EASTERN DISTRICT OF CALIFORNIA
FRESNO DIVISION
MONTHLY OPERATING REPORT INSTRUCTIONS
Effective for all cases filed on or after May 13, 2013

REPORTING REQUIREMENTS AND ELIGIBILITY FOR MODIFICATION

1. Filing Requirement and Due Date. A 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 (UST), each member of an official committee appointed by the UST, and counsel for each official committee. The Report is due within fourteen (14) 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 and a final decree is entered, or the case is dismissed or converted. If the case is commenced within the last seven (7) days 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. The UST will discuss reporting requirements during the Initial Debtor Interview held in each chapter 11 case and provide educational assistance for individuals responsible for completing the Report.

a. Debtors are required to maintain accurate and contemporaneous financial records during the pendency of their bankruptcy case. As such, if a Debtor's accounting systems are not set-up to accumulate and report financial information, the UST highly recommends that some type of basic reporting system be established so that the Debtor can assess their post-petition progress *and* provide required financial information to the court, UST and other 3rd parties.

3. Eligibility for Modification of Reporting Requirements. A Debtor that wishes to obtain a modification of the reporting requirements must obtain approval from the UST. 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. The Debtor, upon receiving authority from the UST or the Court, may submit on a monthly basis the Summary of Financial Status (Pages 1 and 2) 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 generally be satisfactory provided it contains the following documents:*

- The Summary of Financial Status (Pages 1-2),
- The data requested in Schedules A through F of the monthly operating report,
- A Profit/(Loss) Statement covering the current month and the case to date *(only applies to accrual basis debtors)*,
- A Balance Sheet *with pre and post-petition liabilities and equity segregated*,

- Detailed Listings as required by the Debtor's responses to Questions 1through 10 on the Summary of Financial Status Page 1,
- Explanations as required by the Debtor's responses to Questions 11 through 13 on the Summary of Financial Status Page 1, and
- Detailed Transaction (check) Registers, Bank Statements and Bank Reconciliations.

GENERAL INSTRUCTIONS

5. Accounting Method. The Debtor should use the accrual basis method of accounting to complete the Report unless the UST or the court approves the use of the cash basis method of accounting.

6. Report Format. The format of the Report is for entities in bankruptcy. The petition date is significant because 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.

7. Signature Requirement. Reports should be typed or printed in ink; alternatively, the Debtor may obtain and use an Excel worksheet file from the UST 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.

8. Additional Sheets. If there are more categories than available lines on a particular attachment, the Debtor may add additional lines and/or sheets as necessary. The Debtor must clearly identify each additional sheet with the relevant attachment.

SPECIFIC INSTRUCTIONS

SUMMARY OF FINANCIAL STATUS

9. This summary provides the most important information concerning the Debtor's financial condition and operation. Since data on this form is generally drawn from other parts of the Report, it should be completed last. The recommended completion order for the Report is as follows:

	Completion Order
SUMMARY OF FINANCIAL STATUS – ***Case Name, Case Number, Month Ended, Petition Date and Cash/Accrual Method of Accounting (Section 1) information only***	1
SCHEDULE A – RECAP OF CASH ACCOUNTS	2
SCHEDULE B – STMT OF CASH RECEIPTS & DISBURSEMENTS	3
SCHEDULE C – ACCOUNTS RECEIVABLE	4
SCHEDULE D – INVENTORY & COST OF GOODS SOLD	5
SCHEDULE E – POST-PETITION LIABILITIES	6
SCHEDULE F – POST-PETITION TAXES PAYABLE	7
PROFIT & LOSS STATEMENT *(if required)*	8
BALANCE SHEET	9
SUMMARY OF FINANCIAL STATUS ***(Sections 2 through 14)***	10

a. Section 1. Indicate the basis of accounting used to prepare the Report. This information will initially be determined by the UST and discussed with the Debtor during the Initial Debtor Interview.

b. Section 2. The information required for this section is contained in the Statement of Cash Receipts and Disbursements (Schedule B), the Recap of Cash Accounts (Schedule A) and/or the Balance Sheet (B/S). 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 since filing column is obtained by adding the current month's data to the data in the previous month's Report. The beginning cash balance at filing amount (Line 2d, Cumulative Since Filing column) should represent the total cash on hand as of the filing date and should not change. *Current and cumulative ending cash balance amounts reported on Line 2e should agree.*

c. Section 3. The account receivables (pre-petition and post-petition) information for this section is contained in Schedule C and the Balance Sheet.

d. Section 4. The inventory (pre-petition and post-petition) information for this section is contained in Schedule D and the Balance Sheet.

e. Section 5. The post-petition/administrative liabilities information for this section is contained in Schedule E, Schedule F and the Balance Sheet.

f. Questions 6 through 13. These questions should be self-explanatory.

g. Section 14 (*List of Required Attachments to the Monthly Operating Report)*. This list should be self-explanatory. *Items a thru k must be completed.*

- Every Report must include a detailed transaction (i.e. check) register for every cash/bank account that was open/used at any time during the reporting period including bank accounts, 3rd party rental accounts, petty cash and cash on hand.
- Bank statements and bank reconciliations must be provided for each bank account that was open at any time during the reporting period.
- All but the last four-digits of bank account numbers should be redacted.

SCHEDULES A thru F
PROFIT/(LOSS) STATEMENT
BALANCE SHEET

10. Schedule A - Recap of Cash Accounts. This Schedule should provide a summary of the receipts, disbursements and transfers in each of the Debtor's cash and cash equivalent accounts *including, but not limited to, cash on hand, and 3rd party rental management accounts,* that *were open/used at any time during the reporting period.* Amounts reflected on Schedule A should represent transactions that occurred during the reporting period according to the Debtor's *contemporaneously* maintained financial records. The majority of the information required on Schedule A is self-explanatory.

a. Beginning Balance. *Except for the first month*, these amounts must equal the applicable Ending Balances reported for the prior month. *For the first month only*, these amounts should equal the bank balance in the account at the time of the filing. Immediately upon the filing of the petition, all existing bank, deposit and investment accounts must be closed and moved to one or more Debtor-in-Possession bank accounts. Outstanding checks that have not cleared a pre-petition bank account at the time of the filing should not be permitted to clear. *If this occurs, any check that clears after the filing must be accounted for separately and reported as a post-petition payment of a pre-petition debt.*

b. Receipts and Disbursements. Amounts reported should represent transactions that occurred *(as opposed to cleared)* during the reporting period and must be supported by detailed transaction (i.e. check) registers.

c. Transfers. Amounts reported should represent all transfers between debtor accounts that occurred *(as opposed to cleared)* during the reporting period. Total Transfers should equal $0.

d. Ending Balance. These amounts must be supported by detailed transaction registers (i.e. check) and, *if applicable*, bank reconciliations.

11. Schedule B – Statement of Cash Receipts and Disbursements. The primary purpose of this Schedule is to provide information about the cash receipts and cash payments of the Debtor while it is in chapter 11. The cash transactions reported for the Current Month should represent those that *occurred (as opposed to 'cleared the bank') during the reporting period*. The majority of the Line items on Schedule B are self-explanatory.

a. Line 6 - Proceeds from Sale of Estate Asset(s). Enter the *gross* sales proceeds received. All disbursements related to the sale, including disbursements made through escrow, should be reported under the Cash Disbursements section.

b. Line 7 - Borrowings. Enter the amount of cash received for the period from borrowings from entities *other than* shareholders, partners, or other insiders of the Debtor.

c. Line 8 - Funds from Shareholders, Partners, or Other Interests. Enter the amount of cash received during the reporting period from borrowings from shareholders, partners, or other insiders of the Debtor. *Cash received from owner contributions should be reported on Line 9.*

d. Line 18 - Administrative. Enter the amount of cash used during the period for business administrative expenses, e.g., office supplies, business telephone, etc.

e. Line 19 - Payments on Secured Debt. Enter the amount of cash used during the period for secured debt payments. Include constructive disbursements for debt service payments such as those made through escrow. A detailed listing of all such payments must be provided with the Report.

f. Line 20 – Payments on Pre-Petition Unsecured Debt. Enter the amount of cash used during the period to pay unsecured debts that were incurred prior the bankruptcy filing. A detailed listing of all such payments must be provided with the Report. Generally, court approval is required to pay any pre-petition unsecured debt outside of a chapter 11 Plan.

g. Line 22 – Amts Paid to Owner(s), Officers & Insiders. Enter the amount of cash payments to shareholders, partners, owners, officers or other insiders of the Debtor *including, but not limited to, salaries, guaranteed payments, expense reimbursements, mileage or other allowances, management fees and rents.* A detailed listing of all such payments must be provided with the Report.

h. Line 23 - Payroll (less employee withholding). Enter the amount of cash disbursed for payroll amounts paid to all persons *except those reported on Line 22.*

i. Line 30 - Payments to Professionals. Enter the amount of cash used during the period to pay professionals (e.g. attorneys, accountants, etc.). A court order is required before cash can be disbursed for professional fees and/or expenses. *A detailed listing of all such payments must be provided with the Report.*

j. Line 33 - Draws and Distributions Paid to Owners. Enter the amount of cash payments to owners for draws (including living expenses) and distributions.

12. Schedule C - Accounts Receivable. This Schedule should be completed by Debtors using either the cash or accrual method of accounting. Pre-petition and post-petition Accounts Receivable should be included. The majority of the Line items on Schedule C are self-explanatory.

a. Line 1 - Ending Balance Reported in Prior Month. Except for the first Report, this amount should represent the Ending Balance reported for the prior month. *For the first Report only*, this amount should represent the Debtor's accounts receivable balance as of the date the bankruptcy was filed.

b. Line 7 - Allowance for Doubtful Accounts. Enter the estimated amount of uncollectible accounts, based on specific knowledge concerning the accounts outstanding, as well as on the Debtor's overall bad debt experience.

13. Schedule D - Inventory/Cost of Goods Sold. Pre-petition and post-petition Inventory should be accounted for on this Schedule. The majority of the Line items on Schedule D are self-explanatory.

a. Line 1 - Ending Balance Reported in Prior Month. Except for the first Report, this amount should represent the Ending Balance reported for the prior month. *For the first Report only*, this amount should represent the Debtor's inventory balance as of the date the bankruptcy was filed.

14. Schedule E - Post Petition Liabilities. Debtors using either the cash or accrual method of accounting must account for all post-petition liabilities incurred. Enter, on the appropriate Line, liabilities incurred post-petition which have not been paid as of the end of the reporting period. These include both secured and unsecured debt. The majority of the Line items on Schedule E are self-explanatory.

a. Lines 1, 7, 14 and 20 - Ending Balance Reported in Prior Period. Except for the first Report, these amounts should represent the Ending Balances reported for the prior month. *For the first Report only,* these amounts will be $0.

b. Line 2 – Post-Petition Accounts Payable Incurred this Month. Enter the amount of *non-tax* debt incurred during the reporting period that is not accounted for on Lines 8, 15 or 21. *Do NOT include items reported on the Balance Sheet on Lines 23, 24, 26 or 27.* A Debtor is required to maintain sufficient accounting records to enable it to identify which post-petition debts remain unpaid as of the end of the reporting period and the number of days such debts have remained unpaid.

c. Line 3 – Post Petition Accounts Payable Paid this Month. Enter the amount of post-petition non-tax debt paid during the reporting period that is not accounted for on Lines 9, 16 or 22. *Payments for pre-petition unsecured debt generally requires a court order and should be accounted for on the Summary of Financial Status Questions 6 - 7, Schedule B Lines 19-20 and the Balance Sheet Lines 30-37.*

d. Line 21- U.S. Trustee Quarterly Fees Due. U.S. Trustee Quarterly Fees are due one-month after the end of each calendar quarter. As such, entries on Line 21 will typically only be made for the months of April, July, November and January.

e. Line 24 - Adjustments to U.S. Trustee Quarterly Fees Due. Entries on this Line include adjustments to quarterly fees due to receipt of a revised billing statement from the U.S. Trustee's Billing Center and/or the filing of an Amended Report.

15. Schedule F – Post-Petition Taxes Payable. This Schedule should be used for all post-petition tax liabilities incurred by the Debtor including, *but not limited to,* employee and employer payroll taxes, sales tax, real and personal property taxes and federal and state income taxes. The majority of the Line items on this Schedule are self-explanatory.

a. Line 1 – Ending Balance Reported for Prior Month. Except for the first Report, this amount should represent the Ending Balance reported for the prior month. *For the first Report only,* this amount will be $0.

b. Line 23 – Tax Payments Made this Month. This section should only include payments made for tax debts that were incurred post-petition. *Payments for pre-petition tax debt generally requires a court order and should be accounted for on the Summary of Financial Status Questions 6-7, Schedule B Lines 19-20 and the Balance Sheet Lines 30-37.*

16. Profit and Loss Statement. The Profit and Loss Statement should portray the results of operations of the reporting entity while it is in Chapter 11. The majority of the Line items on the Profit and Loss Statement are self-explanatory. ***Only accrual basis Debtors are required to complete a Profit and Loss Statement***.

a. Line 39 – Reorganization Items. 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*.

b. Line 40 – Professional Fees/Expenses. Enter professional fees incurred which directly relate to the chapter 11 case. The portion of professional fees incurred for normal business services (e.g., tax preparation fees, annual audit or accounting fees) *should be expensed as normal operating expenses on Line 29 rather than as reorganization item*.

c. Line 41 – (Gain)/Loss from Sale of Estate Assets. Enter any (gain) or loss from the sale of estate assets which was not in the normal course of the Debtor's business.

d. Line 43 - U.S. Trustee Quarterly Fees. U.S. Trustee Quarterly Fees are due one month after the end of each calendar quarter. As such, entries on Line 42 will typically only be made for the months of April, July, November and January.

17. Balance Sheet. All debtors must provide a Balance Sheet that (a) accounts for all assets and liabilities and (b) segregates pre and post-petition liabilities and equity. If the Debtor did not maintain a formal balance sheet prior to the bankruptcy filing, asset and liability information from recent tax returns, the bankruptcy schedules and transaction registers can be used to complete this schedule. The majority of the Line items on the Balance Sheet are self-explanatory.

a. Line 6 – Retainer(s) Paid to Professionals. Enter the amount which was paid to professionals (i.e., attorney or accountant) to retain their services. The Current balance reported for each each month should agree with the total balance being held by the Debtor's professionals. This amount will change as court approved professional fees/expenses are paid from the retainer and/or additional retainers are paid by the Debtor during the reporting period.

b. Line 16 – Total Assets. This amount **must agree** with the Total Liabilities and Equity reported on Line 47.

c. Lines 18 through 27 – Post-Petition Liabilities. Enter, on the appropriate Line, debts incurred post-petition which have not been paid as of the end of the reporting period. These include both secured and unsecured debt. *Schedules E and F contain information required to complete Lines 19, 20, 21, 22 and 25 (U.S. Trustee Fees Payable).*

- Line 20 Post-Petition Arrearages on Secured Debt & Executory Contracts. If the Debtor is in arrears on any *post-petition* secured debt payments, real property leases and/or personal property leases, enter the total amount of the arrearage (including late charges, if any) as of the end of the reporting period. *Pre-petition secured debt reported for the Current Month on Line 30 should be adjusted as needed to account for any delinquent principal payments included on Line 20*.

d. Lines 29 through 37 – Pre-Petition Liabilities. Enter, on the appropriate Line, debts incurred pre-petition which have not been paid as of the filing date of the bankruptcy. These include both secured and unsecured debts.

- Line 30 – Pre-Petition Secured Claims. The Current Month's balance should account for the principal portion of all post-petition secured debt payments. In addition, *the principal portion of all delinquent post-petition secured debt payments reported for the Current Month on Line 20* should be accounted for on Line 30.

- Lines 31 through 37 – Pre-Petition Unsecured Claims. The Current Month's balance should account for any post-petition payments on pre-petition unsecured debts. *Payment of pre-petition unsecured debt requires a court order*.

- Line 34 - § 503(b)(9) claims. Enter the amount of pre-petition unsecured priority claims that were *for goods received by the Debtor* ***within 20-days of the filing of the bankruptcy***. The Debtor should seek the advice of bankruptcy counsel regarding this Line item.

e. Line 41 – Equity/(Deficit) at Time of Filing. Enter the amount of equity as of the filing date of the bankruptcy calculated as follows:

+ TOTAL ASSETS (Line 16)
- TOTAL LIABILITIES (Line 39)
- CAPITAL STOCK (Line 42) *only applies to corporations including corporate LLCs*
- PAID-IN-CAPITAL (Line 43) *only applies to corporations including corporate LLCs*

f. Line 44 – Post-Petition Contributions/(Distributions)/(Draws). Enter the *cumulative* amount of Contributions, Distributions and/or Draws since the filing of the bankruptcy calculated as follows:

+ *Cumulative* CONTRIBUTIONS *(from Schedule B, Line 9)*
- *Cumulative* DRAWS AND DISTRIBUTIONS PAID TO OWNERS *(from Schedule B, Line 33)*

g. Line 45 – Post-Petition Profit/(Loss) or Change in Equity from Operations. If the Debtor is required to provide a Profit/(Loss) Statement, then enter the cumulative profit/(loss) since the filing of the bankruptcy from Line 45 of the Profit and Loss Statement. Otherwise, enter the post-petition change in equity from operations calculated as follows:

+ TOTAL ASSETS (Line 16)
- TOTAL LIABILITIES (Line 39)
- EQUITY/(DEFICIT) AT TIME OF FILING (Line 41)
- CAPITAL STOCK (Line 42) CURRENT only applies to corporations including corporate LLCs
+ CAPITAL STOCK (Line 42) AS OF FILING DATE only applies to corporations including corporate LLCs
- PAID IN CAPITAL (Line 43) CURRENT MONTH only applies to corporations including corporate LLCs
+ PAID IN CAPITAL (Line 43) AS OF FILING DATE only applies to corporations including corporate LLCs
- POST-PETITION CONTRIBUTIONS/(DISTRIBUTIONS)/(DRAWS) (Line 44) *applies to all Debtors.* If cumulative Distributions and Draws exceed cumulative Contributions, the difference should result in a negative number on Line 44.

h. Line 47 – Total Liabilities and Equity. This amount **must agree** with the Total Assets reported on Line 16.