

UNITED STATES TRUSTEE  
DISTRICT OF ARIZONA

**INSTRUCTIONS**

**BUSINESS AND INDUSTRY MONTHLY OPERATING REPORT**

This report is intended for business entities such as corporations , partnerships, holding companies, LLCs, and joint ventures, with a monthly income stream. The report has been designed to allow the debtor to substitute in-house financial reports for several of the pages in the report.

As a reminder, the reporting period for each monthly report should be a calendar month. The first report, however, should cover the period from the date the petition was filed to the end of that calendar month. The report is due the 15th of the month following the end of the reporting period.

*File the original report electronically with the Clerk of the United States Bankruptcy Court*

Hand Delivery:	U.S. Bankruptcy Court 230 N. First Avenue Suite 101 Phoenix, Arizona 85003-1706
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A copy of these instructions and monthly report (in Excel format) can be found at the Bankruptcy Court's web site - <http://www.azb.uscourts.gov/> and select the "Forms & Publications" link. File a paper copy of the report, bearing an original signature, with the Office of the United States Trustee:

Hand Delivery or U.S. Postal Delivery:	Office of the United States Trustee 230 N. First Avenue Suite 204 Phoenix, Arizona 85003-1706
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See Local Bankruptcy Rule 2015-1

## Page 1     **COVER**

This is the cover sheet for the report and serves to provide important information about: the debtor; parties who prepared the report, if different from the debtor; and persons who should be contacted when the report contains minor errors or omissions. More substantive questions regarding the affairs of the estate or the nature of the information provided in the report will be directed through debtor's counsel.

## Page 2     **CURRENT MONTH'S RECEIPTS AND DISBURSEMENTS**

The debtor's total receipts and disbursements for the reporting period should be reported in this section of the report. The information reported should reflect the transactions that would typically be reported in the debtor's check register . When asked, the debtor must be able to demonstrate that the information provided matches the balance reflected in the debtor's check book and cash on hand. Cash transactions should be minimal. **Should the total of cash transactions exceed \$250 per month, a separate "Disbursement Detail" (page 8 of the report) must be attached listing all cash payments.**

### **Cash and Check Book Balance - Beginning of Month**

The debtor's cash and check book balances at the beginning of the reporting period should be reported in this section of the report . For the very first report, the amounts reported should be the same as the amounts that were reported in the debtor's schedules. For succeeding months, this amount should equal the "Cash and Check Book Balance - End of Month" reported on the prior report.

### **Receipts**

All monies received by the debtor, whether from capital investment, loans, sales of assets, or any other source must be reported. The amounts must be segregated and reported in the categories specified on the report.

### **Disbursements**

Total disbursements for the account should be reported in the appropriate column. Certain disbursement categories are to be identified and segregated in the report. These disbursement categories are listed in the report. All other disbursements, that do not specifically fall under the segregated categories, should be lumped under "Business-Ordinary Operations".

### **Cash and Check Book Balance - End of Month**

The debtor's cash and check book balances at the end of the reporting period should be reported in this section of the report. This amount should equal:

$$\begin{array}{rcl} & \text{Cash and Book Balance - Beginning of Month} & \\ + & \text{Total Receipts} & \\ - & \text{Total "Disbursements"} & \\ = & \text{Cash and Bank Balance - End of Month} & \end{array}$$

### **Disbursements for Calculating Quarterly Fees**

This section of the report is used to calculate the disbursements that are used in determining the amount of the quarterly fees. The transfers between debtor-in-possession accounts are eliminated from the total disbursements reported above. The amounts reported in this section of the report are recorded in the computerized record keeping system used by the United States Trustee program for use in verifying that the debtor has paid the correct amount of quarterly fees.

## **Page 3      INCOME STATEMENT**

The report included with the report package is generic and intended to cover a wide range of debtors. The debtor is encouraged to substitute its in-house income statement (profit or loss statement) for this page of the report. The report must be prepared in accordance with generally accepted accounting principals 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").

Should the debtor use in-house statements for this page of the report, they need not contain the column "Total Since Filing". They must, however, contain both the current month and year-to-date columns and information.

## **Page 4      COMPARATIVE BALANCE SHEET**

As with the operating statement mentioned above, the debtor is encouraged to substitute its in-house balance sheet for this page of the report. The report must be prepared in accordance with generally accepted accounting principals and with SOP 90-7. If the debtor's in-house balance sheet is substituted, it need only contain the account balances as of the end of the reporting period rather than the three columns included in the comparative balance sheet form provided.

**Accounts Receivable**

The total of all accounts receivable owed to the debtor, pre-petition and post-petition, at the end of the reporting period should be included in this section of the report. The amount reported under “Less: Amount Considered Uncollectible” should represent the debtor’s best estimate of those accounts that are believed to be uncollectible. This amount should not necessarily equal the amount included in the debtor’s “allowance for doubtful accounts” or similar account, unless the debtor’s best estimate is the same as the allowance account.

Notes receivable should not be included in this part of the report.

**Due From Insiders**

All monies due from insiders (officers, directors, general partners, persons in control or relatives of the above) should be reported in this section of the report.

**Inventory**

This section of the report should be complete by debtors engaged in the sale of goods or other marketable inventories. If this section does not apply, place “n/a” in the box next to ending inventory.

**Fixed Assets**

The debtor’s fixed assets should be reported in this section of the report. Fixed, or capital assets, are those assets the debtor uses to conduct business. Goods or inventory sold in the normal course of business are not fixed assets and should not be included. The amounts reported in this section should equal the amounts reported in the balance sheet on page 4 of the report.

A description of all fixed assets that were acquired or disposed of during the reporting period must be identified at the bottom of the report. The date the assets was sold or disposed of, to whom it was sold to, if applicable, and whether to not the individual was an insider should be included in the description. Additional sheets should be attached if necessary.

## Page 6     **STATUS OF LIABILITIES AND SENSITIVE PAYMENTS**

### **Post-Petition Unpaid Obligations**

All post-petition obligations (obligations that have come due since the date the petition for bankruptcy was filed) should be reported in this section of the report. Notice that all categories are to be reported in total.

An aged listing of post-petition accounts payable must be attached that matches the amount reported under “Accounts Payable”.

**Pre-petition debt**, the obligations that were owed on the date the petition was filed, **should not be included in the amounts reported in this section of the report.**

### **Payments to Insiders and Professionals**

All payments made to insiders and professionals should be detailed in these two sections on the page. As indicated on the report form, payments to insiders include payments to officers, directors, general partners, persons in control or relative of the above. Payments to professionals include payments to attorneys and accountants. They also include payments to brokers, financial advisors, and other professional that assist with the reorganization effort. If the debtor is uncertain as to whether or not a payment represents payment to an insider or a professional, the debtor's counsel should be consulted.

## Page 7     **CASE STATUS**

### **Questionnaire**

The questions contained in this section of the report serve to provide verification that the debtor is complying with the United States Trustee Operating Guidelines and Reporting Requirements for Chapter 11 Cases and affords the debtor the opportunity to provide information about the status of the case and any significant matters affecting the case.

The debtor should read each question carefully and answer appropriately. The debtor should not simply copy the same answer each month unless the answer best represents the current status of the case. Should it appear, based on answers in this section of the report, that the case is not progressing timely toward confirmation, interested parties may petition the Court for a status hearing or may bring a motion for dismissal, conversion, or appointment of a trustee

## **Insurance**

All insurance policies in force during the reporting period should be listed in this section of the report. The type of policy, such as general liability, vehicle, property and hazzard, workman's compensation, product liability, or errors and omissions, the carrier and the policy number, the period covered, the expiration date, the payment amount and the frequency, such as monthly, bi-monthly, semi-annually, or annually, should be included.

If a policy was renewed during the reporting period, provide proof of the policy renewal.

## **Page 8      DISBURSEMENT DETAIL & BANK STATEMENTS**

Copies of **BANK STATEMENTS** and a disbursement detail must be provided for each of the debtor's checking accounts (and for cash when cash expenditures total more than \$250 per month). For checking accounts, the debtor's check register or a computerized disbursement register may be substituted for the pages provided with the report if the following is contained in the substituted document:

- check number,
- date the check was issued,
- payee (to whom the check was issued),
- purpose, such as: utilities, attorney fees, mortgage payment, etc., and
- amount of the check.