

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 3/31/2012

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: 4/21/2012 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: 3/1/12 to 3/31/12

**CASH FLOW SUMMARY**

	Current Month	Accumulated
<b>1. Beginning Cash Balance</b>	\$ <u>22,477.40</u> (1)	\$ <u>250,496.48</u> (1)
<b>2. Cash Receipts</b>		
Operations	12,520.58	12,520.58
Sale of Assets	-	500.00
Loans/advances	-	-
Other	1,171.35	1,172.98
<b>Total Cash Receipts</b>	\$ <u>13,691.93</u>	\$ <u>14,193.56</u>
<b>3. Cash Disbursements</b>		
Operations	31,192.17	256,614.88
Debt Service/Secured loan payment	-	-
Professional fees/U.S. Trustee fees	-	-
Other	-	3,098.00
<b>Total Cash Disbursements</b>	\$ <u>31,192.17</u>	\$ <u>259,712.88</u>
<b>4. Net Cash Flow (Total Cash Receipts less     Total Cash Disbursements)</b>	<u>(17,500.24)</u>	<u>(245,519.32)</u>
<b>5 Ending Cash Balance (to Form 2-C)</b>	\$ <u>4,977.16</u> (2)	\$ <u>4,977.16</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>	4,977.16
Other Interest-bearing Account	_____	-
<b>TOTAL (must agree with Ending Cash Balance above)</b>		\$ <u>4,977.16</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: 3/1/12 to 3/31/12

**CASH RECEIPTS DETAIL**

*(attach additional sheets as necessary)*

Account No:

**Zions 003-17495-0**

Date	Payer	Description	Amount
			\$
3/14/2012	GE Capital	Property Tax Refund	20.58
3/30/2012	Calif Franchise Tax	Penalty Refund	1,171.35
3/19/2012	CAOPII	Management Fee Payment	12,500.00

**Total Cash Receipts**

\$ 13,691.93 (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: 3/1/12 to 3/31/12

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

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

Date	Check No.	Payee	Description (Purpose)	Amount
3/2/2012	1021	Judge Building LLC	Mar '12 Rent and Parking	752.50
3/5/2012	EFT	Paychex	2/15/12-2/29/12	14,215.77
3/5/2012	EFT	United Healthcare	March 2012 Health Insurance	4,571.97
3/20/2012	EFT Pull	Paychex	2/15/12-2/29/12	11,159.77
3/30/2012	EFT	CenturyLink	Feb & March	492.16

**Total Cash Disbursements**      \$ 31,192.17 (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: 3/31/2012

	Current Month	Petition Date (1)
<b>ASSETS</b>		
Current Assets:		
Cash (from Form 2-B, line 5)	\$ 4,977.16	\$ 250,496.48
Accounts Receivable (from Form 2-E)	252,852.01	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>		
 Total Current Assets	 <u>\$ 1,019,677.12</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):		
<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>	 <u><u>\$ 1,440,019.20</u></u>	 <u><u>\$ 1,376,643.74</u></u>
<b>LIABILITIES</b>		
Post-petition Accounts Payable (from Form 2-E)	\$ 17,729.96	\$ -
Post-petition Accrued Professional Fees (from Form 2-E)	-	-
Post-petition Taxes Payable (from Form 2-E)	876.11	-
Post-petition Notes Payable	-	-
Other Post-petition Payable(List):	47,608.77	-
<u>Note Interest Payable</u>	109,000.00	-
<u>Accrued Payroll</u>	3,073,928.27	-
<u>Preferred Dividends Payable</u>		
 Total Post Petition Liabilities	 <u>\$ 3,249,143.11</u>	 <u>\$ -</u>
Pre Petition Liabilities:		
Secured Debt	343,380.71	343,380.71
Priority Debt	-	-
Unsecured Debt	9,834,561.57	9,829,414.69
 Total Pre Petition Liabilities	 <u>\$ 10,177,942.28</u>	 <u>\$ 10,172,795.40</u>
 <b>TOTAL LIABILITIES</b>	 <u><u>\$ 13,427,085.39</u></u>	 <u><u>\$ 10,172,795.40</u></u>
<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	(116,986.26)	-
 Total Owners' Equity	 <u>\$ (11,987,066.19)</u>	 <u>\$ (8,796,151.66)</u>
 <b>TOTAL LIABILITIES AND OWNERS' EQUITY</b>	 <u><u>\$ 1,440,019.20</u></u>	 <u><u>\$ 1,376,643.74</u></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 3/1/2012 to 3/31/2012

	<u>Current Month</u>	<u>Accumulated Total (1)</u>
Gross Operating Revenue	\$ 48,472.63	\$ 213,504.01
Less: Discounts, Returns and Allowances	( - )	( - )
<b>Net Operating Revenue</b>	<b>\$ 48,472.63</b>	<b>\$ 213,504.01</b>
Cost of Goods Sold	-	1,730.95
<b>Gross Profit</b>	<b>\$ 48,472.63</b>	<b>\$ 211,773.06</b>
Operating Expenses		
Officer Compensation	\$ 45,261.91	\$ 222,525.93
Selling, General and Administrative	6,364.13	130,190.20
Rents and Leases	752.50	4,944.85
Depreciation, Depletion and Amortization	-	3,276.28
Other (list): _____	-	-
	-	-
Total Operating Expenses	<b>\$ 52,378.54</b>	<b>\$ 360,937.26</b>
<b>Operating Income (Loss)</b>	<b>\$ (3,905.91)</b>	<b>\$ (149,164.20)</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	1,191.93	1,191.93
Net Non-Operating Income or (Expenses)	<b>\$ 1,191.93</b>	<b>\$ 32,159.94</b>
Reorganization Expenses		
Legal and Professional Fees	\$ -	\$ -
Other Reorganization Expense	-	-
Total Reorganization Expenses	<b>\$ -</b>	<b>\$ -</b>
<b>Net Income (Loss) Before Income Taxes</b>	<b>\$ (2,713.98)</b>	<b>\$ (117,004.26)</b>
Federal and State Income Tax Expense (Benefit)	-	-
<b>NET INCOME (LOSS)</b>	<b>\$ (2,713.98)</b>	<b>\$ (117,004.26)</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: 3/1/2012 to 3/31/2012**

**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	1,068.36	249.93	442.18			876.11
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>249.93</u></b>	<b>\$ <u>442.18</u></b>			<b>\$ <u>876.11</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 3/1/2012 to 3/31/2012

**ACCOUNTS RECEIVABLE AND POST PETITION PAYABLE AGING**

<u>Due</u>	<u>Accounts Receivable</u>	<u>Post Petition Accounts Payable</u>
Under 30 days	\$ 35,972.63	\$ 11,318.83
30 to 60 days	48,472.63	0.00
61 to 90 days	48,472.63	1,737.76
91 to 120 days	119,934.12	2,049.17
Over 120 days	0.00	2,624.20
<b>Total Post Petition</b>	252,852.01	
<b>Pre Petition Amounts</b>	0.00	
Total Accounts Receivable	\$ 252,852.01	
Less: Bad Debt Reserve	0.00	
<b>Net Accounts Receivable (to Form 2-C)</b>	\$ 252,852.01	
	<b>Total Post Petition Accounts Payable</b>	\$ 17,729.96

\* 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	\$ 100,000.00	\$ 166,300.88	\$ 0.00		\$ 166,300.88
Counsel for Unsecured Creditors' Committee	0.00	36,612.55	0.00		36,612.55
Trustee's Counsel	0.00	0.00	0.00		0.00
Accountant	0.00	0.00	0.00		0.00
Other:	237,500.00	0.00	0.00		0.00
<b>Total</b>	\$ 337,500.00	\$ 202,913.43	\$ 0.00		\$ 202,913.43

\*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>	\$ 8,300.00
<u>Hunt, David</u>	<u>COO</u>	<u>Salary &amp; Expense Reimbursement</u>	6,250.00
<u>Martinsen, Glen</u>	<u>Controller</u>	<u>Salary &amp; Expense Reimbursement</u>	6,250.00

\*\*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: 3/31/2012

<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>2012</u>	131,498.94			
March	<u>2012</u>	31,192.17			
TOTAL 1st Quarter	\$	<u>162,691.11</u> \$	\$1,625.00		
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>	31,192.17			
TOTAL 4th Quarter	\$	<u>67,457.29</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.....	<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:** 3/31/2012

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.

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.

9:48 AM

**Castle Arch Real Estate Investment Company**

04/21/12

**Reconciliation Detail**

10002 · Zion's ██████████ 495-0, Period Ending 03/31/2012

Type	Date	Num	Name	Clr	Amount	Balance
<b>Beginning Balance</b>						22,566.40
<b>Cleared Transactions</b>						
<b>Checks and Payments - 6 items</b>						
Check	11/17/2011	9900...	American Corporate...	X	-89.00	-89.00
Check	3/2/2012	1021	Judge Building LLC	X	-752.50	-841.50
Bill Pmt -Check	3/5/2012	EFT	Paychex	X	-14,215.77	-15,057.27
Check	3/5/2012	EFT	United Healthcare	X	-4,571.97	-19,629.24
Bill Pmt -Check	3/20/2012	EFT ...	Paychex	X	-11,159.77	-30,789.01
Check	3/30/2012	EFT	CenturyLink	X	-492.16	-31,281.17
Total Checks and Payments					-31,281.17	-31,281.17
<b>Deposits and Credits - 3 items</b>						
Deposit	3/14/2012			X	20.58	20.58
Deposit	3/19/2012			X	12,500.00	12,520.58
Deposit	3/30/2012			X	1,171.35	13,691.93
Total Deposits and Credits					13,691.93	13,691.93
Total Cleared Transactions					-17,589.24	-17,589.24
Cleared Balance					-17,589.24	4,977.16
Register Balance as of 03/31/2012					-17,589.24	4,977.16
<b>Ending Balance</b>					<b>-17,589.24</b>	<b>4,977.16</b>

# ZIONS BANK

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

## Statement of Accounts

Page 1 of 5

This Statement: March 30, 2012  
Last Statement: February 29, 2012

Primary Account [REDACTED] 4950

0000615

1491-06-0000-ZFN-PG0007-00004

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	\$4,977.16	

### FREE BUSINESS CHECKING [REDACTED] 4950

107 4

Previous Balance	Deposits/Credits	Charges/Debits	Checks Processed	Ending Balance
22,477.40	13,691.93	30,439.67	752.50	4,977.16

### 3 DEPOSITS/CREDITS

Date	Amount	Description
03/14	20.58	DEPOSIT 9494624126
03/19	12,500.00	REMOTE DEPOSIT 0000000000004818120 9494320427
03/30	1,171.35	DEPOSIT 9494645117

### 8 CHARGES/DEBITS

Date	Amount	Description
03/02	11,968.07	PAYCHEX PAYROLL 43939500001150XREF # 012061001788202 1101911940
03/05	4,571.97	ISA*00* *00* *01*9411289245 *16*BNYMEL 1102032714
03/05	2,149.50	PAYCHEX TPS TAXES 43942100006873XREF # 012062002073517 1102017075
03/05	98.20	PAYCHEX EIB INVOICE X43950300018546REF # 012065002715206 1102093662
03/19	8,937.08	PAYCHEX PAYROLL 44157800000897XREF # 012079008486996 1102461367
03/20	2,149.49	PAYCHEX TPS TAXES 44159700002385XREF # 012079008764094 1101618052
03/20	73.20	PAYCHEX EIB INVOICE X44170400002564REF # 012079009013471 1101659536
03/30	492.16	QWEST 8002441111 TELEPH 8013553660690 REF # 012090003707500 1102734226

### 1 CHECK PROCESSED

Number	Date	Amount
1021	03/06	752.50

### 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.



**An Easy Approach To Balancing Your Account**

**To reconcile your checkbook balance to your statement balance:** Mark off each entry in your check register that has been charged to your account during the statement period. List the checks you have written, but are not yet charged to your account in the "Checks Outstanding" column below. Then, follow the instructions in lines 1 through 10.

CHECKS OUTSTANDING		CHECKBOOK BALANCE	
Check Number	Check Amount	1. LIST your checkbook balance.	
		2. ADD any deposits or other credits listed on the front of this statement which you have not recorded in your checkbook (such as payroll credits or other direct electronic deposits).	
		3. SUBTOTAL:	
		4. SUBTRACT any charges listed on the front of this statement which you have not recorded (such as service charges, automatic transfers, electronic transactions, etc).	
		5. ADJUSTED CHECKBOOK BALANCE:	
		<i>This balance should agree with line 10, below.</i>	
		STATEMENT BALANCE	
		6. LIST your current statement balance as shown on the front of this statement.	
		7. ADD deposits made, but not shown on this statement.	
		8. SUBTOTAL:	
		9. SUBTRACT total from "Checks Outstanding."	
		10. ADJUSTED STATEMENT BALANCE:	
		<i>This balance should agree with line 5, above.</i>	
TOTAL:			

Transfer to Line 9.

This balance should agree with line 5, above.

**PROMPTLY EXAMINE YOUR STATEMENT AND REPORT ANY PROBLEM**

You must promptly examine your account statements and report any discoverable errors, unauthorized signatures, alterations, missing endorsements, or unauthorized transfers. Failure to do so may result in your loss of certain rights or remedies. For example, you must identify the discoverable alteration or forgery of a check within 30 days of us sending you, or making available to you, the statement reflecting that check, and you must also immediately report to us what you find. Businesses should check their account transactions daily, for which various online services are available. For additional information, please see your deposit account agreement and application service agreement(s) for details. See also the consumer disclosures below.

**CONSUMER ACCOUNTS: IN CASE OF ERRORS OR QUESTIONS ABOUT YOUR ELECTRONIC TRANSFERS OR CHECK RESERVE TRANSACTIONS**

As soon as you can, please notify us if you think an electronic transfer or Check Reserve transaction is wrong or if you need more information about a transaction listed on the statement. We must hear from you no later than 60 days after we sent or made available the FIRST statement on which the problem or error appeared. The provisions in this paragraph do not apply to business or other non-personal accounts. The owners of those accounts must settle all unauthorized transactions or errors within 24 hours of receipt of the item posting in order to be returned.

1. Tell us your name and account number.
2. Describe the error or the transfer you are unsure about, and explain as clearly as you can why you believe it is an error or why you need more information.
3. Tell us the dollar amount of the suspected error.

**For CHECK RESERVE accounts:** You do not have to pay any amount in question while we are investigating, but you are still obligated to pay the parts

of your bill that are not in question. The charge in question may remain on your statement, and we may continue to charge you interest on that amount.

But, if we determine that we made a mistake, you will not have to pay the amount in question or any interest or other fees related to that amount. While we investigate your question, we cannot report you as delinquent or take any action to collect the amount you question. You must notify us in writing. You can telephone us, but doing so will not preserve your rights. Contact us at Zions Bank, PO Box 25787, Salt Lake City, UT 84125-0787.

**For electronic transfers:** We will investigate your complaint and will correct any error promptly. If we take more than 10 business days to do this, we will credit your account for the amount you think is in error, so that you will have the use of the money during the time it takes us to complete our investigation. Contact us at Zions Bank, EFT Dept. PO Box 25837, Salt Lake City, UT 84125-0837 or 1-800-662-4346.

**Balance Subject to Interest Rate:** We use the method called "average daily balance", (including current transactions) to calculate the daily balance. If you have any further questions about the method and how resulting interest charges are determined, please feel free to contact us at 1-800-974-8800.

**We may report information about your Check Reserve account to credit bureaus.** Late payments, missed payments, or other defaults on your account may be reflected in your credit report.

**Please notify us if we report any inaccurate information about your account(s) to a credit bureau.** Your written notice describing the specific inaccuracy should be sent to us at the following address: Zions Bank, PO Box 25787, Salt Lake City, UT 84125-0787.

**Thank you for banking with Zions Bank.**

**Visit us online at [www.zionsbank.com](http://www.zionsbank.com)**

Review account balances • Review posted transactions • Pay bills • Transfer funds

**Call 1-800-840-4999 to enroll today**

**ZIONS BANK**

Document

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March 30, 2012

CASTLE ARCH REAL ESTATE INVESTMENT

4950

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

.....  
**DAILY BALANCES**

<i>Date.....</i>	<i>Balance</i>	<i>Date.....</i>	<i>Balance</i>	<i>Date.....</i>	<i>Balance</i>
03/02	10,509.33	03/14	2,957.74	03/20	4,297.97
03/05	3,689.66	03/19	6,520.66	03/30	4,977.16
03/06	2,937.16				



MEMBER FDIC

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

As of March 31, 2012

1:59 PM

04/21/12

Accrual Basis

	<u>Mar 31, 12</u>
<b>ASSETS</b>	
<b>Current Assets</b>	
Checking/Savings	
10002 · Zion's 003-17495-0	4,977.16
Total Checking/Savings	<u>4,977.16</u>
Accounts Receivable	
13000 · Accounts Receivable	252,852.01
Total Accounts Receivable	<u>252,852.01</u>
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	<u>761,847.95</u>
<b>Total Current Assets</b>	<u>1,019,677.12</u>
<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
Total 17104 · Star Valley, WY	<u>400,000.00</u>
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
<b>Total Other Assets</b>	<u>413,500.00</u>
<b>TOTAL ASSETS</b>	<b><u><u>1,440,019.20</u></u></b>
<b>LIABILITIES &amp; EQUITY</b>	
<b>Liabilities</b>	
<b>Current Liabilities</b>	
Accounts Payable	
20000 · Accounts Payable	782,041.96
Total Accounts Payable	<u>782,041.96</u>
Other Current Liabilities	
23200 · Interest Payable - Bill Grundy	60,623.01
23400 · Payroll Liabilities	
Accrued Payroll	113,048.56
Accrued payroll taxes	876.11
Deferred Compensation	1,063,791.30
Total 23400 · Payroll Liabilities	<u>1,177,715.97</u>

## Castle Arch Real Estate Investment Company

## Balance Sheet

As of March 31, 2012

1:59 PM

04/21/12

Accrual Basis

	<u>Mar 31, 12</u>
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>	<u>-6,207,134.05</u>
<b>Total Other Current Liabilities</b>	<u>-4,968,795.07</u>
<b>Total Current Liabilities</b>	-4,186,753.11
<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>	<u>580,773.97</u>
<b>Total Long Term Liabilities</b>	<u>17,613,838.50</u>
<b>Total Liabilities</b>	13,427,085.39
<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>	<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
<b>Total 39100 · Equity Adjustments</b>	<u>-18,957,643.00</u>
<b>Net Income</b>	<u>-25,285.29</u>
<b>Total Equity</b>	<u>-11,987,066.19</u>
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<u><u>1,440,019.20</u></u>



2:00 PM

**Castle Arch Real Estate Investment Company**

04/21/12

**Profit & Loss**

Accrual Basis

March 2012

	<u>Mar 12</u>
<b>Ordinary Income/Expense</b>	
<b>Income</b>	
42000 · Management Fee Income	48,472.63
<b>Total Income</b>	<u>48,472.63</u>
<b>Gross Profit</b>	48,472.63
<b>Expense</b>	
<b>Administrative/Other Unit</b>	
<b>Insurance UHC</b>	
Insurance Premiums	4,571.97
<b>Total Insurance UHC</b>	4,571.97
Office Expenses	250.00
Rent	752.50
60350 · Telephone/email charges	492.16
<b>Total Administrative/Other Unit</b>	6,066.63
<b>Executive Unit</b>	
<b>Executive Compensation</b>	
Benefits & Service Fee	156.15
Payroll Taxes	1,605.76
Executive Compensation - Other	43,500.00
<b>Total Executive Compensation</b>	45,261.91
Office Expenses	1,050.00
<b>Total Executive Unit</b>	<u>46,311.91</u>
<b>Total Expense</b>	<u>52,378.54</u>
<b>Net Ordinary Income</b>	-3,905.91
<b>Other Income/Expense</b>	
<b>Other Income</b>	
Other Income	1,191.93
<b>Total Other Income</b>	<u>1,191.93</u>
<b>Net Other Income</b>	<u>1,191.93</u>
<b>Net Income</b>	<u><u>-2,713.98</u></u>

2:01 PM

**Castle Arch Real Estate Investment Company**

04/21/12

**A/R Aging Summary**

As of March 31, 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	83,974.11	184,958.79
Castle Arch Opportunity Fund II	0.00	2,311.07	14,811.07	14,811.07	35,960.01	67,893.22
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>35,972.63</b>	<b>48,472.63</b>	<b>48,472.63</b>	<b>119,934.12</b>	<b>252,852.01</b>

2:02 PM

## Castle Arch Real Estate Investment Company

04/21/12

## A/P Aging Summary

As of March 31, 2012

	Current	1 - 30	31 - 60	61 - 90	91 - 120	> 120	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	0.00	1,400.00	291.67	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	0.00	-0.70	-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	0.00	0.00	1,766.38	1,766.38
Michelle Turpin P.C.	0.00	0.00	0.00	0.00	1,757.50	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	11,318.83	0.00	0.00	0.00	0.00	0.00	11,318.83
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	0.00	337.76	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>11,318.83</b>	<b>0.00</b>	<b>0.00</b>	<b>1,737.76</b>	<b>2,049.17</b>	<b>766,936.20</b>	<b>782,041.96</b>