

UNITED STATES BANKRUPTCY COURT  
FOR THE DISTRICT OF DELAWARE

In Re. AeroCentury Corp.

Case No. 21-10636

Debtor(s)

§  
§  
§  
§

Lead Case No. 21-10636

Jointly Administered

**Monthly Operating Report**

Chapter 11

Reporting Period Ended: 08/31/2021

Petition Date: 03/29/2021

Months Pending: 5

Industry Classification: 

5	3	2	4
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Reporting Method: Accrual Basis

Cash Basis

Debtor's Full-Time Employees (current):

0

Debtor's Full-Time Employees (as of date of order for relief):

0

**Supporting Documentation** (check all that are attached):

(For jointly administered debtors, any required schedules must be provided on a non-consolidated basis for each debtor)

- Statement of cash receipts and disbursements
- Balance sheet containing the summary and detail of the assets, liabilities and equity (net worth) or deficit
- Statement of operations (profit or loss statement)
- Accounts receivable aging
- Postpetition liabilities aging
- Statement of capital assets
- Schedule of payments to professionals
- Schedule of payments to insiders
- All bank statements and bank reconciliations for the reporting period
- Description of the assets sold or transferred and the terms of the sale or transfer

/s/ Joseph M. Mulvihill  
Signature of Responsible Party

09/27/2021  
Date

Joseph M. Mulvihill, Young Conaway Stargatt & Taylor, LLP  
Printed Name of Responsible Party

Rodney Square  
1000 North King Street, Wilmington, DE 19801  
Address

STATEMENT: This Periodic Report is associated with an open bankruptcy case; therefore § 1320.4(a)(2) applies.



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Debtor's Name AeroCentury Corp.

Case No. 21-10636

<b>Part 1: Cash Receipts and Disbursements</b>		<b>Current Month</b>	<b>Cumulative</b>
a.	Cash balance beginning of month	\$1,787,806	
b.	Total receipts (net of transfers between accounts)	\$898,046	\$0
c.	Total disbursements (net of transfers between accounts)	\$1,395,324	\$6,934,928
d.	Cash balance end of month (a+b-c)	\$1,290,528	
e.	Disbursements made by third party for the benefit of the estate	\$-230,000	\$-1,060,000
f.	Total disbursements for quarterly fee calculation (c+e)	\$1,165,324	\$5,874,928
<b>Part 2: Asset and Liability Status</b>		<b>Current Month</b>	
<b>(Not generally applicable to Individual Debtors. See Instructions.)</b>			
a.	Accounts receivable (total net of allowance)	\$493,491	
b.	Accounts receivable over 90 days outstanding (net of allowance)	\$53,738	
c.	Inventory (Book <input type="radio"/> Market <input type="radio"/> Other <input checked="" type="radio"/> (attach explanation))	\$0	
d.	Total current assets	\$1,530,306	
e.	Total assets	\$54,724,068	
f.	Postpetition payables (excluding taxes)	\$3,387,868	
g.	Postpetition payables past due (excluding taxes)	\$0	
h.	Postpetition taxes payable	\$17,832,703	
i.	Postpetition taxes past due	\$0	
j.	Total postpetition debt (f+h)	\$21,220,571	
k.	Prepetition secured debt	\$39,072,934	
l.	Prepetition priority debt	\$0	
m.	Prepetition unsecured debt	\$3,167,020	
n.	Total liabilities (debt) (j+k+l+m)	\$63,460,525	
o.	Ending equity/net worth (e-n)	\$-8,736,457	
<b>Part 3: Assets Sold or Transferred</b>		<b>Current Month</b>	<b>Cumulative</b>
a.	Total cash sales price for assets sold/transferred outside the ordinary course of business	\$0	\$0
b.	Total payments to third parties incident to assets being sold/transferred outside the ordinary course of business	\$0	\$0
c.	Net cash proceeds from assets sold/transferred outside the ordinary course of business (a-b)	\$0	\$0
<b>Part 4: Income Statement (Statement of Operations)</b>		<b>Current Month</b>	<b>Cumulative</b>
<b>(Not generally applicable to Individual Debtors. See Instructions.)</b>			
a.	Gross income/sales (net of returns and allowances)	\$18,341,076	
b.	Cost of goods sold (inclusive of depreciation, if applicable)	\$0	
c.	Gross profit (a-b)	\$18,341,076	
d.	Selling expenses	\$0	
e.	General and administrative expenses	\$292,272	
f.	Other expenses	\$5,853	
g.	Depreciation and/or amortization (not included in 4b)	\$0	
h.	Interest	\$86	
i.	Taxes (local, state, and federal)	\$0	
j.	Reorganization items	\$617,040	
k.	Profit (loss)	\$17,425,826	\$14,290,379

Debtor's Name AeroCentury Corp.

Case No. 21-10636

**Part 5: Professional Fees and Expenses**

			Approved Current Month	Approved Cumulative	Paid Current Month	Paid Cumulative	
a.	Debtor's professional fees & expenses (bankruptcy) <i>Aggregate Total</i>				\$368,015	\$906,248	
	<i>Itemized Breakdown by Firm</i>						
		Firm Name	Role				
	i	Morrison & Foerster	Co-Counsel			\$99,025	\$161,027
	ii	Young Conaway Stargatt & Taylor	Lead Counsel			\$154,687	\$289,228
	iii	Kurtzman Carson Consultants	Financial Professional			\$14,303	\$247,943
	iv	B. Riley Securities, Inc.	Financial Professional			\$100,000	\$208,050
b.	Debtor's professional fees & expenses (nonbankruptcy) <i>Aggregate Total</i>				\$31,481	\$52,138	
	<i>Itemized Breakdown by Firm</i>						
		Firm Name	Role				
	i	Chamberlain, Hrdlicka, White, & Wood	Special Counsel			\$30,910	\$34,069
	ii	Miller Advertising Agency	Financial Professional			\$0	\$17,498
	iii	McAfee & Taft	Other			\$571	\$571
c.	All professional fees and expenses (debtor & committees)		\$0				

**Part 6: Postpetition Taxes**

	Current Month	Cumulative
a. Postpetition income taxes accrued (local, state, and federal)	\$0	\$0
b. Postpetition income taxes paid (local, state, and federal)	\$0	\$0
c. Postpetition employer payroll taxes accrued	\$0	\$0
d. Postpetition employer payroll taxes paid	\$0	\$0
e. Postpetition property taxes paid	\$0	\$0
f. Postpetition other taxes accrued (local, state, and federal)	\$8,518	\$42,590
g. Postpetition other taxes paid (local, state, and federal)	\$20,433	\$61,299

**Part 7: Questionnaire - During this reporting period:**

- a. Were any payments made on prepetition debt? (if yes, see Instructions) Yes  No
- b. Were any payments made outside the ordinary course of business without court approval? (if yes, see Instructions) Yes  No
- c. Were any payments made to or on behalf of insiders? Yes  No
- d. Are you current on postpetition tax return filings? Yes  No
- e. Are you current on postpetition estimated tax payments? Yes  No
- f. Were all trust fund taxes remitted on a current basis? Yes  No
- g. Was there any postpetition borrowing, other than trade credit? (if yes, see Instructions) Yes  No
- h. Were all payments made to or on behalf of professionals approved by the court? Yes  No  N/A

Debtor's Name AeroCentury Corp.

Case No. 21-10636

- i. Do you have:
  - Worker's compensation insurance? Yes  No
  - If yes, are your premiums current? Yes  No  N/A  (if no, see Instructions)
  - Casualty/property insurance? Yes  No
  - If yes, are your premiums current? Yes  No  N/A  (if no, see Instructions)
  - General liability insurance? Yes  No
  - If yes, are your premiums current? Yes  No  N/A  (if no, see Instructions)
- j. Has a plan of reorganization been filed with the court? Yes  No
- k. Has a disclosure statement been filed with the court? Yes  No
- l. Are you current with quarterly U.S. Trustee fees as set forth under 28 U.S.C. § 1930? Yes  No

**Part 8: Individual Chapter 11 Debtors (Only)**

- a. Gross income (receipts) from salary and wages \_\_\_\_\_ \$0
- b. Gross income (receipts) from self-employment \_\_\_\_\_ \$0
- c. Gross income from all other sources \_\_\_\_\_ \$0
- d. Total income in the reporting period (a+b+c) \_\_\_\_\_ \$0
- e. Payroll deductions \_\_\_\_\_ \$0
- f. Self-employment related expenses \_\_\_\_\_ \$0
- g. Living expenses \_\_\_\_\_ \$0
- h. All other expenses \_\_\_\_\_ \$0
- i. Total expenses in the reporting period (e+f+g+h) \_\_\_\_\_ \$0
- j. Difference between total income and total expenses (d-i) \_\_\_\_\_ \$0
- k. List the total amount of all postpetition debts that are past due \_\_\_\_\_ \$0
- l. Are you required to pay any Domestic Support Obligations as defined by 11 U.S.C § 101(14A)? Yes  No
- m. If yes, have you made all Domestic Support Obligation payments? Yes  No  N/A

Debtor's Name AeroCentury Corp.

Case No. 21-10636

**Privacy Act Statement**

28 U.S.C. § 589b authorizes the collection of this information, and provision of this information is mandatory under 11 U.S.C. §§ 704, 1106, and 1107. The United States Trustee will use this information to calculate statutory fee assessments under 28 U.S.C. § 1930(a)(6). The United States Trustee will also use this information to evaluate a chapter 11 debtor's progress through the bankruptcy system, including the likelihood of a plan of reorganization being confirmed and whether the case is being prosecuted in good faith. This information may be disclosed to a bankruptcy trustee or examiner when the information is needed to perform the trustee's or examiner's duties or to the appropriate federal, state, local, regulatory, tribal, or foreign law enforcement agency when the information indicates a violation or potential violation of law. Other disclosures may be made for routine purposes. For a discussion of the types of routine disclosures that may be made, you may consult the Executive Office for United States Trustee's systems of records notice, UST-001, "Bankruptcy Case Files and Associated Records." See 71 Fed. Reg. 59,818 et seq. (Oct. 11, 2006). A copy of the notice may be obtained at the following link: [http://www.justice.gov/ust/eo/rules\\_regulations/index.htm](http://www.justice.gov/ust/eo/rules_regulations/index.htm). Failure to provide this information could result in the dismissal or conversion of your bankruptcy case or other action by the United States Trustee. 11 U.S.C. § 1112(b)(4)(F).

**I declare under penalty of perjury that the foregoing Monthly Operating Report and its supporting documentation are true and correct and that I have been authorized to sign this report on behalf of the estate.**

/s/ Harold M. Lyons

Signature of Responsible Party

Authorized Signatory

Title

Harold M. Lyons

Printed Name of Responsible Party

09/27/2021

Date

**AeroCentury Corp.**  
1440 Chapin Ave. Suite 310  
Burlingame, CA. 94010

**Balance Sheet**

**As of August 2021**

9/23/2021  
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Assets		
Cash		
CB&T checking	\$1,290,529.02	
Total Cash		\$1,290,529.02
Receivables		
Receivable-19002 Limited	\$176,392.96	
Receivable-19003 Limited	\$174,506.00	
Finance leases		
Finance leases receivable	\$1,640,000.00	
Total Finance leases	\$1,640,000.00	
Reserves Receivable	\$97,228.78	
Allowance for doubtful accts.	(\$1,190,000.00)	
Total Receivables		\$898,127.74
Investment in subsidiaries		
Investment in ACY SN 19002	\$1,866,605.79	
Investment in ACY SN 19003	\$1,839,999.58	
Investment in JHC	(\$333,367.72)	
Total Investment in subsidiaries		\$3,373,237.65
Assets held for sale		\$31,096,464.00
Inventory		\$53,040.70
Prepaid Expenses		
Prepaid insurance-D&O	\$150,000.00	
Prepaid expenses-other	\$25,708.19	
Prepaid expenses-restructuring	\$64,068.87	
Total Prepaid Expenses		\$239,777.06
Other Assets		
Deferred taxes	\$26,249,791.00	
Deferred tax valuation allow.	(\$8,476,900.00)	
Total Other Assets		\$17,772,891.00
Total Assets		<u>\$54,724,067.17</u>
Liabilities		
Accounts payable		\$951,099.31
Payable-ACY 19002		\$1,169,198.93
Payable-ACY 19003		\$1,177,067.34
Senior debt notes payable		\$38,960,340.82
Equipment security deposits		\$466,000.00
Prepaid rents		\$789,222.34
Maintenance Reserves		
Reserves-Silverstone #406	\$53,737.71	
Reserves-Croatia #4205	\$989,961.86	
Reserves-Croatia #4211	\$1,068,199.25	
Total Maintenance Reserves		\$2,111,898.82
Interest payable-reserves		\$2,995.00
Deferred taxes		\$17,830,551.61
Taxes payable-U.S.		\$2,151.00
Total Liabilities		<u>\$63,460,525.17</u>
Equity		
Common stock		\$1,758.79
Paid in capital		\$15,823,933.94
Paid in capital - warrants		\$958,875.00
Treasury stock		(\$3,037,257.81)
Retained earnings		(\$31,361,650.06)
Current earnings		\$8,877,882.14
Total Equity		(\$8,736,458.00)
Total Liability & Equity		<u>\$54,724,067.17</u>

**AeroCentury Corp,  
Bank Account Report  
8/31/21**

<u>Name on account</u>	<u>Bank</u>	<u>Type</u>	<u>Account no.</u>	<u>Balance</u>
AeroCentury Corp.	California Bank & Trust	Checking	xxxxxx0381	1,290,529

**AeroCentury Corp.**  
1440 Chapin Ave. Suite 310  
Burlingame, CA. 94010

**Profit & Loss Statement**

**August 2021**

**9/23/2021**  
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Income		
Rent income		\$505,486.10
Cancellation of debt		<u>\$17,811,296.27</u>
Total Income		\$18,316,782.37
Expenses		
JMC G&A reimbursement		\$230,000.00
Maintenance expense-reserves		\$5,852.55
Interest exp.-other		\$86.00
Bank fees-checking		\$777.25
Accounting expense		\$4,350.00
Legal expense		\$1,590.31
Restructuring costs		\$617,040.35
Public relations expense		\$400.00
Transfer agent fees		\$562.26
Exchange fees		\$4,166.67
Franchise taxes		\$8,518.00
Misc. expenses		\$1,958.33
Insurance - D&O		\$37,500.00
Insurance - aircraft		<u>\$2,449.09</u>
Total Expenses		\$915,250.81
Operating Profit		<u>\$17,401,531.56</u>
Other Income		
Equity in ACY 19002		(\$1,869.01)
Equity in ACY 19003		(\$1,879.55)
Equity in JHC		<u>\$28,042.14</u>
Total Other Income		\$24,293.58
Other Expenses		
Net Profit/(Loss)		<u><u>\$17,425,825.14</u></u>

**AeroCentury Corp., JetFleet Holding Corp., JetFleet Management Corp.**  
**Consolidated Balance Sheet**  
**August 31, 2021**

	AeroCentury Corp.	JetFleet Holding Corp.	JetFleet Management Corp.	Total before eliminations	Eliminations/ adjustments	Total after eliminations
<b>Assets</b>						
Cash	1,290,500	-	44,900	1,335,400		1,335,400
Accounts receivable	97,300	-	-	97,300		97,300
Receivable-ACY 19002	176,400	-	-	176,400		176,400
Receivable-ACY 19003	174,500	-	-	174,500		174,500
Receivable-JMC	-	-	-	-	-	-
Receivable-ACY	-	-	-	-		-
Finance leases receivable	1,640,000	-	-	1,640,000		1,640,000
Allowance for doubtful accounts	(1,190,000)	-	-	(1,190,000)		(1,190,000)
Assets held for sale	31,149,500	-	-	31,149,500		31,149,500
Off lease right of use	-	-	98,000	98,000		98,000
Equipment	-	-	24,000	24,000		24,000
Accumulated depreciation-equipment	-	-	(14,700)	(14,700)		(14,700)
Prepaid insurance	175,700	-	-	175,700		175,700
Prepaid expenses	64,100	-	55,500	119,600		119,600
Leasehold improvements	-	-	10,500	10,500		10,500
Accum amort-leasehold improvements	-	-	(10,500)	(10,500)		(10,500)
Investment in ACY 19002	1,866,600	-	-	1,866,600		1,866,600
Investment in ACY 19003	1,840,000	-	-	1,840,000		1,840,000
Investment in JHC	(333,400)	-	-	(333,400)	333,400	-
Investment in JMC	-	(333,600)	-	(333,600)	333,600	-
Investment in JFC	-	-	8,800	8,800		8,800
Deferred taxes	17,772,900	200	82,500	17,855,600	(1,733,300)	16,122,300
<b>Total assets</b>	<b>54,724,100</b>	<b>(333,400)</b>	<b>299,000</b>	<b>54,689,700</b>	<b>(1,066,300)</b>	<b>53,623,400</b>
<b>Liabilities</b>						
Accounts payable	951,100	-	9,500	960,600	(73,500)	887,100
Payable ACY 19002	1,169,200	-	-	1,169,200		1,169,200
Payable ACY 19003	1,177,100	-	-	1,177,100		1,177,100
Payable JMC	-	-	-	-		-
Accrued vacation	-	-	225,200	225,200		225,200
Payable-parent	-	-	-	-	-	-
Intercompany payable	-	-	78,700	78,700		78,700
Notes payable	38,960,300	-	170,000	39,130,300		39,130,300
Interest payable on notes	-	-	900	900		900
Swap termination liability	-	-	-	-		-
Office lease liability	-	-	123,200	123,200		123,200
Equipment security deposits	466,000	-	-	466,000		466,000
Prepaid rent	789,200	-	-	789,200		789,200
Maintenance reserves	2,114,900	-	-	2,114,900		2,114,900
ACY maintenance payable/first events	-	-	-	-	73,500	73,500
Deferred taxes	17,830,500	-	25,000	17,855,500	(1,733,200)	16,122,300
Taxes payable	2,200	-	-	2,200		2,200
<b>Total liabilities</b>	<b>63,460,500</b>	<b>-</b>	<b>632,500</b>	<b>64,093,000</b>	<b>(1,733,200)</b>	<b>62,359,800</b>
<b>Equity</b>						
Common stock	1,800	1,000	1,000	3,800	(2,000)	1,800
Paid in capital	15,823,900	627,000	1,454,700	17,905,600	(2,081,700)	15,823,900
Paid in capital-warrants	958,900	-	-	958,900	-	958,900
Retained earnings/(deficit)	(22,483,700)	(961,400)	(1,789,200)	(25,234,300)	2,750,600	(22,483,700)
Treasury stock	(5,699,100)	(333,400)	(333,500)	(6,366,000)	666,900	(5,699,100)
	(3,037,300)	-	-	(3,037,300)	-	(3,037,300)
<b>Total equity</b>	<b>(8,736,400)</b>	<b>(333,400)</b>	<b>(333,500)</b>	<b>(9,403,300)</b>	<b>666,900</b>	<b>(8,736,400)</b>
<b>Total liabilities and equity</b>	<b>54,724,100</b>	<b>(333,400)</b>	<b>299,000</b>	<b>54,689,700</b>	<b>(1,066,300)</b>	<b>53,623,400</b>

**AeroCentury Corp., JetFleet Holding Corp., JetFleet Management Corp.**  
**Consolidated Statement of Operations**  
**August 31, 2021**

	<u>ACY</u>	<u>JHC</u>	<u>JMC</u>	<u>Total before eliminations</u>	<u>Eliminations/ adjustments</u>	<u>Total after eliminations</u>
<b>Income</b>						
Operating lease revenue	505,500	-	-	505,500		505,500
Maintenance reserves revenue	-	-	-	-		-
Finance lease interest	-	-	-	-		-
Recovery of bad debt	-	-	-	-		-
Gain/(loss) on sale of aircraft	-	-	-	-		-
Gain/(loss) on finance leases	-	-	-	-		-
Dividends and interest income	-	-	-	-		-
Other income	-	-	-	-		-
PPP loan forgiveness	-	-	-	-		-
Cancellation of debt	17,811,300	-	-	17,811,300		17,811,300
G&A reimbursement	-	-	230,000	230,000	(230,000)	-
Fee income	-	-	-	-		-
<b>Total income</b>	<b>18,316,800</b>	<b>-</b>	<b>230,000</b>	<b>18,546,800</b>	<b>(230,000)</b>	<b>18,316,800</b>
<b>Expenses</b>						
JMC G&A reimbursement	230,000	-	-	230,000	(230,000)	-
Salaries and employee benefits	-	-	140,300	140,300		140,300
Depreciation	-	-	500	500		500
Provision for impairment	-	-	-	-		-
Interest	100	-	100	200		200
Debt costs amort	-	-	-	-		-
Interest-derivatives	-	-	-	-		-
Derivative MTM	-	-	-	-		-
Maintenance-ACY	-	-	-	-		-
Maintenance-reserves	5,900	-	-	5,900		5,900
Rent	-	-	8,500	8,500		8,500
Loss on lease amendment	-	-	-	-		-
Consulting fees	-	-	22,900	22,900		22,900
Travel, meals and entertainment	-	-	900	900		900
G&A	13,800	-	6,700	20,500		20,500
Restructuring costs	617,000	-	-	617,000		617,000
Other taxes	8,500	-	-	8,500		8,500
Insurance	39,900	-	23,000	62,900		62,900
Bad debt expense	-	-	-	-		-
<b>Total expenses</b>	<b>915,200</b>	<b>-</b>	<b>202,900</b>	<b>1,118,100</b>	<b>(230,000)</b>	<b>888,100</b>
Operating profit/(loss)	17,401,600	-	27,100	17,428,700	-	17,428,700
<b>Equity in subsidiaries:</b>						
Equity in ACY 19002	(1,900)	-	-	(1,900)		(1,900)
Equity in ACY 19003	(1,900)	-	-	(1,900)		(1,900)
Equity in JHC	28,000	-	-	28,000	(28,000)	-
Equity in JMC	-	28,000	-	28,000	(28,000)	-
Equity in JFC	-	-	900	900		900
<b>Total equity in subsidiaries</b>	<b>24,200</b>	<b>28,000</b>	<b>900</b>	<b>53,100</b>	<b>(56,000)</b>	<b>(2,900)</b>
Tax expense/(benefit)	-	-	-	-		-
<b>Net income/(loss)</b>	<b>17,425,800</b>	<b>28,000</b>	<b>28,000</b>	<b>17,481,800</b>	<b>(56,000)</b>	<b>17,425,800</b>

<b>Consolidated Cash Flow</b> <b>8/1/2021 To 8/31/2021</b>	<u>AeroCentury</u> <u>Corp.</u>	<u>JetFleet</u> <u>Holding Corp.</u>	<u>JetFleet</u> <u>Management</u>	<u>Eliminations</u>	<u>Consolidated</u>
Rent	604,816	-			604,816
Reserves	43,230	-			43,230
Sale proceeds	250,000	-			250,000
Payments from debtor	-	-	230,000	(230,000)	-
Adequate protection payments	(648,046)	-			(648,046)
Professional fees-bankruptcy	(368,015)	-			(368,015)
Professional fees-non bankruptcy	(31,057)	-			(31,057)
G&A	(20,036)	-	(14,164)		(34,200)
Maintenance	(32,584)	-			(32,584)
Payments to debtor	(230,000)	-		230,000	-
Net payroll	-	-	(102,481)		(102,481)
Payroll taxes	-	-	(50,603)		(50,603)
Secured/rental/leases	-	-	(9,548)		(9,548)
Insurance	-	-	(30,815)		(30,815)
Transfers to non-debtor affiliate	-	-	(14,000)		(14,000)
Postpetition other taxes	(20,433)	-			(20,433)
Trustee fees	(45,153)	-			(45,153)
Net cash flow	<u>(497,278)</u>	<u>-</u>	<u>8,389</u>	<u>-</u>	<u>(488,889)</u>
Total receipts	898,046	-	230,000	(230,000)	898,046
Total disbursements	(1,395,324)	-	(221,611)	230,000	(1,386,935)
	<u>(497,278)</u>	<u>-</u>	<u>8,389</u>	<u>-</u>	<u>(488,889)</u>