

**MONTHLY OPERATING REPORT
INSTRUCTIONS
(General Business Case)
Effective for all cases filed after January 1, 1998**

**APPLICABILITY OF REPORTING REQUIREMENTS
AND ELIGIBILITY FOR MODIFICATION**

1. Filing Requirement and Due Date. The debtor in possession or chapter 11 trustee ("Debtor") is required to file a Monthly Operating Report (the "Report"), consisting of various forms and other information requested, with the Clerk, United States Bankruptcy Court; copies must also be served on the Office of the United States Trustee, each member of an official committee appointed by the UST, and counsel for each official committee. The Report is due within twenty (20) days after the close of the period covered by the Report ("reporting period"). A Report is due for every calendar month or partial month following commencement of the case until a plan of reorganization is confirmed or the case is dismissed or converted. If the case is commenced on or after the 20th day of a month, the remainder of that month may be included in the following month's reporting period.
2. Applicability and Reporting Requirements. These reporting requirements are applicable to all Debtors in chapter 11 cases. Depending upon the size of the case and the format of the Debtor's internally generated financial reports, the Debtor may qualify for a modification of some of the requirements.
3. Eligibility for Modification of Reporting Requirements. A Debtor that wishes to obtain a modification of the reporting requirements for good cause shown must apply in writing to the UST for approval of the form of report to be submitted. If the UST declines to approve the form of report proposed by the Debtor, the Debtor may then apply to the Court, on notice to the UST, for authority to submit an alternate form of financial report. Paragraph 4 describes some commonly accepted modifications of reporting requirements.
4. Acceptable Forms of Alternate Reports.
 - a. A Debtor, upon receiving authority from the UST or the Court, may submit on a monthly basis the Summary of Financial Status and an internally generated report format other than the attached Monthly Operating Report. The alternate report must provide, at a minimum, the information requested in the attached Report. A Report will be satisfactory provided it contains: (1) financial statements prepared in accordance with generally accepted accounting principles ("GAAP") and with Statement of Position 90-7, Financial Reporting by Entities in Reorganization Under the Bankruptcy Code, issued by the American Institute of Certified Public Accountants on November 19, 1990 ("SOP 90-7"), (2) the data requested in the schedules to the monthly operating report, including market value of assets, and (3) a statement of operations (i) covering the current month and the case to date, and (ii) containing the requested variance analysis and forecast data.

- b. An individual debtor having assets that do not exceed \$2 million and whose income is derived solely from ownership of rental real estate and/or employment as a wage earner may submit an abbreviated report in the Small Real Estate/Individual Case form prescribed by the Court.

GENERAL INSTRUCTIONS

5. Accounting Method. The Debtor should use GAAP (except as may be modified by these instructions, the UST or an order of the court). The Debtor should use the accrual basis method of accounting unless the Court or UST, in writing, approves the use of the cash basis method of accounting.
6. Report Format. The format of the Report is modified from conventional reporting to be in substantial conformity with SOP 90-7. The reporting procedures established in SOP 90-7 vary in a few significant ways from those used when preparing financial reports for entities which are not in a bankruptcy case. The petition date is significant, e.g., income and expenses arising principally as a result of the reorganization case will be separately classified and reported, and the liabilities arising before the filing of the case will be classified separately from those liabilities arising after the filing of the case. In addition, the pre-petition liabilities will be reported in the amount expected to be allowed, which will normally be the amount asserted in a proof of claim or as scheduled by the Debtor, except that disputed, contingent, or unliquidated claims will be estimated.
7. Market Value. Property and equipment will generally be reported at both cost and at the Debtor's most recent estimate of market value ("market value"). The Debtor will estimate the market value based upon appraisals, comparable market prices, etc., and will state the bases for the estimates on the asset page of the Balance Sheet. Absent a substantial change concerning the asset's value, e.g., a new appraisal, a change in occupancy rate or lease terms, or new sales of comparable properties, the market value may be presumed to remain the same from one Report to the next. Inventory should be stated in all places at lower of cost or market - see Schedule B for method of cost determination.
8. Signature Requirement. Reports should be typed or printed in ink; alternatively, the Debtor may obtain from the UST and use its spreadsheet file which will permit entry of data by computer and printing from the computer file. In each case, the Debtor (or in the case of a corporation, partnership or other legal entity, the individual designated by the Court as the "Responsible Individual of the Debtor") or the Trustee must declare that the Report is true and correct, to the best of the signer's knowledge and belief.
9. Rounding. If reported amounts are generally in the millions, the Debtor may round to the nearest thousand dollars. Otherwise, all amounts should be rounded to the nearest dollar. If rounding the reported numbers, the formula should be shown on the top of each sheet in parentheses. For instance, "(\$000)" would mean that the numbers are being reported in thousands of dollars.

10. Additional Sheets. If there are more categories than available lines on a report or statement, the Debtor may add additional lines and/or sheets as necessary. The Debtor must identify each additional sheet with a "Schedule" letter and include the required information for each section of the report or statement. On the report or statement, the Debtor must identify each Schedule # on a blank line and enter the monetary amount or amounts aggregated from the schedule.
11. The Debtor must attach copies of current bank statements to the monthly operating report each month. In addition, the Debtor must provide copies of check registers and bank reconciliations upon request of the UST.

SPECIFIC INSTRUCTIONS

SUMMARY OF FINANCIAL STATUS

12. This summary is a one-page form which provides the most important information concerning the Debtor's financial condition and operation. Although it is the first page of the Report, it should be completed last. The data on this form generally will be drawn from other parts of the Report. For the first monthly report, there will be no entries for the end-of-prior-month column and the cumulative (case to date) column.
 - a. Section 1. If the Court or the UST has approved the use of cash basis reporting and the Report has been prepared using the cash basis method, please indicate in the space provided.
 - b. Section 2. The sources of the amounts requested in this section are:
 - i. End of Current Month column - Enter amounts from Lines 9, 29, 44 and 51 on the Balance Sheet.
 - ii. End of Prior Month column - Enter the amounts from Lines 9, 29, 44 and 51 on the Balance Sheet from the prior month's Report.
 - iii. As of Petition Filing column - Summarize from the appropriate line items off the Schedule of Liabilities and Property filed at the outset of the case.
 - c. Section 3. The information required for this section is contained in the Statement of Cash Receipts and Disbursements or Statement of Cash Flows. The amounts presented here should reflect the total cash receipts and disbursements for all accounts, excluding transfers between accounts, for the periods specified. The information in the cumulative (case to date) column is obtained by adding the current month's data to the data in the previous month's Report.
 - d. Section 4. The information required for this section is contained in the Statement of Operations. Enter the amount from line 46 under the actual column for the profit/(loss) for the current month. The prior month amount comes from the same place in the prior

month's Report.

- e. Section 5. The account receivables (pre-petition and post-petition) balances at end of month come from Schedule A to the Balance Sheet (last month and the reporting month).
- f. Section 6. The total post-petition liabilities balances come from line 46 of the Balance Sheet (last month and the reporting month).
- g. Section 7. Enter the sum of all accounts payable over 30 days old from Schedule A to the Balance Sheet for both the current Report and the previous month Report.
- h. Questions 8 through 15. These questions should be self-explanatory.

BALANCE SHEET

13. The Balance Sheet is to be prepared as of the last day of the month covered by the Report. There are schedules for the various categories, and the totals from the appropriate schedule should be entered on the proper line of the Balance Sheet.

See General Instructions for the permissible accounting method and for information on reporting the market value of assets.

Debtors authorized to report on the cash basis will enter the appropriate responses to questions concerning accounts receivable, accounts payable, and other accrued but unrealized income or expenses on the respective schedules, but they should not be entered on the Balance Sheet (because they are not yet a cash transaction or event).

ASSETS

14. The Schedules C and D contain entries for both "cost" and "market value" (see General Instructions for definitions) for assets. Generally all assets other than inventory must be listed at market value on the Balance Sheet. Inventory must be stated at the value listed in Schedule B.

Current Assets

15. Current assets are those which the Debtor may reasonably expect to realize in cash or consume within a year. Some assets, such as a note receivable, may be realizable in part within one year and in part beyond one year; in those cases, the portion that will be realized within one year must be reported as a current asset, and the balance should be reported under Property and Equipment or Other Assets.
- a. Line 1 - Cash and cash equivalents - unrestricted. Enter the amount of all unrestricted cash available at the end of the period.
 - b. Line 2 - Cash and cash equivalents - restricted. This includes all cash that is considered restricted and not available to fund current operations. An example of restricted cash

- would be compensating balances mandated by a lender under the terms of a loan, or cash held in an escrow account.
- c. Line 3 - Accounts Receivable (Net). Enter the amount of accounts receivable, net of an allowance for doubtful accounts. The amount should be the same as the accounts receivable (net) on Schedule A.
 - d. Line 4 - Inventory. Enter the amount of the inventory on hand at the end of the month. The amount should be the same as the total inventory(ies) end of month on Schedule B. Inventories are items held for sale in the ordinary course of business or goods that will be used or consumed in the production of goods to be sold.
 - e. Line 5 - Prepaid Expenses. Enter the amount of expenses paid in advance. Examples include prepayment of insurance and utility deposits.
 - f. Line 6 - Professional retainers. Enter the amount which was paid to professionals (i.e., attorney or accountant) to retain their services. As their fees and expenses are accrued this amount will be reduced.
 - g. Lines 7 - 8 Other. List other categories of current assets on lines 7 through 8; include principal and accrued interest to date on notes receivable. Current asset accounts with low balances totaling no more than 10% of current assets may be aggregated and reflected on one line as "other current assets."
 - h. Line 9 - Total Current Assets. Add lines 1 through 8.

Property and Equipment

16. The assets to be included in this portion of the Balance Sheet consist of those that will be realized in cash or consumed in more than one year.
- a. Line 10 - Real property. Enter the total amount shown for Market Value from Schedule C.
 - b. Lines 11 through 15. For these lines, enter the total Market Value of each of the corresponding categories on Schedule D.
 - c. Lines 16 through 20. Other Property and Equipment asset categories may be listed on these lines. If you list categories on these lines, provide supporting schedules for each line item similar in form and content to Schedules C and D. Property and Equipment asset accounts with low balances totaling no more than 10% of current assets may be aggregated and reflected on one line as "Other Property and Equipment."
 - d. Line 21 - Total Property and Equipment. This total is the sum of lines 10 through 20.

Other Assets

17. Enter a description of assets other than those shown in the previous two sections, if any.
 - a. Line 22 - Loans to shareholders. Enter the total of principal and accrued interest outstanding on all loans made to shareholders, partners, or other insiders.
 - b. Line 23 - Loans to affiliates. Enter the total of principal and accrued interest outstanding on all loans made to affiliated companies of the debtor.
 - c. Line 24 - 27 Other Assets. Examples include the long-term portion of notes receivable, investments in partnerships, non-marketable securities, goodwill, and other kinds of assets which would not appropriately be characterized as "current."
 - d. Line 28 - Total Other Assets. Sum of lines 22 through 27.

Total Assets

18. Line 29 - Total Assets. Enter the sum of lines 9, 21 and 28.
19. Note. In this section, state the method of determining the market value of assets and the date each valuation was made. If there is more than one method, e.g., an appraisal for one property and an estimate based upon sales of comparable property for another, identify the methods used for each property.

LIABILITIES

20. Liabilities are classified as post-petition and pre-petition, and post-petition liabilities are further divided between "current" and "long-term" liabilities. "Current" liabilities are those due to be paid within one year of the date of the Report, including that portion of post-petition long-term debt (debt that matures in over one year) which is due to be paid within one year.

Post-Petition

21. Current Liabilities. Enter, on the appropriate line, liabilities incurred post-petition which have not been paid as of the balance sheet date. These include both secured and unsecured debt.
 - a. Line 30 - Salaries and wages. Enter the gross amount of salaries and wages owed.
 - b. Line 31 - Payroll taxes. Enter the amount of the Debtor's employer unpaid payroll tax obligation on accrued wages.
 - c. Line 32 - Real and personal property taxes. Enter the amount of real and personal property taxes accrued and unpaid as of the balance sheet date.

- d. Line 33 - Income taxes. Enter the amount of Debtor's income taxes owing but unpaid as of the balance sheet date.
 - e. Line 34 - Sales taxes. Enter the amount of sales taxes accrued and unpaid as of the balance sheet date.
 - f. Line 35 - Notes payable (short term). Enter only the principal portion of notes which are to be paid within one year of the date of the Report.
 - g. Line 36 - Accounts payable (trade). Enter the amount of debt owed to others in the Debtor's ordinary course of business. This number will be obtained from Schedule A.
 - h. Line 37 - Real property lease arrearage. If the Debtor is in arrears on any real property lease, enter the total amount of the arrearage (including late charges, if any) as of the date of the Report.
 - i. Line 38 - Personal property lease arrearage. If the Debtor is in arrears on any personal property lease, enter the total amount of the arrearage (including late charges, if any) as of the date of the Report.
 - j. Line 39 - Accrued professional fees. The amount entered here is for all professionals employed by the Debtor and others to be paid from the estate, e.g., counsel to a creditors' committee.
 - k. Line 40 - Current portion of long-term debt (due within 12 months). Current portion of post-petition long-term debt (due within 12 months). Enter here the principal due within the next 12 months on post-petition long-term debt. **DO NOT RECLASSIFY PRE-PETITION DEBT.**
 - l. Line 41- 43 - Other. Enter a description of other current liabilities, if any. Current liability accounts with low balances should be aggregated and reflected on one line as "other post-petition liabilities."
22. Line 44 - Total Current Liabilities. Add lines 30 through 43, and enter the total here.
23. Line 45 - Long-Term Debt, Net of Current Portion. Enter the total of debt due more than one year from the date of the Report (excluding the portion of the debt due within one year).
24. Line 46 - Total Post-Petition Liabilities. Add lines 44 and 45.

Pre-Petition Liabilities (Allowed Amount)

25. Paragraph 23 of SOP 90-7 states that pre-petition liabilities that may be "affected by the plan [of reorganization] should be reported at the amounts expected to be allowed, even if they may be settled for lesser amounts." Debtor should enter the amounts of the claims which are likely to be allowed after compromise or litigation, not necessarily the amounts asserted in proofs of claim or

scheduled by the Debtor.

- a. Line 47 - Secured claims. Enter the same amount entered in the Allowed Amount column on the appropriate line of Schedule F.
- b. Line 48 - Priority unsecured claims. Enter the sum of the entries in the Allowed Amount column on the Priority claims other than taxes and Priority tax claims lines of Schedule F.
- c. Line 49 - General unsecured claims. Enter the amount of unsecured claims not entitled to priority which are likely to be allowed, as shown on Schedule F.
- d. Line 50 - Total Pre-Petition Liabilities. Enter the sum of lines 47 through 49.

Total Liabilities

26. Line 51 - Total Liabilities. Enter the sum of lines 46 and 50.

Equity (Deficit)

Note: The amount of equity determines whether profits of the business are being retained. Equity can be increased or decreased by only four items: **PROFITS/LOSSES** (line 55), **ADDITIONAL PAID-IN CAPITAL/CAPITAL WITHDRAWALS** (line 54), **WRITE UP OR DOWN OF THE VALUE OF ASSETS**, and **WRITE UP OR DOWN OF DEBT** (lines 53 - 58). If Debtor makes a significant adjustment to balance sheet items, the adjustment(s) should be fully disclosed in a footnote attached to the operating report.

27. Line 52 - Retained Earnings (Deficit) at time of filing. Enter the equity amount attributable to retained earnings of the debtor at the time the bankruptcy petition was filed. This amount will be the **TOTAL ASSETS minus TOTAL LIABILITIES** as of the petition filing date (net of capital stock and additional paid-in capital). (The term "net worth," rather than equity or deficit, is used when Debtor is an individual (or husband and wife) or a partnership. "Stockholders' equity" means the same thing, but it is used in corporate balance sheets. To avoid switching terms, "equity" is used in these instructions for both net worth and stockholders equity).
28. Line 53 - Capital Stock. Enter amount for preferred stock and/or common stock. In the description include the number of shares authorized, outstanding, and/or held in treasury.
29. Line 54 - Additional paid-in capital. Additional paid-in capital represents amount paid in excess of par/stated value of capital stock or amounts from other stock transactions. Enter amount for additional paid-in capital, if any.
30. Line 55 - Cumulative profit/(loss) since filing of case. Enter the aggregate of profit/(loss) since the petition filing date. This amount is from line 46 of the Statement of Operations under the Cumulative (Case to Date) column.
31. Line 56 - Post-petition contributions, (distributions) or (draws). Enter the aggregate of any

contributions/distributions or draws by shareholders, partners, or other insiders. Distributions or draws will be a reduction from equity and shown in parentheses. All significant adjustment items should be fully disclosed in a footnote attached to the operating report.

32. Line 57. . Enter other changes to equity, e.g., changing the value of assets or debt (increasing or decreasing equity as appropriate).
33. Line 58 - Market value adjustment. An adjustment to equity is required because property and equipment is reported at market value in the monthly operating report, whereas property and equipment is normally reported at book value consistent with GAAP. "Book value" is the historical cost of assets (plus other cost adjustments such as extraordinary repairs, replacements or betterments) less all depreciation taken before the date of the Report. The market value adjustment for depreciable assets is equal to the difference between the market value of the asset and its book value. Market value minus book value equals Market Value Adjustment. The amount to be reported on line 58 is the sum of the market value adjustments for each individual depreciable asset (listed on Schedules C and D).
34. Line 59 - Total Equity (Deficit). Enter the sum of lines 52 through 58. A negative number, i.e., a deficit, should be indicated by parentheses.
35. Line 60 - Total Liabilities and Equity (Deficit). Add lines 51 and 59, and enter the total here. This line should equal Total Assets on line 29.

Schedules

36. Schedule A - Accounts Receivable (Net)/Payable. Debtors using either the cash or accrual methods should enter in the Accounts Receivable column the gross amount of accounts receivable (pre-petition and post-petition), by age from date of invoice, owed to the Debtor at the end of the reporting period. Enter on the line for allowance for doubtful accounts an estimate of the amount of uncollectible accounts, based on specific knowledge concerning the accounts outstanding, as well as on the Debtor's overall bad debt experience. Debtors that report on the accrual basis must enter the amount on the "Accounts receivable (net) line" on line 3 of the Balance Sheet.

In the Accounts Payable (Post Petition) column, Debtors using either the cash or accrual methods must enter the amount of post-petition accounts payable (trade), by age from date of invoice, owed by the Debtor at the end of the reporting period. Accrual-basis Debtors must enter the amount of total accounts payable on line 36 of the Balance Sheet.

37. Schedule B - Inventory/Cost of Goods Sold.
 - a. Type and Amount of Inventory(ies). Indicate the balance at month end for each type of inventory held. Enter a description if the type of inventory is different from those listed.
 - b. Cost of Goods Sold. Calculate the cost of goods sold by entering the amounts for the categories listed. Starting with the Inventory Beginning of Month add: Net Purchases,

Direct Labor, Manufacturing Overhead, and Freight-In. Subtract Inventory End of Month (from schedule to left), Shrinkage and inventory taken for Personal Use. Net purchases are made up of material or merchandise purchases during the month less the cost of these goods returned to the vendor. Direct labor is labor physically traceable to finished goods and generally applies only to manufacturers. Manufacturing overhead includes all costs other than direct costs for materials and labor associated with the manufacturing process (e.g. manufacturing equipment rental, plant rental, utilities used in manufacturing). Freight-in includes costs incurred for transportation of materials and merchandise to Debtor's place(s) of business. Shrinkage is made up of the difference between the recorded ending inventory amount and the physical inventory amount (at the end of the period). Personal use is items removed from inventory for personal use.

- c. Method of Inventory Control. Indicate whether the Debtor has a functioning perpetual inventory system. In a perpetual inventory system, purchases and issues of goods are recorded directly in the inventory account as the purchases and issues occur. Indicate how often the Debtor takes a complete physical inventory, the date of the last physical inventory, and the scheduled date of the next physical inventory.
 - d. Inventory Valuation Methods. Indicate by a check mark the method of inventory valuation used by the Debtor. FIFO cost - first in first out, LIFO cost - last in first out, Lower of cost or market, Retail method, or other. Enter the description of the inventory valuation method if it is different from those listed. The general rule is that historical cost should be used unless the market value of the asset is less.
38. Schedule C - Real Property. For each parcel of real property, enter a brief description, cost (original cost plus the cost of improvements), and estimated market value. The total Market Value should be entered on line 10 of the Balance Sheet.
 39. Schedule D - Other Depreciable Assets (as indicated). For each category of property, enter a brief description, cost, and estimated market value. The total Market Value for each category should be entered on lines 11 through 15 of the Balance Sheet.
 40. Schedule E - Aging of Post Petition Taxes. For all post petition taxes which have become due and have not been paid, provide an aging with a total.
 41. Schedule F - Pre-Petition Liabilities. Enter the total amount of each type of claim as asserted in a proof of claim or in the original schedules by the Debtor on the appropriate line in the "Claimed Amount" column. If originally scheduled in one amount but claimed in another, Schedule F should reflect the latter. Generally, the claimed amount will be entered in the "Allowed Amount" column. However, the amount expected to be allowed may be different from the amount claimed or scheduled if compromise or litigation is anticipated.
 - a. Secured claims. For purposes of this schedule, the Debtor should assume that the value of the security for each secured claim is at least as much as the claim, i.e., the Debtor should not split an undersecured claim into a secured portion and an unsecured portion.

- b. Priority claims other than taxes. Priority claims are defined in § 507(a) of the Bankruptcy Code. Priority claims other than for taxes include the following:
- i. salary and wage claims of up to \$4,000 (\$2,000 for a case filed prior to October 22, 1994) per employee for salaries and wages earned in the 90 days prior to the earlier of the petition date or the date on which business operations ceased;
 - ii. claims for contributions to employee benefit plans, arising from services rendered within 180 days of the earlier of the petition date or the date on which business operations ceased, up to \$4,000 (\$2,000 for a case filed prior to October 22, 1994) times the number of covered employees less the amount of priority salary and wage claims allowed for covered employees;
 - iii. claims of individuals up to \$1,800 (\$900 for a case filed prior to October 22, 1994) per claim arising from the pre-petition deposit of money in connection with the purchase, lease, or rental of property, or the purchase of services, for personal, family, or household use of such individuals, where such property or services were not received.

Some claims may be classified partially as a priority claim, e.g., a wage claim up to \$4,000 (\$2,000 for a case filed prior to October 22, 1994) earned within 90 days prior to the petition date, and partially as a general unsecured claim, e.g., the balance of the unpaid wage claim. Enter only the priority amount on this line; the excess will be part of the general unsecured claims. For companies in the grain storage business or fish processing business, see Bankruptcy Code § 507(a)(5) for potential priority claims in addition to those listed above.

- c. Priority tax claims. Enter the amount of tax claims likely to be allowed and entitled to priority [see Bankruptcy Code § 507(a)(7)].
- d. General unsecured claims. Enter the amount of non-priority unsecured claims likely to be allowed.
42. Schedule G - Rental Income Information. Schedule G is not applicable unless a significant portion of Debtor's business operations is the leasing or subletting of rental real estate to third party tenants. Schedule G can be obtained from the UST.
43. Schedule H - Recapitulation of Funds Held at End of Month. In this section, Debtor should provide detailed information for the Debtor's cash and cash equivalents at the end of the reporting month. List each bank (or other authorized depository) account separately; petty cash on hand should be reported as an "account." If there are more accounts than space provided, add an additional sheet.

STATEMENT OF OPERATIONS

44. The Statement of Operations includes actual financial information for the month of the Report, a comparison of the actual performance with the forecast performance for the reported month, cumulative results for the entire period since the case began, and a forecast for the following month. The first report during the case will cover only operations from the date of the bankruptcy filing to the end of the month. Unless cash basis reporting has been approved, the Report is to be on the accrual basis.
45. Enter the proper amounts on the appropriate lines for actual performance during the reporting month. If a category of income or expense is not identified, write in the appropriate description on a blank line. Additional sheets may be added if needed.
46. The current month forecast amounts are the amounts forecast for the different categories in the Report for the previous month (in the column labeled "Next Month Forecast").
47. When actual is greater than forecast for revenue items or lower than forecast for expense items, variances should be shown as a positive number. When actual is less than forecast for revenue items or higher than forecast for expense items, variances should be shown as a negative number by using parentheses. For example, if the sales for the current month were \$100,000 and the forecast sales were \$80,000, the variance for the sales would be positive \$20,000. If the sales for the current month were \$80,000 and the forecast sales were \$100,000, the variance for the sales would be negative \$20,000, or (\$20,000).
48. The Statement of Operations has revenue and expense sections, as in a normal operating statement, but the Report also has a special section for items pertaining to a reorganization under chapter 11 in accordance with SOP 90-7. SOP 90-7 states at paragraphs 27 through 30: "The statement of operations should portray the results of operations of the reporting entity while it is in Chapter 11. Revenues, expenses (including professional fees), realized gains and losses, and provisions for losses resulting from the reorganization and restructuring of the business should be reported separately as reorganization items, except for those required to be reported as discontinued operations and extraordinary items in conformity with APB Opinion 30, Reporting Results of Operations...professional fees and similar types of expenditures directly relating to the Chapter 11 proceeding...should be expensed as incurred and reported as reorganization items." The portion of professional fees incurred for normal business services (e.g., tax preparation fees, annual audit or accounting fees) should be expensed as incurred as normal operating expenses.
49. SOP 90-7 provides special treatment in some circumstances for interest expense and interest income. For interest expense: "Interest expense should be reported only to the extent that it will be paid during the proceeding or that it is probable that it will be an allowed priority, secured or unsecured claim. Interest expense is not a reorganization item. The extent to which reported interest expense differs from stated contractual interest should be disclosed." For interest income: "An entity in reorganization typically accumulates cash during the proceeding because it is not paying its obligations currently." "The amount of cash accumulated does not reflect the entity's pre-petition activities, and it is not expected that such an accumulation would recur in the reorganized entity. The interest income earned during the proceeding on cash accumulated during the proceeding, therefore, is a reorganization item."

Revenues

50. Line 1 - Gross Sales. Enter the gross sales for the period covered.
51. Line 2 - less: Sales Returns & Allowances. Enter the sales returns which include goods previously sold, but returned to inventory and allowances given to buyers.
52. Line 3 - Net Sales. Subtract line 2 from line 1 and enter here.
53. Line 4 - less: Cost of Goods Sold. Enter the Cost of Goods Sold which is calculated on Schedule B.
54. Line 5 - Gross Profit. Subtract line 4 from line 3 and enter here.
55. Line 6 - Interest. Enter interest earned in the ordinary course of business (e.g., interest earned on installment notes receivable) on this line. Interest earned on cash accumulated due to the chapter 11 proceeding (generally including interest on bank deposits) should be reported as a reorganization item on line 39.
56. Lines 7 through 9. List other categories of revenue on lines 8 and 9, unless properly reportable in other sections of the Statement of Operations. Other revenue accounts with low balances totaling not more than 10% of total revenues may be aggregated and reflected on one line as "Other Income."
57. Line 10 - Total Revenues. Enter the total of lines 5 through 9.

Expenses

58. Line 11 - Compensation to Owners(s)(Officer(s)). Enter the compensation earned by owners, officers, and general partners of the Debtor.
59. Line 12 - Salaries. Enter the gross salaries.
60. Line 13 - Commissions. Enter the gross commissions, including commissions for leasing agents.
61. Line 14 - Contract Labor. Enter the gross amount for contract labor.
62. Line 15 - Rent/Lease: Personal Property. Enter the gross amount for all rents or leases on personal property.
63. Line 16 - Rent/Lease: Real Property. Enter the gross amount for all rents or leases on real property.
64. Line 17 - Insurance. Enter the gross amount for all insurance.

65. Line 18 - Management Fees. Enter the gross amount for all management fees.
66. Line 19 - Depreciation. If depreciation is not normally calculated every month, Debtor may enter either (a) \$0 for any month where depreciation is not taken or (b) estimated depreciation for the reporting period based upon past experience. The method of reporting depreciation should remain constant during the case. Both real and personal property depreciation are entered on this line.
67. Lines 20 through 22 - Taxes.
- a. Line 20: Employer Payroll Taxes. Enter the amount of Debtor's payroll tax expense, e.g., employer's share of FICA plus federal and state employment taxes.
 - b. Line 21: Real Property Taxes. Enter any real property taxes accrued; as with depreciation, if taxes are not actually paid every month, Debtor may enter either (a) \$0 for any month where taxes are not paid or (b) estimated taxes for the reporting period based upon past experience.
 - c. Line 22: Other Taxes. Enter the amount of other taxes.
68. Line 23 - Other Selling. Enter other expenses relating to sales of merchandise by Debtor, including commissions to sales persons not previously accounted for.
69. Line 24 - Other Administrative. Enter other costs not directly related to the operations of the business, (e.g., secretary, office supplies, utilities, etc.) not previously accounted for.
70. Line 25 - Interest. Enter interest expense only to the extent it will be paid during the case or probably allowed as a priority, secured or unsecured claim. The extent to which reported interest expense differs from stated contractual interest should be disclosed in a note.
71. Line 26 through 34 - Other Expenses. List other categories of expenses on lines 26 through 34, unless properly reportable in other sections of the Statement of Operations. Other expense accounts with low balances totaling not more than 5% of total cash expenses (excluding depreciation) may be aggregated and reflected on one line as "other expenses."
72. Line 35 - Total Expenses. Enter the total of lines 11 through 34.
73. Line 36 - Subtotal. Enter the excess (deficiency) of line 10 over line 35.

Reorganization Items

74. The items in this section are reported separately because they are associated with and incurred only because of the filing of the chapter 11 case.
75. Line 37 - Professional Fees. Enter professional fees incurred which directly relate to the chapter

11 case. For accrual basis reporting, these will be the amounts shown on each professional's invoice for the reporting period, even if the professional's fees have not yet been approved by the court. The portion of professional fees incurred for normal business services (e.g., tax preparation fees, annual audit or accounting fees) should be expensed as incurred as normal operating expenses (separate entries in lines 27 - 34) rather than as reorganization items.

76. Line 38 - Provision for Rejected Executory Contracts. Enter the expected amount of allowed claims incurred as a result of the rejection of executory contracts (e.g., leases, employment agreements, construction contracts, etc.).
77. Line 39 - Interest Earned on Accumulated Cash Resulting from Chapter 11 Case. Debtor may accumulate cash in an interest-bearing account because of the prohibition on paying pre-petition claims during the pendency of the case. The interest earned on that account (or the portion attributable to the "excess" cash) should be entered on this line.
78. Line 40 - Gain or (Loss) from Sale of Equipment. Enter any gain or (loss) from the sale of equipment which would not be in the normal course of the business.
79. Line 41 - U.S. Trustee Quarterly Fees. The U.S. Trustee Quarterly Fees are payable one month after the end of each calendar quarter. The Debtor may enter either (a) the total quarterly fee payable in the last month (and nothing in the first two months), or (b) 1/3 of the quarterly fee anticipated for each month of the period. The reporting method should remain constant throughout the case.
80. Lines 42. List other categories of reorganization items not listed on lines 37 through 41.
81. Line 43 - Total Reorganization Items. Enter the sum of lines 37 through 42.
82. Line 44 - Net Profit (Loss) Before Federal & State Taxes. Enter the excess (deficiency) of line 10 over the sum of lines 35 and 43.
83. Line 45 - Federal and State Taxes. Enter either (a) the estimated federal and state combined income tax liability for the period or (b) the calculated provision for those taxes.
84. Line 46 - Net Profit (Loss). Subtract line 45 from line 44 and enter difference.
85. Explanation of Variance to Statement of Operations. If the variance between the Current Month Forecast and Actual exceeds 10 percent of Forecast in one or more categories, enter a brief explanation of the reason or reasons for the variance for each such category.

STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS

86. The primary purpose of the Statement of Cash Receipts and Disbursements is to provide information about the cash receipts and cash payments of Debtor during the current month and since the filing of the bankruptcy petition.

Cash Receipts

87. Line 1 - Rent/Leases Collected. Enter the total cash received for the period from rents and leases.
88. Line 2 - Cash Received from Sales. Enter the total cash received in the period from customers.
89. Line 3 - Interest Received. Enter the amount of interest income received in the period.
90. Line 4 - Borrowings. Enter the amount of cash received for the period from borrowings from entities other than shareholders, partners, or other insiders of the debtor.
91. Line 5 - Funds from Shareholders, Partners, or Other Interests. Enter the amount of cash received in the period from borrowings from shareholders, partners, or other insiders of the Debtor.
92. Line 6 - Capital Contributions. Enter the amount of capital contributions to the Debtor during the period.
93. Lines 7 - 11. Enter the amount of cash received in the period from other sources not included above. Use the blank lines to identify the type of account used to generate the cash receipts.
94. Line 12 - Total Cash Receipts. Add Lines 1 through 11.

Cash Disbursements

95. Line 13 - Payments for Inventory. Enter the amount of cash used during the period for inventory.
96. Line 14 - Selling. Enter the amount of cash used during the period for selling expenses, not including sales salaries or commissions.
97. Line 15 - Administrative. Enter the amount of cash used during the period for administrative expenses, e.g., office supplies, telephone, liability insurance, etc.
98. Line 16 - Capital Expenditures. Enter the amount of cash used during the period for capital expenditures, such as property, plant or equipment.
99. Line 17 - Principal Payments on Debt. Enter the amount of cash used during the period for reduction of outstanding debt. Do not include interest payments on the debt.
100. Line 18 - Interest Paid. Enter the amount of cash payments made during the period for interest

expense.

101. Line 19 through 20 -Rent/Lease.
- a. Line 19 - Rent/Lease: Personal Property. Enter the amount of cash payments for all rents or leases on personal property.
 - b. Line 20 - Rent/Lease: Real Property. Enter the amount of cash payments for all rents or leases on real property.
102. Line 21 through 25 - Amount Paid to Owner(s)/Officer(s).
- a. Line 21 - Salaries. If the Debtor is an entity, enter the amount of cash payments of salaries to shareholders, partners, owners, or officers of the Debtor.
 - b. Line 22 - Draws. If the Debtor is an individual (or husband and wife), enter cash used for draws of the Debtor.
 - c. Line 23 - Commissions/Royalties. Enter the amount of cash payments of commissions or royalties to the Debtor or to shareholders, partners, owners, or officers of the Debtor.
 - d. Line 24 - Expense Reimbursements. Enter the amount of cash payments of expense reimbursements to the Debtor or to shareholders, partners, owners, or officers of the Debtor.
 - e. Line 25 - Other. Enter the amount of cash payments to the Debtor or to shareholders, partners, owners, or officers of the Debtor not listed in Lines 21 - 24.
103. Line 26 - Salaries/Commissions (less employee withholding). Enter the amount of cash disbursed for salaries and commissions of all persons except those reported in Lines 21 and 23, but not including employee withholding taxes.
104. Line 27 - Management Fees. Enter the amount of cash paid for management fees. If an owner/officer of Debtor provides the management for which the fee is being paid, the amount should be entered on Line 25.
105. Lines 28 through 31 - Taxes.
- a. Line 28 - Employee Withholding. Enter the amount of cash paid to the depository bank and to state taxing authorities for employee withholding and F.I.C.A.
 - b. Line 29 - Employer Payroll Taxes. Enter the amount of cash paid to the depository bank and to state taxing authorities for the Debtor's payroll tax.

- c. Line 30 - Real Property Taxes. Enter the amount of cash paid for real property taxes.
 - d. Line 31 - Other Taxes. Enter the amount of cash paid for other taxes.
106. Line 32 through 37 - Other Cash Outflows. List other categories and amounts of cash disbursements on lines 32 through 37, unless properly reportable in other sections of the Statement of Cash Receipts and Disbursements. Other cash disbursements with low balances totaling not more than 5% of total cash disbursements may be aggregated and reflected on one line as "other cash outflows".
 107. Line 38 - Total Cash Disbursements. Enter the sum of lines 13 through 37.
 108. Line 39 - Net Increase (Decrease) in Cash. Enter the difference between line 12 and 38. If the disbursements exceed receipts, the amount will be shown in parentheses.
 109. Line 40 - Cash Balance, Beginning of Period. Enter the amount shown on line 41 from the previous Report (or the beginning cash for the first Report in the case).
 110. Line 41 - Cash Balance, End of Period. Enter the total of all cash on hand at the end of the reporting period; the total includes cash which is "restricted."

STATEMENT OF CASH FLOWS

**PREPARATION AND SUBMISSION OF THIS PORTION OF THE REPORT IS
OPTIONAL UNLESS THE COURT OR THE OFFICE OF THE U.S. TRUSTEE
REQUIRES THAT IT BE PREPARED.**

111. The Office of the U.S. Trustee or others may prefer to have a statement of cash flows rather than a Statement of Cash Receipts and Disbursements. If the court or the Office of the U.S. Trustee requires, the Debtor will prepare and submit this report in lieu of the Statement of Cash Receipts and Disbursements. This form is organized to present the information in the "direct" method and distinguishes among cash flows relating to different kinds of activities.
112. Cash received should be shown without a parentheses, and all cash paid entries should be shown in parentheses.

Cash Flows From Operating Activities

113. Operating Activities are those which pertain to the Debtor's ordinary business operation. They are distinguished from cash flows relating to effects of the chapter 11 case, investments, and financing activities.
114. Line 1 - Cash Received from Sales. Enter the amount of cash received from customers for sales of goods and services.

115. Line 2 - Rents/Leases Collected. Enter the amount of cash received from rents or leases of real and personal property.
116. Line 3 - Interest Received. Self explanatory.
117. Line 4 - Cash Paid to Suppliers. Enter the amount of cash paid for acquisition and other expenditures for the goods and services provided by suppliers.
118. Line 5 - Cash Paid for Selling Expenses. Enter the amount of cash paid for the selling expenses, not including sales salaries or commissions.
119. Line 6 - Cash Paid for Administrative Expenses. Enter the amount of cash paid during the period for administrative expenses, e.g., office supplies, telephone, liability insurance, etc.
120. Line 7 through 8 - Cash Paid for Rents/Leases.
- a. Line 7 - Rent/Lease: Personal Property. Enter the amount of cash paid for all rents or leases on personal property.
 - b. Line 8 - Rent/Lease: Real Property. Enter the amount of cash paid for all rents or leases on real property.
121. Line 9 - Cash Paid for Interest. Enter the amount of cash payments made during the period for interest expense.
122. Line 10 - Cash Paid for Net Payroll and Benefits. Enter the amount of cash paid for employees' payroll and all benefits, but not the employees' withholding taxes and Debtor's payroll taxes.
123. Line 11 through 15 - Cash Paid to Owner(s)/Officer(s).
- a. Line 11 - Salaries. If the Debtor is an entity, enter the amount of cash payments of salaries or other distributions to shareholders, partners, owners, or officers of the Debtor.
 - b. Line 12 - Draws. If the Debtor is an individual (or husband and wife), enter the amount of cash draws by the Debtor.
 - c. Line 13 - Commissions/Royalties. Enter the amount of cash payments of commissions or royalties to the Debtor or to shareholders, partners, owners, or officers of the Debtor.
 - d. Line 14 - Expense Reimbursements. Enter the amount of cash payments of expense reimbursements to the Debtor or to shareholders, partners, owners, or officers of the Debtor.
 - e. Line 15 - Other. Enter amount of cash payments to the Debtor or to shareholders,

partners, owners, or officers of the Debtor not listed in Lines 11 - 14.

124. Line 16 through 19 - Cash Paid for Taxes Paid/Deposited to Tax Account.
- a. Line 16 - Employer Payroll Taxes. Enter the amount of cash paid to the depository bank and to state taxing authorities for the Debtor's payroll tax.
 - b. Line 17 - Employee Withholding. Enter the amount of cash paid to the depository bank and to state taxing authorities for employee withholding and F.I.C.A.
 - c. Line 18 - Real Property Taxes. Enter the amount of cash paid for real property taxes.
 - d. Line 19 - Other Taxes. Enter the amount of cash paid for other taxes.
125. Line 20 - Cash Paid for General Expenses. Enter the amount of cash paid for general items not otherwise reported unless the amount is material in comparison to other expenditures. In that event, separately identify the categories and amount of other cash paid on lines 21 through 26. Other disbursement accounts with low balances should be aggregated and reflected on one line as "other expenses."
126. Lines 21 through 26. These lines may be used for either cash paid or cash received; enter the categories and amounts for any items not properly reported elsewhere on this statement.
127. Line 27 - Net Cash Provided (Used) by Operating Activities before Reorganization -Items, Enter the sum of lines 1 through 26.

Cash Flows from Reorganization Items

128. The amounts entered in this portion pertain to cash flows because of the chapter 11 case; were it not for the bankruptcy case, these cash flows would not exist.
129. Line 28 - Interest Received on Cash Accumulated Due to Chp 11 Case. Debtor may accumulate cash in an interest-bearing account because of the prohibition on paying pre-petition claims during the pendency of the case. Interest earned on that account (or the portion attributable to the "excess" cash) should be entered on this line.
130. Line 29 - Professional Fees Paid for Services in Connection with Chp 11 Case. Enter the amount paid (not accrued). This amount includes not only fees paid to attorneys and accountants, but also to other professionals, for example, appraisers, brokers, and investment bankers.
131. Line 30 - U.S. Trustee Quarterly Fees. Enter U.S Trustee Quarterly Fees paid.
132. Line 31 - [Other Cash Flows from Reorganization Items]. Identify the category of any other cash flows from reorganization items, and enter the amount as either cash received or paid (in parentheses).

133. Line 32 - Net Cash Provided (Used) by Reorganization Items. Add lines 28 through 31 and enter.

Cash Flows From Operating Activities and Reorganization Items

134. Line 33 - Net Cash Provided (Used) by Operating Activities and Reorganization Items. Enter the arithmetic sum of lines 27 and 32.

Cash Flows from Investing Activities

135. Cash flows reported in this section arise from the purchase or disposition of long-term productive assets or securities. Investing activities also include lending of money and collection on loans.

136. Line 34 - [Cash Paid for] Capital Expenditures. Enter the amount of cash paid for the purchase of capital goods, e.g., equipment, vehicles, and real property.

137. Line 35 - Proceeds from Sales of Capital Goods due to Chp 11 Case. Enter the amount of cash received from the sale of capital goods.

138. Line 36 - [Other Cash Flows from Investing Activities]. Identify any other cash flows from investing activities, and enter the amount as either cash received or paid (in parentheses).

139. Line 37 - Net Cash Provided (Used) by Investing Activities. Enter the arithmetic sum of lines 34 through 36.

Cash Flows from Financing Activities

140. Cash flows reported in this section arise from activities to obtain resources from, and to return resources to, the Debtor, including cash flows between the Debtor and its insiders.

141. Line 38 - Net Borrowings (Except Insiders). Enter the net cash received (or paid, in parentheses) from borrowings, (other than from shareholders, partners, or other insiders).

142. Line 39 - Net Borrowings from Shareholders, Partners, or Other Insiders. Enter the net cash received (or paid, in parentheses) from borrowings from shareholders, partners, or other insiders of the Debtor.

143. Line 40 - Capital Contributions. Enter the net cash received (or paid, in parentheses) from investments by shareholders, partners, or other insiders of the Debtor.

144. Line 41 - Principal Payments. Enter the amount of cash paid (in parentheses) to reduce the principal amount of debt (both pre- and post-petition), including capital lease obligations.

145. Line 42 If there are other categories of cash flows from financing activities, identify the category and enter the amount received or paid (in parentheses).

146. Line 43 - Net Cash Provided (Used) by Financing Activities. Enter the arithmetic sum of lines 38

through 42.

Summary

147. Line 44 - Net Increase (Decrease) in Cash and Cash Equivalents. Enter the arithmetic sum of lines 33, 37, and 43. A net cash decrease will be in parentheses.
148. Line 45 - Cash and Cash Equivalents at Beginning of Month. Enter the amount of cash or its equivalent on the first day of the month (or on the petition date in the case of the first Report). This amount will be the same amount as shown on line 46 for the previous Report.
149. Line 46 - Cash and Cash Equivalents at End of Month. Enter the arithmetic sum of lines 44 and 45.