

FILED  
 U.S. BANKRUPTCY COURT  
 EASTERN DISTRICT OF TEXAS  
 2019 DEC 16 PM 1:06  
 CLERK, U.S. BANKRUPTCY COURT  
 BY \_\_\_\_\_ DEPUTY

**Fill in this information to identify the case:**

Debtor 1 Nuvectra Corporation

Debtor 2 (Spouse, if filing) \_\_\_\_\_

United States Bankruptcy Court for the: Eastern District of Texas

Case number 19-43090

**Official Form 410**  
**Proof of Claim**

04/19

Read the instructions before filling out this form. This form is for making a claim for payment in a bankruptcy case. Do not use this form to make a request for payment of an administrative expense. Make such a request according to 11 U.S.C. § 503.

Filers must leave out or redact information that is entitled to privacy on this form or on any attached documents. Attach redacted copies of any documents that support the claim, such as promissory notes, purchase orders, invoices, itemized statements of running accounts, contracts, judgments, mortgages, and security agreements. Do not send original documents; they may be destroyed after scanning. If the documents are not available, explain in an attachment.

A person who files a fraudulent claim could be fined up to \$500,000, imprisoned for up to 5 years, or both. 18 U.S.C. §§ 152, 157, and 3571.

Fill in all the information about the claim as of the date the case was filed. That date is on the notice of bankruptcy (Form 309) that you received.

**Part 1: Identify the Claim**

1. Who is the current creditor? BDO USA, LLP  
 Name of the current creditor (the person or entity to be paid for this claim)  
 Other names the creditor used with the debtor \_\_\_\_\_

2. Has this claim been acquired from someone else?  
 No  
 Yes. From whom? \_\_\_\_\_

Where should notices and payments to the creditor be sent?	Where should notices to the creditor be sent?	Where should payments to the creditor be sent? (if different)
Federal Rule of Bankruptcy Procedure (FRBP) 2002(g) <u>BDO USA, LLP Attn: Jared Schierbaum</u> Name <u>4250 Lancaster Pike, Suite 120</u> Number Street <u>Wilmington DE 19805</u> City State ZIP Code Contact phone <u>(302) 656-5500</u> Contact email <u>jschierbaum@bdo.com</u>	<u>BDO USA, LLP Attn: Laurence W. Goldberg</u> Name <u>4135 Mendenhall Oaks Parkway, Suite 140</u> Number Street <u>High Point NC 27265</u> City State ZIP Code Contact phone <u>(336) 289-2009</u> Contact email <u>lgoldberg@bdo.com</u>	

3. Where should notices and payments to the creditor be sent? (if different)

4. Does this claim amend one already filed?  
 No  
 Yes. Claim number on court claims registry (if known) \_\_\_\_\_ Filed on \_\_\_\_\_ MM / DD / YYYY

5. Do you know if anyone else has filed a proof of claim for this claim?  
 No  
 Yes. Who made the earlier filing? \_\_\_\_\_

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Uniform claim identifier for electronic payments in chapter 13 (if you use one):  
 \_\_\_\_\_



**Part 2: Give Information About the Claim as of the Date the Case Was Filed**

6. Do you have any number you use to identify the debtor?  No  Yes. Last 4 digits of the debtor's account or any number you use to identify the debtor: 1 7 0 4

7. How much is the claim? \$ 22,262.40 Does this amount include interest or other charges?  No  Yes. Attach statement itemizing interest, fees, expenses, or other charges required by Bankruptcy Rule 3001(c)(2)(A).

8. What is the basis of the claim? Examples: Goods sold, money loaned, lease, services performed, personal injury or wrongful death, or credit card. Attach redacted copies of any documents supporting the claim required by Bankruptcy Rule 3001(c). Limit disclosing information that is entitled to privacy, such as health care information.  
Professional Services

9. Is all or part of the claim secured?  No  Yes. The claim is secured by a lien on property.  
**Nature of property:**  
 Real estate. If the claim is secured by the debtor's principal residence, file a *Mortgage Proof of Claim Attachment* (Official Form 410-A) with this *Proof of Claim*.  
 Motor vehicle  
 Other. Describe: \_\_\_\_\_

**Basis for perfection:** \_\_\_\_\_  
Attach redacted copies of documents, if any, that show evidence of perfection of a security interest (for example, a mortgage, lien, certificate of title, financing statement, or other document that shows the lien has been filed or recorded.)

Value of property: \$ \_\_\_\_\_

Amount of the claim that is secured: \$ \_\_\_\_\_

Amount of the claim that is unsecured: \$ \_\_\_\_\_ (The sum of the secured and unsecured amounts should match the amount in line 7.)

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Amount necessary to cure any default as of the date of the petition: \$ \_\_\_\_\_

Annual Interest Rate (when case was filed) \_\_\_\_\_%

Fixed  
 Variable

10. Is this claim based on a lease?  No  Yes. Amount necessary to cure any default as of the date of the petition. \$ \_\_\_\_\_

11. Is this claim subject to a right of setoff?  No  Yes. Identify the property: \_\_\_\_\_

12. Is all or part of the claim entitled to priority under 11 U.S.C. § 507(a)?

No

Yes. Check one:

Domestic support obligations (including alimony and child support) under 11 U.S.C. § 507(a)(1)(A) or (a)(1)(B).

Amount entitled to priority

\$ \_\_\_\_\_

Up to \$3,025\* of deposits toward purchase, lease, or rental of property or services for personal, family, or household use. 11 U.S.C. § 507(a)(7).

\$ \_\_\_\_\_

Wages, salaries, or commissions (up to \$13,650\*) earned within 180 days before the bankruptcy petition is filed or the debtor's business ends, whichever is earlier. 11 U.S.C. § 507(a)(4).

\$ \_\_\_\_\_

Taxes or penalties owed to governmental units. 11 U.S.C. § 507(a)(8).

\$ \_\_\_\_\_

Contributions to an employee benefit plan. 11 U.S.C. § 507(a)(5).

\$ \_\_\_\_\_

Other. Specify subsection of 11 U.S.C. § 507(a)( ) that applies.

\$ \_\_\_\_\_

\* Amounts are subject to adjustment on 4/01/22 and every 3 years after that for cases begun on or after the date of adjustment.

**Part 3: Sign Below**

The person completing this proof of claim must sign and date it. FRBP 9011(b).

Check the appropriate box:

I am the creditor.

I am the creditor's attorney or authorized agent.

I am the trustee, or the debtor, or their authorized agent. Bankruptcy Rule 3004.

I am a guarantor, surety, endorser, or other codebtor. Bankruptcy Rule 3005.

If you file this claim electronically, FRBP 5005(a)(2) authorizes courts to establish local rules specifying what a signature is.

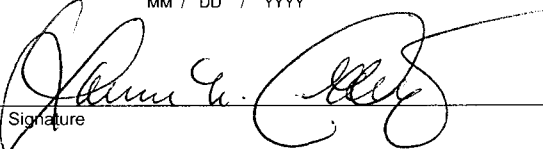
I understand that an authorized signature on this *Proof of Claim* serves as an acknowledgment that when calculating the amount of the claim, the creditor gave the debtor credit for any payments received toward the debt.

A person who files a fraudulent claim could be fined up to \$500,000, imprisoned for up to 5 years, or both. 18 U.S.C. §§ 152, 157, and 3571.

I have examined the information in this *Proof of Claim* and have a reasonable belief that the information is true and correct.

I declare under penalty of perjury that the foregoing is true and correct.

Executed on date 12 13 2019  
MM / DD / YYYY

  
Signature

Print the name of the person who is completing and signing this claim:

Name Laurence W. Goldberg  
First name Middle name Last name

Title Director - Revenue Management

Company BDO USA, LLP  
Identify the corporate servicer as the company if the authorized agent is a servicer.

Address 4135 Mendenhall Oaks Parkway, Suite 140  
Number Street

High Point NC 27265  
City State ZIP Code

Contact phone (336) 289-2009 Email lgoldberg@bdo.com

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KURTZMAN CARSON CONSULTANTS



11/14/2019

Nuvectra  
5830 Granite Pkwy  
Suite 1100  
Plano, TX, 75204

Customer # 0361704

**Statement of Account**

Date	Invoice	Attention To	Original Amount Due	Payments/Credits	Amount Due	Days Outstanding
10/24/2019	001216482		22,262.40	0.00	22,262.40	21
<b>Total Balance:</b>					<b>22,262.40</b>	
		<b>0 - 30 Days</b>	<b>31 - 60 Days</b>	<b>61 - 90 Days</b>	<b>&gt; 90 Days</b>	<b>Totals</b>
<b>Amount Due</b>		22,262.40	0.00	0.00	0.00	22,262.40

We appreciate your business. If you haven't already, please forward to or wire directly to our remittance address. For inquiries please call Shawntel Hardaway, , at 616 802 1169 or email at shardaway@bdo.com.

**Wire:**  
PNC Bank, N.A.  
Pittsburgh, PA  
ABA# 031207607  
A/C# 8013580178  
PNCCUS33

**Overnight:**  
PNC Bank C/O BDO USA LLP  
Lockbox Number 667973  
1200 E Campbell Rd Ste 108  
Richardson, TX 75081

**Mail:**  
BDO  
PO Box 677973  
Dallas, TX 75267-7973

**Online Payment:**  
[www.bdo.com/payment](http://www.bdo.com/payment)

**Electronic Billing:**  
Be "green" and sign up for paperless billing at [www.bdo.com/payment](http://www.bdo.com/payment)

This invoice was issued by BDO USA, LLP, a Delaware limited liability partnership and the U.S. member of BDO International Limited, a UK company limited by guarantee.

COPY



600 North Pearl  
Suite 1700  
Dallas, TX 75201  
Telephone: 214/969-7007  
Fax: 214/953-0722

Nuvectora  
5830 Granite Pkwy  
Suite 1100  
Plano, TX 75204

October 24, 2019  
Invoice # 001216482  
Customer # 0361704

For Accounting & Reporting Advisory Services rendered in connection with the Statement of Work dated September 6, 2019:

Progress billing	21,648.00
Generated expenses	614.40
Invoice TOTAL:	<u>\$22,262.40</u>

For billing inquiries, contact Jon Eilertsen

This invoice was issued by BDO USA, LLP, a Delaware limited liability partnership and the U.S. member of BDO International Limited, a UK company limited by guarantee.

REMITTANCE ADVICE

REMIT TO:

BDO  
PO Box 677973  
Dallas, TX 75267-7973

Due: 10/24/2019  
Invoice #: 001216482  
Customer: Nuvectra  
Customer #: 0361704  
Invoice Amount: \$22,262.40

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(Please return this REMITTANCE ADVICE with your payment)

**Total Amount Due: \$22,262.40**

**Wire and ACH:**

PNC Bank, N.A.  
Pittsburgh, PA  
ABA# 031207607  
A/C# 8013580178  
Swift# PNCCUS33

**Overnight:**

PNC Bank Firstside Center  
Lockbox Department  
500 First Avenue  
Pittsburgh, PA 15219  
Attn: Lockbox # 642743 (BDO)

**Pay Online:**

To either pay on-line or opt for  
paperless billing, please visit  
[www.bdo.com/client-center](http://www.bdo.com/client-center) and  
Sign In or Register for Online  
Payment.

## Statement of Work

This Statement of Work (this "SOW") is entered into by and between BDO USA, LLP ("BDO", "we" or "our") and Nuvectra® (the "Company", "management" or "you"), and is intended to supplement the terms and conditions of the letter agreement ("letter agreement") with attached Master Service Agreement (the "MSA"), each with an effective date of September 6, 2019 (this SOW, together with the letter agreement and MSA, collectively, the "Agreement") between BDO and Nuvectra®. This SOW is effective as of the date of the last signature below. Capitalized terms used but not defined herein shall have the meaning attributed to those terms in the MSA. To the extent there is any conflict or inconsistency between the MSA and this SOW, unless otherwise agreed to in writing, the MSA shall prevail. Any term or condition incorporated into this SOW that is an addition to the terms and conditions contained in the MSA applies only to the Services (as defined below) provided under this SOW.

### ***Project Summary***

BDO will execute and perform accounting and reporting advisory services. Nuvectra® has requested BDO to provide accounting advisory assistance with the preparation of accounting policy memos, internal performance improvement, ASC 326 implementation assistance, and various Ad Hoc technical accounting assistance as required. Services will consist of the following Scope of Work and Deliverables:

### ***Scope of Work & Deliverables***

**Accounting and Reporting Advisory Services** will consist of assistance with various Ad-Hoc accounting and reporting projects. This will be a collaborative relationship where the BDO ARAS team will work with and be responsive to the Nuvectra team for any and all accounting and reporting assistance.

*Types of Services may include, but are not limited to the following:*

- ▶ Provide guidance, insight and best practices for technical topics as requested by management
- ▶ Assist management in documenting technical matters related to transactions the Company may enter or has entered into as requested by the Company
- ▶ Assist management with their formulation and review of corporate filings
- ▶ Assist management in documenting changes and additions to accounting policy manuals and related memos
- ▶ Provide training on technical topics

**ASC 326 - Current Expected Credit Loss Services** will consist of assistance with the evaluation of the ASC 326 - Credit Losses, and the potential impacts this will have on the business. Based on our understanding of the business, the initial impacts identified will be within Trade Receivables, however, BDO will perform an analysis to ensure all impacted areas are properly addressed.

*Types of Services may include, but are not limited to the following:*

- ▶ Examine potential financial statement impact of CECL compliance
- ▶ Determine qualitative and quantitative adjustment parameters and protocols
- ▶ Determine requirements for review and approval of allowance provisions

- ▶ ASC 326 memo documenting the evaluation process, impacted accounts and subsequent accounting and reporting changes resulting from the adoption.

### ***Timing of Services***

Detailed project milestones and dates will be agreed upon by BDO and the Company and will be properly reflected in the project schedule, if necessary. The estimated start date is September 6, 2019 and the end date will be determined based on the project plan approved by management.

### ***Company Responsibility***

Management will do the following in relation to this project:

- ▶ Assume responsibility for leading and directing any accounting advisory service project
- ▶ Make all management decisions with respect to the application of accounting policies, procedures, and U.S. GAAP
- ▶ Designate a member of senior management who possesses suitable skills, knowledge, and/or experience to oversee BDO's Accounting & Reporting Advisory Services
- ▶ Evaluate the adequacy and results of the BDO accounting advisory services and accept responsibility for the results of the advisory project

Company has appointed Jennifer Kosharek Interim CFO, VP, Controller and Principal Accounting Officer, to oversee and take responsibility of work performed by the BDO client service team.

### ***The Client Service Team***

Choosing the right professionals to provide services is a critical element of success. In selecting the service team, BDO reviewed carefully its understanding of the Company's needs, as well as its plans, and identified the people whose credentials are suited to the Company's needs.

These individuals have been selected because they have a proven record of experience with clients in the service area, strong technical backgrounds and outstanding management skills. The team will be supplemented as necessary with other staff to ensure that the Company's timelines are met.

### ***Engagement Pricing***

The professional fees for this engagement are as follows:

Charges incurred will be billed as services are performed at the rates listed below for an estimated blended rate of \$300 an hour. An initial amount of \$5,000 will be billed upon the signing of this SOW. Additional amounts will be billed on the 15<sup>th</sup> and 30<sup>th</sup> of each month as services are performed. Services requested in writing by Nuvectra® and performed outside of the services noted in this SOW will also be billed at the below rate schedule, which reflects a 35% discount from BDO's standard rates based on level and type of service. The estimate for the total fees for the ASC 326 services project will be approximately \$16,800. Technical matters outside the scope of Ad Hoc and ASC 326 will also be based on hours incurred at the below noted rates.



Statement of Work - ASC 606 Implementation Services for Nuvectra®

Professional Level	Accounting Advisory
National Assurance Partner	\$720
Partner/Director	\$480 - \$600
Senior Manager	\$340 - \$440
Manager	\$260 - \$300
Senior Associate	\$180 - \$220

Fees exclude out-of-pocket expenses, which are also billable. This estimated range is based on the following assumptions: Nuvectra's personnel will prepare certain mutually-agreed schedules and analyses necessary for BDO and make available to BDO the relevant documents for its examination as and when requested; there will be no significant changes in the internal controls, accounting systems, key personnel, or structure of Nuvectra's organization; there will be no significant acquisitions or disposals of businesses by Nuvectra®; and there will not be any unanticipated increases in Nuvectra's current operations requiring significant additional advisory time. Any unforeseen problems that are caused by an assumption above being incorrect will warrant additional time or expense. Nuvectra® will be notified of the situation and, if applicable, the added cost. BDO also will bill Nuvectra® for BDO's out-of-pocket expenses and its internal charges for certain support activities, which at this time approximates \$8.00 per hour of professional time incurred with respect to each engagement. BDO's internal charges include certain flat-rate amounts that reflect an allocation of estimated costs associated with general office services, such as computer usage, telephone charges, facsimile transmissions, postage, and photocopying. BDO leverages its size to achieve cost savings for its clients in all areas of expense, including those covered by internal charges, and use this system of allocation to minimize total costs.

**Billing Practices**

Actual out-of-pocket expenses incurred during the engagement will be billed. Invoices will be issued twice monthly for hours spent and expenses incurred. Invoices are due upon presentation. If we encounter unforeseen issues that warrant additional time or expense and obtain the Company's prior written approval before incurring any additional costs above the estimated fee range noted above. If Nuvectra® requests services not covered by this Statement of Work, we will discuss the extent of these services with you before beginning that work, and you will be billed separately for them based on the discounted rates shown above.

Statement of Work - ASC 606 Implementation Services for Nuvector®

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We are pleased to have this opportunity to serve you and look forward to a long and mutually beneficial relationship with the Company. Please indicate your acceptance of our SOW by signing and dating below, then returning a copy via email to [mstevenson@bdo.com](mailto:mstevenson@bdo.com) and an original executed copy to:

Mr. Michael Stevenson  
BDO USA, LLP  
600 North Pearl, Suite 1700  
Dallas, TX 75201

Sincerely,

BDO USA, LLP

Nuvector®

*BDO USA, LLP*

Michael Stevenson

Partner

Date: September 6, 2019

*Jennifer Kosharek*

Jennifer Kosharek

Interim CFO, VP, Controller and Principal  
Accounting Officer

Date: 9/9/19