

DEBTOR: Castle Arch Opportunity Partners II, LLC

**MONTHLY OPERATING REPORT
CHAPTER 11**

CASE NUMBER: 11-35241

**Form 2-A
COVER SHEET**

For Period Ending _____ 4/30/2012

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: 5/22/12

Print Name: Glen Martinsen

Signature: 

Title: Principal Accounting Officer

DEBTOR: Castle Arch Opportunity Partners II, LLC **CASE NO:** 11-35241

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

For Period: 4/1/12 to 4/30/12

CASH FLOW SUMMARY	<u>Current Month</u>	<u>Accumulated</u>
1. Beginning Cash Balance	\$ <u>70,890.18</u> (1)	\$ <u>1,334,322.19</u> (1)
2. Cash Receipts		
Operations	436,756.91	1,148,270.18
Sale of Assets	-	-
Loans/advances	-	-
Other	-	-
Total Cash Receipts	\$ <u>436,756.91</u>	\$ <u>1,148,270.18</u>
3. Cash Disbursements		
Operations	32,512.00	2,007,457.28
Debt Service/Secured loan payment	-	-
Professional fees/U.S. Trustee fees	30,000.00	30,000.00
Other	-	-
Total Cash Disbursements	\$ <u>62,512.00</u>	\$ <u>2,037,457.28</u>
4. Net Cash Flow (Total Cash Receipts less Total Cash Disbursements)	<u>374,244.91</u>	<u>(889,187.10)</u>
5 Ending Cash Balance (to Form 2-C)	\$ <u>445,135.09</u> (2)	\$ <u>445,135.09</u> (2)

CASH BALANCE SUMMARY

	<u>Financial Institution</u>	<u>Book Balance</u>
Petty Cash	_____	\$ -
DIP Operating Account	<u>Zions Bank - DIP</u>	445,135.05
DIP State Tax Account	_____	-
DIP Payroll Account	_____	-
Other Operating Account	<u>TD Ameritrade</u>	0.04
Other Interest-bearing Account	_____	-
TOTAL (must agree with Ending Cash Balance above)		\$ <u>445,135.09</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 Opportunity Partners II, LLC

CASE NO: 11-35241

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

For Period: 4/1/12 to 4/30/12

CASH RECEIPTS DETAIL

(attach additional sheets as necessary)

Account No:

Date	Payer	Description	Amount
4/3/2012	Conix	Principal & Interest Payment	\$ 68,476.63
4/18/2012	Conix	Principal & Interest Payment	109,544.90
4/24/2012	REFS WVC Home Sale	Sale of WVC home by REFS	258,735.38

Total Cash Receipts \$ 436,756.91 (1)

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

DEBTOR: Castle Arch Opportunity Partners II, LLC

CASE NO: 11-35241

Form 2-B
CASH RECEIPTS AND DISBURSEMENTS STATEMENT

For Period: 4/1/12 to 4/30/12

CASH DISBURSEMENTS DETAIL
(attach additional sheets as necessary)

Account No:

Date	Check No.	Payee	Description (Purpose)	Amount
4/4/2012	1006	REFS	Remediation on WVC home	25,000.00
4/17/2012	1007	CAREIC	MGT FEE PMT	7,500.00
4/18/2012	1008	Durham Jones & Pinegar	Retainer	30,000.00
4/30/2012	EFT	Zions Bank	Service Charge	12.00

\$

Total Cash Disbursements \$ 62,512.00 (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: 4/30/2012

ASSETS	Current Month	Petition Date (1)
Current Assets:		
Cash (from Form 2-B, line 5)	\$ 445,135.09	\$ 1,334,322.19
Accounts Receivable (from Form 2-E)	-	-
Receivable from Officers, Employees, Affiliates	-	-
Inventory	3,282,696.78	2,339,748.24
Other Current Assets :(List)	59,040.00	9,040.00
	<u>42,000.00</u>	<u>42,000.00</u>
Total Current Assets	\$ <u>3,828,871.87</u>	\$ <u>3,725,110.43</u>
Fixed Assets:		
Land	\$ -	\$ -
Building	-	-
Equipment, Furniture and Fixtures	-	-
Total Fixed Assets	<u>-</u>	<u>-</u>
Less: Accumulated Depreciation	(-)	(-)
Net Fixed Assets	\$ <u>-</u>	\$ <u>-</u>
Other Assets (List):	-	-
	<u>-</u>	<u>-</u>
TOTAL ASSETS	\$ <u>3,828,871.87</u>	\$ <u>3,725,110.43</u>
LIABILITIES		
Post-petition Accounts Payable (from Form 2-E)	\$ 75,345.96	\$ -
Post-petition Accrued Professional Fees (from Form 2-E)	35,000.00	-
Post-petition Taxes Payable (from Form 2-E)	-	-
Post-petition Notes Payable	-	-
Other Post-petition Payable(List):	-	-
	<u>653,036.33</u>	<u>-</u>
	-	-
Total Post Petition Liabilities	\$ <u>763,382.29</u>	\$ <u>-</u>
Pre Petition Liabilities:		
Secured Debt	-	-
Priority Debt	-	-
Unsecured Debt	637,964.06	637,964.06
Total Pre Petition Liabilities	\$ <u>637,964.06</u>	\$ <u>637,964.06</u>
TOTAL LIABILITIES	\$ <u>1,401,346.35</u>	\$ <u>637,964.06</u>
OWNERS' EQUITY		
Owner's/Stockholder's Equity	\$ 2,748,937.44	\$ 3,401,973.77
Retained Earnings - Prepetition	(314,827.40)	(314,827.40)
Retained Earnings - Post-petition	(6,584.52)	-
TOTAL OWNERS' EQUITY	\$ <u>2,427,525.52</u>	\$ <u>3,087,146.37</u>
TOTAL LIABILITIES AND OWNERS' EQUITY	\$ <u>3,828,871.87</u>	\$ <u>3,725,110.43</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.

See attached Quickbooks Balance Sheet for more detail.

DEBTOR: Castle Arch Opportunity Partners II, LLC

CASE NO: 11-35241

Form 2-D
PROFIT AND LOSS STATEMENT
For Period 4/1/2012 **to** 4/30/2012

	Current Month	Accumulated Total (1)
Gross Operating Revenue	\$ 305,610.22	\$ 585,568.77
Less: Discounts, Returns and Allowances	(-)	(-)
Net Operating Revenue	\$ <u>305,610.22</u>	\$ <u>585,568.77</u>
Cost of Goods Sold	<u>200,218.00</u>	<u>461,241.07</u>
Gross Profit	\$ <u>105,392.22</u>	\$ <u>124,327.70</u>
Operating Expenses		
Officer Compensation	\$ -	\$ -
Selling, General and Administrative	14,823.07	76,158.01
Rents and Leases	-	-
Depreciation, Depletion and Amortization	-	-
Other (list): _____	-	19,499.94
	-	-
Total Operating Expenses	\$ <u>14,823.07</u>	\$ <u>95,657.95</u>
Operating Income (Loss)	\$ <u>90,569.15</u>	\$ <u>28,669.75</u>
Non-Operating Income and Expenses		
Other Non-Operating Expenses	\$ -	\$ -
Gains (Losses) on Sale of Assets	-	-
Interest Income	-	70.73
Interest Expense	-	-
Other Non-Operating Income	-	-
Net Non-Operating Income or (Expenses)	\$ <u>-</u>	\$ <u>70.73</u>
Reorganization Expenses		
Legal and Professional Fees	\$ 35,000.00	\$ 35,325.00
Other Reorganization Expense	-	-
Total Reorganization Expenses	\$ <u>35,000.00</u>	\$ <u>35,325.00</u>
Net Income (Loss) Before Income Taxes	\$ <u>55,569.15</u>	\$ <u>(6,584.52)</u>
Federal and State Income Tax Expense (Benefit)	-	-
NET INCOME (LOSS)	\$ <u><u>55,569.15</u></u>	\$ <u><u>(6,584.52)</u></u>

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

DEBTOR: Castle Arch Opportunity Partners II, LLC

CASE NO: 11-35241

**Form 2-E
SUPPORTING SCHEDULES
For Period: 4/1/2012 to 4/30/2012**

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	\$ -	\$ -	\$ -			\$ -
State	-	-	-			-
FICA Tax Withheld	-	-	-			-
Employer's FICA Tax	-	-	-			-
Unemployment Tax						
Federal	-	-	-			-
State	-	-	-			-
Sales, Use & Excise Taxes	-	-	-			-
Property Taxes	-	-	-			-
Accrued Income Tax:						
Federal	-	-	-			-
State	-	-	-			-
Other: _____	-	-	-			-
TOTALS	\$ -	\$ -	\$ -			\$ -

(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	10/18/2012	\$ 10/18/2012
Property (Fire, Theft)	Travelers	\$ 25,000	10/27/2012	\$ 10/27/2012
Vehicle	None	\$ -		\$ -
Other (list):		\$		\$
		\$		

DEBTOR: Castle Arch Opportunity Partners II, LLC

CASE NO: 11-35241

**Form 2-E
SUPPORTING SCHEDULES**

For Period 4/1/2012 to 4/30/2012

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	\$ 7,311.07
30 to 60 days	0.00	2,311.07
61 to 90 days	0.00	14,811.07
91 to 120 days	0.00	14,811.07
Over 120 days	0.00	36,101.68
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>75,345.96</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	\$ 30,000	\$ 35,000	\$ -		\$ 35,000
Counsel for Unsecured Creditors' Committee	-	-	-		-
Trustee's Counsel	-	-	-		-
Accountant	-	-	-		-
Other: _____	-	-	-		-
Total	<u>\$ 30,000</u>	<u>\$ 35,000</u>	<u>\$ -</u>		<u>\$ 35,000</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>
_____	_____	_____	\$ _____
_____	_____	_____	_____
_____	_____	_____	_____

**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 Opportunity Partners II, LLC

CASE NO: 11-35241

**Form 2-F
QUARTERLY FEE SUMMARY ***
For the Month Ended: 4/30/2012

<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>	\$ 300.00			
February	<u>2012</u>	325.00			
March	<u>2012</u>	981,235.59			
TOTAL 1st Quarter		\$ <u>981,860.59</u>	\$ 4,875.00		
April	<u>2012</u>	\$ 62,512.00			
May	<u> </u>	-			
June	<u> </u>	-			
TOTAL 2nd Quarter		\$ <u>62,512.00</u>			
July	<u> </u>	\$ -			
August	<u> </u>	-			
September	<u> </u>	-			
TOTAL 3rd Quarter		\$ <u>-</u>			
October	<u>2011</u>	\$ -			
November	<u>2011</u>	500.00			
December	<u>2011</u>	-			
TOTAL 4th Quarter		\$ <u>500.00</u>	325.00	1002	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.....	\$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 Opportunity Partners II, LLC

CASE NO: 11-35241

**Form 2-G
NARRATIVE**

For Period Ending: 4/30/2012

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.

Preferred Dividends Payable were accrued for all of 2011. This is a contra-equity account that reduces the overall equity but does not affect profitability as it was not actually paid out.
Post Petition intercompany transactions have been moved to Accounts Payable for clarity.
Legal Fees accrued are for all post petition dates to 4/30/12 and not just related to the month of April.

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Castle Arch Opportunity Partners II LLC

05/22/12

A/P Aging Summary

As of April 30, 2012

	<u>Current</u>	<u>1 - 30</u>	<u>31 - 60</u>	<u>61 - 90</u>	<u>91 - 120</u>	<u>> 120</u>	<u>TOTAL</u>
CAREIC	0.00	7,311.07	2,311.07	14,811.07	14,811.07	35,960.01	75,204.29
Colonial Stock Transfer	0.00	0.00	0.00	0.00	0.00	141.67	141.67
Durham Jones & Pinegar	35,000.00	0.00	0.00	0.00	0.00	0.00	35,000.00
TOTAL	<u>35,000.00</u>	<u>7,311.07</u>	<u>2,311.07</u>	<u>14,811.07</u>	<u>14,811.07</u>	<u>36,101.68</u>	<u>110,345.96</u>

Castle Arch Opportunity Partners II LLC

Balance Sheet

As of April 30, 2012

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05/22/12

Accrual Basis

	<u>Apr 30, 12</u>
ASSETS	
Current Assets	
Checking/Savings	
10001 · TD Ameritrade - CAOP II	0.04
10002 · Zions - 003-17-4935	445,135.05
Total Checking/Savings	445,135.09
Other Current Assets	
Loan Receivable	42,000.00
16000 · Prepaid Expense	39,040.00
17200 · Deposits	20,000.00
17300 · Properties Held for Sale	
756 East Vine St Murray 84107	293,785.59
8204 S Wilson St Midvale-84047	173,730.69
17103 · Western Showcase	554,624.38
17895 · CREO114, LLC	961,470.12
17905 · Blackstar Financial Inc	1,299,086.00
Total 17300 · Properties Held for Sale	3,282,696.78
Total Other Current Assets	3,383,736.78
Total Current Assets	3,828,871.87
TOTAL ASSETS	3,828,871.87
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	
20000 · Accounts Payable	75,345.96
20010 · Accrued Legal - Debtors Counsel	35,000.00
Total Accounts Payable	110,345.96
Other Current Liabilities	
25050 · Intercompany Notes	
25056 · CAREIC	103,378.41
25200 · Accrued Interest	-558.08
Total 25050 · Intercompany Notes	102,820.33
Total Other Current Liabilities	102,820.33
Total Current Liabilities	213,166.29
Long Term Liabilities	
23600 · Preferred Dividend Payable	1,188,180.06
Total Long Term Liabilities	1,188,180.06
Total Liabilities	1,401,346.35
Equity	
30000 · Preferred Units Round A	
30010 · Preferred Redemptions Round A	-50,000.00
30000 · Preferred Units Round A - Other	4,401,900.00
Total 30000 · Preferred Units Round A	4,351,900.00
39000 · Retained Earnings	-364,413.08
39100 · Equity Adjustments	
39101 · Preferred Dividends Accrued	-1,188,180.06
39107 · Cash Commissions	-414,782.50
Total 39100 · Equity Adjustments	-1,602,962.56
Net Income	43,001.16
Total Equity	2,427,525.52
TOTAL LIABILITIES & EQUITY	3,828,871.87

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Castle Arch Opportunity Partners II LLC

05/22/12

Profit & Loss

Accrual Basis

April 2012

	<u>Apr 12</u>
Ordinary Income/Expense	
Income	
41200 · Sales	
CREO114	46,874.84
Sales REFS	258,735.38
Total 41200 · Sales	<u>305,610.22</u>
Total Income	305,610.22
Cost of Goods Sold	
50000 · Cost of goods sold	
REFS	200,218.00
Total 50000 · Cost of goods sold	<u>200,218.00</u>
Total COGS	<u>200,218.00</u>
Gross Profit	105,392.22
Expense	
60040 · Bank Fees	12.00
60580 · Legal Fees	35,000.00
68000 · Management Fee	14,811.07
Total Expense	<u>49,823.07</u>
Net Ordinary Income	<u>55,569.15</u>
Net Income	<u><u>55,569.15</u></u>

Castle Arch Opportunity Partners II LLC

Reconciliation Detail

10002 · Zions - 003-17-4935, Period Ending 04/30/2012

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05/11/12

Type	Date	Num	Name	Clr	Amount	Balance
Beginning Balance						70,890.14
Cleared Transactions						
Checks and Payments - 4 items						
Check	4/4/2012	1006	REFS	X	-25,000.00	-25,000.00
Check	4/17/2012	1007	CAREIC	X	-7,500.00	-32,500.00
Check	4/18/2012	1008	Durham Jones & Pi...	X	-30,000.00	-62,500.00
Check	4/30/2012			X	-12.00	-62,512.00
Total Checks and Payments					-62,512.00	-62,512.00
Deposits and Credits - 3 items						
Deposit	4/3/2012			X	68,476.63	68,476.63
Deposit	4/18/2012			X	109,544.90	178,021.53
Deposit	4/24/2012			X	258,735.38	436,756.91
Total Deposits and Credits					436,756.91	436,756.91
Total Cleared Transactions					374,244.91	374,244.91
Cleared Balance					374,244.91	445,135.05
Register Balance as of 04/30/2012					374,244.91	445,135.05
Ending Balance					374,244.91	445,135.05

Primary Account [REDACTED] 4935

0000573 1522-06-0000-ZFN-PG0007-00005
 CASTLE ARCH OPPORTUNITY PARTNERS II
 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

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] 4935	\$445,135.05	

FREE BUSINESS CHECKING [REDACTED] 107 5

Previous Balance	Deposits/Credits	Charges/Debits	Checks Processed	Ending Balance
70,890.14	436,756.91	12.00	62,500.00	445,135.05

3 DEPOSITS/CREDITS

Date	Amount	Description
04/03	68,476.63	DEPOSIT 9494621575
04/17	109,544.90	DEPOSIT 9494663138
04/24	258,735.38	WIRE/IN-2012042400001802;ORG PINNACLE TITLE;OBI RE PAYOFF FO 1301000800

1 CHARGE/DEBIT

Date	Amount	Description
04/24	12.00	WIRE TRANSACTION SERVICE FEE

3 CHECKS PROCESSED

Number	Date	Amount	Number	Date	Amount	Number	Date	Amount
1006	04/04	25,000.00	1007	04/17	7,500.00	1008	04/20	30,000.00

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.

DAILY BALANCES

Date	Balance	Date	Balance	Date	Balance
04/03	139,366.77	04/17	216,411.67	04/24	445,135.05
04/04	114,366.77	04/20	186,411.67		

