

UNITED STATES BANKRUPTCY COURT
DISTRICT OF DELAWARE

In re: WELDED CONSTRUCTION, L.P., et. al.
Debtors

Case No. 18-12378 (CSS)
Reporting Period: May 1, 2020 - May 31, 2020

MONTHLY OPERATING REPORT

File with Court and submit copy to United States Trustee within 20 days after end of month.

Submit copy of report to any official committee appointed in the case.

REQUIRED DOCUMENTS	Form No.	Document Attached	Explanation Attached	Affidavit/Supplement Attached
Schedule of Cash Receipts and Disbursements	MOR-1	✓		
Bank Reconciliation (or copies of debtor's bank reconciliations)	MOR-1a	✓		
Schedule of Professional Fees Paid	MOR-1b	✓		
Copies of bank statements				
Cash disbursements journals				
Statement of Operations	MOR-2	✓		
Balance Sheet	MOR-3	✓		
Status of Postpetition Taxes	MOR-4	✓		
Copies of IRS Form 6123 or payment receipt				
Copies of tax returns filed during reporting period				
Summary of Unpaid Postpetition Debts	MOR-4	✓		
Listing of aged accounts payable	MOR-4	✓		
Accounts Receivable Reconciliation and Aging	MOR-5	✓		
Debtor Questionnaire	MOR-5	✓		

I declare under penalty of perjury (28 U.S.C. Section 1746) that this report and the attached documents are true and correct to the best of my knowledge and belief.

Signature of Debtor

Date

Signature of Joint Debtor

Date



Signature of Authorized Individual*

6/30/2020

Date

Frank Pometti

Printed Name of Authorized Individual

Chief Restructuring Officer

Title of Authorized Individual

*Authorized individual must be an officer, director or shareholder if debtor is a corporation; a partner if debtor is a partnership; a manager or member if debtor is a limited liability company.



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General Notes

Debtor-in-Possession Financial Statements

The financial statements and supplemental information contained herein are unaudited, preliminary, and may not comply with generally accepted accounting principles in the United States of America ("U.S. GAAP") in all material respects.

Financial Accounting Standards Board Accounting Standards Codification 852, (Reorganizations) ("ASC 852"), which is applicable to companies in chapter 11, requires that financial statements for periods after the filing of a chapter 11 petition distinguish transactions and events that are directly associated with the reorganization from the ongoing operations of the business. The financial statements have been prepared in accordance with ASC 852. The unaudited financial statements have been derived from the books and records of the Debtors. This information, however, has not been subject to procedures that would typically be applied to financial information presented in accordance with U.S. GAAP, and upon application of such procedures, the Debtors believe that the financial information could be subject to changes, and these changes could be material. The information furnished in this report includes preliminary normal recurring adjustments.

The results of operations contained herein are not necessarily indicative of results which may be expected from any other period or for the full year and may not necessarily reflect the results of operations, financial position and cash flows of the Debtors in the future.

The information contained herein is provided to fulfill the requirements of the Office of the United States Trustee.

Liabilities Subject to Compromise

As a result of the chapter 11 filings, the payment of prepetition indebtedness is subject to compromise or other treatment under a plan of reorganization. The determination of how liabilities will ultimately be settled or treated cannot be made until the Bankruptcy Court approves a chapter 11 plan of reorganization. Accordingly, the ultimate amount of such liabilities is not determinable at this time. ASC 852 requires prepetition liabilities that are subject to compromise to be reported at the amounts expected to be allowed as claims, even if they may be settled for lesser amounts. The amounts currently classified as liabilities subject to compromise are preliminary and may be subject to future adjustments depending on Court actions, further developments with respect to disputed claims, determinations of the secured status of certain claims, the values of any collateral securing such claims, rejection of executory contracts, continued reconciliation or other events.

Reorganization Items

ASC 852 requires expenses and income directly associated with the chapter 11 filings to be reported separately in the income statement as reorganization items. Reorganization items includes expenses related to legal advisory and representation services, other professional consulting and advisory services, debtor-in-possession financing fees and changes in liabilities subject to compromise recognized as there are changes in amounts expected to be allowed as claims.

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Case No. 18-12378 (CSS)
Reporting Period: May 1, 2020 - May 31, 2020

SCHEDULE OF CASH RECEIPTS AND DISBURSEMENTS

	CURRENT MONTH(1)		CUMULATIVE FILING TO DATE(1)	
	WeldedConstruction, L.P. Case: 18-12378	Welded Construction Michigan, LLC Case: 18-12379	WeldedConstruction, L.P. Case: 18-12378	Welded Construction Michigan, LLC Case: 18-12379
RECEIPTS				
Operating (2)	\$ 177,665	\$ -	\$ 180,847,699	\$ 15,823,242
DIP Proceeds		-	9,500,000	-
Inflows from Other Debtor	-	-	20,149,824	4,309,916
TOTAL RECEIPTS	\$ 177,665	\$ -	\$ 210,497,523	\$ 20,133,158
DISBURSEMENTS				
Operating Disbursements	\$ (285,545)	\$ -	\$ (146,367,322)	\$ -
DIP Principal Repayment	-	-	(9,500,000)	-
Professional Fees & Expenses (3)	(810,769)	-	(21,817,682)	-
Other Restructuring Related Payments (4)	(39,656)	-	(3,098,565)	-
Outflows to Other Debtor	-	-	(4,309,916)	(20,149,824)
TOTAL DISBURSEMENTS	\$ (1,135,970)	\$ -	\$ (185,093,485)	\$ (20,149,824)
NET CASH FLOW	\$ (958,305)	\$ -	\$ 25,404,038	\$ (16,666)

DISBURSEMENTS FOR CALCULATING U.S. TRUSTEE QUARTERLY FEES(5):

TOTAL DISBURSEMENTS	\$ (730,585)	\$ (405,385)	\$ (92,992,043)	\$ (17,256,283)
LESS: TRANSFERS TO DIP ACCOUNTS	-	-	9,500,000	-
PLUS: ESTATE DISBURSEMENTS MADE BY OUTSIDE SOURCES(6)	-	-	(34,088,779)	-
TOTAL DISBURSEMENTS	\$ (730,585)	\$ (405,385)	\$ (117,580,821)	\$ (17,256,283)

1. The information contained herein is provided to fulfill the requirements of the Office of the United States Trustee. All information contained herein is unaudited and subject to future adjustment. Certain totals may not sum due to rounding.

2. Operating receipts include receipts of cash held in trust for the Debtors customers, miscellaneous receivables and miscellaneous receipts.

3. Includes DIP Lender advisor fees and expenses

4. Other restructuring related payments include impairment charges related to sale, adequate assurance deposits, cash collateral deposits and trustee fees.

5. The Debtors are allocating professional and CRO fees evenly across all Debtor entities for purposes of calculating U.S. Trustee fees.

6. The Debtors estimate no payments were made directly by the Debtors' customers of behalf of the Debtors during this monthly period.

In re: WELDED CONSTRUCTION, L.P., et. al.
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Case No. 18-12378 (CSS)
Reporting Period: May 1, 2020 - May 31, 2020

BANK RECONCILIATIONS
Continuation Sheet for MOR-1
Bank Balances as of May 31, 2020

Debtor	Bank Name	Account Description	Account Number	Bank Balance
Welded Construction, L.P.	Huntington	Operating Account	XXXXXXXX-0247	27,497,430.39
Welded Construction, L.P.	Huntington	Payroll Account	XXXXXXXX-8815	-
Welded Construction, L.P. (1)	Huntington	LXP Account	XXXXXXXX-1739	161,550.29
Welded Construction, L.P. (1)	Huntington	ASR Account	XXXXXXXX-1742	482,820.02
Welded Construction, L.P.	Huntington	ETP Account	XXXXXXXX-1755	993,276.65
Welded Construction, L.P.	Huntington	Utility Deposit Account	XXXXXXXX-1768	150.00
Welded Construction, L.P. (2)	Huntington	Huntington Cash Collateral	XXXXXXXX-1771	-
Welded Construction, L.P. (3)	JP Morgan	MXP Account	XXXXXXXXXXXX-1962	-
Welded Construction Michigan, LLC (4)	Huntington	Consumers Account	XXXXXXXX-5609	-
Total				\$ 29,135,227.35

Notes

1. Cash held in the LXP and ASR bank accounts is cash held in trust on behalf of the Debtors' customers
2. Cash Collateral Account ending with 1771 was closed in the month of October 2019
3. MXP Account ending in 1962 was closed in the month of December 2019
4. Consumers Account ending in 5609 was closed in the month of May 2019

In re: WELDED CONSTRUCTION, L.P., et. al.
Debtors

Case No. 18-12378 (CSS)
Reporting Period: May 1, 2020 - May 31, 2020

SCHEDULE OF PROFESSIONAL FEES AND EXPENSES PAID

Payee	Period Covered	Amount Approved (1)	Payor	Check		Amount Paid This Period		Case-To-Date	
				Number	Date	Fees	Expenses	Fees	Expenses
Young Conaway Stargatt & Taylor, LLP	10/22/2018 - 5/31/2020	489,102	Welded Construction L.P	005064	5/8/2020	477,033.20	12,068.76	8,239,781	167,443
Blank Rome LLP	10/22/2018 - 5/31/2020	0	Welded Construction L.P					1,879,896	31,452
Teneo Capital LLC	10/22/2018 - 5/31/2020	119,288	Welded Construction L.P	005065	5/8/2020	119,248.00	40.12	1,273,758	5,291
Landis Rath & Cobb, LLP	10/22/2018 - 5/31/2020	0	Welded Construction L.P					320,649	7,201
Zolfo Cooper, LLC	10/22/2018 - 5/31/2020	95,229	Welded Construction L.P	005066	5/8/2020	95,154.00	75.00	7,772,875	409,285
Kurtzman Carson Consultants LLC	10/22/2018 - 5/31/2020	107,150	Welded Construction L.P	005067	5/8/2020	107,150.27		736,751	164,367

Notes

1. Invoice payments made in compliance with required holdback amounts

In re: WELDED CONSTRUCTION, L.P., et. al.
Debtors

Case No. 18-12378 (CSS)
Reporting Period: May 1, 2020 - May 31, 2020

STATEMENT OF OPERATIONS
(Income Statement)

	May 1, 2020 through May 31, 2020	October 22, 2018 through May 31, 2020
Contract Revenues	\$ 453,536	\$ 206,635,555
Cost of Operations	(3,368,167)	140,542,430
Gross Profit	\$ 3,821,703	\$ 66,093,125
General & Administrative Expense	789,392	30,697,911
Operating Income	\$ 3,032,311	\$ 35,395,214
Other Income (Expense)		
Interest Expense	\$ -	\$ (203,505)
Gain (Loss) on sale of Fixed Assets	-	21,935,537
Miscellaneous Income	(1,363)	3,264,270
Total Other Income (Expense)	\$ (1,363)	\$ 24,996,302
Income (Loss) before Taxes	\$ 3,030,948	\$ 60,391,516
Net Income	\$ 3,030,948	\$ 60,391,516

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In re: WELDED CONSTRUCTION, L.P., et. al.
Debtors

Case No. 18-12378 (CSS)
Reporting Period: May 1, 2020 - May 31, 2020

BALANCE SHEET

ASSETS	BOOK VALUE AT END OF October 22, 2018	BOOK VALUE AT END OF May 31, 2020
CURRENT ASSETS		
CASH	\$ 1,115,474	\$ 27,496,687
ACCOUNTS RECEIVABLE	111,031,669	595,701
OTHER RECEIVABLES	6,555	837
CONTRACT UNDERBILLINGS	1,161,635	-
PREPAID EXPENSES	1,330,033	1,206,431
TOTAL CURRENT ASSETS	\$ 114,645,366	\$ 29,299,656
FIXED ASSETS		
LAND	\$ 882,742	\$ -
BUILDINGS	5,245,125	-
CONSTRUCTION EQUIPMENT	30,256,144	-
TRANSPORTATION EQUIPMENT	12,664,793	-
OFFICE EQUIPMENT	1,614,416	-
TOTAL FIXED ASSETS	\$ 50,663,220	\$ -
LESS ACCUMULATED DEPRECIATION	41,108,600	-
NET FIXED ASSETS	\$ 9,554,620	\$ -
OTHER ASSETS		
DEPOSITS	823,822	1,904,298
TOTAL OTHER ASSETS	\$ 823,822	\$ 1,904,298
TOTAL ASSETS	\$ 125,023,808	\$ 31,203,954
LIABILITIES AND PARTNERSHIP CAPITAL		
CURRENT LIABILITIES		
LIABILITIES SUBJECT TO COMPROMISE	272,903,316	\$ 111,150,073
ACCOUNTS PAYABLE	-	5,518,657
ACCRUED PAYROLL	-	334,156
ACCRUED W/C & LIA INSURANCE	-	601
BILLINGS IN EXCESS OF COSTS	-	1,637,647
TOTAL CURRENT LIABILITIES	\$ 272,903,316	\$ 118,641,133
PARTNERSHIP CAPITAL		
PARTNERSHIP CAPITAL	\$ (147,879,509)	\$ (87,437,179)
TOTAL PARTNERSHIP CAPITAL	\$ (147,879,509)	\$ (87,437,179)
TOTAL LIABILITIES & CAPITAL	\$ 125,023,808	\$ 31,203,954

Note: All information contained herein is unaudited and subject to future adjustment.

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Case No. 18-12378 (CSS)
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MOR-4(Dec): DECLARATION REGARDING THE STATUS OF POST-PETITION TAXES

Frank Pometti hereby declares under penalty of perjury under 28 U.S.C. § 1746:

1. I am the Chief Restructuring Officer of Welded Construction, L.P. In that capacity I am generally familiar with the above-captioned debtors and debtors-in-possession (collectively the "Debtors") day-to-day operations, business affairs and books and records. I am authorized to submit this Declaration on behalf of the Debtors.
2. All statements in the Declaration are based on my personal knowledge, my review of the relevant documents, my discussions with other employees of the Debtors, or my opinion based upon my experience and knowledge of the Debtors' operations and financial condition. If I were called upon to testify, I could and would testify to each of the facts set forth herein based on such personal knowledge, review of documents, discussions with other employees of the Debtors or opinion.
3. To the best of my knowledge and except as otherwise set forth in this Monthly Operating Report, all of the Debtors have filed all necessary federal, state and local tax returns and have timely made (or are in the process of remediating any immaterial late filings or payments) all related required post-petition tax payments.

Dated 06/30/2020

Respectfully submitted,



By: Frank Pometti
Title: Chief Restructuring Officer

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Debtors

Case No. 18-12378 (CSS)
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SUMMARY OF UNPAID POSTPETITION DEBTS

	Number of Days Past Due					
	Current	0-30	31-60	61-90	Over 90	Total
Welded Construction, L.P.	\$ 895	\$ 15,629		\$ (3,336)	\$ 861,750	\$ 874,937
Welded Construction Michigan, LLC	-	-	-	-	-	-
Total Postpetition Debts	\$ 895	\$ 15,629	\$ -	\$ (3,336)	\$ 861,750	\$ 874,937

Explain how and when the Debtor intends to pay any past-due postpetition debts.

In accordance with Section 365(d)(5) of the Bankruptcy Code, the Debtors did not make payments during the first 60 days of their Chapter 11 cases in connection with certain unexpired leases for personal property. The amounts above reflect such non-payments.

Post-Petition debts only include both processed and unprocessed trade and union payables; amounts are subject to change and reclassified as pre-petition as the company continues to reconcile invoice dates.

Additionally, a portion of past due amounts includes invoices the Debtor has processed, yet will be paid directly by a customer per certain customer settlement agreements. These entries in accounts payable will eventually be written off after confirmation they have been directly paid. For purposes of calculating U.S. Trustee Quarterly fees, these non-cash expenses are captured in MOR1 line-item "estate disbursements made by outside sources".

Note:

1. Unpaid postpetition debts are net of professional fees and satisfied amounts relating to settlement agreements that may not be reflected in the Debtors' reported financials

In re: WELDED CONSTRUCTION, L.P., et. al.
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ACCOUNTS RECEIVABLE RECONCILIATION AND AGING

Accounts Receivable Reconciliation		Amount
Total Accounts Receivable at the beginning of the reporting period		\$ 286,877
+ Amounts billed during the period		453,536
- Amounts collected during the period		(144,711)
- Amounts written off		-
Total Accounts Receivable at the end of the reporting period		\$ 595,701
Accounts Receivable Aging		Amount
0 - 30 days old		\$ 453,632
31 - 60 days old		-
61 - 90 days old		-
91+ days old		106,533
Retention		35,536
Total Accounts Receivable		\$ 595,701
Amount considered uncollectible (Bad Debt)		-
Accounts Receivable (Net)		\$ 595,701

Note:

Reconciliation excludes customer deposits as the company did not issue receivables for these funds

Accounts Receivable Retention includes holdbacks from previously issued invoices

DEBTOR QUESTIONNAIRE

Must be completed each month	Yes	No
1. Have any assets been sold or transferred outside the normal course of business this reporting period? If yes, provide an explanation below.		X
2. Have any funds been disbursed from any account other than a debtor in possession account this reporting period? If yes, provide an explanation below.		X
3. Have all postpetition tax returns been timely filed? If no, provide an explanation below.	X	
4. Are workers compensation, general liability and other necessary insurance coverages in effect? If no, provide an explanation below.	X	
5. Has any bank account been opened during the reporting period? If yes, provide documentation identifying the opened account(s). If an investment account has been opened provide the required documentation pursuant to the Delaware Local Rule 4001-3.		X