

**UNITED STATES BANKRUPTCY COURT  
EASTERN DISTRICT OF NORTH CAROLINA  
WILMINGTON DIVISION**

**IN RE:**

**SEA TRAIL CORPORATION**

**DEBTOR**

**CHAPTER 11**

**CASE NO.: 11-07370-8-SWH**

**DISCLOSURE STATEMENT**

January 26, 2012

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Pursuant to the provisions of § 1125(b) of the Bankruptcy Code (“Code”), the Debtor hereby submits the following information:

**I. INTRODUCTION**

**A. Purpose of This Document**

The purpose of this Disclosure Statement (“Disclosure Statement”) is to provide each holder of a claim against the Debtor with adequate information about the Debtor and the Debtor’s Plan of Reorganization so that each holder of a claim may make an informed decision about whether to accept or reject the Plan. Attached hereto as **Exhibits “A”** and **“B”** are summaries of the Debtor’s assets and liabilities.

*Your rights may be affected. You should read the Plan and this Disclosure Statement carefully and discuss them with your attorney. If you do not have an attorney, you may wish to consult one.*

This Disclosure Statement describes:

- The Debtor and significant events during the bankruptcy case,
- Who can vote on or object to the Plan,
- What factors the Bankruptcy Court (the “Court”) will consider when deciding whether to confirm the Plan,
- Why the Debtor believes the Plan is feasible, and how the treatment of your claim or equity interest under the Plan compares to what you would receive on your claim or equity interest in liquidation, and
- The effect of confirmation of the Plan.

The Plan describes:

- How the Plan proposes to treat claims or equity interests of the type you hold (*i.e.*, what you will receive on your claim or equity interest if the plan is confirmed),
- The classification of claims and interests and the treatment of the classes of claims and interests, including a description of whether each class is impaired or unimpaired.

Be sure to read the Plan as well as the Disclosure Statement. It is the Plan itself that will, if confirmed, establish your rights.

## **B. Deadlines for Voting and Objecting; Date of Plan Confirmation Hearing**

The Court has not yet confirmed the Plan. This section describes the procedures pursuant to which the Plan will or will not be confirmed.

### *1. Time and Place of the Hearing to Confirm the Plan*

The hearing at which the Court will determine whether to confirm the Plan will be scheduled by the Court and you will receive an Order setting forth the date, time and place.

### *2. Deadline For Objecting to the Adequacy of Disclosure and Confirmation of the Plan*

Objections to this Disclosure Statement or to the confirmation of the Plan must be filed with the Court and served upon the Debtor's attorney.

### *3. Identity of Person to Contact for More Information*

If you want additional information about the Plan, you should contact the Debtor's attorney at the address shown at the end of this Disclosure.

## **II. CLASSIFICATION AND TREATMENT OF CLASSES OF CLAIMS AND INTERESTS**

**The Debtor's Plan ("Plan"), which accompanies this Disclosure Statement, is incorporated herein by reference. Section III of the Plan describes the classification of claims and interests and the treatment of the classes of claims and interests, including a description of whether each class is impaired or unimpaired. Exhibit B hereto also describes whether each class of claims and interests is impaired or unimpaired.**

THE PLAN CONTEMPLATES A CONTINUATION OF THE DEBTOR'S BUSINESS WHILE IT MARKETS ITS ASSETS IN AN ORDERLY MANNER. IN ACCORDANCE WITH THE PLAN, THE DEBTOR INTENDS TO SATISFY CREDITOR CLAIMS FROM INCOME EARNED THROUGH CONTINUED OPERATIONS OF ITS BUSINESS AND FROM THE SALE OF PROPERTY, OR THROUGH THE CONVEYANCE OF REAL PROPERTY AS FURTHER DESCRIBED IN THE PLAN.

The particular method for payment of each creditor is outlined in Section III of the Plan.

**A. The Purpose of the Plan of Reorganization**

As required by the Code, the Plan places claims and equity interests in various classes and describes the treatment that each class will receive. The Plan also states whether each class of claims or equity interests is impaired or unimpaired. Only Classes of Claims that are Impaired under the Plan will be permitted to vote on the Plan. Classes of Claims which are Unimpaired under the Plan are deemed to have accepted the Plan. If the Plan is confirmed, your recovery will be limited to the amount provided by the Plan.

**B. Administrative Expenses and Tax Claims**

The following types of claims are addressed in the Plan:

1. *Administrative Costs*

Administrative costs are costs or expenses of administering the Debtor's chapter 11 case which are allowed under § 507(a)(2) of the Code. Administrative expenses may also include the value of any goods sold to the Debtor in the ordinary course of business and received within 20 days before the date of the bankruptcy petition.

2. *Priority Tax Claims*

Priority tax claims are unsecured income, employment, and other taxes described by § 507(a)(8) of the Code. Unless the holder of such a § 507(a)(8) priority tax claim agrees otherwise, it must receive the present value of such claim, in regular installments paid over a period not exceeding five (5) years.

**C. Classes of Claims and Equity Interests**

The following classes are also addressed in the Plan. The Plan describes the proposed treatment that they will receive under the Plan:

1. *Classes of Secured Claims*

Allowed Secured Claims are claims secured by property of the Debtor's bankruptcy estate (or that are subject to setoff) to the extent allowed as secured claims under § 506 of the Code. If the value of the collateral or setoffs securing the creditor's claim is less than the amount of the creditor's allowed claim, the deficiency will be classified as a general unsecured claim. The specific classes are described in Section III of the Plan.

2. *Classes of Priority Unsecured Claims*

Certain priority claims that are referred to in §§ 507(a)(1), (4), (5), (6), and (7) of the Code are required to be placed in classes. The Code requires that each holder of such a claim receive cash on the effective date of the Plan equal to the allowed amount of such claim. However, a class of holders of such claims may vote to accept different treatment.

3. *Class of General Unsecured Claims*

General unsecured claims are not secured by property of the estate and are not entitled to priority under § 507(a) of the Code.

4. *Class[es] of Equity Interest Holders*

Equity interest holders are parties who hold an ownership interest (*i.e.*, equity interest) in the Debtor. In a corporation, entities holding preferred or common stock are equity interest holders. In a partnership, equity interest holders include both general and limited partners. In a limited liability company (“LLC”), the equity interest holders are the members.

### **III. HISTORY AND BUSINESS STRUCTURE**

On the Petition Date, September 27, 2011, the Debtor, filed for relief under Chapter 11 of the United States Bankruptcy Code.

A. History and Financial Condition of the Debtor

The Debtor was incorporated in 1977 in Brunswick County, North Carolina. The Debtor owns and operates an upscale vacation and residential resort in the coastal village of Sunset Beach, North Carolina, known as the Sea Trail Golf Resort and Conference Center (the “Resort”). The Debtor offers access to three 18-hole award winning signature golf courses known as the Willard Byrd Course, the Rees Jones Course, and the Dan Maples Course; pro shop; club house; banquet facilities; a bar and grill; meeting rooms; board rooms; indoor and outdoor pools; an activity center; and 58,000 square feet of meeting and event space. The Debtor has also operated a rental program whereby homeowners in the Sea Trail community contract with the Debtor to provide accommodations to groups or other individuals during that stay at Sea Trail. The Debtor also owns approximately 18 tracts of land in and around the Resort, comprised of approximately 250 acres of vacant land held for future development, which is zoned as multi-family residential.

The Debtor’s operations can be broken down into three general categories: golf operations, resort and convention center operations, and real estate operations. The Debtor’s golf operations include all aspects of operating the golf courses and associated food and beverage operations. The Debtor generates revenue from its golf operations through annual memberships, package play, and walk-in golf play. Due to the overall slowdown in the economy and tourism, the Debtor saw a decrease in its golf course memberships, golf course revenues, and its convention bookings. As a result, the Debtor finds itself in its current financial situation. During the past several years, the Debtor has seen a decline in the number of golf rounds played at its courses and a decline in the price per round paid to play at its courses, as the Debtor has adjusted its prices to compete with area

courses. The dual effects of a decline in discretionary spending by consumers has resulted in fewer memberships, while the decline in conventions and group travel has resulted in fewer golf rounds played by guests attending conventions or meetings at Sea Trail or other nearby facilities. As the number of overall rounds played declined in the golf sector, the Debtor faced competition from nearby competitors who lowered prices and offered additional incentives. The Debtor has responded by adjusting its prices for golf rounds and making adjustments to the membership packages that are offered.

The Debtor's convention and resort division caters to groups and individuals looking for meeting space or to vacation at Sea Trail. The Debtor's meeting facilities can host any size meeting or event, with space for groups up to 1,100 at its facilities, while its resort facilities offer full service amenities to those attending meetings or vacationing at Sea Trail. The Debtor has seen a similar decline in the number of groups and conventions booking events at Sea Trail, due primarily to the overall decline in the economy and the drastic reduction in group travel, as corporations sought to cut discretionary expenses such as destination meetings and conventions. The decline in group bookings has carried over to the golf division, as the Debtor typically derived package play or group bookings for golf from attendees at its conventions or meetings.

The Debtor's final division is its real estate division. The Resort is nestled among the Sea Trail community, a master-planned community established over 20 years ago on over 2,000 acres of land, with completed amenity packages. Over the years, the Debtor has established various communities which have come to comprise the existing Sea Trail neighborhood. The Debtor currently has lots and townhome sites available for purchase, as well as undeveloped lots and land which were to be developed into future communities. This undeveloped land comprises approximately 250 acres, of which at least 208 acres are developable. With the overall decline in the economy and the homebuilding industry, sales of lots have slowed and the Debtor has ceased its development of new communities and projects.

#### B. Events Leading to Chapter 11 Filing

The Debtor began to experience financial problems in 2007 in its various divisions as described above, primarily due to the global economic slowdown. The Debtor engaged in cost cutting measures where possible in order to address its declining revenues. In addition, the Debtor's shareholders collectively loaned the Debtor over \$4 million in order to help cover costs. However, despite these measures, the Debtor was unable to make its quarterly and annual debt service payments to Waccamaw Bank, its primary secured creditor. In prior years, the Debtor had the ability to sell larger pieces of real estate to make these payments when operating revenues were insufficient. The Debtor entered into Note Modification Agreements with Waccamaw Bank in September 2010. In the summer of 2011, Waccamaw Bank initiated foreclosure proceedings, and the Debtor filed its Chapter 11 petition prior to the scheduled foreclosure sale.

#### C. Restructuring of the Debtor's Operations and the Chapter 11 Case

The Debtor took steps prior to filing its Chapter 11 petition to cut costs. These cost cutting

measures continue post-petition, as the Debtor evaluates additional ways in which it can cut expenses. The Debtor has also taken steps to improve its revenue. The Debtor's prior management company for the rental program terminated its contract with the Debtor effective September 30, 2011. As a result, the Debtor's rental program has not been operating during the months of October, November, December, and January. In late January 2012, the Debtor entered into a new, month to month contract with Charlestowne Hotels to manage the rental program based on a monthly fee plus expenses. The Debtor expects this move to help improve its revenues and cashflow once the rental program is ramped up and operational again. The restarting of the rental program will allow the Debtor to continue to host groups and out of town visitors who wish to stay at the Resort, including those who travel to the Resort to play golf. The Debtor also anticipates that its cashflow will pick up as it moves into the summer season, as its business is seasonal in nature, with most of its revenue generated during the warmer spring, summer, and fall season.

The Debtor will continue taking the steps it believes will lead to an improve cashflow during the term of its Plan. The Debtor's Plan proposes to appoint Matt Smith of The Finley Group, Inc. as the Debtor's Chief Restructuring Officer ("CRO") during the term of the Plan. As CRO, Mr. Smith will oversee and manage the Debtor's operations, continue the steps already underway to improve cashflow and cut costs, and oversee the marketing of the Debtor's assets, as further described in the Plan. The Debtor's Plan calls for the marketing of its assets in an orderly way during the Marketing Period, with creditors paid through the sale of the Debtor's assets, or through the conveyance of certain real property to creditors for liquidation in a manner determined by the creditors.

On October 5, 2011, the Court commenced the first in a series of emergency and interim hearings on various motions filed by the Debtor. Since that time, the Court has approved the following motions and/or granted the following relief:

- Granted the Debtor the authority to use cash collateral on an interim basis, through various orders agreed upon by the Debtor and Waccamaw Bank.
- Approved the employment and compensation of various professionals including attorneys, an accountant, and a financial consultant.
- Approved the payment of certain pre-petition wages and outstanding checks.
- Approved the continuance of certain merchant accounts.
- Approved the sale of one of the Debtor's lots.

In addition, as of the date of the filing of the Plan, the Debtor has pending a motion to approve a sales procedure for the sale of individual homes, townhomes, or lots prior to approval of the Plan.

#### D. Claims Process and Claims Bar Date

The deadline for creditors to file proofs of claim was January 23, 2012 and March 26, 2012 for governmental units. The Debtor's Schedules, as amended, listed all claims and the amount of

such claims known to the Debtor as of the Petition Date. Exhibit “B” to the Debtor’s Disclosure Statement lists all claims against the Debtor that are known to the Debtor as of the date of the filing of the Plan. Claims are listed on Exhibit “B” based on proofs of claim filed or the amount scheduled by the Debtor, unless otherwise indicated.

E. Potential Litigation

Any causes of action to be pursued by the Debtor may take place prior to or after the Effective Date. The proceeds thereof, if any, will pay administrative, priority, and unsecured claims pursuant to the priorities of the Bankruptcy Code, as further described in the Plan.

The Debtor’s Schedules included a list of all payments made within 90 days immediately proceeding the filing of the Petition, a list of all payments made to insiders within one year prior to the Petition Date, and a list of all transfers of property outside the ordinary course of business. No analysis of such payments or transfers has been made at this time and thus the Debtor cannot estimate any potential recovery, if any, from possible litigation surrounding such payments or transfers. There are no pending adversary proceedings as of the date of the filing of this Disclosure Statement.

F. Exhibits to this Disclosure Statement

Attached to and accompanying this Disclosure Statement are the following Exhibits, which provide additional information concerning the Debtor and its Plan:

Exhibit A – This Exhibit contains a list of all of the Debtor’s assets. All real property assets have been valued at tax value, as the Court has not held any valuation hearings as of the date of the filing of the Plan.

Exhibit B – This Exhibit contains a list of all liabilities of the Debtor based on proofs of claim filed or claims Scheduled by the Debtor, as of the date of the filing of the Plan. Exhibit B also shows the classification of claims and impairment of Classes of Claims.

Exhibit C – Attached as Exhibit C are certain financial statements related to the Debtor, including the Debtor’s projected budget for January through March 2012<sup>1</sup>, reports of the Debtor’s operations during chapter 11 and preliminary 2011 year to date figures, and a summary of the Debtor’s historical operations during 2008, 2009, and 2010. Creditors are also referred to the Debtor’s monthly reports, which are available online as part of the Court’s docket.

**IV. TREATMENT OF EXECUTORY CONTRACTS  
AND UNEXPIRED LEASES**

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<sup>1</sup> This budget is subject to change. Expenses may increase as the Debtor becomes aware of additional expenses associated with the reinstatement of the Rental Program and expenses may decrease as the Debtor continues to engage in cost-cutting measures.



Except as otherwise specified in the Plan, all contracts which exist between the Debtor and any individual or entity, whether such contract be in writing or oral, which have not heretofore been assumed by Order of this Court or in this Plan, are rejected; provided, however, that this provision is not intended to reject and does not reject any agreement for the renewal or the extension of any loan or funds, presently binding and in effect between the Debtor and any secured creditor. The Debtor hereby assumes all leases currently in effect in which the Debtor is the lessor, except as may be otherwise specifically stated herein.

Any person with a Claim arising from such rejection shall be deemed to hold a general unsecured claim and shall file a proof of claim within thirty (30) days of the Effective Date or be forever barred from asserting any Claim relating to such rejection.

#### **V. MEANS OF IMPLEMENTATION AND EXECUTION OF PLAN**

A. Sale Free and Clear of Liens. The Debtor's assets consist of real and personal property located in Brunswick County, North Carolina. All property owned by the Debtor that will be sold pursuant to this Plan will be sold free and clear of all liens, encumbrances, claims, interests, or other obligations. The Debtor will use its best efforts to negotiate terms with the purchaser to honor agreements related to the common areas, roads, and beach lots. In order to expedite the sale process, provide clear title to the properties sold, and satisfy certain anticipated requirements of title insurance companies providing title insurance to purchasers, the Debtor may seek approval of an Order Approving Sale of Property Free and Clear of Liens and Other Interests with Liens to Attach to Proceeds Pursuant to 11 U.S.C. § 363(f), at or prior to the confirmation hearing, for the sale of all assets to be sold pursuant to the Plan. Said order may be recorded in the county in which the Debtor's real property is located, setting forth all known liens and encumbrances upon the property, in order to facilitate the sale process.

B. Sales of Assets. The Debtor's assets fall primarily into three categories: (i) the real and personal property necessary for the continued operations of the Debtor's golf, resort, and convention operations (collectively the "Golf Operations"), (ii) real estate consisting of developed lots and townhomes (collectively the "Developed Real Estate"); and (iii) undeveloped tracts of land which were held for future development (the "Undeveloped Real Estate") (the Developed Real Estate and Undeveloped Real Estate are sometimes collectively referred to as the "Real Estate Assets"). The Debtor is also party to numerous leases or contracts for personal property that are used in the Golf Operations. In order to maximize the value of all of these assets, and return the greatest possible distribution to all creditors, the Debtor will offer these assets for sale in as many combinations as possible. It is anticipated that the Golf Operations will bring the largest possible price by being sold as a going concern, with or without the Real Estate Assets, although the assets making up the Golf Operations may be sold individually or in bulk as described below. The Real Estate Assets may be sold in connection with the Golf Operations, or as part of one or multiple bulk sales of the Real Estate assets, or one or more bulk sales of the Undeveloped Real Estate and the Developed Real Estate. All assets of the Debtor will be sold, except for those portions of the Real Estate Assets to be conveyed to Classes 25 and 26, if applicable.

C. Assignment of Contracts and Agreements. As part of the sale process, the Debtor

will assign any or all leases, contracts, or other agreements previously assumed which remain in effect as of the date of the closing to the purchaser, excluding the Sewer Service Agreement, which shall be assigned to Class 26 as part of the Real Property Distribution, or shall be part of the personal property subject to liquidation for the benefit of Classes 25 and 26 if the circumstances set forth in Section V, Paragraph H. 2. b. occur. All annual golf memberships in effect at closing shall be honored and assigned to the purchaser at closing.

D. Marketing Period. The Debtor will market its assets for sale until September 30, 2012 (the "Marketing Period"). The Debtor's CRO will be in charge of and oversee all marketing of the assets, using any combination of in-house and third party marketing as is determined to be necessary in order to bring about the best possible price for the assets. The CRO will provide a written marketing plan to Waccamaw Bank. All expenses of marketing the property shall be borne by the Debtor, with the exception of any commissions to be paid from the sales proceeds to third party brokers at closing, unless otherwise agreed.

E. Acceptance of Offers. During the Marketing Period, the Debtor will share all written offers received for any assets owned by the Debtor with Waccamaw Bank. The Debtor will accept offers according to the following criteria:

A. Offers for one or more units of the Developed Real Estate. The Debtor and its secured creditor shall agree to a minimum list price for each unit of the Developed Real Estate. The Debtor shall be allowed to enter into a sales contract for the sale of any of the Developed Real Estate for which the gross sales price is equal to or exceeds the minimum price. Should the Debtor wish to accept a contract for less than the minimum price, the secured creditor shall be entitled to purchase the property via credit bid for any price that meets or exceeds that set forth in the proposed contract or agree to such lower price.

B. Offers for one or more tracts of the Undeveloped Real Estate. The Debtor and its secured creditor shall agree to a minimum list price for each unit of the Undeveloped Real Estate. The Debtor shall be allowed to enter into a sales contract for the sale of any of the Undeveloped Real Estate for which the gross sales price is equal to or exceeds the minimum price. Should the Debtor wish to accept a contract for less than the minimum price, the secured creditor shall be entitled to purchase the property via credit bid for any price that meets or exceeds that set forth in the proposed contract or agree to the lower price. In the event the Debtor receives an offer to purchase any Undeveloped Real Estate included in the Real Property Distribution (defined below), the Debtor will not be authorized to enter into a contract to sell such property, unless real property is substituted for the property included in the Real Property Distribution which is acceptable to Waccamaw Bank, the Debtor, Class 25, and Class 26.

C. Offers for the Golf Operations, with or without the Real Estate Assets. Offers which include the Golf Operations shall be accepted as follows:

i. In the event the gross purchase price exceeds the amount necessary to pay all claims of the Debtor, including secured, administrative, priority, unsecured,

and subordinated, in full, such offer must be accepted by the Debtor; provided however, that if the Debtor has been notified that further offers will be forthcoming, the Debtor may delay the acceptance of such offer while awaiting the receipt of all offers.

ii. In the event the Debtor receives an offer that it wishes to accept, but that Waccamaw Bank does not want to accept, the Debtor may accept the offer, and Waccamaw Bank will be entitled to credit bid and purchase the property for such price, in accordance with the procedures for payment of claims in the event of a credit bid.

iii. In the event the Debtor receives an offer that it does not wish to accept, but that Waccamaw Bank does wish to accept, the Debtor shall accept such offer. The acceptance of such offer will be treated as if no offer was received and accepted during the Marketing Period, and the terms of the Real Property Distribution will apply.

iv. If an offer is received for any property that is not encumbered by liens in favor of any creditor, the Debtor shall have the sole authority to determine whether or not to accept such offer.

v. Notwithstanding the forgoing criteria for the acceptance of offers, nothing shall prevent any creditor or other party in interest for objecting to the acceptance or rejection of any offer if such party believes that the acceptance or rejection of such offer is done in bad faith, done as part of a scheme to manipulate the price for the Debtor's assets, or involves conduct which would violate Section 363(n) of the Code. In the event of such objection, the objecting party shall immediately file a motion with the court asking for an expedited hearing on the matter, and the Court shall determine whether or not such offer will be accepted. In the event of such objection, the objecting party shall redact or file under seal any information concerning the purchase price and other terms of the offer so as not to chill the sale process.

F. Credit Bidding. The right to credit bidding by secured creditors shall be preserved.

G. Procedure for Credit Bidding.

1. All secured creditors shall retain the rights granted to them under Section 363(k) to purchase their collateral via a credit bid, in accordance with the priorities of any liens.

2. In the event the Debtor wishes to accept an offer which Waccamaw Bank does not wish to accept, and Waccamaw Bank elects to credit bid, Waccamaw Bank will be required to pay any costs of sale associated with such credit bid that any other third party purchaser would be required to pay. In addition, any costs of sale approved by the Court,

including any quarterly fee caused by such sale, shall be paid by Waccamaw Bank notwithstanding such credit bid.

3. If the Debtor wishes to accept an offer which includes the sale of assets which Waccamaw Bank does not have a lien on and Waccamaw Bank wishes to submit a credit bid, as well as purchase the assets upon which it does not have a lien, the parties will attempt to resolve the allocation of the purchase price between the encumbered and unencumbered assets, and Waccamaw Bank will be required to make a cash payment for the unencumbered assets. In the event an agreement cannot be reached, the Court shall resolve the allocation of the proceeds.

4. In the event the Debtor sells property not encumbered by liens in favor of Waccamaw Bank via a public sale or bulk sale, any secured creditors shall be given notice of the sale date and bid deadline, and shall be permitted to submit a credit bid in accordance with the bulk sale or auction procedures used by other bidders at a such sale.

H. Termination of Marketing Period. If, at the conclusion of the Marketing Period, the Debtor has not executed a written purchase contract which includes enough of the Debtor's assets to pay Waccamaw Bank in full, and the Debtor and Waccamaw Bank have not jointly agreed to extend the Marketing Period, the following shall occur:

A. In the event the Debtor has an offer to purchase the Golf Operations which has been accepted according to the terms set forth above that does not pay Waccamaw Bank in full, the Debtor shall surrender all Real Estate Assets not included in the offer to purchase to Waccamaw Bank, except for the real estate which comprises the Real Estate Distribution. The surrender of the real estate to Waccamaw Bank shall be by foreclosure, quitclaim deed, or a sale pursuant to Section 363 of the Code, at the election of Waccamaw Bank. Waccamaw Bank shall not be entitled to any further distribution from the Debtor.

B. In the event the Debtor has not received an offer which has been accepted as described above for (i) the Golf Operations, or (ii) an offer to purchase some or all of the Real Estate Assets sufficient to pay Waccamaw Bank in full, Waccamaw Bank will either:

i. Release its liens on the Real Estate Distribution, and the Debtor shall then convey the property comprising the Real Estate Distribution as described below.

All other real and personal property owned by the Debtor, excluding Avoidance Actions and cash sufficient to pay any unpaid Administrative Claims, will be surrendered and/or conveyed to Waccamaw Bank regardless of whether or not Waccamaw Bank has a lien on such collateral. Property upon which Waccamaw Bank has a lien may be conveyed via foreclosure, quitclaim deed, or sale pursuant to Section 363, at the election of Waccamaw Bank. Property upon which Waccamaw Bank does not have a lien will be conveyed via a bill of sale, "as is, where is" subject to all existing liens. If Waccamaw Bank elects to release its lien on the Real Estate Distribution, the Debtor will continue its operations until such time as the transfer of assets to Waccamaw Bank is completed and take all steps to facilitate the transfer of assets to Waccamaw Bank. Waccamaw Bank shall be entitled to take immediate

steps to preserve its collateral, including changing the management of the Debtor.

ii. If Waccamaw Bank elects not to release its lien, the Debtor shall cease all operations as soon as practical, take steps to preserve all collateral of Waccamaw Bank, and begin segregating all cash or cash collateral assets of Waccamaw Bank in a separate bank account which will only be spent at the direction of Waccamaw Bank to preserve Waccamaw Bank's collateral, or alternatively, Waccamaw Bank may appoint an agent to take possession of the bank account containing its cash collateral and pay expenses to maintain its collateral. Disputes concerning what constitutes cash collateral of Waccamaw Bank shall be resolved by the Bankruptcy Court. The Debtor shall surrender all assets upon which Waccamaw Bank has a valid, perfected, and enforceable lien to Waccamaw Bank via foreclosure, quit claim deed, or a sale pursuant to Section 363 of the Code, at the election of Waccamaw Bank; provided however, that such surrender shall be stayed for a period of 90 days to allow the Debtor to remove all personal property and other assets upon which Waccamaw Bank does not have a lien. Disputes concerning whether assets are encumbered shall be resolved by the Bankruptcy Court and shall not be conveyed until such time as a Final Order is entered as to the encumbrances upon such asset. Assets not encumbered by Waccamaw Bank's lien shall be sold as described below.

I. Sale of Property Not Encumbered by Waccamaw Bank's Lien. In the event the circumstances necessary to trigger a sale of the Debtor's assets that are not encumbered by liens in favor of Waccamaw Bank occurs, the Debtor shall liquidate all remaining assets via public sale within the 90-day deadline in which the surrender of assets to Waccamaw Bank is stayed. The Debtor may elect to surrender assets encumbered by liens in favor of other creditors to such secured creditor, if in the opinion of the Debtor, after consultation with the auctioneer, such assets will not bring sufficient proceeds to pay such creditor's claim in full and generate proceeds for the estate, including after taking into account any commissions and quarterly fees to be allocated to such assets as a result of the sale. Net proceeds remaining after payment of all commissions, closing costs, costs of sale, and quarterly fees shall be distributed to creditors in Classes 1, 6, 25, and 26 by the Disbursing Agent in accordance with the priorities of the Code and as set forth in the treatment for each Class of creditors as soon as is practical following such sale. The Disbursing Agent may seek an Order from the Court confirming the disbursements to be made, but is not required to seek such an Order.

J. Real Property Distribution.

A. The Real Property Distribution shall mean all of the real property that shall be carved out from the collateral of Waccamaw Bank and conveyed for the benefit of the creditors in Class 25 and Class 26, as shown on Exhibit A, in full satisfaction of their claims against the Debtor if the circumstances triggering such event occur. The conveyance of such property shall occur free and clear of all liens in favor of Waccamaw Bank, but shall be subject to existing property taxes, if any, and the payment of outstanding Administrative Claims, if any. The real property shown on Exhibit A to the Plan, or such other property as is substituted for the property shown on Exhibit A according to the terms of the Plan shall

comprise the Real Property Distribution.

B. The property included in the Real Property Distribution shall be conveyed to the Class 25 Claims Trust and the Class 26 Claims Trust, as shown on Exhibit A to the Plan, by quitclaim deed subject to any applicable property taxes and unpaid Administrative Claims. Thereafter, the Debtor shall have no further ownership of or responsibility for such property and all ownership and decision-making as to such property will be according to the terms established for the Class 25 Claims Trust and the Class 26 Claims Trust.

C. Circumstances Triggering the Real Property Distribution. The Real Property Distribution shall only come into existence if all of the following circumstances occur:

i. The Debtor does not accept an offer to purchase its assets sufficient to pay Waccamaw Bank in full and Waccamaw Bank elects to release its lien on the Real Property Distribution as set forth in Section V, Paragraph H. 2. a. of the Plan; or

ii. The Debtor receives an offer to purchase which it must accept in accordance with Section V, Paragraph E. 3. c. of the Plan.

K. Creation of the Class 25 Trust. In the event the circumstances triggering the Real Property Distribution come into existence, simultaneously therewith, a new entity shall be created to hold the real property to be distributed to the Class 25 claimants. All creditors in the Class 25 shall be deemed beneficiaries of the Class 25 Trust in accordance with the amount of their respective claims. J.M. Cook shall act as the initial trustee of the Class 25 Trust. Within 30 days after the creation of the Class 25 Trust, Mr. Cook shall solicit nominations for individuals to serve on the Management Committee. Elections shall be held thereafter within a timeframe determined by Mr. Cook in his sole discretion. Claimants in Class 25 shall vote to elect the Management Committee based on the dollar amount of their claims. The Management Committee shall have three members initially. The Management Committee shall thereafter draft formal Bylaws or other similar governing documents for the Class 25 Trust, which shall govern this entity going forward, and shall address the marketing and manner of disposition of the property comprising the Real Property Distribution, and any other matters deemed necessary.

L. Creation of the Class 26 Claims Trust. In the event the circumstances triggering the Real Property Distribution come into existence, simultaneously therewith, a new entity shall be created to hold the real property to be distributed to the Class 26 claimants. All creditors in Class 26 shall be deemed beneficiaries of the Class 26 Trust in accordance with the amount of their respective claims. Each of the four families that hold claims within this class may designate one individual to act as a member of the Management Committee. The Management Committee may either draft Bylaws or other formal governing documents governing how the entity will be administered going forward. Alternatively, the Management Committee may cause the real property to be conveyed out to each family.

M. Management of the Debtor During Marketing Period. Upon the Effective Date, the Debtor's operations shall be managed by the Chief Restructuring Officer, who shall have the

authority to make decisions on behalf of the Debtor. The Chief Restructuring Officer has previously been employed by the Court and shall continue to serve as a professional pursuant to Section 327 of the Code during the Marketing Period. Upon the Effective Date, the Debtor's Bylaws shall be deemed modified so to provide the CRO with whatever authority is necessary for him to undertake his role. The Chief Restructuring Officer shall be entitled to appoint one or more individuals to act on his behalf, and/or act as officers of the Debtor under his supervision. All requirements in the Debtor's Bylaws as to officers and directors shall be eliminated. The CRO shall continue to provide the board of directors with information concerning the status of operations and offers for the Debtor's assets.

N. Distributions to General Unsecured Creditors. In the event that a distribution of cash is made to creditors in Class 25 and 26, creditors holding Allowed claims shall receive distributions pro rata.

O. Claims Paid by Third Parties. To the extent a claim holder receives payment in full or in part on account of such claim from a party that is not the Debtor, such creditor shall, within two (2) weeks therefore, inform the Debtor of such payment, and such creditor's claim shall be reduced accordingly for purposes of distribution under this Plan.

P. Except as expressly stated in the Plan, or allowed by a Final Order of the Bankruptcy Court, no interest, penalty, or late charge shall be allowed on any claim subsequent to the Petition Date, unless otherwise required by the Code. No attorney's fees or expenses shall be paid with respect to any claim except as specified herein or as allowed by a Final Order of the Court.

Q. Unclaimed Property. If any distribution remains unclaimed for a period of 90 days after it has been delivered, or attempted to be delivered, such unclaimed property shall be forfeited by such holder of the claim and the Disbursing Agent shall not attempt to make any further distribution of such holder of the claim. Undistributed property shall be returned to the Debtor for distribution in accordance with the Plan.

R. Preservation of Avoided Transactions for the Benefit of the Estate. Confirmation of this plan shall constitute a finding that the Debtor does not waive, release, or discharge, but rather retains and reserves any and all pre-petition claims and any and all post-petition claims that it could or might assert against any party or entity arising under or otherwise related to any state or federal statute, state or federal common law, and any and all violations arising out of rights or claims provided for by Title 11 of the United States Code, by the Federal Rules of Bankruptcy Procedure, or by the Local Rules of this Court, including all rights to assert and pursue any and all avoidance actions, preference actions, and any other actions pursuant to 11 U.S.C. §§ 545, 546, 547, 548, and 550, except to the extent such avoidance actions, preference actions, or other actions were assigned to a creditor(s) as part of the Debtor's Plan. Further, the Debtor retains all rights to assert and pursue all claims under 11 U.S.C. § 542, including without limitation actions to seek turnover of estate assets, actions to recover accounts receivable, and/or actions to invalidate setoffs.

S. All objections to claims, fee applications, and adversary proceedings will be filed with the Court within 60 days of the Effective Date; provided however, that the Debtor retains the

right to object or otherwise pursue any claims against secured creditors relating to the payoff and/or satisfaction of their secured claims.

T. Procedure for Payment of Professional Fees. Current Court approved professionals shall not be subject to the fee application process for services rendered post-confirmation in furtherance of implementation of the confirmed Plan.

U. Exemption from Transfer Taxes. Pursuant to § 1146(c) of the Bankruptcy Code, the issuance, transfer, or exchange of notes or equity securities under the Plan, the creation of any mortgage, or other security interest, the making or assignment of any lease or sublease, or the making or delivery of any instrument of transfer under, in furtherance of, or in connection with the Plan, including without limitation, deeds, or bills of sale or assignments of personal property executed in connection with any of the transactions contemplated under the Plan, will not be subject to any stamp, real estate transfer, mortgage recording, sales, use, or other similar tax. Each of the relevant state or local governmental officials or agents will forego the collection of any such tax or governmental assessment and accept for filing and recordation any of the foregoing instruments or other documents without the payment of any such tax or governmental assessment consistent with the applicable provisions of the Plan.

V. The Debtor will execute and deliver all documentation to the Bankruptcy Court and to all parties in interest who are entitled to receive the same as required by the terms of the Plan and the Bankruptcy Code.

W. The Debtor shall take such other action as necessary to satisfy the other terms and requirements of the Plan and the Bankruptcy Code.

**VI. ACCEPTANCE OR REJECTION OF PLAN;  
EFFECT OF REJECTION BY AN IMPAIRED CLASS**

A. Each Impaired Class Entitled to Vote Separately. Each impaired class of claims shall be entitled to have the holders of claims therein vote separately as a class to accept or reject the Plan.

B. Acceptance by a Class of Creditors. Consistent with § 1126(c) of the Bankruptcy Code, and except as provided in § 1126(e) of the Bankruptcy Code, a class of claims shall have accepted the Plan if the Plan is accepted by holders of at least two-thirds (2/3) in dollar amount and more than one-half (1/2) in number of the allowed claims of that class that have timely and properly voted to accept or reject the Plan.

C. Claimants Entitled to Vote. Holders of impaired claims shall be entitled to vote if:

(1) Such claim has been filed against the Debtor in a liquidated amount or has been listed on the Debtor's schedules other than as contingent, unliquidated or disputed, and as to which no proof of claim has been filed. The claim shall be allowed solely for the purpose of voting on the Plan in the amount in which such claim has been filed or listed on the Debtor's schedules;



(2) Such claim has been filed against the Debtor or listed on the Debtor's schedules and is the subject of an existing objection filed by the Debtor, and is temporarily allowed for voting purposes by order of the Court in accordance with Bankruptcy Rule 3018;

(3) Such claim has been filed in an undetermined amount, in which case the creditor shall not be entitled to vote unless the Debtor and the holder of the claim agree on an amount for voting purposes or the Court enters an order setting the amount of the claim that the creditor may ballot.

(4) Any entity holding two or more duplicate claims shall be entitled to vote only one claim.

D. Confirmation Hearing. The Court will set a hearing on the confirmation of the Plan to determine whether the Plan has been accepted by the requisite number of creditors and whether the other requirements for confirmation of the Plan have been satisfied.

E. Acceptances Necessary to Confirm the Plan. At the hearing of confirmation of the Plan, the Court shall determine, among other things, whether the Plan has been accepted by each impaired class. Under § 1126 of the Bankruptcy Code, an impaired class of Creditors is deemed to accept the Plan if at least two-thirds (2/3) in amount and more than one-half (1/2) in number vote to accept the Plan. Further, unless there is unanimous acceptance of the Plan by an impaired class, the Court must also determine that class members will receive property with a value, as of the Effective Date of the Plan, that is not less than the amount that such class member would receive or retain if the Debtor was liquidated as of the Effective Date of the Plan under Chapter 7 of the Bankruptcy Code.

F. Confirmation of Plan Without Necessary Acceptances. The Bankruptcy Code provides that the Plan may be confirmed even if it is not accepted by all impaired Classes. In order to be confirmed without the requisite number of acceptances of each impaired class, the Court must find that at least one impaired class has accepted the Plan without regard to the acceptances of insiders, and the Plan does not discriminate unfairly against, and is otherwise fair and equitable, to such impaired class. In the event that any class votes against the plan, the Debtor hereby requests and moves the Court under the provisions of this Plan entitled "Cramdown," for confirmation pursuant to the "cramdown" provisions of § 1129(b) of the Bankruptcy Code. In connection therewith, the Debtor shall be allowed to modify the proposed treatment of the allowed claims in any class that votes against the Plan consistent with § 1129(b)(2)(A).

## **VII. "CRAMDOWN" FOR IMPAIRED CREDITORS NOT ACCEPTING THE PLAN**

In respect to any class of creditors impaired but not accepting the Plan by the requisite majority in number or two-thirds in amount, the proponent of this Plan requests the Court to find that the Plan does not discriminate unfairly and is fair and equitable in respect to each class of claims or interests that are impaired under the Plan and that the Court confirm the Plan without such

acceptances by the said impaired classes. The Debtor will also request that the Court establish a value for any assets, the value of which is in dispute between the Debtor and any secured creditor, at a valuation hearing under § 506 of the Bankruptcy Code, to be scheduled at the same time as the hearing on confirmation of the Plan.

### **VIII. DISCLAIMER**

All parties are advised and encouraged to read this Disclosure Statement and the Plan in their entirety before voting to accept or reject the Plan or before voting on any other matter as provided for herein.

Statements made in this Disclosure Statement are qualified in their entirety by reference to the Plan itself, the Disclosure Statement, and all exhibits annexed thereto. The statements contained in this Disclosure Statement are made only as of the date hereof. No assurances exist that the statements contained herein will be correct any time hereafter.

The information contained in this Disclosure Statement is included herein for purposes of soliciting acceptances of the Plan and may not be relied upon for any purpose other than to determine how to vote on the Plan. No representations concerning the Debtor are authorized by the Debtor other than as set forth in this Disclosure Statement. Any other representations or inducements made to solicit your acceptance that are not contained in this Disclosure Statement should not be relied upon by you in arriving at your decision to accept or reject the Plan.

With respect to adversary proceedings, contested matters, other actions or threatened actions, this Disclosure Statement shall not constitute or be construed as an admission of any fact or liability, stipulation, or waiver; rather, this Disclosure Statement shall constitute statements made in connection with settlement negotiations.

This Disclosure Statement shall not be admissible in any non-bankruptcy proceeding involving the Debtor or any other party. Furthermore, this Disclosure Statement shall not be construed to be conclusive advice on the legal effects, including, but not limited to the tax effects, of the Debtor's Plan of Reorganization. You should consult your legal or tax advisor on any questions or concerns regarding the tax or other legal consequences of the Plan.

The information contained herein is not the subject of a certified audit and formal appraisals. The Debtor's records are dependent upon internal accounting methods. As a result, valuations and liabilities are estimated. Although substantial efforts have been made to be complete and accurate, the Debtor is unable to warrant or represent the full and complete accuracy of the information contained herein.

### **IX. PAYMENTS UNDER PLAN ARE IN FULL AND FINAL SATISFACTION OF DEBT**

Except as otherwise provided in Section 1141 of the Bankruptcy Code, or the Plan, the payments and distributions made pursuant to the Plan will be in full and final satisfaction,

settlement, release, and discharge, as against the Debtor, of any and all claims against, and interests in, the Debtor, as defined in the Bankruptcy Code, including, without limitation, any Claim or Equity Interest accrued or incurred on or before the Confirmation Date, whether or not (i) a proof of claim or interest is filed or deemed filed under § 501 of the Bankruptcy Code, (ii) such Claim or Equity Interest is allowed under § 501 of the Bankruptcy Code, or (iii) the holder of such Claim or Equity Interest has accepted the Plan.

#### **X. POTENTIAL MATERIAL FEDERAL TAX CONSEQUENCES**

The Debtor is a subchapter S corporation with twelve shareholders. As a subchapter S corporation, the Debtor is a pass-through entity for federal and state income tax purposes. As a result, any income tax liabilities arising as a result of or in connection with the execution of the Plan will flow through to the Shareholders.

Because it has been a subchapter S corporation for more than ten years, the Debtor will not be subject to any corporate-level built-in gains taxes or corporate-level taxes on any excess passive investment income generated during operations or in connection with any asset sales.

Losses reported on previous tax returns were passed through to the Shareholders. These losses and any refunds or tax benefits attributable thereto are personal to the Shareholders, and are not available to creditors as an asset of the Debtor. The same is true with respect to anticipated losses for future or unfiled years.

Some of the Debtor's debts cannot be paid in full under the Plan and will therefore be partially discharged. As a result, the Debtor may recognize cancellation of indebtedness ("COD") income in an amount equal to the discharged debt, to the extent the accrual of such debt has generated a tax deductible expense for, or were capitalized and included in the tax basis of assets of, the Debtor. This income (i) will be excluded from the Debtor's taxable income under Section 108(a)(1)(A) of the Internal Revenue Code, (ii) will not be passed through to the Shareholders, and (iii) will not generate increases in the Shareholders' basis in their stock under Section 1367 of the Code. At the close of the year in which the discharge occurs, the Debtor will be required to tax attributes (i.e., basis) in its assets in an amount equal to the COD income excluded from its taxable income. To the extent any Shareholder has any loss or deduction which is disallowed for the taxable year of the discharge due to insufficient basis in such Shareholder's stock or indebtedness, those losses and/or deductions will be treated as net operating losses subject to reduction. Otherwise, the Shareholders' tax attributes will be unaffected by the excluded COD income.

Forgiven debts which are owed to the Shareholders or any other related parties will most likely be treated as contributions to capital by the Shareholders. A deemed contribution to capital will be tax-free to the Debtor and non-deductible by the Shareholders or related party, and will increase the Shareholders' basis in their stock.

Payments to be made under the Plan will produce the following income tax effects:

- Payment of administrative claims generally will be deductible by the Debtor, to the extent not already deducted.
- 
- Payment of secured claims generally will not be deductible by the Debtor, as they have already been included in the basis of the assets securing the debt or cost of goods sold, or applied towards payment of previously deducted expenses.
- Payment of unsecured claims will be deductible by the Debtor to the extent (i) the payment thereof would produce a deduction outside of Chapter 11, and (ii) a deduction for the subject payment has not already been accrued.
- The Debtor will recognize income or loss on the sale of any assets sold in an amount equal to the difference between its amount realized on each sale and its adjusted basis or cost of goods sold in the subject asset(s) immediately prior to the transfer. The amount realized will include the amount of any nonrecourse indebtedness which is eliminated as the result of a sale.

During the term of the Plan, income, gains, losses and deductions will be passed through to the Shareholders. Losses and deductions will generate commensurate reductions in the Shareholders' basis in their stock in the Debtor, and any net income or gain passed through to them will create basis increases.

The Debtor is a North Carolina corporation and the Shareholders are North Carolina residents. Because North Carolina income tax law follows federal income tax law, the issues discussed above applies equally to the Debtor and the Shareholders for state income tax purposes.

For federal income tax purposes, loan creditors who receive principal payments under the Plan generally will recognize capital gain or loss in an amount equal to the difference between the amount of the principal payments and their bases in their claims. (A creditor may have a basis in its claim which is different from the face amount of the indebtedness as a result of charge-offs, or because it acquired its claim for something other than the face amount from the original lender.) Any interest payments received by creditors under the Plan will generate ordinary income to such creditors, to the extent such amounts have not already been accrued.

A loan creditor whose debt is significantly modified will be treated as having received a new debt instrument in exchange for the old one. This will be treated as a sale or exchange of the old debt for a new instrument with a value determined under IRS rules. This may result in the recognition of capital gain or loss by the creditor in an amount equal to the difference between the value of the new instrument and the creditor's basis in the claim.

Trade creditors of the Debtor who receive payments under the Plan will recognize federal taxable income in a manner consistent with their methods of accounting for receipts of this nature.

To the extent creditors are subject to North Carolina income tax, their treatment for state tax purposes will follow the federal treatment discussed above. The income tax treatment of creditors in

states other than North Carolina is beyond the scope of this disclosure statement.

**CIRCULAR 230 NOTICE:** To comply with requirements imposed by the United States Treasury Department and/or IRS, any information regarding any U.S. federal tax matters contained in this communication (including any attachments) is not intended or written to be used, and cannot be used, as advice for the purpose of (i) avoiding penalties under the Internal Revenue Code or (ii) promoting, marketing or recommending to another party any transaction or matter addressed herein. A formal and thorough written tax opinion would first be required for any tax advice contained in this communication to be used to avoid tax related penalties. Please consult your own tax professional.

## **XI. PROVISIONS FOR VOTING ON A PLAN**

A. **Creditors Allowed to Vote and Deadline.** Creditors holding allowed claims are entitled to vote to accept or reject the Debtor's Plan of Reorganization. The Court has fixed a date by which ballots upon the proposed Plan must be filed with counsel for the Debtor as an agent of the Court. Even though a creditor may not choose to vote, or may vote against the Plan, the creditor will be bound by the terms and treatment set forth in the Plan if the Plan is accepted by the requisite majorities in each class of creditors and/or is confirmed by the Court. Creditors who fail to vote will not be counted in determining acceptance or rejection of the Plan. Allowance of a claim or interest for voting purposes does not necessarily mean that the claim will be allowed or disallowed for purposes of distribution under the terms of the Plan. Any claim to which an objection has been or will be made will be allowed for distribution only after determination by the Court. Such determination of allowed status may be made before or after the Plan is confirmed.

B. **Voting Provisions.** In order for the Plan to be accepted by the class of creditors holding general unsecured claims, creditors that hold at least two-thirds (2/3) in dollar amount and more than one-half (1/2) in the total number of allowed claims of creditors voting on the Plan must accept the Plan. Under certain limited circumstances more fully described in 11 U.S.C. § 1129(b), the Court may confirm the Plan by a "cramdown" notwithstanding the rejection thereof by more than one-third (1/3) in amount or one-half (1/2) in number of the creditors voting on the Plan. The Debtor intends to seek confirmation under 11 U.S.C. § 1129(b) in the event any class of creditors rejects the Plan.

C. **Representations Limited.** No representation concerning the Debtor, particularly regarding future business operations or the value of the Debtor's assets, has been authorized by the Debtor except as set forth in this statement. You should not rely on any other representations or inducements offered to you to secure your acceptance or decide how to vote on the Plan. Any person making representations or inducements concerning acceptance or rejection of the Plan should be reported to counsel for the Debtor.

While every effort has been made to provide the most accurate information available, the Debtor is unable to warrant or represent that all information is without inaccuracy. No known inaccuracies are set forth herein. Further, much of the information contained herein consists of projections of future performance. While every effort has been made to ensure that the assumptions

are valid and that the projections are as accurate as can be made under the circumstances, the Debtor has not undertaken to certify or warrant the absolute accuracy of the projections.

No formal appraisals have been undertaken of the Debtor's property for the purpose of preparing this Disclosure Statement. The property values which were assigned and summarized below are the Debtor-in-Possession's best estimate of the values of the property as of the time of the filing of this Disclosure Statement. However, the Debtor has sought the opinions of persons experienced in valuing property in arriving at its estimates of values. These values may differ from values placed on the property at the time of the filing of the petition for relief and the subsequent schedules.

## **XII. ACCEPTANCE AND CONFIRMATION**

The Bankruptcy Code requires that the Bankruptcy Court, after notice, hold a hearing to consider confirmation of the Plan. The confirmation hearing will be scheduled at a time and place to be determined by the Bankruptcy Court. The confirmation hearing may be adjourned from time to time by the Bankruptcy Court without further notice except for an announcement made at the confirmation hearing.

At the confirmation hearing, the Bankruptcy Court will determine whether the requirements of § 1129 of the Bankruptcy Code have been satisfied, in which event the Bankruptcy Court will enter an order confirming the Plan. These requirements include determinations by the Bankruptcy Court that (i) the Plan has classified Claims in a permissible manner; (ii) the Plan is in the "best interests" of all Creditors; (iii) the Plan is feasible; (iv) the Plan has been accepted by the requisite number and amount of Creditors in each Class entitled to vote on the Plan, or that the Plan may be confirmed without such acceptances; (v) the Plan and its proponent comply with various technical requirements of the Bankruptcy Code; (vi) the Debtor has proposed the Plan in good faith; (vii) any payments made or promised in connection with the Plan are subject to the approval of the Bankruptcy Court as reasonable; and (viii) the Plan provides specified recoveries for certain priority claims. The Debtor believes that all of these conditions have been or will be met prior to the Confirmation hearing.

A. **Classification of Claims.** The Bankruptcy Code requires that a plan place each creditor's claim in a class with "substantially similar" claims. The Debtor believes that the Plan's classification of claims complies with the requirements of the Bankruptcy Code and applicable case law.

B. **The Best Interests Test.** Notwithstanding acceptance of the Plan in accordance with § 1126 of the Bankruptcy Code, the Bankruptcy Court must find, whether or not any party in interest objects to Confirmation, that the Plan is in the best interests of the Creditors. Bankruptcy courts have generally defined "best interests" as the Bankruptcy Code's requirement that, under any plan of reorganization, each member of an impaired class of creditors must receive or retain, on account of its claim, property of a value, as of the effective date of the plan, that is not less than the amount such creditor would receive or retain if the Debtor were liquidated under chapter 7 of the Bankruptcy Code. The Debtor believes that the Plan is in the best interests of all Creditors.

To determine what the Creditors would receive if the Debtor were liquidated under chapter 7, the dollar amount that would be generated from the liquidation of the Debtor's assets in a chapter 7 liquidation case needs to be considered. The amount that would be available for the satisfaction of Claims would consist of the Debtor's interest in the net proceeds resulting from the disposition of the Estate's assets, augmented by the Debtor's interest in the cash on hand. The Estate's interest would be further reduced by the amount of any Secured Claims, the costs and expenses of the liquidation, and such additional Administrative Claims and Priority Claims that may result from the termination of the Debtor's business.

The costs of liquidation under chapter 7 would become Administrative Claims with the highest priority against the proceeds of liquidation. Such costs would include the fees payable to a chapter 7 trustee, as well as those which might be payable to attorneys, financial advisors, appraisers, accountants and other professionals that such a trustee may engage to assist in the liquidation.

After satisfying Administrative Claims arising in the course of the chapter 7 liquidation, the proceeds of the liquidation would then be payable to satisfy any unpaid expenses incurred during the time the Case was pending under chapter 11, including compensation for the Debtor, attorneys, financial advisors, appraisers, accountants and other professionals retained by the Debtor.

For the reasons discussed above, the Debtor has concluded that the Plan provides Creditors with a recovery that has a present value at least equal to the present value of the distribution that such Person would receive if the Estate were liquidated under chapter 7 of the Bankruptcy Code.

**BECAUSE THE LIQUIDATION ANALYSIS AND ANY PROJECTIONS WHICH MAY BE PROVIDED BY THE DEBTOR ARE BASED UPON A NUMBER OF ASSUMPTIONS AND ARE INHERENTLY SUBJECT TO SIGNIFICANT UNCERTAINTIES THAT ARE BEYOND THE DEBTOR'S CONTROL, THERE CAN BE NO ASSURANCE THAT THE LIQUIDATION VALUES WOULD, IN FACT, BE REALIZED IN THE EVENT OF A LIQUIDATION UNDER CHAPTER 7 OR THAT THE FINANCIAL PROJECTIONS WILL BE REALIZED. ACTUAL RESULTS MAY BE HIGHER OR LOWER THAN THOSE SHOWN IN THE EXHIBITS, POSSIBLY BY MATERIAL AMOUNTS.**

C. **Feasibility of the Plan.** Section 1129(a)(11) of the Bankruptcy Code requires a judicial determination that confirmation of the Plan will not likely be followed by liquidation or the need for further financial reorganization of the Debtor or any other successor to the Debtor under the Plan, unless such liquidation or reorganization is proposed in the Plan. The Debtor believes that the Debtor will be able to meet its obligations under the Plan.

D. **Confirmation.** The Plan may be confirmed if the holders of impaired Classes of Claims accept the Plan. Classes of Claims that are not impaired are deemed to have accepted the Plan. A Class is impaired if the legal, equitable, or contractual rights attaching to the Claims or

interests of that Class are modified other than by curing defaults and reinstating maturities or by full payment in cash.

The Bankruptcy Code defines acceptance of a plan by a class of claims as acceptance by the holders of two-thirds in dollar amount and a majority in number of allowed claims in that class. This calculation includes only those holders of claims who actually vote to accept or reject the Plan. Votes on the Plan are being solicited only from holders of Allowed Claims in impaired Classes who are expected to receive distributions.

In the event that an impaired Class does not accept the Plan, the Bankruptcy Court may nevertheless confirm the Plan at the Debtor's request if (i) all other requirements of § 1129(a) of the Bankruptcy Code are satisfied, and (ii) as to each impaired Class that has not accepted the Plan, the Bankruptcy Court determines that the Plan "does not discriminate unfairly" and is "fair and equitable" with respect to such non-accepting Class. **THE DEBTOR BELIEVES THAT THE PLAN IS IN THE BEST INTERESTS OF ALL CREDITORS AND STRONGLY RECOMMENDS THAT ALL PARTIES ENTITLED TO VOTE CAST THEIR BALLOTS IN FAVOR OF ACCEPTING THE PLAN.** Nevertheless, the Debtor has requested that the Bankruptcy Court confirm the Plan over the rejection of any non-accepting Class in the event all other elements of § 1129(a) of the Bankruptcy Code are satisfied.

A plan "does not discriminate unfairly" if the legal rights of a non-accepting class are treated in a manner that is consistent with the treatment of other classes whose legal rights are intertwined with those of the non-accepting class, and no class receives payments in excess of that which it is legally entitled to receive. The Debtor believes that, under the Plan, all holders of impaired Claims are treated in a manner that is consistent with the treatment of other holders of Claims with which any of their legal rights are intertwined. Accordingly, the Debtor believes the Plan does not discriminate unfairly as to any impaired class of Claims.

The condition that a plan be "fair and equitable" generally requires that an impaired class that has not accepted the plan must receive certain specified recoveries, as set forth in § 1129(b)(2) of the Bankruptcy Code. The Debtor believes that the Plan meets the thresholds specified in this section of the Bankruptcy Code.

### **XIII. EFFECT OF CONFIRMATION**

A. Except as otherwise provided in the Plan, the confirmation of the Plan vests all of the property of the estate in the Debtor.

B. Injunction. As of the Confirmation Date, except as otherwise provided in the Plan or the Confirmation Order, all persons that have held, currently hold, or may hold a claim, equity interest, or other debt or liability that is treated pursuant to the terms of the Plan or that is otherwise enjoined pursuant to § 1141 of the Code, are enjoined from taking any of the following actions on account of any such claims, equity interests, debtors or liabilities, other than actions brought to enforce obligations under the Plan: (i) commencing or continuing in any manner any action or other proceeding; (ii) enforcing, attaching, collecting, or recovering in any manner any judgment, award,



decree or order; (iii) creating, perfecting, or enforcing any lien or encumbrance; (iv) asserting a setoff or right of recoupment of any kind against any debt, liability, or obligation; and/or (v) commencing or continuing, in any manner or in any place, any action that does not comply with or is inconsistent with the provisions of the Plan or the Confirmation order. Notwithstanding the foregoing, the Plan does not release or waive any claims it may have against any party in interest.

**XIV. RECOMMENDATION AND CONCLUSION**

**THE DEBTOR BELIEVES THAT THE PLAN PROVIDES THE GREATEST RECOVERY TO CREDITORS AND IS IN THE BEST INTEREST OF CREDITORS, THEREFORE, THE DEBTOR RECOMMENDS THAT ALL CREDITORS VOTE TO ACCEPT THE PLAN.**

**XV. OTHER SOURCES OF INFORMATION AVAILABLE  
TO CREDITORS AND PARTIES IN INTEREST**

Additional motions, affidavits, orders or other documentation which might be of interest to any holder of a claim against the Debtor in this proceeding are shown on the docket sheet maintained by the Clerk's office. Copies of the docket sheet and actual items can be obtained from the office of the Clerk of the Bankruptcy Court:

Stephanie Edmondson, Clerk  
U.S. Bankruptcy Court  
1760-A Parkwood Boulevard  
Wilson, NC 27893  
(252) 237-0248

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Respectfully submitted, this the 26th day of January 2012.

s/Trawick H. Stubbs, Jr.  
TRAWICK H. STUBBS, JR.  
N.C. State Bar #4221  
tstubbs@stubbsperdue.com

s/Laurie B. Biggs  
LAURIE B. BIGGS  
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STUBBS & PERDUE, P.A.  
P.O. Box 1654  
310 Craven Street  
New Bern, NC 28563  
(252) 633-2700 – Phone  
(252) 633-9600 – Facsimile  
Attorneys for Debtor

SEA TRAIL CORPORATION

By: s/ Frances Williams  
Frances Williams, President

**EXHIBIT A**

## Exhibits to the Disclosure Statement

**REAL PROPERTY**

Lts 1-10, 12-18 & 20-22 Seahorse Ests; Tracts 1,2,3,3A,3B (144 Ricemill Cir.),4,5,6,7,7A & 8-18 and Tracts A-G,G2 & H-S of Sea Trail plat; Lts 27-31,43 45 46 & 56 Brookwood Pk,Ph 2; Lts 34 & 59 King Tr, Sec 2; Lts 9 Bl 1 18 Bl 7, 19 Bl 7, 19 Bl 8, 54 Bl 14 & 61 Bl 12, Seaside Stn; Lts 11 & 36 Bl B, Sunset Bch; Lt 36 Sugar Sands; Lts 48 & 110 Sugar Sands, Sec 2; Lts 62 & 153 Shoreline Wds; Lt 97 Oyster Pt, Ph 2; Lt 1, Gate 2, Sec 2, Oyster Bay; 73 Clubhouse Rd a/k/a "Jones/Byrd Clubhouse & Conference Center"; 152 Clubhouse Rd a/k/a "Maintenance Tract", 210 Clubhouse a/k/a/ "Maple Clubhouse Tract"; 211 Clubhouse Rd a/ka/ "Clubhouse Road Tract"; 279 Clubhouse Rd a/k/a "Olde Oaks Tract"; 80 Mill Pond Rd a/k/a "Mill Pond Tract"; 200 Royal Poste Rd a/k/a "Club Villas Tract"; 206 Edgewater Pte a/k/a "Lot 13 Rice Mill"; 817 Colony Pl; .5 ac Oyster Bay; .04 ac. & .37 ac. common area, Sea Trail Plantation; 3 tracts Oyster Pte (parcel #'s 255FE00101, 255FE00102 & 2550017002); .72 ac. tract Oyster Bay (2550017007) (See Exhibit 1 to the Schedules - orange); AND, Lot 54 Kings Trail; Lot 60 Shoreline Woods (See Exhibit 1 to the Schedules - green); AND, 37 - Buffer / Common Area parcels (See Exhibit 1 to the Schedules - blue)	\$	32,183,200.00
Common area for Sugar Mill Condos Phases 1 thru 10 (See Exhibit 1 to the Schedules) (\$100.00 per Ph.)	\$	1,000.00
Common Area for The Champions Condo, Phase 35 (See Exhibit 1 to the Schedules)	\$	100.00
Common area for The Village on Royal Post Road Condo, Phase 33 (.68 ac.) (See Exhibit 1 to the Schedules)	\$	100.00
Cemetery (.18 acres) parcel # 242MH01204 (See Exhibit 1 to the Schedules)	\$	100.00
<i>Total Real Property:</i>	\$	<u>32,184,500.00</u>

**PERSONAL PROPERTY****VALUE**

Petty Cash (as of 12/31/11)	\$	11,692.00
DIP Operating account no. 8770 (book value as of 1/26/12)	\$	387,719.72
DIP Accounts Payable account no. 8788 (book value as of 1/26/12)	\$	10.00
DIP Petty Cash account no. 8796 (book value as of 1/26/12)	\$	26.13
DIP Payroll account no. 8885 (book value as of 1/26/12)	\$	221.51
DIP Beer & Wine account no. 8893 (book value as of 1/26/12)	\$	182.30
DIP Tax account no. 8932 (book value as of 1/26/12)	\$	341.99
Security Deposit w/ Auto Chlor	\$	200.00
Accounts Receivable	\$	170,727.28

SEA TRAIL CORPORATION

11-07370-8-SWH

## Exhibits to the Disclosure Statement

Accounts Receivable- Rents	\$	500.00
Notes Receivable- Eastwood Bluffs, LLC		unknown
Trademarks	\$	-
1991 Ford Pickup Truck, VIN # 0957	\$	500.00
2003 Ford Ranger 4x2, VIN # 2767	\$	3,000.00
2003 Ford Ranger 4x2, VIN # 6813	\$	3,000.00
1994 Carson Trailer, VIN # 1168	\$	150.00
Computer equipment	\$	27,252.00
Office supplies	\$	3,073.05
Furniture & fixtures	\$	188,357.30
Equipment	\$	341,874.28
Grounds Maintenance Equipment	\$	106.00
Other- Greenhouses, Fountains, Piano, Wheelchair, etc.	\$	14,850.00
Golf Merchandise	\$	22,402.00
Food & Beverage	\$	40,246.15
China, Glass, & Silver	\$	61,308.46
Fuel	\$	4,994.24
Sewer Tap Connections- Brunswick Co.	\$	708,000.00
<i>Total Personal Property:</i>	\$	<i>1,990,734.41</i>
<b>TOTAL REAL &amp; PERSONAL PROPERTY:</b>	<b>\$</b>	<b>34,175,234.41</b>

\* Please see Exhibit 1 for further property and lien descriptions.



- Real Property Assets and Liens

1 Collateral of Waccamaw Bank loan 8561 and 4452, Subject to future advance note of M/M Williams

Parcel no.	Description	Tax value
<b>Seashore Estates:</b>		
242PE001	L-1 SEAHORSE ESTATES PLAT 36/226	\$ 150,000.00
242PE002	L-2 SEAHORSE ESTATES PLAT 36/226	\$ 150,000.00
242PE003	L-3 SEAHORSE ESTATES PLAT 36/226	\$ 150,000.00
242PE004	L-4 SEAHORSE ESTATES PLAT 36/226	\$ 150,000.00
242PE005	L-5 SEAHORSE ESTATES PLAT 36/226	\$ 150,000.00
242PE006	L-6 SEAHORSE ESTATES PLAT 36/226	\$ 150,000.00
242PE007	L-7 SEAHORSE ESTATES PLAT 36/226	\$ 150,000.00
242PE008	L-8 SEAHORSE ESTATES PLAT 36/226	\$ 150,000.00
242PE009	L-9 SEAHORSE ESTATES PLAT 36/226	\$ 150,000.00
242PE010	L-10 SEAHORSE ESTATES PLAT 36/226	\$ 150,000.00
242PE012	L-12 SEAHORSE ESTATES PLAT 36/226	\$ 150,000.00
242PE013	L-13 SEAHORSE ESTATES PLAT 36/226	\$ 150,000.00
242PE014	L-14 SEAHORSE ESTATES PLAT 36/226	\$ 150,000.00
242PE015	L-15 SEAHORSE ESTATES PLAT 36/226	\$ 150,000.00
242PE016	L-16 SEAHORSE ESTATES PLAT 36/226	\$ 150,000.00
242PE017	L-17 SEAHORSE ESTATES PLAT 36/226	\$ 150,000.00
242PE018	L-18 SEAHORSE ESTATES PLAT 36/226	\$ 150,000.00
242PE020	L-20 SEAHORSE ESTATES PLAT 36/226	\$ 150,000.00
242PE021	L-21 SEAHORSE ESTATES PLAT 36/226	\$ 150,000.00
242PE022	L-22 SEAHORSE ESTATES PLAT 36/226	\$ 150,000.00
<b>Sea Trail Plat</b>		
24200009	TR-1 30.41 ACRES Plat 55/2	\$ 344,290.00
2420000954	TR - 2 17.17 ACRES PLAT 55/7	\$ 1,343,040.00
242IA001	TR-3 4.94 ACRES PLAT 55/12	\$ 592,800.00
242JA00754	TR-P/O 3A .24 AC PLAT 55/12	\$ 14,400.00
242JA007	TR-3B .23AC PH-2 PLAT 55/13 144 RM Circle	\$ 11,500.00
2420000949	TR 4 16.98 ACRES PLAT 55/5	\$ 233,480.00
2420000955	TR - 5 7.6 ACRES PLAT 55/4	\$ 104,500.00

2420000956	TR - 6 55.58 ACRES PLAT 55/9	\$	764,230.00
2420000957	TR - 7 30.98 ACRES PLAT 55/8	\$	398,950.00
2420000941	TR-7A 3.29 ACRES Plat 55/7	\$	330.00
2420000963	TR - 8 .98AC PLAT 55/15	\$	13,480.00
242PB007	TR-9 1 07 ACRES Plat 55/15	\$	64,200.00
2560000112	TR-10 1.97 ACRES PLAT 55/20	\$	49,250.00
2560000114	TR-11 5.27 ACRES PLAT 55/23	\$	131,750.00
2420000965	TR - 12 26.23 ACRES PLAT 55/19	\$	524,600.00
2560000107	TR-13 15.78ACRES PLAT 55/17	\$	315,600.00
2560000128	TR-14 .91AC PLAT 55/23	\$	18,200.00
25600005	TR-15 .77AC S.T.PLANTATION PL 55/19	\$	100.00
2420000959	TR - 16 19.53 ACRES PLAT 55/14	\$	268,540.00
2560000110	TR-17 4.02 ACRES PLAT 55/20	\$	100,500.00
2560000120	TR-18 3.37 ACRES PLAT 55/25	\$	84,250.00
2420000948	TR - A 35.92 ACRES PLAT 55/6	\$	1,243,900.00
2420000950	TR - B 30.25 ACRES PLAT 55/5	\$	985,230.00
2420000947	TR - C 8.61 ACRES PLAT 55/3	\$	418,390.00
2420000946	TR - D 26.12 ACRES PLAT 55/2	\$	809,150.00
2420000951	TR - E 3.91 ACRES PLATT 55/4	\$	203,760.00
2420000952	TR - F 6.68 ACRES PLAT 55/4	\$	241,850.00
2420000958	TR - G 26.48 ACRES PLAT 55/8	\$	814,100.00
2420000967	TR - G2 11.59 ACRES PLAT 55/13	\$	309,360.00
2420000961	TR - H 28.52 ACRES PLAT 55/12	\$	992,150.00
2420000960	TR - I 17.94 ACRES PLAT 55/11	\$	696,680.00
2420000953	TR - J 46.43 ACRES PLAT 55/7	\$	1,238,410.00
2560000109	TR-K 6 52 ACRES PLAT 55/21	\$	185,650.00
2560000111	TR-L 6.12 ACRES PLAT 55/20	\$	180,150.00
2560000108	TR-M 8.06 ACRES PLAT 55/20	\$	302,830.00
2420000968	TR - N 16.62 ACRES PLAT 55/16	\$	492,760.00
2420000964	TR - O 46.20 ACRES PLAT 55/22	\$	1,343,220.00
2560000116	TR-P 19.37 ACRES PLAT 55/23	\$	458,340.00
2560000115	TR-Q 14.60 ACRES PLAT 55/20	\$	392,750.00
2560002	TR-R 15.37 ACRES FALT 55/22	\$	403,340.00
2560000106	TR-S 42.35 ACRES PLAT 55/18	\$	1,062,310.00

**Brookwood Park, Ph. 2**

242HF001	L-27 PH-2 BROOKWOOD PARK PLAT 35/265	\$	65,000.00
242HF002	L-28 PH-2 BROOKWOOD PARK PLAT 35/265	\$	65,000.00
242HF003	L-29 PH-2 BROOKWOOD PARK PLAT 35/265	\$	65,000.00
242HF004	L-30 PH-2 BROOKWOOD PARK PLAT 35/265	\$	65,000.00
242HF005	L-31 PH-2 BROOKWOOD PARK PLAT 35/265	\$	65,000.00
242HF017	L-43 PH-2 BROOKWOOD PARK PLAT 35/265	\$	65,000.00
242HF019	L-45 PH-2 BROOKWOOD PARK PLAT 35/265	\$	65,000.00
242HF020	L-46 PH-2 BROOKWOOD PARK PLAT 35/265	\$	65,000.00
242HF030	L-56 PH-2 BROOKWOOD PARK PLAT 35/265	\$	65,000.00

**King Trail, Sect. 2**

2420B034	L-34 S-2 KING TRAIL PLAT W/138	\$	80,000.00
2420B059	L-59 S-2 KING TRAIL PLAT W/138	\$	150,000.00

**Seaside Station**

242MH018	L-9 B-1 SEASIDE STATION PLAT I/143	\$	30,000.00
256DC008	L-18 B-7 S-A SEASIDE STATION PLAT J/192	\$	33,000.00
256DC007	L-19 B-7 S-A SEASIDE STATION PLAT J/192	\$	30,000.00
242ME020	L-19 B-8 S-A SEASIDE STATION PLAT I/213	\$	30,000.00
256BB106	L-54 B-14 S-B SEASIDE STATION PLAT M/22	\$	30,000.00
256BA00601	L-61 B-12 SEASIDE STATION PLAT J/194	\$	18,000.00

**Sunset Beach**

256OD013	L-11 B-1 SSB PLAT L/31-Parking Lot	\$	304,000.00
256OD017	L-36 B-1 SSB PLAT 7/64-Parking Lot	\$	330,000.00

**Sugar Sands**

2420A036	L-36 SUGAR SANDS PLAT T/125	\$	60,000.00
2420A048	L-48 S-2 0.14 ACRES SUGAR SANDS PLAT 19/533	\$	60,000.00
2420A110	L-110 S-2 SUGAR SAND PLAT T/268	\$	110,000.00

<b>Shoreline Woods</b>		
256CB107	L-62 SHORELINE WOODS PLAT J/190	\$ 72,000.00
256BA027	L-153 SHORELINE WOODS PLAT J/191	\$ 55,000.00
<b>Oyster Point</b>		
255FG029	L-97 S-FHA 2 OYSTER POINTE PLAT W/81	\$ 100,000.00
<b>Oyster Bay</b>		
255LC001	L-1 S-GATE 2 OYSTER BAY PLAT O/125	\$ 100,000.00
<b>Clubhouse Road</b>		
2420000970	73 Clubhouse-11.88 ACRES PLAT 55/28	\$ 4,848,570.00
2420000966	152 Clubhouse-MAINT. 5.75 ACRES PLAT 55/12	\$ 310,670.00
2560000122	210 Clubhouse-2.06 ACRES PLAT 55/26	\$ 1,022,270.00
2560000104	211 Clubhouse-1.62 ACRES PLAT 55/29	\$ 48,120.00
256HD043	279 Clubhouse-LIs 32-34 RES'D OLDE OAKS 1.02ac Plat 55/30	\$ 375,660.00
<b>80 Mill Pond Road</b>		
2420000969	1.48 ACRES PLAT 55/27	\$ 451,270.00
<b>817 Colony Place</b>		
255KD017	31 PHASE 17 THE COLONY @ OYSTER BAY CB 5/55	\$ 15,500.00
<b>200 Royal Post Road</b>		
2560000113	2.51 ACRES PLAT 57/94 (200 Royal Poste)	\$ 1,204,630.00
<b>206 Edgewater Pointe</b>		
2420C013	L-13 RICE MILL AT ST PLAT W/212+213--206 EDGEWATER	\$ 80,000.00
<b>Oyster Pointe</b>		
255FE00101	1.04 AC PLAT Y/16 Oyster Bay Entrance	\$ 70,000.00
255FE00102	.34 AC PLAT Y/16	\$ 70,000.00
2550017002	43 ACRES PH-1 OYSTER POINTE PL Y/16	\$ 100,000.00



Oyster Bay		
2550017007	72AC OYSTER BAY	\$ 27,000.00
2550017001	TR-P/O 11&12 50AC OYSTER BAY	\$ 19,750.00

Other Common Area / Buffer Areas		
2560000121	04 AC S.T PLANTATION	\$ 100.00
2560000125	37AC S.T PLANTATION	\$ 100.00

**TOTAL TAX VALUE OF PROPERTY - ORANGE: \$ 31,972,960.00**

**2 Collateral of Waccamaw Bank loan 4452 and The Wmis.**

Lot 54 King's Trl		
242QB054	L-5; KINGS TRAIL SEA TRAIL PLAT W/138	\$ 150,000.00

Lot 60 Shoreline Woods		
256CB105	L-60 SHORELINE WOODS PLAT J/190	\$ 55,060.00
<b>TOTAL TAX VALUE OF PROPERTY - GREEN:</b>		<b>\$ 205,000.00</b>

3 Collateral of Waccamaw Bank loan 8561, only		
37 Buffer/Common Area Tracts		
242ME021	S-A Seaside Station, Plat 1/213	\$ 100.00
242MF035	Lake N/A B 3 SA Seaside Station, Plat 1/213	\$ 100.00
242MG017	Lake NYA, B2, SA Seaside Station, Plat 1/213	\$ 100.00
256AC00101	.46 ACRES PLAT T/333 SEA TRAIL PLANTATION	\$ 100.00
2560000102	BUFFER .14AC S.T.PLANTATION	\$ 100.00
2560000103	BUFFER .12AC S.T.PLANTATION	\$ 100.00
2560000104	.09AC S.T.PLANTATION	\$ 100.00
2560000105	BUFFER 1.48AC S.T.PLANTATION	\$ 150.00
2560000117	BUFFER .65AC S.T.PLANTATION	\$ 100.00
2560000118	BUFFER .35AC S.T.PLANTATION	\$ 100.00
2560000119	.29 AC S.T. PLANTATION	\$ 100.00
2560000123	.09AC S.T.PLANTATION	\$ 100.00
2560000124	.39AC S.T.PLANTATION	\$ 100.00

2560000126	BUFFER .40AC S.T.PLANTATION	\$	100.00
2560000127	BUFFER .22AC S.T.PLANTATION	\$	100.00
2560000129	BUFFER .08AC S.T.PLANTATION	\$	100.00
242OC00101	L-BUFFER PH-4 RICE MILL @ SEATRL PL-20/135	\$	100.00
242HA00101	BUFFER 1.65 ACRES PLANTERS RIDGE PL 17/351	\$	170.00
2420000915	.20 ACRES EDGEWATER POINTE PLAT W/212	\$	100.00
25500247	BUFFER AREA .23AC OYSTER BAY PL 6/15	\$	100.00
2420000939	.69 ACRES TR- P/O A PLAT R/122	\$	100.00
2420000940	1.45 ACRES TR- P/O A PLAT R/122	\$	150.00
2420000945	.10AC	\$	100.00
242000905	T - P/O A .36AC PLAT R/122	\$	100.00
242HF00101	CA .05 ACRES PH-2 BROOKWOOD PARK PLAT 35/265	\$	100.00
242HF00102	CA .46 ACRES PH-2 BROOKWOOD PARK PLAT 35/265	\$	100.00
242HF00103	CA 1.93 ACRES PH-2 BROOKWOOD PARK PLAT 35/265	\$	190.00
242PE024	.54 ACRES OPEN SPACE SEAHORSE ESTATES PL 36/226	\$	100.00
242JA00803	.206 ACRES PH-2 BLDG-7 SAWMILL TOWNS PL-20/335	\$	100.00
242BA00101	BUFFER .18AC PL 22/69(EASTWOOD PARK RD)	\$	100.00
2420000962	.11AC	\$	1,380.00
2420000971	.05AC	\$	100.00
2420000972	.36AC	\$	100.00
255FG064	.49 AC OYSTER PTE II PL W/81 (sewer treatment)	\$	100.00
256CB193	PLAT J / 190&191 SHORELINE WOODS RESERVED	\$	100.00
256AB00121	BUFFER COMMON AREA SEA TRAIL	\$	100.00
256AB00122	PL V/25 COMMON AREA SEA TRAIL PLANTATION	\$	100.00
<b>TOTAL TAX VALUE OF PROPERTY - BLUE:</b>		\$	<b>5,240.00</b>

4 Unencumbered lots:

242JA00701	PH-1 COMMON AR - SUGAR MILL CON PL- 7/354-359	\$	100.00
242JA00706	PH-2 COMMON AR - SUGAR MILL C PL- CB7/367-372	\$	100.00
242JA00711	.44 ACRES COMMON AREA PH-3 SUGAR MILL C-7/387	\$	100.00
242JA00720	.46 ACRES PH-4 SUGAR MILL COMMON AREA PL- 7/407	\$	100.00
242JA00721	PH-5 L-COMMON AREA PH-5 CB-8/41	\$	100.00
242JA00726	.28 ACRES PH-6 L-COMMON AREA SUGAR MILL CB-8/47	\$	100.00
242JA00731	.33 ACRES PH-7 COMMON AREA SUGAR MILL CB-8/156	\$	100.00

242JA00736	.54 ACRES PH-8 COMMON AREA SUGAR MILL CB-8/174-179	\$	100.00
242JA00745	.61 ACRES PH-9 COMMON AREA SUGAR MILL CB-8/255	\$	100.00
242JA00750	1.14 ACRES PH-10 COMMON AREA SUGAR MILL CB-8/261	\$	100.00
256BH097	.68 ACRES PH-33 PLAT 8/284 COMMON AREA	\$	100.00
242HE022	PH-35 THE CHAMPIONS COM AREA PL-8/292	\$	100.00
242MH01204	.18 a. Cemetary	\$	100.00
<b>TOTAL TAX VALUE OF PROPERTY:</b>			<b>\$ 1,300.00</b>

**Exhibit B: Liabilities (With Claims Subordinated and a Convenience Class)**

SEA TRAIL CORPORATION  
11-07370-8-SWH

	<u>CLAIM</u>	<u>IMPAIRMENT</u>	<u>AMOUNT</u>	
<b><u>Class 1: Administrative Claims</u></b>				
Stubbs & Perdue, P.A., Counsel for Debtor		Impaired		To be determined by Court
J.M. Cook Esq. Counsel for UCC				To be determined by Court
The Finley Group, Inc., Financial Consultants				To be determined by Court
McIntyre, Paradis, Wood & Co. , Accountant for Debtor				To be determined by Court
Cox & Watts, PLLC, Special Counsel for Debtor				Employment Pending
<b><u>Class 2: Ad Valorem Tax Claims</u></b>				
Brunswick County Tax Collector (2010 & Taxes)	2	Unimpaired	\$ 487,758.03	
<b><u>Class 3: Tax Claims</u></b>				
Internal Revenue Service	21 amd	Unimpaired	\$ -	
<b>Class 4: Waccamaw Bank</b>	1	Impaired	\$ 15,880,408.04	
<b>Class 5: John and Frances Williams</b>			\$ -	
<b>Class 6: PNC Equipment Finance</b>		Impaired	\$ 268,977.11	
<b>Class 7: Agricredit</b>	14 & 15	Unimpaired	\$ -	Lease Assumed
<b>Class 8: ASCAP</b>		Unimpaired	\$ -	Agreement Assumed
<b>CI Class 9: Britt's Wastwater Services</b>		Impaired	\$ 1,900.00	Agreement Rejected
<b>Class 10: Brunswick County</b>		Unimpaired	\$ -	Agreements Assumed
<b>Class 11: Carmichael Construction</b>		Unimpaired	\$ -	Agreement Assumed
<b>Class 12: Crescent Systems, Inc.</b>				
<b>Class 13: DeLage Landen Financial</b>	42	Impaired	\$ 19,478.32	Lease Rejected
<b>Class 14: DPHS</b>		Unimpaired	\$ -	Lease Assumed
<b>Class 15: Eastwood Bluffs</b>	27	Impaired	\$ 400,000.00	Lease Rejected
<b>Class 16: Independent Comm-MUZAK</b>		Impaired	\$ -	Lease Rejected
<b>Class 17: Key Equipment Finance</b>	41		\$ 44,021.83	Lease Rejected
<b>Class 18: McMullen &amp; Company</b>	33	Impaired	\$ 1,900.00	Lease Rejected
<b>Class 19: Nextmedia Outdoor, Inc.</b>		Unimpaired	\$ -	Lease Assumed
<b>Class 20: Saulisbury Business Machines</b>		Unimpaired	\$ -	Agreement Assumed
<b>Class 21: SESAC</b>		Unimpaired	\$ -	Agreement Assumed
<b>Class 22: The Plasencia Group, Inc.</b>		Unimpaired	\$ -	Contract Expired
<b><u>Class 23: Lifetime Golf Memberships</u></b>				
Dana Connelly		Unimpaired		Agreements Rejected

Dennis Crocker  
 Connie Dennis  
 Dinah Gore  
 Gregory Gore  
 Edward Gore, Jr.  
 Edward Gore, Sr.  
 Brian Griffin  
 Debra Edwards Hamilton  
 Gary Pope  
 J. Miller Pope, Jr.  
 Harriet Thompson  
 Frances Williams  
 John Williams

<b><u>Class 24: Unsecured Creditors Less than \$1,000.00:</u></b>		Impaired	
1ST Ocean Air, Inc.		\$	270.00
A Shred Ahead		\$	255.00
ADP Sceening & Select Svcs	16	\$	109.32
Altman Tractor Co.		\$	50.69
American Industries		\$	227.23
APTCO		\$	684.85
ASCAP		\$	174.69
Auto-Chlor System		\$	621.83
Bank of America		\$	421.84
Brunswick Co. Chamb Commerce		\$	845.00
Callaway Golf		\$	27.00
Campbell Propane		\$	71.56
Carolina Marketing Co.		\$	666.63
Carolina Turf Products		\$	845.49
Carolina Wedding Guide		\$	95.77
Carters & Nobles Hardware		\$	236.42
Companion Prop. & Casualty		\$	300.00
Convention South		\$	135.00
Corbin Turf & Ornamental	43	\$	515.14
Data Publishing	29	\$	413.00
Devant Sport Towels		\$	655.55
Dratech		\$	625.00
Drug Screen Solutions	3	\$	259.99
Easy Picker Golf Products		\$	271.48
Elite Lighting Company	9	\$	173.41
Etcetera, Inc.		\$	94.95
Federal Express		\$	13.66
Fulwood's Auto Svc & Towing		\$	502.84
Gempler's		\$	103.39
Genco	26	\$	478.98
Golf Cart Outlet, Inc.		\$	652.97
Golf Design, Inc.		\$	319.97
Handicap Prog. Of the Carolinas		\$	24.00
Industrial Cleaning Equipment		\$	160.00
Jack's Lockshop, Inc.		\$	57.00
Kelly's Signs, Inc.		\$	550.00
Lance, Inc.		\$	442.60
LCM, Inc.		\$	350.00
Longley Supply Company	13	\$	829.14
Machine & Welding Supply		\$	99.75
Maintenance USA		\$	203.29
Meadowlands Golf Club		\$	885.00
Mickey's Golf Products	5	\$	837.45

Miracle Lace Visor, Inc.		\$	105.48
Myrtle Beach Exhaust Svcs	31	\$	907.16
Novant Medical Group, Inc.		\$	170.00
Otis Elevator Company		\$	211.19
Paper Rolls & Supplies, Inc.		\$	377.13
Quill Corporation		\$	100.33
R.J. Shepard Co.		\$	447.95
Range Servant		\$	277.05
Religious Conf. Mgmt Assoc.		\$	100.00
Resort Promotions, Inc.		\$	500.00
Revels Turf & Tractor		\$	856.62
Sandpiper Heating & AC, LLC		\$	667.00
Saulisbury Business Machines		\$	951.43
SDI		\$	455.36
Seaside Quality Lube		\$	64.27
SESAC		\$	30.85
Shallotte Rent-All, LLC		\$	141.14
Shuping Superior Graphics		\$	500.00
Southeastern Chemical Sales		\$	456.89
Sprint		\$	68.95
Sterling Sand, LLC		\$	822.85
Systems Accessories		\$	255.33
The Toro Company		\$	259.00
The Website Factory		\$	600.00
Tyler Equip. Company		\$	74.64
Unifirst Corporation		\$	435.59
Walmart Community		\$	532.61
Website Factory		\$	600.00
ZEP Sales & Service		\$	231.90
		<hr/>	
	<b>Total:</b>	<b>\$</b>	<b>26,757.60</b>

**Class 25: General Unsecured Creditors Larger than \$1,000.01:**

		Impaired	
Acushnet Company (Footjoy)	4	\$	2,556.84
ADT Security Services	17 & 18	\$	7,041.43
AENC		\$	1,425.00
ALSCO		\$	1,440.93
Antigua Group	12	\$	3,012.83
Audio Visual Service/Coastal, Inc.		\$	3,079.26
Best Golf Carts- M. Beach	6	\$	2,014.92
Britts Wastewater Services	38 & 39	\$	12,088.50
Brunswick Beacon		\$	1,317.02
Carolina Sand, Inc.	10	\$	2,876.45
Carolinas Staffing Solution	24	\$	6,637.70
CH Avon Sea Trail			paid in full
Coastal Golf Marketing		\$	5,900.00
Connelly, Dana	40	\$	300,000.00
Cox & Watts, PLLC		\$	123,208.47
Crocker, Dennis	7	\$	564,000.00
Crow Creek Golf Club	19	\$	1,872.00
E & S Soil Peat Industries		\$	2,782.46
Eastern Turf Equip., Inc.		\$	2,740.48
Eastwood Bluffs, LLC	27		\$440,000.00
Estate Mgmt Services		\$	13,290.86
Ethridge Pest Control	20	\$	1,775.00
Ford's Fuel Service		\$	6,844.80
Ford's Propane Gas, Inc.		\$	1,822.69
Golfer's Guide Mkt. Solutions		\$	5,946.00
Grand Strand Golf & Travel		\$	6,250.00

Grand Strand R-Time Network		\$	12,093.00
Green Resource	28	\$	7,205.87
Heather Glen		\$	1,600.00
Himmelsbach Communications		\$	15,885.00
Home Depot Supply		\$	1,327.62
Independent Mailing Systems		\$	1,420.00
Infinity Fire Protection, LLC		\$	7,541.06
John Deere Financial	25	\$	1,107.75
McMullan Partners, LLC	33	\$	1,900.00
Milligan Pwr & Lwn Equip.	36amd	\$	4,357.77
Myrtle Beach Fire & Safety Co.	32	\$	3,485.22
Neopost USA dba Mail Finance, Inc.	44	\$	6,311.38
Ocean Ridge Plantation		\$	6,948.00
P.V.I. Enterprises	37	\$	2,663.00
PIMA Direct/First Capital		\$	1,150.25
Regal Chemical Company	8	\$	20,616.19
S & R Turf & Irr. Equip.		\$	1,918.30
Sandpiper Bay Golf & CC		\$	1,740.00
Sea Trail Plantation Master Assoc, Inc.	30	\$	34,100.00
Smith & Turf Irrigation		\$	6,082.04
Sure-Gen	22	\$	1,018.00
The Sun News	23	\$	1,990.25
Town Talk		\$	1,784.89
Twin State Asphalt		\$	1,100.00
Vereen's Turf Products	11	\$	42,557.03
<b>Total:</b>		<b>\$</b>	<b>1,761,341.46</b>

**Class 26: Shareholder Loans**

Impaired

Dennis, Connie F.		\$	1,343,396.00
Gore, Dinah E.		\$	222,742.53
Gore, Gregory		\$	395,986.72
Gore, Sr., Edward M.		\$	222,742.53
Pope, Jr., J. Miller		\$	946,267.41
Thompson, Harriet		\$	125,000.00
Williams, John & Frances		\$	1,112,458.50
Xaranda Capital, LLC		\$	395,986.72
<b>Total:</b>		<b>\$</b>	<b>4,764,580.41</b>

**Class 27: Shareholders**

Unimpaired

Connie Dennis	25.0%
Miller Pope	9.5%
Estate of Helen Pope	9.5%
Gary Pope	3.0%
Debra Edwards Hamilton	3.0%
Esdward Gore, Sr.	4.5%
Dinah Gore	4.5%
Xaranda Capital, LLC	8.0%
Gregory Gore	8.0%
John Williams	6.3%
Frances Williams	6.3%
Harriet Thompson	12.5%
	100.0%

TOTAL CLAIMS: **\$ 23,657,122.80**

## EXHIBIT C



Sea Trail Corporation  
Cash Forecast

	Actual Dec	Jan	Feb	Mar	Jan-Mar Total
<b>REVENUE</b>					
Banquets		10,601	33,153	81,471	125,225
Golf F/B		7,598	18,489	49,316	75,403
Golf (Cash)		64,619	81,702	158,312	304,633
Golf (Package)		13,710	38,250	194,489	246,449
Golf (Memberships)		471,000	-	-	471,000
Corporate		16,850	16,850	16,850	50,550
<b>TOTAL REVENUES</b>		<b>584,378</b>	<b>188,443</b>	<b>500,438</b>	<b>1,273,260</b>
<b>COLLECTIONS/DEPOSITS</b>					
Cash Deposits	78,355	72,217	100,190	207,628	380,036
Banquet A/R	58,382	24,721	20,815	93,810	139,345
Golf A/R	34,997	6,617	8,040	38,250	52,907
Golf (Memberships)	140,944	253,109	37,500	12,000	302,609
Other Deposits	29,058	16,850	16,850	16,850	50,550
<b>TOTAL RECEIPTS</b>	<b>341,737</b>	<b>373,514</b>	<b>183,395</b>	<b>368,538</b>	<b>925,447</b>
<b>EXPENSES</b>					
<i>Personnel Expenses</i>					
Payroll & Payroll Taxes	133,073	143,500	146,162	182,210	471,872
Medical & Health	10,513	11,978	11,978	11,978	35,934
Payroll Processing	64	1,620	1,000	1,000	3,620
Time Keeping Software	850	860	860	860	2,580
<i>Corporate Expenses</i>					
Insurance	11,462	19,662	11,462	11,462	42,585
Credit Card Fees	2,696	2,277	4,940	5,060	12,277
Sales Tax	1,700	3,000	1,600	3,300	7,900
Petty Cash	1,012	400	900	1,350	2,650
Licenses & Taxes	1,227	-	-	-	-
Postage	-	200	200	200	600
Supplies (Office & Cleaning)	157	804	120	39	963
Bank Fees	1,094	-	-	-	-
Management Fees	-	17,500	17,500	17,500	52,500
Bankruptcy Fees	-	6,500	-	-	6,500
Professional Fees	-	25,000	-	-	25,000
<i>Leases &amp; Secured Creditors</i>					
Copier Leases	1,316	900	1,550	1,550	4,000
Grounds Equipment	14,157	14,157	14,157	14,157	42,470
Cart Lease	18,828	18,731	18,731	18,731	56,194
Shuttle Lease	1,859	1,868	1,868	1,868	5,605
Billboard Advertising	1,500	1,225	1,225	1,225	3,675
<i>Utilities &amp; Fuel</i>					
Fuel (propane)	2,217	5,803	6,143	6,143	18,088
Fuel (Diesel)	4,014	3,800	3,800	4,000	11,600
Phone & Cable	15,587	16,828	16,828	16,928	50,584
Utilities	23,536	28,774	28,141	28,464	85,379
<i>Facilities</i>					
Supplies	1,171	2,000	2,200	2,675	6,875
Repairs	179	1,600	800	1,400	3,800
Services	2,593	2,298	4,698	2,298	9,294
Other	-	-	-	-	-
<i>Golf Expenses</i>					
Advertising (Non-BB)	3,329	3,573	3,235	5,217	12,025
Advertising (Co-Op)	-	3,000	-	-	3,000
Tee Time Network	2,877	1,014	2,428	3,132	6,574
Merchandise	-	2,000	534	753	3,287
Repair	-	11,340	1,750	1,000	14,090
Supplies	-	300	1,730	385	2,415
Other	156	200	200	200	600
<i>Golf Maintenance</i>					
Course Management	3,592	1,896	1,896	1,896	5,688
Repairs	1,129	14,959	14,959	6,959	36,877
Chemicals & Seed	3,038	1,500	24,600	31,600	57,700
Supplies	4,461	2,585	1,125	2,175	5,885
Services	-	475	475	475	1,425
Taxes & Licenses	325	-	-	-	-
Other	-	-	1,000	385	1,385
<i>Food &amp; Beverage</i>					
Golf F&B	5,060	3,057	8,151	17,942	29,150
Resort F&B	5,060	4,276	10,898	22,172	37,346
<i>Sales</i>					
		1,495	245	520	2,259
<b>Total Expenses</b>	<b>279,831</b>	<b>382,955</b>	<b>370,088</b>	<b>429,208</b>	<b>1,182,251</b>
Change in Cash	61,906	(9,441)	(186,693)	(60,670)	(256,804)
Beginning Cash Bal	264,328	326,234	316,793	130,100	326,234
Change in Cash	61,906	(9,441)	(186,693)	(60,670)	(256,804)
Ending Cash Bal	326,234	316,793	130,100	69,430	69,430

Sea Trail Corporation

December Budget to Actual

	Budget	Actual	Variance	Comments
<b>COLLECTIONS/DEPOSITS</b>				
Cash Deposits	40,110	78,355	38,245	
Golf A/R	51,138	34,997	(16,141)	\$25k budgeted in Dec, Collected in Nov
Banquet A/R	68,495	58,382	(10,113)	
Golf Memberships		140,944	140,944	Membership Receipts not budgeted
Other Deposits	16,850	29,058	12,208	
<b>TOTAL RECEIPTS</b>	<b>176,594</b>	<b>341,737</b>	<b>165,143</b>	
<b>EXPENSES</b>				
<i>Personell Expenses</i>				
Payroll & Payroll Taxes	136,000	133,073	(2,927)	
Medical & Health	11,978	10,513	(1,465)	
Payroll Processing	1,000	64	(936)	Actual included in Payroll Expense
Time Keeping Software	860	850	(10)	
<i>Corporate Expenses</i>				
Insurance	19,662	11,462	(8,200)	Timing, will pay in Jan
Credit Card Fees	2,835	2,696	(139)	
Sales Tax	2,200	1,700	(500)	
Petty Cash	1,500	1,012	(488)	
Licenses & Taxes	-	1,227	1,227	
Postage	200		(200)	
Supplies (Office & Cleaning)	163	157	(6)	
Bank Fees	-	1,094	1,094	
Bankruptcy Fees	-		-	
Professional Fees	-		-	
<i>Leases &amp; Secured Creditors</i>				
Copier Leases	1,550	1,316	(234)	
Equipment	1,788	1,859	71	
Grounds Equipment Lease	14,157	14,157	-	
Cart Lease	14,760	18,828	4,068	Contractual Increase in Lease
BillBoard Advertising	1,500	1,500	-	
<i>Utilities &amp; Fuel</i>				
Fuel (propane)	6,593	2,217	(4,376)	
Fuel (Diesel)	4,500	4,014	(486)	
Utilities	30,626	23,536	(7,090)	
Phone & Cable	17,628	15,587	(2,041)	
<i>Facilities</i>				
Supplies	2,358	1,171	(1,187)	
Repairs	1,450	179	(1,271)	
Services	2,222	2,593	371	
Other	500		(500)	
<b>Golf Expenses</b>				
Advertising (Non-BB)	2,931	3,329	399	
Tee Time Network	2,375	2,877	503	
Merchandise	1,875		(1,875)	
Repair	950		(950)	
Supplies	945		(945)	
Other	296	156	(140)	
<i>Golf Maintenance</i>				
Course Management	1,896	3,592	1,696	Paid 2 Months (Nov & Dec)
Repairs	6,959	1,129	(5,830)	
Chemicals & Seed	4,100	3,038	(1,062)	
Supplies	2,345	4,461	2,116	
Services	474		(474)	
Taxes & Licenses	-	325	325	
Other	325		(325)	
<i>Food &amp; Beverage</i>				
Sales	10,403	10,119	(284)	
<b>Total Expenses</b>	<b>313,776</b>	<b>279,831</b>	<b>(33,945)</b>	
Change in Cash	(137,182)	61,906	199,088	
Beginning Cash Balance	220,000	264,328	44,328	
Change in Cash	(137,182)	61,906	199,088	
Ending Cash Balance	82,818	326,234	243,416	
<b>Cash Collateral Calculation</b>				
	Collections	Perecent	Cash Collateral	
Golf A/R Collections	34,997	67%	23,447.99	
Cash Golf Sales	67,643	67%	45,320.81	
Golf Membership Collections	140,944	TBD	TBD	
Other Cash Receipts	98,152	100%	98,152.41	
<b>Total Cash Collateral</b>	<b>341,737</b>		<b>166,921</b>	

December 31, 2011

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	YTD ACTUAL	LAST MONTH TO DATE	CURRENT MONTH	YEAR END	ANNUAL CHANGE
ASSETS					
HOUSE BANKS/PETTY CASH	11,692	11,692	0	11,692	0
CASH IN BANK	337,361	299,052	38,309	148,940	188,421
CASH & CASH EQUIVALENTS	349,053	310,744	38,309	160,632	188,421
ACCOUNTS RECEIVABLE	54,227	98,509	(44,282)	160,230	(106,003)
NOTES RECEIVABLE	3,969,409	3,969,409	0	3,973,409	(4,000)
ALLOW FOR DOUBTFUL ACCTS	0	0	0	0	0
RETURNED CHECKS	0	0	0	0	0
NET ACCOUNTS RECEIVABLE	4,023,636	4,067,918	(44,282)	4,133,639	(110,003)
PREPAIDS	92,545	82,241	10,304	96,127	(3,583)
TOTAL PREPAIDS	92,545	82,241	10,304	96,127	(3,583)
GOLF MDSE INVENTORY	20,834	22,451	(1,617)	36,962	(16,128)
GOLF - BEVERAGE INVENTORY	4,262	4,930	(668)	6,151	(1,889)
GOLF - FOOD INVENTORY	4,345	4,334	11	5,285	(940)
FUEL - GASOLINE	2,203	1,856	347	712	1,491
FUEL - DIESEL	2,782	2,773	9	1,022	1,760
FOOD INVENTORY	19,685	19,764	(79)	20,806	(1,121)
BEVERAGE INVENTORY	3,785	3,987	(202)	7,653	(3,867)
TOBACCO INVENTORY	0	0	0	0	0
C G S & L INVENTORY	59,865	61,308	(1,444)	62,732	(2,867)
ROOMS TERRY INVENTORY	0	0	0	0	0
VAC POOL TOWELS INVENTORY	0	0	0	0	0
MERCHANDISE INVENTORY - VAC	0	0	0	0	0
LAND INVENTORY	3,295,558	3,295,534	24	3,332,152	(36,594)
TOTAL INVENTORY	3,413,319	3,416,936	(3,618)	3,473,474	(60,155)
TOTAL CURRENT ASSETS	7,878,552	7,877,839	713	7,863,873	14,680
CONSTRUCTION IN PROGRESS	0	0	0	0	0
LAND & IMPROVEMENTS	11,517,877	11,517,877	0	11,512,610	5,267
BUILDINGS	13,220,872	13,220,872	0	13,220,872	0
FIXTURES & EQUIPMENT	4,665,343	4,662,007	3,337	4,321,968	343,375
LESS: ACCUMULATED DEPRECIATION	(14,422,383)	(14,377,731)	(44,652)	(13,886,563)	(535,819)
TOTAL FIXED ASSETS	14,981,709	15,023,024	(41,315)	15,168,886	(187,177)
INTANGIBLE ASSETS	0	0	0	0	0
AMORTIZATION	0	0	0	0	0
TOTAL INTANGIBLE ASSETS	0	0	0	0	0
TOTAL ASSETS	22,860,262	22,900,863	(40,602)	23,032,759	(172,497)

	YTD ACTUAL	LAST MONTH TO DATE	CURRENT MONTH	YEAR END	ANNUAL CHANGE
<b>LIABILITIES</b>					
ACCOUNTS PAYABLE	1,169,570	894,674	274,896	1,231,100	(61,530)
COMMISSION PAYABLE	0	0	0	2,900	(2,900)
DEFERRED INCOME	140,394	0	140,394	46,733	93,661
PAYROLL DEDUCTIONS	165	(667)	832	(54)	219
ADVANCE DEPOSITS-RESORT	0	0	0	0	0
ADVANCE DEPOSITS-LTR	0	0	0	0	0
DEPOSITS-RENTAL POOL	0	0	0	0	0
DEPOSITS-REALTY ESCROW	0	0	0	0	0
GIFT CERTIFICATES	1,700	1,912	(212)	2,241	(541)
LOT INCENTIVES	0	0	0	0	0
PREPAID GOLF	0	35,799	(35,799)	0	0
ACCRUED EXPENSES	0	0	0	344	(344)
ACCRUED INTEREST	746,197	684,481	61,716	5,605	740,592
ACCRUED MISCELLANEOUS	0	0	0	0	0
ACCRUED PAYROLL	0	0	0	0	0
ACCRUED GRATUITIES	0	0	0	633	(633)
ACCRUED TIPS PAYABLE	0	0	0	(44)	44
ACCRUED VACATION	66,872	79,117	(12,245)	74,628	(7,756)
ACCRUED WORKMEN'S COMP	0	0	0	0	0
PAYROLL TAXES PAYABLE	4,210	4,210	0	4,210	0
PROPERTY TAXES PAYABLE	0	189,010	(189,010)	0	0
SALES TAXES PAYABLE	2,628	1,762	865	3,665	(1,038)
INTERCOMPANY ACCOUNTS	0	0	0	0	0
<b>TOTAL CURRENT LIABILITIES</b>	<b>2,131,736</b>	<b>1,890,298</b>	<b>241,437</b>	<b>1,371,962</b>	<b>759,774</b>
<b>LONG TERM LIABILITES</b>					
NOTES PAYABLE	18,924,808	18,924,808	0	19,039,811	(115,003)
HTC VOICE MAIL LEASE	0	0	0	0	0
VAR RESOURCES LEASE	0	0	0	1,423	(1,423)
PNC EQUIPMENT LEASE	200,839	212,831	(11,991)	0	200,839
<b>TOTAL LONG TERM LIABILITIES</b>	<b>19,125,648</b>	<b>19,137,639</b>	<b>(11,991)</b>	<b>19,041,234</b>	<b>84,414</b>
<b>STOCKHOLDERS' EQUITY</b>					
COMMON STOCK	200,000	200,000	0	200,000	0
RETAINED EARNINGS - PRIOR YEAR	2,419,563	2,419,563	0	3,627,945	(1,208,382)
CURRENT YEAR PROFIT/LOSS	(1,016,685)	(746,637)	(270,048)	(1,208,382)	191,697
DISTRIBUTIONS TO OWNERS	0	0	0	0	0
<b>TOTAL STOCKHOLDERS' EQUITY</b>	<b>1,602,879</b>	<b>1,872,926</b>	<b>(270,048)</b>	<b>2,619,563</b>	<b>(1,016,685)</b>
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b>22,860,262</b>	<b>22,900,863</b>	<b>(40,602)</b>	<b>23,032,759</b>	<b>(172,497)</b>

SEA TRAIL CORPORATION  
 CONSOLIDATED FINANCIAL STATEMENT (01/01/11)  
 ALL DIVISIONS  
 December 2011

	MTD	%	MTD	%	VAR	PRIOR	%	MTD		YTD	%	YTD	%	VAR	YTD	%	YTD	
	ACTUAL		BUDGET		BUDGET	YEAR		VAR		ACTUAL		BUDGET		BUDGET	PRIOR		VAR	
	REVENUE																	
66	8,418	4.3	7,900.0	5.5	517.6	21,797	6.5	(13,379.2)	CORPORATE DIVISION	439,419	8.5	120,141	2.8	319,278	255,253	4.6	184,1	
57)	0	0.0	0.0	0.0	0.0	3,225	1.0	(3,225.0)	REAL ESTATE DIVISION	144,900	2.8	0	0.0	144,900	161,057	2.9	(16,1	
51)	153,257	77.4	101,807.0	70.7	51,450.4	190,450	56.7	(37,192.7)	GOLF DIVISION	3,520,536	68.4	3,458,220	79.2	62,316	3,753,787	67.2	(233.2	
46)	36,333	18.3	34,310.0	23.8	2,022.9	120,529	35.9	(84,196.3)	RESORT DIVISION	1,039,800	20.2	790,212	18.1	249,588	1,418,546	25.4	(378.7	
88)	198,008	100.0	144,017.0	100.0	53,990.8	336,001	100.0	(137,993.3)	TOTAL REVENUE	5,144,655	100.0	4,368,573	100.0	776,081	5,588,642	100.0	(443.9	
	OPERATING EXPENSES																	
49)	109,997	55.6	122,188.2	84.8	(12,190.7)	130,643	38.9	(20,645.4)	CORPORATE DIVISION	1,444,573	28.1	1,447,474	33.1	(2,901)	1,591,621	28.5	(147.0	
72)	0	0.0	0.0	0.0	0.0	173	5.4	(172.6)	REAL ESTATE DIVISION	52,179	36.0	0	0.0	52,179	65,150	40.5	(12,9	
73)	131,491	85.8	153,908.3	151.2	(22,417.1)	143,602	75.4	(12,110.5)	GOLF COURSE DIVISION	2,063,715	58.6	2,317,037	67.0	(253,322)	2,210,287	58.9	(146.5	
03)	41,221	113.5	38,159.0	111.2	3,062.0	45,892	38.1	(4,670.8)	RESORT DIVISION	576,964	55.5	522,445	66.1	54,519	763,267	53.8	(186.3	
96)	282,710	142.8	314,255.5	218.2	(31,545.8)	320,309	95.3	(37,599.3)	TOTAL OPERATIONAL EXPENSES	4,137,430	80.4	4,286,956	98.1	(149,525)	4,630,326	82.9	(492.8	
08)	(84,702)	(42.8)	(170,238.5)	(118.2)	85,536.6	15,692	4.7	(100,394.0)	NET OPERATING INCOME	1,007,225	19.6	81,618	1.9	925,607	958,317	17.1	48.9	
	FIXED EXPENSES																	
87)	133,238	67.3	110,499.1	76.7	22,738.9	205,154	61.1	(71,916.4)	CORPORATE	1,388,012	27.0	1,292,153	29.6	95,859	1,378,925	24.7	9.0	
39)	1,290	0.7	0.0	0.0	1,290.0	590	0.2	700.0	REAL ESTATE	6,596	0.1	0	0.0	6,596	17,235	0.3	(10,6	
84)	33,877	17.1	47,760.1	33.2	(13,883.3)	(2,391)	(0.7)	36,267.8	GOLF DIVISION	439,906	8.6	570,534	13.1	(130,629)	563,590	10.1	(123,6	
53)	16,941	8.6	17,738.3	12.3	(797.5)	18,040	5.4	(1,099.0)	RESORT DIVISION	189,396	3.7	217,827	5.0	(28,431)	206,949	3.7	(17,5	
89)	185,346	93.6	175,997.6	122.2	9,348.1	221,393	65.9	(36,047.5)	TOTAL FIXED EXPENSES	2,023,909	39.3	2,080,514	47.6	(56,605)	2,166,699	38.8	(142,7	
97)	(270,048)	(136.4)	(346,236.0)	(240.4)	76,188.5	(205,701)	(61.2)	(64,346.5)	NET INCOME	(1,016,685)	(19.8)	(1,998,897)	(45.8)	982,212	(1,208,382)	(21.6)	191,6	
	=====		=====		=====	=====		=====		=====		=====		=====	=====		=====	

Consolidated

	2007	2008	2009	2010
<b>REVENUE</b>				
Transient Room Rental	\$1,552,457	\$1,372,587	\$0	\$0
Group Room Rental	\$2,212,044	\$1,945,045	-\$580	\$0
Resort Services	\$725,075	\$672,444	\$99,009	\$243,548
Food & Beverage	\$3,692,253	\$3,010,885	\$1,298,669	\$1,406,432
Telephone	\$93,114	\$83,001	\$68,580	\$139,761
Village Activity Center	\$381,015	\$343,990	\$0	\$0
Golf Round Revenue	\$4,810,128	\$4,580,269	\$3,578,623	\$3,218,453
Golf Merchandise	\$574,887	\$518,963	\$260,836	\$128,947
Initiation/Transfer Fees	171250	42750	16500	36500
Clinic/Handicap Fees	2760	2885	5198	-715
Real Estate Sales	\$1,243,215	\$0	\$115,000	\$80,000
Commissions	\$211,804	\$111,862	\$45,703	\$81,057
Rental & Interest Income	\$205,769	\$147,069	\$11,348	\$26,422
Miscellaneous	\$26,565	\$10,483	\$177,653	\$24,326
Management Fees	\$62,460	\$70,800	\$72,400	\$72,000
Sewer, Maintenance & Landscaping Fees	\$61,818	\$66,907	\$112,754	\$128,653
<b>TOTAL REVENUE</b>	<b>\$16,026,614</b>	<b>\$12,979,940</b>	<b>\$5,861,693</b>	<b>\$5,585,384</b>
<b>EXPENSES</b>				
Salary & Wages Resort	\$1,641,742	\$1,416,430	\$19,014	\$0
Operating Expenses Resort	\$1,186,790	\$876,411	\$8,791	\$0
Rental - Distribution to Owners	\$1,690,399	\$1,423,896	\$0	\$0
Food & Beverage Costs	\$2,996,625	\$2,411,114	\$997,055	\$891,910
Telephone	\$92,115	\$50,059	\$23,087	\$88,662
Village Activity Center	\$201,334	\$187,888	-\$166	\$615
Golf Expenses	\$1,120,646	\$1,052,977	\$629,271	\$487,038
Real Estate Costs	\$1,296,101	\$558,373	\$136,473	\$65,151
Departmental Other	\$213,362	\$110,463	\$85,326	\$92,112
Salaries	\$1,145,735	\$1,022,282	\$717,276	\$667,674
Plantation Support	\$294,390	\$178,124	\$87,727	\$86,397
Sea Trail Utilities	\$33,732	\$29,788	\$27,436	\$46,553
Facilities Maintenance	\$0	\$0	\$166,542	\$155,453
Building Expenses	\$643,703	\$556,708	\$350,829	\$350,978
<b>Total Departmental Expenses</b>	<b>\$12,556,674</b>	<b>\$9,874,513</b>	<b>\$3,248,661</b>	<b>\$2,932,543</b>
		0		
<b>Undistributed</b>				
Administrative & General	\$1,012,815	\$995,560	\$390,944	\$313,464
Marketing & Sales	\$672,896	\$530,554	\$104,043	\$63,754
Maintenance & Other	\$2,366,403	\$2,075,296	\$1,267,157	\$1,127,770
<b>Total Undistributed Expenses</b>	<b>\$4,052,114</b>	<b>\$3,601,410</b>	<b>\$1,762,144</b>	<b>\$1,504,988</b>
<b>TOTAL OPERATING EXPENSES</b>	<b>\$16,608,788</b>	<b>\$13,475,923</b>	<b>\$5,010,805</b>	<b>\$4,437,531</b>

<b>GROSS OPERATING PROFIT</b>	-\$582,174	-\$495,983	\$850,888	\$1,147,853
<b>Fixed Expenses</b>				
Corporate Labor Costs	\$0	\$10,621	\$10,620	\$10,620
Equipment Leases	\$152,641	\$176,642	\$43,622	\$20,239
Other	\$41,603	\$28,742	\$17,954	\$12,931
Equipment Leases	\$363,126	\$414,236	\$431,256	\$371,062
Franchise Tax	\$19,386	\$39,946	\$48,283	\$55,741
Leases	\$57,410	\$36,528	\$68,626	\$41,206
Professional Fees	\$549,476	\$31,436	\$105,947	\$223,881
Insurance	\$183,297	\$264,503	\$139,123	\$117,018
Taxes	\$233,231	\$222,666	\$272,004	\$270,562
<b>TOTAL FIXED EXPENSES</b>	\$1,600,170	\$1,225,320	\$1,137,435	\$1,123,260
<b>TOTAL EXPENSES</b>	\$18,208,958	\$14,701,243	\$6,148,240	\$5,560,791
<b>NET OPERATING INCOME</b>	<b>-\$2,182,344</b>	<b>-\$1,721,303</b>	<b>-\$286,547</b>	<b>\$24,593</b>

	2007	2008	2009	2010
<b>TOTAL PLANTATION NET INCOME</b>				
	-\$2,182,344	-\$1,721,303	-\$286,548	\$24,592
(before debt, dep/am, reserve & asset sales)				

**RESORT**

	2007		2008		2009		2010	
<b>REVENUE</b>								
Transient Room Rental	\$1,552,457	17.94%	\$1,372,587	18.48%	\$0	0.00%	\$0	0.00%
Group Room Rental	\$2,212,044	25.56%	\$1,945,045	26.19%	-\$580	-0.05%	\$0	0.00%
<b>Total Room Rental</b>	<b>\$3,764,501</b>	<b>43.49%</b>	<b>\$3,317,632</b>		<b>-\$580</b>		<b>\$0</b>	
Resort Services	\$725,075	8.38%	\$672,444	9.05%	\$99,009	8.61%	\$243,548	17.17%
Food and Beverage Banquet	\$2,065,958	23.87%	\$1,621,848	21.83%	\$845,534	73.50%	\$994,656	70.12%
Food and Beverage Outlets/Other	\$1,626,295	18.79%	\$1,389,037	18.70%	\$137,806	11.98%	\$40,581	2.86%
<b>Total Food &amp; Beverage</b>	<b>\$3,692,253</b>	<b>42.66%</b>	<b>\$3,010,885</b>		<b>\$983,340</b>		<b>\$1,035,237</b>	
Telephone	\$93,114	1.08%	\$83,001	1.12%	\$68,580	5.96%	\$139,761	9.85%
Village Activity Center	\$381,015	4.40%	\$343,990	4.63%	\$0	0.00%	\$0	0.00%
<b>TOTAL REVENUE</b>	<b>\$8,655,958</b>	<b>100.00%</b>	<b>\$7,427,952</b>	<b>100.00%</b>	<b>\$1,150,349</b>	<b>100.00%</b>	<b>\$1,418,546</b>	<b>100.00%</b>
<b>EXPENSES</b>								
<b>Departmental</b>								
Salary & Wages Resort	\$1,641,742		\$1,416,430	42.69%	\$19,014		\$0	
Operating Expenses Resort	\$1,186,790		\$876,411	26.42%	\$8,791		\$0	
Rental - Distribution to Owners	\$1,690,399		\$1,423,896	42.92%	\$0		\$0	
F&B Cost of Goods Sold	\$1,090,781		\$831,299		\$237,296		\$231,565	
F&B Salary & Wages	\$1,499,881		\$1,278,087		\$399,204		\$304,477	
F&B Operating Expenses	\$405,963		\$301,728		\$79,894		\$67,865	
Telephone	\$92,115		\$50,059		\$23,087		\$88,662	
Village Activity Center	\$201,334		\$187,888		-\$166		\$615	
<b>Total Departmental</b>	<b>\$7,809,005</b>		<b>\$6,365,798</b>	<b>85.70%</b>	<b>\$767,120</b>		<b>\$693,184</b>	
<b>Undistributed</b>								
Administrative & General	\$250,015		\$220,787	2.97%	\$27,997		\$0	
Marketing & Sales	\$672,896		\$530,554	7.14%	\$104,043		\$63,754	
Maintenance & Other	\$422,418		\$392,015	5.28%	\$7,243		\$6,330	
<b>Total Undistributed</b>	<b>\$1,345,329</b>		<b>\$1,143,356</b>		<b>\$139,283</b>		<b>\$70,084</b>	
<b>Total Expenses</b>	<b>\$9,154,334</b>		<b>\$7,509,154</b>		<b>\$906,403</b>		<b>\$763,268</b>	
<b>GROSS OPERATING PROFIT</b>	<b>-\$498,376</b>		<b>-\$81,202</b>		<b>\$243,946</b>		<b>\$655,278</b>	
Resort Building Cost Allocation	\$568,182		\$576,075		\$215,110		\$188,138	
Resort Corporate Labor Allocation	\$143,736		\$219,190		\$0		\$0	
Resort Equipment Leases	\$152,641		\$176,642		\$43,622		\$20,239	
Resort Other	\$3,032		\$8,459		\$26			
<b>Total Fixed Expenses</b>	<b>\$867,591</b>		<b>\$980,366</b>		<b>\$258,758</b>		<b>\$208,377</b>	
<b>Net Income</b>	<b>-\$1,365,967</b>		<b>-\$1,061,568</b>		<b>-\$14,812</b>		<b>\$446,901</b>	

Reconciliation to Statements	2007	2008	2009	2010
<b>ALL DIVISIONS</b>				
Net Income Above	-\$2,182,344	-\$1,721,303	-\$286,548	\$24,592
Depreciation	-\$668,457	-\$631,517	-\$604,175	-\$572,452
Debt Service	-\$1,132,039	-\$984,721	-\$474,883	-\$659,454
Asset Sales	\$85,689	\$3,513,164	-\$2,558,825	\$4,785
	-\$3,897,151	\$175,623	-\$3,924,431	-\$1,202,529
Sea Trail Statements	-\$3,897,150	\$175,626	-\$3,924,429	-\$1,202,528
<b>Variance</b>	<b>-\$1</b>	<b>-\$3</b>	<b>-\$2</b>	<b>-\$1</b>



Not including Asset Sales, Depreciation or Debt Service

		2007	2008	2009	2010
<b>CORPORATE</b>					
<b>REVENUE</b>					
Rental Income		\$146,608	\$132,880	\$9,600	\$26,348
Interest		\$59,161	\$14,189	\$1,748	\$74
Miscellaneous		\$26,565	\$10,483	\$177,653	\$24,326
Management Fees		\$62,460	\$70,800	\$72,400	\$72,000
		<u>\$294,794</u>	<u>\$228,352</u>	<u>\$261,401</u>	<u>\$122,748</u>
<b>PLANTATION SUPPORT</b>					
Landscaping Fees		\$17,730	\$19,980	\$20,070	\$18,945
<b>SEA TRAIL UTILITIES</b>					
Sewer Service & Maint Income		\$44,088	\$46,927	\$92,684	\$109,708
<b>TOTAL REVENUE</b>		<b>\$356,612</b>	<b>\$295,259</b>	<b>\$374,155</b>	<b>\$251,401</b>
<b>EXPENSES</b>					
Departmental Other		\$213,362	\$110,463	\$85,326	\$92,112
Salaries		\$1,145,735	\$1,022,282	\$717,276	\$667,674
Plantation Support		\$294,390	\$178,124	\$87,727	\$86,397
Sea Trail Utilities		\$33,732	\$29,788	\$27,436	\$46,553
Facilities Maintenance		\$0	\$0	\$166,542	\$155,453
Maples Building		\$114,483	\$96,467	\$87,946	\$79,741
Jones/Byrd Building		\$228,030	\$215,117	\$144,661	\$151,262
CCC Building		\$143,124	\$110,242	\$91,996	\$99,214
Resort Building		\$9,174	\$45	\$0	\$0
Pavillion Building		\$37,094	\$40,142	\$10,375	\$1,668
Real Estate Building		\$10,832	\$8,190	\$10,024	\$11,625
VAC Building		\$89,451	\$79,816	\$2,591	\$4,943
HR Building		\$11,515	\$6,689	\$3,236	\$2,525
<b>TOTAL DEPARTMENTAL EXPENSES</b>		<b>\$2,330,922</b>	<b>\$1,897,365</b>	<b>\$1,435,136</b>	<b>\$1,399,167</b>
<b>GROSS OPERATING PROFIT</b>		<b>-\$1,974,310</b>	<b>-\$1,602,106</b>	<b>-\$1,060,981</b>	<b>-\$1,147,766</b>
Building Cost Allocation		\$20,057	\$24,684	\$91,730	\$102,369
Franchise Tax		\$19,386	\$39,946	\$48,283	\$55,741
Leases		\$57,410	\$36,528	\$68,626	\$41,206
Professional Fees		\$549,476	\$31,436	\$105,947	\$223,881
Insurance		\$183,297	\$264,503	\$139,123	\$117,018
Taxes		\$233,231	\$222,666	\$272,004	\$270,562
Corporate Labor Allocation		-\$431,208	-\$447,047	\$10,620	\$10,620
Building Cost Allocation		-\$807,523	-\$825,121	-\$489,610	-\$467,001
<b>Total Fixed Expenses</b>		<b>-\$175,874</b>	<b>-\$652,405</b>	<b>\$246,723</b>	<b>\$354,396</b>
<b>Net Income</b>		<b>-\$1,798,436</b>	<b>-\$949,701</b>	<b>-\$1,307,704</b>	<b>-\$1,502,162</b>

**GOLF**

	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>
MAPLES GOLF ROUNDS	48,806	47,521	37,073	27,530
JONES GOLF ROUNDS	41,673	40,045	32,148	29,128
BYRD GOLF ROUNDS	42,077	35,427	29,042	33,468
<b>TOTAL GOLF ROUNDS</b>	<b>132,556</b>	<b>122,993</b>	<b>98,263</b>	<b>90,126</b>
<b>REVENUE</b>				
Maples Golf Course	\$1,677,141	\$1,641,272	\$1,272,382	\$954,430
Maples Merchandise	\$175,343	\$130,129	\$68,760	\$34,318
Jones/Byrd Courses	\$3,132,987	\$2,938,997	\$2,306,241	\$2,264,023
Jones/Byrd Merchandise	\$399,544	\$388,834	\$192,076	\$94,629
Initiation/Transfer Fees	\$171,250	\$42,750	\$16,500	\$36,500
Clinic/Handicap Fees	\$2,760	\$2,885	\$5,198	-\$715
Food & Beverage	\$0	\$0	\$315,329	\$371,195
<b>Total Revenue</b>	<b>\$5,559,025</b>	<b>\$5,144,867</b>	<b>\$4,176,486</b>	<b>\$3,754,380</b>
<b>EXPENSES</b>				
<b>Departmental</b>				
Maples Golf Course	\$210,365	\$187,159	\$126,666	\$131,457
Maples Merchandise	\$138,847	\$103,499	\$44,433	\$17,931
Jones/Byrd Courses	\$449,815	\$456,733	\$317,501	\$288,152
Jones/Byrd Merchandise	\$321,619	\$305,586	\$140,671	\$49,498
Food & Beverage	\$0	\$0	\$280,661	\$288,003
<b>Total Departmental</b>	<b>\$1,120,646</b>	<b>\$1,052,977</b>	<b>\$909,932</b>	<b>\$775,041</b>
<b>Undistributed</b>				
Administrative & General	\$762,800	\$774,773	\$362,947	\$313,464
Maintenance & Utilities	\$1,943,985	\$1,683,281	\$1,259,914	\$1,121,440
<b>Total Undistributed</b>	<b>\$2,706,785</b>	<b>\$2,458,054</b>	<b>\$1,622,861</b>	<b>\$1,434,904</b>
<b>Total Operating Expenses</b>	<b>\$3,827,431</b>	<b>\$3,511,031</b>	<b>\$2,532,793</b>	<b>\$2,209,945</b>
<b>GROSS OPERATING PROFIT</b>	<b>\$1,731,594</b>	<b>\$1,633,836</b>	<b>\$1,643,693</b>	<b>\$1,544,435</b>
Building Cost Allocation	\$202,787	\$210,595	\$173,930	\$167,124
Corporate Labor Allocation	\$143,736	\$119,239	\$0	\$0
Equipment Leases	\$332,287	\$390,397	\$408,503	\$361,796
Other	\$13,265	\$12,278	\$6,811	\$4,962
<b>Total Fixed Expenses</b>	<b>\$692,075</b>	<b>\$732,509</b>	<b>\$589,244</b>	<b>\$533,882</b>
<b>Net Income</b>	<b>\$1,039,519</b>	<b>\$901,327</b>	<b>\$1,054,449</b>	<b>\$1,010,553</b>

	2007	2008	2009	2010
<b>REAL ESTATE</b>				
<b>REVENUE</b>				
Real Estate Sales	\$1,243,215	\$0	\$115,000	\$80,000
Commissions	\$211,804	\$111,862	\$45,703	\$81,057
<b>Total Revenue</b>	<b>\$1,455,019</b>	<b>\$111,862</b>	<b>\$160,703</b>	<b>\$161,057</b>
<b>EXPENSES</b>				
Cost of Sales Real Estate	\$193,799	\$42,511	\$34,224	\$27,152
Salary/Wages Real Estate	\$272,585	\$66,666	\$28,670	\$21,179
Marketing/Other	\$829,717	\$449,196	\$73,579	\$16,820
<b>Total Expenses</b>	<b>\$1,296,101</b>	<b>\$558,373</b>	<b>\$136,473</b>	<b>\$65,151</b>
<b>GROSS OPERATING PROFIT</b>	<b>\$158,918</b>	<b>-\$446,511</b>	<b>\$24,230</b>	<b>\$95,906</b>
Building Cost Allocation	\$16,497	\$13,767	\$8,841	\$9,371
Corporate Labor Allocation	\$143,736	\$119,239	\$0	\$0
Equipment Leases	\$30,839	\$23,839	\$22,753	\$9,266
Other	\$25,306	\$8,005	\$11,117	\$7,969
<b>Total Fixed Expenses</b>	<b>\$216,378</b>	<b>\$164,850</b>	<b>\$42,711</b>	<b>\$26,606</b>
<b>Net Income</b>	<b>-\$57,460</b>	<b>-\$611,361</b>	<b>-\$18,481</b>	<b>\$69,300</b>