

DEBTOR: The Falls at Gilbert, LLC

**MONTHLY OPERATING REPORT  
CHAPTER 11**

CASE NUMBER: 18-25419

**Form 2-A  
COVER SHEET**

For Period Ending: 8/31/2018

Accounting Method:  Accrual Basis  Cash Basis

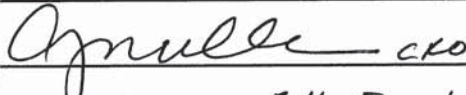
**THIS REPORT IS DUE 14 DAYS AFTER THE END OF THE MONTH**

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: 9/14/18      Print Name: GIL A. MILLER  
 Signature:       Title: CFO for The Falls Event Center

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 Gilbert, LLC CASE NO: 18-25419

**Form 2-B**  
**CASH RECEIPTS AND DISBURSEMENTS STATEMENT**  
For Period: 7/25/2018 to 8/31/2018

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

Account No: **Wells Fargo Acct. No 2573**

Date	Payer	Description	Amount
8/9/2018	Brooks Pickering	Opening Deposit (To re reimbursed)	25.00

Total Cash Receipts \$ 25.00 (1)

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

DEBTOR: The Falls at Gilbert, LLC

CASE NO: 18-25419

**Form 2-B**  
**CASH RECEIPTS AND DISBURSEMENTS STATEMENT**  
For Period: 7/25/2018 to 8/31/2018

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

Account No: **Wells Fargo Acct. No 2573**

Date	Check No.	Payee	Description (Purpose)	Amount
------	-----------	-------	-----------------------	--------

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: 8/31/2018

	Current Month	Petition Date (1)
<b>ASSETS</b>		
Current Assets:		
Cash (from Form 2-B, line 5)	\$ 25.00	\$ -
Accounts Receivable (from Form 2-E)	-	-
Receivable from Officers, Employees, Affiliates	-	-
Inventory	-	-
Other Current Assets :(List) _____		-
<b>Total Current Assets</b>	<b>\$ 25.00</b>	<b>\$ -</b>
Fixed Assets:		
Land and Buildings	\$ 10,006,315.20	\$ 10,006,315.20
Equipment, Furniture and Fixtures		
<b>Total Fixed Assets</b>	<b>10,006,315.20</b>	<b>10,006,315.20</b>
Less: Accumulated Depreciation	( 418,716.54 )	400,948.00 )
<b>Net Fixed Assets</b>	<b>\$ 9,587,598.66</b>	<b>\$ 9,605,367.20</b>
Other Assets (List): _____		
_____		
_____		
<b>TOTAL ASSETS</b>	<b>\$ 9,587,623.66</b>	<b>\$ 9,605,367.20</b>
<b>LIABILITIES</b>		
Post-petition Accounts Payable (from Form 2-E)	\$	\$
Post-petition Accrued Profesional Fees (from Form 2-E)	6,603.50	
Post-petition Taxes Payable (from Form 2-E)		-
Post-petition Notes Payable		
Other Post-petition Payable(List): _____		
_____		
<b>Total Post Petition Liabilities</b>	<b>\$ 6,603.50</b>	<b>\$</b>
Pre Petition Liabilities:		
Secured Debt	3,000,000.00	3,000,000.00
Priority Debt	108,909.80	108,909.80
Unsecured Debt		
<b>Total Pre Petition Liabilities</b>	<b>\$ 3,108,909.80</b>	<b>\$ 3,108,909.80</b>
<b>TOTAL LIABILITIES</b>	<b>\$ 3,115,513.30</b>	<b>\$ 3,108,909.80</b>
<b>OWNERS' EQUITY</b>		
Owner's/Stockholder's Equity	\$ 6,496,482.40	\$ 6,496,457.40
Retained Earnings - Prepetition	-	-
Retained Earnings - Post-petition	(24,372.04)	
<b>TOTAL OWNERS' EQUITY</b>	<b>\$ 6,472,110.36</b>	<b>\$ 6,496,457.40</b>
<b>TOTAL LIABILITIES AND OWNERS' EQUITY</b>	<b>\$ 9,587,623.66</b>	<b>\$ 9,605,367.20</b>

(1) Petition date values are taken from the Debtor's balance sheet as of the petition date or are the values listed on the Debtor's schedules.

**DEBTOR:** The Falls at Gilbert, LLC

**CASE NO:** 18-25419

**Form 2-D**  
**PROFIT AND LOSS STATEMENT**  
 For Period 7/25/2018 to 8/31/2018

	Current Month	Accumulated Total (1)
Gross Operating Revenue	\$ -	\$ -
Less: Discounts, Returns and Allowances	( - )	( - )
<b>Net Operating Revenue</b>	\$ -	\$ -
Cost of Goods Sold	-	-
<b>Gross Profit</b>	\$ -	\$ -
Operating Expenses		
Officer Compensation	\$	\$
Selling, General and Administrative		
Rents and Leases		
Depreciation, Depletion and Amortization	17,768.54	17,768.54
Other (list): _____		
_____		
<b>Total Operating Expenses</b>	\$ 17,768.54	\$ 17,768.54
<b>Operating Income (Loss)</b>	\$ (17,768.54)	\$ (17,768.54)
Non-Operating Income and Expenses		
Other Non-Operating Expenses	\$	\$
Gains (Losses) on Sale of Assets		
Interest Income		
Interest Expense		
Other Non-Operating Income		
<b>Net Non-Operating Income or (Expenses)</b>	\$ -	\$ -
Reorganization Expenses		
Legal and Professional Fees	\$ 6,603.50	\$ 6,603.50
Other Reorganization Expense		
<b>Total Reorganization Expenses</b>	\$ 6,603.50	\$ 6,603.50
<b>Net Income (Loss) Before Income Taxes</b>	\$ (24,372.04)	\$ (24,372.04)
Federal and State Income Tax Expense (Benefit)	-	-
<b>NET INCOME (LOSS)</b>	\$ (24,372.04)	\$ (24,372.04)

(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 Gilbert, LLC

**CASE NO:** 18-25419

**Form 2-E  
SUPPORTING SCHEDULES**

For Period: 07/25/18 to 08/31/18

**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	0		0			-
Accrued Income Tax:						
Federal	0	0	0			0
State	0	0	0			0
Other: _____	0	0	0			0
<b>TOTALS</b>	<b>\$ 0</b>	<b>\$ -</b>	<b>\$ 0</b>			<b>\$ -</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	n/a	\$	\$	
General Liability	n/a	\$	\$	
Property (Fire, Theft)	Auto-Owners	\$4,414,800 \$ Act. 12 Mo Loss 1M/2M Liability	04/12/2019	\$ 09/30/2018
Vehicle	n/a	\$	\$	
Other (list):	n/a	\$	\$	
		\$	\$	

DEBTOR: The Falls at Gilbert, LLC

CASE NO: 18-25419

**Form 2-E**  
**SUPPORTING SCHEDULES**  
 For Period: 07/25/18 to 08/31/18

**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>	
<b>Total Post Petition</b>	<u>0.00</u>	
<b>Pre Petition Amounts</b>		
Total Accounts Receivable	\$ 0.00	
Less: Bad Debt Reserve	<u>0.00</u>	
<b>Net Accounts Receivable (to Form 2-C)</b>	<u>\$ 0.00</u>	
	<b>Total Post Petition Accounts Payable</b>	<b>\$ <u>0.00</u></b>

\* 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	\$ -				
Unsecured Creditors Committee Fees	-	-	-		-
Debtor's Counsel		6,603.50			6,603.50
Accountant to Debtor	-				
<b>Total</b>	<u>\$ -</u>	<u>\$ 6,603.50</u>	<u>\$ -</u>		<u>\$ 6,603.50</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 Gilbert, LLC

CASE NO: 18-25419

**Form 2-F  
QUARTERLY FEE SUMMARY \***  
For the Month Ended: 8/31/2018

<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	\$	_____ - _____	\$ _____	_____	_____
April	_____ \$				
May	_____ \$				
June	_____ \$				
TOTAL 2nd Quarter	\$	_____ - _____	\$ _____	_____	_____
July	<u>2018</u> \$				
August	<u>2018</u> \$				
September	<u>2018</u> \$				
TOTAL 3rd Quarter	\$	_____ - _____	\$ _____	_____	_____
October	<u>2018</u> \$				
November	<u>2018</u> \$				
December	<u>2018</u> \$				
TOTAL 4th Quarter	\$	_____ 0.00 _____	\$ _____	_____	_____

**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 Gilbert, LLC

CASE NO: 18-25419

Form 2-G  
**NARRATIVE**

For the Period Ending: 8/31/2018

**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 25, 2018. This report provides information on the operations of the Debtor for the period July 25, 2018 through August 31, 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 has worked quickly with the Debtor to prepare and file this monthly operating report, but RMA and the Debtor are in the process of analyzing and investigating 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.

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] ■ August 9, 2018 - August 31, 2018 ■ Page 1 of 4



THE FALLS AT GILBERT, LLC  
DEBTOR IN POSSESSION  
CH 11 CASE # 18-25419(UT)  
4635 E BASELINE RD  
GILBERT AZ 85206

## 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: [wellsfargo.com/biz](http://wellsfargo.com/biz)

Write: Wells Fargo Bank, N.A. (119)

P.O. Box 6995

Portland, OR 97228-6995

## Your Business and Wells Fargo

Access complimentary resources and tools to help you create or revise your business plan - whether you're an experienced business owner or just starting out. Find out more at [wellsfargoworks.com/plan](http://wellsfargoworks.com/plan).

## Account options

A check mark in the box indicates you have these convenient services with your account(s). Go to [wellsfargo.com/biz](http://wellsfargo.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



## IMPORTANT ACCOUNT INFORMATION

In the "Available balance, posting order, and overdrafts" section of the Deposit Account Agreement under the question "How do we process (post) transactions to your account?", we are replacing the paragraph beginning with "Your available balance will be reduced by pending withdrawals" to include a new fee waiver, as follows:

Your available balance will be reduced by pending withdrawals, such as debit card transactions we have authorized and must pay when they are sent to us for payment. If your account has insufficient funds as reflected by your available balance, the bank may assess overdraft and/or non-sufficient funds (NSF) fees on transactions we pay or return during nightly processing. A pending transaction will typically remain pending until we receive it for payment from your account, but we must release the pending transaction hold after three business days for most transactions. These pending transactions may be sent to us for payment after they have dropped from your account, but we must pay them when we receive them for payment.

In some circumstances, previously-authorized transactions may be paid into overdraft if other transactions or fees have reduced your balance before the pending transactions are sent to us for payment. To minimize the number of overdraft fees in these circumstances, we track transactions that reduced your available balance while pending and caused overdraft fees on other transactions. If these transactions are presented for payment within 10 business days after they first appeared as pending, we will waive any overdraft fees on those transactions. In rare circumstances, the merchant presents transactions for payment with a different identification code than

Account number: [REDACTED] ■ August 9, 2018 - August 31, 2018 ■ Page 2 of 4



was used when the transaction was sent for authorization and we are unable to match them. In those cases, you may be charged an overdraft fee if the transaction is paid into overdraft.

In addition, in the "Available balance, posting order, and overdrafts" section of the Deposit Account Agreement under the heading "IMPORTANT INFORMATION ABOUT FEES," we added the following:

We track transactions that reduced your available balance while pending and caused overdraft fees on other transactions. If these transactions are presented for payment within 10 business days after they first appeared as pending, we will waive any overdraft fees on those transactions. In rare circumstances, the merchant presents transactions for payment with a different identification code than was used when the transaction was sent for authorization and we are unable to match them.

**Activity summary**

Beginning balance on 8/9	\$0.00
Deposits/Credits	25.00
Withdrawals/Debits	- 0.00
<b>Ending balance on 8/31</b>	<b>\$25.00</b>
Average ledger balance this period	\$25.00

Account number: [REDACTED]

**THE FALLS AT GILBERT, LLC  
DEBTOR IN POSSESSION  
CH 11 CASE # 18-25419(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.

**Transaction history**

Date	Check Number Description	Deposits/ Credits	Withdrawals/ Debits	Ending daily balance
8/9	Deposit	25.00		25.00
<b>Ending balance on 8/31</b>				<b>25.00</b>
<b>Totals</b>		<b>\$25.00</b>	<b>\$0.00</b>	

*The Ending Daily Balance does not reflect any pending withdrawals or holds on deposited funds that may have been outstanding on your account when your transactions posted. If you had insufficient available funds when a transaction posted, fees may have been assessed.*

**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 [wellsfargo.com/feefaq](http://wellsfargo.com/feefaq) for a link to these documents, and answers to common monthly service fee questions.

Fee period 08/09/2018 - 08/31/2018 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. Your fee waiver is about to expire. You will need to meet the requirement(s) to avoid the monthly service fee.

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

Account number: [REDACTED] ■ August 9, 2018 - August 31, 2018 ■ Page 3 of 4



---

**Account transaction fees summary**

<i>Service charge description</i>	<i>Units used</i>	<i>Units included</i>	<i>Excess units</i>	<i>Service charge per excess units (\$)</i>	<i>Total service charge (\$)</i>
Cash Deposited (\$)	0	3,000	0	0.0030	0.00
Transactions	1	50	0	0.50	0.00
<b>Total service charges</b>					<b>\$0.00</b>

