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IT IS SO ORDERED.

Dated: August 30, 2017



Charles M. Caldwell
Charles M. Caldwell
United States Bankruptcy Judge

**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF OHIO
EASTERN DIVISION**

In re: : **Case No. 17-55517**
:
Brookwood Academy Inc. : **Chapter 11**
:
Debtor. : **Judge Charles M. Caldwell**

**INTERIM ORDER AUTHORIZING LIMITED USE OF CASH COLLATERAL
AND GRANTING ADEQUATE PROTECTION [Doc. No. 5]**

This matter having come before the Court, upon Motion of Brookwood Academy, Inc., the above-captioned debtor and debtor in possession (“Debtor” or “Brookwood Academy”), for an order, pursuant to 11 U.S.C. §§ 361, 362, 363, 507(b) and Federal Rule of Bankruptcy Procedure 2002, 4001 and 9014 (“Bankruptcy Rule”), initially on an interim basis, and eventually on a final basis, authorizing use of cash collateral (the “Motion”) [Docket No. 5], and after notice and an expedited preliminary hearing held August 30, 2017; and the Court having reviewed and considered the Motion, together with all exhibits filed in support thereof, and having completed the preliminary hearing in accordance with § 363 of the Code, Bankruptcy

Rule 4001 and LBR 4001-2(b), and for good cause shown, hereby finds that Debtor has asserted the following:

A. Debtor filed its voluntary petition for relief under chapter 11 of title 11 of the United States Code (“Bankruptcy Code”) on August 28, 2017 (“Petition Date”). Debtor is conducting its business and is operating as a debtor in possession pursuant to §§ 1107 and 1108 of the Bankruptcy Code.

B. Debtor is an Ohio 501(C)(3) non-profit corporation doing business in Central Ohio. The Debtor is a public charter school that opened its doors for the 2012-2013 school year. The focus of the Debtor is to service students in grades 4 through 12 who have emotional and/or behavioral issues that adversely affect their educational performance. These students suffer from a variety of mental health issues including autism, traumatic brain injury, major depression, mood disorders and ADHD, and represent a full range of cognitive abilities.

D. Prior to the Petition Date, Debtor’s primary lender was U.S. Bank National Association (“U.S. Bank”) who may have, or whom may claim, a security interest in cash collateral by virtue of the Cash Flow Manager Line of Credit Agreement and Terms with Guaranty, the U.S. Bank Cash Flow Manager Security Agreement and UCC Financing Statements identified in paragraph 16 of the Motion, copies of which were attached thereto, respectively, as Exhibits A through D.

E. Debtor has filed this chapter 11 proceeding in order to restructure its financial affairs, maximize the value of its assets, and to provide a substantive and procedural mechanism for the realization of that value for the benefit of all parties in interest.

F. As set forth in the Certificate of Service [Doc. No. 9], Debtor served the Notice of Expedited Hearings on First Day Motions of [Doc. No. 8] via overnight mail on August 28, 2017

on (a) the office of the United States Trustee; (b) Debtor's 20 largest unsecured creditors as identified in its chapter 11 petition; and (c) U.S. Bank or its counsel. Such notice is appropriate and adequate under the circumstances set forth herein and presented to this Court, and complies with the provisions of § 363 of the Code and Bankruptcy Rules 2002, 4001 and 9014, and all other applicable law.

G. Nothing contained herein shall be construed to preclude Debtor or any other party in interest from hereafter objecting to the claims of U.S. Bank, or to the validity, extent, or priority of the liens, if any, of U.S. Bank, upon any of Debtor's property, including Cash Collateral.

H. Debtor has represented that its intended result in this proceeding is to restructure its financial affairs, maximize the value of its assets, and to provide a substantive and procedural mechanism for the realization of that value for the benefit of all parties in interest. Debtor contends that if it is to have any possibility of successfully achieving its intended results in this proceeding, it must continue its day-to-day operations, keeping its management and employees on board and continuing to the extent possible "business as usual." For these purposes, Debtor has indicated an immediate need to use its present and future cash collateral, as defined and described in the Motion, to meet its payroll, pay its taxes, pay its utilities, purchase necessary supplies and services, replace its inventory, and perform other necessary functions in the regular course of its business.

I. Debtor has represented that the immediate use of cash collateral is necessary to continue its operations in the ordinary course of business, and that it has demonstrated that the interests of U.S. Bank, if any, in cash collateral, can be adequately protected during the limited period of use as permitted hereby.

Additionally, the Court finds that an immediate need exists for Debtor to use its cash collateral to assure the orderly administration of its estate and that without such funds Debtor's estate will be irreparably harmed. The Court further finds that notice of the requested relief sought at the Interim Hearing was sufficient and adequate and that no further notice of, or hearing on, the relief sought in the Interim Hearing and the limited relief granted herein is necessary or required. Accordingly, it is hereby

ORDERED, ADJUDGED AND DECREED that the Motion is granted on an interim basis on the terms set forth herein. Debtor is authorized to use cash collateral during the Interim Period and until the expiration of this Order pursuant to § 363 of the Bankruptcy Code on the terms and conditions which follow:

1. Pursuant to § 363 of the Bankruptcy Code, cash collateral shall not be used, leased, sold or expended, directly or indirectly, by or on behalf of Debtor except as provided herein.

2. Cash collateral shall be permitted to be used by or on behalf of Debtor during the pendency of this Order only on the following terms and conditions:

- a. Debtor will maintain its bank accounts at a federally insured depository institution.
- b. Debtor shall, upon receipt of cash collateral generated after the Petition Date, take or cause to be taken any and all action necessary to cause all of said cash collateral to be immediately deposited into a debtor in possession account.
- c. Subject to all other terms and conditions specified herein, all bills, invoices and statements for necessary expenses incurred in connection

with the operation of Debtor's business shall be paid when due from the funds deposited or to be deposited in any debtor in possession account. For purposes of this Order, such necessary operating expenses of Debtor are defined as those expenditures made to meet its payroll, pay its taxes, make lease payments related to its operations, purchase necessary supplies and service, and perform other necessary functions in the regular course of its business, all as more fully identified in the Budget attached hereto.

- d. Debtor shall, for each month during the pendency of this proceeding, file with the Court such financial reports as may be required by the Office of the United States Trustee at the time required under the rules of the Office of the U. S. Trustee (i.e., by the 20th day of the following month).

3. Notwithstanding the provisions of Bankruptcy Code § 552(a), and in addition to any security interests that may be granted by Bankruptcy Code § 552(b), to the extent that U.S. Bank establishes valid and subsisting interests in cash collateral, any cash collateral used by or on behalf of Debtor shall be a debt of Debtor, payable to U.S. Bank, as its interest may appear. Further, to the extent of the value of cash collateral subject to any such respective established valid and subsisting interests of U.S. Bank:

- a. the liens, if any, of U.S. Bank in cash collateral are hereby continued and re-granted and U.S. Bank shall not be required to take any other action to perfect the lien(s) re-granted to it hereunder; and
- b. U.S. Bank, as its interest may appear, is hereby granted liens and security interests in Debtor's accounts receivable, general intangibles and other revenues generated by the operation of Debtor's business subsequent to

the Petition Date, the proceeds thereof, and all collections thereof, to secure any reduction in the value of the cash collateral subject to any such respective established valid and subsisting interest of U.S. Bank at the Petition Date, in the same priority in such assets comprising cash collateral as such interest may have existed on the Petition Date.

4. The liens granted hereby shall relate back to the Petition Date, and shall attach to any and all cash collateral of Debtor, whether generated prior to the Petition Date or thereafter, deposited or to be deposited in a debtor in possession account.

5. In addition to the re-granting of liens in favor of U.S. Bank, the Debtor shall make interest-only payments to U.S. Bank as an additional form of adequate protection, consistent with the Budget attached hereto.

6. The provisions of this Interim Order authorizing Debtor's limited use of cash collateral shall remain in full force and effect pending conclusion of a final hearing upon the Motion as contemplated in Bankruptcy Rule 4001(b)(2). The termination of Debtor's authority to use cash collateral hereunder shall not affect any other term or provision of this Order. ***A final hearing (the "Final Hearing") to consider the Motion and the relief sought therein shall be held on September 20, 2017 at 2:00 p.m. Eastern Daylight Time.***

7. The entry of this Order and the scheduling of the Final Hearing upon the Motion shall be immediately noticed by Debtor to all parties who have appeared or otherwise responded to the Motion or who have filed a notice of appearance in this case, the office of the United States Trustee, Debtor, Debtor's 20 largest unsecured creditors as identified in its chapter 11 petition, and U.S. Bank. ***Any objections to the relief sought in the Motion must be filed with the Court and served upon the undersigned counsel on or before 4:00 p.m., Eastern Daylight***

Time on September 18, 2017. Timely filed and served objections shall be heard at the Final Hearing upon the Motion. ***In the event there are no timely filed objections to the relief sought in the Motion, the Final Hearing shall be vacated and the Court will grant final use of cash collateral pursuant to the Motion without a hearing.***

8. The Debtor shall serve this Order on the Office of the United States Trustee, the Debtor's 20 largest unsecured creditors as identified in the chapter 11 petition, and U.S. Bank, within two (2) business days after entry hereof. Debtor shall file a certificate of service evidencing same.

IT IS SO ORDERED.

SUBMITTED AND APPROVED BY:

/s/ Richard K. Stovall

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Proposed Counsel for Brookwood Academy, Inc.

Debtor and Debtor in Possession

Copies to the Default List.

Prep Academy Schools
13 WEEK CASH FLOW FORECAST
8/25/2017

Week Beginning Date	1 08/28/17	2 09/04/17	3 09/11/17	4 09/18/17	5 09/25/17	6 10/02/17	7 10/09/17	8 10/16/17	9 10/23/17	10 10/30/17	11 11/06/17	12 11/13/17	13 11/20/17	13 Week TOTAL
PROJECTED COLLECTIONS:														
Foundation payment - ODE	\$0	\$0	\$138,842	\$0	\$0	\$0	\$138,842	\$0	\$0	\$0	0.00	\$138,842	\$0	\$ 416,527
Casino Revenue disbursement	\$1,500	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$ 1,500
Employee insurance disbursement	\$1,445	\$0	\$0	\$0	\$1,445	\$0	\$0	\$1,445	\$0	\$0	\$0	\$0	\$1,445	\$ 5,781
Employee insurance contributions	\$1,667	\$0	\$0	\$0	\$4,613	\$0	\$0	\$0	\$4,613	\$0	\$0	\$0	\$4,613	\$ 15,505
Title I Grant	\$7,624	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$ 7,624
Title I School Improvement Grant	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$ 0
IDEA-B Grant	\$0	\$0	\$0	\$0	\$3,744	\$0	\$0	\$0	\$3,744	\$0	\$0	\$0	\$3,744	\$ 11,232
Federal lunch grant	\$0	\$0	\$0	\$0	\$2,500	\$0	\$0	\$0	\$2,500	\$0	\$0	\$0	\$2,500	\$ 7,500
SERS refund	\$0	\$0	\$901	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$ 901
Medicaid reimbursement	\$0	\$0	\$500	\$0	\$0	\$0	\$1,500	\$0	\$0	\$0	\$1,500	\$0	\$0	\$ 3,500
TOTAL COLLECTIONS	\$ 12,236	\$ -	\$ 140,243	\$ -	\$ 12,302	\$ -	\$ 140,342	\$ 1,445	\$ 10,857	\$ -	\$ -	\$ 138,842	\$ 12,302	\$ 470,070
PROJECTED DISBURSEMENTS:														
Payroll	\$36,163	\$0	\$0	\$72,975	\$0	\$0	\$0	\$72,975	\$0	\$0	\$0	\$0	\$72,975	\$ 255,089
Aetna	\$ 4,671	\$ -	\$ -	\$ -	\$ 4,671	\$ -	\$ -	\$ -	\$ 4,671	\$ -	\$ -	\$ -	\$ 4,671	\$ 18,685
Allen, Kuehnle, Stovall, & Nueman LLP (attorney)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,000	\$ -	\$ -	\$ -	\$ -	\$ 5,000	\$ -	\$ 10,000
Special Litigation counsel	\$ -	\$ -	\$ 2,500	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,500	\$ -	\$ 5,000
Amazon	\$ -	\$ -	\$ -	\$ -	\$ 1,259	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,259
Blue Technologies	\$ -	\$ 100	\$ -	\$ -	\$ -	\$ 100	\$ -	\$ -	\$ -	\$ -	\$ 100	\$ -	\$ -	\$ 300
Brookwood Presbyterian Church	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8,258	\$ -	\$ -	\$ -	\$ -	\$ 8,258	\$ -	\$ 24,774
Champions Food Service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,600	\$ 5,600	\$ -	\$ -	\$ -	\$ 5,600	\$ -	\$ 16,800
Cincinnati Insurance Company	\$ 150	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 150
Department Of The Treasury (Medicare)	\$ 524	\$ -	\$ -	\$ 1,058	\$ -	\$ -	\$ -	\$ 1,058	\$ -	\$ -	\$ -	\$ -	\$ 1,058	\$ 3,699
DGG Enterprises	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,068	\$ -	\$ -	\$ -	\$ -	\$ 1,068	\$ -	\$ 3,204
Healthcare Billing Svcs Inc	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 70	\$ -	\$ -	\$ -	\$ -	\$ 140	\$ -	\$ 245
JSD Management Inc	\$ -	\$ 119	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 119
Metropolitan Educational Technology Assoc	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,278	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,278
ODE (sponsorship)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,083	\$ -	\$ -	\$ -	\$ -	\$ 2,083	\$ -	\$ 6,248
ODJFS	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Ohio BWC	\$ -	\$ -	\$ -	\$ -	\$ 1,247	\$ -	\$ -	\$ -	\$ 1,247	\$ -	\$ -	\$ -	\$ 1,247	\$ 3,740
Reynoldsburg City Schools	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,388	\$ -	\$ -	\$ -	\$ -	\$ 1,388	\$ -	\$ 4,165
Saw Transportation	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 29,135	\$ -	\$ -	\$ -	\$ -	\$ 29,135	\$ -	\$ 87,404
School Employees	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,315	\$ -	\$ -	\$ -	\$ -	\$ 5,315	\$ -	\$ 15,945
Sean Fraunfelder	\$ -	\$ -	\$ -	\$ -	\$ 1,500	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,200	\$ -	\$ -	\$ 2,700
Sheakley Uniservice Inc	\$ -	\$ -	\$ -	\$ -	\$ 250	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 250
Smith Educational Consulting	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,500	\$ -	\$ -	\$ -	\$ -	\$ 1,500	\$ -	\$ 4,500
Staples Contract & Commercial	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 750	\$ -	\$ 1,750
State Teachers Retirement System	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,882	\$ -	\$ -	\$ -	\$ -	\$ 5,882	\$ -	\$ 17,646
US Bank	\$ 25	\$ -	\$ -	\$ 310	\$ -	\$ -	\$ -	\$ 310	\$ -	\$ -	\$ -	\$ -	\$ 310	\$ 1,005
US Trustee fees	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,625	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,625
Wolfe Insurance Group	\$ -	\$ -	\$ -	\$ 947	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 947
Total Cash Outflow	\$ 5,371	\$ 219	\$ 62,764	\$ 3,315	\$ 8,952	\$ 100	\$ 63,601	\$ 6,968	\$ 5,918	\$ 25	\$ 1,300	\$ 68,619	\$ 7,286	\$ 234,438
Total Current Operating Disbursements	\$ 41,534	\$ 219	\$ 62,764	\$ 76,290	\$ 8,952	\$ 100	\$ 63,601	\$ 79,943	\$ 5,918	\$ 25	\$ 1,300	\$ 68,619	\$ 80,262	\$ 489,527
NET CASH FLOW	\$ (29,298)	\$ (219)	\$ 77,479	\$ (76,290)	\$ 3,350	\$ (100)	\$ 76,741	\$ (78,498)	\$ 4,939	\$ (25)	\$ 200	\$ 70,224	\$ (67,959)	\$ (19,457)

BOOK CASH ROLL FORWARD
Beginning Book Cash Balance \$ 82,662
Net Cash Flow (219) \$ 77,479
Ending Book Cash Balance \$ 53,364

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