

B 25C (Official Form 25C) (12/08)

UNITED STATES BANKRUPTCY COURT

District of South Carolina

In re The Cliffs Club & Hosp. Group, Inc., et al ,
Debtor

Case No. 12-01220 jntly admin

Small Business Case under Chapter 11

SMALL BUSINESS MONTHLY OPERATING REPORT

Month: May 2012


Date filed: 06/20/2012

Line of Business: Golf and Country Club

NAISC Code: 713990

IN ACCORDANCE WITH TITLE 28, SECTION 1746, OF THE UNITED STATES CODE, I DECLARE UNDER PENALTY OF PERJURY THAT I HAVE EXAMINED THE FOLLOWING SMALL BUSINESS MONTHLY OPERATING REPORT AND THE ACCOMPANYING ATTACHMENTS AND, TO THE BEST OF MY KNOWLEDGE, THESE DOCUMENTS ARE TRUE, CORRECT AND COMPLETE.

RESPONSIBLE PARTY:



Original Signature of Responsible Party

David McAda, Controller

Printed Name of Responsible Party

Questionnaire: (All questions to be answered on behalf of the debtor.)

Yes No

- | | | |
|---|-------------------------------------|-------------------------------------|
| 1. IS THE BUSINESS STILL OPERATING? | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| 2. HAVE YOU PAID ALL YOUR BILLS ON TIME THIS MONTH? | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| 3. DID YOU PAY YOUR EMPLOYEES ON TIME? | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| 4. HAVE YOU DEPOSITED ALL THE RECEIPTS FOR YOUR BUSINESS INTO THE DIP ACCOUNT THIS MONTH? | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| 5. HAVE YOU FILED ALL OF YOUR TAX RETURNS AND PAID ALL OF YOUR TAXES THIS MONTH | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| 6. HAVE YOU TIMELY FILED ALL OTHER REQUIRED GOVERNMENT FILINGS? | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| 7. HAVE YOU PAID ALL OF YOUR INSURANCE PREMIUMS THIS MONTH? | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| 8. DO YOU PLAN TO CONTINUE TO OPERATE THE BUSINESS NEXT MONTH? | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| 9. ARE YOU CURRENT ON YOUR QUARTERLY FEE PAYMENT TO THE U.S. TRUSTEE? | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| 10. HAVE YOU PAID ANYTHING TO YOUR ATTORNEY OR OTHER PROFESSIONALS THIS MONTH? | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| 11. DID YOU HAVE ANY UNUSUAL OR SIGNIFICANT UNANTICIPATED EXPENSES THIS MONTH? | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| 12. HAS THE BUSINESS SOLD ANY GOODS OR PROVIDED SERVICES OR TRANSFERRED ANY ASSETS TO ANY BUSINESS RELATED TO THE DIP IN ANY WAY? | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| 13. DO YOU HAVE ANY BANK ACCOUNTS OPEN OTHER THAN THE DIP ACCOUNT? | <input type="checkbox"/> | <input checked="" type="checkbox"/> |

B 25C (Official Form 25C) (12/08)

- 14. HAVE YOU SOLD ANY ASSETS OTHER THAN INVENTORY THIS MONTH?
- 15. DID ANY INSURANCE COMPANY CANCEL YOUR POLICY THIS MONTH?
- 16. HAVE YOU BORROWED MONEY FROM ANYONE THIS MONTH?
- 17. HAS ANYONE MADE AN INVESTMENT IN YOUR BUSINESS THIS MONTH?
- 18. HAVE YOU PAID ANY BILLS YOU OWED BEFORE YOU FILED BANKRUPTCY?

TAXES

DO YOU HAVE ANY PAST DUE TAX RETURNS OR PAST DUE POST-PETITION TAX OBLIGATIONS?

IF YES, PLEASE PROVIDE A WRITTEN EXPLANATION INCLUDING WHEN SUCH RETURNS WILL BE FILED, OR WHEN SUCH PAYMENTS WILL BE MADE AND THE SOURCE OF THE FUNDS FOR THE PAYMENT.

(Exhibit A)

INCOME

PLEASE SEPARATELY LIST ALL OF THE INCOME YOU RECEIVED FOR THE MONTH. THE LIST SHOULD INCLUDE ALL INCOME FROM CASH AND CREDIT TRANSACTIONS. *(THE U.S. TRUSTEE MAY WAIVE THIS REQUIREMENT.)*

TOTAL INCOME \$ 3,162,815.31

SUMMARY OF CASH ON HAND

Cash on Hand at Start of Month \$ 1,898,689.95

Cash on Hand at End of Month \$ 1,314,501.44

PLEASE PROVIDE THE TOTAL AMOUNT OF CASH CURRENTLY AVAILABLE TO YOU **TOTAL** \$ 1,314,501.44

(Exhibit B)

EXPENSES

PLEASE SEPARATELY LIST ALL EXPENSES PAID BY CASH OR BY CHECK FROM YOUR BANK ACCOUNTS THIS MONTH. INCLUDE THE DATE PAID, WHO WAS PAID THE MONEY, THE PURPOSE AND THE AMOUNT. *(THE U.S. TRUSTEE MAY WAIVE THIS REQUIREMENT.)*

TOTAL EXPENSES \$ 3,866,259.00

(Exhibit C)

CASH PROFIT

INCOME FOR THE MONTH *(TOTAL FROM EXHIBIT B)* \$ 3,162,815.31

EXPENSES FOR THE MONTH *(TOTAL FROM EXHIBIT C)* \$ 3,866,259.00

(Subtract Line C from Line B) **CASH PROFIT FOR THE MONTH** \$ -703,443.00

B 25C (Official Form 25C) (12/08)

UNPAID BILLS

PLEASE ATTACH A LIST OF ALL DEBTS (INCLUDING TAXES) WHICH YOU HAVE INCURRED SINCE THE DATE YOU FILED BANKRUPTCY BUT HAVE NOT PAID. THE LIST MUST INCLUDE THE DATE THE DEBT WAS INCURRED, WHO IS OWED THE MONEY, THE PURPOSE OF THE DEBT AND WHEN THE DEBT IS DUE. (THE U.S. TRUSTEE MAY WAIVE THIS REQUIREMENT.)

TOTAL PAYABLES \$ 540,367.53

(Exhibit D)

MONEY OWED TO YOU

PLEASE ATTACH A LIST OF ALL AMOUNTS OWED TO YOU BY YOUR CUSTOMERS FOR WORK YOU HAVE DONE OR THE MERCHANDISE YOU HAVE SOLD. YOU SHOULD INCLUDE WHO OWES YOU MONEY, HOW MUCH IS OWED AND WHEN IS PAYMENT DUE. (THE U.S. TRUSTEE MAY WAIVE THIS REQUIREMENT.)

TOTAL RECEIVABLES \$ 6,120,265.00

(Exhibit E)

BANKING INFORMATION

PLEASE ATTACH A COPY OF YOUR LATEST BANK STATEMENT FOR EVERY ACCOUNT YOU HAVE AS OF THE DATE OF THIS FINANCIAL REPORT OR HAD DURING THE PERIOD COVERED BY THIS REPORT.

(Exhibit F)

EMPLOYEES

NUMBER OF EMPLOYEES WHEN THE CASE WAS FILED?	<u>402</u>
NUMBER OF EMPLOYEES AS OF THE DATE OF THIS MONTHLY REPORT?	<u>452</u>

PROFESSIONAL FEES

BANKRUPTCY RELATED:

PROFESSIONAL FEES RELATING TO THE BANKRUPTCY CASE PAID DURING THIS REPORTING PERIOD?	<u>\$ 619,799.00</u>
TOTAL PROFESSIONAL FEES RELATING TO THE BANKRUPTCY CASE PAID SINCE THE FILING OF THE CASE?	<u>\$ 1,025,523.00</u>

NON-BANKRUPTCY RELATED:

PROFESSIONAL FEES NOT RELATING TO THE BANKRUPTCY CASE PAID DURING THIS REPORTING PERIOD?	<u>\$ 39,250.00</u>
TOTAL PROFESSIONAL FEES NOT RELATING TO THE BANKRUPTCY CASE PAID SINCE THE FILING OF THE CASE?	<u>\$ 99,250.00</u>

B 25C (Official Form 25C) (12/08)

PROJECTIONS

COMPARE YOUR ACTUAL INCOME AND EXPENSES TO THE PROJECTIONS FOR THE FIRST 180 DAYS OF YOUR CASE PROVIDED AT THE INITIAL DEBTOR INTERVIEW.

	Projected	Actual	Difference
INCOME	\$ 4,528,635.00	\$ 3,162,815.00	\$ -1,365,820.00
EXPENSES	\$ 4,787,352.00	\$ 3,866,259.00	\$ 921,093.00
CASH PROFIT	\$ -258,717.00	\$ -703,444.00	\$ -444,727.00

TOTAL PROJECTED INCOME FOR THE NEXT MONTH:	\$ 2,754,415.00
TOTAL PROJECTED EXPENSES FOR THE NEXT MONTH:	\$ 3,116,852.00
TOTAL PROJECTED CASH PROFIT FOR THE NEXT MONTH:	\$ -362,437.00

ADDITIONAL INFORMATION

PLEASE ATTACH ALL FINANCIAL REPORTS INCLUDING AN INCOME STATEMENT AND BALANCE SHEET WHICH YOU PREPARE INTERNALLY.

Questionnaire # Comment

12 The jointly administered Debtors incur transactions among one another on a regular basis as part of their intercompany relationships. Debtor Cliffs Club and Hospitality Service Co., LLC ("ServCo") provides administrative services to the other Debtors, including recording and depositing all cash receipts and making disbursements on their behalf.

16 Pursuant to the Final Order Pursuant to 11 U.S.C. §§ 105, 361, 362, 363, 364, and 507 (I) Approving Post-Petition Financing, (II) Granting Liens and Providing Superpriority Administrative Expense Status, (III) Granting Adequate Protection and (IV) Modifying the Automatic Stay [Docket Entry No. 181], the Debtors entered into that certain Debtor in Possession Loan and Security Agreement.

18 Payments of pre-petition liabilities have been restricted to those approved in the Debtors' first day orders, including payroll and employee reimbursements, vendors selling alcohol, and state sales & use taxes and similar trust payments. (see attached schedule)

Income Income includes advances from the DIP loan.

59 - Cliffs Club & Hospitality
 AP - Trade Payables (Pre-Filin
 Month End Disbursement Report for May01/12 to May31/12 (Based on Check Date)
 General Ledger Distribution Report
 Shows all invoices by Supplier

Invoice#	Invoice Date	Date of Rec	Audit#	P.O.#	Our Reference	Paid Amount	Check Date	Check No.	Allocation	G/L Amount
NCDOR	Nc Department Of Revenue	NCDOR	Nc Department Of Revenue							
AUDIT08-10	Jun15/11	17-May	CD2621	Part P		4,475.00	May17/12	022387	59-2000-0000000	-4,475.00
Total Nc De partment Of Rev enue						4,475.00				-4,475.00
SOUWINE	Southern Wine & Spirits	SOUWINE	Southern Wine & Spirits							
1009929	Aug07/07	27-Feb	PJ5549	N/A		-80	May14/12	022275	52-4041-2310300-9999 59-2000-0000000	-80 80
1088270	May13/08	27-Feb	PJ5549	N/A		-15.09	May14/12	022275	52-4041-2310300-9999 59-2000-0000000	-15.09 15.09
1143321	Nov26/08	27-Feb	PJ5549	N/A		-30	May14/12	022275	52-4041-2310300-9999 59-2000-0000000	-30 30
1317699	May11/11	27-Feb	PJ5549	N/A		-169	May14/12	022275	52-4041-2310300-9999 59-2000-0000000	-169 169
9694570	May13/11	27-Feb	PJ5549	8334K		629.02	May14/12	022275	52-4041-2310300-9999 52-4041-2310300-9999 52-4042-2310300-9999 52-4042-2310300-9999 59-2000-0000000	347.76 112.26 139 30 -629.02
9694571	May13/11	27-Feb	PJ5549	8337K		685.04	May14/12	022275	52-4041-2310300-9999 59-2000-0000000	685.04 -685.04
9889613	Jan18/12	27-Feb	PJ5534	005079		64.74	May14/12	022275	52-4041-2310300-9999 59-2000-0000000	64.74 -64.74
Total South ern Wine & Spir its						1,084.71				-
Total Report						5,559.71				