval, either by motion or stipulation, to begin distribution of funds to the secured creditors according to priority.

Shultz Huber & Associates continues to perform accounting work required by the Court's Order. A copy of the July financial statement prepared by Shultz Huber is attached to this report.

In the third report, the Receiver reported the cash flow and management issues that were caused by the extreme heat in the Midwest. With temperatures moderating, more hogs are now able to meet appropriate market weight. Additional loads of market-ready hogs are being shipped weekly. Additionally, the Receiver has been selling additional hogs on the open market.

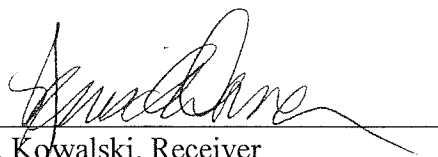
The bid deadline to purchase some or all of the assets of the Archbold Entities was August 30, 2011. The Receiver has received numerous bids for various portions of the assets. The Receiver has reviewed and analyzed the bids and interviewed certain bidders to clarify their bids. As soon as the Receiver has made his final decision on the bid awards, the Receiver will seek the approval of the parties to this lawsuit. If approval is not obtained, the Receiver will file a motion with the Court seeking an immediate hearing.

In the Third Status Report, the Receiver indicated that it had been notified by the German Mutual Insurance Company that it is not renewing various policies for the Archbold Entities. As a result of discussions with German Mutual, German Mutual has agreed to renew all of the existing policies. Westfield Insurance has also renewed its policies on the Archbold Entities.

The contract with IPC for the sale of the weaner pigs and the contract with Andersons for the lease of the elevator are being fully implemented. Both of these contracts have been positive for the Receivership.

The Receiver continues to hold regular conference calls with all parties. The Receiver also continues to provide all pertinent pleadings on its website. On August 25, 2011, the Receiver met with all of the employees of the Archbold Entities to apprise them of the status of the Receivership.

Respectfully submitted,



Gerald R. Kowalski, Receiver
Renisa A. Dorner
Receiver and Counsel

CERTIFICATE OF SERVICE

This is to certify that on this 6th day of September, 2011, a copy of the foregoing

Receiver's Fourth Status Report was served by email and ordinary United States mail upon:

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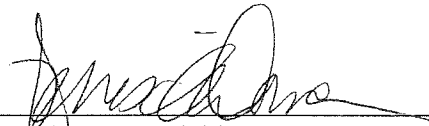
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Gerald R. Kowalski, Receiver
Renisa A. Dorner
Receiver and Counsel

**Gerald R. Kowalski,
Court Appointed Receiver
of Archbold Elevator, Inc.**

Financial Statement s

July 31, 2011

Gerald R. Kowalski, Court Appointed Receiver of Archbold Elevator, Inc.
Archbold , Ohio

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SH&A

CERTIFIED PUBLIC ACCOUNTANTS
BUSINESS DEVELOPMENT SPECIALISTS

SHULTZ HUBER
AND ASSOCIATES, INC.

Independent Accountant's Compilation Report

Gerald R. Kowalski ,
Court Appointed Receiver of Archbold Elevator, Inc.

We have compiled the accompanying statement of income of Gerald R. Kowalski, Court Appointed Receiver of Archbold Elevator, Inc. for the month ended July 31, 2011 and the accompanying supplementary information contained in the schedules on pages 3 and 4, which are presented for supplementary analysis purposes. We have not audited or reviewed the accompanying financial statements and supplementary schedules and, accordingly, do not express an opinion or provide any assurance about whether the financial statement and supplementary schedules are in accordance with accounting principles generally accepted in the United States of America.

The Receiver is responsible for the preparation and fair presentation of the financial statement and supplementary schedules in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statement and supplementary schedules.

Our responsibility is to conduct the compilation in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The objective of a compilation is to assist management in presenting financial information in the form of financial statements and supplementary schedules without undertaking to obtain or provide any assurance that there are no material modifications that should be made to the financial statement and supplementary schedules.

The Receiver has elected to omit substantially all of the disclosures required by accounting principles generally accepted in the United States of America. If the omitted disclosures were included with the statement of income, they might influence the user's conclusions about the Company's results of operations. Accordingly, the statement of income is not designed for those who are not informed about such matters.

August 25, 2011
Van Wert, Ohio

SHULTZ HUBER & ASSOCIATES, INC.
Certified Public Accountants

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Members of AICPA Private Companies Practice Section ♦ Offices located in Defiance, Archbold, Van Wert and Findlay

Gerald R. Kowalski, Court Appointed Receiver of Archbold Elevator, Inc.
Statement of Income

	<u>For the Month Ended July 31, 2011</u>
Revenue	
Total Revenue	\$ 4,447,115
Less Internal Revenue	<u>(1,575,473)</u>
Net Revenue	<u>2,871,642</u>
Cost of Goods Sold	
Total Cost of Goods Sold	3,879,499
Less Internal Cost of Goods Sold	<u>(1,543,964)</u>
Net Revenue	<u>2,335,535</u>
Gross Profit	<u>536,107</u>
Operating Expenses	
Overhead	323,484
Administrative	<u>7,777</u>
Total Operating Expenses	<u>331,261</u>
Income From Operations	<u>204,846</u>
Other Income (Expense)	
Interest Income	4,276
Miscellaneous Income	708
Discounts Earned	8
Sale of Fixed Assets	5,250
Rent Income	3,610
Freight Income	17,846
Cull Sow Sales	5,750
Discounts Allowed	<u>(35,307)</u>
Interest Expense	<u>(16,384)</u>
Total Other Income (Expense)	<u>(14,243)</u>
Net Income Before Receivership Fees	190,603
Receivership Fees	<u>82,500</u>
Net Income	<u>\$ 108,103</u>



Supplementary Information

Gerald R. Kowalski, Court Appointed Receiver of Archbold Elevator, Inc.
Schedule of Overhead Expenses

	For the Month Ended July 31, 2011
Labor Expense	\$ 154,114
Payroll Taxes	13,492
Insemination Costs	10,844
Metafarms Program	448
Gasoline	31,985
Trash Pickup	146
Truck Repairs	9,485
Repairs & Maintenance	4,467
Rental Expenses	500
Pallet Expense	(54)
Gas & Electric	4,154
Company Insurance	12,030
Safety Meetings	1,230
Worker's Compensation	8,000
Real Estate Taxes	2,200
Fire and General Insurance	7,200
Depreciation	55,305
Lagoon Expense	6,000
Operating Supplies	1,938
Total Overhead Expenses	\$ 323,484



Gerald R. Kowalski, Court Appointed Receiver of Archbold Elevator, Inc.
Schedule of Administrative Expenses

	For the Month Ended July 31, 2011
Office Supplies	\$ 998
Postage Expenses	(47)
Clothing Allowance	1,039
Promotion and Advertising	92
Telephone Expense	2,529
Bank Service Charges	986
Cash Short & Over	8
SEP Plan Match	1,271
Bad Debts	1,500
Cleaning Expenses	385
Miscellaneous	<u>(984)</u>
Total Administrative Expenses	<u>\$ 7,777</u>

