

"CAREIC"

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 05/31/12

Accounting Method: Accrual Basis Cash Basis

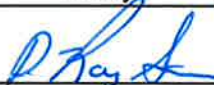
THIS REPORT IS DUE 14 DAYS AFTER THE END OF THE MONTH

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
<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: 7/03/12 **Print Name:** D. Ray Strong
Signature: 
Title: Chapter 11 Trustee

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

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

For Period: 5/1/12 to 5/31/12

CASH FLOW SUMMARY

	Current Month	Accumulated
1. Beginning Cash Balance	\$ <u>(238.28)</u> (1)	\$ <u>250,496.48</u> (1)
2. Cash Receipts		
Operations	42,831.12	82,851.70
Sale of Assets	-	500.00
Loans/advances	-	-
Other	-	1,172.98
Total Cash Receipts	\$ <u>42,831.12</u>	\$ <u>84,524.68</u>
3. Cash Disbursements		
Operations	36,386.11	325,716.43
Debt Service/Secured loan payment	-	-
Professional fees/U.S. Trustee fees	-	-
Other	-	3,098.00
Total Cash Disbursements	\$ <u>36,386.11</u>	\$ <u>328,814.43</u>
4. Net Cash Flow (Total Cash Receipts less Total Cash Disbursements)	<u>6,445.01</u>	<u>(244,289.75)</u>
5 Ending Cash Balance (to Form 2-C)	\$ <u>6,206.73</u> (2)	\$ <u>6,206.73</u> (2)

CASH BALANCE SUMMARY

	<u>Financial Institution</u>	<u>Book Balance</u>
Petty Cash	_____	\$ -
DIP Operating Account	<u>Zions Bank *****4950</u>	542.84
Trustee Operating Account	<u>Preferred Bank ***3333</u>	6,670.01
Trustee Payroll Account	<u>Preferred Bank ***4658</u>	(1,006.12)
Other Operating Account	_____	-
Other Interest-bearing Account	_____	-
TOTAL (must agree with Ending Cash Balance above)		\$ <u>6,206.73</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.

Note: Cash Receipts and Disbursements are net of account transfers.

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

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

For Period: 5/1/12 to 5/31/12

CASH RECEIPTS DETAIL
(attach additional sheets as necessary)

Account No: Zions ****4950

Date	Payer	Description	Amount
05/25/12	Paychex	Return of payroll taxes previously pulled.	\$ 1,006.12

CASH RECEIPTS DETAIL
(attach additional sheets as necessary)

Account No: Preferred Bank-***3333

Date	Payer	Description	Amount
05/17/12	CAOP I	May 2012 Management Fee	\$ 20,912.50
05/17/12	CAOP II	May 2012 Management Fee	20,912.50

CASH RECEIPTS DETAIL
(attach additional sheets as necessary)

Account No: Preferred Bank-PR-***4658

Date	Payer	Description	Amount
			\$

Total Cash Receipts \$ 42,831.12 (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: 5/1/12 to 5/31/12

CASH DISBURSEMENTS DETAIL
(attach additional sheets as necessary)

Account No: Zions 003-17495-0

Date	Check No.	Payee	Description (Purpose)	Amount
05/31/12	EFT	Zions Bank	Overdraft Fees	\$ 225.00

CASH DISBURSEMENTS DETAIL
(attach additional sheets as necessary)

Account No: Preferred Bank-1523333

Date	Check No.	Payee	Description (Purpose)	Amount
05/22/12	302	CenturyLink	Phone & Internet	244.38
05/23/12	305	Judge Building LLC	May 2012 Office Rent and Parking	777.32
05/23/12	304	Insurance Network LC	Trustee Bond for Trustee	12,550.00
05/31/12	306	Judge Building LLC	June 2012 Rent and Parking	659.32

CASH DISBURSEMENTS DETAIL
(attach additional sheets as necessary)

Account No: Preferred Bank-PR-1524658

Date	Check No.	Payee	Description (Purpose)	Amount
05/29/12	3001	Martinsen, Glen	Payroll for 4/16/12-5/31/12	8,089.21
05/29/12	3002	Austin, Jeff	Payroll for 4/16/12-5/03/12	4,396.94
05/29/12	3000	David S. Hunt	Payroll for 4/16/12-5/03/12	3,127.67
05/29/12	EFT-Pull	Paychex	Payroll Taxes for 4/16/12-5/31/12	5,310.15
05/31/12	EFT Pull	Paychex	To reverse refund of payroll taxes (Zions)	1,006.12

Total Cash Disbursements \$ 36,386.11 (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: 05/31/12

ASSETS	Current Month (1)	Petition Date (2)
Current Assets:		
Cash (from Form 2-B, line 5)	\$ 6,206.73	\$ 250,496.48
Accounts Receivable (from Form 2-E)	273,824.64	800.00
Receivable from Officers, Employees, Affiliates	-	-
Inventory	-	-
Other Current Assets (List):		
<u>Pre-Paid Legal</u>	337,500.00	257,500.00
<u>Notes Receivable</u>	424,347.95	442,497.95
Total Current Assets	\$ 1,041,879.32	\$ 951,294.43
Fixed Assets:		
Land	\$ -	\$ -
Building	-	-
Equipment, Furniture and Fixtures	16,381.24	16,381.24
Total Fixed Assets	16,381.24	16,381.24
Less: Accumulated Depreciation	(9,539.16)	(6,262.88)
Net Fixed Assets	\$ 6,842.08	\$ 10,118.36
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
TOTAL ASSETS	\$ 1,462,221.40	\$ 1,376,643.74
LIABILITIES		
Post-petition Accounts Payable (from Form 2-E)	\$ 5,878.72	\$ -
Post-petition Accrued Professional Fees (from Form 2-E)	425,818.47	-
Post-petition Taxes Payable (from Form 2-E)	646.43	-
Post-petition Notes Payable	-	-
Other Post-petition Payable(List):		
<u>Note Interest Payable</u>	47,608.77	-
<u>Accrued Payroll</u>	133,000.00	-
<u>Preferred Dividends Payable</u>	3,073,928.27	-
Total Post Petition Liabilities	\$ 3,686,880.66	\$ -
Pre Petition Liabilities:		
Secured Debt	343,380.71	343,380.71
Priority Debt	-	-
Unsecured Debt	9,835,076.28	9,829,414.69
Total Pre Petition Liabilities	\$ 10,178,456.99	\$ 10,172,795.40
TOTAL LIABILITIES	\$ 13,865,337.65	\$ 10,172,795.40
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	(533,036.32)	-
TOTAL OWNERS' EQUITY	\$ (12,403,116.25)	\$ (8,796,151.66)
TOTAL LIABILITIES AND OWNERS' EQUITY	\$ 1,462,221.40	\$ 1,376,643.74

(1) The Trustee has not conducted an detailed analysis of the historical accounting balances contained herein to determine the accuracy of the information presented.
 (2) 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 05/01/12 to 05/31/12

	Current Month (1)	Accumulated Total (2)
Gross Operating Revenue	\$ 41,825.00	\$ 303,801.64
Less: Discounts, Returns and Allowances	(-)	(-)
Net Operating Revenue	\$ 41,825.00	\$ 303,801.64
Cost of Goods Sold	-	1,730.95
Gross Profit	\$ 41,825.00	\$ 302,070.69
Operating Expenses		
Officer Compensation (3)	\$ 9,531.78	\$ 277,475.71
Selling, General and Administrative	469.38	140,382.12
Rents and Leases (Includes May and June)	1,436.64	7,133.99
Depreciation, Depletion and Amortization	-	3,276.28
Other (list): _____	-	-
_____	-	-
Total Operating Expenses	\$ 11,437.80	\$ 428,268.10
Operating Income (Loss)	\$ 30,387.20	\$ (126,197.41)
Non-Operating Income and Expenses		
Other Non-Operating Expenses	\$ -	\$ (300.00)
Gains (Losses) on Sale of Assets	-	-
Interest Income	-	30,601.63
Interest Expense	-	-
Other Non-Operating Income	-	1,191.93
Net Non-Operating Income or (Expenses)	\$ -	\$ 31,493.56
Reorganization Expenses		
Legal and Professional Fees (4)	\$ 425,818.47	\$ 425,818.47
Other Reorganization Expense (Chapter 11 Trustee Bond)	12,550.00	12,550.00
Total Reorganization Expenses	\$ 438,368.47	\$ 438,368.47
Net Income (Loss) Before Income Taxes	\$ (407,981.27)	\$ (533,072.32)
Federal and State Income Tax Expense (Benefit)	-	-
NET INCOME (LOSS)	\$ (407,981.27)	\$ (533,072.32)

(1) The Trustee has not conducted an detailed analysis of the historical accounting balances contained herein to determine the accuracy of the information presented.

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

(3) Executive compensation includes unpaid April 16-May 3 2012 payroll for Jeff Austin and David Hunt and April 16 to May 31, 2012 payroll for Glen Martinsen totalling \$20,924., including applicable payroll taxes Adjustments were made in the accounting system for reversals and credits relating to Paychex for prior periods.

(4) Professional fees and expenses have not previously been accrued in the MOR. This amount represents all accrued amounts through May 31, 2012. Future MOR reports will included the monthly professional fee accrual.

DEBTOR: Castle Arch Real Estate Investment Company, LLC.

CASE NO: 11-35082

**Form 2-E
SUPPORTING SCHEDULES**

For Period: 05/01/12 to 05/31/12

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	646.43	0.00	0.00			646.43
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	\$ 646.43	\$ 0.00	\$ 0.00			\$ 646.43

(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 (1)	\$ 2,000,000.00	10/18/12	10/18/12
Property (Fire, Theft)	Travelers (1)	\$ 25,000.00	10/27/12	10/27/12
Vehicle	None	\$ -		
Other (list): D&O	Rockhill	\$ 5,000,000.00	See Note 2	
		\$		

(1) The Trustee was informed in late May that the vacant land policy for the Tooele, Kingman, Star Valley, and Smyrna properties was terminate. The Trustee worked with Travelers to get the policy reinstated in June 2012.

(2) The D&O policy is a claims made policy and was paid by CAREIC through October 2011. At that time, the Trustee understands the premiums are being paid by the former officers and directors.

DEBTOR: Castle Arch Real Estate Investment Company, LLC.

CASE NO: 11-35082

Form 2-F
QUARTERLY FEE SUMMARY *
 For the Month Ended: 05/31/12

<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		\$ 162,691.11	\$ 1,625.00		
April	<u>2012</u>	\$ 32,715.44			
May	<u>2012</u>	36,386.11			
June		0.00			
TOTAL 2nd Quarter		\$ 69,101.55			
July		\$ 0.00			
August		0.00			
September		0.00			
TOTAL 3rd Quarter		\$ 0.00			
October	<u>2011</u>	\$ 0.00			
November	<u>2011</u>	36,265.12			
December	<u>2011</u>	36,386.11			
TOTAL 4th Quarter		\$ 72,651.23	\$ 650.00	<u>1019</u>	<u>02/08/12</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: 05/31/12

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.

On May 3, 2012, D. Ray Strong was appointed as Chapter 11 Trustee of Castle Arch Real Estate Investment Company, LLC ("Trustee"). Pursuant the Trustee's appointment and the existing ownership structure of the other related debtors, the Trustee also functions as the Manager of CAOP Managers, LLC, Castle Arch Opportunity Partners I, LLC, Castle Arch Opportunity Partners II, LLC, Castle Arch Secured Development Fund, LLC, Castle Arch Kingman, LLC, and Castle Arch Smyrna, LLC (collectively the "Debtors").

Shortly after his appointment, the Trustee engaged Dorsey & Whitney, LLP as his counsel and Berkeley Research Group, LLC as his accountants. Their employment was approved by the Bankruptcy Court on June 13, 2012.

Upon the Trustee's appointment, the Trustee terminated all existing management except Glen Martinsen who was retained to assist with the day-to-day operations and accounting. The Trustee is utilizing a payroll services, Paychex, for the calculation and reporting of payroll. The payroll related expenses are netted and paid to Paychex in a lumpsum for the payroll period.

The Trustee has began, among other things: (a) an investigation of Debtor's assets and claims including Longview; (b) reviewed and analyzed the cash needs of the Debtors; (c) developed interim management fees and cash budget; (d) an investigation of Blackstar and Conix transactions; (e) an investigation of the accounting activity of the Debtors; (f) formulation of a plan of reorganization concept; (g) and to develop a detailed Trustee website to provide case information.

On May 14, 2012, the Trustee filed an emergency motion seeking approval of proposed use of cash on an interim basis. This motion setforth a limited cash budget and proposed management fees for May 2012 and June 2012 with an understanding that an additional motion would be filed seeking approval for future management fees. The emergency motion was granted by the Bankruptcy Court on May 21, 2012.

The Trustee has relied on the currently available records and records prepared by the Debtors to obtain historical activity included on the balance sheet referenced in Form 2C and the profit and loss statement in Form 2D. Work is ongoing to ascertain and determine appropriate balances. Balances may be over or understated and are subject to material modification. The financial statements may change as information becomes available to the Trustee. The Trustee may dispute the nature and amount of the assets and liabilities presented in these financial statements. As new information becomes available, these balances may be adjusted and updated to reflect the correct amounts. The fact that liabilities and assets may have been omitted, listed and/or adjusted, does not necessarily reflect the final opinion as to the eventual treatment under a plan of reorganization or otherwise.

Historically, activity between the Debtors was recorded through various intercompany accounts which have been very convoluted and commingled. In an effort to differentiate between the historical pre-petition amounts, the post-petition intercompany note activity has been reclassified to Accounts Receivable for better clarity. Additionally, accrued property taxes are accounted for in accounts payable and not reflected in Form 2E.

Legal fees have not historically been accrued and reflected in the balance sheet and profit and loss statements. In May, the balance sheet and profit and loss statement has been adjusted to reflect the accrued professional fees. The adjustment of \$425,818.47 was reflected in the May 2012 profit and loss statement representing and estimate of all accrued professional fees from the commencement of the bankruptcy cases in October 2011. Future monthly operating reports will reflect the monthly accruals of professional fees.

In an effort to provide interested parties with as much information as possible, the Trustee has created a website located at www.castlearchtrustee.com. Interested parties should reference the website for more detailed information.

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06/13/12
Accrual Basis

Castle Arch Real Estate Investment Company
Balance Sheet
As of May 31, 2012

	<u>May 31, 12</u>
ASSETS	
Current Assets	
Checking/Savings	
10002 · Zion's	542.84
10003 · Pref Bank-Trustee	6,670.01
10004 · Pref Bank-PR-Trustee	-1,006.12
Total Checking/Savings	<u>6,206.73</u>
Accounts Receivable	
13000 · Accounts Receivable	273,824.64
Total Accounts Receivable	<u>273,824.64</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>
Total Current Assets	1,041,879.32
Fixed Assets	
17000 · Property/Equipment	16,381.24
17010 · Accumulated Depreciation	-9,539.16
Total Fixed Assets	<u>6,842.08</u>
Other Assets	
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
Total Other Assets	<u>413,500.00</u>
TOTAL ASSETS	<u><u>1,462,221.40</u></u>
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	
20000 · Accounts Payable	770,705.13
Total Accounts Payable	<u>770,705.13</u>
Other Current Liabilities	
23200 · Interest Payable - Bill Grundy	60,623.01
23400 · Payroll Liabilities	
Accrued Payroll	137,048.56
Accrued payroll taxes	646.73
Deferred Compensation	1,063,791.30
Total 23400 · Payroll Liabilities	<u>1,201,486.59</u>

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06/13/12
Accrual Basis

Castle Arch Real Estate Investment Company
Balance Sheet
As of May 31, 2012

	<u>May 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
Total 25050 · Intercompany Notes	-6,207,134.05
Total Other Current Liabilities	-4,945,024.45
Total Current Liabilities	-4,174,319.32
Long Term Liabilities	
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
Total 25000 · Notes Payable	580,773.97
Total Long Term Liabilities	17,613,838.50
Total Liabilities	13,439,519.18
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	6,969,220.74
39000 · Retained Earnings	-38,401,142.64
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	-18,957,643.00
Net Income	-15,534.88
Total Equity	-11,977,297.78
TOTAL LIABILITIES & EQUITY	1,462,221.40

5:22 PM
06/18/12
Accrual Basis

Castle Arch Real Estate Investment Company
Profit & Loss
May 2012

	<u>May 12</u>
Ordinary Income/Expense	
Income	
42000 · Management Fee Income	41,825.00
Total Income	<u>41,825.00</u>
Gross Profit	41,825.00
Expense	
Administrative/Other Unit	
Insurance	12,550.00
Legal Services	336,196.32
Office Expenses	-125.00
Rent	1,436.64
60040 · Bank Fees	225.00
60350 · Telephone/email charges	244.38
6560 · Payroll Expenses	8,089.21
Total Administrative/Other Unit	<u>358,616.55</u>
Executive Unit	
Executive Compensation	
Benefits & Service Fee	-73.00
Payroll Taxes	4,390.96
Executive Compensation - Other	-2,225.39
Total Executive Compensation	<u>2,092.57</u>
Office Expenses	-525.00
Total Executive Unit	<u>1,567.57</u>
Total Expense	<u>360,184.12</u>
Net Ordinary Income	-318,359.12
Other Income/Expense	
Other Expense	
65000 · Trustee Fees	38,350.00
65500 · Trustee Legal Fees	51,272.15
Total Other Expense	<u>89,622.15</u>
Net Other Income	<u>-89,622.15</u>
Net Income	<u><u>-407,981.27</u></u>

2:07 PM
06/13/12

Castle Arch Real Estate Investment Company
A/R Aging Summary
As of May 31, 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>
Accelerated Capital Group - Customer	0.00	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	0.00
Castle Arch Opportunity Fund I	0.00	0.00	33,661.56	0.00	67,323.12	97,635.67	198,620.35
Castle Arch Opportunity Fund II	0.00	0.00	14,811.07	-12,500.00	29,622.14	43,271.08	75,204.29
Child, Van Wagoner & Bradshaw PLLC	0.00	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	0.00
HSBC Bank	0.00	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	0.00
Millstream Land	0.00	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	0.00
Securities Institute	0.00	0.00	0.00	0.00	0.00	0.00	0.00
TOTAL	0.00	0.00	48,472.63	-12,500.00	96,945.26	140,906.75	273,824.64

5:05 PM
06/18/12

Castle Arch Real Estate Investment Company
A/P Aging Summary
As of May 31, 2012

	Current	1 - 30	31 - 60	61 - 90	91 - 120	121 - 150	151 - 180	181 - 210	211 - 223	> 223	TOTAL
AT&T	0.00	0.00	0.00	0.00	0.00	0.00	0.00	326.11	0.00	0.00	326.11
California Franchise Tax Board	0.00	0.00	0.00	0.00	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	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	0.00	0.00	0.00	0.00	10,005.70	10,005.70
Colonial Stock Transfer	0.00	0.00	0.00	0.00	0.00	1,400.00	241.67	50.00	0.00	0.00	1,691.67
CT Corporation	0.00	0.00	0.00	0.00	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	0.00	0.00	0.00	0.00	19,730.60	19,730.60
Dorsey Whitney LLP	51,272.15	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	51,272.15
Entrust Arizona, LLC	0.00	0.00	0.00	0.00	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	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	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	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	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	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	0.00	0.00	0.00	0.00	108.07	108.07
Jones Waldo	108,659.39	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	108,659.39
Judge Building LLC	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-0.70	0.00	0.00	-0.70
Kaysville City	0.00	0.00	0.00	0.00	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	0.00	0.00	1,766.38	0.00	0.00	1,766.38
Michelle Turpin P.C.	0.00	0.00	0.00	0.00	0.00	0.00	1,757.50	0.00	532.41	150.86	2,440.77
Mohave County Treasurer	0.00	0.00	0.00	0.00	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	0.00	0.00	0.00	0.00	58,961.08	58,961.08
NetChemistry	0.00	0.00	0.00	0.00	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	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	0.00	0.00	0.00	0.00	48,454.30	48,454.30
Prince, Yeates & Geldzahler	227,536.93	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	227,536.93
Ray Strong - Trustee	38,350.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	38,350.00
RFC Properties, LLC	0.00	0.00	0.00	0.00	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	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	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	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	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	0.00	0.00	0.00	0.00	19,628.24	19,628.24
TELDATA	0.00	0.00	0.00	0.00	0.00	337.76	0.00	0.00	0.00	0.00	337.76
The Dot Printer	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Tooele County Treasurer	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	3,029.73	3,029.73
Town of Thayne	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	89,404.43	89,404.43
TOTAL	425,818.47	0.00	0.00	0.00	0.00	1,737.76	1,999.17	2,141.79	532.41	764,294.00	1,196,523.60

4:58 PM
06/12/12

Castle Arch Real Estate Investment Company
Reconciliation Detail
10002 · Zion's [REDACTED] Period Ending 05/31/2012

Type	Date	Num	Name	Clr	Amount	Balance
Beginning Balance						-238.28
Cleared Transactions						
Checks and Payments - 1 item						
Check	5/31/2012			X	-225.00	-225.00
Total Checks and Payments					-225.00	-225.00
Deposits and Credits - 1 item						
Deposit	5/25/2012			X	1,006.12	1,006.12
Total Deposits and Credits					1,006.12	1,006.12
Total Cleared Transactions					781.12	781.12
Cleared Balance					781.12	542.84
Register Balance as of 05/31/2012					781.12	542.84
New Transactions						
Checks and Payments - 1 item						
Deposit	6/6/2012	8015...	Zions Bank		-542.84	-542.84
Total Checks and Payments					-542.84	-542.84
Total New Transactions					-542.84	-542.84
Ending Balance					238.28	0.00

5:18 PM
06/12/12

Castle Arch Real Estate Investment Company
Reconciliation Detail
 10003 - Prof Bank-Trustee- [REDACTED] Period Ending 05/31/2012

Type	Date	Num	Name	Clr	Amount	Balance
Beginning Balance						0.00
Cleared Transactions						
Checks and Payments - 4 items						
Check	5/22/2012	302	CenturyLink	X	-244.38	-244.38
Check	5/23/2012	304	Insurance Network	X	-12,550.60	-12,794.98
Check	5/23/2012	305	Judge Building LLC	X	-777.32	-13,571.70
Deposit	5/30/2012	EE1	Preferred Bank	X	20,923.07	-34,495.67
Total Checks and Payments					-34,495.67	-34,495.67
Deposits and Credits - 1 item						
Deposit	5/23/2012			X	41,825.00	41,825.00
Total Deposits and Credits					41,825.00	41,825.00
Total Cleared Transactions					7,329.33	7,329.33
Cleared Balance:					7,329.33	7,329.33
Uncleared Transactions						
Checks and Payments - 1 item						
Check	5/31/2012	306	Judge Building LLC		-659.32	-659.32
Total Checks and Payments					-659.32	-659.32
Total Uncleared Transactions					-659.32	-659.32
Register Balance as of 05/31/2012					6,670.01	6,670.01
New Transactions						
Checks and Payments - 3 items						
Check	6/5/2012	307	Travelers		-640.21	-640.21
Check	6/6/2012	308	CenturyLink		-244.38	-884.59
Check	6/7/2012	310	United Healthcare		-4,420.96	-5,313.95
Total Checks and Payments					-5,313.95	-5,313.95
Deposits and Credits - 1 item						
Deposit	6/5/2012				542.84	542.84
Total Deposits and Credits					542.84	542.84
Total New Transactions					-4,771.11	-4,771.11
Ending Balance					1,898.90	1,898.90

5:13 PM
06/12/12

Castle Arch Real Estate Investment Company
Reconciliation Detail
10004 · Pref Bank-PR-Trustee-██████████ Period Ending 05/31/2012

Type	Date	Num	Name	Clr	Amount	Balance
Beginning Balance						0.00
Cleared Transactions						
Checks and Payments - 1 item						
Check	5/31/2012	EFT ...	Paychex	X	-1,006.12	-1,006.12
Total Checks and Payments					-1,006.12	-1,006.12
Deposits and Credits - 1 item						
Deposit	5/30/2012			X	20,923.97	20,923.97
Total Deposits and Credits					20,923.97	20,923.97
Total Cleared Transactions					19,917.85	19,917.85
Cleared Balance					19,917.85	19,917.85
Uncleared Transactions						
Checks and Payments - 4 items						
Check	5/29/2012	3001	Martinsen, Glen		-8,089.21	-8,089.21
Check	5/29/2012	EFT-...	Paychex		-5,310.15	-13,399.36
Check	5/29/2012	3002	Austin, Jeff		-4,396.94	-17,796.30
Check	5/29/2012	3000	David S. Hunt		-3,127.67	-20,923.97
Total Checks and Payments					-20,923.97	-20,923.97
Total Uncleared Transactions					-20,923.97	-20,923.97
Register Balance as of 05/31/2012					-1,006.12	-1,006.12
New Transactions						
Checks and Payments - 1 item						
Check	6/6/2012	3003	Paychex		-427.20	-427.20
Total Checks and Payments					-427.20	-427.20
Total New Transactions					-427.20	-427.20
Ending Balance					-1,433.32	-1,433.32

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

Statement of Accounts

Page 1 of 4
 This Statement: May 31, 2012
 Last Statement: April 30, 2012
 Primary Account: [REDACTED]

0000580 1553-06-0000-ZFN-PG0007-00000
 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

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]	\$542.84	

FREE BUSINESS CHECKING 003174950

107 0

Previous Balance	Deposits/Credits	Charges/Debits	Checks Processed	Ending Balance
-238.28	1,006.12	225.00	0.00	542.84

1 DEPOSIT/CREDIT

Date	Amount	Description
05/29	1,006.12	PAYCHEX TPS TAXES 45157500001808XREF # 012146007909295 1102720678

17 CHARGES/DEBITS

Date	Amount	Description
05/01	25.00	INSUFFICIENT FUNDS FEE-ITEM PD 1700707899
05/04	24.00	OVERDRAFT FEE
05/07	8.00	OVERDRAFT FEE
05/08	8.00	OVERDRAFT FEE
05/09	8.00	OVERDRAFT FEE
05/10	8.00	OVERDRAFT FEE
05/11	24.00	OVERDRAFT FEE
05/14	8.00	OVERDRAFT FEE
05/15	8.00	OVERDRAFT FEE
05/16	8.00	OVERDRAFT FEE
05/17	8.00	OVERDRAFT FEE
05/18	24.00	OVERDRAFT FEE
05/21	8.00	OVERDRAFT FEE
05/22	8.00	OVERDRAFT FEE
05/23	8.00	OVERDRAFT FEE
05/24	8.00	OVERDRAFT FEE
05/25	32.00	OVERDRAFT FEE

0 CHECKS PROCESSED

There were no transactions this period.



MEMBER FDIC

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

Page 3 of 4
 May 31, 2012
 CASTLE ARCH REAL ESTATE INVESTMENT

.....
AGGREGATE OVERDRAFT AND RETURNED ITEM FEES

	<i>Total for This Period</i>	<i>Total Year-to-Date</i>
Total Overdraft Fees	\$225.00	\$225.00
Total Returned Item Fees	\$0.00	\$0.00

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

.....
DAILY BALANCES

<i>Date.....</i>	<i>Balance</i>	<i>Date.....</i>	<i>Balance</i>	<i>Date.....</i>	<i>Balance</i>
05/01	-263.28	05/11	-343.28	05/21	-407.28
05/04	-287.28	05/14	-351.28	05/22	-415.28
05/07	-295.28	05/15	-359.28	05/23	-423.28
05/08	-303.28	05/16	-367.28	05/24	-431.28
05/09	-311.28	05/17	-375.28	05/25	-463.28
05/10	-319.28	05/18	-399.28	05/29	542.84



029 00001 00
ACCOUNT:

PAGE: 1
05/31/2012

11-35082 B
BANKRUPTCY ESTATE OF
CASTLE ARCH REAL ESTATE INVEST
D RAY STRONG, TRUSTEE 29
201 S MAIN ST SUITE 450 0
SALT LAKE CITY UT 84111 0

=====

PREFERRED BANK - LOS ANGELES TELEPHONE:213-891-1188
601 S. FIGUEROA ST. 29TH FLOOR
LOS ANGELES, CA 90017

=====

eSTATEMENTS ARE HERE - LOG ON PBnet PERSONAL ONLINE BANKING TO ENROLL
FDIC deposit insurance rules have changed. Accounts are now insured to
at least \$250,000 under the Standard Maximum Deposit Insurance Amount
(SMDIA) rules. See your branch operations officer or FDIC.gov for more
information.

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BANKRUPTCY CHECKING ACCOUNT [REDACTED]

=====

		LAST STATEMENT 05/24/12	.00
AVG AVAILABLE BALANCE	20,420.91	1 CREDITS	20,923.97
AVERAGE BALANCE	20,420.91	1 DEBITS	1,006.12
		THIS STATEMENT 05/31/12	19,917.85

----- OTHER CREDITS -----

DESCRIPTION	DATE	AMOUNT
TRANSFER FROM #1523333	05/30	20,923.97

----- OTHER DEBITS -----

DESCRIPTION	DATE	AMOUNT
PAYCHEX TPS TAXES 45218600001808X	05/31	1,006.12

----- ITEMIZATION OF OVERDRAFT AND RETURNED ITEM FEES -----

```

*****
*                               | TOTAL FOR | TOTAL      *
*                               | THIS PERIOD | YEAR TO DATE *
*-----|-----|-----|-----*
* TOTAL OVERDRAFT FEES:      |          $0.00 |          $0.00 *
*-----|-----|-----|-----*
* TOTAL RETURNED ITEM FEES:  |          $0.00 |          $0.00 *
*****
    
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* * * CONTINUED * * *



029 00001 00
ACCOUNT:



PAGE: 2
05/31/2012

11-35082

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BANKRUPTCY CHECKING ACCOUNT 

=====

----- DAILY BALANCE -----					
DATE.....	BALANCE	DATE.....	BALANCE	DATE.....	BALANCE
05/30	20,923.97	05/31	19,917.85		

- END OF STATEMENT -



029 00001 00
ACCOUNT:

PAGE: 1
05/31/2012

11-35082 B
BANKRUPTCY ESTATE OF
CASTLE ARCH REAL ESTATE INVEST
D RAY STRONG, TRUSTEE 29
201 S MAIN ST SUITE 450 0
SALT LAKE CITY UT 84111 3

PREFERRED BANK - LOS ANGELES
601 S. FIGUEROA ST. 29TH FLOOR
LOS ANGELES, CA 90017

TELEPHONE:213-891-1188

eSTATEMENTS ARE HERE - LOG ON PBnet PERSONAL ONLINE BANKING TO ENROLL
FDIC deposit insurance rules have changed. Accounts are now insured to
at least \$250,000 under the Standard Maximum Deposit Insurance Amount
(SMDIA) rules. See your branch operations officer or FDIC.gov for more
information.

BANKRUPTCY CHECKING ACCOUNT

		LAST STATEMENT 05/15/12	.00
AVG AVAILABLE BALANCE	35,467.37	2 CREDITS	41,825.00
AVERAGE BALANCE	35,467.37	4 DEBITS	34,495.67
		THIS STATEMENT 05/31/12	7,329.33

OTHER CREDITS

DESCRIPTION	DATE	AMOUNT
TRANSFER FROM #	05/23	20,912.50
TRANSFER FROM #	05/23	20,912.50

CHECKS

CHECK #..DATE.....AMOUNT	CHECK #..DATE.....AMOUNT	CHECK #..DATE.....AMOUNT
302*05/30 244.38	304 05/31 12,550.00	305 05/29 777.32

(*) INDICATES A GAP IN CHECK NUMBER SEQUENCE

OTHER DEBITS

DESCRIPTION	DATE	AMOUNT
TRANSFER TO #	05/30	20,923.97

* * * C O N T I N U E D * * *



029 00001 00
ACCOUNT:

PAGE: 2
05/31/2012

11-35082

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BANKRUPTCY CHECKING ACCOUNT

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- - - ITEMIZATION OF OVERDRAFT AND RETURNED ITEM FEES - - -

*		TOTAL FOR	TOTAL
*		THIS PERIOD	YEAR TO DATE

*	TOTAL OVERDRAFT FEES:	\$.00	\$.00
*	TOTAL RETURNED ITEM FEES:	\$.00	\$.00

----- DAILY BALANCE -----

DATE.....	BALANCE	DATE.....	BALANCE	DATE.....	BALANCE
05/23	41,825.00	05/30	19,879.33		
05/29	41,047.68	05/31	7,329.33		

- END OF STATEMENT -