

DEBTOR: The Falls at Elk Grove, LLC

**MONTHLY OPERATING REPORT
CHAPTER 11**

CASE NUMBER: 18-25208

**Form 2-A
COVER SHEET**

For Period Ending: 9/30/2018

Accounting Method: Accrual Basis Cash Basis

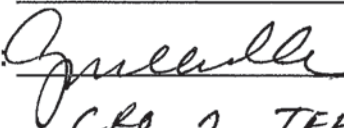
THIS REPORT IS DUE 14 DAYS AFTER THE END OF THE MONTH

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 type="checkbox"/> (1)	<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: 10/15/18 Print Name: Gil A Miller
 Signature: 
 Title: CFO of TFEC

Footnotes:

(1) No official reconciliation was performed by the Debtor. For the month, there was only one \$25.00 deposit to open the account.

DEBTOR: The Falls at Elk Grove, LLC CASE NO: 18-25208

Form 2-B
CASH RECEIPTS AND DISBURSEMENTS STATEMENT
For Period: 9/01/2018 to 9/30/2018

CASH RECEIPTS DETAIL
(attach additional sheets as necessary)

Account No: **Wells Fargo Acct. No 2565**

Date	Payer	Description	Amount
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Total Cash Receipts \$ - (1)

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

DEBTOR: The Falls at Elk Grove, LLC

CASE NO: 18-25208

Form 2-B
CASH RECEIPTS AND DISBURSEMENTS STATEMENT
For Period: 9/01/2018 to 9/30/2018

CASH DISBURSEMENTS DETAIL
(attach additional sheets as necessary)

Account No:

Wells Fargo Acct. No 2565

Date	Check No.	Payee	Description (Purpose)	Amount
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Total Cash Disbursements

\$ - (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: 9/30/2018

	Current Month	Petition Date (1)
ASSETS		
Current Assets:		
Cash (from Form 2-B, line 5)	\$ -	\$ -
Accounts Receivable (from Form 2-E)	-	-
Receivable from Officers, Employees, Affiliates	-	-
Inventory	-	-
Other Current Assets :(List) <u>Professional Retainers</u>	15,263.60	15,263.60
Total Current Assets	\$ 15,263.60	\$ 15,263.60
Fixed Assets:		
Land and Buildings	\$ 13,624,530.00	\$ 13,624,530.00
Equipment, Furniture and Fixtures		
Total Fixed Assets	13,624,530.00	13,624,530.00
Less: Accumulated Depreciation	(1,051,649.88)	(994,881.00)
Net Fixed Assets	\$ 12,572,880.12	\$ 12,629,649.00
Other Assets (List): _____ _____ _____		
TOTAL ASSETS	\$ 12,588,143.72	\$ 12,644,912.60
LIABILITIES		
Post-petition Accounts Payable (from Form 2-E)	\$	\$
Post-petition Accrued Professional Fees (from Form 2-E)	18,537.40	
Post-petition Taxes Payable (from Form 2-E)	-	-
Post-petition Notes Payable		
Other Post-petition Payable(List): _____ _____		
Total Post Petition Liabilities	\$ 18,537.40	\$
Pre Petition Liabilities:		
Secured Debt	8,295,135.21	8,295,135.21
Priority Debt		
Unsecured Debt	-	-
Total Pre Petition Liabilities	\$ 8,295,135.21	\$ 8,295,135.21
TOTAL LIABILITIES	\$ 8,313,672.61	\$ 8,295,135.21
OWNERS' EQUITY		
Owner's/Stockholder's Equity	\$ 4,393,425.43	\$ 4,349,777.39
Retained Earnings - Prepetition		
Retained Earnings - Post-petition	(118,954.31)	
TOTAL OWNERS' EQUITY	\$ 4,274,471.11	\$ 4,349,777.39
TOTAL LIABILITIES AND OWNERS' EQUITY	\$ 12,588,143.72	\$ 12,644,912.60

(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.

(2) The book value of the Debtor's real estate may overstate the value and may not represent fair market value. The Debtor is working on obtaining better estimates.

DEBTOR: The Falls at Elk Grove, LLC

CASE NO: 18-25208

Form 2-D
PROFIT AND LOSS STATEMENT
For Period 9/01/2018 to 9/30/2018

	<u>Current Month</u>	<u>Accumulated Total (1)</u>
Gross Operating Revenue	\$ -	\$ -
Less: Discounts, Returns and Allowances	(-)	(-)
Net Operating Revenue	\$ -	\$ -
Cost of Goods Sold	-	-
Gross Profit	\$ -	\$ -
Operating Expenses		
Officer Compensation	\$ -	\$ -
Selling, General and Administrative	-	-
Rents and Leases	-	-
Depreciation, Depletion and Amortization	28,384.44	85,153.31
Other (list): _____	-	-
_____	-	-
Total Operating Expenses	\$ 28,384.44	\$ 85,153.31
Operating Income (Loss)	\$ (28,384.44)	\$ (85,153.31)
Non-Operating Income and Expenses		
Other Non-Operating Expenses	\$ -	\$ -
Gains (Losses) on Sale of Assets	-	-
Interest Income	-	-
Interest Expense	-	-
Other Non-Operating Income	-	-
Net Non-Operating Income or (Expenses)	\$ -	\$ -
Reorganization Expenses		
Legal and Professional Fees	\$ 10,476.00	\$ 33,801.00
Other Reorganization Expense	-	-
Total Reorganization Expenses	\$ 10,476.00	\$ 33,801.00
Net Income (Loss) Before Income Taxes	\$ (38,860.44)	\$ (118,954.31)
Federal and State Income Tax Expense (Benefit)	-	-
NET INCOME (LOSS)	\$ (38,860.44)	\$ (118,954.31)

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

(2) Accrued interest from the Debtor's secured debt is included on The Falls Event Center, LLC (BK Case No. 18-25116), operating report. While The Falls Event Center is not obligated on the debt, it is expected that The Falls Event Center will make the eventual payments. It is the practice of the Debtor that The Falls Events Center collects all revenues and pays all expenses.

DEBTOR: The Falls at Elk Grove, LLC

CASE NO: 18-25208

**Form 2-E
SUPPORTING SCHEDULES**

For Period: 09/01/18 to 09/30/18

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	\$ 0	\$ 0			\$ 0
State	0	0	0			0
FICA Tax Withheld	0	0	0			0
Employer's FICA Tax	0	0	0			0
Unemployment Tax						
Federal	0	0	0			0
State	0	0	0			0
Sales, Use & Excise Taxes	0	0	0			0
Property Taxes	15,632.81		15,632.81			- [1]
Accrued Income Tax:						
Federal	0	0	0			0
State	0	0	0			0
Other: _____	0	0	0			0
TOTALS	\$ 15,632.81	\$ -	\$ 15,632.81			\$ -

(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	n/a	\$		\$
General Liability	n/a	\$		\$
Property (Fire, Theft)	AmTrust North America	\$14,600,000 1M/2M Liability	11/11/2018	\$ 09/30/2018
Vehicle	n/a	\$		\$
Other (list):	n/a	\$		\$
		\$		\$

[1] Paid by parent entity, The Falls Event Center, LLC

DEBTOR: The Falls at Elk Grove, LLC

CASE NO: 18-25208

**Form 2-E
SUPPORTING SCHEDULES**

For Period: 09/01/18 to 09/30/18

ACCOUNTS RECEIVABLE AND POST PETITION PAYABLE AGING

<u>Due</u>	<u>Accounts Receivable</u>	<u>Post Petition Accounts Payable</u>
	\$ 0.00	\$ 0.00
Under 30 days	0.00	0.00
30 to 60 days	0.00	0.00
61 to 90 days	0.00	0.00
91 to 120 days	0.00	0.00
Over 120 days	0.00	0.00
	<u>0.00</u>	
Total Post Petition	<u>0.00</u>	
Pre Petition Amounts		
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>0.00</u>

* Attach a detail listing of accounts receivable and post-petition accounts payable

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	\$ 15,263.60	\$ 9,882.00			\$ 33,207.00
Unsecured Creditors	-	-	-		-
Committee Fees	-	-	-		-
Debtor's Counsel					
Accountant to Debtor	-	594.00			594.00
Total	<u>\$ 15,263.60</u>	<u>\$ 10,476.00</u>	<u>\$ -</u>		<u>\$ 33,801.00</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>
_____	_____	_____	\$ 0
_____	_____	_____	0
_____	_____	_____	0

**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: The Falls at Elk Grove, LLC

CASE NO: 18-25208

**Form 2-F
QUARTERLY FEE SUMMARY ***
For the Month Ended: 9/30/2018

<u>Month</u>	<u>Year</u>	<u>Cash Disbursements **</u>	<u>Quarterly Fee Due</u>	<u>Check No.</u>	<u>Date Paid</u>
January	_____	\$ _____			
February	_____	\$ _____			
March	_____	\$ _____			
TOTAL 1st Quarter		\$ <u> -</u>	\$ _____	_____	_____
April	_____	\$ _____			
May	_____	\$ _____			
June	_____	\$ _____			
TOTAL 2nd Quarter		\$ <u> -</u>	\$ _____	_____	_____
July	<u>2018</u>	\$ -			
August	<u>2018</u>	\$ -			
September	<u>2018</u>	\$ -			
TOTAL 3rd Quarter		\$ <u> 0.00</u>	\$ <u> 325</u>	_____	_____
October	<u>2018</u>	\$ _____			
November	<u>2018</u>	\$ _____			
December	<u>2018</u>	\$ _____			
TOTAL 4th Quarter		\$ <u> 0.00</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.....	< of 1% or \$250K
\$15,000 to \$74,999.....	\$650	\$2,000,000 to \$2,999,999.....	< of 1% or \$250K
\$75,000 to \$149,999.....	\$975	\$3,000,000 to \$4,999,999.....	< of 1% or \$250K
\$150,000 to \$224,999.....	\$1,625	\$5,000,000 to \$14,999,999.....	< of 1% or \$250K
\$225,000 to \$299,999.....	\$1,950	\$15,000,000 to \$29,999,999....	< of 1% or \$250K
\$300,000 to \$999,999.....	\$4,875	\$30,000,000 or more	< of 1% or \$250K

* 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: The Falls at Elk Grove, LLC

CASE NO: 18-25208

**Form 2-G
NARRATIVE**

For the Period Ending: 9/30/2018

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.

The Debtor filed its chapter 11 voluntary bankruptcy petition on July 16, 2018. This report provides information on the operations of the Debtor for the period September 1, 2018 through September 30, 2018.

The Debtor is a holding company holding property operated by The Falls Events Center, LLC, (See Case 18-25116). All revenues and expenses are reported by The Falls Events Center, LLC.

On Septmeber 4, 2018, an order was entered by the Bankruptcy Court authorizing the Debtor to retain and employ Rocky Mountain Advisory, LLC ("RMA"), acting through its principal Gil A. Miller, to serves as Chief Restructuring Advisor. RMA and the Debtor continue to analyze and investigate the Debtor's assets and liability balances. Therefore, future monthly operating reports may be revised to reflect such examination and assets and liabilities may change significantly and materially. As such, amounts reported as of the Petition Date and in the future may change based on this ongoing analysis. For example, the book value of the assets reported by the Debtor may be overstated. We are in the process of obtaining valuations or appraisals of the properties.

Asset and liability balances may be over or under stated and are subject to material modification. The financial statements may change as information becomes available to the Debtor. The Debtor may dispute the nature and amount of the assets and liabilities presented in these financial statements.

As new information and evidence becomes available, the balance sheet will be updated to reflect the correct amounts of assets and liabilities. That liabilities and assets may be omitted, listed and/or adjusted on the Debtor's balance sheet does not necessarily reflect the final opinion as to the eventual treatment of the assets and liabilities in a plan of reorganization or otherwise.

Wells Fargo Simple Business Checking



Account number: [REDACTED] ■ September 1, 2018 - September 30, 2018 ■ Page 1 of 4

THE FALLS AT ELK GROVE, LLC
DEBTOR IN POSSESSION
CH 11 CASE # 18-25208 (UT)
8280 ELK GROVE BLVD
ELK GROVE CA 95758-9513

Questions?

Available by phone 24 hours a day, 7 days a week:
Telecommunications Relay Services calls accepted

1-800-CALL-WELLS (1-800-225-5935)

TTY: 1-800-877-4833

En español: 1-877-337-7454

Online: wells Fargo.com/biz

Write: Wells Fargo Bank, N.A. (119)
P.O. Box 6995
Portland, OR 97228-6995

Your Business and Wells Fargo

Since August 2003, the Wells Fargo/Gallup Small Business Index has surveyed small business owners on current and future perceptions of their business financial situation. View the latest results at wells Fargo.com.

Account options

A check mark in the box indicates you have these convenient services with your account(s). Go to wells Fargo.com/biz or call the number above if you have questions or if you would like to add new services.

- Business Online Banking
- Online Statements
- Business Bill Pay
- Business Spending Report
- Overdraft Protection

Activity summary

Beginning balance on 9/1	\$25.00
Deposits/Credits	0.00
Withdrawals/Debits	- 0.00
Ending balance on 9/30	\$25.00
Average ledger balance this period	\$25.00

Account number: [REDACTED]

THE FALLS AT ELK GROVE, LLC
DEBTOR IN POSSESSION
CH 11 CASE # 18-25208 (UT)

Utah account terms and conditions apply

For Direct Deposit use
Routing Number (RTN): 124002971

For Wire Transfers use
Routing Number (RTN): 121000248

Overdraft Protection

This account is not currently covered by Overdraft Protection. If you would like more information regarding Overdraft Protection and eligibility requirements please call the number listed on your statement or visit your Wells Fargo store.

Monthly service fee summary

For a complete list of fees and detailed account information, see the Wells Fargo Account Fee and Information Schedule and Account Agreement applicable to your account (EasyPay Card Terms and Conditions for prepaid cards) or talk to a banker. Go to wells Fargo.com/feefaq for a link to these documents, and answers to common monthly service fee questions.

Account number: [REDACTED] ■ September 1, 2018 - September 30, 2018 ■ Page 2 of 4



Monthly service fee summary (continued)

Fee period 09/01/2018 - 09/30/2018 Standard monthly service fee \$10.00 You paid \$0.00

We waived the fee this fee period to allow you to meet the requirements to avoid the monthly service fee. This is the final period with the fee waived. For the next fee period, you need to meet the requirement(s) to avoid the monthly service fee.

How to avoid the monthly service fee	Minimum required	This fee period
Have any ONE of the following account requirements		
· Average ledger balance	\$500.00	\$25.00 <input type="checkbox"/>

The Monthly service fee summary fee period ending date shown above includes a Saturday, Sunday, or holiday which are non-business days. Transactions occurring after the last business day of the month will be included in your next fee period.
C1/C1

Account transaction fees summary

Service charge description	Units used	Units included	Excess units	Service charge per excess units (\$)	Total service charge (\$)
Cash Deposited (\$)	0	3,000	0	0.0030	0.00
Transactions	0	50	0	0.50	0.00
Total service charges					\$0.00

IMPORTANT ACCOUNT INFORMATION

Effective November 10, 2018, the sentence "Certain electronic credit transfers, such as those through card networks or funds transfer systems, will be available on the first business day after the day we receive the transfer" in the first paragraph of the "Your ability to withdraw funds" section under the "Funds availability policy" in the Deposit Account Agreement will be replaced with "Certain electronic credit transfers, such as those through card networks or funds transfer systems, will be available on the day we receive the transfer."

A reminder...

You can request to close your account at any time if the account is in good standing (e.g. does not have a negative balance or restrictions such as holds on funds, legal order holds or court blocks on the account). At the time of your request, we will assist you in withdrawing or transferring any remaining funds, bringing your account balance to zero.

- All outstanding items need to be processed and posted to your account before your request to close otherwise they will be returned unpaid.

- Any recurring payments or withdrawals from your account need to be cancelled before your request to close (examples include bill payments, automated debit card payments, and direct deposits) otherwise, they may be returned unpaid.

- We will not be liable for any loss or damage that may result from not honoring items that are presented or received after your account is closed.

- At the time of your request to close:

- For interest-earning accounts, it stops earning interest from the date you request to close your account.
- Overdraft Protection and/or Debit Card Overdraft Service will be removed on the date you request to close your account.
- The Agreement continues to apply.

Account number: [REDACTED] ■ September 1, 2018 - September 30, 2018 ■ Page 3 of 4



- If you have requested to close your account and a positive balance remains, we may send you a check for the remaining balance.

- All other aspects of the Agreement remain the same. If there is a conflict between the updated language above and the Agreement, the updated language will control.

Thank you for being a Wells Fargo customer. As a valued Wells Fargo customer, we hope you find this information helpful. If you have questions or concerns, please contact your local banker or call the number listed on your statement.

Account number: ██████████ ■ September 1, 2018 - September 30, 2018 ■ Page 4 of 4



General statement policies for Wells Fargo Bank

■ **Notice:** Wells Fargo Bank, N.A. may furnish information about accounts belonging to individuals, including sole proprietorships, to consumer reporting agencies. If this applies to you, you have the right to dispute the accuracy of information that we have reported by writing to us at: Overdraft Collections and Recovery, P.O. Box 5058, Portland, OR 97208-5058.

You must describe the specific information that is inaccurate or in dispute and the basis for any dispute with supporting documentation. In the case of information that relates to an identity theft, you will need to provide us with an identity theft report.

Account Balance Calculation Worksheet

1. Use the following worksheet to calculate your overall account balance.
2. Go through your register and mark each check, withdrawal, ATM transaction, payment, deposit or other credit listed on your statement. Be sure that your register shows any interest paid into your account and any service charges, automatic payments or ATM transactions withdrawn from your account during this statement period.
3. Use the chart to the right to list any deposits, transfers to your account, outstanding checks, ATM withdrawals, ATM payments or any other withdrawals (including any from previous months) which are listed in your register but not shown on your statement.

ENTER

A. The ending balance
shown on your statement \$ _____

ADD

B. Any deposits listed in your
register or transfers into
your account which are not
shown on your statement. \$ _____
+ \$ _____
..... **TOTAL** \$ _____

CALCULATE THE SUBTOTAL

(Add Parts A and B)
..... **TOTAL** \$ _____

SUBTRACT

C. The total outstanding checks and
withdrawals from the chart above - \$ _____

CALCULATE THE ENDING BALANCE

(Part A + Part B - Part C)
This amount should be the same
as the current balance shown in
your check register \$

Number	Items Outstanding	Amount
Total amount \$		