

# SECURITIES AND EXCHANGE COMMISSION

## FORM 8-K

Current report filing

Filing Date: **2001-08-03** | Period of Report: **2001-06-30**  
SEC Accession No. **0001010410-01-500028**

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### FILER

#### **QUAD SYSTEMS CORP /DE/**

CIK: **899823** | IRS No.: **232180139** | State of Incorporation: **DE** | Fiscal Year End: **0926**  
Type: **8-K** | Act: **34** | File No.: **000-21504** | Film No.: **1697000**  
SIC: **3559** Special industry machinery, nec

Mailing Address  
2405 MARYLAND ROAD  
WILLOW GROVE PA 19090

Business Address  
2405 MARYLAND ROAD  
WILLOW GROVE PA 19090  
2156576202

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

-----

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the  
Securities Exchange Act of 1934

Date of Report - July 24, 2001

-----  
(Date of earliest event reported)

QUAD SYSTEMS CORPORATION

-----  
(Exact name of Registrant as specified in its charter)

Delaware

-----  
(State of incorporation)

0-21504

-----  
(Commission  
File Number)

23-2180139

-----  
(IRS Employer  
Identification No.)

2405 Maryland Road, Willow Grove, Pennsylvania

-----  
(Address of principal executive offices)

19090

-----  
(Zip Code)

Registrant's telephone number, including area code

(215) 657-6202  
-----

Item 5. Other Events

On July 24, 2001, the Company filed its June 2001 Monthly Operating Report ("MOR") pursuant to United States Trustee's Operating Guidelines for Chapter 11 Cases, and pursuant to 28 U.S.C. Section 586(a) (3). A copy of such report is

attached as an exhibit to this filing.

The attachments and exhibits referenced in the MOR are not attached as part of Exhibit 99, but are available at the Office of the United States Trustee and the United States Bankruptcy Court for the Eastern District of Pennsylvania. In addition, the Registrant agrees that it will furnish a copy of any such omitted attachment or exhibit to the Commission upon request.

Exhibit 99          June 2001 Monthly Operating Report

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

QUAD SYSTEMS CORPORATION

Dated: August 3, 2001

By        /s/ Anthony R. Drury

-----  
Anthony R. Drury  
Senior Vice President, Finance  
and Chief Financial Officer  
(Principal Accounting Officer  
and duly authorized officer)

QUAD SYSTEMS CORPORATION

CURRENT REPORT ON FORM 8-K

EXHIBIT INDEX

-----

Exhibit  
No.

Exhibit



UNITED STATES BANKRUPTCY COURT  
EASTERN DISTRICT OF PENNSYLVANIA

In re: Quad Systems Corporation Case No. 00-35667  
-----  
Debtor Reporting Period: 6/01/01 to 6/30/01

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 this case

<TABLE>  
<CAPTION>

REQUIRED DOCUMENTS	Form No.	Document Attached	Explanation Attached
<S>	<C>	<C>	<C>
Schedule of Cash Receipts and Disbursements	MOR-1	X	
Bank Reconciliation (or copies of debtor's bank reconciliations)	MOR-1 (CONT)	X	
Copies of bank statements		X	
Cash disbursement journals		X	X
Statement of Operations	MOR-2	X	
Balance Sheet	MOR-3	X	
Status of Postpetition Taxes	MOR-4	X	
Copies of IRS Form 6123 or payment receipt		X	
Copies of tax returns filed during reporting period		X	
Summary of Unpaid Postpetition Debts	MOR-4	X	
Listing of aged accounts payable		X	
Accounts Receivable Reconciliation and Aging	MOR-5	X	
Debtor Questionnaire	MOR-5	X	

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

----- Signature of Debtor	----- Date
----- Signature of Joint Debtor	----- Date
/s/ Theodore J. Shoneck	July 18, 2001
----- Signature of Authorized Individual*	----- Date
Theodore J. Shoneck	President
----- Printed Name of Authorized Individual	----- 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.

FORM MOR  
(9/99)

UNITED STATES BANKRUPTCY COURT  
EASTERN DISTRICT OF PENNSYLVANIA

In re: Quad Systems Corporation Case No. 00-35667  
-----  
Debtor Reporting Period: 6/01/01 to 6/30/01

SCHEDULE OF CASH RECEIPTS AND DISBURSEMENTS

Amounts reported should be per the debtor's books, not the bank statement. The beginning cash should be the ending cash from the prior month or, if this is the first report, the amount should be the balance on the date the petition was filed. The amounts reported in the "CURRENT MONTH - ACTUAL" column must equal the sum of the four bank account columns. The amounts reported in the "PROJECTED" columns should be taken from the SMALL BUSINESS INITIAL REPORT (FORM IR-1). Attach copies of the bank statements and the cash disbursement journal. The

total disbursements listed in the disbursement journal must equal the total disbursements reported on this page. A bank reconciliation must be attached for each account. [See MOR-1 (CON'T)]

<S>	BANK ACCOUNTS				CURRENT MONTH		CUMULATIVE FILING TO DATE	
	OPER	PAYROLL	Canada P/R	Lockbox	ACTUAL	PROJECTED	ACTUAL	PROJECTED
Cash Beginning of Month	324,208	70,226	3,874	5,216	403,524	277,400	977,761	977,761
RECEIPTS								
Cash Sales								
Accounts Receivable	-			1,974,000	1,974,000	786,000	16,699,089	11,043,000
Loans and Advances	1,260,000				1,260,000	1,390,000	11,395,000	12,872,000
Sale of Assets					-		6,800	-
Other (Attach List)	7,678			13,417	21,095	-	188,784	-
Transfers (From DIP Accts)		500,000	6,145		506,145	-	2,920,467	-
<b>TOTAL RECEIPTS</b>	<b>1,267,678</b>	<b>500,000</b>	<b>6,145</b>	<b>1,987,417</b>	<b>3,761,240</b>	<b>2,176,000</b>	<b>31,210,140</b>	<b>23,915,000</b>
DISBURSEMENTS								
Net Payroll	54,206	465,960	3,834		524,000	536,000	4,020,942	4,036,000
Payroll Taxes	65,535	38,302	163		104,000	99,000	897,142	903,000
Sales, Use & Other Taxes	16,000				16,000	20,000	122,000	154,000
Inventory Purchases	177,000				177,000	200,000	3,380,000	4,435,000
Secured Rental/Leases	77,000				77,000	80,000	468,000	491,000
Insurance	123,000				123,000	123,000	342,000	667,000
Administrative	56,810	1,317	209		58,336	162,000	391,221	1,024,000
Selling	54,000				54,000	81,000	566,000	687,000
Other (Attach List)	230,000			1,925,000	2,155,000	875,000	18,645,846	14,184,000
Owner Draw*								
Transfers (To DIP Accts)	506,145				506,145	-	2,920,467	-
Professional Fees					-	-	50,000	50,000
U.S. Trustee Quarterly Fees					-	-	14,000	14,000
Court Costs								
<b>TOTAL DISBURSEMENTS</b>	<b>1,359,696</b>	<b>505,579</b>	<b>4,206</b>	<b>1,925,000</b>	<b>3,794,481</b>	<b>2,176,000</b>	<b>31,817,618</b>	<b>26,645,000</b>
<b>NET CASH FLOW</b>	<b>(92,018)</b>	<b>(5,579)</b>	<b>1,939</b>	<b>62,417</b>	<b>(33,241)</b>	<b>-</b>	<b>(607,478)</b>	<b>(2,730,000)</b>
<b>CASH - END OF MONTH</b>	<b>232,190</b>	<b>64,647</b>	<b>5,813</b>	<b>67,633</b>	<b>370,283</b>	<b>277,400</b>	<b>370,283</b>	<b>(1,752,239)</b>

</TABLE>  
\*Compensation to sole proprietors for services rendered to bankruptcy estate

Note: In order to be consistent with our Budgets the line above labeled "Net Payroll" includes the gross salaries. In addition the line above labeled "Payroll Taxes" also includes all fringe benefit disbursements.

THE FOLLOWING SECTION MUST BE COMPLETED

<S>	<C>
Disbursements for calculating U.S. Trustee Quarterly Fees (From Current Month Actual Column)	
Total Disbursements	3,794,481
Less: Transfers to Debtor in Possession Accounts	(506,145)
Plus: Estate Disbursements made by outside sources (I.e. from escrow account)	-
<b>Total Disbursements for Calculating U.S. Trustee Quarterly Fees</b>	<b>3,288,336</b>
	=====

</TABLE>

FORM MOR-1  
(9/99)

EXHIBIT 99

UNITED STATES BANKRUPTCY COURT  
EASTERN DISTRICT OF PENNSYLVANIA

Quad Systems Corporation  
Schedule MOR 1  
Continuation Sheet

Case No. 00-35667  
Reporting Period: 6/01/01 to 6/30/01

<TABLE>  
<CAPTION>

<S>	Current Month		Cummulative	
	Actual <C>	Projected <C>	Actual <C>	Projected <C>
Explanation of Other Income -----				
Pre Pet. Voids	7,678		45,178	0
Rental of Parking Lot			4,000	0
Misc COBRA pmts/refunds	5,688		39,877	0
Insurance Claim/Refund	7,729		99,729	0
	-----	-----	-----	-----
Total	21,095	0	188,784	0
	=====	=====	=====	=====

Explanation of Other Disbursements  
-----

Congress Repayments	1,925,000	786,000	17,165,846	11,861,000
First Union Loan Repayments	155,000	0	465,000	465,000
Interest Expense	3,000	0	21,000	21,000
Commissions	72,000	85,000	539,000	1,142,000
Engineering	0	4,000	5,000	95,000
QEL Requirements	0	0	450,000	600,000
	-----	-----	-----	-----
Total	2,155,000	875,000	18,645,846	14,184,000
	=====	=====	=====	=====

</TABLE>

EXHIBIT 99

UNITED STATES BANKRUPTCY COURT  
EASTERN DISTRICT OF PENNSYLVANIA

In re: Quad Systems Corporation Case No. 00-35667  
----- Reporting Period: 6/01/01 to 6/30/01  
Debtor

STATEMENT OF OPERATIONS  
(Income Statement)

The Statement of Operations is to be prepared on an accrual basis. The accrual basis of accounting recognizes revenue when it is realized and expenses when they are incurred, regardless of when cash is actually received or paid.

<TABLE>  
<CAPTION>

REVENUES	Month	Cumulative Filing to Date
<S>	<C>	<C>
Gross Revenues	\$ 2,543,018	\$ 16,817,196
Less: Returns and Allowances	--	--
	-----	-----
Net Revenue	2,543,018	16,817,196
COST OF GOODS SOLD		
Beginning Inventory	9,912,846	15,046,970
Add: Purchases	323,678	3,829,971
Add: Cost of Labor	42,273	390,687
Add: Other Costs (attach schedule)	236,497	1,597,444
Less: Ending Inventory	8,721,326	8,721,326
Cost of Goods Sold	1,793,968	12,143,746
Gross Profit	749,050	4,673,450
	-----	-----
Advertising	396	50,467
Auto and Truck Expense	--	--
Bad Debts	--	52,000
Contributions	--	--
Employee Benefit Programs	30,758	161,360
Insider Compensation*	--	--
Insurance	124,560	317,636
Management Fees/Bonuses	--	--
Office Expense	4,644	91,337
Pension & Profit-Sharing Plans	--	--
Repairs and Maintenance	2,562	54,485
Rent and Lease Expense	55,585	388,216
Salaries/Commissions/Fees	370,774	3,184,004
Supplies	3,733	(1,862)
Taxes - Payroll	32,061	336,472
Taxes - Real Estate	1,330	12,401
Taxes - Other	5,029	(5,671)

Travel and Entertainment	53,960	383,543
Utilities	12,819	147,272
Other (attach schedule)	26,560	600,938
Total Operating Expenses Before Depreciation	724,771	5,772,598
Depreciation/Depletion/Amortization	89,535	269,423
Net Profit (Loss) Before Other Income & Expenses	(65,256)	(1,368,571)

OTHER INCOME AND EXPENSES		
Other Income (attach schedule)	9,500,310	9,500,310
Interest Expense	79,944	530,758
Other Expense (attach schedule)	--	--
Net Profit (Loss) Before Reorganization Items	9,355,110	7,600,981

REORGANIZATION ITEMS		
Professional Fees	--	50,000
U.S. Trustee Quarterly Fees	--	14,000
Interest Earned on Accumulated Cash from Chapter 11 (see continuation sheet)	--	--
(Gain)/Loss from Sale of Equipment	--	836
Other Reorganization Expenses (attach schedule)	--	--
Total Reorganization Expenses	--	64,836
Income Taxes		(175,754)
Net Profit (Loss)	9,355,110	7,711,899

</TABLE>  
 \*"Insider" is defined in 11 U.S.C. Section 101(31).

FORM MOR-2  
(9/99)

EXHIBIT 99

UNITED STATES BANKRUPTCY COURT  
 EASTERN DISTRICT OF PENNSYLVANIA

In re: Quad Systems Corporation Case No. 00-35667  
 ----- Reporting Period: 6/01/01 to 6/30/01  
 Debtor

STATEMENT OF OPERATIONS - continuation sheet

BREAKDOWN OF OTHER CATEGORY	Month	Cumulative Filing to Date
Other Costs		
Overhead Absorption	153,028	1,408,106
Service Labor Costs	29,080	395,833
Warranty Costs	25,183	497,597
Non-Inventory Reserve Expenses	29,206	(704,092)
Total	236,497	1,597,444
Other Operational Expenses		
Freight	4,041	70,900
Bank Charges & LOC Fees	15,548	142,144
Professional Fees	6,971	132,055
Patent Royalties	--	255,839
Total	26,560	600,938
Other Income		
Dividend (Forgiveness of Intercompany Debt) from Hitech (Subsidiary)	9,481,086	9,481,086
Gain Realized by liquidation of Quad Foreign Sales (Subsidiary)	19,224	19,224
Total	9,500,310	9,500,310

Other Expenses

Other Reorganization Expenses

Reorganization Items - Interest Earned on Accumulated Cash from Chapter 11:  
 Interest earned on cash accumulated during the chapter 11 case, which would not have been earned but for the bankruptcy proceeding, should be reported as a reorganization item.

FORM MOR-2 (CONT)  
(9/99)



In re: Quad Systems Corporation

Case No. 00-35667

Reporting Period: 6/01/01 to 6/30/01

Debtor

BALANCE SHEET

The Balance Sheet is to be completed on an accrual basis only. Pre-petition liabilities must be classified separately from postpetition obligations.

<TABLE>

<CAPTION>

ASSETS	BOOK VALUE AT END OF CURRENT REPORTING MONTH	BOOK VALUE ON PETITION DATE
-----		
<S>	<C>	<C>
CURRENT ASSETS		
Unrestricted Cash and Equivalents	233,190	161,799
Restricted Cash and Cash Equivalents (see continuation sheet)	138,093	815,962
Accounts Receivable (Net)	1,796,143	3,130,385
Notes Receivable	--	--
Inventories	8,721,326	15,046,970
Prepaid Expenses	207,710	433,952
Professional Retainers	--	--
Other Current Assets (attach schedule)	334,983	(325,421)
	-----	-----
TOTAL CURRENT ASSETS	11,431,445	19,263,647
	=====	=====
PROPERTY AND EQUIPMENT		
Real Property and Improvements	177,958	276,575
Machinery and Equipment	1,716,773	2,124,028
Furniture, Fixtures and Office Equipment	2,154,232	3,210,503
Leasehold Improvements	330,078	330,078
Vehicles	19,142	30,594
Less Accumulated Depreciation	3,243,234	4,324,223
	-----	-----
TOTAL PROPERTY & EQUIPMENT	1,154,949	1,647,555
	=====	=====
OTHER ASSETS		
Loans to Insiders*		
Other Assets (attach schedule)	10,096,807	1,054,423
	-----	-----
TOTAL OTHER ASSETS	10,096,807	1,054,423
	-----	-----
TOTAL ASSETS	22,683,201	21,965,625
	=====	=====
	BOOK VALUE	BOOK VALUE
	AT END OF	ON
	CURRENT	PETITION
LIABILITIES AND OWNER EQUITY	REPORTING	DATE
	MONTH	DATE
-----		
LIABILITIES NOT SUBJECT TO COMPROMISE (Postpetition)		
Accounts Payable	80,861	8,246,757
Taxes Payable (refer to FORM MOR-4)	368,626	370,167
Wages Payable	274,164	671,333
Notes Payable	--	--
Rent/Leases - Building/Equipment	105,280	220,133
Secured Debt / Adequate Protection Payments	507,765	6,317,257
Professional Fees	--	--
Amounts Due to Insiders*	--	--
Other Postpetition Liabilities (attach schedule)	2,030,866	3,861,109
	-----	-----
TOTAL POSTPETITION LIABILITIES	3,367,562	19,686,756
	=====	=====
LIABILITIES SUBJECT TO COMPROMISE (Pre-Petition)		
Secured Debt		
Priority Debt	182,489	--
Unsecured Debt	9,142,382	--
	-----	-----
TOTAL PRE-PETITION LIABILITIES	9,324,871	--
	-----	-----

TOTAL LIABILITIES	12,692,433	19,686,756
	=====	=====
OWNER EQUITY		
Capital Stock	135,531	135,531
Additional Paid-In Capital	24,733,708	24,733,708
Partners' Capital Account	--	--
Owner's Equity Account	--	--
Retained Earnings - Pre-Petition	(22,590,370)	(22,590,370)
Retained Earnings - Postpetition	7,711,899	--
Adjustments to Owner Equity (attach schedule)	--	--
Postpetition Contributions (Distributions)		
(Draws) (attach schedule)	--	--
	-----	-----
NET OWNER EQUITY	9,990,768	2,278,869
	-----	-----
TOTAL LIABILITIES AND OWNERS EQUITY	22,683,201	21,965,625
	=====	=====

</TABLE>

\*"Insider" is defined in 11 U.S.C. Section 101(31).

FORM MOR-3  
(9/99)

EXHIBIT 99

UNITED STATES BANKRUPTCY COURT  
EASTERN DISTRICT OF PENNSYLVANIA

In re: Quad Systems Case No. 00-35667  
----- Reporting Period: 6/01/01 to 6/30/01  
Debtor

BALANCE SHEET - continuation sheet

<TABLE>

<CAPTION>

ASSETS	BOOK VALUE AT END OF CURRENT REPORTING MONTH	BOOK VALUE ON PETITION DATE
<S>	<C>	<C>
Other Current Assets		
Accts Rec - Misc	198,478	537
Temp. Empl Advances	--	43,891
Permanent Advances	1,100	921
Deposits	98,722	40,437
Interco - Current	36,683	(411,207)
Other Assets		
Acquisition Costs - QEL	6,448	8,598
Patent Costs	1,527	1,977
Invest - Hitech/QSM	4,025,831	4,026,831
Invest - QEL	2,500,000	2,500,000
Interco - Long Term	(1,099,278)	(10,145,262)
Invest - QSL	4,662,279	4,662,279
	BOOK VALUE	BOOK VALUE
	AT END OF	ON
	CURRENT	PETITION
LIABILITIES AND OWNER EQUITY	REPORTING	DATE
	MONTH	
	-----	-----
Other Postpetition Liabilities		
Deferred Revenue	933,136	1,151,531
Customer Deposits	34,824	416,644
Accrued Expenses	719,457	1,872,647
Commission Payable	343,449	420,287

Postpetition Contributions (Distributions) (Draws)

</TABLE>

Restricted Cash: cash that is restricted for a specific use and not available to fund operations. Typically, restricted cash is segregated into a separate account, such as an escrow account.

FORM MOR-3 (CONT)  
(9/99)

In re: Quad Systems Corporation

Case No. 00-35667

Reporting Period: 6/01/01 to 6/30/01

Debtor

STATUS OF POSTPETITION TAXES

The beginning tax liability should be the ending liability from the prior month or, if this is the first report, the amount should be zero. Attach photocopies of IRS Form 6123 or payment receipt to verify payment or deposit of federal payroll taxes Attach photocopies of any tax returns filed during the reporting period

<TABLE>  
<CAPTION>

	Beginning Tax Liability	Amount Withheld or Accrued	Amount Paid	Date Paid	Check No. or EFT	Ending Tax Liability
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Federal						
Withholding	-	75,924	75,924	6/8, 6/22	ADP EFT	-
FICA-Employee	-	37,837	37,837	6/8, 6/22	ADP EFT	-
FICA-Employer	-	37,837	37,837	6/8, 6/22	ADP EFT	-
Unemployment	-	38	38	6/8, 6/22	ADP EFT	-
Income	-	-	-			-
Other: Tax Accounting Accrual						
Only from prior years	352,702	-	-			352,702
Total Federal Taxes	352,702	151,636	151,636	-	-	352,702
State and Local						
Withholding	-	20,430	20,430	6/8, 6/22	ADP EFT	-
Sales	8,336	17,936	10,348		CA EFT/Ck170059	15,924
Excise	-	-	-			-
Unemployment	-	602	602	6/8, 6/22	ADP EFT	-
Real Property	-	-	-			-
Other: Canadian P/R Taxes	-	1,434	1,434	6/8, 6/22	ADP EFT	-
Total State and Local	8,336	40,402	32,814			15,924
Total Taxes	361,038	192,038	184,450			368,626

</TABLE>

SUMMARY OF UNPAID POSTPETITION DEBTS

Attach aged listing of accounts payable.

<TABLE>  
<CAPTION>

	Number of Days Past Due					Total
	Current	0-30	31-60	61-90	Over 90	
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Accounts Payable	43,922	458	28,606	7,875		80,861
Wages Payable	274,164					274,164
Taxes Payable	15,924				352,702	368,626
Rent/Leases-Building	-					-
Rent/Leases-Equipment	105,280					105,280
Secured Debt/Adequate Protection Payments	507,765					507,765
Professional Fees	-					-
Amounts due to Insiders*	-					-
Other:						
Other:						
Total Postpetition Debts	947,055	458	28,606	7,875	352,702	1,336,696

</TABLE>

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

Note: above Taxes Payable in Past Due Column represents an prior year accounting accrual only. It does not represent an actual payment due.

Note: Some Sales Taxes Paid are CA monthly estimate and NJ return was filed

\*"Insider" is defined in 11 U.S.C. Section 101(31).

UNITED STATES BANKRUPTCY COURT  
EASTERN DISTRICT OF PENNSYLVANIA

In re: Quad Systems Corporation  
-----  
Debtor

Case No. 00-35667  
Reporting Period: 6/01/01 to 6/30/01

## ACCOUNTS RECEIVABLE RECONCILIATION AND AGING

&lt;TABLE&gt;

&lt;CAPTION&gt;

Accounts Receivable Reconciliation	Amount
-----	-----

&lt;S&gt;

Total Accounts Receivable at the beginning of the reporting period	1,486,316
+ Amounts billed during the period	2,483,594
- Amounts collected during the period	1,953,767
Total Accounts Receivable at the end of the reporting period	2,016,143

&lt;C&gt;

Accounts Receivable Aging

-----

0 - 30 days old	1,581,207
31 - 60 days old	213,698
61 - 90 days old	56,215
91+ days old	165,023
Total Accounts Receivable	2,016,143
Amount considered uncollectible (Bad Debt)	(220,000)
Accounts Receivable (Net)	1,796,143

&lt;/TABLE&gt;

Note: the Accounts Receivable collections include the application of customer deposits received in prior periods

FORM MOR-5  
(9/99)