

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 _____ 1/31/2012

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: 2/14/2012 **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: 1/1/12 to 1/31/12

CASH FLOW SUMMARY

	Current Month	Accumulated
1. Beginning Cash Balance	\$ <u>188,030.29</u> (1)	\$ <u>250,496.48</u> (1)
2. Cash Receipts		
Operations	-	-
Sale of Assets	500.00	500.00
Loans/advances	-	-
Other	-	1.63
Total Cash Receipts	\$ <u>500.00</u>	\$ <u>501.63</u>
3. Cash Disbursements		
Operations	34,553.95	93,923.77
Debt Service/Secured loan payment	-	-
Professional fees/U.S. Trustee fees	-	-
Other	-	3,098.00
Total Cash Disbursements	\$ <u>34,553.95</u>	\$ <u>97,021.77</u>
4. Net Cash Flow (Total Cash Receipts less Total Cash Disbursements)	<u>(34,053.95)</u>	<u>(96,520.14)</u>
5 Ending Cash Balance (to Form 2-C)	\$ <u>153,976.34</u> (2)	\$ <u>153,976.34</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>	153,976.34
Other Interest-bearing Account	_____	-
TOTAL (must agree with Ending Cash Balance above)		\$ <u>153,976.34</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: 1/1/12 to 1/31/12

CASH RECEIPTS DETAIL

(attach additional sheets as necessary)

Account No:

Zions 003-17495-0

Date	Payer	Description	Amount
1/31/2012	Pacifcore	Collection of Accounts Receivable	500.00

\$

Total Cash Receipts

\$ 500.00 (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: 1/1/12 to 1/31/12

CASH DISBURSEMENTS DETAIL
(attach additional sheets as necessary)

Account No: **Zions 003-17495-0**

Date	Check No.	Payee	Description (Purpose)	Amount
1/1/2012	1013	Judge Building LLC	Jan '12 Rent and Parking	783.31
1/5/2012	EFT	Paychex	12/16/11-12/31/11	10,588.15
1/10/2012	1014	Hub International Limited	D&O Renewals 12/20/10-01/20/12	6,211.78
1/13/2012	EFT	CenturyLink	phone and internet	534.49
1/20/2012	EFT	Paychex	1/1/12-1/15/12	11,843.25
1/23/2012	EFT	United Healthcare	Jan 2012 Health Insurance	4,571.97
1/31/2012	EFT	Paychex	taxes	21.00

Total Cash Disbursements \$ 34,553.95 (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: 1/31/2012

ASSETS	Current Month	Petition Date (1)
Current Assets:		
Cash (from Form 2-B, line 5)	\$ 153,976.34	\$ 250,496.48
Accounts Receivable (from Form 2-E)	-	800.00
Receivable from Officers, Employees, Affiliates	-	-
Inventory	-	-
Other Current Assets :(List)	237,500.00	257,500.00
<u>Pre-Paid Legal</u>	424,347.95	442,497.95
<u>Notes Receivable</u>		
Total Current Assets	\$ <u>815,824.29</u>	\$ <u>951,294.43</u>
Fixed Assets:		
Land	\$ -	\$ -
Building	-	-
Equipment, Furniture and Fixtures	16,381.24	16,381.24
Total Fixed Assets	<u>16,381.24</u>	<u>16,381.24</u>
Less: Accumulated Depreciation	(9,539.16)	(6,262.88)
Net Fixed Assets	\$ <u>6,842.08</u>	\$ <u>10,118.36</u>
Other Assets (List):	400,000.00	401,730.95
<u>Star Valley Property</u>	13,500.00	13,500.00
<u>Land Deposits CAK, CAS</u>		
TOTAL ASSETS	\$ <u>1,236,166.37</u>	\$ <u>1,376,643.74</u>
LIABILITIES		
Post-petition Accounts Payable (from Form 2-E)	\$ 16,738.62	\$ -
Post-petition Accrued Professional Fees (from Form 2-E)	-	-
Post-petition Taxes Payable (from Form 2-E)	1,068.36	-
Post-petition Notes Payable	7,393.26	-
Other Post-petition Payable(List):	47,608.77	-
<u>Note Interest Payable</u>	61,000.00	-
<u>Accrued Payroll</u>	3,073,928.27	-
<u>Preferred Dividends Payable</u>		
Total Post Petition Liabilities	\$ <u>3,207,737.28</u>	\$ <u>-</u>
Pre Petition Liabilities:		
Secured Debt	343,380.71	343,380.71
Priority Debt	-	-
Unsecured Debt	9,659,293.97	9,829,414.69
Total Pre Petition Liabilities	\$ <u>10,002,674.68</u>	\$ <u>10,172,795.40</u>
TOTAL LIABILITIES	\$ <u>13,210,411.96</u>	\$ <u>10,172,795.40</u>
OWNERS' EQUITY		
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	(104,165.66)	-
TOTAL OWNERS' EQUITY	\$ <u>(11,974,245.59)</u>	\$ <u>(8,796,151.66)</u>
TOTAL LIABILITIES AND OWNERS' EQUITY	\$ <u>1,236,166.37</u>	\$ <u>1,376,643.74</u>

(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 1/1/2012 to 1/31/2012

	Current Month	Accumulated Total (1)
Gross Operating Revenue	\$ 48,472.63	\$ 116,558.75
Less: Discounts, Returns and Allowances	(-)	(-)
Net Operating Revenue	\$ 48,472.63	\$ 116,558.75
Cost of Goods Sold	-	1,730.95
Gross Profit	\$ 48,472.63	\$ 114,827.80
Operating Expenses		
Officer Compensation	\$ 45,653.27	\$ 132,052.86
Selling, General and Administrative	14,800.74	111,144.10
Rents and Leases	783.31	3,439.85
Depreciation, Depletion and Amortization	-	3,276.28
Other (list): _____	-	-
	-	-
Total Operating Expenses	\$ 61,237.32	\$ 249,913.09
Operating Income (Loss)	\$ (12,764.69)	\$ (135,085.29)
Non-Operating Income and Expenses		
Other Non-Operating Expenses	\$ 300.00	\$ 300.00
Gains (Losses) on Sale of Assets	-	-
Interest Income	-	30,601.63
Interest Expense	-	-
Other Non-Operating Income	-	-
Net Non-Operating Income or (Expenses)	\$ 300.00	\$ 30,901.63
Reorganization Expenses		
Legal and Professional Fees	\$ -	\$ -
Other Reorganization Expense	-	-
Total Reorganization Expenses	\$ -	\$ -
Net Income (Loss) Before Income Taxes	\$ (12,464.69)	\$ (104,183.66)
Federal and State Income Tax Expense (Benefit)	-	-
NET INCOME (LOSS)	\$ (12,464.69)	\$ (104,183.66)

(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: 1/1/2012 to 1/31/2012**

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	656.74	411.62	0.00			1,068.36
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
TOTALS	\$ <u>656.74</u>	\$ <u>411.62</u>	\$ <u>0.00</u>			\$ <u>1,068.36</u>

(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 1/1/2012 to 1/31/2012

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	\$ 12,597.66
30 to 60 days	0.00	2,049.17
61 to 90 days	0.00	2,091.79
91 to 120 days	0.00	0.00
Over 120 days	0.00	0.00
Total Post Petition	<u>0.00</u>	
Pre Petition Amounts	<u>0.00</u>	
Total Accounts Receivable	\$ <u>0.00</u>	
Less: Bad Debt Reserve	<u>0.00</u>	
Net Accounts Receivable (to Form 2-C)	<u>\$ 0.00</u>	
	Total Post Petition Accounts Payable	\$ <u>16,738.62</u>

* *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: _____	<u>237,500.00</u>	<u>0.00</u>	<u>0.00</u>		<u>0.00</u>
Total	\$ <u>237,500.00</u>	\$ <u>0.00</u>	\$ <u>0.00</u>		\$ <u>0.00</u>

*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>	\$ <u>7,500.00</u>
<u>Hunt, David</u>	<u>COO</u>	<u>Salary</u>	<u>6,000.00</u>
<u>Martinsen, Glen</u>	<u>Controller</u>	<u>Salary</u>	<u>6,000.00</u>

**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: 1/31/2012

<u>Month</u>	<u>Year</u>	<u>Cash Disbursements **</u>	<u>Quarterly Fee Due</u>	<u>Check No.</u>	<u>Date Paid</u>
January	<u>2012</u>	\$ 34,553.95			
February	<u> </u>	0.00			
March	<u> </u>	0.00			
TOTAL 1st Quarter		\$ <u>34,553.95</u>			
April	<u> </u>	0.00			
May	<u> </u>	0.00			
June	<u> </u>	0.00			
TOTAL 2nd Quarter		\$ <u>0.00</u>			
July	<u> </u>	0.00			
August	<u> </u>	0.00			
September	<u> </u>	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>	34,553.95			
TOTAL 4th Quarter		\$ <u>70,819.07</u>	\$650.00	<u>1019</u>	<u>2/8/2012</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.....	\$650	\$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: 1/31/2012

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.
There was a prior period adjustment to accounts payable and expenses that resulted in an adjustment of appx. \$600.

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Castle Arch Real Estate Investment Company

02/13/12

A/P Aging Summary

As of January 31, 2012

	Current	1 - 30	31 - 60	61 - 90	> 90	TOTAL
AT&T	0.00	0.00	0.00	326.11	0.00	326.11
California Franchise Tax Board	0.00	0.00	0.00	0.00	-40.00	-40.00
CenturyLink	244.61	0.00	0.00	0.00	0.00	244.61
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	0.00	1,400.00	291.67	0.00	0.00	1,691.67
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
FedEx	27.14	0.00	0.00	0.00	0.00	27.14
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	0.00	-0.70	0.00	-0.70
Kaysville City	0.00	0.00	0.00	0.00	-0.69	-0.69
Lincoln County Treasurer	0.00	0.00	0.00	1,766.38	0.00	1,766.38
Michelle Turpin P.C.	0.00	0.00	1,757.50	0.00	683.27	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	21,136.98	0.00	0.00	0.00	0.00	21,136.98
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	0.00	337.76	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
TOTAL	21,408.73	1,737.76	2,049.17	2,091.79	764,844.41	792,131.86

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Castle Arch Real Estate Investment Company

02/13/12

Profit & Loss

Accrual Basis

January 2012

	<u>Jan 12</u>
Ordinary Income/Expense	
Income	
42000 · Management Fee Income	48,472.63
Total Income	<u>48,472.63</u>
Gross Profit	48,472.63
Expense	
Administrative/Other Unit	
Insurance UHC	
Insurance Premiums	4,571.97
Total Insurance UHC	4,571.97
Office Expenses	894.80
Postage	27.14
Professional Outside Services	
Other	1,400.00
Total Professional Outside Services	1,400.00
Rent	783.31
60350 · Telephone/email charges	244.61
Total Administrative/Other Unit	7,921.83
Executive Unit	
Executive Compensation	
Benefits & Service Fee	233.51
Payroll Taxes	1,919.76
Executive Compensation - Other	43,500.00
Total Executive Compensation	45,653.27
Insurance	6,211.78
Office Expenses	850.44
Total Executive Unit	<u>52,715.49</u>
Total Expense	<u>60,637.32</u>
Net Ordinary Income	-12,164.69
Other Income/Expense	
Other Income	
Other Income	-300.00
Total Other Income	<u>-300.00</u>
Net Other Income	<u>-300.00</u>
Net Income	<u><u>-12,464.69</u></u>

Castle Arch Real Estate Investment Company

Balance Sheet

As of January 31, 2012

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02/13/12

Accrual Basis

	Jan 31, 12
ASSETS	
Current Assets	
Checking/Savings	
10002 · Zion's 003-17495-0	153,976.34
Total Checking/Savings	153,976.34
Other Current Assets	
13602 · Interest Recvbl- Valley Gardens	169,347.95
15010 · Loan Receivable - Valley Garden	255,000.00
16000 · Prepaid Expense	237,500.00
Total Other Current Assets	661,847.95
Total Current Assets	815,824.29
Fixed Assets	
17000 · Property/Equipment	16,381.24
17010 · Accumulated Depreciation	-9,539.16
Total Fixed Assets	6,842.08
Other Assets	
17100 · Properties Held for Investment	
17104 · Star Valley, WY	
17105 · Phase A hard costs	400,000.00
Total 17104 · Star Valley, WY	400,000.00
Total 17100 · Properties Held for Investment	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
Total Other Assets	413,500.00
TOTAL ASSETS	1,236,166.37
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	
20000 · Accounts Payable	781,583.03
Total Accounts Payable	781,583.03
Other Current Liabilities	
23200 · Interest Payable - Bill Grundy	60,623.01
23400 · Payroll Liabilities	
Accrued Payroll	65,048.56
Accrued payroll taxes	1,068.36
Deferred Compensation	1,063,791.30
Total 23400 · Payroll Liabilities	1,129,908.22
25050 · Intercompany Notes	
23508 · CAOPM	-100.00
25051 · CAOPI	-245,708.75
25052 · CAOPII	-154,149.49
25054 · CASDF	-909,542.42
25056 · CAK	-2,326,772.40
25058 · CAS	-2,741,185.83
25200 · Accrued Interest	1,918.09
Total 25050 · Intercompany Notes	-6,375,540.80
Total Other Current Liabilities	-5,185,009.57
Total Current Liabilities	-4,403,426.54
Long Term Liabilities	
23600 · Preferred Dividend Payable	16,373,064.53
24000 · BOD Bonus payable	660,000.00

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

As of January 31, 2012

6:54 PM

02/13/12

Accrual Basis

	<u>Jan 31, 12</u>
25000 · Notes Payable	
25003 · Star Valley, WY	350,773.97
25005 · Star Valley, WY - Bill Grundy	230,000.00
Total 25000 · Notes Payable	<u>580,773.97</u>
Total Long Term Liabilities	<u>17,613,838.50</u>
Total Liabilities	13,210,411.96
Equity	
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
Total 30100 · Common Units	<u>6,969,220.74</u>
39000 · Retained Earnings	-38,401,160.64
39100 · Equity Adjustments	
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
Total 39100 · Equity Adjustments	<u>-18,957,643.00</u>
Net Income	-12,464.69
Total Equity	<u>-11,974,245.59</u>
TOTAL LIABILITIES & EQUITY	<u><u>1,236,166.37</u></u>

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

Primary Account [REDACTED] 4950

0000549 1432-06-0000-ZFN-PG0007-00005
 CASTLE ARCH REAL ESTATE INVESTMENT
 COMPANY LLC
 HOLD AT UT UTSC 0888
 DO NOT MAIL

For 24-hour account information, please contact:

1-800-789-BANK (2265)

zionsbank.com

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

SUMMARY OF ACCOUNT BALANCE

Account Type	Account Number	Checking/Savings Ending Balance	Outstanding Balances Owed
Free Business Checking	[REDACTED] 4950	\$153,976.34	

FREE BUSINESS CHECKING [REDACTED] 4950 107 5

Previous Balance	Deposits/Credits	Charges/Debits	Checks Processed	Ending Balance
192,842.26	500.00	27,558.86	11,807.06	153,976.34

1 DEPOSIT/CREDIT

Date	Amount	Description
01/31	500.00	DEPOSIT 9494413678

9 CHARGES/DEBITS

Date	Amount	Description
01/04	8,287.07	PAYCHEX PAYROLL 43115800001863XREF # 012003006524216 1102762234
01/05	2,208.00	PAYCHEX TPS TAXES 43116400008122XREF # 012004006902118 1102521574
01/05	93.08	PAYCHEX EIB INVOICE X43130200002010REF # 012004007376324 1102566763
01/17	534.49	QWEST 8002441111 TELEPH 8013553660690 REF # 012017001507588 1102577441
01/19	9,497.82	PAYCHEX PAYROLL 43336100001100XREF # 012019003301252 1102261581
01/20	2,205.00	PAYCHEX TPS TAXES 43337900003101XREF # 012019003388761 1101544996
01/20	140.43	PAYCHEX EIB INVOICE X43343400028368REF # 012019003649562 1101587028
01/23	4,571.97	ISA*00* *00* *01*9411289245 *16*BNYMEL 1101621225
01/31	21.00	PAYCHEX TPS TAXES 43381200040359XREF # 012030007232680 1102436419

4 CHECKS PROCESSED

Number	Date	Amount	Number	Date	Amount	Number	Date	Amount
1009	01/04	4,571.97	1013	01/10	783.31	1014	01/24	6,211.78
1012*	01/03	240.00						

* Not in check sequence

AGGREGATE OVERDRAFT AND RETURNED ITEM FEES

	Total for This Period	Total Year-to-Date
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.



ZIONS BANK

Document

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January 31, 2012

CASTLE ARCH REAL ESTATE INVESTMENT

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

4950

.....
DAILY BALANCES

<i>Date.....</i>	<i>Balance</i>	<i>Date.....</i>	<i>Balance</i>	<i>Date.....</i>	<i>Balance</i>
01/03	192,602.26	01/17	176,124.34	01/23	159,709.12
01/04	179,743.22	01/19	166,626.52	01/24	153,497.34
01/05	177,442.14	01/20	164,281.09	01/31	153,976.34
01/10	176,658.83				



MEMBER FDIC

8:50 PM

Castle Arch Real Estate Investment Company

02/06/12

Reconciliation Detail

10002 · Zion's ██████████ 495-0, Period Ending 01/31/2012

Type	Date	Num	Name	Clr	Amount	Balance
Beginning Balance						192,842.26
Cleared Transactions						
Checks and Payments - 9 items						
Check	12/13/2011	1009	United Healthcare	X	-4,571.97	-4,571.97
Check	12/23/2011	1012	Tyler Martinsen	X	-240.00	-4,811.97
Check	1/1/2012	1013	Judge Building LLC	X	-783.31	-5,595.28
Bill Pmt -Check	1/5/2012	EFT	Paychex	X	-10,588.15	-16,183.43
Check	1/10/2012	1014	Hub International Li...	X	-6,211.78	-22,395.21
Check	1/13/2012	EFT	CenturyLink	X	-534.49	-22,929.70
Bill Pmt -Check	1/20/2012	EFT	Paychex	X	-11,843.25	-34,772.95
Check	1/23/2012	EFT	United Healthcare	X	-4,571.97	-39,344.92
Check	1/31/2012	EFT	Paychex	X	-21.00	-39,365.92
Total Checks and Payments					-39,365.92	-39,365.92
Deposits and Credits - 1 item						
Deposit	1/31/2012			X	500.00	500.00
Total Deposits and Credits					500.00	500.00
Total Cleared Transactions					-38,865.92	-38,865.92
Cleared Balance					-38,865.92	153,976.34
Register Balance as of 01/31/2012					-38,865.92	153,976.34
New Transactions						
Checks and Payments - 3 items						
Check	2/1/2012	1015	Prince, Yeates & G...		-100,000.00	-100,000.00
Bill Pmt -Check	2/3/2012	EFT	Paychex		-10,588.15	-110,588.15
Check	2/6/2012	EFT	United Healthcare		-4,571.97	-115,160.12
Total Checks and Payments					-115,160.12	-115,160.12
Total New Transactions					-115,160.12	-115,160.12
Ending Balance					-154,026.04	38,816.22