

**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 2/29/2012

**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:** 3/14/2012 **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: 2/1/12 to 2/29/12

**CASH FLOW SUMMARY**

	Current Month	Accumulated
<b>1. Beginning Cash Balance</b>	\$ <u>153,976.34</u> (1)	\$ <u>250,496.48</u> (1)
2. Cash Receipts		
Operations	-	-
Sale of Assets	-	500.00
Loans/advances	-	-
Other	-	1.63
Total Cash Receipts	\$ <u>-</u>	\$ <u>501.63</u>
3. Cash Disbursements		
Operations	131,498.94	225,422.71
Debt Service/Secured loan payment	-	-
Professional fees/U.S. Trustee fees	-	-
Other	-	3,098.00
Total Cash Disbursements	\$ <u>131,498.94</u>	\$ <u>228,520.71</u>
4. Net Cash Flow (Total Cash Receipts less Total Cash Disbursements)	<u>(131,498.94)</u>	<u>(228,019.08)</u>
<b>5 Ending Cash Balance (to Form 2-C)</b>	\$ <u><u>22,477.40</u></u> (2)	\$ <u><u>22,477.40</u></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>	22,477.40
Other Interest-bearing Account	_____	-
TOTAL (must agree with Ending Cash Balance above)		\$ <u><u>22,477.40</u></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: 2/1/12 to 2/29/12

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

Account No: Zions [REDACTED] 495-0

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: 2/1/12 to 2/29/12

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

**Account No:** Zions XXXXXXXXXX 495-0

Date	Check No.	Payee	Description (Purpose)	Amount
2/1/2012	1015	Prince, Yeates & Geldzahler	Prince, Yeates & Geldzahler Retainer	100,000.00
2/3/2012	EFT	Paychex	1/16/12-1/31/12	10,521.77
2/6/2012	EFT	United Healthcare	Feb 2012 Health Insurance	4,571.97
2/7/2012	1016	Judge Building LLC	Feb '12 Rent and Parking	752.50
2/8/2012	1017	CenturyLink	account 801-355-3660 690B	244.61
2/8/2012	1018	FedEx	shipping	27.14
2/8/2012	1019	U.S. Trustee	Q4 2011 BK Fee	650.00
2/8/2012	1020	State of California	Payroll Tax	442.18
2/17/2012	EFT	Paychex	2/1/12-2/15/12	14,288.77

**Total Cash Disbursements**      \$ 131,498.94 (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: 2/29/2012

<b>ASSETS</b>	Current Month	Petition Date (1)
<b>Current Assets:</b>		
Cash (from Form 2-B, line 5)	\$ 22,477.40	\$ 250,496.48
Accounts Receivable (from Form 2-E)	216,879.38	800.00
Receivable from Officers, Employees, Affiliates	-	-
Inventory	-	-
Other Current Assets :(List)	337,500.00	257,500.00
<u>Pre-Paid Legal</u>	424,347.95	442,497.95
<u>Notes Receivable</u>		
<b>Total Current Assets</b>	<b>\$ <u>1,001,204.73</u></b>	<b>\$ <u>951,294.43</u></b>
<b>Fixed Assets:</b>		
Land	\$ -	\$ -
Building	-	-
Equipment, Furniture and Fixtures	16,381.24	16,381.24
<b>Total Fixed Assets</b>	<u>16,381.24</u>	<u>16,381.24</u>
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):	400,000.00	401,730.95
<u>Star Valley Property</u>	13,500.00	13,500.00
<u>Land Deposits CAK, CAS</u>		
<b>TOTAL ASSETS</b>	<b>\$ <u>1,421,546.81</u></b>	<b>\$ <u>1,376,643.74</u></b>
<b>LIABILITIES</b>		
Post-petition Accounts Payable (from Form 2-E)	\$ 19,768.38	\$ -
Post-petition Accrued Professional Fees (from Form 2-E)	-	-
Post-petition Taxes Payable (from Form 2-E)	792.80	-
Post-petition Notes Payable	-	-
Other Post-petition Payable(List):	47,608.77	-
<u>Note Interest Payable</u>	89,048.56	-
<u>Accrued Payroll</u>	3,073,928.27	-
<u>Preferred Dividends Payable</u>		
<b>Total Post Petition Liabilities</b>	<b>\$ <u>3,231,146.78</u></b>	<b>\$ <u>-</u></b>
<b>Pre Petition Liabilities:</b>		
Secured Debt	343,380.71	343,380.71
Priority Debt	-	-
Unsecured Debt	9,831,371.53	9,829,414.69
<b>Total Pre Petition Liabilities</b>	<b>\$ <u>10,174,752.24</u></b>	<b>\$ <u>10,172,795.40</u></b>
<b>TOTAL LIABILITIES</b>	<b>\$ <u>13,405,899.02</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	(114,272.28)	-
<b>TOTAL OWNERS' EQUITY</b>	<b>\$ <u>(11,984,352.21)</u></b>	<b>\$ <u>(8,796,151.66)</u></b>
<b>TOTAL LIABILITIES AND OWNERS' EQUITY</b>	<b>\$ <u>1,421,546.81</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 2/1/2012 to 2/29/2012

	Current Month	Accumulated Total (1)
Gross Operating Revenue	\$ 48,472.63	\$ 165,031.38
Less: Discounts, Returns and Allowances	( - )	( - )
<b>Net Operating Revenue</b>	<b>\$ 48,472.63</b>	<b>\$ 165,031.38</b>
Cost of Goods Sold	-	1,730.95
<b>Gross Profit</b>	<b>\$ 48,472.63</b>	<b>\$ 163,300.43</b>
Operating Expenses		
Officer Compensation	\$ 45,211.16	\$ 177,264.02
Selling, General and Administrative	12,681.97	123,826.07
Rents and Leases	752.50	4,192.35
Depreciation, Depletion and Amortization	-	3,276.28
Other (list): _____	-	-
	-	-
Total Operating Expenses	\$ 58,645.63	\$ 308,558.72
<b>Operating Income (Loss)</b>	<b>\$ (10,173.00)</b>	<b>\$ (145,258.29)</b>
Non-Operating Income and Expenses		
Other Non-Operating Expenses	\$ -	\$ 366.38
Gains (Losses) on Sale of Assets	-	-
Interest Income	-	30,601.63
Interest Expense	-	-
Other Non-Operating Income	-	-
Net Non-Operating Income or (Expenses)	\$ -	\$ 30,968.01
Reorganization Expenses		
Legal and Professional Fees	\$ -	\$ -
Other Reorganization Expense	-	-
Total Reorganization Expenses	\$ -	\$ -
<b>Net Income (Loss) Before Income Taxes</b>	<b>\$ (10,173.00)</b>	<b>\$ (114,290.28)</b>
Federal and State Income Tax Expense (Benefit)	-	-
<b>NET INCOME (LOSS)</b>	<b>\$ (10,173.00)</b>	<b>\$ (114,290.28)</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: 2/1/2012 to 2/29/2012**

**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	1,068.36	166.62	442.18			792.80
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>\$ <u>1,068.36</u></b>	<b>\$ <u>166.62</u></b>	<b>\$ <u>442.18</u></b>			<b>\$ <u>792.80</u></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	None	\$ -		
		\$		

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

**CASE NO:** 11-35082

**Form 2-E  
SUPPORTING SCHEDULES**

For Period 2/1/2012 to 2/29/2012

**ACCOUNTS RECEIVABLE AND POST PETITION PAYABLE AGING**

<u>Due</u>	<u>Accounts Receivable</u>	<u>Post Petition Accounts Payable</u>
Under 30 days	\$ 48,472.63	\$ 14,215.77
30 to 60 days	48,472.63	3,736.93
61 to 90 days	48,472.63	1,816.38
91 to 120 days	71,461.49	-0.70
Over 120 days	0.00	0.00
<b>Total Post Petition</b>	<u>216,879.38</u>	
<b>Pre Petition Amounts</b>	<u>0.00</u>	
Total Accounts Receivable	\$ 216,879.38	
Less: Bad Debt Reserve	<u>0.00</u>	
<b>Net Accounts Receivable (to Form 2-C)</b>	<u>\$ 216,879.38</u>	
	<b>Total Post Petition Accounts Payable</b>	<u>\$ 19,768.38</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: _____	337,500.00	0.00	0.00		0.00
<b>Total</b>	<u>\$ 337,500.00</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 &amp; Expense Reimbursement</u>	<u>\$ 13,460.00</u>
<u>Hunt, David</u>	<u>COO</u>	<u>Salary &amp; Expense Reimbursement</u>	<u>6,750.00</u>
<u>Martinsen, Glen</u>	<u>Controller</u>	<u>Salary &amp; Expense Reimbursement</u>	<u>6,750.00</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: 2/29/2012

<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>2012</u>	131,498.94			
March		0.00			
TOTAL 1st Quarter		\$ <u>131,498.94</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>	131,498.94			
TOTAL 4th Quarter		\$ <u>167,764.06</u>	650	1,019.00	2/8/2012

**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:** 2/29/2012

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.

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.
Inter-company note activity that is post-petition has been moved to Accounts Receivable for better clarity.
CAREIC's inter-company account with CAOPI has increased by \$20,000 due to the return of a legal retainer by McKay Burton Thurman that originally was paid by CAOPI but accounted for through an intercompany transaction. The funds were returned to CAOPI upon the recommendation of the U.S. Trustee.

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

Page 1 of 5  
 This Statement: February 29, 2012  
 Last Statement: January 31, 2012

Primary Account [REDACTED] 4950

0000548 1461-06-0030-ZFN-PG0007-00006  
 CASTLE ARCH REAL ESTATE INVESTMENT  
 COMPANY LLC  
 JEFFERY SCOTT AUSTIN  
 DEBTOR IN POSSESSION  
 HOLD AT UT UTSC 0888  
 DO NOT MAIL

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. ®

**SUMMARY OF ACCOUNT BALANCE**

Account Type	Account Number	Checking/Savings Ending Balance	Outstanding Balances Owed
Free Business Checking	[REDACTED] 4950	\$22,477.40	

**FREE BUSINESS CHECKING**

[REDACTED] 4950

107 6

Previous Balance	Deposits/Credits	Charges/Debits	Checks Processed	Ending Balance
153,976.34	0.00	29,382.51	102,116.43	22,477.40

**0 DEPOSITS/CREDITS**

There were no transactions this period.

**7 CHARGES/DEBITS**

Date	Amount	Description
02/02	8,287.08	PAYCHEX PAYROLL 43533500001401XREF # 012033009247029 1102779068
02/03	2,161.49	PAYCHEX TPS TAXES 43536800003914XREF # 012033009340328 1102370328
02/03	73.20	PAYCHEX EIB INVOICE X43542100001740REF # 012033009753631 1102417022
02/08	4,571.97	ISA*00* *00* *01*9411289245 *16*BNYMEL 1102859439
02/16	12,066.08	PAYCHEX PAYROLL 43729900001369XREF # 012047005475425 1102065369
02/17	2,149.49	PAYCHEX TPS TAXES 43730000003009XREF # 012047005535079 1101742563
02/17	73.20	PAYCHEX EIB INVOICE X43739800025799REF # 012047005821881 1101783853

**6 CHECKS PROCESSED**

Number	Date	Amount	Number	Date	Amount	Number	Date	Amount
1015	02/02	100,000.00	1017	02/23	244.61	1019	02/23	650.00
1016	02/07	752.50	1018	02/23	27.14	1020	02/22	442.18

**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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February 29, 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>
02/02	45,689.26	02/08	38,130.10	02/22	23,399.15
02/03	43,454.57	02/16	26,064.02	02/23	22,477.40
02/07	42,702.07	02/17	23,841.33		



MEMBER FDIC

11:55 AM

## Castle Arch Real Estate Investment Company

03/13/12

## Reconciliation Detail

10002 · Zion's ██████████ 495-0, Period Ending 02/29/2012

Type	Date	Num	Name	Clr	Amount	Balance
<b>Beginning Balance</b>						153,976.34
<b>Cleared Transactions</b>						
<b>Checks and Payments - 9 items</b>						
Check	2/1/2012	1015	Prince, Yeates & G...	X	-100,000.00	-100,000.00
Bill Pmt -Check	2/3/2012	EFT	Paychex	X	-10,521.77	-110,521.77
Check	2/6/2012	EFT	United Healthcare	X	-4,571.97	-115,093.74
Check	2/7/2012	1016	Judge Building LLC	X	-752.50	-115,846.24
Check	2/8/2012	1019	U.S. Trustee	X	-650.00	-116,496.24
Check	2/8/2012	1020	State of California	X	-442.18	-116,938.42
Bill Pmt -Check	2/8/2012	1017	CenturyLink	X	-244.61	-117,183.03
Bill Pmt -Check	2/8/2012	1018	FedEx	X	-27.14	-117,210.17
Bill Pmt -Check	2/17/2012	EFT	Paychex	X	-14,288.77	-131,498.94
Total Checks and Payments					-131,498.94	-131,498.94
Total Cleared Transactions					-131,498.94	-131,498.94
Cleared Balance					-131,498.94	22,477.40
Register Balance as of 02/29/2012					-131,498.94	22,477.40
<b>New Transactions</b>						
<b>Checks and Payments - 1 item</b>						
Bill Pmt -Check	3/5/2012	EFT	Paychex		-14,215.77	-14,215.77
Total Checks and Payments					-14,215.77	-14,215.77
Total New Transactions					-14,215.77	-14,215.77
<b>Ending Balance</b>					<b>-145,714.71</b>	<b>8,261.63</b>

5:13 PM

**Castle Arch Real Estate Investment Company**

03/14/12

**A/R Aging Summary**

As of February 29, 2012

	<u>Current</u>	<u>1 - 30</u>	<u>31 - 60</u>	<u>61 - 90</u>	<u>&gt; 90</u>	<u>TOTAL</u>
Accelerated Capital Group - Customer	0.00	0.00	0.00	0.00	0.00	0.00
Castle Arch Lease-to-Own Income Fund, LLC	0.00	0.00	0.00	0.00	0.00	0.00
Castle Arch Opportunity Fund I	0.00	33,661.56	33,661.56	33,661.56	50,312.55	151,297.23
Castle Arch Opportunity Fund II	0.00	14,811.07	14,811.07	14,811.07	21,148.94	65,582.15
Child, Van Wagoner & Bradshaw PLLC	0.00	0.00	0.00	0.00	0.00	0.00
Howell, Jad - Customer	0.00	0.00	0.00	0.00	0.00	0.00
HSBC Bank	0.00	0.00	0.00	0.00	0.00	0.00
Koidin, Mark - CUSTOMER	0.00	0.00	0.00	0.00	0.00	0.00
Millstream Land	0.00	0.00	0.00	0.00	0.00	0.00
Paychex - CUSTOMER	0.00	0.00	0.00	0.00	0.00	0.00
Securities Institute	0.00	0.00	0.00	0.00	0.00	0.00
<b>TOTAL</b>	<b>0.00</b>	<b>48,472.63</b>	<b>48,472.63</b>	<b>48,472.63</b>	<b>71,461.49</b>	<b>216,879.38</b>

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## Castle Arch Real Estate Investment Company

03/14/12

## A/P Aging Summary

As of February 29, 2012

	Current	1 - 30	31 - 60	61 - 90	91 - 105	> 105	TOTAL
AT&T	0.00	0.00	0.00	0.00	0.00	326.11	326.11
California Franchise Tax Board	0.00	0.00	0.00	0.00	0.00	-40.00	-40.00
Chisholm, Bierwolf, Nilson & Morrill	0.00	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	0.00	10,005.70	10,005.70
Colonial Stock Transfer	0.00	0.00	1,641.67	50.00	0.00	0.00	1,691.67
CT Corporation	0.00	0.00	0.00	0.00	0.00	348.00	348.00
Daily Brand LLC	0.00	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	0.00	700.00	700.00
Fact Finders Information Services LLC	0.00	0.00	0.00	0.00	0.00	487.50	487.50
Fortius Financial Advisors	0.00	0.00	0.00	0.00	0.00	3,300.00	3,300.00
Global Security	0.00	0.00	0.00	0.00	0.00	83.85	83.85
Greene, Jeffrey PC	0.00	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	0.00	285,000.00	285,000.00
Illinois Department of Employment Securit	0.00	0.00	0.00	0.00	0.00	108.07	108.07
Judge Building LLC	0.00	0.00	0.00	0.00	-0.70	0.00	-0.70
Kaysville City	0.00	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	0.00	1,766.38
Michelle Turpin P.C.	0.00	0.00	1,757.50	0.00	0.00	683.27	2,440.77
Mohave County Treasurer	0.00	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	0.00	59,961.08	59,961.08
NetChemistry	0.00	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	0.00	500.50	500.50
Parsons, Behle & Latimer	0.00	0.00	0.00	0.00	0.00	48,454.30	48,454.30
Paychex	14,215.77	0.00	0.00	0.00	0.00	0.00	14,215.77
Rackspace	0.00	0.00	0.00	0.00	0.00	18.00	18.00
RFC Properties, LLC	0.00	0.00	0.00	0.00	0.00	9,164.00	9,164.00
Ryan, Inc	0.00	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	0.00	780.00	780.00
Snell and Wilmer	0.00	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	0.00	9,255.30	9,255.30
Stevens & Lee	0.00	0.00	0.00	0.00	0.00	19,628.24	19,628.24
TELDATA	0.00	0.00	337.76	0.00	0.00	0.00	337.76
The Dot Printer	0.00	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	0.00	89,404.43	89,404.43
Town of Thayne	0.00	0.00	0.00	0.00	0.00	148.00	148.00
<b>TOTAL</b>	<b>14,215.77</b>	<b>0.00</b>	<b>3,736.93</b>	<b>1,816.38</b>	<b>-0.70</b>	<b>765,170.52</b>	<b>784,938.90</b>

## Castle Arch Real Estate Investment Company

## Balance Sheet

As of February 29, 2012

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03/14/12

Accrual Basis

Feb 29, 12

## ASSETS

## Current Assets

## Checking/Savings

10002 · Zion's ██████████ 495-0

22,477.40

## Total Checking/Savings

22,477.40

## Accounts Receivable

13000 · Accounts Receivable

216,879.38

## Total Accounts Receivable

216,879.38

## Other Current Assets

13602 · Interest Recvbl- Valley Gardens

169,347.95

15010 · Loan Receivable - Valley Garden

255,000.00

16000 · Prepaid Expense

337,500.00

## Total Other Current Assets

761,847.95

## Total Current Assets

1,001,204.73

## 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

1,421,546.81

## LIABILITIES &amp; EQUITY

## Liabilities

## Current Liabilities

## Accounts Payable

20000 · Accounts Payable

784,938.90

## Total Accounts Payable

784,938.90

## Other Current Liabilities

23200 · Interest Payable - Bill Grundy

60,623.01

23400 · Payroll Liabilities

Accrued Payroll

89,048.56

Accrued payroll taxes

792.80

Deferred Compensation

1,063,791.30

Total 23400 · Payroll Liabilities

1,153,632.66



## Castle Arch Real Estate Investment Company

## Balance Sheet

As of February 29, 2012

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03/14/12

Accrual Basis

	Feb 29, 12
25050 · Intercompany Notes	
23508 · CAOPM	-100.00
25051 · CAOPI	-128,073.08
25052 · CAOPII	-103,378.41
25054 · CASDF	-909,542.42
25057 · CAK	-2,326,772.40
25058 · CAS	-2,741,185.83
25200 · Accrued Interest	1,918.09
<b>Total 25050 · Intercompany Notes</b>	<b>-6,207,134.05</b>
<b>Total Other Current Liabilities</b>	<b>-4,992,878.38</b>
<b>Total Current Liabilities</b>	<b>-4,207,939.48</b>
<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>	<b>580,773.97</b>
<b>Total Long Term Liabilities</b>	<b>17,613,838.50</b>
<b>Total Liabilities</b>	<b>13,405,899.02</b>
<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>	<b>6,969,220.74</b>
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
<b>Total 39100 · Equity Adjustments</b>	<b>-18,957,643.00</b>
<b>Net Income</b>	<b>-22,571.31</b>
<b>Total Equity</b>	<b>-11,984,352.21</b>
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b>1,421,546.81</b>

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**Castle Arch Real Estate Investment Company**

03/14/12

**Profit & Loss**

Accrual Basis

February 2012

	<u>Feb 12</u>
Ordinary Income/Expense	
Income	
42000 - Management Fee Income	48,472.63
<b>Total Income</b>	<u>48,472.63</u>
<b>Gross Profit</b>	48,472.63
Expense	
Administrative/Other Unit	
Insurance UHC	
Insurance Premiums	4,571.97
<b>Total Insurance UHC</b>	4,571.97
Office Expenses	750.00
Professional Outside Services	
Other	650.00
<b>Total Professional Outside Services</b>	650.00
Rent	752.50
<b>Total Administrative/Other Unit</b>	6,724.47
Executive Unit	
Executive Compensation	
Benefits & Service Fee	171.40
Payroll Taxes	1,539.76
Executive Compensation - Other	43,500.00
<b>Total Executive Compensation</b>	45,211.16
Office Expenses	6,710.00
<b>Total Executive Unit</b>	51,921.16
<b>Total Expense</b>	<u>58,645.63</u>
<b>Net Ordinary Income</b>	<u>-10,173.00</u>
<b>Net Income</b>	<u><u>-10,173.00</u></u>