

**OPERATING REPORT WORKSHOP**

U.S. Department of Justice  
Office of the U.S. Trustee  
Northern & Eastern Districts of Texas  
Region 6



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**Presenters:**

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Kendra Rust, CPA

Bankruptcy Analysts – Dallas Office  
Office of the U.S. Trustee



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**You Will Need:**

- Operating Report Slide Show Notes
- Blank Operating Report Form

[www.justice.gov/ust/ro6/reg\\_info.htm](http://www.justice.gov/ust/ro6/reg_info.htm)



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**Limitations**

- We cannot provide legal advice
- We cannot strategize or replace your professional counsel
- We cannot violate the McDade Authorization (determines whether your attorney has given us permission to speak to you directly)



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**Limitations**

- We cannot waive the reporting requirements
- We cannot extend the filing deadlines for the operating reports
- We cannot waive UST quarterly fees that have been calculated correctly



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**Workshop Focus**

- Purpose of operating reports & requirements
- Review red flags
- Review a couple of important accounting & bankruptcy concepts



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**Workshop Focus**

- Review each of the 4 UST report formats
- Explain how to complete each page (in logical instead of chronological order)
- Review UST Quarterly Fee requirements
- Provide some helpful & practical tips



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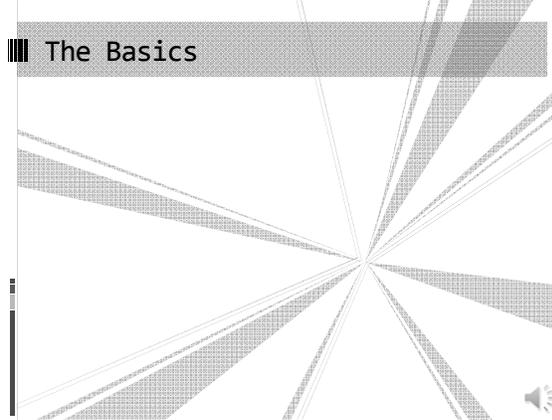
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**The Basics**



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**Purpose of Operating Reports**

- Provides all interested parties & Court with relevant financial information
- Allows UST to perform statutory oversight and monitoring function



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### Purpose of Operating Reports

- Provides basis for determining whether the plan you've proposed is viable
- Assists you with cash flow management
- Basis for UST quarterly fee calculation



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### Requirements

- Pre-Confirmation = Monthly Reports
- Post-Confirmation = Quarterly Reports
- Must use UST forms



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### Requirements

- Must complete all pages & provide required attachments
- Due on the 20<sup>th</sup> of the month for the period prior (monthly or quarterly)
- Your attorney must file an electronic copy with the Court



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**Requirements**

- Your attorney **MUST** keep hard copy with original signatures (he/she may be required to produce upon request by Court or UST)
- Continue filing until case is closed or until converted or dismissed
- A confirmed case is **NOT** a closed case!



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**Red Flags**

- Reports are not filed or filed late
- Incomplete, missing pages, or poorly prepared
- Balancing issues – not all cash accounted for
- Insufficient cash flow and/or profit



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**Red Flags**

- Negative beginning or ending cash figures
- Increasing post-petition debt
- Inconsistencies between operating reports, bankruptcy schedules, Statement of Financial Affairs (SOFA), and tax returns
- Inconsistencies in figures from month to month



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### Red Flags

- Transactions "outside the ordinary course", i.e. beyond the ordinary scope of your business, without court approval: sale of assets, loans, etc.
- Other questionable transactions: payments to professionals without approval, payments on prepetition liabilities, insufficient fund fees, excessive personal expenses, etc.



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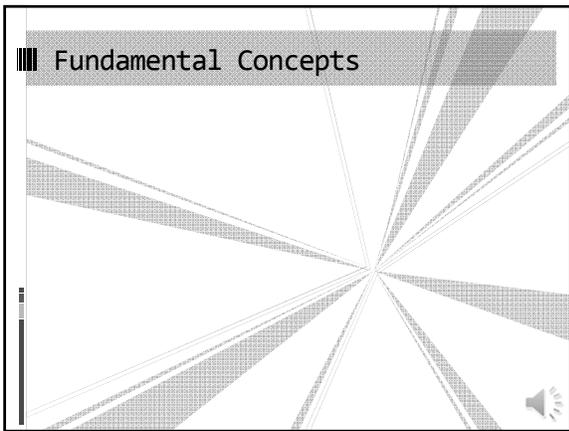
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### Fundamental Concepts



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### Cash vs. Accrual

- Timing differences in the recognition of income & expenses
- Cash = Received & Paid
- Accrual = Earned & Incurred



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### Cash vs. Accrual

- Accrual includes non-cash transactions (depreciation, accounts receivable & payables, prepaids, etc.)
- Accrual = GAAP = more sophisticated = follows matching principle = better indicator of profitability
- BOTH are important




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### Example

You build custom tables. Your booth at a home show in March resulted in 10 orders for tables. It costs \$500 in materials and takes a month to make each table. Tables are sold for \$800 each and you collect a \$100 initial deposit.

Cash	Accrual
<u>March:</u>	<u>March:</u>
Cash Receipts = \$1,000	Income = \$0
Disbursements = <u>\$5,000</u>	Expenses = <u>\$0</u>
Net Cash Flow = (\$4,000)	Profit = <u>\$0</u>
<u>April:</u>	<u>April:</u>
Cash Receipts = \$7,000	Income = \$8,000
Disbursements = <u>\$0</u>	Expenses = <u>\$5,000</u>
Net Cash Flow = \$7,000	Profit = <u>\$3,000</u>




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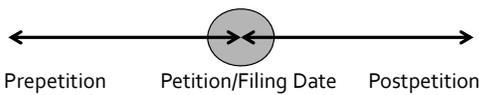
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### Creation of Bankruptcy Estate

- New taxable entity created upon filing bankruptcy
- Assets belong to the bankruptcy estate and are managed by you as "Debtor-in-Possession" (or trustee)
- Books should be closed the day before
- Transactions segregated into pre and post petition




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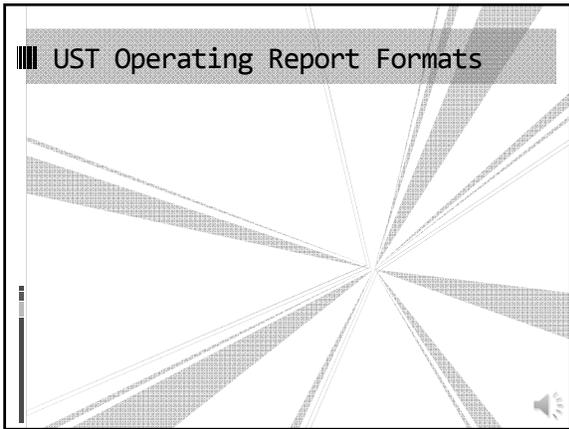
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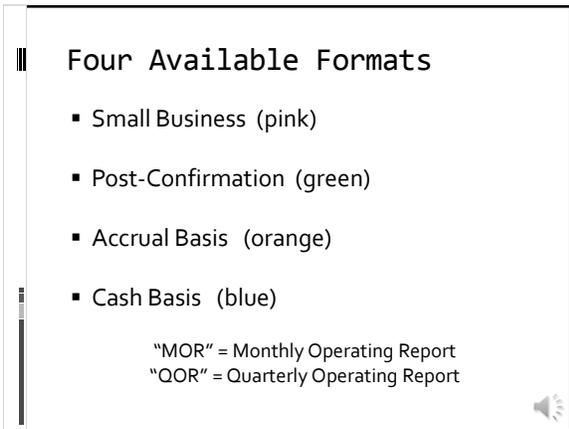
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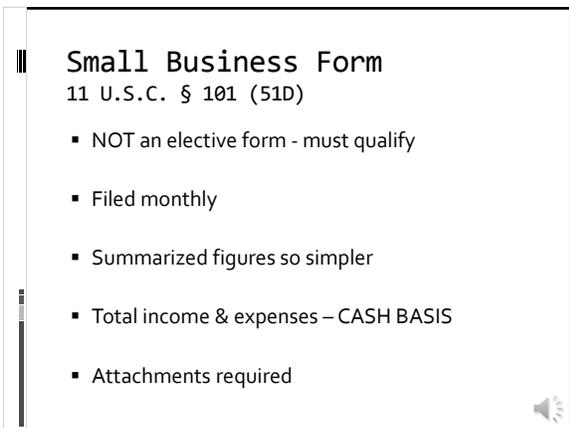
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### Post-confirmation Forms

- Only used once plan has been confirmed  
(Note: A confirmed case is NOT a closed case!)
- Filed quarterly
- Summarized figures so simpler
- Total income & expenses – CASH BASIS
- No attachments required



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### Special Formats

Small Business MOR	Post-confirmation QOR
1. Cover Page / Questionnaire	1. Cover Page
2. Summary Income & Expenses	2. Summary Cash Receipts & Disbursements
3. Summary Payables & Receivables	3. Bank Reconciliations
4. Projections	
5. Detailed Attachments	



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### Standard Accrual/Cash Forms

- Filed monthly
- Use the form that corresponds to how you typically maintain your books
- BOTH are cash/accrual hybrid reports designed to provide specific information



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### Standard Accrual/Cash Forms

- Very detailed
- All pages must be completed even if they are not applicable
- Attachments may be required

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### Standard MOR Formats

Accrual Basis		Cash Basis
1. Cover Page	→	1. Cover Page
2. Balance Sheet	→	2. Cash Receipts & Disbursements
3. Income Statement	→	3. Disbursement Detail
4. Cash Receipts & Disbursements	→	4. Bank Reconciliation
5. Receivable/Payable Aging	→	5. Assets of the Estate
6. Bank Reconciliation	→	6. Liabilities of the Estate
7. Payments to Insiders, etc.	→	7. Receivable/Payable Aging
8. Questionnaire	→	8. Payments to Insiders, etc.
		9. Questionnaire

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### Cash Receipts & Disbursements



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### Beginning Cash

Small Business - Pg 2

Cash on Hand at Start of Month

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### Beginning Cash

Post Confirmation - Pg 2

BEGINNING OF QUARTER CASH BALANCE:

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### Beginning Cash

Cash Basis - Pg 1 / Accrual Basis - MOR 3

1. CASH - BEGINNING OF MONTH

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### Beginning Cash - 1<sup>st</sup> MOR

- Creation of bankruptcy estate
- All cash on petition date = Sch B

SCHEDULE B - PERSONAL PROPERTY

Type of Property	Date	Description and Location of Property	Current Value of Debtor's Interest in Property, Without Deducting any Secured Claims or Exemptions
1. Cash on hand		Petty cash	\$2,700.00
		Keller - \$900.00	
		Manfred - \$900.00 Washburner - \$900.00	
2. Checking, savings or other financial accounts, certificates of deposit or shares in banks, savings and loan, thrift, building and loan, and home-lease associations, or credit unions, mortgage loans, or cooperatives.		Wells Fargo Bank Checking account	\$7,312.69
		Citizens Bank Checking account - \$0.00	\$7,329.31
		Checking account - \$6,407.71	
		Checking account - \$521.60	
		Paypal account	\$181.95
			\$17,523.95

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### Beginning Cash - 1<sup>st</sup> MOR

- Cannot be negative! If overdrawn, start with zero on MOR and talk with your attorney.
- Do NOT deduct prepetition outstanding checks! Talk with your attorney if you have them.

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### Beginning Cash - Subsequent MORs

- Ending cash from prior month (ALL cash)
- DO include post-petition outstanding checks
- Can be negative (but red flag!)

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### Example

CHECKBOOK REGISTER				
Date	Payee	Amount	Balance	Cleared?
			23,405.19	
02/03/11	Office Supply Warehouse	457.23	22,947.96	Yes
02/03/11	Furniture Sales R Us	1,503.24	21,444.72	No
02/06/11	Telephone Company	66.37	21,378.35	Yes
02/08/11	Airline Flight	1,315.12	20,063.23	Yes
02/17/11	Insurance Premium	3,457.98	16,605.25	Yes
02/19/11	Employee Salary	972.56	15,632.69	Yes
02/23/11	Turnip Advertising	1,012.11	14,620.58	No
02/27/11	Partner Distribution	7,500.00	7,120.58	No
02/28/11	Internet 4 Cheap	98.64	7,021.94	No
02/28/11	Auto Repairs Done Right	564.14	6,457.80	No
		16,947.39		

14,620.58  
 Petition Date = 02/25/11 + 1,503.24  
 + 1,012.11  
 Schedule B & Beg Cash on 1<sup>st</sup> MOR = \$17,135.93

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### Example

DIP CHECKBOOK REGISTER				
Date	Payee	Amount	Balance	Cleared?
			23,405.19	
02/03/11	Office Supply Warehouse	457.23	22,947.96	Yes
02/03/11	Furniture Sales R Us	1,503.24	21,444.72	No
02/06/11	Telephone Company	66.37	21,378.35	Yes
02/08/11	Airline Flight	1,315.12	20,063.23	Yes
02/17/11	Insurance Premium	3,457.98	16,605.25	Yes
02/19/11	Employee Salary	972.56	15,632.69	Yes
02/23/11	Turnip Advertising	1,012.11	14,620.58	No
02/27/11	Partner Distribution	7,500.00	7,120.58	No
02/28/11	Internet 4 Cheap	98.64	7,021.94	No
02/28/11	Auto Repairs Done Right	564.14	6,457.80	No
		16,947.39		

Petition Date = 12/25/10  
 Beginning Cash = \$23,405.19  
 Total Expenses = \$16,947.39  
 Ending Cash = \$6,457.80

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### Cash Receipts

Small Business - Pg 2

**TOTAL INCOME**  
**INCOME FOR THE MONTH (TOTAL FROM EXHIBIT B)**

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### Cash Receipts

Post Confirmation – Pg 2

**CASH RECEIPTS:**  
**CASH RECEIPTS DURING CURRENT QUARTER:**  
 (a). Cash receipts from business operations  
 (b). Cash receipts from loan proceeds  
 (c). Cash receipts from contributed capital  
 (d). Cash receipts from tax refunds  
 (e). Cash receipts from other sources  
**TOTAL CASH RECEIPTS**

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### Cash Receipts

Cash Basis – Pg 1 / Accrual Basis – MOR 3

**RECEIPTS**

2. CASH SALES
3. ACCOUNTS RECEIVABLE COLLECTIONS
4. LOANS AND ADVANCES
5. SALE OF ASSETS
6. LEASE & RENTAL INCOME
7. WAGES
8. OTHER (ATTACH LIST)
9. TOTAL RECEIPTS

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### Cash Receipts

- Cash actually received
- Cash constructively received
- Accounts receivable collections
- You should be making frequent deposits

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### Cash Receipts

- Loans & advances (loans need court approval so be sure to consult with your attorney)
- Do NOT include transfers between bank accounts of the same debtor (talk with your attorney if you have transfers between related entities)
- Do NOT include beginning cash in total receipts

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### Disbursements

Small Business – Pg 2

The screenshot shows a form with various sections for recording disbursements. A callout box labeled 'TOTAL EXPENSES' points to a specific field on the form.

EXPENSES FOR THE MONTH (TOTAL FROM EXHIBIT C)

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### Disbursements

Post Confirmation – Pg 2

- CASH DISBURSEMENTS:
- (A). PAYMENTS MADE UNDER THE PLAN:
- (1). Administrative
  - (2). Secured Creditors
  - (3). Priority Creditors
  - (4). Unsecured Creditors
  - (5). Additional Plan Payments
- (B). OTHER PAYMENTS MADE THIS QUARTER:
- (1). General Business
  - (2). Other Disbursements
- TOTAL DISBURSEMENTS THIS QUARTER

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### Disbursement Detail

Cash Basis - Pg 1A

**A TOTAL CASH DISBURSEMENTS**  
+  
**B TOTAL BANK ACCOUNT DISBURSEMENTS**  
= **C TOTAL DISBURSEMENTS FOR THE MONTH**

Total must be consistent with total cash on page 1!

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### Disbursement Detail

Small Business:

- Attach detailed check register
- Total on attachment must match total expenses on page 2
- Remember to redact all but last 4 digits of bank account number on all attachments!

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### Net Cash Flow

Small Business - Pg 2

**CASH PROFIT FOR THE MONTH**

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### Net Cash Flow

Post Confirmation – Pg 2

N/A

The screenshot shows a form titled 'Post Confirmation - Pg 2'. It includes fields for 'POST CONFIRMATION DATE' and 'QUARTERLY REPORT'. Below these are sections for 'QUARTER ENDING' and '1. REVENUE OF QUARTER CASH BALANCE'. Section 1 lists items like 'CASH RECEIPTS', 'CASH RECEIPTS IN NEXT QUARTER', 'CASH RECEIPTS FROM QUARTER', 'CASH RECEIPTS FROM PREVIOUS QUARTER', 'CASH RECEIPTS FROM OTHER QUARTER', and 'CASH RECEIPTS FROM OTHER QUARTER'. Section 2 lists 'CASH DISBURSEMENTS' including 'CASH DISBURSEMENTS IN NEXT QUARTER', 'CASH DISBURSEMENTS FROM QUARTER', 'CASH DISBURSEMENTS FROM PREVIOUS QUARTER', 'CASH DISBURSEMENTS FROM OTHER QUARTER', and 'CASH DISBURSEMENTS FROM OTHER QUARTER'. A table on the right has columns for 'QUARTER' and 'AMOUNT'.

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### Net Cash Flow

Cash Basis – Pg 1 / Accrual Basis – MOR 3

The screenshot shows a form titled 'Net Cash Flow' with a table. A large 'X' is drawn over the table. Three callouts point to specific rows: 'TOTAL RECEIPTS A', 'TOTAL DISBURSEMENTS B', and 'NET CASH FLOW C'. Below the table, it says 'May not be indicative of profitability'.

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### Projections (Don't Skip!)

Small Business – Pg 4

- Planning tool
- Income - Expenses = Profit
- Compare actual to budget
- Projections for next month

The screenshot shows a form titled 'Projections (Don't Skip!)'. It includes a table with columns for 'Projected', 'Actual', and 'Difference'. The rows are 'INCOME', 'EXPENSES', and 'CASH PROFIT'. Below the table, it says 'TOTAL PROJECTED INCOME FOR THE NEXT MONTH', 'TOTAL PROJECTED EXPENSES FOR THE NEXT MONTH', and 'TOTAL PROJECTED CASH PROFIT FOR THE NEXT MONTH'.

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### Ending Cash

Small Business - Pg 2

Cash on Hand at End of Month  
PLEASE PROVIDE THE TOTAL AMOUNT OF CASH CURRENTLY AVAILABLE TO YOU

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### Ending Cash

Post Confirmation - Pg 2

CASH BALANCE END OF QUARTER

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### Ending Cash

Cash Basis - Pg 1 / Accrual Basis - MOR 3

CASH - END OF MONTH

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### Ending Cash

- Beginning cash + net cash flow
- MUST BALANCE!
- May NOT match balance on bank statement
- Rolls to beginning balance of next month

Cash Basis - Pg 1 / Accrual Basis - MOR 3

Account	Balance	Change	Balance
Cash	1000	500	1500
Accounts Receivable	2000	0	2000
Accounts Payable	1000	0	1000
Inventory	500	0	500
Fixed Assets	10000	0	10000
Equity	10000	0	10000
Liabilities	10000	0	10000

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### Balancing Issues

- Incorrect beginning cash balance
- Footing, i.e. is the math right?
- Prepetition activity
- Including accrual or noncash transactions

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### Balancing Issues

- Not including cash balance sheet transactions
- Prior period adjustments (may require an amendment – talk with your attorney)
- Using bank instead of book balances

Don't overthink it – follow the cash!!

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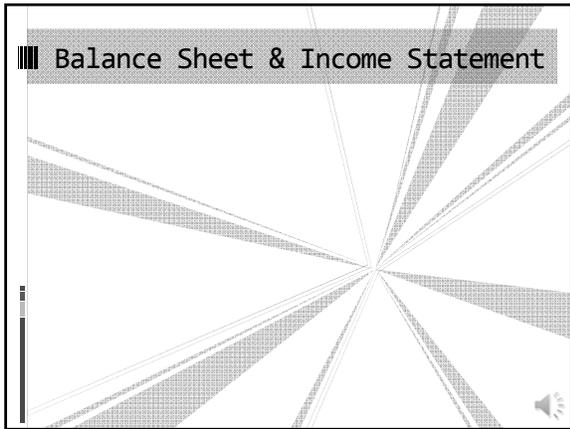
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**Comparative Balance Sheet**  
Accrual Basis – MOR 1

**SCHEDULE AMOUNT**

- Refers to bankruptcy schedules
- Fair Market Value (FMV)
- Reference point: Figures will not change from month to month

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**Comparative Balance Sheet**  
Accrual Basis – MOR 1

MONTH	MONTH	MONTH
<b>ASSETS</b>		
<b>POSTPETITION LIABILITIES</b>		
<b>PREPETITION LIABILITIES</b>		
<b>EQUITY</b>		

- Cost or Book Value
- Include non-cash items (depreciation, AR, AP, etc.)

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### Comparative Balance Sheet

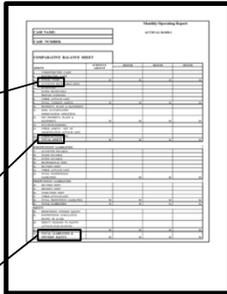
Accrual Basis – MOR 1

- Cash is Cash!  
Total cash must = ending cash on page 3
- Balance Sheet must actually balance!

**TOTAL CASH**

**TOTAL ASSETS**

**TOTAL LIABILITIES & OWNERS' EQUITY**



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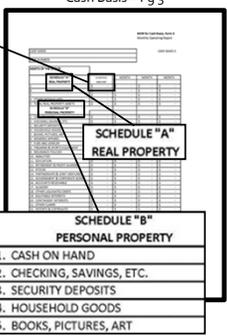
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### Assets of the Estate

Cash Basis – Pg 3

**SCHEDULE AMOUNT**



- Refers to bankruptcy schedules
- Fair Market Value (FMV)
- Figures will not change
- Follows order & numbers in schedules

**SCHEDULE "B"  
PERSONAL PROPERTY**

1. CASH ON HAND
2. CHECKING, SAVINGS, ETC.
3. SECURITY DEPOSITS
4. HOUSEHOLD GOODS
5. BOOKS, PICTURES, ART

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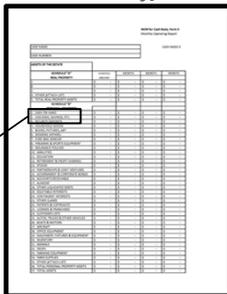
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### Assets of the Estate

Cash Basis – Pg 3

- Cash is Cash! Total cash for current month must = ending cash on page 1
- Use Fair Market Value (FMV)

**CASH ON HAND**  
**CHECKING, SAVINGS, ETC.**



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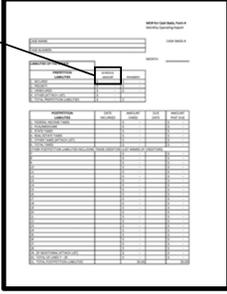
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### Liabilities of the Estate

Cash Basis - Pg 4

**SCHEDULE AMOUNT**



- Refers to bankruptcy schedules
- Reference point: Figures will not change from month to month

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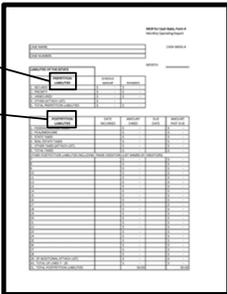
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### Liabilities of the Estate

Cash Basis - Pg 4

**PREPETITION LIABILITIES**

**POSTPETITION LIABILITIES**



- Bills NOT yet been paid
- Liabilities are broken into pre-petition and post-petition

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### Unpaid Bills / Money Owed to You

Small Business - Pg 3

- Bills NOT yet been paid

**UNPAID BILLS**

PLEASE ATTACH A LIST OF ALL DEBTS (INCLUDING TAXES) WHICH YOU HAVE INCURRED SINCE THE DATE YOU FILED BANKRUPTCY. BE HONEST AND COMPLETE. THE LIST MUST INCLUDE THE DATE THE DEBT WAS INCURRED, WHO IS OWED THE MONEY, THE PURPOSE OF THE DEBT AND WHEN THE DEBT IS DUE. (SEE U.S. TRUSTEE'S MAIL #407E THROUGH 4080M)

TOTAL PAYABLES \$ \_\_\_\_\_

(Exhibit D)

- Money that is owed to you that has NOT been paid

**MONEY OWED TO YOU**

PLEASE ATTACH A LIST OF ALL AMOUNTS OWED TO YOU BY YOUR CUSTOMERS FOR WORK YOU HAVE DONE OR THE MERCHANDISE YOU HAVE SOLD. YOU SHOULD INCLUDE WHO OWES YOU MONEY, HOW MUCH IS OWED AND WHEN IS PAYMENT DUE. (SEE U.S. TRUSTEE'S MAIL #407E THROUGH 4080M)

TOTAL RECEIVABLES \$ \_\_\_\_\_

(Exhibit E)

- Remember to attach Exhibits D & E with detail!!

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### Income Statement

Accrual Basis – MOR2

<b>REVENUES</b>	
1. GROSS REVENUES	
2. LESS: RETURNS & DISCOUNTS	
3. NET REVENUE	
=	
<b>COST OF GOODS SOLD</b>	
4. MATERIAL	
5. DIRECT LABOR	
6. DIRECT OVERHEAD	
7. TOTAL COST OF GOODS SOLD	
=	
8. GROSS PROFIT	

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### Income Statement

Accrual Basis – MOR2

<b>8. GROSS PROFIT</b>	
=	
<b>OPERATING EXPENSES</b>	
9. OFFICER/INSIDER COMPENSATION	
10. SELLING & MARKETING	
11. GENERAL & ADMINISTRATIVE	
12. RENT & LEASE	
13. OTHER (ATTACH LIST)	
14. TOTAL OPERATING EXPENSES	
=	
15. INCOME BEFORE NON-OPERATING INCOME & EXPENSE	

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### Income Statement

Accrual Basis – MOR2

<b>15. INCOME BEFORE NON-OPERATING INCOME &amp; EXPENSE</b>	
=	
<b>OTHER INCOME &amp; EXPENSES</b>	
16. NON-OPERATING INCOME (ATT. LIST)	
17. NON-OPERATING EXPENSE (ATT. LIST)	
18. INTEREST EXPENSE	
19. DEPRECIATION / DEPLETION	
20. AMORTIZATION	
21. OTHER (ATTACH LIST)	
22. NET OTHER INCOME & EXPENSES	
=	
<b>REORGANIZATION EXPENSES</b>	
23. PROFESSIONAL FEES	
24. U.S. TRUSTEE FEES	
25. OTHER (ATTACH LIST)	
26. TOTAL REORGANIZATION EXPENSES	
=	
27. INCOME TAX	
=	
28. NET PROFIT (LOSS)	

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### Income Statement

Accrual Basis – MOR2

- Include non-cash items such as depreciation, etc.
- Remember to separate Reorganization Expenses (professionals, UST fees, etc)
- Remember that professional fees may need Court approval – so talk with your attorney if you have them
- Net Profit/Loss ≠ Net Cash Flow




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### Receivable/Payable Aging




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### Receivable/Payable Aging

Accrual Basis – MOR 4 / Cash Basis – Pg 4A



- Refers to bankruptcy schedules
- Reference point: Figures will not change from month to month
- Breaks out total receivables by how old they are
- If accrual basis - must match figures reported on page MOR 1

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### Receivable/Payable Aging

Accrual Basis – MOR 4 / Cash Basis – Pg 4A

TAXES PAYABLE	0-30 DAYS	31-60 DAYS	61-90 DAYS	91+ DAYS	TOTAL
FEDERAL					
STATE					
LOCAL					
OTHER ATTACH LIST					
<b>TOTAL TAXES PAYABLE</b>	\$0	\$0	\$0	\$0	\$0

- Breaks out post-petition taxes payable by how old they are

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### Receivable/Payable Aging

Accrual Basis – MOR 4 / Cash Basis – Pg 4A

ACCOUNTS PAYABLE	0-30 DAYS	31-60 DAYS	61-90 DAYS	91+ DAYS	TOTAL

- Breaks out post-petition accounts payable by how old they are

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### Receivable/Payable Aging

Accrual Basis – MOR 4 / Cash Basis – Pg 4A

STATE OF POSSESSION TAXES	RECURRING TAX LIABILITY	NON-RECURRING TAX LIABILITY	AMOUNT PAID	TOTAL TAX LIABILITY
FEDERAL				
STATE AND LOCAL				
<b>TOTAL</b>	\$0	\$0	\$0	\$0

- Breaks out post-petition taxes payable by type of tax
- Total on line #5 must match ending tax liability total on line #16
- Running total

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## Receivable/Payable Aging

Accrual Basis – MOR 4 / Cash Basis – Pg 4A



Figures must be consistent!

- Cash MOR:  
Assets of the Estate, Pg 3  
Liabilities of the Estate, Pg 4
- Accrual MOR:  
Comparative Balance, MOR 1



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## Bank Reconciliation



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## Bank Reconciliation

Cash Basis – Pg 2 / Accrual Basis – MOR 5



Acct #1      Acct #2      Acct #3

- A. BANK
- B. ACCOUNT NUMBER
- C. PURPOSE (TYPE):

Never report the full bank account number – use only the last 4 digits!



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### Bank Reconciliation

Cash Basis – Pg 2 / Accrual Basis – MOR 5

1. BALANCE PER BANK STATEMENT

+

2. ADD: TOTAL DEPOSITS NOT CREDITED

-

3. SUBTRACT: OUTSTANDING CHECKS

=

5. MONTH END BALANCE PER BOOKS

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### Bank Reconciliation

Cash Basis – Pg 2 / Accrual Basis – MOR 5

BANK RECONCILIATIONS

+

INVESTMENT ACCOUNTS

+

CASH

=

TOTAL CASH - END OF MONTH

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### Bank Reconciliation

Cash Basis – Pg 2 / Accrual Basis – MOR 5

TOTAL CASH - END OF MONTH

Figures must be consistent!

Cash MOR:

- Cash Receipts & Disbursements, Pg 1
- Assets of the Estate, Pg 3

Accrual MOR:

- Comparative Balance Sheet, MOR 1
- Cash Receipts & Disbursements, MOR 3

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### Bank Reconciliation

Post-Confirmation Pg 3

1. BALANCE PER BANK STATEMENT  
+

2. ADD: TOTAL DEPOSITS NOT CREDITED  
-

3. SUBTRACT: OUTSTANDING CHECKS  
=

5. MONTH END BALANCE PER BOOKS

Never report the full bank account number – use only the last 4 digits!

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### Bank Reconciliation

Post-Confirmation Pg 3

Bank Reconciliations  
+

Cash: Currency on Hand  
+

INVESTMENT ACCOUNTS  
=

TOTAL CASH

Must match Cash Balance End of Quarter reported on line #4 of Page 2

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### Bank Reconciliation

Small Business:

- Attach copies of bank statements
- Attach copies of bank reconciliations
- Remember to redact all but last 4 digits of bank account number on all attachments!

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### Payments to Insiders

Cash Basis – Pg 5 / Accrual Basis – MOR 6

- Include actual and constructive payments
- Includes family members or officers – but see your attorney for a full definition

INSIDERS			
NAME	TYPE OF PAYMENT	AMOUNT PAID	TTL PD TO DATE
1			
2			
3			
4			
5			
TOTAL PAYMENTS TO INSIDERS		\$ -	\$ -

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### Payments to Professionals

Cash Basis – Pg 5 / Accrual Basis – MOR 6

- Actual and constructive payments
- List payments to attorneys, accountants, real estate brokers, management companies, appraisers, etc.
- Hiring and paying professionals requires Court approval – so be sure to consult with your attorney before doing either!

PROFESSIONALS					
NAME	DATE OF COURT ORDER AUTHORIZING PAYMENT	AMOUNT APPROVED	AMOUNT PAID	TTL PAID TO DATE	TOTAL INCURRED & BILLED
1					
2					
3					
4					
5					
TOTAL PAYMENTS TO PROFESSIONALS		\$0.00	\$0.00	\$0.00	\$0.00

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## Payments to Secured Creditors

Cash Basis – Pg 5 / Accrual Basis – MOR 6

NAME OF CREDITOR	SCHEDULED BANKRUPTCY PAYMENTS DUE	AMOUNTS PAID		TOTAL DEBT PAID PERIOD
		PER MONTH	PER PERIOD	
1		\$		\$
2		\$		\$
3		\$		\$
4		\$		\$
5		\$		\$
6. TOTAL	\$	\$	\$	\$

- Actual and constructive payments
- List post-petition payments on secured notes, leases payable, and adequate protection payments

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## Professional Fees

Small Business – Page 3

**PROFESSIONAL FEES**

**BANKRUPTCY RELATED:**  
 PROFESSIONAL FEES RELATING TO THE BANKRUPTCY CASE PAID DURING THIS REPORTING PERIOD? \$ \_\_\_\_\_  
 TOTAL PROFESSIONAL FEES RELATING TO THE BANKRUPTCY CASE PAID SINCE THE FILING OF THE CASE? \$ \_\_\_\_\_

**NON-BANKRUPTCY RELATED:**  
 PROFESSIONAL FEES NOT RELATING TO THE BANKRUPTCY CASE PAID DURING THIS REPORTING PERIOD? \$ \_\_\_\_\_  
 TOTAL PROFESSIONAL FEES NOT RELATING TO THE BANKRUPTCY CASE PAID SINCE THE FILING OF THE CASE? \$ \_\_\_\_\_

- Actual or constructive payments
- Payments to professionals (attorneys, accountants, real estate brokers, etc) broken down by bankruptcy related and non-bankruptcy related

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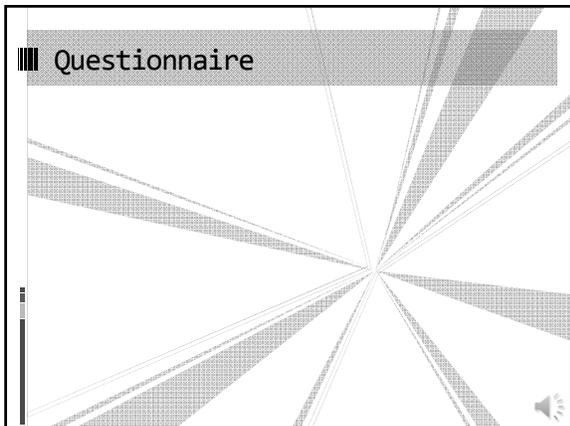
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## Questionnaire




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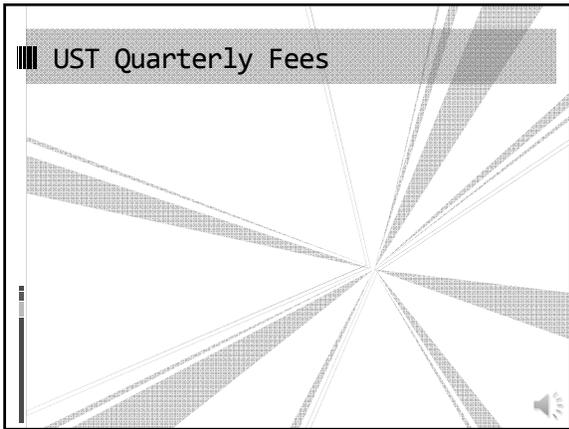
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### UST Fee Requirements

- Statutory fees used to defray cost
- Based on cash disbursements per quarter as reported on the operating reports

DISBURSEMENT CATEGORY	QUARTERLY FEE DUE
\$0 - \$14,999	\$325
\$15,000 - \$74,999	\$650
\$75,000 - \$149,999	\$975
\$150,000 - \$224,999	\$1,625
\$225,000 - \$299,999	\$1,950
\$300,000 - \$999,999	\$4,875
\$1,000,000 - \$1,999,999	\$6,500
\$2,000,000 - \$2,999,999	\$9,750
\$3,000,000 - \$4,999,999	\$10,400
\$5,000,000 - \$14,999,999	\$13,000
\$15,000,000 - \$29,999,999	\$20,000
\$30,000,000 - or more	\$30,000

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### UST Fee Requirements

- Calculated on actual and constructive disbursements
- Remember to budget for extra UST fees if a sale generates funds used to pay off debt!

DISBURSEMENT CATEGORY	QUARTERLY FEE DUE
\$0 - \$14,999	\$325
\$15,000 - \$74,999	\$650
\$75,000 - \$149,999	\$975
\$150,000 - \$224,999	\$1,625
\$225,000 - \$299,999	\$1,950
\$300,000 - \$999,999	\$4,875
\$1,000,000 - \$1,999,999	\$6,500
\$2,000,000 - \$2,999,999	\$9,750
\$3,000,000 - \$4,999,999	\$10,400
\$5,000,000 - \$14,999,999	\$13,000
\$15,000,000 - \$29,999,999	\$20,000
\$30,000,000 - or more	\$30,000

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### UST Fee Requirements

- Your case is NOT CLOSED when your plan has been confirmed!
- Fees are owed until your attorney files a motion to close your case and it is approved by the Court or until the Court converts or dismisses your case




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### UST Fee Requirements

- Delinquent on the last day of the month following the calendar quarter
- Fees are NOT prorated

1 <sup>st</sup> Quarter	January 1 <sup>st</sup> to March 31 <sup>st</sup>	Due April 30 <sup>th</sup>
2 <sup>nd</sup> Quarter	April 1 <sup>st</sup> to June 30 <sup>th</sup>	Due July 31 <sup>st</sup>
3 <sup>rd</sup> Quarter	July 1 <sup>st</sup> to September 30 <sup>th</sup>	Due October 31 <sup>st</sup>
4 <sup>th</sup> Quarter	October 1 <sup>st</sup> to December 31 <sup>st</sup>	Due January 31 <sup>st</sup>




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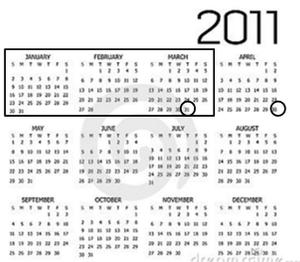
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### UST Fee Requirements



If you file bankruptcy on 03/31/11:

You will owe UST fees for 1<sup>st</sup> Quarter

Fees become delinquent on 04/30/11




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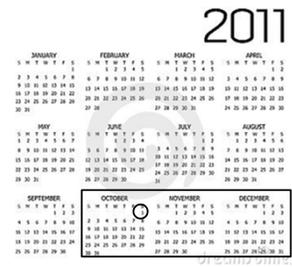
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### UST Fee Requirements



If the Court closes your case on 10/01/11:

You will owe UST fees for 4th Quarter

Fees become delinquent on 01/31/12




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### Consequences of Non-Payment

- Dismissal of your case by the Court
- Conversion of your case to a Chapter 7 (liquidation) by the Court
- Assessment of late fees
- Referral to the US Treasury for collection




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### Jointly Administered Cases

- Separate MORs are filed for each case
- UST fees are calculated separately for each entity
- Talk with your attorney about whether you have cases that should be jointly administered




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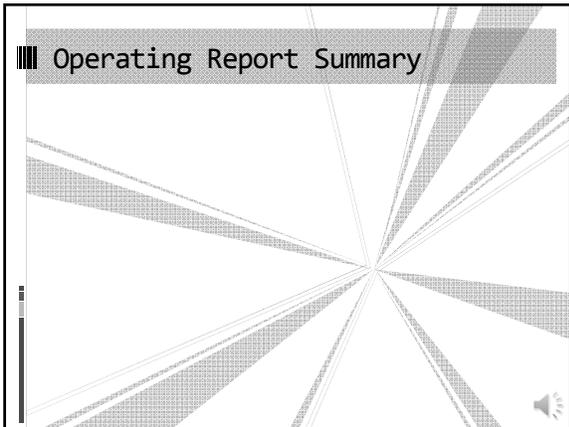
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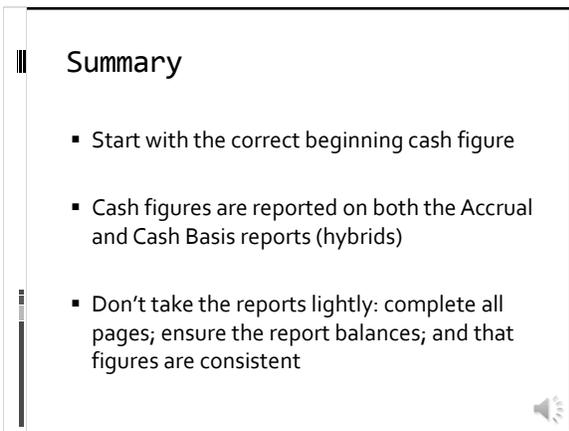
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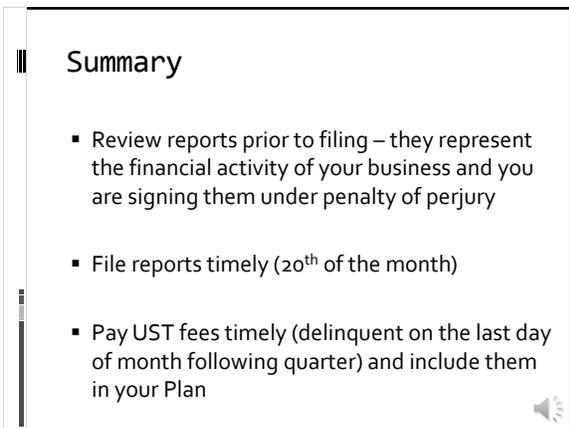
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### Helpful Tips

- Focus on accurate reporting – remember you are signing under penalty of perjury
- “Tick & Tie” prior to filing (use proofs)
- Cash is King
- If in doubt...write notes! Anticipate questions!



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### Helpful Tips

- Attach additional schedules to boost a report
- Avoid red flags that trigger further inquiry
- Use the operating reports as a tool – what do the reports say about your business?



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### Helpful Tips

- Do your own UST fee calculations
- Consider a bookkeeper or CPA (but hiring and paying professionals requires Court approval, so be sure to talk with your attorney first)
- Upon confirmation – follow up with your attorney about the motion for final decree and when to ask the judge to close your case



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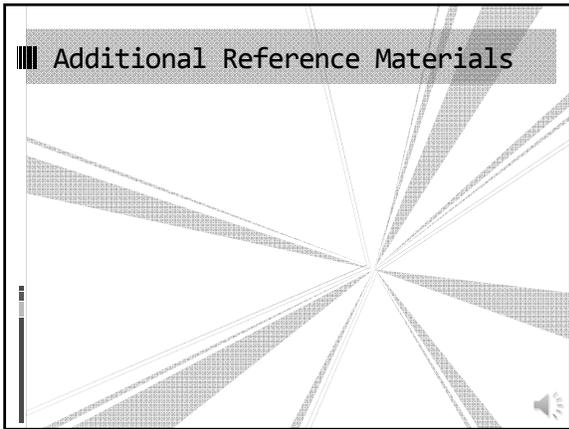
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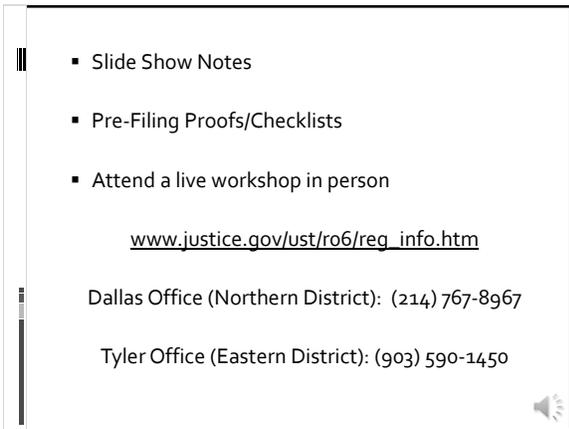
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