

**Monthly Operating Report Instructions  
For Non-Small Business Debtors  
Reporting on an Accrual Basis**

The contents of a monthly report for non-small business debtors reporting on an accrual accounting basis should be comprised of the following appropriate documents:

**Business Debtor, Accrual Basis Accounting**

- Financial Background Information
- Income Statement
- Cash Reconciliation Report
- Balance Sheet
- Cash Disbursements Summary Report
- Schedule AR (Accounts Receivable)
- Schedule AP (Accounts Payable)
- IRS Form 6123 Verification of Federal Tax Deposit
- Copies of Bank Statements(Not included in these guidelines)

All debtors must file with the Court not later than the 20<sup>th</sup> day of each month a written financial report for the entire preceding calendar month. This report must be filed in electronic format and must conform to the format prescribed by these guidelines. Debtors should provide their reports to their attorneys early enough to allow for filing in electronic format by the 20<sup>th</sup> day of the month. Failure to file these reports with the Court in a timely manner may result in dismissal of the case or conversion of the case to chapter 7. *See* 11 U.S.C. § 1112(b)(4)(F, H).

If the debtor files a bankruptcy petition more than ten days prior to the end of any calendar month, a monthly report must be filed for that portion of the calendar month no later than the 20<sup>th</sup> day of the following month. A debtor who files ten days or less prior to the end of a calendar month must include these days in the report for the following month. A debtor should not file a monthly report which covers a period exceeding 41 days.

**Qualifying small business debtors must use the Official Form B25 C monthly report, a copy of which is provided at the U.S. Bankruptcy Court's website at <http://www.uscourts.gov/bkforms/index.html>. Individual debtors and non-small business debtors who generally report their financial activity on a cash basis should also use the Official Form B25 C.**

## **Monthly Operating Report Definitions The Income Statement**

(A) **Total Sales/Income** - This should be income from operations only and should not include items such as sales of equipment or property (unless the debtor is in the business of selling equipment or property).

(B) **Total Cost of Sales** - Any business which produces, buys or sells goods to generate income must complete this section of the Income Statement. Cost of sales refers to the costs a business incurs in obtaining or producing items for sale. Depending on the nature of your business, it may require placing values on raw materials, work in process, and finished goods such as in a manufacturing facility. For merchants, it may consist of only the cost of merchandise held for sale. You must place beginning and ending values on your inventories to obtain this amount. To arrive at the cost of goods available for sale during the period, you should take the cost of inventory at the beginning of the period and add the cost of goods manufactured, purchased or processed during the period (purchase price plus freight costs). From this figure, subtract the value of the inventory at the end of the period to arrive at the cost of sales.

(C) **Gross Profit** - Gross profit is the result of deducting cost of goods sold from total sales/income.

(D) **Total Operating Expenses** - Various types of operating expenses will be incurred in your business. The list of expenses is not all inclusive, therefore extra space is provided to report all operating expenses incurred in your line of business.

The Taxes (Payroll) line item refers to the employer's share of FICA and Federal and State unemployment taxes required, but does not include amounts the employer is required to withhold for the employee's share. The employee share of payroll taxes should be included in the Salaries (Gross) figure. The Salaries items are **Gross Salary**.

(E) **Profit/Loss from Operations** - This is the Total Operating Expenses deducted from the Gross Profit.

(F) **Total Other Income/(Expense) & Extraordinary Items** - Other Income (Expenses) are items such as interest income and expenses. Extraordinary Items are items such as the sale of a piece of property at a profit (Extraordinary Income) or at a loss (Extraordinary Loss).

(G) **Income Before Taxes** - The result of adding or deducting the Total Other Income/Expense & Extraordinary Items from the Profit/Loss from Operations.

(H) **Income Taxes** - Enter here the Federal and State Income Tax Expense (or Credit) as a result of this period's Operations.

(I) **Net Income (Loss)** - The result of deducting (or adding) the income tax from the Income Before Taxes.



9. **TAXES.** Are all taxes being paid to the proper taxing authorities when due? Yes \_\_\_ No \_\_\_. On the attached IRS Form 6123 report all tax deposits made with any financial institution for federal employment taxes. Be sure the form is complete and signed by an authorized employee of the receiving institution or taxing authority. Attach to this report a completed Form 6123 for each deposit made during the reporting period. Also attach copies of the monthly sales tax report, payroll tax report and unemployment tax report with evidence of payment of both federal and state taxes.

10. **ESCROW ACCOUNTS.** Are you utilizing your tax account only for deposits and payment of payroll and sales taxes? Yes\_\_\_ No \_\_\_. If no, explain: \_\_\_\_\_

11. Are all **BOOKS AND RECORDS** of the debtor(s) being maintained monthly and are all current? Yes \_\_\_ No \_\_\_ Explain: \_\_\_\_\_

12. **INSURANCE EXPIRATION STATEMENT.** Policy expiration dates are:

Auto & Truck \_\_\_\_\_ Liability \_\_\_\_\_  
 Fire \_\_\_\_\_ Workers Comp. \_\_\_\_\_

13. **ACTIONS OF DEBTOR.** During the last month, did the debtor:  
 (A) Fail to defend or not oppose any action seeking to dispossess the debtor from control or custody of any asset of the estate? Yes \_\_\_ No \_\_\_ Explain: \_\_\_\_\_

(B) Maintain such stock, inventory, raw materials, insurance, employees and other resources as are necessary to preserve and maintain the going- concern value of the assets of the debtor?  
 Yes \_\_\_ No \_\_\_ Explain: \_\_\_\_\_

14. **TRANSFER OR SALE OF PROPERTY.** Did the debtor or any person with control over any \_\_\_\_\_ of the debtor's assets transfer, convey or abandon any of the debtor's assets to another party during the period of this report other than as set forth herein (including sales by creditors)?  
 Yes \_\_\_ No \_\_\_ Explain: \_\_\_\_\_

15. **PAYMENTS TO SECURED CREDITORS** during reporting period:  
 (Attach additional sheets, if necessary.)

Creditor	Frequency of Payments per Contract (mo.,qtr)	Amount of Each Payment	Next Payment Due	Post-Petition Payments Not Made Number & Amount

16. **PAYMENTS TO PROFESSIONALS** (Attorneys, Accountants, Real Estate Agents, Auctioneers, Appraisers, etc., during reporting period:  
 (Attach additional sheets, if necessary.)

Professional	Service	Amount
		\$ 0

17. **QUARTERLY U.S. TRUSTEE FEES** paid during reporting period:  
 \$ \_\_\_\_\_

18. **VERIFICATION:** I declare under penalty of perjury that the information contained in this monthly operating report (including attached schedules) is true and correct to the best of my knowledge, information and belief.

Dated: \_\_\_\_\_

DEBTOR-IN-POSSESSION

Name/Title: \_\_\_\_\_

By: \_\_\_\_\_

Address: \_\_\_\_\_

\_\_\_\_\_

Phone: \_\_\_\_\_



This Month

Year to Date

Repairs & Maintenance

Supplies

Taxes (Real Property)

Taxes (Other)

Telephone

Travel

Utilities

U.S. Trustee Quarterly Fee

Other Operating Expenses

Freight

Auto and Truck Expenses

General and Administrative Expenses

(D) Total Operating Expenses (D)

(E) Profit/Loss from operations (E=C-D)

Other Income (Expenses)

Interest Income

Interest Expense

Other Income-Discounts

Extraordinary Items - In (Out)

(F) Total Other Income/Expense &  
Extraordinary Items (F)

(G) Income Before Taxes (G=E+F)

(H) Income Tax Expense (H)

(I) Net Income (Loss) (I=G-H)

NOTE: Accrual basis reporters must attach **Cash Reconciliation Reports** or a standard Statement of Sources and Uses of Cash to this report.

**CASH RECONCILIATION REPORT**  
**(Business Debtor, Accrual Basis)**

Calendar Month Ending \_\_\_\_\_

*\*A copy of the bank statement(s) should be attached to this form.*

All  
Accounts

(A) Beginning Cash Balance (A)

(B) Net Income,(line (I), Page 20)

Add expenses Not Requiring Cash:

Depreciation

(C) Sub-Total (C)

(D) Cash from Operations (D=B+C)

Other Sources (Uses) of Cash:

Sources (Uses)

Decrease (Incr) - Accounts Receivable

Decrease (Incr) - Inventory

Decrease (Incr) - Equipment

Decrease (Incr) - Furniture

Decrease (Incr) -

Increase (Decr) - Accounts Payable

Increase (Decr) - Accrued Interest

Increase (Decr) - Accrued P/R Taxes

Increase (Decr) - Accrued Prof. Fees

Increase (Decr) - Accrued Rent

Increase (Decr) - Accrued Salaries

Increase (Decr) - Accrued Sales Taxes

Increase (Decr) - Notes Payable - Banks (LOC)

Increase (Decr) - Other

Increase (Decr) - Accounts Payable-Pension

Increase (Decr) -

(Less) Unrecorded bank service charges

(E) Total Other Sources (Uses) of Cash (E)

(F) Ending Cash Balance (F=A+D+E)

(G) Balance per Bank Statement (G)

(H) Less Outstanding Checks (H)

(I) Add Deposits in Transit (I)

(J) Reconciled Bank Balance {J=(G-H)+I}

Ending Cash Balance (F) and Reconciled Bank Balance (J) should equal.

In Re: \_\_\_\_\_ Case Number \_\_\_\_\_

BALANCE SHEET

As of \_\_\_\_\_

Current Assets

Cash  
Pre-Petition Accounts Receivable  
Post-Petition Accounts Receivable  
Receivable from Officers, Employees, Affiliates  
Notes Receivable  
Inventory  
Other Current Assets:

Total Current Assets

Fixed Assets

Land  
Buildings  
Equipment, Furniture & Fixtures  
Less Accumulated Depreciation  
Total Fixed Assets

Other Assets

Prepaid Expenses  
Cash Value Life Insurance  
True Serve Corp Stock  
Total Other Assets

Total Assets

Post-Petition Liabilities

Accounts Payable  
Notes Payable - LOC  
Rents and Leases Payable  
Taxes Payable - Sales Tax  
Accrued Interest  
Pension Payable  
Total Post-Petition Liabilities

Pre-Petition Liabilities

Priority Claims  
Secured Debts  
Unsecured Debt  
Total Pre-Petition Liabilities

Owners Equity (Deficit)

Capital Stock or Owners Investment  
Paid In Capital Surplus  
Retained Earnings (Deficit)  
Pre-Petition  
Post-Petition (24,758)  
Total Owners Equity

Total Liabilities and Owner's Equity



In Re: \_\_\_\_\_ Case Number \_\_\_\_\_

ACCOUNTS RECEIVABLE

As of \_\_\_\_\_

Creditor	Total Due	Date Incurred	Past Due (31-60 Days)	Past Due (Over 60 Days)
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In Re: \_\_\_\_\_ Case Number \_\_\_\_\_

ACCOUNTS PAYABLE

As of \_\_\_\_\_

Creditor	Total Due	Date Incurred	Past Due (31-60 Days)	Past Due (Over 60 Days)
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