

IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE DISTRICT OF DELAWARE

In re

SHARITY MINISTRIES, INC.,<sup>1</sup>

Debtor.

Chapter 11 (Subchapter V)

Case No. 21-11001 (JTD)

**SUBCHAPTER V STATUS REPORT**

*Note: must be filed 14 days prior to initial status conference*

Date of order for relief: July 8, 2021

Subchapter V Trustee: Holly S. Miller, Esq.

Has the debtor attended an initial debtor interview? Yes ☒ No ☐

If no, please explain: N/A

Has the trustee concluded the 341 meeting? Yes ☐ No ☒

If no, please explain:

The Section 341 meeting was commenced on August 4, 2021 and continued. As of the date of this Status Report, the continued date has not been set.

Has the debtor filed all postpetition financial reports? Yes ☒ No ☐

If no, please explain: N/A

Has the debtor filed all monthly operating reports? Yes ☒<sup>2</sup> No ☐

If no, please explain: N/A

Is all relevant insurance in place and current? Yes ☒ No ☐

If no, please explain: N/A

<sup>1</sup> The last four digits of the Debtor's federal tax identification number is 0344. The Debtor's mailing address is Sharity Ministries, Inc., PO Box 250069, Atlanta, GA 303255.

<sup>2</sup> The Debtor's first monthly operating report is not yet due.

Has the debtor filed all applicable tax returns?<sup>3</sup>

Yes ☒

No ☐

If no, please explain: N/A

Has the debtor paid all taxes entitled to administrative expense priority?

Yes ☒

No ☐

If no, please explain: N/A

Please detail the efforts the debtor has undertaken and will undertake to attain a consensual plan of reorganization:

On the Petition Date, the Debtor filed a *Small Business Debtor's Plan of Reorganization* [D.I. 14], which contemplated the Debtor's reorganization and continued operations, but also provided that if the Debtor's board of directors deemed it to be in the interest of the members, the Debtor may cease operations and elect to liquidate. On or about July 19, 2021, the Debtor's board made the decision to cease operating as a going concern, wind down its business, and use its assets to pay creditors and members.

On July 22, 2021, the U.S. Trustee filed the *United States Trustee's Motion to Remove the Debtor in Possession Pursuant to 11 U.S.C. § 1185, or Alternatively, Motion to Authorize the Subchapter V Trustee to Investigate the Debtor's Financial Affairs Pursuant to 11 U.S.C. § 1183* [D.I. 68] (the "UST Motion"). The Bankruptcy Court held a trial on the UST Motion on August 5 and 9, 2021, and thereafter, entered an order [D.I. 144]: (i) holding the UST Motion in abeyance, (ii) expanding the Subchapter V trustee's powers to investigate the financial affairs of the Debtor, and (iii) directing the U.S. Trustee to appoint an official committee of members (the "Member Committee").

As of the date of this Status Report, the Member Committee has not been appointed. The Debtor is in discussions with the Subchapter V Trustee, U.S. Trustee, and various other constituents regarding an agreed-upon structure for a liquidating Chapter 11 plan and anticipates timely filing the same.

Other relevant information:

N/A

**Note:** Debtor must file a plan not later than 90 days after entry of order for relief, unless the court extends the deadline upon a finding that extension is "attributable to circumstances for which the debtor should not justly be held accountable." See, 11 U.S.C. § 1189(b).

This status report must be served on the Subchapter V Trustee and all parties in interest.

Date: August 16, 2021

/s/ Neil F. Luria

Neil F. Luria

Chief Restructuring Officer

Sharity Ministries, Inc.

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<sup>3</sup> The Debtor's 2020 Form 990 is not yet due and is on extension until November 15, 2021.