

**DEBTOR:** Castle Arch Real Estate Investment Company, LLC. **MONTHLY OPERATING REPORT**  
CHAPTER 11

**CASE NUMBER:** 11-35082

**Form 2-A**  
**COVER SHEET**

For Period Ending 12/31/2011

**Accounting Method:**  Accrual Basis  Cash Basis


**THIS REPORT IS DUE 14 DAYS AFTER THE END OF THE MONTH**

Mark One Box for Each  
Required Document:

Debtor must attach each of the following reports/documents unless the U. S. Trustee has waived the requirement in writing. File the original with the Clerk of Court. Submit a duplicate, with original signature, to the U. S. Trustee.

Report/Document Attached	Previously Waived	REQUIRED REPORTS/DOCUMENTS
<input checked="" type="checkbox"/>	<input type="checkbox"/>	1. Cash Receipts and Disbursements Statement (Form 2-B)
<input checked="" type="checkbox"/>	<input type="checkbox"/>	2. Balance Sheet (Form 2-C)
<input checked="" type="checkbox"/>	<input type="checkbox"/>	3. Profit and Loss Statement (Form 2-D)
<input checked="" type="checkbox"/>	<input type="checkbox"/>	4. Supporting Schedules (Form 2-E)
<input checked="" type="checkbox"/>	<input type="checkbox"/>	5. Quarterly Fee Summary (Form 2-F)
<input checked="" type="checkbox"/>	<input type="checkbox"/>	6. Narrative (Form 2-G)
<input checked="" type="checkbox"/>	<input type="checkbox"/>	7. Bank Statements for All Bank Accounts IMPORTANT: Redact account numbers and remove check images
<input checked="" type="checkbox"/>	<input type="checkbox"/>	8. Bank Statement Reconciliations for all Bank Accounts

***I declare under penalty of perjury that the following Monthly Operating Report, and any attachments thereto are true, accurate and correct to the best of my knowledge and belief.***

**Executed on:** 1/14/2012 **Print Name:** Glen A. Martinsen  
**Signature:**   
**Title:** Principal Accounting Officer

**DEBTOR:** Castle Arch Real Estate Investment Company, LLC. **CASE NO:** 11-35082

**Form 2-B**  
**CASH RECEIPTS AND DISBURSEMENTS STATEMENT**  
 For Period: 12/1/11 to 12/31/11

**CASH FLOW SUMMARY**

	<u>Current Month</u>	<u>Accumulated</u>
<b>1. Beginning Cash Balance</b>	\$ <u>214,232.99</u> (1)	\$ <u>250,496.48</u> (1)
2. Cash Receipts		
Operations	-	-
Sale of Assets	-	-
Loans/advances	-	-
Other	-	1.63
Total Cash Receipts	\$ <u>-</u>	\$ <u>1.63</u>
3. Cash Disbursements		
Operations	26,202.70	59,369.82
Debt Service/Secured loan payment	-	-
Professional fees/U.S. Trustee fees	-	-
Other	-	3,098.00
Total Cash Disbursements	\$ <u>26,202.70</u>	\$ <u>62,467.82</u>
4. Net Cash Flow (Total Cash Receipts less Total Cash Disbursements)	<u>(26,202.70)</u>	<u>(62,466.19)</u>
<b>5 Ending Cash Balance (to Form 2-C)</b>	\$ <u>188,030.29</u> (2)	\$ <u>188,030.29</u> (2)

**CASH BALANCE SUMMARY**

	<u>Financial Institution</u>	<u>Book Balance</u>
Petty Cash	_____	\$ -
DIP Operating Account	_____	-
DIP State Tax Account	_____	-
DIP Payroll Account	_____	-
Other Operating Account	<u>Zions Bank - DIP Account</u>	188,030.29
Other Interest-bearing Account	_____	-
TOTAL (must agree with Ending Cash Balance above)		\$ <u>188,030.29</u> (2)

(1) *Accumulated beginning cash balance is the cash available at the commencement of the case. Current month beginning cash balance should equal the previous month's ending balance.*  
 (2) *All cash balances should be the same.*

DEBTOR: Castle Arch Real Estate Investment Company, LLC. CASE NO: 11-35082

**Form 2-B**  
**CASH RECEIPTS AND DISBURSEMENTS STATEMENT**

For Period: 12/1/11 to 12/31/11

**CASH RECEIPTS DETAIL**  
*(attach additional sheets as necessary)*

Account No:

Date	Payer	Description	Amount
------	-------	-------------	--------

None

\$

**Total Cash Receipts** \$           -           (1)

(1) Total for all accounts should agree with total cash receipts listed on Form 2-B, page 1

**DEBTOR:** Castle Arch Real Estate Investment Company, LLC.

**CASE NO:** 11-35082

**Form 2-B  
CASH RECEIPTS AND DISBURSEMENTS STATEMENT**

For Period: 12/1/11 to 12/31/11

**CASH DISBURSEMENTS DETAIL**  
*(attach additional sheets as necessary)*

**Account No:**

Date	Check No.	Payee	Description (Purpose)	Amount
12/9/2011	ETF	Paychex	PR 11/16/11-11/30/11	7,929.37
12/9/2011	EFT	Paychex - Taxes	PR 11/16/11-11/30/11	2,007.17
12/9/2011	EFT	Paychex - Fee	11/16/11-11/30/11 PR Fee	118.20
12/13/2011	1009	United Healthcare	Dec 2011 Health Insurance	4,571.97
12/13/2011	1010	Judge Building LLC	Dec Rent and Parking	1,159.27
12/20/2011	EFT	Paychex	PR 12/1/11-12/15/11	7,929.37
12/20/2011	EFT	Paychex - Taxes	PR 12/1-12/15/11	2,004.17
12/20/2011	EFT	Paychex - Fee	12/1-12/15/11	73.18
12/23/2011	1011	Jim Bickmore	office move labor	160.00
12/23/2011	1012	Tyler Martinsen	office move labor	240.00
12/30/2011	EFT	Zion's Bank	Service Charge	10.00

**Total Cash Disbursements**      \$ 26,202.70 (1)

(1) Total for all accounts should agree with total cash disbursements listed on Form 2-B, page 1

**Form 2-C  
COMPARATIVE BALANCE SHEET**

For Period Ended: 12/31/2011

	Current Month	Petition Date (1)
<b>ASSETS</b>		
Current Assets:		
Cash (from Form 2-B, line 5)	\$ 188,030.29	\$ 250,496.48
Accounts Receivable (from Form 2-E)	800.00	800.00
Receivable from Officers, Employees, Affiliates	-	-
Inventory	-	-
Other Current Assets (List):		
<u>Pre-Paid Legal</u>	257,500.00	257,500.00
<u>Notes Receivable</u>	424,347.95	442,497.95
<b>Total Current Assets</b>	<b>\$ <u>870,678.24</u></b>	<b>\$ <u>951,294.43</u></b>
Fixed Assets:		
Land	\$ -	\$ -
Building	-	-
Equipment, Furniture and Fixtures	16,381.24	16,381.24
<b>Total Fixed Assets</b>	<b><u>16,381.24</u></b>	<b><u>16,381.24</u></b>
Less: Accumulated Depreciation	( 9,539.16 )	( 6,262.88 )
<b>Net Fixed Assets</b>	<b>\$ <u>6,842.08</u></b>	<b>\$ <u>10,118.36</u></b>
Other Assets (List):		
<u>Star Valley Property</u>	400,000.00	401,730.95
<u>Land Deposits CAK, CAS</u>	13,500.00	13,500.00
<b>TOTAL ASSETS</b>	<b>\$ <u>1,291,020.32</u></b>	<b>\$ <u>1,376,643.74</u></b>
<b>LIABILITIES</b>		
Post-petition Accounts Payable (from Form 2-E)	\$ 14,925.86	\$ -
Post-petition Accrued Professional Fees (from Form 2-E)	-	-
Post-petition Taxes Payable (from Form 2-E)	656.74	-
Post-petition Notes Payable	7,393.26	-
Other Post-petition Payable(List):		
<u>Note Interest Payable</u>	47,608.77	-
<u>Accrued Payroll</u>	37,000.00	-
<u>Preferred Dividends Payable</u>	3,073,928.27	-
<b>Total Post Petition Liabilities</b>	<b>\$ <u>3,181,512.90</u></b>	<b>\$ <u>-</u></b>
Pre Petition Liabilities:		
Secured Debt	343,380.71	343,380.71
Priority Debt	-	-
Unsecured Debt	9,728,110.71	9,829,414.69
<b>Total Pre Petition Liabilities</b>	<b>\$ <u>10,071,491.42</u></b>	<b>\$ <u>10,172,795.40</u></b>
<b>TOTAL LIABILITIES</b>	<b>\$ <u>13,253,004.32</u></b>	<b>\$ <u>10,172,795.40</u></b>
<b>OWNERS' EQUITY</b>		
Owner's/Stockholder's Equity	\$ 26,439,379.74	\$ 29,513,308.01
Retained Earnings - Prepetition	(38,309,459.67)	(38,309,459.67)
Retained Earnings - Post-petition	(91,904.07)	-
<b>TOTAL OWNERS' EQUITY</b>	<b>\$ <u>(11,961,984.00)</u></b>	<b>\$ <u>(8,796,151.66)</u></b>
<b>TOTAL LIABILITIES AND OWNERS' EQUITY</b>	<b>\$ <u>1,291,020.32</u></b>	<b>\$ <u>1,376,643.74</u></b>

(1) Petition date values are taken from the Debtor's balance sheet as of the petition date or are the values listed on the Debtor's schedules.

**DEBTOR:** Castle Arch Real Estate Investment Company, LLC.

**CASE NO:** 11-35082

**Form 2-D**  
**PROFIT AND LOSS STATEMENT**  
**For Period** 12/1/2011 **to** 12/31/2011

	<u>Current Month</u>	<u>Accumulated Total (1)</u>
Gross Operating Revenue	\$ (277.37)	\$ 68,086.12
Less: Discounts, Returns and Allowances	( _____ )	( _____ )
<b>Net Operating Revenue</b>	<b>\$ (277.37)</b>	<b>\$ 68,086.12</b>
Cost of Goods Sold	<u>1,730.95</u>	<u>1,730.95</u>
<b>Gross Profit</b>	<b>\$ (2,008.32)</b>	<b>\$ 66,355.17</b>
Operating Expenses		
Officer Compensation	\$ 68,306.35	\$ 86,399.59
Selling, General and Administrative	82,765.62	96,528.46
Rents and Leases	1,159.27	2,656.54
Depreciation, Depletion and Amortization	3,276.28	3,276.28
Other (list): _____	-	-
_____	-	-
<b>Total Operating Expenses</b>	<b>\$ 155,507.52</b>	<b>\$ 188,860.87</b>
<b>Operating Income (Loss)</b>	<b>\$ (157,515.84)</b>	<b>\$ (122,505.70)</b>
Non-Operating Income and Expenses		
Other Non-Operating Expenses	\$ -	\$ -
Gains (Losses) on Sale of Assets	-	-
Interest Income	30,600.00	30,601.63
Interest Expense	-	-
Other Non-Operating Income	-	-
<b>Net Non-Operating Income or (Expenses)</b>	<b>\$ 30,600.00</b>	<b>\$ 30,601.63</b>
Reorganization Expenses		
Legal and Professional Fees	\$ -	\$ -
Other Reorganization Expense	-	-
<b>Total Reorganization Expenses</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Net Income (Loss) Before Income Taxes</b>	<b>\$ (126,915.84)</b>	<b>\$ (91,904.07)</b>
Federal and State Income Tax Expense (Benefit)	-	-
<b>NET INCOME (LOSS)</b>	<b>\$ (126,915.84)</b>	<b>\$ (91,904.07)</b>

(1) *Accumulated Totals include all revenue and expenses since the petition date.*

**DEBTOR:** Castle Arch Real Estate Investment Company, LLC.

**CASE NO:** 11-35082

**Form 2-E  
SUPPORTING SCHEDULES  
For Period: 12/1/2011 to 12/31/2011**

**POST PETITION TAXES PAYABLE SCHEDULE**

	<u>Beginning Balance (1)</u>	<u>Amount Accrued</u>	<u>Amount Paid</u>	<u>Date Paid</u>	<u>Check Number</u>	<u>Ending Balance</u>
Income Tax Withheld:						
Federal	\$ 0.00	\$ 0.00	\$ 0.00			\$ 0.00
State	0.00	0.00	0.00			0.00
FICA Tax Withheld	0.00	0.00	0.00			0.00
Employer's FICA Tax	0.00	0.00	0.00			0.00
Unemployment Tax						
Federal	0.00	0.00	0.00			0.00
State	0.00	656.74	0.00			656.74
Sales, Use & Excise Taxes	0.00	0.00	0.00			0.00
Property Taxes	0.00	0.00	0.00			0.00
Accrued Income Tax:						
Federal	0.00	0.00	0.00			0.00
State	0.00	0.00	0.00			0.00
Other: _____	0.00	0.00	0.00			0.00
<b>TOTALS</b>	<b>\$ 0.00</b>	<b>\$ 656.74</b>	<b>\$ 0.00</b>			<b>\$ 656.74</b>

(1) For first report, Beginning Balance will be \$0; thereafter, Beginning Balance will be Ending Balance from prior report.

**INSURANCE SCHEDULE**

	<u>Carrier</u>	<u>Amount of Coverage</u>	<u>Expiration Date</u>	<u>Premium Paid Through</u>
Workers' Compensation	None	\$ -		
General Liability	Travelers	\$ 2,000,000.00	10/18/2012	10/18/2012
Property (Fire, Theft)	Travelers	\$ 25,000.00	10/27/2012	10/27/2012
Vehicle	None	\$ -		
Other (list): D&O	HUB Intl	\$ 5,000,000.00	1/20/2011	1/20/2012
		\$		

DEBTOR: Castle Arch Real Estate Investment Company, LLC.

CASE NO: 11-35082

**Form 2-E  
SUPPORTING SCHEDULES**

For Period 12/1/2011 to 12/31/2011

**ACCOUNTS RECEIVABLE AND POST PETITION PAYABLE AGING**

<u>Due</u>	<u>Accounts Receivable</u>	<u>Post Petition Accounts Payable</u>
Under 30 days	\$ 0.00	\$ 14,547.96
30 to 60 days	0.00	377.90
61 to 90 days	800.00	0.00
91 to 120 days	0.00	0.00
Over 120 days	0.00	0.00
<b>Total Post Petition</b>	<b>800.00</b>	
<b>Pre Petition Amounts</b>	<b>0.00</b>	
Total Accounts Receivable	\$ 800.00	
Less: Bad Debt Reserve	0.00	
<b>Net Accounts Receivable (to Form 2-C)</b>	<b>\$ 800.00</b>	
	<b>Total Post Petition Accounts Payable</b>	<b>\$ 14,925.86</b>

\* Attach a detail listing of accounts receivable and post-petition accounts payable

**SCHEDULE OF PAYMENTS TO ATTORNEYS AND OTHER PROFESSIONALS**

	<u>Month-end Retainer Balance</u>	<u>Current Month's Accrual</u>	<u>Paid in Current Month</u>	<u>Date of Court Approval</u>	<u>Month-end Balance Due *</u>
Debtor's Counsel	\$ 0.00	\$ 0.00	\$ 0.00		\$ 0.00
Counsel for Unsecured Creditors' Committee	0.00	0.00	0.00		0.00
Trustee's Counsel	0.00	0.00	0.00		0.00
Accountant	0.00	0.00	0.00		0.00
Other: _____	257,500.00	0.00	0.00		0.00
<b>Total</b>	<b>\$ 257,500.00</b>	<b>\$ 0.00</b>	<b>\$ 0.00</b>		<b>\$ 0.00</b>

\*Balance due to include fees and expenses incurred but not yet paid.

**SCHEDULE OF PAYMENTS AND TRANSFERS TO PRINCIPALS/EXECUTIVES\*\***

<u>Payee Name</u>	<u>Position</u>	<u>Nature of Payment</u>	<u>Amount</u>
<u>Austin, Jeff</u>	<u>CEO</u>	<u>Salary</u>	\$ 7,500.00
<u>Hunt, David</u>	<u>COO</u>	<u>Salary</u>	6,000.00
<u>Martinsen, Glen</u>	<u>Principal Accounting Officer</u>	<u>Salary</u>	5,000.00

\*\*List payments and transfers of any kind and in any form made to or for the benefit of any proprietor, owner, partner, shareholder, officer or director.



DEBTOR: Castle Arch Real Estate Investment Company, LLC.

CASE NO: 11-35082

**Form 2-F  
QUARTERLY FEE SUMMARY \***  
For the Month Ended: 12/31/2011

<u>Month</u>	<u>Year</u>	<u>Cash Disbursements **</u>	<u>Quarterly Fee Due</u>	<u>Check No.</u>	<u>Date Paid</u>
January	_____	\$ 0.00			
February	_____	\$ 0.00			
March	_____	\$ 0.00			
TOTAL 1st Quarter		\$ <u>0.00</u>			
April	_____	\$ 0.00			
May	_____	\$ 0.00			
June	_____	\$ 0.00			
TOTAL 2nd Quarter		\$ <u>0.00</u>			
July	_____	\$ 0.00			
August	_____	\$ 0.00			
September	_____	\$ 0.00			
TOTAL 3rd Quarter		\$ <u>0.00</u>			
October	<u>2011</u>	\$ 0.00			
November	<u>2011</u>	\$ 36,265.12			
December	<u>2011</u>	\$ 26,202.70			
TOTAL 4th Quarter		\$ <u>62,467.82</u>			

**FEE SCHEDULE (as of JANUARY 1, 2008)**

*Subject to changes that may occur to 28 U.S.C. §1930(a)(6)*

<u>Quarterly Disbursements</u>	<u>Fee</u>	<u>Quarterly Disbursements</u>	<u>Fee</u>
\$0 to \$14,999.....	\$325	\$1,000,000 to \$1,999,999.....	\$6,500
\$15,000 to \$74,999.....	<b>\$650</b>	\$2,000,000 to \$2,999,999.....	\$9,750
\$75,000 to \$149,999.....	\$975	\$3,000,000 to \$4,999,999.....	\$10,400
\$150,000 to \$224,999.....	\$1,625	\$5,000,000 to \$14,999,999 .....	\$13,000
\$225,000 to \$299,999.....	\$1,950	\$15,000,000 to \$29,999,999....	\$20,000
\$300,000 to \$999,999.....	\$4,875	\$30,000,000 or more	\$30,000

\* This summary is to reflect the current calendar year's information cumulative to the end of the reporting period

\*\* Should agree with line 3, Form 2-B. Disbursements are net of transfers to other debtor in possession bank accounts

*Failure to pay the quarterly fee is cause for conversion or dismissal of the chapter 11 case. [11 U.S.C. Sec. 1112(b)(10)]*

*In addition, unpaid fees are considered a debt owed to the United States and will be assessed interest under 31 U.S.C. §3717*

**DEBTOR:** Castle Arch Real Estate Investment Company, LLC.      **CASE NO:** 11-35082

**Form 2-G  
NARRATIVE**

**For Period Ending:** 12/31/2011

Please provide a brief description of any significant business and legal actions taken by the debtor, its creditors, or the court during the reporting period, any unusual or non-recurring accounting transactions that are reported in the financial statements, and any significant changes in the financial condition of the debtor which have occurred subsequent to the report date.

Notes Receivable was increased by \$30,600 in interest receivable but decreased by \$48,750 for a price adjustment on the sale of a Star Valley unit. This caused a net reduction of \$18,150.
Payroll is handled through Paychex so most payroll related taxes are paid net through the service. However there is a California related tax that is not paid through Paychex and is accrued and paid separately.
Property tax is accounted for in Accounts Payable so to not duplicate it there has not been any amount noted in Form 2E.
Many of the expenses showing in December are annual accruals that relate to the entire year, such as depreciation, interest expense, and amortization of debt issue costs. Payroll has an adjustment of one pay period added to it to include the accrual of the final December payroll paid in January.

5:33 PM

**Castle Arch Real Estate Investment Company**

01/05/12

**Reconciliation Summary****10002 - Zion's 003-17495-0, Period Ending 12/31/2011**

	<u>Dec 31, 11</u>
Beginning Balance	217,029.61
Cleared Transactions	
Checks and Payments - 10 items	-24,187.35
Total Cleared Transactions	<u>-24,187.35</u>
<b>Cleared Balance</b>	<b><u>192,842.26</u></b>
Uncleared Transactions	
Checks and Payments - 2 items	-4,811.97
Total Uncleared Transactions	<u>-4,811.97</u>
Register Balance as of 12/31/2011	<b><u>188,030.29</u></b>
Ending Balance	<u>188,030.29</u>

5:35 PM

## Castle Arch Real Estate Investment Company

01/05/12

## Reconciliation Detail

10002 - Zion's [REDACTED] 495-0, Period Ending 12/31/2011

Type	Date	Num	Name	Clr	Amount	Balance
<b>Beginning Balance</b>						217,029.61
<b>Cleared Transactions</b>						
<b>Checks and Payments - 10 items</b>						
Check	11/18/2011	1002	Austin, Jeff	X	-2,796.62	-2,796.62
Check	12/9/2011	ETF	Paychex	X	-7,929.37	-10,725.99
Check	12/9/2011	EFT	Paychex - Taxes	X	-2,007.17	-12,733.16
Check	12/9/2011	EFT	Paychex - Fee	X	-118.20	-12,851.36
Check	12/13/2011	1010	Judge Building LLC	X	-1,159.27	-14,010.63
Check	12/20/2011	EFT	Paychex	X	-7,929.37	-21,940.00
Check	12/20/2011	EFT	Paychex - Taxes	X	-2,004.17	-23,944.17
Check	12/20/2011	EFT	Paychex - Fee	X	-73.18	-24,017.35
Check	12/23/2011	1011	Jim Bickmore	X	-160.00	-24,177.35
Check	12/30/2011			X	-10.00	-24,187.35
Total Checks and Payments					-24,187.35	-24,187.35
Total Cleared Transactions					-24,187.35	-24,187.35
Cleared Balance					-24,187.35	192,842.26
<b>Uncleared Transactions</b>						
<b>Checks and Payments - 2 items</b>						
Check	12/13/2011	1009	United Healthcare		-4,571.97	-4,571.97
Check	12/23/2011	1012	Tyler Martinsen		-240.00	-4,811.97
Total Checks and Payments					-4,811.97	-4,811.97
Total Uncleared Transactions					-4,811.97	-4,811.97
Register Balance as of 12/31/2011					-28,999.32	188,030.29
<b>Ending Balance</b>					<b>-28,999.32</b>	<b>188,030.29</b>

**ZIONS BANK**  
 P.O. Box 30709, Salt Lake City, UT 84130-0709

Primary Account [REDACTED] 4950

0124508 1765-06-0200-ZFN-PG0023-00004  
 CASTLE ARCH REAL ESTATE INVESTMENT COMPA  
 TRENT WADDOUPS  
 DEBTOR IN POSSESSION  
 8 E BROADWAY STE 510  
 SALT LAKE CITY UT 84111-2291

For 24-hour account information, please contact:

1-800-789-BANK (2265)

[zionsbank.com](http://zionsbank.com)

WE HAVEN'T FORGOTTEN WHO KEEPS US IN BUSINESS. ®

Effective February 4, 2012 the Expedited Payments fee in Bill Pay will increase to \$12.95 for an expedited electronic payment and \$15.95 for an overnight check.

**SUMMARY OF ACCOUNT BALANCE**

Account Type	Account Number	Checking/Savings Ending Balance	Outstanding Balances Owed
Free Business Checking	[REDACTED] 4950	\$192,842.26	

**FREE BUSINESS CHECKING [REDACTED] 4950** 107 4

Previous Balance	Deposits/Credits	Charges/Debits	Checks Processed	Ending Balance
217,029.61	0.04	20,071.50	4,115.89	192,842.26

**1 DEPOSIT/CREDIT**

Date	Amount	Description
12/23	0.04	DEPOSIT 9494670776

**8 CHARGES/DEBITS**

Date	Amount	Description
12/08	7,929.37	PAYCHEX PAYROLL 42784500001039XREF # 011342006070118 1102165797
12/09	2,007.17	PAYCHEX TPS TAXES 42785900002983XREF # 011342006190500 1101740042
12/09	118.20	PAYCHEX EIB INVOICE X42790200002666REF # 011342006486509 1101784106
12/19	7,929.37	PAYCHEX PAYROLL 42913300001077XREF # 011353009994327 1102252869
12/20	2,004.17	PAYCHEX TPS TAXES 42917000002735XREF # 011353010338669 1101718732
12/20	73.18	PAYCHEX EIB INVOICE X42924100001091REF # 011353010578059 1101757996
12/30	10.00	DEPOSITED ITEM RETURN FEE
12/30	.04	DEPOSITED CK RETURNED/SEE MAKER 1700709715



# ZIONS BANK

P.O. Box 30709, Salt Lake City, UT 84130-0709

Document

Page 14 of 21

Page 3 of 5  
December 30, 2011

CASTLE ARCH REAL ESTATE INVESTMENT COMPA  
4950

.....  
**3 CHECKS PROCESSED**

<i>Number.....Date.....Amount</i>	<i>Number.....Date.....Amount</i>	<i>Number.....Date.....Amount</i>
1002      12/06      2,796.62	1010*      12/14      1,159.27	1011      12/28      160.00

\* Not in check sequence

.....  
**AGGREGATE OVERDRAFT AND RETURNED ITEM FEES**

	<i>Total for This Period</i>	<i>Total Year-to-Date</i>
Total Overdraft Fees	\$0.00	\$0.00
Total Returned Item Fees	\$0.00	\$0.00

To learn more about our other products and services that may lower the cost of managing account overdrafts or to discuss removing overdraft coverage from your account, please contact Customer Service or visit your local branch.

.....  
**DAILY BALANCES**

<i>Date.....Balance</i>	<i>Date.....Balance</i>	<i>Date.....Balance</i>
12/06      214,232.99	12/14      203,018.98	12/23      193,012.30
12/08      206,303.62	12/19      195,089.61	12/28      192,852.30
12/09      204,178.25	12/20      193,012.26	12/30      192,842.26





## Castle Arch Real Estate Investment Company

## Profit &amp; Loss

December 2011

6:45 PM

01/14/12

Accrual Basis

	<u>Dec 11</u>
<b>Ordinary Income/Expense</b>	
<b>Income</b>	
41000 · Sales	
SV Phase A Lot Sales	-48,750.00
<b>Total 41000 · Sales</b>	-48,750.00
42000 · Management Fee Income	48,472.63
<b>Total Income</b>	-277.37
<b>Cost of Goods Sold</b>	
50000 · Cost of goods sold	
SV Phase A Lot Sales	1,730.95
<b>Total 50000 · Cost of goods sold</b>	1,730.95
<b>Total COGS</b>	1,730.95
<b>Gross Profit</b>	-2,008.32
<b>Expense</b>	
<b>Administrative/Other Unit</b>	
Insurance UHC	
Insurance Premiums	4,571.97
<b>Total Insurance UHC</b>	4,571.97
Legal Services	1,757.50
Miscellaneous	737.76
Office Expenses	48.17
Professional Outside Services	
Other	241.67
<b>Total Professional Outside Services</b>	241.67
Rent	1,159.27
60020 · Amortization of debt issue cost	18,630.14
60040 · Bank Fees	10.00
60070 · Depreciation Expense	3,276.28
60140 · Interest Expense	55,002.03
<b>Total Administrative/Other Unit</b>	85,434.79
<b>Business Development Unit</b>	
60675 · Propety Tax on Project Land	1,766.38
<b>Total Business Development Unit</b>	1,766.38



**Castle Arch Real Estate Investment Company****Profit & Loss**

December 2011

6:45 PM

01/14/12

Accrual Basis

	<u>Dec 11</u>
<b>Executive Unit</b>	
<b>Executive Compensation</b>	
Benefits & Service Fee	284.46
Payroll Taxes	5,413.15
Executive Compensation - Other	62,608.74
<b>Total Executive Compensation</b>	<u>68,306.35</u>
<b>Total Executive Unit</b>	<u>68,306.35</u>
<b>Total Expense</b>	<u>155,507.52</u>
<b>Net Ordinary Income</b>	-157,515.84
<b>Other Income/Expense</b>	
<b>Other Income</b>	
Interest Income	30,600.00
<b>Total Other Income</b>	<u>30,600.00</u>
<b>Net Other Income</b>	<u>30,600.00</u>
<b>Net Income</b>	<u><u>-126,915.84</u></u>

**Castle Arch Real Estate Investment Company****Balance Sheet**

As of December 31, 2011

6:47 PM

01/14/12

Accrual Basis

	<u>Dec 31, 11</u>
<b>ASSETS</b>	
<b>Current Assets</b>	
<b>Checking/Savings</b>	
10002 · Zion's 003-17495-0	188,030.29
<b>Total Checking/Savings</b>	<u>188,030.29</u>
<b>Accounts Receivable</b>	
13000 · Accounts Receivable	800.00
<b>Total Accounts Receivable</b>	<u>800.00</u>
<b>Other Current Assets</b>	
13602 · Interest Recvbl- Valley Gardens	169,347.95
15010 · Loan Receivable - Valley Garden	255,000.00
16000 · Prepaid Expense	257,500.00
<b>Total Other Current Assets</b>	<u>681,847.95</u>
<b>Total Current Assets</b>	870,678.24
<b>Fixed Assets</b>	
17000 · Property/Equipment	16,381.24
17010 · Accumulated Depreciation	-9,539.16
<b>Total Fixed Assets</b>	<u>6,842.08</u>
<b>Other Assets</b>	
17100 · Properties Held for Investment	
17104 · Star Valley, WY	
17105 · Phase A hard costs	400,000.00
<b>Total 17104 · Star Valley, WY</b>	<u>400,000.00</u>
<b>Total 17100 · Properties Held for Investment</b>	400,000.00
17700 · Refundable Deposits	1,500.00
18100 · Investment in CA Kingman, LLC	6,000.00
18101 · Investment in CA Symrna, LLC	6,000.00
<b>Total Other Assets</b>	<u>413,500.00</u>
<b>TOTAL ASSETS</b>	<b><u><u>1,291,020.32</u></u></b>
<b>LIABILITIES &amp; EQUITY</b>	
<b>Liabilities</b>	
<b>Current Liabilities</b>	
<b>Accounts Payable</b>	
20000 · Accounts Payable	780,114.38
<b>Total Accounts Payable</b>	<u>780,114.38</u>
<b>Other Current Liabilities</b>	
23200 · Interest Payable - Bill Grundy	60,623.01

## Castle Arch Real Estate Investment Company

## Balance Sheet

As of December 31, 2011

6:47 PM

01/14/12

Accrual Basis

	Dec 31, 11
<b>23400 · Payroll Liabilities</b>	
Accrued Payroll	41,048.56
Accrued payroll taxes	656.74
Deferred Compensation	1,063,791.30
<b>Total 23400 · Payroll Liabilities</b>	1,105,496.60
<b>25050 · Intercompany Notes</b>	
23508 · CAOPM	-100.00
25051 · CAOPI	-192,047.19
25052 · CAOPII	-139,338.42
25054 · CASDF	-909,542.42
25056 · CAK	-2,326,772.40
25058 · CAS	-2,741,185.83
25200 · Accrued Interest	1,918.09
<b>Total 25050 · Intercompany Notes</b>	-6,307,068.17
<b>Total Other Current Liabilities</b>	-5,140,948.56
<b>Total Current Liabilities</b>	-4,360,834.18
<b>Long Term Liabilities</b>	
23600 · Preferred Dividend Payable	16,373,064.53
24000 · BOD Bonus payable	660,000.00
25000 · Notes Payable	
25003 · Star Valley, WY	350,773.97
25005 · Star Valley, WY - Bill Grundy	230,000.00
<b>Total 25000 · Notes Payable</b>	580,773.97
<b>Total Long Term Liabilities</b>	17,613,838.50
<b>Total Liabilities</b>	13,253,004.32
<b>Equity</b>	
30000 · Preferred Units Round A	1,000,000.00
30001 · Preferred Units Round B	2,000,000.00
30002 · Preferred Units Round C	3,300,000.00
30003 · Preferred Units Round D	24,931,403.00
30004 · Preferred Units Round E	7,196,399.00
30100 · Common Units	
30101 · CU Board	4,700,250.00
30102 · CU Consulting	1,383,013.84
30103 · CU Referral Fees	869,956.90
30104 · CU Founders	16,000.00
<b>Total 30100 · Common Units</b>	6,969,220.74
39000 · Retained Earnings	-31,188,513.56

**Castle Arch Real Estate Investment Company****Balance Sheet**

As of December 31, 2011

6:47 PM

01/14/12

Accrual Basis

	<u>Dec 31, 11</u>
<b>39100 · Equity Adjustments</b>	
39101 · Preferred Dividends Accrued	-16,373,064.52
39102 · Preferred Dividends Paid	-13,830.15
39103 · CU Referral Fees	-869,956.90
39104 · Reinvested Referral Fees	-55,470.00
39105 · Offering Costs	-370,341.00
39106 · Cash Referral Fees	-939,251.37
39107 · Cash Commissions	-335,729.06
	<hr/>
<b>Total 39100 · Equity Adjustments</b>	-18,957,643.00
<b>Net Income</b>	-7,212,850.18
	<hr/>
<b>Total Equity</b>	-11,961,984.00
	<hr/>
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b>1,291,020.32</b>
	<hr/> <hr/>

## Castle Arch Real Estate Investment Company

## A/P Aging Summary

As of December 31, 2011

6:48 PM

01/14/12

	Current	1 - 30	31 - 60	61 - 90	> 90	TOTAL
AT&T	0.00	0.00	326.11	0.00	0.00	326.11
California Franchise Tax Board	0.00	0.00	0.00	0.00	-40.00	-40.00
Chisholm, Bierwolf, Nilson & Morrill	0.00	0.00	0.00	0.00	30,980.71	30,980.71
Cohne Rappaport & Segal	0.00	0.00	0.00	0.00	10,005.70	10,005.70
Colonial Stock Transfer	241.67	50.00	0.00	0.00	0.00	291.67
CT Corporation	0.00	0.00	0.00	0.00	348.00	348.00
Daily Brand LLC	0.00	0.00	0.00	0.00	19,730.60	19,730.60
Entrust Arizona, LLC	0.00	0.00	0.00	0.00	700.00	700.00
Fact Finders Information Services LLC	0.00	0.00	0.00	0.00	487.50	487.50
Fortius Financial Advisors	0.00	0.00	0.00	0.00	3,300.00	3,300.00
Global Security	0.00	0.00	0.00	0.00	83.85	83.85
Greene, Jeffrey PC	0.00	0.00	0.00	0.00	6,434.00	6,434.00
Hunt, David S. P.C.	0.00	0.00	0.00	0.00	285,000.00	285,000.00
Illinois Department of Employment Securit	0.00	0.00	0.00	0.00	108.07	108.07
Judge Building LLC	0.00	0.00	-0.70	0.00	0.00	-0.70
Kaysville City	0.00	0.00	0.00	0.00	-0.69	-0.69
Lincoln County Treasurer	0.00	1,766.38	0.00	0.00	0.00	1,766.38
Martinsen, Glen	0.00	48.17	118.93	18.00	18.00	203.10
Michelle Turpin P.C.	1,757.50	0.00	0.00	532.41	150.86	2,440.77
Mohave County Treasurer	0.00	0.00	0.00	0.00	15,299.62	15,299.62
Mohave Engineering Associates, Inc.	0.00	0.00	0.00	0.00	59,961.08	59,961.08
NetChemistry	0.00	0.00	0.00	0.00	77,500.00	77,500.00
Olson Communications, Inc.	0.00	0.00	0.00	0.00	500.50	500.50
Parsons, Behle & Latimer	0.00	0.00	0.00	0.00	48,454.30	48,454.30
Paychex	10,588.15	0.00	0.00	0.00	0.00	10,588.15
Rackspace	0.00	0.00	0.00	0.00	18.00	18.00
RFC Properties, LLC	0.00	0.00	0.00	0.00	9,164.00	9,164.00
Ryan, Inc	0.00	0.00	0.00	0.00	14,652.03	14,652.03
Sierra Construction & Excavation, INC.	0.00	0.00	0.00	0.00	780.00	780.00
Snell and Wilmer	0.00	0.00	0.00	0.00	59,228.17	59,228.17
SouthWest Traffic Engineering	0.00	0.00	0.00	0.00	9,255.30	9,255.30
Stevens & Lee	0.00	0.00	0.00	0.00	19,628.24	19,628.24
TELDATA	337.76	0.00	0.00	0.00	0.00	337.76
The Dot Printer	0.00	0.00	0.00	0.00	3,029.73	3,029.73
Tooele County Treasurer	0.00	0.00	0.00	0.00	89,404.43	89,404.43
Town of Thayne	0.00	0.00	0.00	0.00	148.00	148.00
<b>TOTAL</b>	<b>12,925.08</b>	<b>1,864.55</b>	<b>444.34</b>	<b>550.41</b>	<b>764,330.00</b>	<b>780,114.38</b>