



U.S. HOTEL AND RESORT MANAGEMENT, INC.

DNR214010

RFP TO OPERATE CANAAN VALLEY RESORT AND BLACKWATER FALLS RESTAURANT

U.S. Hotel and Resort Management, Inc.

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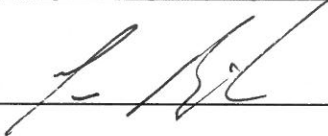
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Sioux Falls, SD 57107

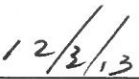
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West Virginia Purchasing Division

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Section 4, Subsection 2

Firm History

The important thing to note about U.S. Hotel and Resort Management, Inc. is that our background is in stand-alone hotels, resorts, and conference centers. We often don't have the type of situation where there's a surefire draw and little competition. Therefore, we have to rely on the quality of our product to be successful. Our rooms, food, and conference facilities, as well as our service, have to be top notch to remain competitive in the crowded lodging market.

U.S. Hotel has been in the hotel and resort business for over 45 years, and in that time, has worked with a wide variety of franchises, such as Marriott, Hilton, and Sheraton. After 40 years of striving to meet the rigorous standards set forth by such companies, U.S. Hotel has reached the point where our standards and theirs are one and the same. U.S. Hotel has adopted aspects of some of these companies into the core company culture, incorporating aspects from their training manuals, design concepts, and preventative maintenance plans. Meeting these quality standards has become such a norm for U.S. Hotel that even their independent properties are at an unmatched level of quality. U.S. Hotel doesn't try to meet these standards. The way they do business just ensures that they do.

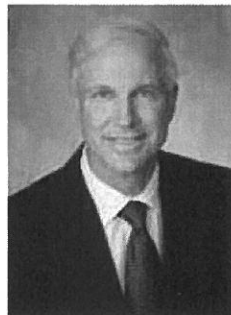
U.S. Hotel's long history of exceeding the requirements of some of the leading hotel franchises in the world extends into the avenue of customer satisfaction, as well. U.S. Hotel's corporate training manuals have been developed from years of following the manuals of such corporations, and they always have the most up-to-date training materials of all of the franchises they work with on hand for all of their properties, ensuring that they adapt and use the best practices in the industry.

U.S. Hotel has provided management services for some of the most respected institutions in the country, including US Bank, Wells Fargo, New York Teachers Pension Fund, US Life, and even the United States Government, serving as trustee or receiver when needed. From resorts to convention centers to casinos to boutique historical hotels, the depth and breadth of U.S. Hotel's experience is vast, having worked in over 20 states, including West Virginia, in the company's 45 year history.



REGENCY HOTEL
MANAGEMENT

PROFILE



David Sweet

Chair

Vice Chair/Chief Executive Officer - The Ramkota Companies, Inc.
Chair/Chief Executive Officer — U.S. Hotel and Resort Management, Inc.

With more than four decades in the hospitality industry, Mr. Sweet has an experienced edge in all aspects of hotel and resort development, ownership and management. During his tenure in the business, Dave has worked in every facet of the industry — from cooking to management to design to financing and developing new projects.

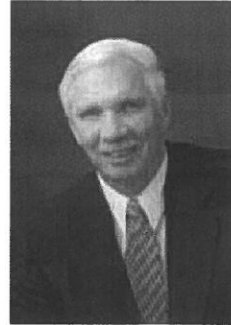
Mr. Sweet is responsible for the overall operations of The Ramkota Companies, Inc. and its subsidiaries. These responsibilities include overseeing the development and management of current and new operations.

Mr. Sweet holds degrees in hotel and restaurant management, business and marketing.



REGENCY HOTEL
MANAGEMENT

PROFILE



Gregory L. Schjodt

President — The Ramkota Companies, Inc.
President/Vice Chair/COO — U.S. Hotel and Resort Management, Inc.
Chair — Commercial Interior Decor, Inc.

In his 40 years in the hospitality industry, Mr. Schjodt has worked in all levels of hotel development, management and ownership, giving him the skills to effectively supervise multiple properties. Greg served as general manager for full-service properties, and director of operations and president/chief executive officer for Regency Hotel Management prior to being named president of The Ramkota Companies.

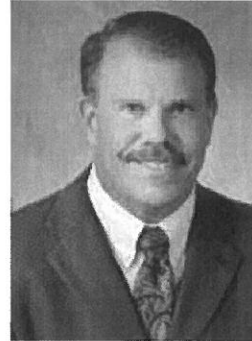
Mr. Schjodt's responsibilities include development and asset management. Included in these duties are maximizing returns for assigned assets through analysis of property efficiencies and managing capital expenditures. Greg identifies prospective and new construction and acquisitions, and provides input in the due diligence process, including the review of financial and operational assumptions.

Mr. Schjodt received his bachelor's degree from Augustana College in Sioux Falls, South Dakota.



REGENCY HOTEL MANAGEMENT

PROFILE



Tom Biegler

President/Chief Executive Officer
Secretary - The Ramkota Companies, Inc.
Secretary - U.S. Hotel and Resort Management, Inc.

Realizing each property's profit potential has become Tom Biegler's focus as Regional Director of Operations. More than 25 years of his career in the hospitality industry has been with Regency Hotel Management. Today, he works with new and existing properties, combining cost controls with transitional and long-term team building to maximize advantages.

Mr. Biegler is a 1982 graduate of Northern State University in Aberdeen, SD, with advanced studies at the University of South Dakota in Vermillion. He has served as general manager for franchises including Sheraton, Holiday Inn, Best Western and Radisson. His operational and sales experience make him an effective supervisor for hotels of all types.



REGENCY HOTEL
MANAGEMENT

PROFILE



Gloriann Kueter

Director of Sales & Marketing

As director of sales and marketing for Regency Hotel Management, Gloriann Kueter has more than 20 years experience in sales and marketing for the hospitality industry.

Ms. Kueter is the key sales contact for Regency Hotel Management, overseeing all promotional marketing and coordinating public relations opportunities. She oversees the sales efforts and productivity of all Regency properties.

Ms. Kueter holds degrees in retail management and travel management with a hospitality background in travel planning, catering sales and hotel sales management.



REGENCY HOTEL
MANAGEMENT

PROFILE



Robert J. Thimjon

Assistant Treasurer/Chief Financial Officer
Treasurer/CFO - The Ramkota Companies, Inc.
Treasurer/CFO — U.S. Hotel and Resort Management, Inc.
Treasurer/CFO — Kelly Inns, Ltd.

With more than 30 years experience in the hospitality industry, Mr. Thimjon's qualifications include an extensive background in financial reporting, benefits, risk management and lender relations. Bob's distinguished career includes a dedication to public service as the past chair of the Sioux Falls Area Chamber of Commerce; Sioux Falls school board member and president; and membership on numerous community and church committees and boards.

Mr. Thimjon's undergraduate degree is magna cum laud from Augustana College, Sioux Falls, South Dakota. He holds an MBA from the University of South Dakota, Vermillion, and became a certified public accountant in 1976. He served as an adjunct faculty member at Augustana College from 1979 to 2005.



REGENCY HOTEL
MANAGEMENT

PROFILE



Kyle Scholten

Vice President/Treasurer/Controller
Assistant Treasurer - The Ramkota Companies, Inc.
Assistant Treasurer - U.S. Hotel and Resort Management, Inc.

Joining the company as a corporate accountant in 1999, Mr. Scholten worked with the properties and the property accountants until assuming his current responsibilities as controller. Kyle's involvement includes working with the properties and the property accountants, hotel acquisitions, the on-going management and supervision of the accounting department, and the promotion of the green program energy efficiencies and solid waste reduction.

Mr. Scholten is directly responsible for payroll, accounts payable, monthly financial statements, regulatory returns, real estate tax appeals, and the implementation and utilization of programs involving energy efficiency and environmental concerns.

Mr. Scholten holds a degree from South Dakota State University, Brookings, South Dakota.

U.S. Hotel and Resort Management, Inc. and affiliates
Length of experience in managing and operating facilities of a similar size and nature

		<u>Acquired</u>	<u>Relinquished</u>
1965	Ramkota Companies, Inc.	May 10	
1966	Sioux Falls (SD) Best Western Ramkota Hotel	July	
1973	Marshall (MN) Ramada Inn	May 15	November 30, 1979
1976	Sioux Falls (SD) Best Western Town House Motel	August 4	September 30, 1977
1977	Aberdeen (SD) Sheraton	January 20	1981
1980	Yankton (SD) Sheraton Yankton/Yankton Inn.....	June 2	December 31, 1991
	U.S. Hotel & Resort Management, Inc. (Regency Inns Management, Inc.)	May 22	
1981	Aberdeen (SD) Best Western Ramkota Hotel (Sheraton)	1981	
	Montevideo (MN) BW Royale Inn	1981	1983
1982	Oacoma (SD) Oasis Inn	April 25	
	Watertown (SD) Best Western Ramkota Hotel (Holiday)	November 18	April 1985
1983	Owatonna (MN) Western Inn	January 14	May 1988
	Worthington (MN) Holiday Inn.....	1983	1986
	Watertown (SD) Holiday Inn.....	1983	April 1985
1984	Hopkins (MN) Hopkins House	January 21, 1984	1986
	Kelly Inns, Ltd.	May 28	
	Sioux Falls (SD) Kelly Inn (Apple Inn)	August	July 15, 2005
1985	Sioux City (NE) Marina Inn.....	March 1	
	Watertown (SD) Best Western Ramkota Hotel (Holiday)	April	
	Sioux City (IA) Regency Executive Best Western	September 9	March 31, 1986
	Fargo (ND) Kelly Inn - Main Avenue	November 10	
1986	Keystone (SD) Kelly Inn	May 23	June 29, 2001
	Bismarck (ND) Sheraton Galleria Hotel	November 18	May 14, 1987
	White Bear Lake (MN) White Bear Country Inn.....	October 1	April 1987
1987	Bismarck (ND) Radisson Hotel [formerly Holiday Inn/Sheraton].....	May 14	
	Spearfish (SD) Kelly Inn.....	June 15	February 28, 2003
	Pierre (SD) Best Western Ramkota Hotel	September 15	
	Billings (MT) Kelly Inn	December 1	December 22, 2010
	Carthage (MO) Econo Lodge	(?)	(Yes)
1988	Bismarck (ND) Kelly Inn (Town House)	June 30	
	Bismarck (ND) Kelly's Bar & Grill.....	July	June 1996
	Commercial Interior Decor, Inc.	August 5	
	Yankton (SD) Lewis & Clark Resort	September 2	August 16, 2001
	Oacoma (SD) River Ranch Resort.....	Fall	

	<u>Acquired</u>	<u>Relinquished</u>
1989	Lead (SD) Best Western Golden Hills Resort/Convention Center.....1989	April 1997
	Shakopee (MN) Canterbury Inn..... May 1	February 28, 1991
	Casper (WY) BW Ramkota Hotel [formerly Hilton/Radisson]..... June 27	
	St. Paul (MN) Best Western Kelly Inn..... December 1	
	Deadwood (SD) Dakota Territory Saloon.....1989	December 5, 1991
1990	Greeley (CO) Best Western Ramkota Hotel.....May 30	July 26, 2001
	Minneapolis (MN) Best Western Normandy Inn..... June 18	1991
	Casper (WY) Kelly Inn.....November 7	September 30, 1999
	St. Cloud (MN) Sunwood Inn..... September 25, 1990	February 19, 1993
	Cripple Creek (CO)..... October	July 15, 1991
1991	Cody (WY) Kelly Inn.....May 1	May 12, 2003
	Fridley (MN) Best Western Kelly Inn.....May 14	July 21, 2003
	Plymouth (MN) Best Western Kelly Inn.....May 21	
	Duluth (MN) Fitgers Hotel..... June 6	January 1994
	St. Paul (MN) Holiday Inn Express..... August 1	July 1996
1992	Bismarck (ND) BW Ramkota Hotel [f/ Radisson/Kirkwood]..... March 2	
	Fayetteville (AR) Radisson Hotel [formerly Hilton].....September 30	October 20, 2006
	Sterling Restaurants Management, Inc. December 11	July 31, 1997
1993	St. Cloud (MN) Best Western Kelly Inn..... February 19	
	Kalamazoo (MI) Best Western Kelly Inn.....May 18	October 1, 1999
	Sterling St. Cloud Ventures LP (Green Mill)..... June 3	August 2, 2010
	Plymouth (MN) Crowne Plaza (formerly Radisson).....July 28	
1994	Sioux City (IA) Minerva's.....May 23	February 14, 2004
	Fargo (ND) Kelly Inn - 13th Avenue..... June 2	
	Pierre (SD) Kelly Inn..... August 31	May 30, 2008
	Moorhead (MN) Madison Hotel & Conference Center..... November 1	April 1995
	W.R. Restaurants, Inc. December 12	July 31, 1997
	Regency Hotel Management, LLC [formerly NHC]..... December 23	
	Okoboji (IA) Arrowwood Resort by ClubHouse (Village East)..... December 28	
	Okoboji (IA) Minerva's..... December 28	
1995	Bentonville (AR) Land..... March	(?)
	Fargo (ND) Radisson Hotel..... June 14	June 30, 2003
	Billings (MT) Kelly Inn (BW Billings, CH).....July 14	
	Tulsa (OK) Radisson Hotel (Marriott).....October 3	October 1, 2008
	West Yellowstone (MT) Kelly Inn..... December 26	
1996	Monticello (MN) Riverwood Inn & Conference Center..... February 6	June 1, 2001
	Traverse City (MI) Park Place Hotel.....May 14	
	Dodge City (KS) Days Inn/Dodge House.....July 18	(Yes)
	Yankton (SD) Best Western Kelly Inn..... August 1	
	Carefree (AZ) Carefree Inn & Resort..... August 26	January 16, 1998
	Bismarck (ND) Minerva's..... September 7	
	Sterling Restaurants, L.L.C. December 30	
	WR Restaurants Management, L.L.C. December 30	
1997	Grand Forks (ND) Best Western Townhouse Motor Inn..... February 1	November 12, 1999
	Grand Forks (ND) Econo Lodge..... February 1	July 31, 2001
	Alexandria (MN) Arrowwood Resort & Conf. Center..... April 29	

AcquiredRelinquished

	<i>St. Cloud (MN) Best Western Americanna Inn/Conf. Ctr</i>	<i>September 1</i>	<i>1998</i>
1998	Aberdeen (SD) Minerva's	January	
	Minot (ND) Best Western Kelly Inn	February 24	
	West Yellowstone (MT) ClubHouse Inn (formerly Fairfield)	April 20	
	Helena (MT) Fairfield Inn	June 10	April 26, 2007
	Sioux Falls (SD) Dixie Bros. Grille	July 14	August 8, 2004
	Rapid City (SD) Best Western Ramkota Hotel	December 15	
	Rapid City (SD) Minerva's	December 15	
1999	St. Paul (MN) Sweetwater Grille	May	May 31, 2001
	Rockford (IL) Best Western Clock Tower Resort/Conf Ctr	May 18	October 26, 2005
	Alexandria (MN) Country Inn & Suites	June 5	April 30, 2000
	Baxter (MN) Days Inn	June 5	April 30, 2000
	Grandville (MI) Comfort Suites	June 18	July 21, 2004
	Casper (WY) Econo Lodge	September 7	March 31, 2000
	Des Moines (IA) Quality Inn & Suites	September 16	March 1, 2001
	Kankakee (IL) Days Inn	November 11	April 30, 2000
2000	Holland (MI) Best Western Kelly Inn & Suites	April 27	June 1, 2005
	North Lima (OH) Microtel Inn & Suites	May 8	May 18, 2001
	Port Huron (MI) Ramada Ltd.	June 9	September 20, 2000
	Albuquerque (NM) ClubHouse Inn & Suites	June 15	
	Atlanta (GA) ClubHouse Inn & Suites	June 15	September 11, 2004
	Westmont (Chicago, IL) ClubHouse Inn & Suites	June 15	
	Overland Park (KS) ClubHouse Inn & Suites	June 15	September 11, 2004
	Nashville (TN) ClubHouse Inn & Suites	June 15	September 17, 2007
	Savannah (GA) ClubHouse Inn & Suites	June 15	April 1, 2008
	Topeka (KS) ClubHouse Inn & Suites	June 15	
	Valdosta (GA) ClubHouse Inn & Suites	June 15	December 4, 2001
	Kansas City (MO) Radisson Hotel	June 15	April 11, 2006
	Knoxville (TN) ClubHouse Inn & Suites	June 15	September 11, 2004
	Omaha (NE) ClubHouse Inn & Suites	June 15	July 27, 2004
	Richardson (Dallas, TX) ClubHouse Inn & Suites	June 15	December 31, 2002
	St. Louis (MO) ClubHouse Inn & Suites	June 15	October 31, 2008
	Wichita (KS) ClubHouse Inn & Suites	June 15	September 11, 2004
	S. Sioux City (NE) Kahill's	June 16	
	Muncie (IN) Hotel Roberts	July 17	March 31, 2004
2001	Barboursville (WV) Ramada Limited	August 2	June 24, 2002
	Moline (IL) Radisson on John Deer Commons	September 1	September 30, 2003
	Moline (IL) T.G.I. Friday's	September 1	September 30, 2003
	Rockford (IL) T.G.I. Friday's	September 1	September 30, 2003
	Mitchell (SD) Kelly Inn & Suites	September 26	
2002	Iowa City (IA) Highlander Inn	January 8	December 30, 2002
	Iowa City (IA) Country Inn	January 8	January 8, 2003
	Iowa City (IA) T.G.I. Friday's	January 8	May 15, 2003
	Cedar Rapids (IA) Country Inn	January 15	March 20, 2003
	Cedar Rapids (IA) T.G.I. Friday's	January 15	April 30, 2003
	Faribault (MN) Select Inn	June 10	August 22, 2002
	Bismarck (ND) Select Inn	June 10	May 1, 2003
	Fargo (ND) Select Inn	June 10	December 16, 2002
	Minot (ND) Select Inn	June 10	April 15, 2003

	<u>Acquired</u>	<u>Relinquished</u>
	<i>Sioux Falls (SD) Select Inn</i> June 10	August 22, 2002
	<i>Yankton (SD) Minervas Grill & Bar</i> September 17	
	<i>Hutchinson (MN) AmericInn</i> November 1	June 4, 2004
2003	<i>Rochester (MN) Radisson Plaza Hotel Rochester</i> January 24	June 9, 2005
	<i>Grand Marais (MN) BW Superior Inn & Suites</i> February 26	September 5, 2005
	<i>Rochester (MN) Comfort Inn & Conference Center</i> April 23	November 13, 2003
	<i>Fargo (ND) Radisson Hotel</i> June 30	December 31, 2003
	<i>Iowa City Minervas Grill & Bar</i> August 21	September 1, 2004
2004	<i>St. Paul (MN) Four Points by Sheraton</i> February 18	October 31, 2005
	<i>Omaha (NE) Best Western Kelly Inn</i> March 2	
	<i>Watertown (SD) Minervas Restaurant</i> June 21	
	<i>Helena (MT) Blackstone Inn</i> July 16	December 15, 2005
	<i>Sioux Falls (SD) ClubHouse Hotel & Suites</i> December 6	
2005	<i>Carter Lake (IA) Wingate Inn</i> April 6	July 20, 2005
	<i>St. Joseph (MN) StoneHouse Tavern & Eatery</i> June 5	January 2007
	<i>Biwabik (MN) Lodge at Giants Ridge</i> June 6	January 31, 2010
	<i>Sioux Falls (SD) RedRossa Napoli Pizzeria</i> June 23	
	<i>Sioux Falls (SD) Kelly Inn</i> July 15	February 15, 2010
	<i>Arkdale (WI) Northern Bay Golf Resort & Marina</i> August 1	April 30, 2007
	<i>Portage (WI) Comfort Suites</i> August 1	August 31, 2007
	<i>Sioux Falls (SD) Phillips Avenue Diner</i> September 22	
2006	<i>(IA) Honey Creek Resort State Park</i> April	September 5, 2007
	<i>Clive (IA) RedRossa Napoli Pizzeria</i> September 22	
	<i>Fayetteville (AR) Cosmopolitan Hotel</i> October 20	October 1, 2008
	<i>Sioux City (IA) Minervas</i> November 20	
	<i>Billings (MT) Best Western Kelly Inn & Suites</i> December 19	
2007	<i>(SD) Custer State Park Resorts</i> January 3	
	<i>Arnolds Park (IA) Bridges Bay Resort</i> March 9	
	<i>Mankato (MN) Hilton Garden Inn</i> October 9	
2008	<i>Custer (SD) The Ranch</i> February 1	
	<i>Fargo (ND) Best Western Kelly Inn & Suites</i> February 2	
	<i>Whitewood (SD) The Iron Horse Inn</i> March 10	
	<i>Marshall (MN) BW Marshall Inn</i> September 25	December 2, 2008
2009	<i>Custer (SD) Rock Crest Lodge</i> April 1	
	<i>Santa Fe (NM) Best Western Santa Fe</i> June 19	
	<i>Minneapolis (MN) Hotel Ivy</i> August 17	July 18, 2011
	<i>St. Paul (MN) La Quinta Inn & Suites</i> September 2	September 28, 2011
	<i>Deadwood (SD) The Lodge at Deadwood</i> November 6	
2010	<i>Madison (SD) Super 8</i> March 4	August 25, 2011
	<i>Custer (SD) Centennial Cabin</i> August 23	
	<i>Grand Lake (CO) Grand Lake Lodge</i> December 21	
2011	<i>Bloomington (MN) BW Plus Bloomington Hotel @ MOA</i> February 11	
	<i>Des Moines (IA) Staybridge Suites</i> May 31	
	<i>Bloomington (MN) RedRossa Italian Grille</i> June 13	
	<i>Rapid City (SD) Econo Lodge of Rapid City</i> July 25	January 2012

AcquiredRelinquished

	<i>Huron (SD) Comfort Inn</i>	<i>July 25</i>	<i>October 21, 2011</i>
	<i>Sioux Falls (SD) Rodeway Inn</i>	<i>July 25</i>	<i>December 9, 2011</i>
	<i>Watertown (SD) Travelers Inn</i>	<i>July 25</i>	<i>December 27, 2011</i>
2012	<i>Minot (ND) Noble Inn</i>	<i>February 1</i>	<i>March 31, 2013</i>
	<i>College Corner (OH) Hueston Woods State Park</i>	<i>February 7</i>	
	<i>Pierre (SD) RedRossa Italian Grille</i>	<i>February 9</i>	
	<i>West Portsmouth (OH) Shawnee State Park</i>	<i>February 14</i>	
	<i>Pierre (SD) ClubHouse Hotel and Suites</i>	<i>May 4</i>	
	<i>West Yellowstone (MT) Yellowstone West Gate Hotel (Comfort Inn)</i> ..	<i>May 10</i>	
	<i>Baxter (MN) Arrowwood Lodge at Brainerd Lakes</i>	<i>June 18</i>	
	<i>Sidney (NE) Comfort Inn</i>	<i>July 2</i>	<i>May 9, 2013</i>
	<i>Raton (NM) Quality Inn</i>	<i>July 2</i>	
	<i>Huron (SD) Crossroads Hotel</i>	<i>August 20</i>	
	<i>Glouster (OH) Burr Oak State Park Lodge</i>	<i>September 10</i>	
2013	<i>Oacoma (SD) Cedar Shore Resort</i>	<i>April 16</i>	
	<i>Oacoma (SD) Al's Oasis</i>	<i>April 23</i>	
	<i>Cody (WY) The Cody Hotel</i>	<i>June 12</i>	
	<i>Custer (SD) French Creek Cabin</i>	<i>October</i>	

Property	Address	Rooms	Meeting Space	Staffing (2012 W2's)	Amenities	Seasonal
Best Western Plus Ramkota Hotel, Bismarck, ND	800 S Third Street; Bismarck, ND 58504	306	12,000	356	Restaurant, indoor water play area	
Best Western Ramkota Hotel, Rapid City, SD	2111 N LaCrosse Street; Rapid City, SD 57701	267	36,130	169	Restaurant	
Crowne Plaza Minneapolis West, Plymouth, MN	3131 Campus Drive, Plymouth, MN 5544	243	38,000	279	Restaurant, athletic club	
Best Western Plus Kelly Inn, St. Cloud, MN	100 4th Avenue S; St. Cloud, MN 56301-3615	229	7,600	80	Select Service	
Best Western Ramkota Hotel, Casper, WY	800 N Poplar Street; Casper, WY 82601	229	15,000	327	Restaurant	
Best Western Plus Ramkota Hotel, Sioux Falls, SD	3200 West Maple Street; Sioux Falls, SD 57107	228	60,000	253	Restaurant, indoor waterpark	
Arrowwood Resort & Conference Center, Alexandria, MN	2100 Arrowwood Lane NW; Alexandria, MN 56308	224	28,800	397	Restaurant, indoor water play area, marina, golf course, spa, cabins, trail rides	
Custer State Park Resorts, SD (5)	13389 US HWY 16A; Custer, SD 57730	216	3,000	413	4 Lodges, 4 Restaurants, 5 gift shops, 2 fast food restaurants, jeep safaris, chuckwagon cookouts, bike rental, cabins, trail rides and kayak/canoe rental	X
Radisson Hotel, Bismarck, ND	605 E Broadway Ave; Bismarck, ND 58501	215	10,000	360	Restaurant	
Best Western Plus Bloomington Hotel at Mall of America, Bloomington, MN	1901 Killebrew Drive; Bloomington, MN 55425	211	4,500	216	Restaurant, Indoor water play area	
The Iron Horse Inn, Whitewood, SD	600 Whitewood Service Rd.; Whitewood, SD 57793	198	0	36	Select Service	

Marina Inn, South Sioux City, NE	385 East 4 th St.; South Sioux City, NE 68776	181	45,000	444	Restaurant	
Best Western Ramkota Hotel, Aberdeen, SD	1400 8 th Avenue NW; Aberdeen, SD 57401	154	18,000	237	Restaurant	
Best Western Ramkota Hotel, Pierre, SD	920 W Sioux Ave.; Pierre, SD 57501	151	23,472	239	Restaurant	
Best Western Plus Kelly Inn, Plymouth, MN	2705 N Annapolis Lane; Plymouth, MN 55441-3605	149	5,050	34	Select Service	
Bridges Bay Resort, Arnolds Park, IA	630 Linden Drive ; Arnolds Park, IA 51331	144	0	144	Indoor Waterpark	
Park Place Hotel, Traverse City, MI	300 E State Street; Traverse City, MI 49684	140	12,873	223	Historic boutique Hotel with Restaurant	
The Lodge at Deadwood, Deadwood, SD	100 Pine Crest Lane, Box 320; Deadwood, SD 57732	140	15,940	395	Casino Resort with two restaurants	
ClubHouse Inn & Suites, Albuquerque, NM	1315 Menaul Blvd. NE; Albuquerque, NM 87107	136	572	37	Select Service	
ClubHouse Inn & Suites, Westmont, IL	630 Pasquinelli Drive; Westmont, IL 60559	136	875	29	Select Service	
Kelly Inn - Main Avenue, Fargo, ND	3800 Main Avenue; Fargo, ND 58103-1142	133	3,120	51	Select Service	
Hueston Woods Lodge and Cottages, College Corner, OH	5201 Lodge Road; College Corner, OH 45003	129	9,220	234	Restaurant, Paint Ball	
Best Western Plus Kelly Inn, St. Paul, MN	161 St. Anthony; St. Paul, MN 55103-2382	127	6,343	47	Select Service	
Best Western Kelly Inn, Yankton, SD	1607 E Hwy 50; Yankton, SD 57078-0157	121	6,789	66	Restaurant	
ClubHouse Inn & Suites, Topeka, KS	924 SW Henderson; Topeka, KS 66615	121	842	33	Select Service	
Hilton Garden Inn, Mankato, MN	20 Civic Center Plaza; Mankato, MN 56001	118	20,000	49	Select Service	
Arrowwood Lodge at Brainerd Lakes, Baxter, MN	6967 Lake Forest Road; Baxter, MN 56425	102	8,000	158	Restaurant, indoor waterpark, Arcade	
Best Western Ramkota Hotel, Watertown, SD	1901 9 th Avenue SW; Watertown, SD 57201	101	32,000	32	Restaurant	

Kelly Inn, Bismarck, ND	1800 N 12th St.; Bismarck, ND 58501-1979	101	4,612	98	Restaurant	
Arrowwood Resort by Clubhouse, Okoboji, IA	1405 Hwy 71; Okoboji, IA 51355-0499	100	38,000	224	Restaurant, indoor water play area	
Best Western Kelly Inn, Minot, ND	1510 26th Avenue SW; Minot, ND 58701-6907	100	487	159	Select Service	
ClubHouse Hotel & Suites, Sioux Falls, SD	2320 S Louise Avenue; Sioux Falls, SD 57106	100	3,627	72	Restaurant, Indoor water play area	
Crossroads Hotel, Huron, SD	100 4th St. SW; Huron, SD 57350	100	23,300	96	Restaurant	
Best Western Plus Kelly Inn, Omaha, NE	4706 S. 108th St.; Omaha, NE 68137-2301	99	1,593	26	Select Service	
Cedar Shore Resort, Oacoma, SD	1500 Shoreline Drive; Oacoma, SD 57365	99	13,449		Restaurant	
Best Western Plus Inn of Santa Fe, Santa Fe, NM	3650 Cerrillos Rd.; Santa Fe, NM 87507-2909	95	544	43	Select Service	
Staybridge Suites, Des Moines, IA	6905 Lake Dr.; West Des Moines, IA 50266	90	1,000	38	Select Service	
Best Western Plus Kelly Inn & Suites, Billings, MT	4915 Southgate Drive; Billings, MT 59101-4668	89	1,452	66	Select Service	
Oasis Inn, Oacoma, SD	1100 E Highway 16; Oacoma, SD 57365-0039	86	0	28	Select Service	
Best Western Plus Kelly Inn & Suites, Fargo, ND	1767 44th St. S; Fargo, ND 58103	83	1,452	76	Select Service	
Kelly Inn, Billings, MT	5610 S Frontage Road; Billings, MT 59101-6367	80	667	40	Select Service	
ClubHouse Hotel & Suites, Pierre, SD	808 West Sioux Ave., Suite 100; Pierre, SD 57501	79	5,132	54	Restaurant, Indoor water play area	
Yellowstone West Gate Hotel, West Yellowstone, MT	638 Madison Ave; West Yellowstone, MT 59758-1482	79	0	27	Select Service	
Kelly Inn & Suites, Mitchell, SD	1010 Cabela Drive; Mitchell, SD 57301-0879	78	200	44	Select Service	

Kelly Inn, West Yellowstone, MT	104 S Canyon St; West Yellowstone, MT 59758-1482	78	420	45	Select Service	
ClubHouse Inn, West Yellowstone, MT	105 S Electric St; West Yellowstone, MT 59758-1745	77	435		Select Service	
Shawnee Lodge and Cottages, West Portsmouth, OH	4404B State Route 125; West Portsmouth, OH 45663	75	13,568	84	Restaurant, golf course, cabins	
The Cody, Cody, WY	232 W. Yellowstone Ave.; Cody, WY 82414	75	1,030		Select Service	
Grand Lake Lodge, Grand Lake, CO	15500 US Hwy 34; Grand Lake, CO 80447	70	3,700	105	Restaurant	X
Burr Oak State Park Lodge, Glouster, OH	10660 Burr Oak Lodge Rd; Glouster, OH 45732	68	4,050	27	Restaurant	
Quality Inn, Raton, NM	533 Clayton Rd.; Raton, NM 87740	63	0	21	Select Service	
Kelly Inn-13th Avenue, Fargo, ND	4207 13th Avenue S; Fargo, ND 58103-3307	<u>59</u>	<u>255</u>	28	Select Service	
Rock Crest Lodge & Cabins, Custer, SD	15 West Mount Rushmore Road; Custer, SD 57730	34	0	12	Select Service with cabins	

References

US Hotels and Resorts came into existence for the sole purpose of providing four- diamond service, to State and National Park lodging facilities. Their corporate team has long been comprised of sports and outdoor enthusiasts. As such there were ample opportunities to visit and stay at the lodging facilities within various park systems. Often, members of the team would return and ensuing discussions would invariably include the experiences that they encountered in the park system. The general consensus was that if the park lodging facilities would operate in similar fashion to a hotel, where service is paramount to increasing revenues, they would almost certainly bolster revenues and subsequent profits.

It was decided that they would form a division to study concessionaire agreements with the State and National Park system. One of their officers had the idea of looking at revenues for Custer State Park in South Dakota to determine if there were inefficiencies within that system that if corrected might make this park more desirable to a concessionaire.

Custer State Park Resorts

In 2007, US Hotels & Resorts was awarded a ten year lease agreement to operate the ~~four~~ resorts within Custer State Park for the State of South Dakota. Custer State Park is one of the most well-known State Parks throughout the country and rivals most National Parks. U.S. Hotel's objective was to build upon the reputation that Custer State Park already had. Management felt that there were many opportunities to capture new business while retaining the current business. The goal was to increase visitation and really focus on the shoulder and off seasons. There was little room to grow in the peak season as the previous concessionaire was operating at an 82% occupancy rate. However, there was still room to grow. Having finished the seventh year of operation in Custer State Park, U.S. Hotel has increased peak season occupancy to 95%. Also, when comparing 2007 to 2013, U.S. Hotel has increased room nights sold by 31%, revenues by 43%, and average daily rate by 23%.

While increasing occupancy was the main objective, exceeding guest expectations was also an extremely high priority. Many CSP guests return year after year because of U.S. Hotel's four key components.

1. Customer Service - Maintaining the consistency of those four components is the key to exceeding guest expectations. U.S. Hotel is constantly training staff on customer service. The most recent training tool is the 3-T Hospitality Service Culture Training. This is a basic customer service training module that is mandated for all front of the house employees to watch and learn. With the seasonality aspect of Custer State Park, U.S. Hotel has found this to be a proven form of training. There are many staff members that come to work for Custer State Park that have never been in the hospitality industry. This is a great tool that enables new and existing employees to really understand what it takes to perform excellent customer service.
2. Unique Lodging Experience - The second key component to U.S. Hotel's success in Custer State Park is our lodging accommodations. When U.S. Hotel took over as the operator, management made the decision to renovate all of the lodging units. Knowing who CSP's customers were and who U.S. Hotel wanted as our customers gave management the ability increase revenues and occupancy.

Custer State Park offers something for everyone ranging from a historical room that Calvin Coolidge stayed in, a small cabin located on Legion Lake, or an upscale cabin that is perfect for family reunions.

3. Family Fun Activities - The third key component to U.S. Hotel's success in Custer State Park is utilizing the Park resources which provided excellent recreational opportunities. Custer State Park is one of the most beautiful places on earth. The opportunity to enjoy all of its beauty, wildlife, and its rich history is one of the main reasons why guests return year after year. U.S. Hotel has implemented interpretative programs which detail the Native American history within the Black Hills. U.S. Hotels offers a Buffalo Safari Jeep Ride in which jeep drivers interpret the history of the American Bison and its importance to the Black Hills and the State of South Dakota. U.S. Hotels also offer a Chuckwagon Cookout with live entertainment which guests enjoy because they get a glimpse of what the Old West was like.
4. Excellent Dining Options - The fourth key component to U.S. Hotel's success is offering excellent dining options throughout the Park. Similar to the lodging, U.S. Hotel's goal was to offer something for everyone. U.S. Hotel has built menus that are unique to the area. Experiencing the local flavor of any area is always a highlight to anyone's vacation. Each lodge has a unique menu. Blue Bell Lodge is more of a western theme whereas the State Game Lodge is more upscale and offers many of the local game options such as bison, elk, and pheasant.

The four lodges within Custer State Park are State Game Lodge, Legion Lake Lodge, Sylvan Lake Lodge, and Blue Bell Lodge. In addition to renovating all of the lodging units, U.S. Hotels has extensively renovated the State Game Lodge, Sylvan Lake Lodge, and Blue Bell Lodge. These three Lodges were in need of renovations due to ADA restrictions, guest safety, and maintaining the historical integrity of the buildings. U.S. Hotel worked with the Game, Fish, & Parks and the South Dakota State Historical Preservation Office to ensure the safety of all guests, maintain the historical integrity of the buildings, and to ensure that those Historical Landmarks are structurally secure and standing long after US Hotels & Resorts is operating as the Concessionaire for Custer State Park. The increase in visitation and comments that U.S. Hotels receives from our guests confirms that the decisions made were the correct decisions.

The relationship that US Hotels & Resorts and the State of South Dakota have cultivated is vital to the success of Custer State Park. The Concessionaire Contract is set up as two different entities, State of South Dakota and US Hotels & Resorts. The Resort Operations Director and the Park Superintendent work diligently on all operations of Custer State Park. They conduct weekly meetings to inform each entity of events that are going on, work that needs to be done, and any other element that needs attention too. The unity does not stop with the Operations Director and Park Superintendent. That culture is filtered to all of the front line staff. When guests enter into Custer State Park, there is no distinction between the two different entities. We offer all resort and State employees the opportunities to eat in our dining rooms, stay in our lodging, and partake in all of the activities throughout the Park. This enables all employees the ability to answer any question accurately asked by

park guests. Maintaining this management philosophy will guarantee the sustainability for Custer State Park for many more years. This management philosophy has given US Hotels & Resorts an additional five year extension to operate as the Concessionaire within Custer State Park. An additional five year extension is also in process because of the success that US Hotels & Resorts has been able to accomplish.

Contact:

Doug Hofer
Director
Division of Parks and Recreation
South Dakota Game, Fish, and Parks
Doug.hofer@state.sd.us
(605) 773-3718

Ohio State Park Lodges

In 2012, US Hotels won the bid to operate two parks for the State of Ohio under standard concessionaire contracts and a third park within the Ohio Department of Natural Resources portfolio, under a simple third party management agreement. US Hotels success with the first four contracts that they have secured has further convinced them that there is a niche that is going largely unfulfilled within the state park concessionaire system.

The model is really quite simple; US Hotels provides a level of service to the customers of its state park lodges that are consistent with the levels their own hotel/resort customers have come to expect. This teamed with US Hotels commitment to product quality has seen them interject millions of their own dollars to ensure that every lodge is current with regard to renovation updates and each lodge has been the recipient of monies directed at curing, what is in some cases, long term deferred maintenance. This partnership, mindset has worked incredibly well.

US Hotels, has the foresight to see that these monies spent on the front end of their concessionaire agreements, will pay tremendous dividends throughout the life of the contracts. The process has been very successful so far. The Ohio properties (Hueston Woods and Shawnee State Park Lodges) have undergone extensive renovation, bringing them current to today's standards and have, in their first full year, seen a reversal of the downward trend in occupancy and increases in average rate. The properties are beginning to see their customer base return, albeit slowly. US Hotels fully expects, that the renovations that they helped finance, will continue to push both ADR and Occupancy for at least the next five years, when additional renovations will most likely need to be undertaken.

When US Hotels acquired the first two Ohio State Park Lodges and renovations had begun, a third lodge that had been a part of the original concessionaire contract but dropped, was closed. Burr Oak State Park Lodge had long been the least profitable of all State Park Lodges, and as such, was the property

that had had historically seen the least amount of MR&R (Maintenance, Repair and Replacement) money. Because of this fact, no one was interested in trying to make the lodge work. The rooms were 1960's vintage; very small with no room for even a king sized bed. There was a great deal of discussion regarding the disposition of this facility. The idea of razing the facility was gaining momentum when the discussions with US Hotels personnel began.

US Hotel officials met with the Director Zehringer, Chief Cobb and Assistant Chief Cumbow of the ODNR along with various members of Ohio State Government. Tom Biegler, US Hotels president proposed that rather than spending money to raze the property, ODNR could hire US Hotels to renovate the lodge and once finished, US Hotels would be charged with managing the facility back to profitability. US Hotels would work with locals (providing nearly \$500,000 in direct local economic impact, and nearly \$2 Million in indirect impact) to bring the lodge back to its previous grandeur. There was a great deal of emotion tied to this property as it was located in an area of the state hardest hit by the economic downturn. It is one of the most highly publicized projects undertaken by the state of Ohio in 2013.

According to the agreement, US Hotels would spend an amount of money equal to that which it would cost to tear the building down and would repurpose the lodge into more of a retreat hotel, capitalizing from, rather than being negatively impacted by the remote location of the lodge. After seven months of renovations, Burr Oak State Park Lodge is now the premier property in the entire Ohio State Park System. The small rooms were all converted into suites, making them more appealing to families and meeting planners. Occupancies are climbing steadily and this facility which was losing more than \$300,000 annually, will likely hit a state of cash neutrality in 2014, its first full year of operation under US Hotels management.

US Hotels, has a proven model for making enhancements to the projects with which they are involved, which create a more appealing and widely sought after product. They know what it takes to create demand and have done so in every park with which they are involved. West Virginia, after having spent a tremendous amount of money on the "NEW" Canaan Valley Resort Lodge, needs an operator that is willing to do whatever it takes to make their efforts pay off. US Hotels has that ability and would treat Canaan Valley as they do their other park ventures and owned hotels.

Contact:

Glenn Cobb
Deputy Director
Ohio Department of Natural Resources
740-572-1833

Marina Inn and Conference Center

US Hotels has managed the Marina Inn in South Sioux City, NE since 1985. The Marina in is a beautiful full service hotel and conference center with an award winning restaurant called Kahill's Chophouse. The property has 181 rooms and suites and 45,000 square feet in Meeting Space

Contact:

John Gleeson
Owner
Marina Inn and Conference Center
712-233-3232

Past References:

Hotel Ivy

The Hotel Ivy is a 136 room upscale hotel in downtown Minneapolis. U.S. Hotel and Resort Management affiliate Regency Hotel Management acted as receiver for the Hennepin County Court System.

Contact:

The Honorable Lloyd B. Zimmerman
C-1459 Hennepin County Government Center
300 South Sixth Street
Minneapolis, MN 55487-0422
(612)348-2040

Econolodge Rapid City

The Econolodge is a select service hotel in Rapid City, SD. U.S. Hotel and Resort Management affiliate Regency Hotel Management acted as management for First Bank and Trust.

Contact:

Brian L. Thompson
CEO
First Bank & Trust
110 N. Minnesota Ave.
Suite 100
Sioux Falls, SD 57104
605-978-1146

Radisson Hotel Rochester, MN

The Radisson Hotel is now the Doubletree by Hilton in Rochester, MN. We managed the property for the Welsh Companies who were acting as receiver of the property.

Contact:

Jeff Hegg
C/O Welsh Companies LLC
4350 Baker Road Ste 400
Hopkins, MN 55343
952-897-7821

Principle Officers Assigned to Canaan Valley

Regional Director – Tom Arvan

Tom Arvan brings over 35 years in hospitality experience to the position of Regional Director with U.S. Hotel and Resort Management. Since 1998, Tom has served as General Manager of Hueston Woods Lodge and Conference Center at Hueston Woods State Park in College Corner Ohio. Pryor to that, Tom served as the Food and Beverage Director at the same property. Tom has an A.S. in Business Administration from Jefferson Community College in Watertown, NY. He has a number of certifications and licenses in food service, hotel, and employee management.

As regional director, Tom will provide guidance and direction to the general manager. He will also implement and ensure adherence to our company operational standards, cost control standards, and resource and environmental standards. This position will be responsible to the Board of Managers.

<i>Requirements:</i>	3 years hotel/resort general manager experience desired 2 years multi-unit management experience desired food and beverage experience desired
<i>Education:</i>	2 year Business/HR and/or Hospitality degree
<i>Other Qualifications:</i>	Proficient in Microsoft Office

Food and Beverage Regional Manager – Russ Ogden

Russ Ogden oversees the food and beverage operations of 6 seasonal lodges and 2 year round award winning restaurants. After attending Arizona State University Russ was trained by the creators of the Service that Sells series and has spent little time away from the Food & Beverage Industry. His dedication and desire to provide the best possible hospitality experience is both his creed and passion.

As F&B Regional manager, Russ will support the Regional Director as well as the general manager. He will assist by focusing on food and beverage issues, including budgeting, ensuring operational standards, management development, training, operational execution, and menu implementation.

<i>Requirements:</i>	4 years restaurant general management experience; 3 years kitchen management experience, menu planning
<i>Education:</i>	2 year Business/Hospitality degree
<i>Other Qualifications:</i>	Serve Safe Certification; Proficient in Microsoft Office

Property Employees

The following positions will not be filled prior to U.S. Hotel's confirmation as the new management company for Canaan Valley Resort. Whenever possible, we will try to hire existing staff back to their positions. The following position descriptions and experience/education requirements are guidelines.

General Manager

The general manager is responsible to direct the day-to-day operations, and to be accountable for operational and financial success.

<i>Requirements:</i>	3 years experience as a general manager
<i>Education:</i>	High School degree or equivalent; Business and/or Hospitality degree preferred
<i>Other Qualifications:</i>	3 years full-service hotel/resort experience; exhibits high degree of guest satisfaction; proficient in Microsoft Office

Front Desk and Reservations Manager

The front desk and reservations manager assists the general manager with reservations and supervises, hires, and trains the front desk staff.

<i>Requirements:</i>	1 year hotel/resort reservation experience preferred
<i>Education:</i>	High School degree or equivalent
<i>Other Qualifications:</i>	Exhibits high degree of guest satisfaction; proficient in Microsoft Office

Director of Sales and Catering Events

This individual coordinates all sales efforts at the property level, and implements strategies and procedures generated at the corporate level. The director of sales and Catering will work with the general manager to ensure optimum use of the property.

<i>Requirements:</i>	1 year director of sales at full-service hotel and 3 years working in the capacity of catering director
<i>Education:</i>	High School degree or equivalent; Hospitality Management degree preferred
<i>Other Qualifications:</i>	Proficient in Microsoft Office

Maintenance Manager

The maintenance and grounds manager individual provides work direction and supervision for maintenance and repair work of facilities and equipment. This position reviews work requests to determine problems, resolutions, and delegates assignments, and may monitor or plan jobs completed by outside contractors. Usually the first line of supervision, the position requires three years relevant experience in maintenance and repair plus an additional year lead or supervisory experience, or equivalent.

<i>Requirements:</i>	3 years prior Facility Management Maintenance experience desired, with working knowledge of mechanical systems including HVAC, refrigeration, plumbing, and electrical
<i>Education:</i>	High School degree or equivalent
<i>Other Qualifications:</i>	Journeyman level position with formal apprentice or vocational program, or equivalent training and experience desired

Housekeeping and Laundry

This position assists the general manager with staffing, room and commercial area cleaning, inspections, and supervision of housekeeping personnel.

<i>Requirements:</i>	2 years housekeeping experience preferred
<i>Education:</i>	High School degree or equivalent
<i>Other Qualifications:</i>	Past supervisory experience desired; exhibits high degree of guest satisfaction; proficient in Microsoft Office

Food and Beverage Manager

The food and beverage manager assists the general manager with day-to-day dining room management in hiring, scheduling, training, and helping to maintain an efficient and professional dining room by insuring quality service in a clean, attractive, and well-maintained environment. They are also responsible for all food production, menu execution, food quality, and kitchen cleanliness.

<i>Requirements:</i>	2 years food and beverage management experience preferred
<i>Education:</i>	High School degree or equivalent; Culinary degree preferred
<i>Other Qualifications:</i>	Serve Safe Certificate; TAM Certified; proficient in Microsoft Office

Accounting and Human Resources Coordinator

The accounting and human resources coordinator is responsible for managing payroll and human resources issues on property, and coordinating the exchange of information from Lodge staff to corporate accountants.

<i>Requirements:</i>	2 years accounting/human resources experience
<i>Education:</i>	High School degree or equivalent; Accounting degree preferred
<i>Other Qualifications:</i>	Proficient in Microsoft Office

Activities Manager

The activity manager is responsible for managing all recreational activities, including the Kid's Crew.

<i>Requirements:</i>	1 year of activities management/childcare experience
<i>Education:</i>	High School degree or equivalent
<i>Other Qualifications:</i>	Proficient in Microsoft Office

Director of Golf

The director of golf is responsible for day to day operations of the golf course, including the pro shop, lessons, driving range maintenance, snack stand, beverage cart and landscaping.

<i>Requirements:</i>	2 years of Golf course pro shop or retail experience
<i>Education:</i>	High School degree or equivalent
<i>Other Qualifications:</i>	Proficient in Microsoft Office

Ski Area Manager

The Ski Area manager is responsible for day to day operation of the Ski Hill and Sled Hill, including lift operations, ski hill management, and rental management.

<i>Requirements:</i>	2 years of Ski Area Management
<i>Education:</i>	High School degree or equivalent. Ski Area Management or Hospitality degree preferred.
<i>Other Qualifications:</i>	Proficient in Microsoft Office



CPAs & BUSINESS ADVISORS

Independent Auditor's Report

The Stockholders and Board of Directors
U.S. Hotel and Resort Management, Inc.
Sioux Falls, South Dakota

We have audited the accompanying consolidated statements of assets, liabilities, and stockholder's equity – income tax basis of U.S. Hotel and Resort Management, Inc. (a South Dakota corporation) and Subsidiaries as of September 30, 2012 and 2011, and the related consolidated statements of revenue and expenses – income tax basis, changes in stockholders' equity – income tax basis, and cash flows – income tax basis for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit also includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we do not express such an opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As discussed in the notes, these financial statements were prepared on the basis of accounting U.S. Hotel and Resort Management, Inc. and Subsidiaries use for income tax purposes, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of U.S. Hotel and Resort Management, Inc. and Subsidiaries as of September 30, 2012 and 2011, and the results of its operations and its cash flows for the years then ended on the basis of accounting described in the notes.

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The supplemental schedules on pages 14-21 are presented for the purpose of additional analysis and are not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in our audits of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements taken as a whole.

Eide Bailly LLP

Sioux Falls, South Dakota
November 16, 2012

www.eidebailly.com

	2012	2011
Assets		
Current Assets		
Cash and cash equivalents	\$ 1,478,635	\$ 944,309
Accounts receivable - trade	158,715	64,515
Accounts receivable - other	300,000	-
Notes receivable		
The Ramkota Companies, Inc.	836,608	1,368,728
Other	-	55,086
Inventory	117,303	-
Interest receivable - related party	-	4,965
Prepaid expenses	57,305	1,921
Total current assets	2,948,566	2,439,524
Property		
Land	607,053	607,053
Land improvements	122,037	122,037
Buildings	3,317,081	3,284,900
Furniture, fixtures, and equipment	2,640,165	2,031,045
	6,686,336	6,045,035
Less accumulated depreciation	(3,192,251)	(2,906,494)
	3,494,085	3,138,541
Development and construction in progress	46,743	46,743
Total property	3,540,828	3,185,284
Other Assets		
Investments in partnerships	5,521,138	5,813,336
Concessionaire agreement	751,698	-
Land held for investment	-	20,043
Accounts receivable - other	773,561	-
Organization cost	2,554	2,964
Syndication costs	7,778	7,778
Mortgage loan fees, net	13,279	-
Liquor license, net	28,792	-
Total other assets	7,098,800	5,844,121
	<u>\$ 13,588,194</u>	<u>\$ 11,468,929</u>

U.S. Hotel and Resort Management, Inc. and Subsidiaries
Consolidated Statements of Assets, Liabilities and Stockholders' Equity - Income Tax Basis
September 30, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Liabilities and Stockholders' Equity		
Current Liabilities		
Current portion of long-term debt	\$ 288,000	\$ -
Accounts payable		
Trade	224,553	192,459
The Ramkota Companies, Inc.	1,132,761	1,135,457
Advance deposits	392,905	-
Accrued expenses		
Salaries and wages	95,248	7,175
Property taxes	27,889	27,922
Income tax payable	850	-
Other current liabilities	<u>206,511</u>	<u>17,204</u>
Total current liabilities	<u>2,368,717</u>	<u>1,380,217</u>
Long-term Debt, net of Current Portion	<u>1,208,991</u>	<u>-</u>
Stockholders' Equity		
Common stock of \$100 par value, 20,000 shares authorized, 10,500 shares issued and outstanding in 2012 and 2011	1,050,000	1,050,000
Retained earnings	<u>8,960,486</u>	<u>9,038,712</u>
Total stockholders' equity	<u>10,010,486</u>	<u>10,088,712</u>
	<u>\$ 13,588,194</u>	<u>\$ 11,468,929</u>

	2012	2011
Operating Revenue		
Room rentals	\$ 2,812,645	\$ 218,436
Food and beverage	1,070,858	-
Golf course revenue	507,633	-
Data processing fees	247,901	214,196
Other revenue	171,527	29,859
Total operating revenue	4,810,564	462,491
Cost of Sales		
Room	629,309	-
Food and beverage	946,694	-
Golf course	142,796	-
Other	103,951	-
Total cost of sales	1,822,750	-
Gross Margin	2,987,814	462,491
Operating Expenses		
Administrative and general	783,548	172,965
Utilities	415,215	14,907
Repairs and maintenance	440,133	70,162
Advertising and sales promotion	184,035	11,086
Property taxes	54,749	36,006
Property insurance	56,944	6,828
Concessionaire fee	317,217	-
Total operating expenses	2,251,841	311,954
Income from Operations	735,973	150,537
Other Income (Expense)		
Interest income	18,154	10,211
Depreciation and amortization	(427,783)	(308,322)
Maintenance, repair & replacement expenditures	(452,027)	-
Income recognized from investments	183,678	357,853
Condo association dues	(48,883)	(44,277)
Other	43,420	-
Interest expense	(46,555)	-
Gain on disposal of assets	3,166	-
Total other income (expense)	(726,830)	15,465

U.S. Hotel and Resort Management, Inc. and Subsidiaries
Consolidated Statements of Revenue and Expenses - Income Tax Basis
Years Ended September 30, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Excess of Revenue over Expenses - Before Income Tax Expense	<u>9,143</u>	<u>166,002</u>
Income Tax Expense	<u>5,249</u>	<u>1,763</u>
Excess of Revenue over Expenses	<u>\$ 3,894</u>	<u>\$ 164,239</u>

U.S. Hotel and Resort Management, Inc. and Subsidiaries
Consolidated Statements of Changes in Stockholders' Equity - Income Tax Basis
Years Ended September 30, 2012 and 2011

Balance, September 30, 2010	\$ 9,924,473
Excess of Revenue over Expenses	<u>164,239</u>
Balance, September 30, 2011	10,088,712
Less dividends paid	(82,120)
Excess of Revenue over Expenses	<u>3,894</u>
Balance, September 30, 2012	<u><u>\$ 10,010,486</u></u>

U.S. Hotel and Resort Management, Inc. and Subsidiaries
Consolidated Statements of Cash Flows - Income Tax Basis
Years Ended September 30, 2012 and 2011

	2012	2011
Operating Activities		
Excess of revenue over expenses	\$ 3,894	\$ 164,239
Adjustments to reconcile excess of revenue over expenses to cash from operating activities		
Depreciation and amortization	427,783	308,322
Income recognized from investments	(183,678)	(357,853)
Gain on disposal of assets	(3,166)	-
Change in assets and liabilities		
Receivables pertaining to operating activities	(94,200)	67,037
Other current assets	(167,722)	(3,074)
Payables pertaining to operating activities	97,134	82,872
Other current liabilities	671,102	51
Net Cash from Operating Activities	<u>751,147</u>	<u>261,594</u>
Investing Activities		
Capital expenditures for depreciable assets	(799,304)	(129,712)
Distributions from partnership investments	3,314,476	662,956
New investments in partnerships	(2,838,600)	(1,368,762)
Proceeds from disposal of depreciable assets	28,935	-
Expenditure for concessionaire agreement	(805,390)	-
Expenditure for liquor license	(30,132)	-
Advances of accounts receivable - other	(1,200,000)	-
Repayments of accounts receivable - other	126,439	-
Advances on notes receivable	(5,057,682)	(2,573,044)
Repayments of notes receivable	5,644,888	1,952,106
Net Cash used for Investing Activities	<u>(1,616,370)</u>	<u>(1,456,456)</u>
Financing Activities		
Expenditure for mortgage loan fees	(15,322)	-
Proceeds from long-term debt	1,515,050	-
Payments on long-term debt	(18,059)	-
Dividends paid	(82,120)	-
Net Cash from Investing Activities	<u>1,399,549</u>	<u>-</u>
Net Change in Cash	534,326	(1,194,862)
Cash and Cash Equivalents, Beginning of Year	<u>944,309</u>	<u>2,139,171</u>
Cash and Cash Equivalents, End of Year	<u>\$ 1,478,635</u>	<u>\$ 944,309</u>
Noncash investing activities		
Capital expenditures for property included in accounts payable at year end	<u>\$ -</u>	<u>\$ 67,736</u>

See Notes to Consolidated Financial Statements

Note 1 - Summary of Significant Accounting Policies

Nature of Business

U.S. Hotel and Resort Management, Inc. (the "Company") provides administrative services, owns ten hotel condo units for rent, and effective February 2012, operates two Ohio state parks. In addition, the Company invests in hotel properties as a general or limited partner or member (see Investments footnote). The Company is a wholly owned subsidiary of The Ramkota Companies, Inc. The Company also owns 100% of Bismarck Hotel Company, Inc., 100% of Regency Bridges Bay Ventures Limited Partnership, is the sole member of U.S. Hotel OSP Ventures, LLC and is the sole member of RegencyInvest, LLC.

The Company extends credit to related partnerships, which consist of motel and hotel properties located in Colorado, Illinois, Iowa, Kansas, Michigan, Minnesota, New Mexico, Ohio, North Dakota, South Dakota, and Wyoming. The Company determines credit worthiness on a case-by-case basis.

Principles of Consolidation

These consolidated financial statements include the accounts of U.S. Hotel and Resort Management, Inc. and its wholly-owned subsidiaries, Bismarck Hotel Company, Inc., RegencyInvest, LLC, U.S. Hotel OSP Ventures, LLC and Regency Bridges Bay Ventures Limited Partnership. Under the income tax basis of accounting, only 100% owned entities are consolidated. All material intercompany transactions have been eliminated.

Use of Estimates

Management uses estimates and assumptions in preparing financial statements in accordance with the income tax basis of accounting. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could vary from the estimates that were used.

Advertising

The Company expenses advertising and production costs as they are incurred and advertising communication costs the first time the advertising takes place.

Income Tax Basis of Accounting

It is the Company's policy to prepare its financial statements on the income tax basis of accounting using the accrual method. Consequently, the buildings, land improvements, furnishings and equipment are being depreciated over tax lives in accordance with the modified accelerated cost recovery system provided under the Internal Revenue Code rather than over their estimated economic useful lives as required by accounting principles generally accepted in the United States of America (GAAP). As a result, accumulated depreciation is overstated and the excess of revenue over expense is generally understated in comparison to the results that would have been obtained had the property been depreciated in accordance with GAAP. In addition, the Company recognizes earnings from investments when the underlying entity reports the income to the government for tax purposes, rather than recording the income on the equity method as required by GAAP, which requires income to be accrued as it is earned. As a result, investment income is generally understated in comparison to the results that would have been obtained had the investments been recorded on the equity method in accordance with GAAP. GAAP may require consolidating in the financial statements the financial results of the partnership investments. Accordingly, the accompanying financial statements are not intended to present the financial position and results of operations in conformity with GAAP.

Income Taxes

The Ramkota Companies, Inc., the parent company, with the consent of its shareholders, has elected under the Internal Revenue Code to be an S corporation. The Company has elected to treat its corporate subsidiaries as qualified S Chapter subsidiaries. As a result, in lieu of corporation income taxes, the shareholders of an S corporation are taxed at their proportionate share of the Company's taxable income with the exception of the built-in gains tax under IRC Section 1374. Built-in gains arise from property dispositions of certain assets that were owned by the Company at the time the S election became effective. Generally, the Company is subject to the rules under IRC Section 1374 for a period of ten years following the Company's S election, which was effective October 1, 2008.

The Company is no longer subject to Federal or state tax examinations by tax authorities for tax years before 2008.

U.S. Hotel and Resort Management, Inc. and Subsidiaries
Notes to Consolidated Financial Statements
September 30, 2012 and 2011

Concentration of Credit Risk

The Company's financial instruments that are exposed to concentrations of credit risk consist primarily of cash and cash equivalents. Management believes it places its cash and cash equivalents with high quality credit institutions. At times these balances may exceed the FDIC insurance limit.

Inventories

Inventories are stated at the lower of cost (first-in, first out) or market.

Property

All fixed assets are recorded at cost. The cost and related accumulated depreciation of assets sold or disposed of were removed from the accounts and any gain or loss was included in the results of operations.

Depreciation is computed using the following lives and the straight-line and the modified accelerated cost recovery system (MACRS) methods. Bonus depreciation was deducted on qualifying property.

Property	Life	Method
Land improvements	7 - 20	MACRS
Building	39	Straight-line
Furniture and equipment	5	MACRS

Other Assets

The investment cost of the concessionaire agreement is being amortized over the life of the agreement using the straight-line method. Liquor licenses are being amortized using the straight-line method over 180 months. Mortgage loan fees were capitalized and are being amortized on a straight-line basis over the life of the loan agreement. Amortization expense charged to operations in 2012 and 2011 was \$57,485 and \$309, respectively.

Presentation of Taxes

The States in which the Company does business and cities within the States impose a sales tax on certain sales to non-exempt customers. The Company collects that sales tax from customers and remits the tax to the applicable governmental entities. The Company's accounting policy is to exclude the tax collected and remitted from revenue and direct expenses.

Cash and Cash Equivalents

For purposes of the statements of cash flows, the Company considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents.

Land Held for Investment

Land held for investment was recorded at cost. The land located in Sioux Falls, South Dakota was sold during the year.

Supplemental Disclosure of Cash Flow Information

Cash paid for interest for the years ended September 30, 2012 and 2011 was \$46,555 and \$0, respectively. Cash paid for federal and state tax for the years ended September 30, 2012 and 2011 was \$4,399 and \$1,763, respectively.

Note 2 - Property

Property and the related accumulated depreciation at year end are as follows:

	2012	
	Cost	Accumulated Depreciation
Land	\$ 607,053	\$ -
Land improvements	122,037	(90,663)
Building	3,317,081	(1,096,397)
Furniture and equipment	2,640,165	(2,005,191)
	<u>\$ 6,686,336</u>	<u>\$ (3,192,251)</u>
	2011	
	Cost	Accumulated Depreciation
Land	\$ 607,053	\$ -
Land improvements	122,037	(87,014)
Building	3,284,900	(993,936)
Furniture and equipment	2,031,045	(1,825,544)
	<u>\$ 6,045,035</u>	<u>\$ (2,906,494)</u>

Depreciation expense was \$370,298 and \$308,013 for the years ended September 30, 2012 and 2011, respectively.

U.S. Hotel and Resort Management, Inc. and Subsidiaries
Notes to Consolidated Financial Statements
September 30, 2012 and 2011

Note 3 - Accounts Receivable - Other

The Company has an accounts receivable with the Ohio Department of Natural Resources (ODNR). As part of the agreement with the State of Ohio, see Note 9, the Company advanced the State \$1,200,000 to be used for renovations to the two State parks. \$800,000 of the advance will be repaid in quarterly installments beginning March 31, 2013. The remaining \$400,000 can be earned over a 3 year period through a 3% surcharge, authorized by ODNR, on all sales excluding golf and pro shop revenues. The balance on this accounts receivable at year end was \$1,073,561.

Maturities of the ODNR accounts receivable are anticipated as follows:

Year Ending September 30,

2013	\$ 300,000
2014	400,000
2015	373,561
	<u>\$ 1,073,561</u>

Note 4 - Notes Receivable

The Company has the following notes receivable:

	<u>2012</u>	<u>2011</u>
The Ramkota Companies, Inc., no interest	\$ 836,608	\$ 1,368,728
West Maple Mall, LLC 6% interest	-	55,086
	<u>\$ 836,608</u>	<u>\$ 1,423,814</u>

The Company accrues interest on notes receivable monthly based on the number of days that principal amounts are outstanding during the month and the interest rate stated in the note agreement.

All of the Company's notes receivables are due from affiliated parties. The Company does not generally incur loan losses and has not experienced any repayment issues; consequently, the Company has determined that an allowance is not necessary. The notes are unsecured and due on demand.

Note 5 - Revolving Line of Credit

The Company has a revolving line of credit with a bank, which was unused at September 30, 2012. The maximum amount of credit available on the line is reduced by \$30,000 per quarter and was \$1,920,000 at September 30, 2012. Advances on the revolving line of credit are payable quarterly, and carry an interest rate equal to .25 percentage points over the New York Prime rate as published in the Wall Street Journal. The revolving line of credit is collateralized by the Company's present and future rights, title, and interest in Bridges Bay Resort, LLC and expires on June 4, 2014.

Note 6 - Commitments and Contingencies

The Company is contingently liable for the debt of other entities because of loan guarantee agreements. If the entity fails to meet its debt obligations, the Company could be liable for payment. The approximate guarantee balances on these loans, which mature at various dates though July 2017, as of September 30, 2012, are as follows:

Grand Lake Ventures, LLC	<u>\$ 3,890,000</u>
Regency CSP Ventures Limited Partnership	<u>\$ 855,000</u>
WR Killebrew, LLC d/b/a Welsh/Regency Hospitality Fund, LLC	<u>\$ 15,453,000</u>
USH Brainerd Ventures, LLLP	<u>\$ 2,490,000</u>

Note 7 - Property Management Contract

The Company has entered into a property management agreement dated February 7, 2012 with Regency Hotel Management, LLC, an affiliate of the Company. The term of the contract is renewable monthly and may be terminated at any time with or without cause upon 60 days' notice. The contract calls for a monthly base fee of \$5,000 or 4% of gross revenues collected from the operation of the two State parks, whichever is larger. The property management fees paid to Regency Hotel Management, LLC totaled \$173,604 for the year ended September 30, 2012.

U.S. Hotel and Resort Management, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

September 30, 2012 and 2011

Note 8 - Long-term Debt

On January 26, 2012, the Company entered into a debt agreement with Pierre First National Bank. Total principal on the note was \$1,515,050. The note bears interest at a variable interest rate of 2.25% over the prime rate with a floor of 5.5%. The interest rate was at 5.5% at September 30, 2012. Payments of principal and interest are due beginning April 1, 2012 through February 1, 2022. The note is secured by the Company's interest in the contract with the State of Ohio (Note 9) and all property related to the contract.

In addition, the debt agreement has certain debt covenants, namely a cash flow/current maturity ratio. If the defined covenants are not met, the note is due on demand.

Principal payments on long-term debt are due as follows:

Year Ending September 30,

2013	\$ 288,000
2014	297,459
2015	321,789
2016	79,448
2017	84,082
Thereafter	<u>426,213</u>
	<u>\$ 1,496,991</u>

Note 9 - Concessionaire Agreement

The Company has entered into a ten year concessionaire's agreement commencing February 7, 2012 with the State of Ohio Department of Natural Resources, which provides for the Company's operation of Hueston Woods Lodge, Shawnee Lodge, and Shawnee Golf Course Pro Shop. A concessionaire's fee of: 1.5% of gross receipts on rooms and cottages, lodge food and beverages, 52% of gross receipts on green fees, cart rental and season passes, and 50% of all other Shawnee golf course pro shop receipts. The concessionaire fee for September 30, 2012 totaled \$317,217. Among other things, the agreement requires monthly deposits into the State's Maintenance, Repair and Replacement (MR&R) fund in amounts equal to: 11% of gross receipts for rooms, food, beverage and other retail and 6% of all golf course revenues. Total deposits to the MR&R were \$452,027 for the year ended September 30, 2012.

Note 10 - Related Party Transactions

Included in the Company's financial statements are the following aggregate transactions with its affiliates, Commercial Interior Décor, Inc.; Kelly Inns, Ltd., and Regency Hotel Management Company, LLC; and the partnerships in which the Company and its affiliates invest:

	2012	2011
Revenue - data processing fees	\$ 230,349	\$ 192,702
Commercial furnishings purchases	1,277,291	-
Management fee expense	173,604	-

Note 11 - Subsequent Events

The Company has evaluated subsequent events through November 16, 2012, the date which the financial statements were available to be issued.

Subsequent to year end, the Company purchased a property located in Minneapolis, Minnesota for \$2,700,000. The Company plans to renovate the property and operate as a hotel under US Hotel Minneapolis Ventures Limited Partnership.

Note 12 - Investments

The Company uses the income tax method to account for partnership investments and accordingly recognizes earnings from investments when the underlying entity reports the income to the government for tax purposes. The Partnership investments listed below have a December 31 reporting year, except Regency CSP Ventures Limited Partnership, which is October 31.

	Percentage Owned	Excess Income Percentage	Number of Rooms	2010 Balance
<i>Partnership Investments</i>				
RegencyInvest, LLC				
Welsh/Regency Hospitality Fund, LLC	38.0%	None	221	\$ 4,108,793
Welsh/Regency Fund Manager, LLC	50.0%	None	-	4,065
Total RegencyInvest, LLC	50.0%	None	-	4,112,858
USH Brainerd Ventures, LLLP	80.0%	20.0%	102	-
US Hotel Minneapolis Ventures Limited Partnership *****	100.0%	*****	*****	-
US Stone Colorado Springs Ventures, LLC***	30.0%	None	-	-
Grand Lakes Ventures, LLC****	20.0%	40.0%	56	-
Regency Midwest Ventures Limited Partnership	13.8%	None	2,597	(1,008,355)
Bridges Bay Resort, LLC*	50.0%	50.0%	144	706,911
Regency Deadwood Ventures Limited Partnership**	9.5%	19.0%	-	(44,383)
Regency CSP Ventures Limited Partnership	81.0%	85.7%	250	982,646
				<u>\$ 4,749,677</u>

*Bridges Bay Resort, LLC developed a building with 48 condo units, which were marketed to the public for sale. During 2009, Regency Bridges Bay Ventures Limited Partnership acquired ten of the unsold units. The units are being rented to the public.

**Regency Deadwood Ventures Limited Partnership is a 50% member in Deadwood Resort, LLC; therefore, the Company owns 4.75% of Deadwood Resort, LLC by attribution. Deadwood Resort, LLC opened a 140-unit full-service hotel and casino in Deadwood, South Dakota in November 2009.

***US Stone Colorado Springs Ventures, LLC purchased the mortgage on the Candlewood Suites in Colorado Springs, Colorado. The mortgage was sold January 5, 2012.

****The Company owned 100% of Grand Lakes Ventures, LLC up until July 1, 2011 when additional limited units were issued. As of September 30, 2011, the Company is a 20% common member in Grand Lake Ventures, LLC.

*****Subsequent to year end, the Company purchased a Minneapolis, Minnesota property with the intent to renovate the property into a hotel. This partnership has been formed to hold and operate the hotel.

U.S. Hotel and Resort Management, Inc. and Subsidiaries
Notes to Consolidated Financial Statements
September 30, 2012 and 2011

2011 Investment Activity				2012 Investment Activity			
Investments	Distributions	(Loss) Income Recognized	2011 Balance	Investments	Distributions	(Loss) Income Recognized	2012 Balance
\$ 100,762	\$ -	\$ (252,949)	\$ 3,956,606	\$ 568,600	\$ (293,954)	\$ (1,925,794)	\$ 2,305,458
-	-	(1,862)	2,203	-	-	(511)	1,692
100,762	-	(254,811)	3,958,809	568,600	(293,954)	(1,926,305)	2,307,150
-	-	-	-	2,000,000	-	-	2,000,000
-	-	-	-	270,000	-	-	270,000
900,000	-	673	900,673	-	(1,446,343)	545,670	-
368,000	-	(680,073)	(312,073)	-	-	543,160	231,087
-	(249,500)	234,609	(1,023,246)	-	(356,429)	337,103	(1,042,572)
-	-	45,785	752,696	-	(213,000)	93,188	632,884
-	(78,375)	(38,564)	(161,322)	-	(156,750)	67,285	(250,787)
-	(335,081)	1,050,234	1,697,799	-	(848,000)	523,577	1,373,376
<u>\$ 1,368,762</u>	<u>\$ (662,956)</u>	<u>\$ 357,853</u>	<u>\$ 5,813,336</u>	<u>\$ 2,838,600</u>	<u>\$ (3,314,476)</u>	<u>\$ 183,678</u>	<u>\$ 5,521,138</u>

Supplementary Information

**U.S. Hotel and Resort Management,
Inc. and Subsidiaries**

	U.S. Hotel and Resort Management	Regency Bridges Bay	Regency Invest LLC	Bismarck Hotel Company, Inc.
Current Assets				
Cash and cash equivalents	\$ 165,228	\$ 457,483	\$ -	\$ -
Accounts receivable				
Trade	92,214	13,199	-	-
Shareholder	-	-	-	-
The Ramkota Companies, Inc.	3,261,554	-	-	438,598
Accounts receivable - other	-	-	-	-
Notes receivable				
The Ramkota Companies, Inc.	836,608	-	-	-
Other	2,300,000	-	-	-
Inventory	-	-	-	-
Interest receivable	-	-	-	-
Prepaid expenses	1,862	10,860	-	-
Total current assets	<u>6,657,466</u>	<u>481,542</u>	<u>-</u>	<u>438,598</u>
Property				
Land	353,152	253,901	-	-
Land improvements	77,271	44,766	-	-
Buildings	906,935	2,410,146	-	-
Furniture, fixtures, and equipment	1,681,491	389,752	-	-
	<u>3,018,849</u>	<u>3,098,565</u>	<u>-</u>	<u>-</u>
Less accumulated depreciation	<u>(2,048,972)</u>	<u>(1,000,178)</u>	<u>-</u>	<u>-</u>
	969,877	2,098,387	-	-
Development and construction in progress	46,743	-	-	-
Total property	<u>1,016,620</u>	<u>2,098,387</u>	<u>-</u>	<u>-</u>
Other Assets				
Investments in partnerships	2,417,369	632,981	2,307,150	(340,452)
Concessionaire agreement	-	-	-	-
Accounts receivable - other	-	-	-	-
Organization cost	-	2,554	-	-
Syndication costs	-	7,778	-	-
Mortgage loan fees, net	-	-	-	-
Liquor license, net	-	-	-	-
Total other assets	<u>2,417,369</u>	<u>643,313</u>	<u>2,307,150</u>	<u>(340,452)</u>
	<u>\$ 10,091,455</u>	<u>\$ 3,223,242</u>	<u>\$ 2,307,150</u>	<u>\$ 98,146</u>

U.S. Hotel and Resort Management, Inc. and Subsidiaries
Consolidating Statement of Assets, Liabilities and Stockholders' Equity - Income Tax Basis
September 30, 2012

U.S. Hotel OSP Ventures, LLC	Intercompany Eliminations	Total
\$ 855,924	\$ -	\$ 1,478,635
53,302	-	158,715
-	-	-
-	(3,700,152)	-
300,000	-	300,000
-	-	836,608
-	(2,300,000)	-
117,303	-	117,303
-	-	-
44,583	-	57,305
<u>1,371,112</u>	<u>(6,000,152)</u>	<u>2,948,566</u>
-	-	607,053
-	-	122,037
-	-	3,317,081
568,922	-	2,640,165
<u>568,922</u>	<u>-</u>	<u>6,686,336</u>
<u>(143,101)</u>	<u>-</u>	<u>(3,192,251)</u>
425,821	-	3,494,085
-	-	46,743
<u>425,821</u>	<u>-</u>	<u>3,540,828</u>
-	504,090	5,521,138
751,698	-	751,698
773,561	-	773,561
-	-	2,554
-	-	7,778
13,279	-	13,279
28,792	-	28,792
<u>1,567,330</u>	<u>504,090</u>	<u>7,098,800</u>
<u>\$ 3,364,263</u>	<u>\$ (5,496,062)</u>	<u>\$ 13,588,194</u>

	<u>U.S. Hotel and Resort Management</u>	<u>Regency Bridges Bay</u>	<u>Regency Invest LLC</u>	<u>Bismarck Hotel Company, Inc.</u>
Current Liabilities				
Current portion of long-term debt	\$ -	\$ -	\$ -	\$ -
Accounts payable				
Trade	55,435	-	-	-
The Ramkota Companies, Inc.	-	-	4,829,846	-
Advance deposits	-	-	-	-
Accrued expenses				
Salaries and wages	9,135	-	-	-
Property taxes	-	27,889	-	-
Income tax payable	850	-	-	-
Note payable - USHR	-	2,300,000	-	-
Other current liabilities	15,549	1,590	-	-
Total current liabilities	<u>80,969</u>	<u>2,329,479</u>	<u>4,829,846</u>	<u>-</u>
Long-term Debt, net of Current Portion	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Stockholders' Equity				
Common stock	1,050,000	815,000	-	-
Retained earnings	8,960,486	78,763	(2,522,696)	98,146
Total stockholders' equity	<u>10,010,486</u>	<u>893,763</u>	<u>(2,522,696)</u>	<u>98,146</u>
	<u>\$ 10,091,455</u>	<u>\$ 3,223,242</u>	<u>\$ 2,307,150</u>	<u>\$ 98,146</u>

U.S. Hotel and Resort Management, Inc. and Subsidiaries
Consolidating Statement of Assets, Liabilities and Stockholders' Equity - Income Tax Basis
September 30, 2012

U.S. Hotel OSP Ventures, LLC	Intercompany Eliminations	Total
\$ 288,000	\$ -	\$ 288,000
169,118	-	224,553
3,067	(3,700,152)	1,132,761
392,905	-	392,905
86,113	-	95,248
-	-	27,889
-	-	850
-	(2,300,000)	-
189,372	-	206,511
<u>1,128,575</u>	<u>(6,000,152)</u>	<u>2,368,717</u>
<u>1,208,991</u>	<u>-</u>	<u>1,208,991</u>
1,000,000	(1,815,000)	1,050,000
26,697	2,319,090	8,960,486
<u>1,026,697</u>	<u>504,090</u>	<u>10,010,486</u>
<u>\$ 3,364,263</u>	<u>\$ (5,496,062)</u>	<u>\$ 13,588,194</u>

	U.S. Hotel and Resort Management		Regency Bridges Bay		Regency Invest LLC	
	2012	2011	2012	2011	2012	2011
Operating Revenue						
Room rentals	\$ -	\$ -	\$ 221,338	\$ 218,436	\$ -	\$ -
Food and beverage	-	-	-	-	-	-
Golf course	-	-	-	-	-	-
Data processing fees	247,901	214,196	-	-	-	-
Other revenue	508	29,859	-	-	-	-
Total operating revenue	248,409	244,055	221,338	218,436	-	-
Cost of Sales						
Room	-	-	-	-	-	-
Food and beverage	-	-	-	-	-	-
Golf course	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total costs of sales	-	-	-	-	-	-
Gross Margin	248,409	244,055	221,338	218,436	-	-
Operating Expenses						
Administrative and general	257,246	174,818	1,732	(1,853)	-	-
Utilities	-	-	13,557	14,907	-	-
Repairs and maintenance	97,010	70,162	-	-	-	-
Advertising and sales promotion	170	11,086	-	-	-	-
Property taxes	(329)	418	37,478	35,588	-	-
Property insurance	8,944	6,828	-	-	-	-
Concessionaire fee	-	-	-	-	-	-
Total operating expenses	363,041	263,312	52,767	48,642	-	-
Income from Operations	(114,632)	(19,257)	168,571	169,794	-	-
Other Income (Expense)						
Interest income	18,154	10,211	-	-	-	-
Depreciation and amortization	(112,547)	(163,916)	(115,061)	(144,406)	-	-
Maintenance, repair & replacement expenditures	-	-	-	-	-	-
Income recognized from investments	215,002	338,964	93,257	45,986	(1,926,305)	(254,811)
Condo association dues	-	-	(48,883)	(44,277)	-	-
Other	-	-	-	-	-	-
Interest expense	-	-	-	-	-	-
Gain on disposal of assets	3,166	-	-	-	-	-
Total other income (expense)	123,775	185,259	(70,687)	(142,697)	(1,926,305)	(254,811)
Excess (Deficit) of Revenue over Expenses Before Income Tax Expense	9,143	166,002	97,884	27,097	(1,926,305)	(254,811)
Income Tax Expense	5,249	1,763	-	-	-	-
Excess (Deficit) of Revenue over Expenses	\$ 3,894	\$ 164,239	\$ 97,884	\$ 27,097	\$ (1,926,305)	\$ (254,811)

U.S. Hotel and Resort Management, Inc. and Subsidiaries
Consolidating Statement of Revenue and Expenses - Income Tax Basis
Year Ended September 30, 2012

Bismarck Hotel Company, Inc.		U.S Hotel OSP Ventures LLC		Intercompany Relations		Total	
2012	2011	2012	2011	2012	2011	2012	2011
\$ -	\$ -	\$ 2,591,307	\$ -	\$ -	\$ -	\$ 2,812,645	\$ 218,436
-	-	1,070,858	-	-	-	1,070,858	-
-	-	507,633	-	-	-	507,633	-
-	-	-	-	-	-	247,901	214,196
-	-	171,019	-	-	-	171,527	29,859
-	-	4,340,817	-	-	-	4,810,564	462,491
-	-	629,309	-	-	-	629,309	-
-	-	946,694	-	-	-	946,694	-
-	-	142,796	-	-	-	142,796	-
-	-	103,951	-	-	-	103,951	-
-	-	1,822,750	-	-	-	1,822,750	-
-	-	2,518,067	-	-	-	2,987,814	462,491
-	-	524,570	-	-	-	783,548	172,965
-	-	401,658	-	-	-	415,215	14,907
-	-	343,123	-	-	-	440,133	70,162
-	-	183,865	-	-	-	184,035	11,086
-	-	17,600	-	-	-	54,749	36,006
-	-	48,000	-	-	-	56,944	6,828
-	-	317,217	-	-	-	317,217	-
-	-	1,836,033	-	-	-	2,251,841	311,954
-	-	682,034	-	-	-	735,973	150,537
-	-	-	-	-	-	18,154	10,211
-	-	(200,175)	-	-	-	(427,783)	(308,322)
-	-	(452,027)	-	-	-	(452,027)	-
30,382	25,182	-	-	1,771,342	202,532	183,678	357,853
-	-	-	-	-	-	(48,883)	(44,277)
-	-	43,420	-	-	-	43,420	-
-	-	(46,555)	-	-	-	(46,555)	-
-	-	-	-	-	-	3,166	-
30,382	25,182	(655,337)	-	1,771,342	202,532	(726,830)	15,465
30,382	25,182	26,697	-	1,771,342	202,532	9,143	166,002
-	-	-	-	-	-	5,249	1,763
<u>\$ 30,382</u>	<u>\$ 25,182</u>	<u>\$ 26,697</u>	<u>\$ -</u>	<u>\$ 1,771,342</u>	<u>\$ 202,532</u>	<u>\$ 3,894</u>	<u>\$ 164,239</u>

	U.S. Hotel and Resort Management	Regency Bridges Bay	Regency Invest LLC	Bismarck Hotel Company, Inc.
Balance, September 30, 2010	\$ 9,924,473	\$ 768,782	\$ (341,580)	\$ 42,582
Excess (deficit) of revenue over expenses	<u>164,239</u>	<u>27,097</u>	<u>(254,811)</u>	<u>25,182</u>
Balance, September 30, 2011	10,088,712	795,879	(596,391)	67,764
Contributed capital	-	-	-	-
Less dividends paid	(82,120)	-	-	-
Excess (deficit) of revenue over expenses	<u>3,894</u>	<u>97,884</u>	<u>(1,926,305)</u>	<u>30,382</u>
Balance, September 30, 2012	<u><u>\$ 10,010,486</u></u>	<u><u>\$ 893,763</u></u>	<u><u>\$ (2,522,696)</u></u>	<u><u>\$ 98,146</u></u>

U.S. Hotel and Resort Management, Inc. and Subsidiaries
Consolidating Statement of Changes in Stockholders' Equity - Income Tax Basis
Year Ended September 30, 2012

U.S. Hotel OSP Ventures, LLC	Intercompany Eliminations	Total
\$ -	\$ (469,784)	\$ 9,924,473
-	202,532	164,239
-	(267,252)	10,088,712
1,000,000	(1,000,000)	-
-	-	(82,120)
26,697	1,771,342	3,894
<u>\$ 1,026,697</u>	<u>\$ 504,090</u>	<u>\$ 10,010,486</u>



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Independent Auditor's Report

The Stockholders and Board of Directors
U.S. Hotel and Resort Management, Inc.
Sioux Falls, South Dakota

We have audited the accompanying consolidated statements of assets, liabilities, and stockholder's equity – income tax basis of U.S. Hotel and Resort Management, Inc. (a South Dakota corporation) and Subsidiaries as of September 30, 2012 and 2011, and the related consolidated statements of revenue and expenses – income tax basis, changes in stockholders' equity – income tax basis, and cash flows – income tax basis for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit also includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we do not express such an opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As discussed in the notes, these financial statements were prepared on the basis of accounting U.S. Hotel and Resort Management, Inc. and Subsidiaries use for income tax purposes, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of U.S. Hotel and Resort Management, Inc. and Subsidiaries as of September 30, 2012 and 2011, and the results of its operations and its cash flows for the years then ended on the basis of accounting described in the notes.

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The supplemental schedules on pages 14-21 are presented for the purpose of additional analysis and are not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in our audits of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements taken as a whole.

Eide Bailly LLP

Sioux Falls, South Dakota
November 16, 2012

www.eidebailly.com



Independent Auditor's Report

The Stockholders and Board of Directors
U.S. Hotel and Resort Management, Inc.
Sioux Falls, South Dakota

We have audited the accompanying consolidated statements of assets, liabilities, and stockholder's equity – income tax basis of U.S. Hotel and Resort Management, Inc. (a South Dakota corporation) and Subsidiaries as of September 30, 2011 and 2010, and the related consolidated statements of revenue and expenses – income tax basis, changes in stockholders' equity – income tax basis, and cash flows – income tax basis for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit also includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we do not express such an opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As discussed in the notes, these financial statements were prepared on the basis of accounting U.S. Hotel and Resort Management, Inc. and Subsidiaries uses for income tax purposes, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of U.S. Hotel and Resort Management, Inc. and Subsidiaries as of September 30, 2011 and 2010, and the results of its operations and its cash flows for the years then ended in on the basis of accounting described in the notes.

Eide Bailly LLP

Sioux Falls, South Dakota
November 17, 2011

	2011	2010
Assets		
Current Assets		
Cash and cash equivalents	\$ 944,309	\$ 2,139,171
Accounts receivable - trade	64,515	131,552
Notes receivable - related parties		
The Ramkota Companies, Inc.	1,368,728	768,728
Other	55,086	34,147
Interest receivable - related party	4,965	2,077
Prepaid expenses	1,921	1,735
Total current assets	2,439,524	3,077,410
Property		
Land	607,053	607,053
Land improvements	122,037	114,613
Buildings	3,284,900	3,278,392
Furniture, fixtures, and equipment	2,031,045	1,892,618
	6,045,035	5,892,676
Less accumulated depreciation	(2,906,494)	(2,598,483)
	3,138,541	3,294,193
Development and construction in progress	46,743	6,277
Total property	3,185,284	3,300,470
Other Assets		
Investments in partnerships	5,813,336	4,749,677
Land held for investment	20,043	20,043
Organization costs, net	2,964	3,273
Syndication costs	7,778	7,778
Total other assets	5,844,121	4,780,771
	<u>\$ 11,468,929</u>	<u>\$ 11,158,651</u>

U.S. Hotel and Resort Management, Inc. and Subsidiaries
Consolidated Statements of Assets, Liabilities and Stockholders' Equity - Income Tax Basis
September 30, 2011 and 2010

	<u>2011</u>	<u>2010</u>
Liabilities and Stockholders' Equity		
Current Liabilities		
Accounts payable		
Trade	\$ 192,459	\$ 46,716
The Ramkota Companies, Inc.	1,135,457	1,135,212
Accrued expenses		
Salaries and wages	7,175	3,900
Property taxes	27,922	27,743
Other current liabilities	17,204	20,607
Total current liabilities	<u>1,380,217</u>	<u>1,234,178</u>
Stockholders' Equity		
Common stock of \$100 par value, 20,000 shares authorized, 10,500 shares issued and outstanding in 2011 and 2010	1,050,000	1,050,000
Retained earnings	<u>9,038,712</u>	<u>8,874,473</u>
Total stockholders' equity	<u>10,088,712</u>	<u>9,924,473</u>
	<u>\$ 11,468,929</u>	<u>\$ 11,158,651</u>

U.S. Hotel and Resort Management, Inc. and Subsidiaries
Consolidated Statements of Revenue and Expenses - Income Tax Basis
Years Ended September 30, 2011 and 2010

	2011	2010
Operating Revenue		
Data processing fees	\$ 214,196	\$ 197,251
Other revenue	29,859	2,577
Rental revenue	218,436	224,742
Total operating revenue	462,491	424,570
Operating Expenses		
Administrative and general	172,965	162,603
Repairs and maintenance	70,162	62,212
Utilities	14,907	14,160
Advertising and sales promotion	11,086	720
Property taxes	36,006	35,402
Property insurance	6,828	5,938
Total operating expenses	311,954	281,035
Income from Operations	150,537	143,535
Other Income (Expense)		
Interest income	10,211	44,973
Depreciation and amortization	(308,322)	(251,891)
Income (loss) recognized from investments	357,853	(297,654)
Condo association dues	(44,277)	(39,720)
Loss on disposal of assets	-	(1,416)
Total other income (loss)	15,465	(545,708)
Excess (Deficit) of Revenue over Expenses - Before Income Tax Expense (Benefit)	166,002	(402,173)
Income Tax Expense (Benefit)	1,763	(29,619)
Excess (Deficit) of Revenue over Expenses	\$ 164,239	\$ (372,554)

U.S. Hotel and Resort Management, Inc. and Subsidiaries
Consolidated Statements of Changes in Stockholders' Equity - Income Tax Basis
Years Ended September 30, 2011 and 2010

Balance, September 30, 2009	\$ 10,297,027
Deficit of Revenue over Expenses	<u>(372,554)</u>
Balance, September 30, 2010	9,924,473
Excess of Revenue over Expenses	<u>164,239</u>
Balance, September 30, 2011	<u><u>\$ 10,088,712</u></u>

U.S. Hotel and Resort Management, Inc. and Subsidiaries
Consolidated Statements of Cash Flows - Income Tax Basis
Years Ended September 30, 2011 and 2010

	2011	2010
Operating Activities		
Excess (deficit) of revenue over expenses	\$ 164,239	\$ (372,554)
Adjustments to reconcile excess (deficit) of revenue over expenses to cash from operating activities		
Depreciation and amortization	308,322	251,891
(Income) loss recognized from investments	(357,853)	297,654
Loss on disposal of assets	-	1,416
Change in assets and liabilities		
Receivables pertaining to operating activities	67,037	111,142
Other current assets	(3,074)	92,998
Payables pertaining to operating activities	82,872	225,316
Other current liabilities	51	(251,164)
Net Cash from Operating Activities	<u>261,594</u>	<u>356,699</u>
Investing Activities		
Capital expenditures for depreciable assets	(129,713)	(72,295)
Distributions from partnership investments	662,956	920,786
New investments in partnerships	(1,368,762)	(2,264,238)
Proceeds from disposal of depreciable assets	-	2,000
Advances on notes receivable	(2,573,044)	(2,101,429)
Repayments of notes receivable	1,952,106	2,869,918
Net Cash used for Investing Activities	<u>(1,456,456)</u>	<u>(645,258)</u>
Net Change in Cash	(1,194,862)	(288,559)
Cash and Cash Equivalents, Beginning of Year	<u>2,139,171</u>	<u>2,427,730</u>
Cash and Cash Equivalents, End of Year	<u>\$ 944,309</u>	<u>\$ 2,139,171</u>
Supplemental Disclosure of Cash Flow Information		
Cash payments for federal and state tax	<u>\$ 1,763</u>	<u>\$ 179,984</u>
Noncash investing activities		
Capital expenditures for property included in accounts payable at year end	<u>\$ 67,736</u>	<u>\$ 4,620</u>

Note 1 - Summary of Significant Accounting Policies

Nature of Business

U.S. Hotel and Resort Management, Inc. (the "Company") provides administrative services and owns ten hotel condo units for rent. In addition, the Company invests in hotel properties as a general or limited partner or member (see Investments footnote). The Company is a wholly owned subsidiary of The Ramkota Companies, Inc. The Company also owns 100% of Bismarck Hotel Company, Inc.; 100% of Regency Bridges Bay Ventures Limited Partnership; and is the sole member of RegencyInvest, LLC.

The Company extends credit to related partnerships, which consist of motel and hotel properties located in Colorado, Illinois, Iowa, Kansas, Michigan, Minnesota, New Mexico, North Dakota, South Dakota, and Wyoming. The Company determines credit worthiness on a case-by-case basis.

Principles of Consolidation

These consolidated financial statements include the accounts of U.S. Hotel and Resort Management, Inc. and its wholly-owned subsidiaries, Bismarck Hotel Company, Inc., RegencyInvest, LLC; and Regency Bridges Bay Ventures Limited Partnership. All material intercompany transactions have been eliminated.

Use of Estimates

Management uses estimates and assumptions in preparing financial statements in accordance with the income tax basis of accounting. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could vary from the estimates that were used.

Concentration of Credit Risk

The Company's financial instruments that are exposed to concentrations of credit risk consist primarily of cash and cash equivalents. Management believes it places its cash and cash equivalents with high quality credit institutions. At times these balances may exceed the FDIC insurance limit.

Income Tax Basis of Accounting

It is the Company's policy to prepare its financial statements on the income tax basis of accounting using the accrual method. Consequently, the buildings, land improvements, furnishings and equipment are being depreciated over tax lives in accordance with the modified accelerated cost recovery system provided under the Internal Revenue Code rather than over their estimated economic useful lives as required by accounting principles generally accepted in the United States of America (GAAP). As a result, accumulated depreciation is overstated and the excess of revenue over expense is generally understated in comparison to the results that would have been obtained had the property been depreciated in accordance with GAAP. In addition, the Company recognizes earnings from investments when the underlying entity reports the income to the government for tax purposes, rather than recording the income on the equity method as required by GAAP, which requires income to be accrued as it is earned. As a result, investment income is generally understated in comparison to the results that would have been obtained had the investments been recorded on the equity method in accordance with GAAP. GAAP may require consolidating in the financial statements the financial results of the partnership investments. Accordingly, the accompanying financial statements are not intended to present the financial position and results of operations in conformity with GAAP.

Income Taxes

The Ramkota Companies, Inc., the parent company, with the consent of its shareholders, has elected under the Internal Revenue Code to be an S corporation. The Company has elected to treat its corporate subsidiaries as qualified S Chapter subsidiaries. As a result, in lieu of corporation income taxes, the shareholders of an S corporation are taxed at their proportionate share of the Company's taxable income with the exception of the built-in gains tax under IRC Section 1374. Built-in gains arise from property dispositions of certain assets that were owned by the Company at the time the S election became effective. Generally, the Company is subject to the rules under IRC Section 1374 for a period of ten years following the Company's S election, which was effective October 1, 2008.

The Company is no longer subject to Federal or state tax examinations by tax authorities for tax years before 2007.

U.S. Hotel and Resort Management, Inc. and Subsidiaries
Notes to Consolidated Financial Statements
September 30, 2011 and 2010

Property

All fixed assets are recorded at cost. The cost and related accumulated depreciation of assets sold or disposed of were removed from the accounts and any gain or loss was included in the results of operations.

Depreciation is computed using the following lives and the straight-line and the modified accelerated cost recovery system (MACRS) methods. Bonus depreciation is deducted on qualifying property.

Property	Life	Method
Land improvements	7 - 20	MACRS
Building	39	Straight-line
Furniture and equipment	5	MACRS

Depreciation expense was \$308,013 and \$251,581 for the years ended September 30, 2011 and 2010, respectively.

Land Held for Investment

Land held for investment is recorded at cost. The land owned at September 30, 2011 and 2010, is located in Sioux Falls, South Dakota.

Cash and Cash Equivalents

For purposes of the statements of cash flows, the Company considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents.

Presentation of Taxes

The States in which the Company does business and cities within the States impose a sales tax on certain sales to non-exempt customers. The Company collects that sales tax from customers and remits the tax to the applicable governmental entities. The Company's accounting policy is to exclude the tax collected and remitted from revenue and direct expenses.

Subsequent Events

The Company has evaluated subsequent events through November 17, 2011, the date which the financial statements were available to be issued.

Note 2 - Commitments and Contingencies

The Company is contingently liable for the debt of other entities because of loan guarantee agreements. If the entity fails to meet its debt obligations, the Company could be liable for payment. The approximate guarantee balances on these loans, which both mature July 2016, as of September 30, 2011, are as follows:

Grand Lake Ventures, LLC	<u>\$ 3,000,000</u>
Regency CSP Ventures Limited Partnership	<u>\$ 1,101,000</u>
WR Killebrew, LLC d/b/a Welsh/Regency Hospitality Fund, LLC	<u>\$ 15,208,000</u>

Note 3 - Notes Receivable

The Company has the following notes receivable:

	2011	2010
The Ramkota Companies, Inc., no interest	\$ 1,368,728	\$ 768,728
West Maple Mall, LLC 6% interest	<u>55,086</u>	<u>34,147</u>
	<u>\$ 1,423,814</u>	<u>\$ 802,875</u>

The Company accrues interest on notes receivable monthly based on the number of days that principal amounts are outstanding during the month and the interest rate stated in the note agreement.

All of the Company's notes receivables are due from affiliated parties. The Company does not generally incur loan losses and has not experienced any repayment issues; consequently, the Company has determined that an allowance is not necessary. The notes are unsecured and due on demand.

U.S. Hotel and Resort Management, Inc. and Subsidiaries
Notes to Consolidated Financial Statements
September 30, 2011 and 2010

Note 4 - Revolving Line of Credit

The Company has a revolving line of credit with a bank, which was unused at September 30, 2011. The maximum amount of credit available on the line is reduced by \$30,000 per quarter and was \$2,040,000 at September 30, 2011. Advances on the revolving line of credit are payable quarterly, and carry an interest rate equal to .25 percentage points over the New York Prime rate as published in the Wall Street Journal. The revolving line of credit is collateralized by the Company's present and future rights, title, and interest in Bridges Bay Resort, LLC and expires on June 4, 2014.

Note 5 - Affiliated and Related Party Transactions

Included in the Company's financial statements are data processing fees of \$192,702 and \$184,073 for the years ended September 30, 2011 and 2010, respectively, received from The Ramkota Companies, Inc.; its affiliates, Kelly Inns, Ltd. and Regency Hotel Management Company, L.L.C.; and the partnerships in which the Company and its affiliates invest.

Also included in the Company's financial statements are the following transactions with Welsh/Regency Hospitality Fund, LLC, a partnership in which the Company invests:

	<u>2011</u>	<u>2010</u>
Accounts receivable	\$ 14,238	\$ 73,900
Other revenue	29,008	-

Note 6 - Investments

The Company uses the income tax method to account for partnership investments and accordingly recognizes earnings from investments when the underlying entity reports the income to the government for tax purposes. The Partnership investments listed below have a December 31 reporting year, except Regency CSP Ventures Limited Partnership, which is October 31.

	Percentage Owned	Excess Income Percentage	Number of Rooms	2009 Balance
<i>Partnership Investments</i>				
RegencyInvest, LLC				
Welsh/Regency Hospitality Fund, LLC	27.0%	None	221	\$ 2,124,772
Welsh/Regency Fund Manager, LLC	50.0%	None	-	5,191
Total RegencyInvest, LLC	50.0%	None	-	2,129,963
US Stone Colorado Springs Ventures, LLC***	30.0%	None	-	-
Grand Lakes Ventures, LLC****	20.0%	40.0%	56	-
Regency Midwest Ventures Limited Partnership	13.8%	13.8%	2,597	(961,895)
Bridges Bay Resort, LLC*	50.0%	50.0%	144	856,144
Regency Deadwood Ventures Limited Partnership**	9.5%	19.0%	-	599,038
Regency CSP Ventures Limited Partnership	81.0%	85.7%	250	1,080,629
				<u>\$ 3,703,879</u>

*Bridges Bay Resort, LLC developed a building with 48 condo units, which were marketed to the public for sale. During 2009, Regency Bridges Bay Ventures Limited Partnership acquired ten of the unsold units. The units are being rented to the public.

**Regency Deadwood Ventures Limited Partnership is a 50% member in Deadwood Resort, LLC; therefore, the Company owns 4.75% of Deadwood Resort, LLC by attribution. Deadwood Resort, LLC opened a 140-unit full-service hotel and casino in Deadwood, South Dakota in November 2009.

***US Stone Colorado Springs Ventures, LLC purchased the mortgage on the Candlewood Suites in Colorado Springs, Colorado.

****The Company owned 100% of Grand Lakes Ventures, LLC up until July 1, 2011 when additional limited units were issued. As of September 30, 2011, the Company is a 20% common member in Grand Lake Ventures, LLC.

U.S. Hotel and Resort Management, Inc. and Subsidiaries
Notes to Consolidated Financial Statements
September 30, 2011 and 2010

2010 Investment Activity				2010 Investment Activity			
Investments	Distributions	(Loss) Income Recognized	2010 Balance	Investments	Distributions	(Loss) Income Recognized	2011 Balance
\$ 2,264,238	\$ -	\$ (280,217)	\$ 4,108,793	\$ 100,762	\$ -	\$ (252,949)	\$ 3,956,606
-	-	(1,126)	4,065	-	-	(1,862)	2,203
2,264,238	-	(281,343)	4,112,858	100,762	-	(254,811)	3,958,809
-	-	-	-	900,000	-	673	900,673
-	-	-	-	368,000	-	(680,073)	(312,073)
-	(320,786)	274,326	(1,008,355)	-	(249,500)	234,609	(1,023,246)
-	-	(149,233)	706,911	-	-	45,785	752,696
-	(104,500)	(538,921)	(44,383)	-	(78,375)	(38,564)	(161,322)
-	(495,500)	397,517	982,646	-	(335,081)	1,050,234	1,697,799
\$ 2,264,238	\$ (920,786)	\$ (297,654)	\$ 4,749,677	\$ 1,368,762	\$ (662,956)	\$ 357,853	\$ 5,813,336



Independent Auditor's Report

The Board of Directors and Stockholders
The Ramkota Companies, Inc. and Subsidiaries
Sioux Falls, South Dakota

We have audited the accompanying consolidated statements of assets, liabilities, and stockholder's equity – income tax basis of The Ramkota Companies, Inc. (a South Dakota corporation) and Subsidiaries as of September 30, 2012 and 2011, and the related consolidated statements of revenue and expenses – income tax basis, changes in stockholders' equity – income tax basis, and cash flows – income tax basis for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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As described in the notes, these financial statements were prepared on the basis of accounting The Ramkota Companies, Inc. and Subsidiaries use for income tax purposes, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Ramkota Companies, Inc. and Subsidiaries as of September 30, 2012 and 2011, and the results of its operations and its cash flows for the years then ended on the basis of accounting described in the notes.

Eide Bailly LLP

Sioux Falls, South Dakota
November 16, 2012

	<u>2012</u>	<u>2011</u>
Assets		
Current Assets		
Cash and cash equivalents	\$ 2,307,861	\$ 1,748,498
Accounts receivable - trade	493,106	352,359
Accounts receivable - other	300,000	-
Notes receivable	-	55,086
Interest receivable - related party	-	4,965
Inventory	187,344	52,662
Refundable income taxes	5,367	6,575
Prepaid expenses	<u>62,717</u>	<u>14,509</u>
Total current assets	<u>3,356,395</u>	<u>2,234,654</u>
Property		
Land	1,608,739	1,608,739
Land improvements	2,307,825	2,255,416
Buildings	24,254,291	23,646,379
Furniture, fixtures, and equipment	<u>13,344,446</u>	<u>12,247,060</u>
	41,515,301	39,757,594
Less accumulated depreciation	<u>(25,339,793)</u>	<u>(24,118,053)</u>
	16,175,508	15,639,541
Land development and construction in progress	<u>964,246</u>	<u>971,922</u>
Total property	<u>17,139,754</u>	<u>16,611,463</u>
Other Assets		
Investments in partnerships	3,596,444	3,886,478
Concessionaire agreement	751,698	-
Accounts receivable - other	773,561	-
Land held for investment	-	20,043
Federal income tax deposit	51,152	56,853
Deferred financing fees and other, net of amortization	<u>72,045</u>	<u>45,970</u>
Total other assets	<u>5,244,900</u>	<u>4,009,344</u>
	<u>\$ 25,741,049</u>	<u>\$ 22,855,461</u>

The Ramkota Companies, Inc. and Subsidiaries
Consolidated Balance Sheets
September 30, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Liabilities and Stockholders' Equity		
Current Liabilities		
Current portion of long-term debt	\$ 288,000	\$ -
Trade accounts payable	640,766	425,578
Advance deposits	392,905	-
Sales tax payable	125,230	65,208
Accrued expenses		
Salaries and wages	234,955	98,610
Property taxes	399,142	373,486
Retirement plan contribution	90,000	85,500
Other current liabilities	217,376	72,004
Total current liabilities	<u>2,388,374</u>	<u>1,120,386</u>
Long-term debt, net of current portion	<u>1,208,991</u>	<u>-</u>
Stockholders' Equity		
Common stock of \$1 par value, 1,000,000 shares authorized, issued and outstanding, 404,790 in 2012 and 403,915 in 2011	404,790	403,915
Additional paid-in capital	61,504	-
Retained earnings	21,677,390	21,331,160
Total stockholders' equity	<u>22,143,684</u>	<u>21,735,075</u>
	<u>\$ 25,741,049</u>	<u>\$ 22,855,461</u>

	2012	2011
Operating Revenue		
Room rentals	\$ 10,313,864	\$ 7,069,442
Food and beverage	4,476,087	3,357,160
Golf course	507,633	-
Telephone and other	512,222	354,178
Total operating revenue	15,809,806	10,780,780
Cost of Sales		
Room rentals	2,674,893	1,907,460
Food and beverage	3,367,450	2,362,708
Golf course	142,796	-
Telephone and other	212,542	122,464
Total cost of sales	6,397,681	4,392,632
Gross Margin	9,412,125	6,388,148
Operating Expenses		
Administrative and general	2,849,674	2,053,947
Utilities	1,156,189	741,657
Repairs and maintenance	1,244,488	878,312
Advertising and sales promotion	754,105	568,514
Property taxes	368,091	322,886
Property insurance	188,450	125,520
Concessionaire fee	317,217	-
Total operating expenses	6,878,214	4,690,836
Income from Operations	2,533,911	1,697,312
Other Income (Expense)		
Interest expense	(66,998)	(98,400)
Interest income	18,807	11,589
Depreciation and amortization	(1,401,589)	(1,761,704)
Maintenance, repair & replacement expenditures	(452,027)	-
Income recognized from investments	599,912	650,939
Lease income	18,064	17,403
Gain on disposal of assets	3,521	1,340
Miscellaneous	(5,463)	(44,277)
Total other expense	(1,285,773)	(1,223,110)

The Ramkota Companies, Inc. and Subsidiaries
Consolidated Statements of Revenue and Expenses - Income Tax Basis
Years Ended September 30, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Income Before Income Tax Expense	1,248,138	474,202
Income Tax Expense	<u>11,520</u>	<u>819</u>
Excess of Revenue over Expenses	<u>\$ 1,236,618</u>	<u>\$ 473,383</u>
Earnings per Common Share	<u>\$ 3.05</u>	<u>\$ 1.17</u>

The Ramkota Companies, Inc. and Subsidiaries
Consolidated Statements of Changes in Stockholders' Equity - Income Tax Basis
Years Ended September 30, 2012 and 2011

	Common Stock	Additional Paid-in Capital	Retained Earnings	Total
Balance, September 30, 2010	\$ 403,915	\$ -	\$ 21,746,390	\$ 22,150,305
Dividends Paid	-	-	(888,613)	(888,613)
Excess of Revenue over Expenses	-	-	473,383	473,383
Balance, September 30, 2011	403,915	-	21,331,160	21,735,075
Issuance of common stock	875	61,504	-	62,379
Dividends Paid	-	-	(890,388)	(890,388)
Excess of Revenue over Expenses	-	-	1,236,618	1,236,618
Balance, September 30, 2012	<u>\$ 404,790</u>	<u>\$ 61,504</u>	<u>\$ 21,677,390</u>	<u>\$ 22,143,684</u>

The Ramkota Companies, Inc. and Subsidiaries
Consolidated Statements of Cash Flows - Income Tax Basis
Years Ended September 30, 2012 and 2011

	2012	2011
Operating Activities		
Excess of revenue over expenses	\$ 1,236,618	\$ 473,383
Adjustments to reconcile excess of revenue over expenses to cash from operating activities		
Depreciation and amortization	1,401,589	1,761,704
Gain on disposal of assets	(3,521)	(1,340)
Income recognized from investments	(599,912)	(650,939)
Change in assets and liabilities		
Receivables pertaining to operating activities	(140,747)	199,474
Other current assets	(176,717)	(4,890)
Federal income tax deposit	5,701	86,346
Payables pertaining to operating activities	241,103	(11,231)
Other current liabilities	764,800	(78,339)
Net Cash from Operating Activities	<u>2,728,914</u>	<u>1,774,168</u>
Investing Activities		
Advances on notes receivable	(3,921,074)	(804,316)
Repayments of notes receivable	3,976,160	783,378
Advances of accounts receivable - other	(1,200,000)	-
Repayments of accounts receivable - other	126,439	-
Proceeds from disposal of property	29,290	1,340
Capital expenditures for property	(1,886,762)	(1,531,558)
Expenditure for concessionaire agreement	(805,390)	-
Expenditure for liquor license	(30,132)	-
Cash distributions from investments	3,728,546	946,097
New investments in partnerships	(2,838,600)	(1,368,762)
Net Cash used for Investing Activities	<u>(2,821,523)</u>	<u>(1,973,821)</u>
Financing Activities		
Expenditure for mortgage loan fees	(17,010)	-
Proceeds from long-term debt	1,515,050	-
Payments on long-term debt	(18,059)	-
Proceeds from issuance of common stock	62,379	-
Dividends paid	(890,388)	(888,613)
Net Cash from (used for) Financing Activities	<u>651,972</u>	<u>(888,613)</u>
Net Change in Cash	559,363	(1,088,266)
Cash and Cash Equivalents, Beginning of Year	1,748,498	2,836,764
Cash and Cash Equivalents, End of Year	<u>\$ 2,307,861</u>	<u>\$ 1,748,498</u>
Supplemental Disclosure of Cash Flow Information		
Cash payments (refunds) for state and federal taxes	<u>\$ 8,070</u>	<u>\$ (15,332)</u>
Cash payments for interest	<u>\$ 66,998</u>	<u>\$ 98,400</u>
Noncash investing activities		
Capital expenditures for property included in accounts payable at year end	<u>\$ 63,062</u>	<u>\$ 88,978</u>

The Ramkota Companies, Inc. and Subsidiaries
Notes to Consolidated Financial Statements
September 30, 2012 and 2011

Note 1 - Summary of Significant Accounting Policies

Nature of Business

The Ramkota Companies, Inc. (Ramkota) owns and operates the Best Western Ramkota hotel (228 units) and the ClubHouse Hotel and Suites (100 units) in Sioux Falls, SD. Ramkota also owns 100% of U.S. Hotel and Resort Management, Inc. (a South Dakota corporation). U.S. Hotel and Resort Management, Inc. provides administrative services and owns ten hotel condo units that are rented to the public., and effective February 2012, operates two Ohio state parks. Additionally, Ramkota is the single member in Regency MWG, LLC, the general partner of Regency Midwest Ventures Limited Partnership. The Ramkota Companies, Inc. and U.S. Hotel and Resort Management, Inc. (the "Company") have investments in hotels and similar properties as a general, limited partner, or LLC member (see Investments footnote).

Principles of Consolidation

These consolidated financial statements include the accounts of The Ramkota Companies, Inc. and its wholly owned subsidiaries, Regency MWG, LLC and U.S. Hotel and Resort Management, Inc. and its wholly owned subsidiaries, Bismarck Hotel Company, Inc., Regency Bridges Bay Ventures Limited Partnership, and RegencyInvest, LLC, and U.S. Hotel OSP Ventures, LLC. Under the income tax basis of accounting, only 100% owned entities are consolidated. All material intercompany transactions have been eliminated.

Use of Estimates

Management uses estimates and assumptions in preparing financial statements in accordance with the income tax basis of accounting. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could vary from the estimates that were used.

Concentration of Credit Risk

The Company's financial instruments that are exposed to concentrations of credit risk consist primarily of cash and cash equivalents. Management believes it places its cash and cash equivalents with high quality credit institutions. At times these balances may exceed the FDIC insurance limit.

Income Tax Basis of Accounting

It is the Company's policy to prepare its financial statements on the income tax basis of accounting using the accrual method. Consequently, the buildings, land improvements, furnishings and equipment are being depreciated over tax lives in accordance with the modified accelerated cost recovery system provided under the Internal Revenue Code rather than over their estimated economic useful lives as required by accounting principles generally accepted in the United States of America (GAAP). As a result, accumulated depreciation is overstated and the excess of revenue over expense is generally understated in comparison to the results that would have been obtained had the property been depreciated in accordance with GAAP. In addition, the Company recognizes earnings from investments when the underlying entity reports the income to the government for tax purposes, rather than recording the income on the equity method as required by GAAP, which requires income to be accrued as it is earned. As a result, investment income is generally understated in comparison to the results that would have been obtained had the investments been recorded on the equity method in accordance with GAAP. GAAP may require consolidating in the financial statements the financial results of the partnership investments. Accordingly, the accompanying financial statements are not intended to present the financial position and the results of operation in conformity with GAAP.

Income Taxes

Effective October 1, 2008, the Company, with the consent of its shareholders, has elected under the Internal Revenue Code to be an S corporation. The Company has elected to treat its Corporate subsidiaries as qualified S Chapter subsidiaries. As a result, in lieu of corporation income taxes, the shareholders of an S corporation are taxed at their proportionate share of the Company's taxable income with the exception of the built-in gains tax under IRC Section 1374. Built-in gains arise from property dispositions of certain assets that were owned by the Company at the time the S election became effective. Generally, the Company is subject to the rules under IRC Section 1374 for a period of ten years following the Company's S election.

The Company is no longer subject to Federal or state tax examinations by tax authorities for tax years before 2008.

The Ramkota Companies, Inc. and Subsidiaries
Notes to Consolidated Financial Statements
September 30, 2012 and 2011

Cash and Cash Equivalents

For purposes of the statements of cash flows, the Company considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents.

Accounts Receivable

Substantially all of the accounts receivable are considered collectible. Accordingly, no allowance for doubtful accounts is required. If accounts become uncollectible, they are charged to operations when that determination is made. The Company grants credit to its guests and customers at the hotels. The Company determines credit worthiness on a case-by-case basis.

Inventories

Inventories are stated at the lower of cost (first-in, first out) or market.

Other Assets

The investment cost of the concessionaire agreement is being amortized over the life of the agreement using the straight-line method. Liquor licenses are being amortized using the straight-line method over 180 months. Mortgage loan fees were capitalized and are being amortized on a straight-line basis over the life of the loan agreement. Amortization expense charged to operations in 2012 and 2011 was \$74,759 and \$24,021, respectively.

Property

All fixed assets are recorded at cost. The cost and related accumulated depreciation of assets sold or disposed of were removed from the accounts and any gain or loss was included in the results of operations. Land held for development is located in Sioux Falls, South Dakota.

Depreciation is computed using the following lives and the straight-line and the modified accelerated cost recovery system (MACRS) methods. Bonus depreciation is deducted on qualifying property.

Property	Life (Years)	Method
Land improvements	7 - 20	MACRS
Building	39	Straight-line
Furniture and equipment	5	MACRS

Land Held for Investment

Land held for investment is recorded at cost. The land is located in Sioux Falls, South Dakota.

Advertising

The Company expenses advertising production costs as they are incurred and advertising communication costs the first time the advertising takes place.

Presentation of Taxes

The States in which the Company does business and cities within the States impose a sales tax on certain sales to non-exempt customers. The Company collects that sales tax from customers and remits the tax to the applicable governmental entities. The Company's accounting policy is to exclude the tax collected and remitted from revenue and direct expenses.

Note 2 - Property

Property and the related accumulated depreciation at year end are as follows:

	2012	
	Cost	Accumulated Depreciation
Land	\$ 1,608,739	\$ -
Land improvements	2,307,825	(1,887,137)
Building	24,254,291	(11,114,274)
Furniture and equipment	13,344,446	(12,338,382)
	<u>\$ 41,515,301</u>	<u>\$ (25,339,793)</u>
	2011	
	Cost	Accumulated Depreciation
Land	\$ 1,608,739	\$ -
Land improvements	2,255,416	(1,801,909)
Building	23,646,379	(10,544,819)
Furniture and equipment	12,247,060	(11,771,325)
	<u>\$ 39,757,594</u>	<u>\$ (24,118,053)</u>

Depreciation expense charged to operations in 2012 and 2011 was \$1,326,830 and \$1,737,683, respectively.

The Ramkota Companies, Inc. and Subsidiaries
Notes to Consolidated Financial Statements
September 30, 2012 and 2011

Note 3 - Accounts Receivable - Other

The Company has an accounts receivable with the Ohio Department of Natural Resources (ODNR). As part of the agreement with the State of Ohio, see Note 11, the Company advanced the State \$1,200,000 to be used for renovations to the two State parks. \$800,000 of the advance will be repaid in quarterly installments beginning March 31, 2013. The remaining \$400,000 can be earned over a 3 year period through a 3% surcharge, authorized by ODNR, on all sales excluding golf and pro shop revenues. The balance on this accounts receivable at year end was \$1,073,561.

Maturities of the ODNR accounts receivable are anticipated as follows:

Year Ending September 30,

2013	\$ 300,000
2014	400,000
2015	373,561
	<u>\$ 1,073,561</u>

Note 4 - Notes Receivable

The Company has an unsecured note receivable from West Maple Mall, LLC, an affiliated party, at September 30, 2012 and 2011, for \$0 and \$55,086, respectively.

The Company accrues interest on the note receivable monthly based on the number of days that principal amounts are outstanding during the month and the interest rate stated in the note agreement. The Company does not generally incur loan losses and has not experienced any repayment issues; consequently, the Company has determined that an allowance is not necessary.

Note 5 - Revolving Line of Credit

The Company has a revolving line of credit with a bank which was unused at September 30, 2012. The maximum amount of credit available on the line is reduced by \$30,000 per quarter and was \$1,920,000 at September 30, 2012. Advances on the revolving line of credit are payable quarterly, and carry an interest rate equal to .25 percentage points over the New York Prime rate as published in the Wall Street Journal. The revolving line of credit is collateralized by the Company's present and future rights, title, and interest in Bridges Bay Resort, LLC and expires on June 4, 2014.

Note 6 - Revolving Note Payable

The Company has a \$12,000,000 revolving note payable, which was unused at September 30, 2012. Advances on the revolving note are payable in full on May 31, 2015, and carry an interest rate equal to 3% plus the one month LIBOR rate.

Note 7 - Long-term Debt

On January 26, 2012, the Company entered into a debt agreement with Pierre First National Bank. Total principal on the note was \$1,515,050. The note bears interest at a variable interest rate of 2.25% over the prime rate with a floor of 5.5%. The interest rate was at 5.5% at September 30, 2012. Payments of principal and interest are due beginning April 1, 2012 through February 1, 2022. The note is secured by the Company's interest in the contract with the State of Ohio (Note 11) and all property related to the contract.

In addition, the debt agreement has certain debt covenants, namely a cash flow/current maturity ratio. If the defined covenants are not met, the note is due on demand.

Principal payments on long-term debt are due as follows:

Year Ending September 30,

2013	\$ 288,000
2014	297,459
2015	321,789
2016	79,448
2017	84,082
Thereafter	426,213
	<u>\$ 1,496,991</u>

Note 8 - Retirement Plan

The Company has a contributory profit sharing plan (401(k) savings plan) covering all eligible employees. The Company makes a discretionary profit sharing contribution considering employee contributions up to 4% of annual compensation and may make an additional discretionary contribution up to a certain percent of the employees' total wages, as specified by the plan, subject to Internal Revenue Code restrictions. The plan expense charged to operations in 2012 and 2011 was \$124,636 and \$119,742, respectively.

The Ramkota Companies, Inc. and Subsidiaries
Notes to Consolidated Financial Statements
September 30, 2012 and 2011

Note 9 - Incentive Stock Option Plan

On January 1, 2011 the Company approved an incentive stock option plan for certain employees. The Company authorized 10,000 shares of the Company's stock to be granted by December 31, 2016. The plan provides for a committee to select employees that will receive the options to acquire shares. The employees granted the options will be permitted to acquire the shares over a period of five years beginning with the date the options are granted. Employees are limited on how many shares they may acquire each year over the option term. As of September 30, 2012, 875 options had been granted and exercised.

Note 10 - Property Management Contract

The Company has entered into property management agreements with Regency Hotel Management, LLC, an affiliate of the Company. The term of the contracts is renewable monthly and may be terminated at any time with or without cause upon 30-60 days' notice. The contracts may call for a monthly base fee of \$5,000 and/or 3% - 4% of gross revenues collected from the operation of the properties. The property management fees paid to Regency Hotel Management, LLC totaled \$524,047 and \$328,338 for the years ended September 30, 2012 and 2011, respectively.

Note 11 - Concessionaire Agreement

The Company has entered into a ten year concessionaire's agreement commencing February 7, 2012 with the State of Ohio Department of Natural Resources, which provides for the Company's operation of Hueston Woods Lodge, Shawnee Lodge, and Shawnee Golf Course Pro Shop. A concessionaire's fee of: 1.5% of gross receipts on rooms and cottages, lodge food and beverages, 52% of gross receipts on green fees, cart rental and season passes, and 50% of all other Shawnee golf course pro shop receipts. The concessionaire fee for September 30, 2012 totaled \$317,217. Among other things, the agreement requires monthly deposits into the State's Maintenance, Repair and Replacement (MR&R) fund in amounts equal to: 11% of gross receipts for rooms, food, beverage and other retail and 6% of all golf course revenues. Total deposits to the MR&R were \$452,027 for the year ended September 30, 2012.

Note 12 - Commitments and Contingencies

The Company is contingently liable for the debt of other entities because of loan guarantee agreements. If the entity fails to meet its debt obligations, the Company could be liable for payment. The approximate guarantee balances on these loans, which mature at various dates through July 2017, as of September 30, 2012, are as follows:

	2012
Grand Lake Ventures, LLC	\$ 3,890,000
Regency CSP Ventures Limited Partnership	855,000
USH Brainerd Ventures, LLLP	2,490,000
WR Killibrew, LLC d/b/a	15,453,000
Welsh/Regency Hospitality Fund, LLC	<u>\$ 22,688,000</u>

Note 13 - Affiliated and Related Party Transactions

Included in the Company's financial statements are the following aggregate transactions with its affiliates, Commercial Interior Decor, Inc.; Kelly Inns, Ltd. and Regency Hotel Management Company, LLC; and the partnerships in which the Company and its affiliates invest:

	2012	2011
Revenue - data processing fees	\$ 218,375	\$ 181,196
Commercial furnishings purchases	1,116,054	579,440
Management fee expense	524,047	328,338

Note 14 - Subsequent Events

The Company has evaluated subsequent events through November 16, 2012, the date which the financial statements were available to be issued.

Subsequent to year end, the Company purchased a property located in Minneapolis, Minnesota for \$2,700,000. The Company plans to renovate the property and operate as a hotel under US Hotel Minneapolis Ventures Limited Partnership.

Note 15 - Investments

The Company uses the income tax method to account for partnership investments and accordingly recognizes earnings from investments when the underlying entity reports the income to the government for tax purposes. The partnership investments listed below have a December 31 reporting year, except Regency CSP Ventures Limited Partnership, which is October 31.

	Percentage Owned	Excess Income Percentage	Number of Rooms	2010 Balance
The Ramkota Companies, Inc. and Subsidiary investments				
Partnership Investments				
Regency Midwest Ventures Limited Partnership	15.7%	None	2,597	\$ (1,954,303)
SD Partner Ventures	50.0%	None	-	17,500
Total The Ramkota Companies, Inc. investments				(1,936,803)
U.S. Hotel and Resort Management, Inc. and Subsidiaries investments				
Partnership Investments				
RegencyInvest, LLC				
Welsh/Regency Hospitality Fund, LLC	38.0%	None	221	4,108,793
Welsh/Regency Fund Manager, LLC	50.0%	None	-	4,065
Total RegencyInvest, LLC	50.0%	None		4,112,858
USH Brainerd Ventures, LLLP	80.0%	20.0%	102	-
US Hotel Minneapolis Ventures Limited Partnership *****	100.0%	*****	*****	-
US Stone Colorado Springs Ventures, LLC***	30.0%	None	-	-
Grand Lakes Ventures, LLC****	20.0%	40.0%	56	-
Regency Midwest Ventures Limited Partnership	13.8%	None	2,597	(1,008,355)
Bridges Bay Resort, LLC*	50.0%	50.0%	144	706,911
Regency Deadwood Ventures Limited Partnership**	9.5%	19.0%	-	(44,383)
Regency CSP Ventures Limited Partnership	81.0%	85.7%	250	982,646
Total US Hotel and Resort Management, Inc.				4,749,677
				\$ 2,812,874

*Bridges Bay Resort, LLC developed a building with 48 condo units, which were marketed to the public for sale. During 2009, Regency Bridges Bay Ventures Limited Partnership acquired ten of the unsold units. The units are being rented to the public.

**Regency Deadwood Ventures Limited Partnership is a 50% member in Deadwood Resort, LLC; therefore, the Company owns 4.75% of Deadwood Resort, LLC by attribution. Deadwood Resort, LLC opened a 140-unit full-service hotel and casino in Deadwood, South Dakota in November 2009.

***US Stone Colorado Springs Ventures, LLC purchased the mortgage on the Candlewood Suites in Colorado Springs, Colorado. The mortgage was sold January 5, 2012.

****The Company owned 100% of Grand Lakes Ventures, LLC until July 1, 2011, at which time additional limited units were issued. As of September 30, 2011, the Company is a 20% common member in Grand Lake Ventures, LLC.

*****Subsequent to year end, the Company purchased a Minneapolis, Minnesota property with the intent to renovate the property into a hotel. This partnership has been formed to hold and operate the hotel.

The Ramkota Companies, Inc. and Subsidiaries
Notes to Consolidated Financial Statements
September 30, 2012 and 2011

2011 Investment Activity				2012 Investment Activity			
Investments	Distributions	Income (Loss) Recognized	2011 Balance	Investments	Distributions	Income (Loss) Recognized	2012 Balance
\$ -	\$ (283,141)	\$ 300,473	\$ (1,936,971)	\$ -	\$ (404,487)	\$ 416,764	\$ (1,924,694)
-	-	(7,387)	10,113	-	(9,583)	(530)	-
-	(283,141)	293,086	(1,926,858)	-	(414,070)	416,234	(1,924,694)
100,762	-	(252,949)	3,956,606	568,600	(293,954)	(1,925,794)	2,305,458
-	-	(1,862)	2,203	-	-	(511)	1,692
100,762	-	(254,811)	3,958,809	568,600	(293,954)	(1,926,305)	2,307,150
-	-	-	-	2,000,000	-	-	2,000,000
-	-	-	-	270,000	-	-	270,000
900,000	-	673	900,673	-	(1,446,343)	545,670	-
368,000	-	(680,073)	(312,073)	-	-	543,160	231,087
-	(249,500)	234,609	(1,023,246)	-	(356,429)	337,103	(1,042,572)
-	-	45,785	752,696	-	(213,000)	93,188	632,884
-	(78,375)	(38,564)	(161,322)	-	(156,750)	67,285	(250,787)
-	(335,081)	1,050,234	1,697,799	-	(848,000)	523,577	1,373,376
1,368,762	(662,956)	357,853	5,813,336	2,838,600	(3,314,476)	183,678	5,521,138
\$ 1,368,762	\$ (946,097)	\$ 650,939	\$ 3,886,478	\$ 2,838,600	\$ (3,728,546)	\$ 599,912	\$ 3,596,444



Independent Auditor's Report

The Board of Directors and Stockholders
The Ramkota Companies, Inc. and Subsidiaries
Sioux Falls, South Dakota

We have audited the accompanying consolidated statements of assets, liabilities, and stockholder's equity – income tax basis of The Ramkota Companies, Inc. (a South Dakota corporation) and Subsidiaries as of September 30, 2011 and 2010, and the related consolidated statements of revenue and expenses – income tax basis, changes in stockholders' equity – income tax basis, and cash flows – income tax basis for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit also includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we do not express such an opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As described in the notes, these financial statements were prepared on the basis of accounting The Ramkota Companies, Inc. and Subsidiaries uses for income tax purposes, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Ramkota Companies, Inc. and Subsidiaries as of September 30, 2011 and 2010, and the results of its operations and its cash flows for the years then ended on the basis of accounting described in the notes.

Eide Bailly LLP

Sioux Falls, South Dakota
November 17, 2011

	2011	2010
Assets		
Current Assets		
Cash and cash equivalents	\$ 1,748,498	\$ 2,836,764
Accounts receivable - trade	352,359	551,833
Notes receivable - related parties	55,086	34,147
Interest receivable - related party	4,965	2,077
Inventory	52,662	42,085
Refundable income taxes	6,575	22,626
Prepaid expenses	14,509	7,033
Total current assets	2,234,654	3,496,565
Property		
Land	1,608,739	1,608,739
Land improvement	2,255,416	2,218,431
Buildings	23,646,379	23,018,187
Furniture, fixtures, and equipment	12,247,060	11,432,055
	39,757,594	38,277,412
Less accumulated depreciation	(24,118,053)	(22,478,749)
	15,639,541	15,798,663
Land development and construction in progress	971,922	1,001,602
Total property	16,611,463	16,800,265
Other Assets		
Investments in partnerships	3,886,478	2,812,874
Land held for investment	20,043	20,043
Federal income tax deposit	56,853	143,199
Deferred financing fees and other, net of amortization	45,970	69,990
Total other assets	4,009,344	3,046,106
	<u>\$ 22,855,461</u>	<u>\$ 23,342,936</u>

The Ramkota Companies, Inc. and Subsidiaries
Consolidated Balance Sheets
September 30, 2011 and 2010

	<u>2011</u>	<u>2010</u>
Liabilities and Stockholders' Equity		
Current Liabilities		
Trade accounts payable	\$ 425,578	\$ 419,484
Sales tax payable	65,208	64,763
Accrued expenses		
Salaries and wages	98,610	191,772
Property taxes	373,486	391,734
Retirement plan contribution	85,500	47,500
Other current liabilities	<u>72,004</u>	<u>77,378</u>
Total current liabilities	<u>1,120,386</u>	<u>1,192,631</u>
Stockholders' Equity		
Common stock of \$1 par value, 1,000,000 shares authorized, 403,915 shares issued and outstanding in 2011 and 2010	403,915	403,915
Retained earnings	<u>21,331,160</u>	<u>21,746,390</u>
Total stockholders' equity	<u>21,735,075</u>	<u>22,150,305</u>
	<u>\$ 22,855,461</u>	<u>\$ 23,342,936</u>

The Ramkota Companies, Inc. and Subsidiaries
Consolidated Statements of Revenue and Expenses - Income Tax Basis
Years Ended September 30, 2011 and 2010

	2011	2010
Operating Revenue		
Room rentals	\$ 7,069,442	\$ 6,734,297
Food and beverage	3,357,160	3,219,710
Telephone and other	354,178	310,380
Total operating revenue	<u>10,780,780</u>	<u>10,264,387</u>
Cost of Sales		
Room rentals	1,907,460	1,723,428
Food and beverage	2,362,708	2,178,412
Telephone and other	122,464	124,307
Total operating expenses	<u>4,392,632</u>	<u>4,026,147</u>
Gross Margin	<u>6,388,148</u>	<u>6,238,240</u>
Operating Expenses		
Administrative and general	2,053,947	1,988,616
Utilities	741,657	698,836
Repairs and maintenance	878,312	799,279
Advertising and sales promotion	568,514	504,509
Property taxes	322,886	326,162
Property insurance	125,520	142,391
Total operating expenses	<u>4,690,836</u>	<u>4,459,793</u>
Income from Operations	<u>1,697,312</u>	<u>1,778,447</u>
Other Income (Expense)		
Interest expense	(98,400)	(14,100)
Interest income	11,589	51,009
Depreciation and amortization	(1,761,704)	(1,107,480)
Income recognized from investments	650,939	52,490
Lease income	17,403	31,184
Gain on disposal of assets	1,340	8,007
Miscellaneous	(44,277)	(39,720)
Total other expense	<u>(1,223,110)</u>	<u>(1,018,610)</u>
Income Before Income Tax Expense (Benefit)	474,202	759,837
Income Tax Expense (Benefit)	<u>819</u>	<u>(30,208)</u>
Excess of Revenue over Expenses	<u>\$ 473,383</u>	<u>\$ 790,045</u>
Earnings per Common Share	<u>\$ 1.17</u>	<u>\$ 1.96</u>

See Notes to Consolidated Financial Statements

The Ramkota Companies, Inc. and Subsidiaries
Consolidated Statements of Changes in Stockholders' Equity - Income Tax Basis
Years Ended September 30, 2011 and 2010

	<u>Common Stock</u>	<u>Retained Earnings</u>	<u>Total</u>
Balance, September 30, 2009	\$ 403,915	\$ 21,602,609	\$ 22,006,524
Dividends Paid	-	(646,264)	(646,264)
Excess of Revenue over Expenses	<u>-</u>	<u>790,045</u>	<u>790,045</u>
Balance, September 30, 2010	403,915	21,746,390	22,150,305
Dividends Paid	-	(888,613)	(888,613)
Excess of Revenue over Expenses	<u>-</u>	<u>473,383</u>	<u>473,383</u>
Balance, September 30, 2011	<u><u>\$ 403,915</u></u>	<u><u>\$ 21,331,160</u></u>	<u><u>\$ 21,735,075</u></u>

The Ramkota Companies, Inc. and Subsidiaries
Consolidated Statements of Cash Flows - Income Tax Basis
Years Ended September 30, 2011 and 2010

	2011	2010
Operating Activities		
Excess of revenue over expenses	\$ 473,383	\$ 790,045
Adjustments to reconcile excess of revenue over expenses to cash from operating activities		
Depreciation and amortization	1,761,704	1,107,480
Gain on disposal of assets	(1,340)	(8,007)
Income recognized from investments	(650,939)	(52,490)
Change in assets and liabilities		
Receivables pertaining to operating activities	199,474	1,458
Inventory	(10,577)	(2,705)
Other current assets	5,687	77,091
Federal income tax deposit	86,346	192,678
Payables pertaining to operating activities	(11,231)	49,735
Other current liabilities	(78,339)	(274,435)
Net Cash from Operating Activities	<u>1,774,168</u>	<u>1,880,850</u>
Investing Activities		
Advances on notes receivable	(804,316)	(1,112,345)
Repayments of notes receivable	783,378	2,044,918
Proceeds from disposal of hotel property	1,340	20,886
Capital expenditures for hotel property	(1,531,558)	(1,621,541)
Cash distributions from investments	946,097	1,284,825
New investments in partnerships	(1,368,762)	(2,281,738)
Net Cash used for Investing Activities	<u>(1,973,821)</u>	<u>(1,664,995)</u>
Financing Activities		
Dividends paid	(888,613)	(646,264)
Net Cash used for Financing Activities	<u>(888,613)</u>	<u>(646,264)</u>
Net Change in Cash	(1,088,266)	(430,409)
Cash and Cash Equivalents, Beginning of Year	<u>2,836,764</u>	<u>3,267,173</u>
Cash and Cash Equivalents, End of Year	<u>\$ 1,748,498</u>	<u>\$ 2,836,764</u>
Supplemental Disclosure of Cash Flow Information		
Cash (refunds) payments for state and federal taxes	<u>\$ (15,332)</u>	<u>\$ 179,984</u>
Cash payments for interest	<u>\$ 98,400</u>	<u>\$ 14,100</u>
Noncash investing activities		
Capital expenditures for property included in accounts payable at year end	<u>\$ 88,978</u>	<u>\$ 71,654</u>

Note 1 - Summary of Significant Accounting Policies

Nature of Business

The Ramkota Companies, Inc. (Ramkota) owns and operates the Best Western Ramkota hotel (228 units) and the ClubHouse Hotel and Suites (100 units) in Sioux Falls, SD. Ramkota also owns 100% of U.S. Hotel and Resort Management, Inc. (a South Dakota corporation). U.S. Hotel and Resort Management, Inc. provides administrative services and owns ten hotel condo units that are rented to the public. Additionally, Ramkota is the single member in Regency MWG, LLC, the general partner of Regency Midwest Ventures Limited Partnership. The Ramkota Companies, Inc. and U.S. Hotel and Resort Management, Inc. (the "Company") have investments in hotels and similar properties as a general, limited partner, or LLC member (see Investments footnote).

Principles of Consolidation

These consolidated financial statements include the accounts of The Ramkota Companies, Inc. and its wholly owned subsidiaries, Regency MWG, LLC and U.S. Hotel and Resort Management, Inc. and its wholly owned subsidiaries, Bismarck Hotel Company, Inc., Regency Bridges Bay Ventures Limited Partnership, and RegencyInvest, LLC. All material intercompany transactions have been eliminated.

Use of Estimates

Management uses estimates and assumptions in preparing financial statements in accordance with the income tax basis of accounting. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could vary from the estimates that were used.

Concentration of Credit Risk

The Company's financial instruments that are exposed to concentrations of credit risk consist primarily of cash and cash equivalents. Management believes it places its cash and cash equivalents with high quality credit institutions. At times these balances may exceed the FDIC insurance limit.

Income Tax Basis of Accounting

It is the Company's policy to prepare its financial statements on the income tax basis of accounting using the accrual method. Consequently, the buildings, land improvements, furnishings and equipment are being depreciated over tax lives in accordance with the modified accelerated cost recovery system provided under the Internal Revenue Code rather than over their estimated economic useful lives as required by accounting principles generally accepted in the United States of America (GAAP). As a result, accumulated depreciation is overstated and the excess of revenue over expense is generally understated in comparison to the results that would have been obtained had the property been depreciated in accordance with GAAP. In addition, the Company recognizes earnings from investments when the underlying entity reports the income to the government for tax purposes, rather than recording the income on the equity method as required by GAAP, which requires income to be accrued as it is earned. As a result, investment income is generally understated in comparison to the results that would have been obtained had the investments been recorded on the equity method in accordance with GAAP. GAAP may require consolidating in the financial statements the financial results of the partnership investments. Accordingly, the accompanying financial statements are not intended to present the financial position and the results of operation in conformity with GAAP.

Income Taxes

Effective October 1, 2008, the Company, with the consent of its shareholders, has elected under the Internal Revenue Code to be an S corporation. The Company has elected to treat its Corporate subsidiaries as qualified S Chapter subsidiaries. As a result, in lieu of corporation income taxes, the shareholders of an S corporation are taxed at their proportionate share of the Company's taxable income with the exception of the built-in gains tax under IRC Section 1374. Built-in gains arise from property dispositions of certain assets that were owned by the Company at the time the S election became effective. Generally, the Company is subject to the rules under IRC Section 1374 for a period of ten years following the Company's S election.

The Company is no longer subject to Federal or state tax examinations by tax authorities for tax years before 2007.

The Ramkota Companies, Inc. and Subsidiaries
Notes to Consolidated Financial Statements
September 30, 2011 and 2010

Cash and Cash Equivalents

For purposes of the statements of cash flows, the Company considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents.

Accounts Receivable

Substantially all of the accounts receivable are considered collectible. Accordingly, no allowance for doubtful accounts is required. If accounts become uncollectible, they are charged to operations when that determination is made.

The Company grants credit to its guests and customers at the hotels. The Company determines credit worthiness on a case-by-case basis.

Amortization

The costs of loan origination fees are being amortized using the straight-line method over the lives of their respective agreements. Amortization expense charged to operations in 2011 and 2010 was \$24,021 each year.

Property

All fixed assets are recorded at cost. The cost and related accumulated depreciation of assets sold or disposed of were removed from the accounts and any gain or loss was included in the results of operations. Land held for development is located in Sioux Falls, South Dakota.

Depreciation is computed using the following lives and the straight-line and the modified accelerated cost recovery system (MACRS) methods. Bonus depreciation is deducted on qualifying property.

Property	Life (Years)	Method
Land improvements	7 - 20	MACRS
Building	39	Straight-line
Furniture and equipment	5	MACRS

Depreciation expense charged to operations in 2011 and 2010 was \$1,737,683 and \$1,083,459, respectively.

Land Held for Investment

Land held for investment is recorded at cost. The land is located in Sioux Falls, South Dakota.

Advertising

The Company expenses advertising production costs as they are incurred and advertising communication costs the first time the advertising takes place.

Presentation of Taxes

The States in which the Company does business and cities within the States impose a sales tax on certain sales to non-exempt customers. The Company collects that sales tax from customers and remits the tax to the applicable governmental entities. The Company's accounting policy is to exclude the tax collected and remitted from revenue and direct expenses.

Subsequent Events

The Company has evaluated subsequent events through November 17, 2011, the date which the financial statements were available to be issued.

Note 2 - Notes Receivable

The Company has an unsecured note receivable from West Maple Mall, LLC, an affiliated party, at September 30, 2011 and 2010, for \$55,086 and \$34,147, respectively.

The Company accrues interest on the note receivable monthly based on the number of days that principal amounts are outstanding during the month and the interest rate stated in the note agreement.

The Company does not generally incur loan losses and has not experienced any repayment issues; consequently, the Company has determined that an allowance is not necessary.

Note 3 - Revolving Line of Credit

The Company has a revolving line of credit with a bank which was unused at September 30, 2011. The maximum amount of credit available on the line is reduced by \$30,000 per quarter and was \$2,040,000 at September 30, 2011. Advances on the revolving line of credit are payable quarterly, and carry an interest rate equal to .25 percentage points over the New York Prime rate as published in the Wall Street Journal. The revolving line of credit is collateralized by the Company's present and future rights, title, and interest in Bridges Bay Resort, LLC and expires on June 4, 2014.

Note 4 - Revolving Note Payable

The Company has a \$12,000,000 revolving note payable, which was unused at September 30, 2011. Advances on the revolving note are payable in full on May 31, 2012, and carry an interest rate equal to 4% plus the one month LIBOR rate.

Note 5 - Retirement Plan

The Company has a contributory profit sharing plan (401(k) savings plan) covering all eligible employees. The Company makes a discretionary profit sharing contribution considering employee contributions up to 4% of annual compensation and may make an additional discretionary contribution up to a certain percent of the employees' total wages, as specified by the plan, subject to Internal Revenue Code restrictions. The plan expense charged to operations in 2011 and 2010 was \$119,742 and \$118,735, respectively.

Note 6 - Commitments and Contingencies

The Company is contingently liable for the debt of other entities because of loan guarantee agreements. If the entity fails to meet its debt obligations, the Company could be liable for payment. The approximate guarantee balances on these loans, which both mature July 2016, as of September 30, 2011, are as follows:

	2011
Grand Lake Ventures, LLC	\$ 3,000,000
Regency CSP Ventures Limited Partnership	1,101,000
WR Killebrew, LLC d/b/a Welsh/Regency Hospitality Fund, LLC	15,208,000
	<u>\$ 19,309,000</u>

Note 7 - Incentive Stock Option Plan

On January 1, 2011 the Company approved an incentive stock option plan for certain employees. The Company authorized 10,000 shares of the Company's stock to be granted by December 31, 2016. The plan provides for a committee to select employees that will receive the options to acquire shares. The employees granted the options will be permitted to acquire the shares over a period of five years beginning with the date the options are granted. Employees are limited on how many shares they may acquire each year over the option term. As of September 30, 2011, no options had been granted or exercised.

Note 8 - Affiliated and Related Party Transactions

Included in the Company's financial statements are the following aggregate transactions with its affiliates, Commercial Interior Decor, Inc.; Kelly Inns, Ltd. and Regency Hotel Management Company, LLC; and the partnerships in which the Company and its affiliates invest:

	2011	2010
Revenue - data processing fees	\$ 181,196	\$ 173,929
Accounts receivable - Welsh Regency	14,238	73,900
Other revenue - Welsh Regency	29,008	-
Commercial furnishings purchases	579,440	206,650
Management fee expense	328,338	313,114

Note 9 - Investments

The Company uses the income tax method to account for partnership investments and accordingly recognizes earnings from investments when the underlying entity reports the income to the government for tax purposes. The partnership investments listed below have a December 31 reporting year, except Regency CSP Ventures Limited Partnership, which is October 31.

	Percentage Owned	Excess Income Percentage	Number of Rooms	2009 Balance
The Ramkota Companies, Inc. and Subsidiary investments				
Partnership Investments				
Regency Midwest Ventures Limited Partnership	15.7%	None	2,597	\$ (1,940,408)
SD Partner Ventures	50.0%	None	-	-
Total The Ramkota Companies, Inc. investments				(1,940,408)
U.S. Hotel and Resort Management, Inc. and Subsidiaries investments				
Partnership Investments				
RegencyInvest, LLC				
Welsh/Regency Hospitality Fund, LLC	27.0%	None	221	2,124,772
Welsh/Regency Fund Manager, LLC	50.0%	None	-	5,191
Total RegencyInvest, LLC	50.0%	None		2,129,963
US Stone Colorado Springs Ventures, LLC***	30.0%	None	-	-
Grand Lakes Ventures, LLC****	20.0%	40.0%	56	-
Regency Midwest Ventures Limited Partnership	13.8%	None	2,597	(961,895)
Bridges Bay Resort, LLC*	50.0%	50.0%	144	856,144
Regency Deadwood Ventures Limited Partnership**	9.5%	19.0%	-	599,038
Regency CSP Ventures Limited Partnership	81.0%	85.7%	250	1,080,629
Total US Hotel and Resort Management, Inc.				3,703,879
				\$ 1,763,471

*Bridges Bay Resort, LLC developed a building with 48 condo units, which were marketed to the public for sale. During 2009, Regency Bridges Bay Ventures Limited Partnership acquired ten of the unsold units. The units are being rented to the public.

**Regency Deadwood Ventures Limited Partnership is a 50% member in Deadwood Resort, LLC; therefore, the Company owns 4.75% of Deadwood Resort, LLC by attribution. Deadwood Resort, LLC opened a 140-unit full-service hotel and casino in Deadwood, South Dakota in November 2009.

***US Stone Colorado Springs Ventures, LLC purchased the mortgage on the Candlewood Suites in Colorado Springs, Colorado.

****The Company owned 100% of Grand Lakes Ventures, LLC until July 1, 2011, at which time additional limited units were issued. As of September 30, 2011, the Company is a 20% common member in Grand Lake Ventures, LLC.

The Ramkota Companies, Inc. and Subsidiaries
Notes to Consolidated Financial Statements
September 30, 2011 and 2010

2010 Investment Activity				2011 Investment Activity			
Investments	Distributions	Income (Loss) Recognized	2010 Balance	Investments	Distributions	Income (Loss) Recognized	2011 Balance
\$ -	\$ (364,039)	\$ 350,144	\$ (1,954,303)	\$ -	\$ (283,141)	\$ 300,473	\$ (1,936,971)
17,500	-	-	17,500	-	-	(7,387)	10,113
17,500	(364,039)	350,144	(1,936,803)	-	(283,141)	293,086	(1,926,858)
2,264,238	-	(280,217)	4,108,793	100,762	-	(252,949)	3,956,606
-	-	(1,126)	4,065	-	-	(1,862)	2,203
2,264,238	-	(281,343)	4,112,858	100,762	-	(254,811)	3,958,809
-	-	-	-	900,000	-	673	900,673
-	-	-	-	368,000	-	(680,073)	(312,073)
-	(320,786)	274,326	(1,008,355)	-	(249,500)	234,609	(1,023,246)
-	-	(149,233)	706,911	-	-	45,785	752,696
-	(104,500)	(538,921)	(44,383)	-	(78,375)	(38,564)	(161,322)
-	(495,500)	397,517	982,646	-	(335,081)	1,050,234	1,697,799
2,264,238	(920,786)	(297,654)	4,749,677	1,368,762	(662,956)	357,853	5,813,336
\$ 2,281,738	\$ (1,284,825)	\$ 52,490	\$ 2,812,874	\$ 1,368,762	\$ (946,097)	\$ 650,939	\$ 3,886,478



U.s. Hotel And Resort Management, Inc.

DUNS: 12-212-2799

Dashboard

Company Info

3211 W Sencore
Sioux Falls, SD 57107

Phone: (605) 334-2371

DBA's :
(SUBSIDIARY OF RAMKOTA
COMPANIES, INC., THE, SIOUX
FALLS, SD)

URL: www.regency-mgmt.com

Scores

PAYDEX®	Delinquency Predictor		Financial Stress		Supplier Eval. Risk Rating	Credit Limit Rec.	DandB Rating
Score	Score	Class	Score	Class	Rating	Recommendation	Rating
78 ▼	553 ▼	2	1633 ▲	1	1 ▼	\$55K	1R2

Recent Alerts

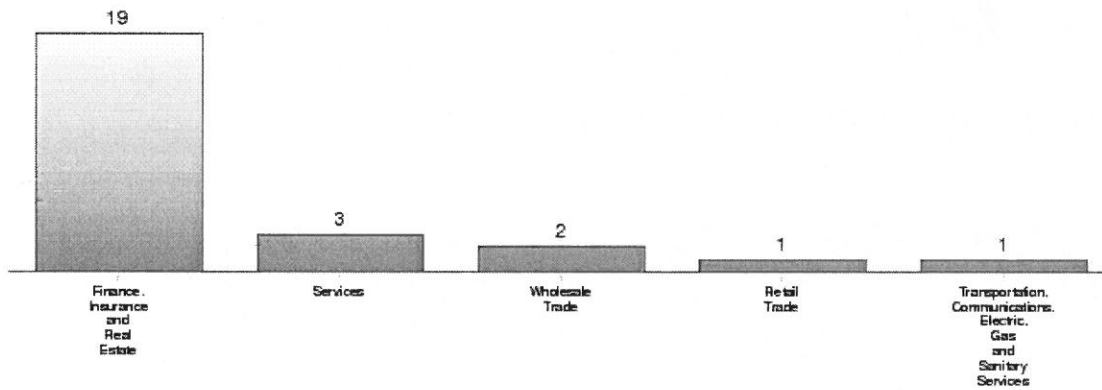
INQUIRY 11/14/13 1 New Inquiry	SCORE 11/05/13 Paydex Score Improved
SCORE 10/28/13 Paydex Score Declined	SCORE 10/22/13 Paydex Score Improved

Inquiries

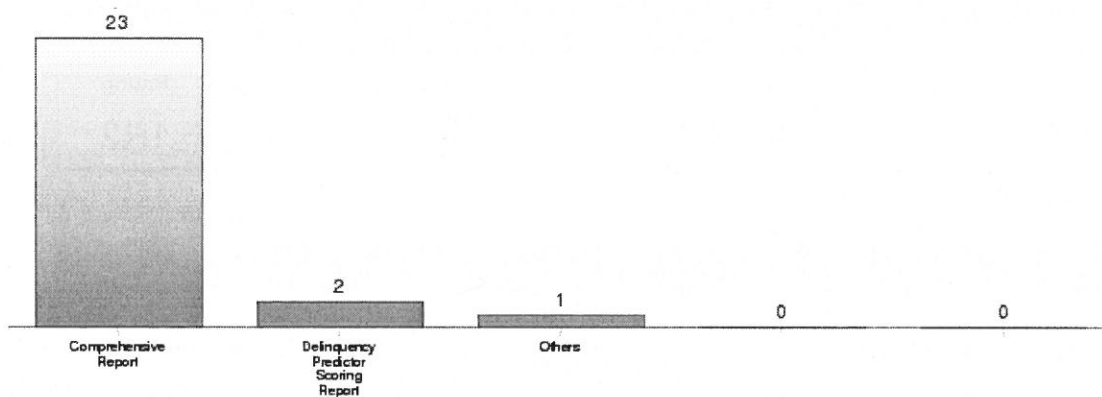
Most Recent

Date	SIC / Sector	Report type
11/08/13	Finance, Insurance and Real Estate	Comprehensive Report
10/10/13	Finance, Insurance and Real Estate	Comprehensive Report
08/19/13	Finance, Insurance and Real Estate	Comprehensive Report
08/12/13	Finance, Insurance and Real Estate	Delinquency Predictor Scoring Report
08/12/13	Finance, Insurance and Real Estate	Comprehensive Report

Top 5 Inquiries by SIC / Sector (12 Months)



Top 5 Inquiries by Report Type (12 Months)



Scores

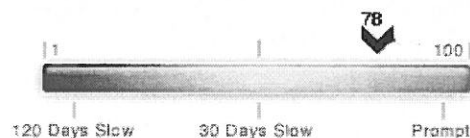
PAYDEX®

78 ▼

3 Month PAYDEX®

78

3 days beyond terms



Understanding My Score

The D&B PAYDEX® is a unique, dollar weighted indicator of payment performance based on payment experiences as reported to D&B by trade references.

Recent Payments

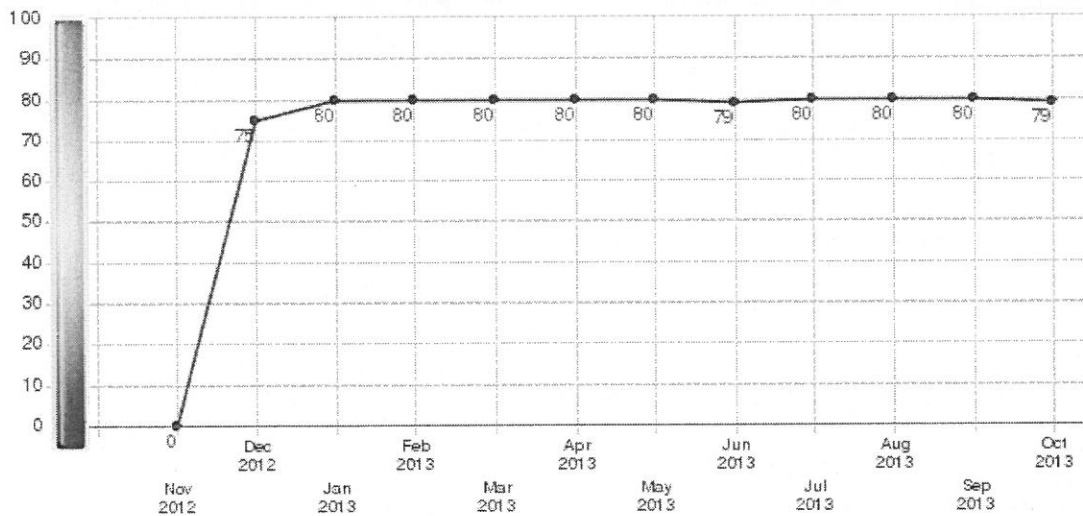
Total (Last 12 Months): 22

Date	Paying Record	High Credit	Now Owes	Past Due	Selling Terms	Last sale w/f (Mo.)
10/2013	Ppt	\$5,000	\$0	\$0	--	6-12 mos
10/2013	Ppt	\$1,000	\$0	\$0	--	1 mo
10/2013	Ppt	\$750	\$750	\$0	N30	1 mo
10/2013	Ppt	\$500	\$500	\$0	--	1 mo
10/2013	Ppt	\$500	\$500	\$0	--	1 mo

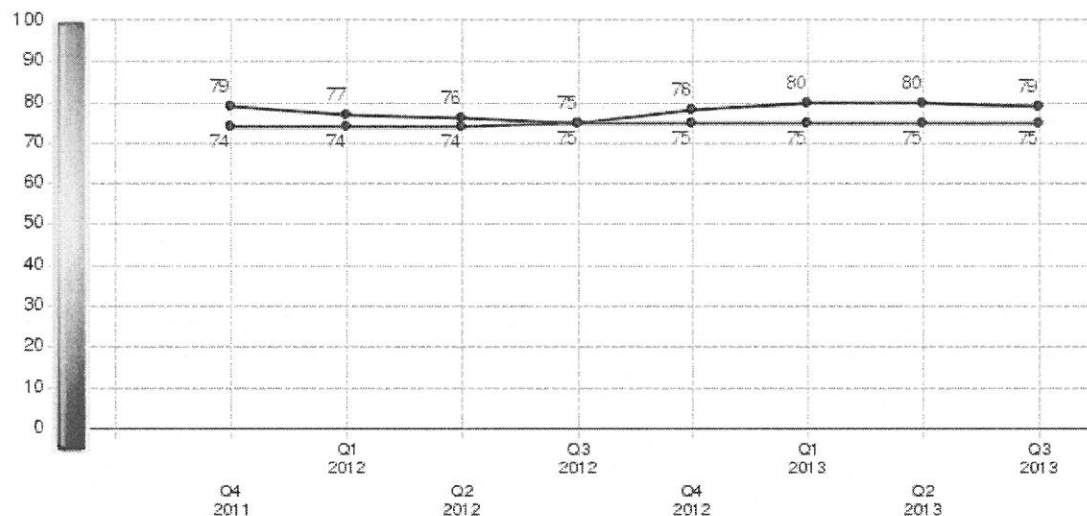
Key

PAYDEX®	Payment Practices	PAYDEX®	Payment Practices
100	Anticipate	40	60 Days Beyond Terms
90	Discount	30	90 Days Beyond Terms
80	Prompt	20	120 Days Beyond Terms
70	15 Days Beyond	1-19	Over 120 Days Beyond Terms
60	22 Days Beyond Terms	UN	Unavailable
50	30 Days Beyond Terms		

Trends



Industry Comparison



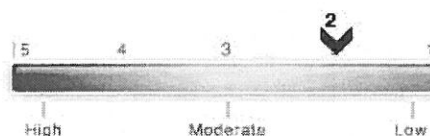
- My Company (78)
- Industry Median: (75)

Based on payments collected over the last 4 quarters.

- Current PAYDEX® for this business is 78, or equal to 3 days beyond terms
- The present industry median score is 75, or equal to 8 days beyond terms.

Delinquency Predictor Score

Score **553 ▼** Class **2** Percentile **81%**



Moderate risk of severe payment delinquency over next 12 months

Understanding My Score

The D&B Delinquency Predictor (formerly the Commercial Credit Score) predicts the likelihood that a company will pay in a severely delinquent manner (91+ days past term) over the next 12 months, seek legal relief from creditors, or cease operations without paying all creditors in full over the next 12 months based on the information in D&B's database. A severely delinquent firm is defined as a business with at least 10% of its dollars 91+ days slow.

Incidence of Delinquent Payment:

Among Companies with this Classification: **2.50%**

Factors Affecting Your Score:

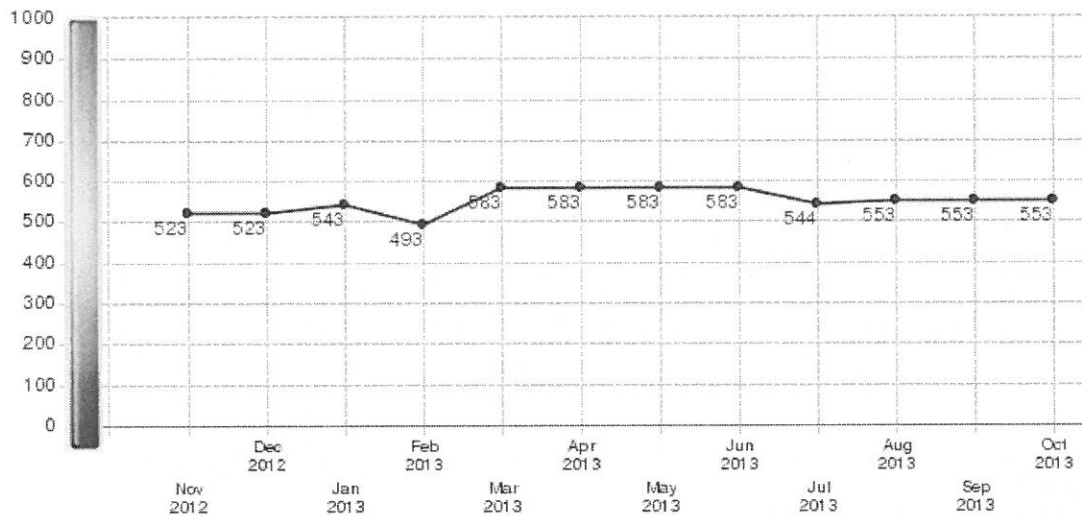
Proportion of slow payments in recent months

Higher risk industry based on delinquency rates for this industry

Key

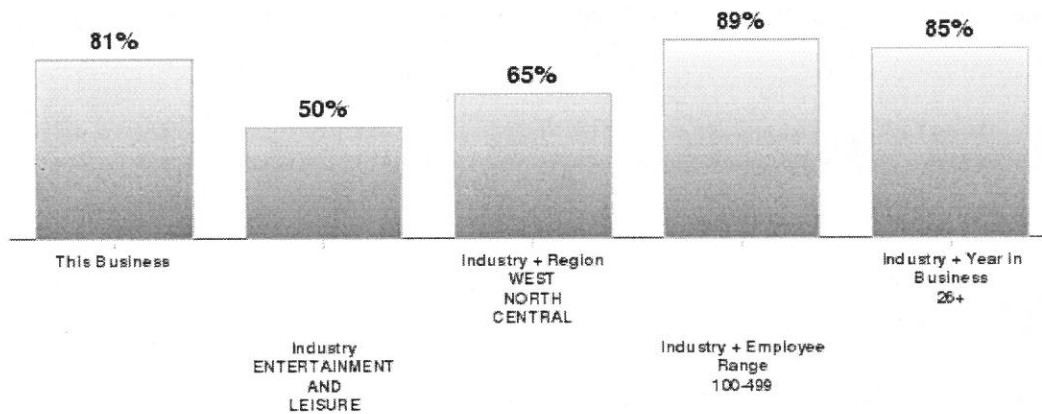
Risk Class	% of Businesses within this Class	Percentile	Score
1	10%	91-100	580-670
2	20%	71-90	530-579
3	40%	31-70	481-529
4	20%	11-30	453-480
5	10%	1-10	101-452

Trends - Scores, 12 Month



• My Company (553)

Industry Comparison



This business has a Credit Score Percentile that shows:

- Lower risk than other companies in the same region.
- Lower risk than other companies in the same industry.
- Higher risk than other companies in the same employee size range.
- Higher risk than other companies with a comparable number of years in business.

Financial Stress Score

Score

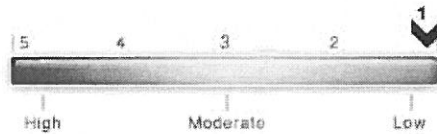
Class

Nat'l %

1633 ▼

1

99%



Low risk of severe financial stress,
such as bankruptcy, over the next 12
months

Understanding My Score

Incidence of Financial Stress:

Among Companies with this Classification: **0.03** (84 per 10000)

Factors Affecting Your Score:

UCC Filings reported.

High number of inquiries to D & B over last 12 months.

- The Financial Stress Class Summary Model predicts the likelihood of a firm ceasing business without paying all creditors in full, or reorganization or obtaining relief from creditors under state/federal law over the next 12 months. Scores were calculated using a statistically valid model derived from D&B's extensive data files.

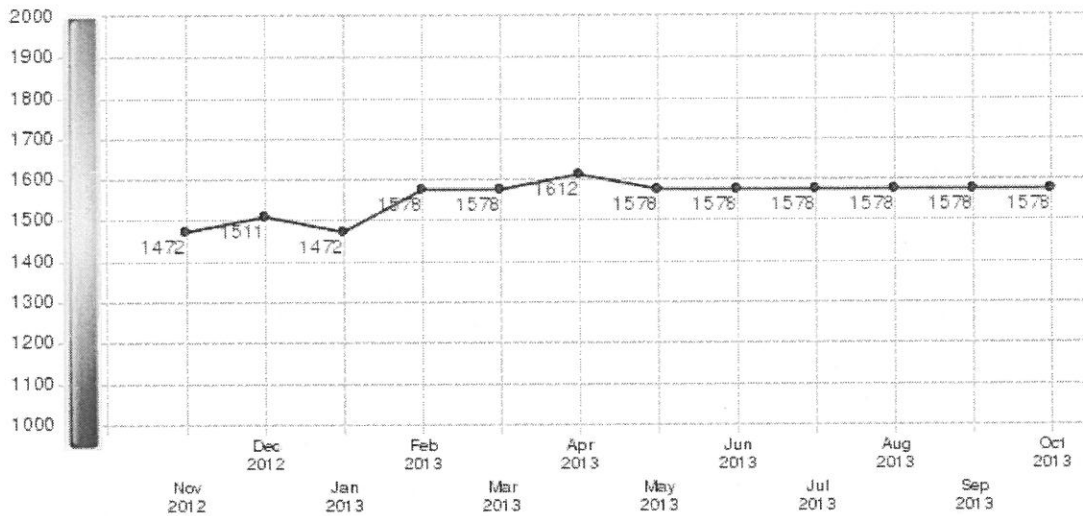
Notes:

- The Financial Stress Class indicates that this firm shares some of the same business and financial characteristics of other companies with this classification. It does not mean the firm will necessarily experience financial stress.
- The Incidence of Financial Stress shows the percentage of firms in a given Class that discontinued operations over the past year with loss to creditors. The Incidence of Financial Stress - National Average represents the national failure rate and is provided for comparative purposes.
- The Financial Stress National Percentile reflects the relative ranking of a company among all scorable companies in D&B's file.
- The Financial Stress Score offers a more precise measure of the level of risk than the Class and Percentile. It is especially helpful to customers using a scorecard approach to determining overall business performance.
- All Financial Stress Class, Percentile, Score and Incidence statistics are based on sample data from

Key

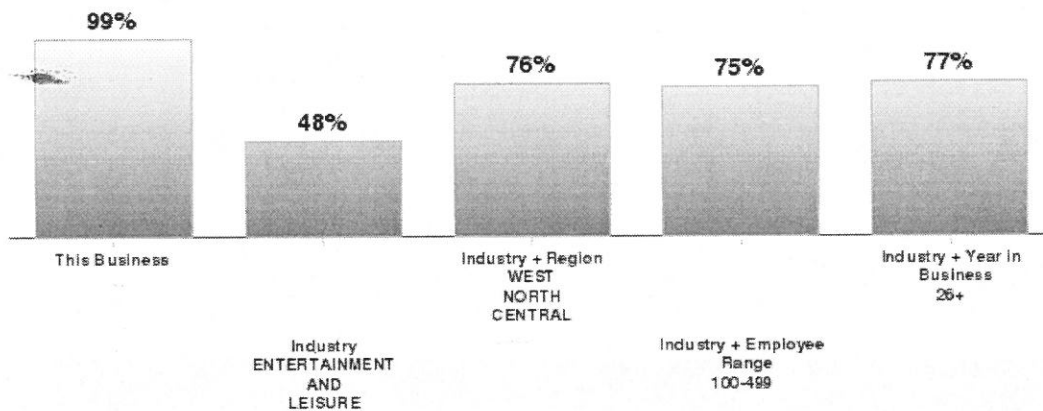
Score	Class	Percentile	Incidence of Financial Stress
1570-1875	1	95-100	6.0%
1510-1569	2	69-94	10.6%
1450-1509	3	34-68	18.4%
1340-1449	4	2-33	31.5%
1001-1339	5	1	70.0%

Trends - Scores, 12 Month



• My Company (1,633)

Industry Comparison

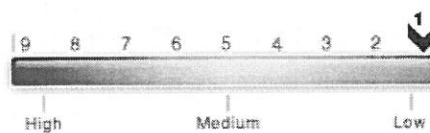


Based on payments collected over the last 4 quarters.

- Lower risk than other companies in the same region.
- Lower risk than other companies in the same industry.
- Lower risk than other companies in the same employee size range.
- Lower risk than other companies with a comparable number of years in business.

Supplier Evaluation Risk Rating

1 ▼



Low risk of supplier experiencing severe financial stress over the next 12 months.

Understanding My Score

The Supplier Evaluation Risk (SER) Rating predicts the likelihood that a supplier will cease

business operations or become inactive over the next 12 month period based on the depth of predictive data attributes available on the business. The SER Rating scoring system uses statistical probabilities to classify public and private companies into a 1-9 risk rating, where 1 represents low risk and 9 represents high risk.

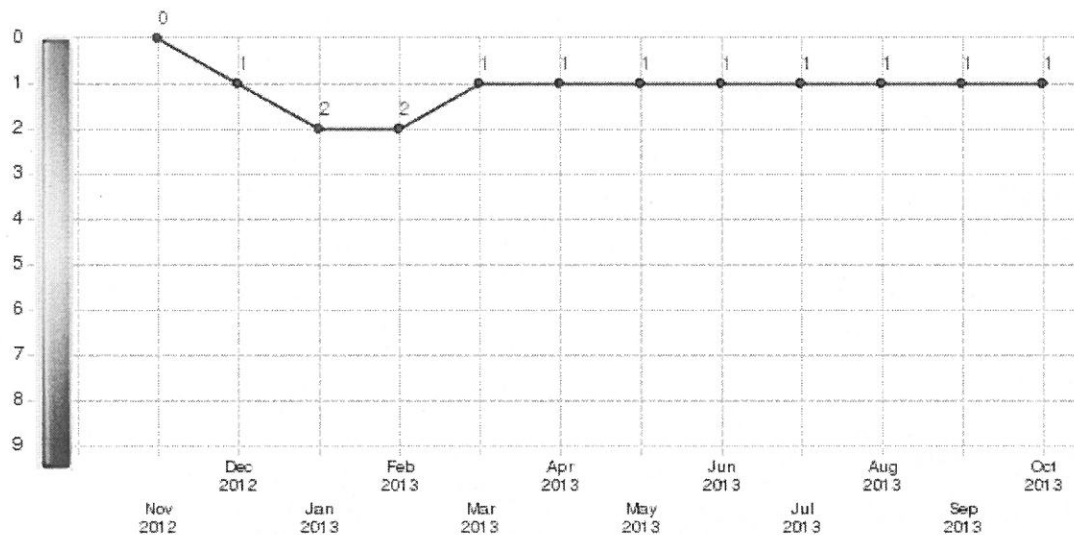
Factors Affecting This Company's Score:

Higher risk industry based on inactive rate for this industry

Proportion of past due balances to total amount owing

Paydex

Trends



• My Company (1)

Credit Limit Recommendation

Risk Category

1

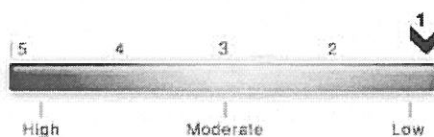
Conservative Credit Limit

\$55k

Aggressive Credit Limit

\$100k

Low



Understanding My Score

D&B's Credit Limit Recommendation is intended to help you more easily manage your credit decisions. It provides two recommended dollar guidelines:

A conservative limit, which suggests a dollar benchmark if your policy is to extend less credit to minimize risk.

An aggressive limit, which suggests a dollar benchmark if your policy is to extend more credit with potentially more risk.

The dollar guideline amounts are based on a historical analysis of credit demand of customers in D&B's U.S. payments database which have a similar profile to your business.

Rating
1R2

Number of employees: **1R** indicates 10 or more employees
Composite Credit Appraisal: **2** is good

D&B Rating	Date Applied
1R2	2013-10-17
1R3	2007-04-23
1R4	2006-11-27
1R3	2005-01-18
1R2	1999-09-14
2R2	1998-07-16
3A1	1997-09-09
1R2	1997-07-17
3A1	1996-09-18
1R2	1996-07-17

Understanding My Score

Factors Affecting Your Score

of Employees Total: **490 (5 here)**

Payment Activity (based on 22 experiences):

Average High Credit: **\$866**

Highest Credit: **\$5,000**

Total Highest Credit: **\$13,100**

Note: The Worth amount in this section may have been adjusted by D&B to reflect typical deductions, such as certain intangible assets.

Inquiries

12 Month Summary

Over the past 12 months ending 11-2013, 26 individual requests for information on your company were received; this represents a 46.15% decrease over the prior 12 month period. The 26 inquiries were made by 15 unique companies indicating that some companies have inquired on your business multiple times and may be monitoring you. Of the total products purchased, 19, or 73.08% came from the Finance, Insurance and Real Estate sector; 3, or 11.54% came from the Services sector; 2, or 7.69% came from the Wholesale Trade sector.

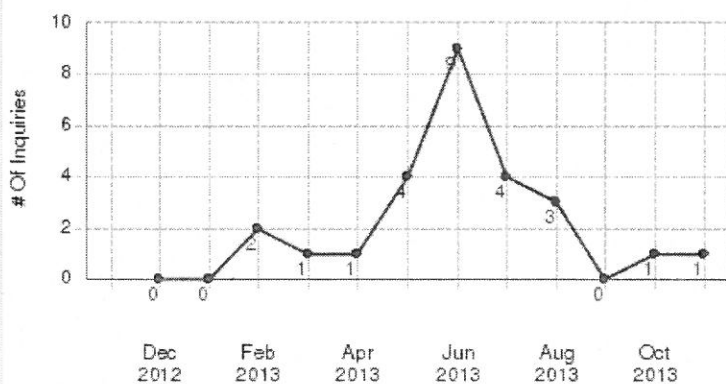
12 Mo. Total: 26

12 Mo. Unique Companies: 15

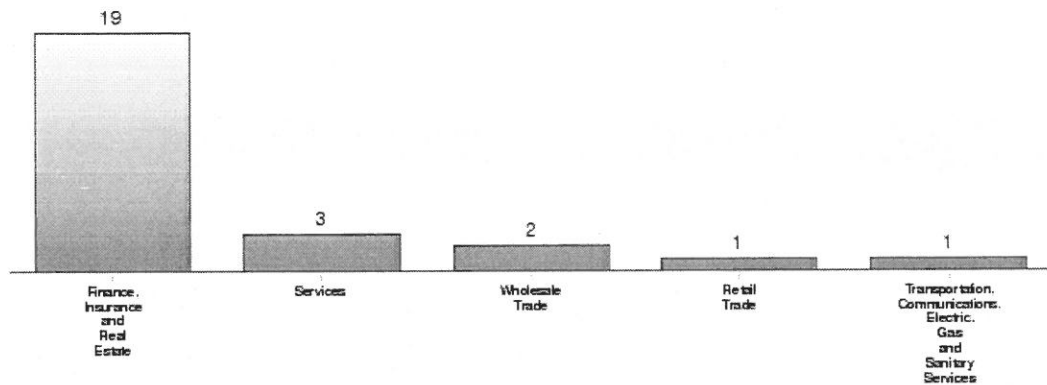
Date ▼	Report type	SIC / Sector
--------	-------------	--------------

11/08/13	Comprehensive Report	Finance, Insurance and Real Estate
10/10/13	Comprehensive Report	Finance, Insurance and Real Estate
08/19/13	Comprehensive Report	Finance, Insurance and Real Estate
08/12/13	Delinquency Predictor Scoring Report	Finance, Insurance and Real Estate
08/12/13	Comprehensive Report	Finance, Insurance and Real Estate
07/19/13	Comprehensive Report	Finance, Insurance and Real Estate
07/10/13	Comprehensive Report	Finance, Insurance and Real Estate
07/02/13	Comprehensive Report	Finance, Insurance and Real Estate
07/02/13	Comprehensive Report	Finance, Insurance and Real Estate
06/28/13	Comprehensive Report	Finance, Insurance and Real Estate
06/26/13	Comprehensive Report	Finance, Insurance and Real Estate
06/24/13	Comprehensive Report	Wholesale Trade
06/20/13	Comprehensive Report	Finance, Insurance and Real Estate
06/18/13	Comprehensive Report	Finance, Insurance and Real Estate
06/18/13	Comprehensive Report	Finance, Insurance and Real Estate
06/12/13	Comprehensive Report	Finance, Insurance and Real Estate
06/01/13	Comprehensive Report	Finance, Insurance and Real Estate
06/01/13	Delinquency Predictor Scoring Report	Finance, Insurance and Real Estate
05/30/13	Comprehensive Report	Services
05/30/13	Comprehensive Report	Services
05/30/13	Comprehensive Report	Services
05/17/13	Comprehensive Report	Retail Trade
04/10/13	Comprehensive Report	Transportation, Communications, Electric, Gas and Sanitary Services
03/04/13	Comprehensive Report	Wholesale Trade
02/22/13	Comprehensive Report	Finance, Insurance and Real Estate
02/22/13	Others	Finance, Insurance and Real Estate

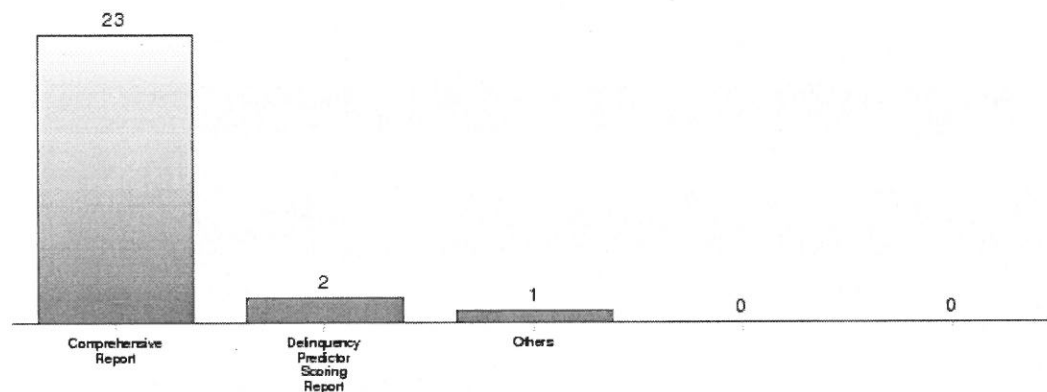
Trends - 12 Month



Top 5 Inquiries by Report
Type (12 Months)



Top 5 Report Types
Graph(12 Months)



All Inquiries by Industry and SIC / Sector

SIC/Sector	Jan 2013 to Mar 2013	Apr 2013 to Jun 2013	Jul 2013 to Sep 2013	Oct 2013 to Dec 2013	Total Inquiries
Construction	0	0	0	0	0
Finance, Insurance and Real Estate	2	0	15	2	19
Manufacturing	0	0	0	0	0
Retail Trade	0	1	0	0	1
Services	0	3	0	0	3
Transportation, Communications, Electric, Gas and Sanitary Services	0	1	0	0	1
Wholesale Trade	0	1	1	0	2

Inquiries by Report Type

Report Type	Jan 2013 to Mar 2013	Apr 2013 to Jun 2013	Jul 2013 to Sep 2013	Oct 2013 to Dec 2013	Total
Comprehensive Report	1	6	14	2	23
Delinquency Predictor Scoring Report	0	0	2	0	2
Others	1	0	0	0	1

Payments

Currency: Shown in USD unless otherwise indicated

Payments Summary

Current 78 Equal to 3 days beyond terms
PAYDEX®:
Industry Median: 75 Equal to 8 DAYS BEYOND terms
Payment Trend: ↔ Unchanged, compared to payments three months ago

Total payment Experiences in D&Bs File (HQ): 22
Payments Within Terms (not dollar weighted): 93
Total Placed For Collection: NA
Average Highest Credit: 866
Largest High Credit: 5,000
Highest Now Owing: 750
Highest Past Due: 500

Payments Summary by Industry

Total (Last 12 Months): 22

	Total Received	Total Dollar Amount	Largest High Credit Payment summary	Within Terms	31	Days Slow 30-80	81-90	90
Top Industries								
Electric services	4	\$900	\$750	100%	0	0	0	0
Misc membership org.	2	\$6,000	\$5,000	100%	0	0	0	0
Telephone communictns	2	\$1,000	\$500	100%	0	0	0	0
Whol office equipment	2	\$350	\$250	100%	0	0	0	0
Whol electronic parts	1	\$2,500	\$2,500	100%	0	0	0	0
Misc equipment rental	1	\$1,000	\$1,000	100%	0	0	0	0
Photocopying service	1	\$500	\$500	100%	0	0	0	0
Whol lumber/millwork	1	\$500	\$500	0%	0	0	100	0
Mfg signs/ad spectlys	1	\$250	\$250	100%	0	0	0	0
Whol electrical equip	1	\$0	\$0	0%	0	0	0	0
Other Categories								
Cash experiences	6	\$100	\$50	--	--	--	--	--
Unknown	0	\$0	\$0	--	--	--	--	--
Unfavorable comments	0	\$0	\$0	--	--	--	--	--
Placed for collections with D&B:	0	\$0	\$0	--	--	--	--	--
Other	0	N/A	\$0	--	--	--	--	--
Total in D&B's file	22	\$13,100	\$5,000	--	--	--	--	--

Payments Beyond Terms

Total (Last 12 Months): 1

Date▼	Paying Record	High Credit	Now Owes	Past Due	Selling Terms	Last sale w/f (Mo.)
10/2013	Slow 90	\$500	\$500	\$500	--	1 mo

All Payments

Total (Last 12 Months): 22

Date▼	Paying Record	High Credit	Now Owes	Past Due	Selling Terms	Last sale w/f (Mo.)
10/2013	Ppt	\$5,000	\$0	\$0	--	6-12 mos
10/2013	Ppt	\$1,000	\$0	\$0	--	1 mo
10/2013	Ppt	\$750	\$750	\$0	N30	1 mo
10/2013	Ppt	\$500	\$500	\$0	--	1 mo
10/2013	Ppt	\$500	\$500	\$0	--	1 mo
10/2013	Ppt	\$250	\$250	\$0	--	1 mo
10/2013	Ppt	\$250	\$250	\$0	Lease Agreeemnt	1 mo
10/2013	Ppt	\$50	\$50	\$0	--	1 mo
10/2013	Ppt	\$50	\$50	\$0	--	1 mo
10/2013	Ppt	\$50	\$50	\$0	N30	1 mo
10/2013	Ppt	--	\$0	\$0	N30	6-12 mos
10/2013	Slow 90	\$500	\$500	\$500	--	1 mo
10/2013	(013)	--	--	--	Sales COD	1 mo
10/2013	(014)	--	--	--	Sales COD	1 mo
10/2013	(015)	--	--	--	Sales COD	1 mo
10/2013	(016)	--	\$0	\$0	Cash account	6-12 mos
08/2013	Ppt	\$500	\$0	\$0	--	4-5 mos
05/2013	Ppt	\$2,500	\$0	\$0	--	2-3 mos
05/2013	(019)	\$50	--	--	Cash account	1 mo
04/2013	Ppt	\$100	\$0	\$0	--	6-12 mos
03/2013	(021)	\$50	--	--	Cash account	1 mo
12/2012	Ppt	\$1,000	\$500	--	Lease Agreeemnt	--

Indications of slowness can be the result of disputes over merchandise, skipped invoices, etc. Accounts are sometimes placed in collection even though the existence or amount of debt is disputed.

The public record items contained in this report may have been paid, terminated, vacated or released prior to the date this report was printed.

History & Operations

Currency: Shown in USD unless otherwise indicated

Company Overview

Company Name:

U.S. HOTEL AND
RESORT

URL:

www.regency-
mgmt.com

Doing Business As:	MANAGEMENT, INC. (SUBSIDIARY OF RAMKOTA COMPANIES, INC., THE, SIOUX FALLS, SD)	Stock Symbol:	NA
		History:	NA
		Operations:	NA
		Present Management Control:	NA
		Annual Sales:	NA
Street Address:	3211 W Sencore Sioux Falls, SD 57107		
Phone:	(605) 334-2371		
Fax:	NA		

History

The following information was reported: **10/17/2013**

Officer(s):

DAVID R SWEET, CHB
GREGORY L SCHJODT, PRES-COO
ROBERT J THIMJON, SEC-TREAS-CFO

DIRECTOR(S):

THE OFFICER(S)

The South Dakota Secretary of State's business registrations file showed that U.S. Hotel And Resort Management, Inc was registered as a Corporation on May 22, 1980.

Business started 1980 by the parent company. 100% of capital stock is owned by the parent company.

DAVID R SWEET born 1948. 1980-present active here. 1975-1979 employed with parent company.

GREGORY L SCHJODT born 1948. 1983-present active here. 1968-1983 employed with Topeka Inns Management Co, Topeka, KS.

ROBERT J THIMJON born 1952. 1985-present active here. 1983-1985 self-employed certified public accountant in Sioux Falls, SD.

1980-1983 employed with Hegg Companies, Sioux Falls, SD. 1974-1980 certified public accountant for Deloitte, Haskens & Sells, Minneapolis, MN. Discontinued, no failures reported. Obtained MBA from the University of South Dakota, Vermillion, SD in 1981. 1970-1974 Graduated from Augustana College, Sioux Falls, SD.

AFFILIATES:

MINDAKOTA LIMITED PARTNERSHIP, Sioux Falls, SD, started 1987. Operates as general partner of hotesl/motels, Sioux Falls, SD. DUNS #102262144.

Business Registration

CORPORATE AND BUSINESS REGISTRATIONS REPORTED BY THE SECRETARY OF STATE OR OTHER OFFICIAL SOURCE AS OF
JUNE 29 2013.

Registered Name:	U.S. HOTEL AND RESORT MANAGEMENT, INC.	NA
Business Type:	CORPORATION	
Corporation Type:	PROFIT	
Date Incorporated:	May 22 1980	
State of Incorporation:	SOUTH DAKOTA	
Filing Date:	May 22 1980	
FilingFedID:	NA	
Registration ID:	DB019723	
Duration:	PERPETUAL	
Duration Date:	NA	
Status:	GOOD STANDING	
Status Attained Date:	NA	
Where Filed:	SECRETARY OF STATE/CORPORATIONS DIVISION, PIERRE, SD	
Registered Agent:	DAVID SWEET, 3211 WEST SENCORE DRIVE, SIOUX FALLS, SD,	

571070000

Agent Appointed: NA
AgentStatus: NA
Principals:

Operations

10/17/2013

Description:

Subsidiary of Ramkota Companies, Inc., The, Sioux Falls, SD started 1965 which operates as motels and restaurants. Parent company owns 100% of capital stock. Parent company has two other subsidiary(ies). Intercompany relations: Consist of management and periodic intercompany loans.

As noted, this company is a subsidiary of Ramkota Companies, Inc., The DUNS number 024378135, and reference is made to that report for background information on the parent company and its management.

Operates motels (100%).

Terms are Net 30 days. Sells to Hotels. Territory : Central and Western, South Eastern United States.

Nonseasonal.

Employees: 490 which includes officer(s). 5 employed here.

Facilities: Owns 8,000 sq. ft. in a one story brick building.

Location: Suburban business section on well traveled street.

Branches: This business has multiple branches, detailed branch/division information is available in Dun & Bradstreet's linkage or family tree products.

Subsidiaries: NA

Subsidiaries: NA

Subsidiaries: NA

Subsidiaries: NA

Subsidiaries: NA

SIC & NAICS

SIC:

Based on information in our file, D&B has assigned this company an extended 8-digit SIC. D&B's use of 8-digit SICs enables us to be more specific to a company's operations that if we use the standard 4-digit code. The 4-digit SIC numbers link to the description on the Occupational Safety & Health Administration (OSHA) Web site. Links open in a new browser window.

7011 0100 Motels

NAICS:

721110 Hotels (except Casino Hotels) and Motels

Public Filings

Currency: Shown in USD unless otherwise indicated

Summary

The following data includes both open and closed filings found in D&B's database on this company.

Record Type	# of Records	Most Recent Filing Date
Bankruptcy Proceedings	-	-
Judgments	0	-
Liens	0	-
Suits	0	-
UCCs	2	02/01/12

The following Public Filing data is for information purposes only and is not the official record.
 Certified copies can only be obtained from the official source.

Judgments

We currently don't have enough data to display this section.

Liens

We currently don't have enough data to display this section.

Suits

We currently don't have enough data to display this section.

Government Activity

We currently don't have enough data to display this section.

Banking & Finance

Financial Statements

We currently don't have enough data to display this section.

Banking

We currently don't have enough data to display this section.

Special Events

We currently don't have enough data to display this section.

Corporate Linkage

Parent

Company Name	DUNS #	City, State
THE RAMKOTA COMPANIES INC	02-437-8135	SIOUX FALLS, SOUTH DAKOTA

Headquarters (US)

Company Name	DUNS #	City, State
THE RAMKOTA COMPANIES INC	02-437-8135	SIOUX FALLS, SOUTH DAKOTA
U.S. HOTEL AND RESORT MANAGEMENT, INC.	12-212-2799	SIOUX FALLS, SOUTH DAKOTA

US Linkages

Company Name	DUNS #	City, State
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Subsidiaries

SWEETWATER	08-651-9944	SAINT PAUL, MINNESOTA
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Branches

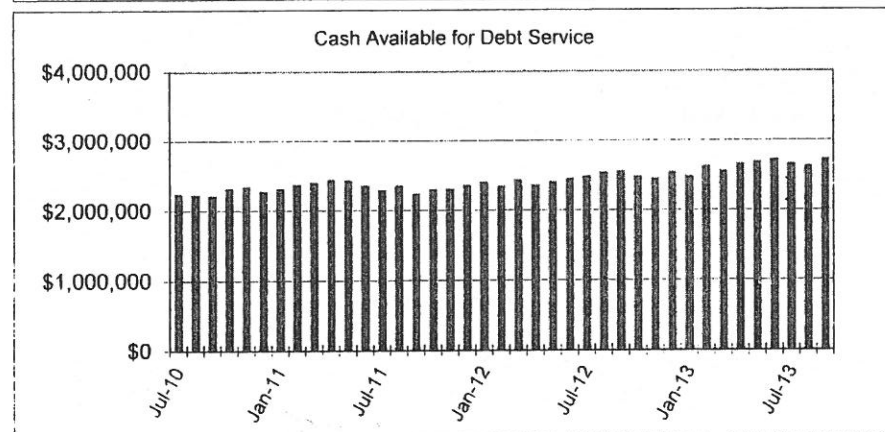
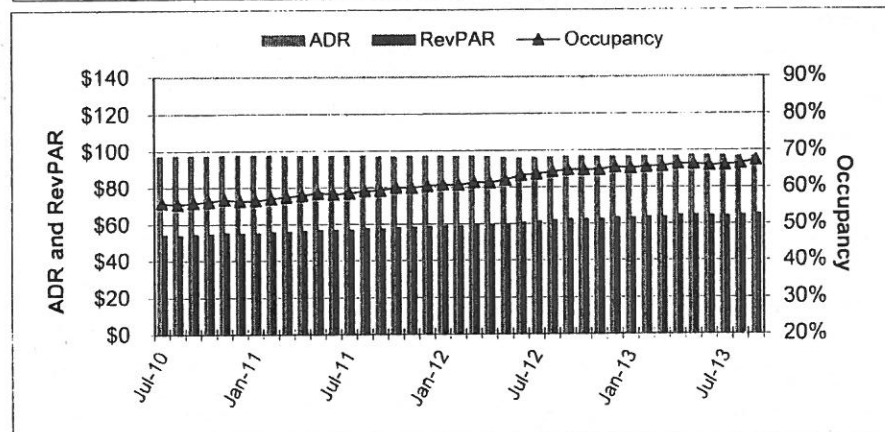
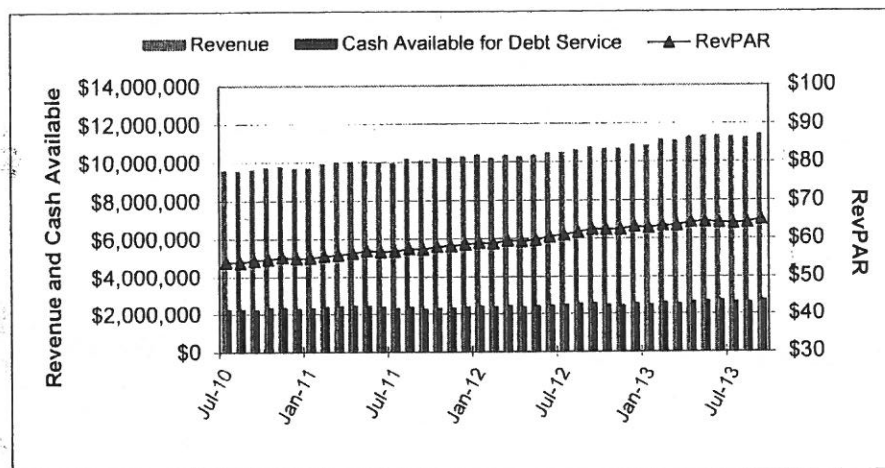
U.S. HOTEL AND RESORT MANAGEMENT, INC.	02-433-9298	FAYETTEVILLE, ARKANSAS
THE RAMKOTA COMPANIES INC	11-352-8160	WATERTOWN, SOUTH DAKOTA
THE RAMKOTA COMPANIES INC	15-588-4950	SIOUX FALLS, SOUTH DAKOTA
THE RAMKOTA COMPANIES INC	61-277-0206	GREELEY, COLORADO
U.S. HOTEL AND RESORT MANAGEMENT, INC.	87-990-4241	KANSAS CITY, MISSOURI
U.S. HOTEL AND RESORT MANAGEMENT, INC.	93-059-4270	COSTA MESA, CALIFORNIA
U.S. HOTEL AND RESORT MANAGEMENT, INC.	94-267-0795	IOWA CITY, IOWA

International Linkages

We currently don't have enough data to display this section.

The Ramkota Companies, Inc. Consolidated Cash Flow for Nine Months Ending September 30, 2013

***** Current Month *****				***** Year to Date *****		
Actual	Budget	Last Year		Actual	Budget	Last Year
\$368,430	\$350,791	\$267,325	Profit Before Partnership Results	\$2,776,093	\$2,853,555	\$2,719,982
8,347	6,500	6,432	Less: Interest	181,829	64,000	66,998
0	0	0	Loc Fee & Remarket Exp	0	0	0
0	0	0	Principal	0	0	0
0	0	227	Gain(-)/Loss on Sale	-28,270	0	-878
0	0	11,520	Income Tax - Current	8,563	0	16,284
8,347	6,500	18,179	Total Cap Exp	162,122	64,000	82,404
\$360,083	\$344,291	\$249,146	Subtotal--Cash from Operations	\$2,613,971	\$2,789,555	\$2,637,578
608,732	608,732	304,366	Distributions - Regency Midwest	1,521,830	1,521,830	760,915
343,000	343,000	343,000	Distributions - CSP	1,019,500	676,500	505,000
52,250	52,250	52,250	Distributions - Regency Deadwood	156,750	156,750	104,500
0	0	0	Distributions - Grand Lake	0	0	0
0	0	0	Distributions - USH Brainerd	0	0	0
96,846	96,846	97,984	Distributions - Welsh Regency	292,814	292,814	195,968
1,100,828	1,100,828	797,600	Total Dividend and Dist	2,990,894	2,647,894	1,566,383
\$1,460,911	\$1,445,119	\$1,046,746	SPENDABLE CASH FLOW	\$5,604,865	\$5,437,449	\$4,203,961



The Ramkota Companies, Inc.

The Ramkota Companies, Inc. Combined
September 30, 2013

Current Year Last Year

ASSETS

Current Assets		
Cash	\$1,207,924.70	\$2,308,495.24
Accounts Receivable	182,447.49	34,575.39
Notes Receivable	(889,004.91)	3,373,560.73
Prepays	244,319.30	237,180.43
Total Current Assets	745,686.58	5,953,811.79
Fixed Assets		
Land, Buildings & FFE	42,699,921.66	42,432,804.71
CWIP	731,575.29	0.30
Depreciation	(26,546,987.95)	(25,339,792.86)
Net Fixed Assets	16,884,509.00	17,093,012.15
Other Assets & Deferred Charges	13,583,680.54	6,235,203.56
Total Assets	<u>31,213,876.12</u>	<u>29,282,027.50</u>

LIABILITIES

Current Liabilities	(328,363.95)	3,873,092.41
Long Term Liabilities	3,079,684.78	1,496,990.72
Total Liabilities	2,751,320.83	5,370,083.13

EQUITY

Capital Stock - \$1 par value	1,220,390.00	1,219,790.00
Additional Paid in Capital	98,895.75	61,503.75
Retained Earnings	21,209,277.64	20,393,948.23
Membership Interests	1,000,000.00	1,000,000.00
Profit - Year to Date	4,933,991.90	1,236,702.39
Total Equity	<u>28,462,555.29</u>	<u>23,911,944.37</u>
Total Liabilities & Equity	<u>31,213,876.12</u>	<u>29,282,027.50</u>

The Ramkota Companies, Inc.

Ramkota Combined
September 30, 2013

Current Month Ending 09/30/13						Year to date 09/30/13					
Actual		Budget		Last Year		Actual		Budget		Last Year	
Revenue											
1,096,378	64.32%	1,058,175	67.37%	987,904	68.25%	9,297,056	64.81%	9,157,473	65.99%	8,758,797	66.08%
422,861	24.81%	327,403	20.84%	304,288	21.02%	3,138,894	21.88%	2,865,283	20.65%	2,835,154	21.39%
71,035	4.17%	60,281	3.84%	51,641	3.57%	927,099	6.46%	811,942	5.85%	675,524	5.10%
1,386	0.08%	2,122	0.14%	1,372	0.09%	13,481	0.09%	18,296	0.13%	12,682	0.10%
19,538	1.15%	19,626	1.25%	8,907	0.62%	183,828	1.28%	190,710	1.37%	198,751	1.50%
23,049	1.35%	19,000	1.21%	21,009	1.45%	209,761	1.46%	186,000	1.34%	192,601	1.45%
12,291	0.72%	12,675	0.81%	7,972	0.55%	107,925	0.75%	99,563	0.72%	62,505	0.47%
56,167	3.30%	69,500	4.42%	62,893	4.34%	456,119	3.18%	531,700	3.83%	507,633	3.83%
1,760	0.10%	2,000	0.13%	1,533	0.11%	10,822	0.08%	15,500	0.11%	11,720	0.09%
1,704,465	100.00%	1,570,782	100.00%	1,447,519	100.00%	14,344,985	100.00%	13,876,467	100.00%	13,255,367	100.00%
Cost of Goods Sold & Dept Exp											
282,828	25.80%	267,230	25.25%	238,242	24.12%	2,398,609	25.80%	2,353,293	25.70%	2,202,314	25.14%
297,934	70.46%	247,359	75.55%	253,328	83.25%	2,512,556	80.05%	2,209,651	77.12%	2,286,025	80.63%
32,276	45.44%	31,676	52.55%	26,037	50.42%	423,052	45.63%	397,193	48.92%	322,637	47.76%
13,971	1008.01%	11,741	553.30%	11,226	818.22%	109,512	812.34%	104,035	568.62%	100,376	791.48%
5,265	26.95%	5,072	25.84%	5,316	59.68%	43,970	23.92%	44,147	23.15%	47,379	23.84%
35,226	152.83%	17,759	93.47%	21,613	102.87%	187,881	89.57%	159,959	86.00%	173,668	90.17%
8,401	68.35%	8,378	66.10%	(7,253)	-90.98%	86,192	79.86%	66,329	66.62%	38,487	61.57%
16,257	28.94%	18,237	26.24%	16,349	25.99%	107,775	23.63%	134,841	25.36%	124,798	24.58%
0	0.00%	0	0.00%	4	0.00%	0	0.00%	0	0.00%	4	0.00%
2,126	120.80%	1,752	87.60%	2,120	138.29%	34,797	321.54%	14,160	91.35%	17,998	153.57%
694,284	40.73%	609,204	38.78%	566,982	39.17%	5,904,344	41.16%	5,483,608	39.52%	5,313,686	40.09%
1,010,181	59.27%	961,578	61.22%	880,537	60.83%	8,440,641	58.84%	8,392,859	60.48%	7,941,681	59.91%
Deductions From Income											
239,610	14.06%	247,706	15.77%	262,437	18.13%	2,296,851	16.01%	2,291,100	16.51%	2,235,446	16.86%
101,404	5.95%	77,969	4.96%	59,898	4.14%	735,781	5.13%	722,766	5.21%	609,470	4.60%
134,844	7.91%	126,289	8.04%	125,618	8.68%	1,217,168	8.48%	1,102,968	7.95%	991,789	7.48%
120,381	7.06%	112,437	7.16%	96,799	6.69%	1,003,323	6.99%	1,004,996	7.24%	944,394	7.12%
596,239	34.98%	564,401	35.93%	544,752	37.63%	5,253,123	36.62%	5,121,830	36.91%	4,781,099	36.07%
413,942	24.29%	397,177	25.29%	335,785	23.20%	3,187,518	22.22%	3,271,029	23.57%	3,160,582	23.84%
Taxes and Insurance											
16,762	0.98%	16,886	1.08%	19,940	1.38%	152,675	1.06%	151,974	1.10%	170,659	1.29%
28,750	1.69%	29,500	1.88%	48,520	3.35%	258,750	1.80%	265,500	1.91%	269,941	2.04%
45,512	2.67%	46,386	2.95%	68,460	4.73%	411,425	2.87%	417,474	3.01%	440,600	3.32%
368,430	21.62%	350,791	22.33%	267,325	18.47%	2,776,093	19.35%	2,853,555	20.56%	2,719,982	20.52%
601,907	35.31%	806,015	51.31%	528,524	36.51%	4,073,148	28.39%	4,239,545	30.55%	3,912,369	29.52%
970,337	56.93%	1,156,806	73.65%	795,849	54.98%	6,849,241	47.75%	7,093,100	51.12%	6,632,351	50.04%
970,337	56.93%	1,156,806	73.65%	795,849	54.98%	6,849,241	47.75%	7,093,100	51.12%	6,632,351	50.04%
Capital Expenditures											
36,370	2.13%	43,355	2.76%	39,095	2.70%	298,289	2.08%	333,976	2.41%	317,217	2.39%
60,265	3.54%	63,100	4.02%	54,289	3.75%	510,359	3.56%	499,867	3.60%	452,027	3.41%
(5,528)	-0.32%	(6,270)	-0.40%	(5,334)	-0.37%	(48,840)	-0.34%	(49,560)	-0.36%	(43,420)	-0.33%
0	0.00%	0	0.00%	11,520	0.80%	8,563	0.06%	0	0.00%	16,284	0.12%
8,347	0.49%	6,500	0.41%	6,432	0.44%	181,829	1.27%	64,000	0.46%	66,998	0.51%
104,645	6.14%	107,628	6.85%	630,801	43.58%	955,289	6.66%	968,652	6.98%	1,209,489	9.12%
0	0.00%	0	0.00%	227	0.02%	(28,270)	-0.20%	0	0.00%	(878)	-0.01%
112	0.01%	0	0.00%	29,842	2.06%	112	0.00%	0	0.00%	29,842	0.23%
0	0.00%	44,228	2.82%	310,783	21.47%	0	0.00%	421,430	3.04%	3,694,628	27.87%
0	0.00%	0	0.00%	124,995	8.64%	0	0.00%	0	0.00%	1,090,832	8.23%
4,059	0.24%	4,000	0.25%	3,620	0.25%	37,919	0.26%	36,000	0.26%	38,023	0.29%
208,270	12.22%	262,541	16.71%	1,206,270	83.33%	1,915,250	13.35%	2,274,365	16.39%	6,871,042	51.84%
762,067	44.71%	894,265	56.93%	(410,421)	-28.35%	4,933,991	34.40%	4,818,735	34.73%	(238,691)	-1.80%
15,960	0.00%	15,960	0.00%	15,960	0.00%	145,236	0.00%	145,236	0.00%	137,566	0.00%
10,603	66.43%	9,875	61.87%	9,490	59.46%	87,839	60.48%	84,586	58.24%	83,140	60.44%
\$101.58		\$105.49		\$102.71		\$103.27		\$105.65		\$102.88	

The Ramkota Companies, Inc.

Balance Sheet
September 30, 2013

	Current Year	Last Year
ASSETS		
Current Assets		
Cash	\$93,007.95	\$201,207.67
Accounts Receivable	50,393.91	26,507.73
Notes Receivable	1,096,791.58	
Prepays	45,820.79	49,903.14
Total Current Assets	1,286,014.23	277,618.54
Fixed Assets		
Land, Buildings & FFE	1,071,372.04	1,071,297.84
Depreciation	(126,165.45)	(124,290.45)
Net Fixed Assets	945,206.59	947,007.39
Other Assets & Deferred Charges	592,340.70	(609,246.94)
Total Assets	<u>2,823,561.52</u>	<u>615,378.99</u>
LIABILITIES		
Current Liabilities	166,072.24	989,792.16
Long Term Liabilities	1,800,000.00	
Total Liabilities	1,966,072.24	989,792.16
EQUITY		
Inter-Company Equity	8,589,994.64	6,385,953.38
Inter-Company Equity Subsidiary	17,051.00	17,051.00
Capital Stock - \$1 par value	405,390.00	404,790.00
Additional Paid in Capital	98,895.75	61,503.75
Retained Earnings	(8,761,573.85)	(6,902,236.91)
Profit - Year to Date	507,731.74	(341,474.39)
Total Equity	<u>857,489.28</u>	<u>(374,413.17)</u>
Total Liabilities & Equity	<u>2,823,561.52</u>	<u>615,378.99</u>

US Hotel and Resort Management, Inc.

P&L Summary
September 30, 2013

Current Month Ending 09/30/13						Year to date 09/30/13						
Actual		Budget		Last Year		Actual		Budget		Last Year		
Revenue												
0	0.00%	200	1.04%	335	1.57%	Other Income	5,817	2.70%	1,800	0.96%	17,724	8.43%
23,049	100.00%	19,000	98.96%	21,009	98.43%	Data Processing Income	209,761	97.30%	186,000	99.04%	182,601	91.57%
23,049	100.00%	19,200	100.00%	21,344	100.00%	Total Sales & Income	215,578	100.00%	187,800	100.00%	210,325	100.00%
Deductions From Income												
3,755	16.29%	7,110	37.03%	(13,067)	-61.22%	Administrative& General	76,807	35.63%	70,490	37.53%	100,640	47.85%
606	2.63%	0	0.00%	0	0.00%	Advertising & Sales Promotion	1,248	0.58%	0	0.00%	64	0.03%
0	0.00%	0	0.00%	0	0.00%	Repairs & Maintenance	94	0.04%	0	0.00%	0	0.00%
35,226	152.83%	17,759	92.49%	21,613	101.26%	Data Processing	187,881	87.15%	159,959	85.18%	173,668	82.57%
39,587	171.75%	24,869	129.53%	8,546	40.04%	Total Deductions	266,029	123.40%	230,449	122.71%	274,372	130.45%
(16,538)	-71.75%	(5,669)	-29.53%	12,798	59.96%	Total Gross Operating Profit/Loss	(50,451)	-23.40%	(42,649)	-22.71%	(64,047)	-30.45%
Taxes and Insurance												
862	3.74%	862	4.49%	922	4.32%	Insurance	7,753	3.60%	7,758	4.13%	6,884	3.27%
0	0.00%	0	0.00%	0	0.00%	Property Taxes	0	0.00%	0	0.00%	(479)	-0.23%
862	3.74%	862	4.49%	922	4.32%	Total Taxes and Insurance	7,753	3.60%	7,758	4.13%	6,405	3.05%
(17,399)	-75.49%	(6,531)	-34.02%	11,876	55.64%	Profit/Loss before Investment Income	(58,205)	-27.00%	(50,407)	-26.84%	(70,453)	-33.50%
Investment Income												
54,994	0.00%	0	0.00%	0	0.00%	Reg Bloomington VLP	54,994	0.00%	0	0.00%	0	0.00%
232,104	0.00%	170,510	0.00%	(32,882)	0.00%	Regency Midwest VLP	1,069,691	0.00%	1,054,671	0.00%	1,065,580	0.00%
0	0.00%	0	0.00%	102,420	0.00%	Regency Bridges Bay	0	0.00%	0	0.00%	144,410	0.00%
12,582	0.00%	25,425	0.00%	0	0.00%	Regency Deadwood	122,432	0.00%	166,483	0.00%	0	0.00%
8,061	0.00%	9,571	0.00%	0	0.00%	Grand Lake Ventures	12,725	0.00%	10,341	0.00%	0	0.00%
(89,682)	0.00%	(37,028)	0.00%	0	0.00%	USH Brainerd Ventures	(372,903)	0.00%	(176,624)	0.00%	0	0.00%
59,569	0.00%	397,322	0.00%	403,043	0.00%	Regency CSP VLP	1,397,932	0.00%	1,448,003	0.00%	1,399,949	0.00%
277,627	0.00%	565,800	0.00%	472,581	0.00%	Total Investments	2,284,871	0.00%	2,502,875	0.00%	2,609,939	0.00%
260,228	0.00%	559,269	0.00%	484,457	0.00%	Profit/Loss Before Capital Expenses	2,226,666	0.00%	2,452,468	0.00%	2,539,486	0.00%
Capital Expenses												
0	0.00%	0	0.00%	5,249	0.00%	Income Tax Exp	1,060	0.00%	0	0.00%	5,249	0.00%
4,984	0.00%	4,984	0.00%	54,485	0.00%	Depreciation & Amortization	44,860	0.00%	44,856	0.00%	96,253	0.00%
0	0.00%	0	0.00%	227	0.00%	Gain on Sale of Asset	(28,000)	0.00%	0	0.00%	(523)	0.00%
0	0.00%	0	0.00%	348,097	0.00%	Nontaxable Investment Income	0	0.00%	0	0.00%	2,485,455	0.00%
0	0.00%	0	0.00%	1,895,923	0.00%	K-1 Income	0	0.00%	0	0.00%	1,167,924	0.00%
0	0.00%	0	0.00%	5,184	0.00%	FF&E Repairs	0	0.00%	0	0.00%	5,184	0.00%
4,984	0.00%	4,984	0.00%	2,309,163	0.00%	Total Capital Expenditures	17,920	0.00%	44,856	0.00%	3,759,541	0.00%
255,243	0.00%	554,285	0.00%	(1,824,706)	0.00%	Total Net Profit/Loss	2,208,746	0.00%	2,407,612	0.00%	(1,220,054)	0.00%

Section 4, Subsection 4.1: Highest operating standards

Each and every participant in the bid for operating this resort will exhibit, on paper, an understanding of the processes necessary to make this property successful. It's easy to be swayed by a well written proposal even if that document, fundamentally, has no substance. A grant writer can make even the most economically challenged company seem as though they have what it takes to do what the state of West Virginia is asking.

Ask yourself a few basic questions;

- Do they have a reputation for operating excellence or are they more comfortable in an industrial setting?
- What comparable experience do they have with regard to successfully opening a new property?
- What are the examples of them putting their own money on the line to make a property successful?
- What percent of their properties are owned?

Of all the companies represented, only US Hotels has been in existence for nearly 50 years. Moreover, US Hotels owns nearly everything that they manage. Why is that important? To West Virginia, this means that you're getting more than a management company; you're getting a partner, a partner that manages each and every property as if it was their own. This puts an owners' perspective on every aspect of the operation of the Canaan Valley Resort.

Customer Service:

US Hotels and Resort Management has always taken great pride in being an industry leader at blending customer service with profitability. Their reputation with regard to third party management agreements is virtually unblemished, and they take that very seriously. US Hotels established their own training program long ago when it became apparent that nothing that the industry had to offer, met their standards. This program has been rolled out to each and every hotel, resort and state park lodge that they own or operate. The basic premise that they operate under is not new, but it is their credo; "**the customer is always right**" **PERIOD**. US Hotels is able to ensure excellence in every operation because they have a full stable of trainers, experts in virtually every aspect of the business, available to assist anywhere and at anytime.

US Hotels and its sister company own and operate nearly 70 hotels and resorts throughout primarily the center of the country. As examples of their commitment to balancing excellence in customer service with the ability of the drive bottom line dollars, US Hotels currently owns and operates a Crowne Plaza Hotel and Conference Center that consistently ranks in the top 3 (top 1%) for customer service excellence among all Crowne Plazas in the Americas. This property just so happens to consistently achieve cash available for debt service well above industry norms. They also own a Best Western hotel, (which isn't normally associated with customer excellence) that ranks 5th on Trip Advisor among 220 + hotels in the greater Minneapolis metropolitan market. This property is also providing incredible returns to its investors.

These are just two of many examples that can be cited as proving their position as an industry leader in product, service and profitability. This mode of operations also carries with it, the necessity of melding customer expectation with economic feasibility. US Hotels' reputation has long been one of commitment to the business side of customer service. It takes a great deal of commitment on the part of an operator to always put the customers concerns first. US Hotels does this as well or better than anyone else in the industry, whether in its own hotels or in regard to a third party management contract. US Hotels offers the same dedication to excellence in every management contract in which they are involved.

State Park Operations:

US Hotels has been involved as concessionaire at Custer State Park in South Dakota for the past six years. CSP has been called "Little Yellowstone" because of the diversity of topography, flora and fauna. The park is one of the largest in the nation encompassing nearly 71,000 acres. US Hotels is also an owner of a restaurant company WR Restaurants, has successfully brought exceptional cuisine and dining experiences that are unexpected in remote areas.

In 2012 they partnered with the Ohio Department of Natural Resources to help rehab two of their parks. The state was suffering from the same economic issues faced by many states; increasing amounts of deferred maintenance items, with no way to pay for them. US Hotels offered through their bid, to pay for up to \$1,000,000 to refurbish the two parks. They are very proud of the finished product at both Hueston Woods and Shawnee State Parks. At about the same time, the previous concessionaire opted out of their contract at a third Ohio Park, Burr Oak. Burr Oak had been produced the least revenue for the operator for several year, and as such was in dire need of renovations. Like the other properties, there wasn't sufficient money to renovate the lodge and it was closed in February 2012. US Hotels, upon hearing of the closure and the intention of razing the hotel, offered a different solution. They approached Ohio with an idea allowing them to design a renovation plan that would spend the same amount it would have cost to demo the facility, but instead to renovate it. The lodge at Burr Oak opened in July of this year, and is arguably the nicest state owned lodge in Ohio. Revenues in year one will far exceed any of the previous three years of pre-renovation operations.

Operational Rating:

There has been much talk about what Diamond/Star rating the successful operator would run the lodge under. US Hotels would propose that this property be operated in accordance with the standards set forth by AAA in its 3-Diamond properties, while providing a level of service consistent with a four diamond property. This scenario would allow some latitude in operational structure so that the operator could realize savings in labor at times when demand lags.

Under a four diamond scenario, considerations for seasonality are very difficult to come by. The expectation is that the things like 24 hour bell and door staff be adhered to 365 days per year. Under this 3-diamond rating, the state could expect to realize additional bottom line profits, as a result of labor savings, of between \$50-100,000/year or more. There are other amenity and customer service mandates that should also result in additional operational savings with a 3-diamond rating.

While US Hotels has a great deal of experience operating hotels/resorts under a AAA 4-Diamond rating, it is the opinion of US Hotels that a state owned resort, needs to be available to as many West Virginia residents as possible, a 3- diamond property has many advantages in achieving this goal; the most important of which could very well be that it allows for a rate structure that can and should be affordable for the majority of West Virginians.

Hospitality Culture Training

U.S. Hotel & Resort Management, Inc. introduced to all of their properties an aggressive and proactive Front Desk Hospitality and Service Culture Training Program. Providing great guest service has always been an issue in our industry. It doesn't matter whether a property is a two-star or five-star hotel, one associate can positively or negatively change the perception of a guest's entire stay experience. Every major hotel brand talks about it, some even go so far as to train people just to be nice, which really seems unnecessary. Unfortunately in some cases that's what it takes, and that's what U.S. Hotel does. In May 2013, U.S. Hotel introduced the first of three Hospitality Culture Training Programs to the department that typically has the first opportunity to make a genuine first-class caring impression ~ Front Desk Associates. The training began with all existing front desk staff associates and then was implemented as part of the hiring procedure for all new front desk associates. With U.S. Hotel & Resort, providing excellent hospitality is not optional, it's mandatory. After every employee has participated in the Hospitality Culture Training, they voluntarily sign a document as part of their employee paperwork which ensures us they understand what they have been taught and they agree to practice the Hospitality skills they were trained to use. TripAdvisor guest reviews as well as several other guest review website scores have tremendously improved as management monitors them daily. As a follow up to training, all front desk associate employee reviews include an evaluation of their Hospitality skills and how well and often they use them.

U.S. Hotel just completed a Hospitality Culture Training video and property paperwork that will be introduced to all of our properties in January 2014. The department that has the next opportunity to make a positive impression with our guests and to provide genuine hospitality are the housekeeping and maintenance associates. Although these staff members have totally different job duties, their guest hospitality responsibilities are no less important, and often times these associates can have even a bigger impact on a guest stay experience, positive or negative. So U.S. Hotel is training them how to be hospitality professionals as their job relates to their guest interaction.

In May 2014, we will introduce our customized Hospitality Culture Training to our sales and catering staff, food and beverage outlets, and all activities staff. The difference with U.S. Hotel & Resort is the commitment to train every employee in every department at every property to be the best customer service professionals in the industry. The goal is that excellent customer service will become what guests identify as the U.S. Hotel "Brand", and that all employees will be so genuinely friendly and proactively helpful to guests, that travelers will stay just because of how they are treated.

Tracking Guest Satisfaction

Tracking and reacting to the feedback that guests leave is essential. U.S. Hotel uses several methods to track guest satisfaction and will bring these methods to Canaan Valley. These methods include GuestMetrix and Venuelabs, outlined below.

Guest Metrix

Guest Metrix is an email based platform that automatically sends customer satisfaction surveys to guests upon checkout. U.S. Hotel will create these surveys in conjunction with West Virginia DNR under the direction of Guest Metrix to ensure that the survey is as detailed and thorough as possible. As guests fill out the surveys, scores are automatically tallied and recorded in an internet database that will be available to the West Virginia DNR via the Internet and email alerts. Delegated DNR staff can be setup as users with logins, or reports can be setup and sent to DNR on any desired frequency.

Venuelabs

In order to better manage our online reputation at Canaan Valley, we will utilize the Venuelabs platform to monitor and track any and all guest comments on social media sites such as Tripadvisor, Travelocity, Expedia, Facebook and Twitter. Venuelabs aggregates these social media and online travel site reviews into one location, and analyzes property progress over time. Venuelabs uses their location-based listening and analysis capabilities to integrate this information to improve marketing, operations and customer service. Engaging Venuelabs to assist Canaan in monitoring the many social media sites will allow management to more easily measure the guest experience, identify problems daily, and respond immediately to guest comments, thus, improving customer service.

With a web-based social media monitoring program, Canaan Valley's customer satisfaction information will be available to the DNR on a daily basis. Delegated staff of DNR can receive daily guest comment emails directly through the monitoring service and have logins for staff to access the website and dashboards themselves. What this means is that any time someone posts a comment or review to any one of these sites, a designated contact with the DNR will receive notification, so they can monitor the situation and Management's response to it.

Section 4, Subsection 4.2: Activities that keep our guests on property

As with all of its resort properties, U.S. Hotel and Resort Management will strive to provide a wide variety of recreational activities for all guests. This includes a variety of options for families to participate in together and independently under staff supervision. Under the guidance of a full time Activity Director, U.S. Hotels will develop a schedule of special events to bring people to the resort as well as daily and weekly opportunities for existing guests to participate in. Additionally, U.S. Hotel will create a series of "all inclusive" packages that will charge a predetermined rate for unlimited use of resort amenities. With dynamic packaging, guests will have the opportunity to custom build their own packages to create the exact experience they desire.

Supervised Activities for Kids

U.S. Hotel and Resort Management believes in providing opportunities for families to enjoy their vacations together while also providing parents with the opportunity to venture out on their own, knowing that their children are cared for and having fun in a supervised and safe environment. USH would provide this in three ways: through the Nature Center, the golf course, and the ski area.

Nature Center

In addition to the programming already being done at the Nature Center, we would propose daily rotating classes for families to enjoy together. These classes would cover topics such as history, natural history, flora and fauna, and geology of the Canaan Valley area. Different classes would be planned for every day, so a family staying for several days would have the opportunity to partake in a variety of classes during their stay. Classes would be held in the morning and would include supplemental activities for families to participate on their own. For example, the flora and fauna class may talk about 10 species of plants native to the area and then challenge families to photograph as many of the different plants as possible during the day. Another example would be guided geo-caching of certain notable features on the hiking trails so families could visit the places they hear about during the classes. Families would be able to earn "rewards" such as Junior Ranger badges for the kids based on their completion of these challenges. Additionally, we'll provide entertaining and educational programming for families in the evening including campfires, storytelling, sing-alongs, and s'mores. The Nature Center will be staffed during the days so that even if families do not participate in the classes, they will have the opportunity to participate in the geo-caching and photo scavenger hunt activities as well as learn about the multitude of other nature activities they can participate in throughout the park.

Canaan Kids Crew

On those summer days when parents want to go out and participate in the many activities Canaan Valley has to offer without their children, USH will offer the Canaan Kids Crew for a nominal fee. The Kids Crew will offer supervised participation in the daily Nature Center class and activity as well as a host of other fun activities. Parents will have the option of hourly, half or full day participation with the option of an included meal for their child. In addition to the Nature Center activities, children ages 5-12 would have the opportunity to participate in activities such as:

- Nature Walks
- Arts and Crafts
- Fishing
- Swimming
- Board Games
- Parachute Games
- Playground fun
- Kickball
- Relay games
- Outdoor adventure games
- Movies
- Treasure Hunts

Golf Course

U.S. Hotel & Resort Management will implement a summer long First Tee program that will give kids the opportunity to learn the game of golf while their parents play the course. This instruction will be available as one time or multi day lessons in either one-on-one or class settings. Private group lessons an entire family will be available, as well. During non-peak days and seasons, kids will be allowed to golf for free with a paid parent.

Ski Area

The Kid's Crew will also be available to families in the winter months. Similar indoor activities will be offered throughout the winter along with supervised play on the tube hill and ski lessons should parents so choose. Additionally, family ski lessons will be offered at a reduced price if a whole family participates. Families will also be able to book packages that include a resort room, rental equipment, and ski tickets.

Family Activities

Canaan Valley is rife with opportunities for recreation during the day. U.S. Hotel will strive to offer families with the same variety of activities in the evening. Rotating activities will include the following:

- Sleigh Rides
- Hay Rides
- Campfire
- Wii games
- Crafts
- T-Shirt Decorating
- Bag and Back Pack Decorating
- Board Games
- Movies Projected on the Big Screen

- Outdoor Movies Projected on the Big Screen
- Family Trivia Games
- Seasonal Holiday Activities
 - Santa Claus/Reindeer
 - Easter Egg Hunt
 - Pumpkin Decorating
 - Special Activities during long weekends from school

Chuckwagon Cookouts

U.S. Hotel has been very successful at Custer State Park with the Chuckwagon Cookout, and would propose bringing that activity to Canaan Valley State Park. With the Chuckwagon Cookout, guests would board pickup-pulled wagons and tour various areas of the state park, eventually ending at a location to be determined by U.S. Hotel and West Virginia DNR. Once they arrive, guests will be treated to a cookout including food, beverage, and some sort of entertainment. At CSP, there is a cowboy comedy band. U.S. Hotel will seek out a local entertainment act to be put on the show. At the close of the show, guests will re-board the wagons and return to the resort.

Section 4, Subsection 4.3: A destination location for conferences and groups

GROUP

One of U.S. Hotel and Resort Management's strengths and critical success factors is a commitment to understanding our position in the marketplace. Knowing Canaan Valley Lodge and Conference Center is perfectly located within four hours of several major cities and hundreds of smaller communities surrounding, the population base is insurmountable, and includes every generational and niche' group of people. USH will promote Canaan Valley Lodge and Conference Center to the highest level through strategic direct sales, traditional marketing and especially a strong online marketing presence. Online marketing is the most cost effective way to reach the masses of Canaan Valley's target audiences. We know every destination has specific opportunities and challenges; it's U.S. Hotel's job to maximize on all opportunities, and the highest is to convince our already qualified and booked guest to stay longer and spend more money at the Canaan.

As part of U.S. Hotel's annual proactive sales and marketing strategy, management, together with the Canaan Valley Lodge staff will write a very detailed Strategic Revenue Plan (SRP) that will be the initial outline for all advertising, promotion and group sales booking processes. The SRP will be evaluated weekly during each sales and revenue meeting. This living document, proprietarily called the SRP will be revised based on new opportunities and current trends, and will be executed ensuring U.S. Hotel is doing everything possible to promote all Lodge and outlet advantages, key features, amenities and services, activities, meeting and event space, and food and beverage outlets. U.S. Hotel's only goal is to increase the every guest's experience and satisfaction, while increasing revenues and keeping costs in line. This mode of planning and execution at the property level has elevated U.S. Hotel & Resort Management's success and reputation to being one of the top management companies in the United States. U.S. Hotel & Resort Management Inc. has always been successful by responding and maximizing and conforming as needed to current and available advertising and marketing trends; direct sales techniques, hospitality and profit, and the most effective sales tactics needed to produce a higher guest satisfaction experience with higher revenues.

In addition to the existing packages available at Canaan, U.S. Hotel will add additional packages and offers to help fill our soft nights and need periods for the resort as a whole; guestrooms and suites, food and beverage, activities, and extra services. After management is able to evaluate the need, the space available and proposed profit; U.S. Hotel will give some serious thought to expanding the existing Massage availability to a full spa and include it as an option in certain packages.

Short-term booking patterns for both transient leisure and corporate have become the norm in the resort business. However, the more groups of 10+ rooms that are booked in advance, the more effective Canaan can maximize revenue opportunities and hospitality options; that is the goal! The U.S. Hotel & Resort Management Inc sales prospecting program specific to contracting definite group contracts is proprietarily called Sales Revolution! Every Monday morning, every property meets with the Corporate Director of Sales to review and celebrate proactive sales activity, tentative and signed definite contracts. U.S. Hotels works through the entire group sales process with the sales teams from every property every week.

Using U.S. Hotel's Group Sales Strategy, group leads will be generated from several sources. U.S. Hotels mines the internet regularly for groups that currently meet or have met at competitors within a property's region and they become our 'target account list'. The Group segment is vast, and these types of groups are ideal for Canaan Valley Resort.

1. Top employers, associations within three hours of Canaan Valley Resort
 - Association conventions
 - Corporate retreats
 - Specific industry and trade recertification training
 - Corporate sales and team-building meetings
 - Military reunions and events
 - Religious meetings, conferences and youth outings
 - Educational meetings and gatherings
2. RFP Lead Tools:
 - CVent
 - Helms-Briscoe
 - Conference Direct
 - HotelPlanner.com
 - Sabre Solutions
 - BidClerk

Memberships and Relationships U.S. Hotel will ensure are solid:

- West Virginia state and federal agencies and departments
- Sales and Marketing Executives International
- West Virginia Society of Association Executives
- Society of Government Meeting Planners (SGMP)
- Annual academic and selected sports team special competitions and events

3. Motorcoach and FIT Business Partnerships & Travel Meetings
 1. Travel Alliance Partners
 2. American Bus Association Travel Show
 3. National Tour Association Travel Show
 4. Bank Travel Show
 5. Small Market Meetings Show
 6. PowWow – partnering in FIT and international whole operators
 7. Area and Regional Travel/Sport and Leisure shows

U.S. Hotel Sales Training enforces these positive sales behaviors and techniques.

- 1) To "Build Relationships that are meaningful and create loyalty:
 - a) "Keep in Touch" so they know their account representative from our property better than they know a contact at any other hotel.
 - b) Create "Genuine Hospitality" when we ask personal questions that mean we care about their special event, and we want to do business with them! We never seem desperate to book their business, we are always sincere and genuine, prospects will see confidence.

2) This helps U.S. Hotel Sales Professionals stay "On Track," "On Time" and "On Their Mind" by identifying when and how often they will "target market" them; sales staff stays on schedule with continued relationship building.

Eight-Step Process to accomplish building valuable customer relationships:

1. Identify competitor's business; what lodge and conference centers can we steal business from.
2. Define how often the sales team needs to "stay in touch" based on the number of contacts they may have with the account throughout the year. The sales staff wants to be the first to know if there are any changes going on with customer contacts!
3. Trace these accounts into the months necessary to achieve the objectives of staying on schedule" with target accounts. For most accounts, U.S. Hotels suggests sales staff meet with them no less than quarterly, many monthly depending on their changing business needs.
 - The "Business Recap" is not a call report; it is a "Relationship Session." No detailing of booked business goes on during this appointment. Questions here are for the purpose of "updating" their account file.
4. What's new? Who's new? Who schedules what and where?
5. When appropriate, ask their children's names, anniversary, birthday, boss's name, pet peeves, etc.
6. Ask about annual holiday parties, board meetings, etc.
7. Use this opportunity to build a relationship!
8. Follow up with birthday cards, gifts, holiday cards, and special note cards recognizing a promotion or a person for just being nice and gracious. The "remembrance" opportunities should be ongoing throughout the year.

Canaan Valley Resort and Conference Center currently has so many wonderful seasonal and year-round activities for not only the individual guest, but also for groups of all kinds; corporate, association, affinity, government and tour and travel just to name a few. Every group will be offered the value opportunity to purchase a *Complete Meeting Package* with inclusions of lodge rooms, seasonal appropriate activities, themed meal events, upgraded amenities and service, and customized entertainment. U.S. Hotels will up-sell groups, with pre and post arrival/departure activities and services.

Canaan Valley Resort State Park - Property App or Mobile-Based Site:

- Whether they are an individual leisure guest or a group guests, U.S. Hotels will offer them a mobile-based app which will allow visitors to tailor their visit to their exact needs. Some of the features may include: GPS based directions that integrate with Google maps, mobile optimize lodging / resort options with amenity selections and booking, activity coordination and scheduling with push notifications to individuals mobile devices, and click to call functionality for those who want to interact with property staff.

With the beautiful and full renovation of Canaan Valley Lodge and Conference Center, the new opportunities cannot be determined only imagined, but every promotion, advertising, and sales effort will be executed then measured. U.S. Hotels will continue to successfully and profitably promote, sell

and measure guest lodging, amenity and activity packages offered, while looking at every niche' market segment that may not have been saturated to date. If awarded as concessionaire, U.S. Hotel's Strategic Revenue Plan will be a well thought through document outlining Canaan Valley Resort's plans and goals, with emphasis on maximizing RevPar on peak nights, while putting extra effort into raising awareness to increase RevPar on shoulder nights, which is where we have the biggest opportunity to increase revenues.

The most valuable tool a salesperson can possess is experience with a quality database. With over 450,000 square feet of total meeting and event space at U.S. Hotel properties, management sets very high standards for our directors of sales and sales managers at every hotel and resorts we operate. Using our customer relationship systems, we are able to monitor and measure every sales person's productivity. All our reports are not just to inform our corporate office, they are reports for the properties, aimed at helping them achieve better booking results.

U.S. Hotel has learned and continues to streamline our methods to effectively monitor every sale's manager's activity, pipeline progress all the way to closing the business with a signed contract. In addition, all lost business data is captured and evaluated as a possible target account. Sales people are coached individually as needed. Sometimes overcoming obstacles can be difficult; therefore U.S. Hotel's corporate sales staff works with individual sales managers to give them the needed tools and knowledge base to feel confident in moving the sales forward. The meeting space at each hotel and resort varies with some of the smaller boutique hotels having just two meeting rooms, up to the largest conference centers in the portfolio that have 32 meeting rooms and over 60,000 square feet of flexible meeting space. Because of U.S. Hotel's vast size, location and hotel differences, management plans and executes group sales efforts with one thing in mind and that is to know the product and target the groups that are most suited for a given property and will maximize the guestrooms, suites, meeting space, outlets and activities.

Section 4, Subsection 4.4: Profitability in Operations

Product and service are key components to any successful operation but the bottom line really is the bottom line. Profit is viewed by some as almost a dirty word, but the reality is no business; public, private or government supported can survive long term without a team of people whose focus is as much on the number of dollars brought down as the number brought in. Revenue is a strong indicator of one's ability to sell to the masses. Profit is an equally strong indicator of one's understanding of the idea of capitalism in our society, of catering to customer needs and wants, but knowing enough to make sure that today's dollars are covering tomorrow's expenses.

The individuals that comprise the upper management at US Hotels understand the concept and critical nature of profit, as well or better than most. They have been able to thrive for the past half century, through some of the darkest economic times, by making sure that their customers are taken care of while as they say "keeping their powder dry". They are masterful at modifying job duties and cross training to maximize the hours given to their employees without overstaffing and losing sight of the end game.

West Virginia will find ample ideas as to how to best return the most money possible to them while maintaining a park that they can and should be very proud of. US Hotels understands that the only way to ensure long term success is to pay attention to the details every day. It's a concept that they have embraced for a very long time. At the end of the day, it really is about a company's attention to the bottom line. It will be the job of West Virginia to choose a vendor that can provide the entire package.

US Hotels, as mentioned in a previous section, owns nearly all of what they manage. With combined assets of nearly \$600,000,000, it has been ingrained in each and every team member that their customers always come first. They live that motto, and it shows in their ability to build loyalty among their customer base.

US Hotels reputation among the lending community is impeccable. There has never been a time when they were unable to find financing. Their portfolio of properties grew during the economic downturn of 2009-2010. This was a time when compression of inventories was the norm but it was because of their stellar reputation as a solid economic performer, that they were able to achieve what few others had. US Hotels would be happy to provide the names of leaders of several lending institutions that could speak to the aforementioned statement should it be deemed necessary.

Revenue management isn't new to the industry but it is the catch phrase everyone in the industry is keying in on right now. US Hotels has assembled a team of the very best of the best when it comes to revenue management. They work with each property every week to design and implement a selling strategy that will best benefit every aspect of the property. They are especially keen on the nuances of selling non-branded and leisure destination hotels and resorts.

At the end of the day, it really is all about managing revenue. US Hotels, as an asset holding company, more than any other bidder in this process, has the experience of having had to live with decisions that impact their entire portfolio. They did not have the ability to pull up and leave when things got tough.

They had to fight through and to this day have never fallen victim to the process. Management companies can walk or be terminated if things aren't going the way that an organization thinks they should, but as an owner, US Hotels has had to face adversity and very difficult economic times head on, and has never faltered.

This is a difficult topic, because often times the terms revenue and profit are used interchangeably. They are not the same. West Virginia needs a "Partner" in this resort. One who's reputation is built around solid, successful and profitable operations. US Hotels is that partner.

Section 4, Subsection 4.5: A camping destination that appeals to all ages

U.S. Hotel's primary objective in providing a quality camping experience to the guests of Canaan Valley State Park starts with a commitment to the resources and the State of West Virginia. U.S. Hotel will provide a diverse outdoor recreational opportunity, while growing the tourism economy and preserving the resources of the park. U.S. Hotels will accomplish this through efficient, responsive, and environmentally sensitive management. There are four goals that we have identified that will enable us to be successful in our primary objective.

Goal 1 – Preserve and protect the outstanding natural, geological, and historical future of West Virginia.

Canaan Valley was designated a National Natural Landmark in 1974. U.S. Hotel's intention is to preserve and protect that designation by utilizing our Interpretive Programs and educating park visitors about the history of Canaan Valley, its recovery and development, and its ecological make up.

Goal 2 – Provide Opportunities for recreational activities which coincide with park resources.

We will apply Interpretive Programs to provide our guests an experience that utilizes the Park's natural resources.

Goal 3 – Interpret the natural, geological, historical and cultural features found within the park system for their educational and recreation values.

U.S. Hotel will apply Interpretive Programs to educate our guests on the history of Canaan Valley, its ecological system, its abundant wildlife, and preservation of Canaan Valley State Park through the Nature Center.

Goal 4 – Contribute to the economy of West Virginia by providing recreation opportunities for residents of West Virginia and non-residents.

U.S. Hotel will contribute to the economy of West Virginia by providing a year round resort and maximizing each season to its fullest and increase visitation through our Interpretive Programs, Educational Programs, and Recreational Activities. Canaan Valley has a unique climate and natural features that will attract many visitors including outdoor recreationalists, lodging enthusiasts, food enthusiasts, and wine enthusiasts.

The cleanliness and maintenance of the campground facility will be a top priority and will be completed on a daily basis. The campground will consist of two teams of attendants. They will assist in the management of campground, group areas, and day use areas. Their main objective is to promote a positive visitor experience. Typical duties will include but will not be limited to:

1. Patrol entire campground and survey grounds and buildings to identify any potentially unsafe conditions, cleanliness issues, or lack of maintenance.
2. Clean Comfort Stations, toilets, picnic tables, and any laundry facilities (if applicable)
3. Clean fire pits and dispose of fire ash in the designated fire ash container

4. Empty waste containers in campground and pick up any litter in every area.
5. Complete all other duties as assigned.
6. Appropriate landscaping which includes grounds clean up.
7. Check for any campers that need help setting up.
8. Help park any camper.
9. Perform spot checks throughout the work shift to ensure facilities remain clean and in good working order.

Canaan Valley State Park is popular for its natural beauty, history, cleanliness, hospitality, and friendly service. We insist that our Campground Attendants adopt this culture. They will become a familiar face to every visitor and we want the visitors to feel that they can approach the attendants at any time.

Keeping the visitors in Canaan Valley State Park is equally important to maintaining and having adequate facilities. Park Interpretive Programs will be created. Some of the Activities that Canaan Valley will provide are:

1. Guided nature walks. Naturalists will lead visitors through the dense forests, open areas, and along the Blackwater River to learn about many areas of the Canaan Valley State Park. These walks will provide an excellent opportunity to learn about the 280 animal species, 580 plant species, 40 botanical communities, and its extensive wetlands.
2. Fishing Expeditions. Canaan Valley Naturalists will reveal the secrets of fishing smallmouth bass and other sunfish in the Blackwater River. This program will educate the visitors about some history and basics of fishing in the Blackwater River and other cold water streams. Different fishing techniques, rules and equipment will be discussed. We will provide the proper equipment if the participants do not have their own. Providing equipment will enable us to capture visitors that might have not had an interest in fishing.
3. Geocaching Adventure. Canaan Valley will offer an exciting opportunity for visitors interested in Geocaching. Many locations, scattered around the park, will serve as geocache sites. They could be anywhere, from a specific landmark to the Resort. Participants are bound to enjoy the game-like adventure as they travel through the park's diverse natural sites. It will also lead them to several seldom-seen areas of the park.
4. Become a Junior Naturalist. Kids of all ages will take part in several different levels of activities to earn a certificate, gold seal, and embroidered patch. These activities will highlight the park's natural resources through guided hikes, recreational activities, history demonstrations, evening programs and other fun and educational offerings. The programs will offer a time for kids to interact with Park Interpreters and learn about Canaan Valley State Park.
5. Patio Talks. Patio talks will be given daily and are presentations of themes relating to Canaan Valley's natural and cultural history. They will be fun, informative hands-on activities for Park visitors of all ages.

These are just several examples of the interpretive programs that will be provided to not just the camping guests but to guests staying at the Resort and not staying in the Resort.

Upon departure, each guest will be provided a Visitor Comment Form for our guest to fill out. This form will provide management with useful comments and suggestions that will be used for the purpose of training staff, recognizing outstanding service, and how to make guests have a better experience. Often times, visitors would like to compliment services performed by Park employees, offer suggestions to improve Park services, or complain if they feel the services are not what they should be. Visitor input will be taken very seriously. U.S. Hotel management prides itself on taking the time and going through each and every comment card. A spreadsheet will be compiled at the end of each month to look for negative or positive trends in services or product and used to address issues accordingly. Below is an example of a Comment Card.

Canaan Valley State Park Campground

CUSTOMER FEEDBACK

Date of Visit: _____

General Park

Service	A	B	C	D	F
---------	---	---	---	---	---

Maintenance	A	B	C	D	F
-------------	---	---	---	---	---

Restrooms

Convenience	A	B	C	D	F
-------------	---	---	---	---	---

Cleanliness	A	B	C	D	F
-------------	---	---	---	---	---

Park Staff

Friendliness	A	B	C	D	F
--------------	---	---	---	---	---

Helpfulness	A	B	C	D	F
-------------	---	---	---	---	---

How can we improve the park?

Additional Comments



Section 4, Subsection 4.6: Competitive Rate Schedule

Room Rate Schedules / Setting Room Rates

U.S. Hotel's overall rate structure and strategy follows the "BAR (Best Available Rate)" strategy in which the base (BAR) rate fluctuates and is yielded based upon demand and occupancy and almost all other rates move with BAR. To determine our base rates for each room / cabin type for the entire year, to include higher rates during prime seasons and lower rates during shoulder, or need, seasons, property managers in conjunction with corporate revenue managers take the following steps:

- Review historical data, including occupancies, revenue & ADR, with the goal of increasing all areas - For example, if U.S. Hotel identifies a loss in occupancy but a significant growth in ADR during any period of time, revenue managers evaluate whether or not rate was positioned too high.
- Competitive rate shop – U.S. Hotel compares its product, amenities & rates to similar resorts – to determine if the resort is competitively priced in order to potentially pull guests there as opposed to a competitor.
- Review and consideration of rate seasons - Based upon historical data and future bookings, U.S. Hotel is able to determine true high demand times compared to shoulder, or need times. Paying specific attention to not only dates, but more importantly historical occupancies, U.S. Hotel revenue managers are able to create a yield strategy and rate structure accordingly. A property's base "BAR" rate will certainly be higher during prime, or high demand, times; but with a yield strategy, the goal is to increase "BAR" as occupancy increases regardless of time of year or day of week. This will allow for maximized revenue potential each day of the year.
- Determine the core business mix / market segments - This allows properties to have a calculated ADR range by day, by month, by season, and by year and helps identify opportunities that may help increase overall revenues during any given time. The business mix and market segment by season helps dictate where the "BAR" rate should be positioned so revenue managers are able to optimize rate with higher rated business while still allowing for potential discount for lower rated business when demand allows. Examples of market segments are outlined below.
 - Transient Business
 - Leisure – vacationer, senior, couples, families
 - Corporate – potential business travelers to the market
 - Group Business
 - Weddings / Reunions
 - Corporate Retreats
 - Group Events
 - Motorcoach / Bus Tours
- Market / Regional trends & demand
 - Demand by season
 - Demand by segment
 - High demand times (prime season and holidays) versus low demand/need times
 - Feeder markets (cities, states, countries)
- Qualified discounts (examples below) – U.S. Hotel identifies what qualified discounts a property will honor / promote throughout the year and anticipate production of each discount as it plays a key role in our overall ADR. It also helps revenue managers determine whether or not the

“BAR” rate is positioned high or low enough for any given time. Examples of qualified discounts are outlined below.

- AAA / AARP
- Government / Military
- Multiple Night Stay Promos
- Advance Purchase Rates / Book Early & Save
- Negotiated Rates
- Friends & Family / Local Business
- Budget / Proforma – knowing where a property has seen success and where it needs to be for future years.
 - Analyzing historical data for the current year helps U.S. Hotel revenue managers to build a more realistic budget and allows for a better idea of how and where a property can grow revenues by applying revenue management. Once the budget has been approved, it of course plays a significant role in determining rate positioning in order to achieve not only the budgeted ADR, but also the budgeted occupancy and revPAR numbers.
 - The goal is to position rate fairly, in order for a property to gain its fair share and more. U.S. Hotel maintains a strong rate while still utilizing qualified discounts and strategies to gain occupancy; not only achieving budget but exceeding budget.

Creation of Creative Packages

With the “BAR (Best Available Rate)” strategy, U.S. Hotel requires packages to be positioned above and attached to BAR so package price will increase or decrease as BAR fluctuates.

Knowing a property’s guests and knowing their wants and needs for an overall experience at a given resort helps us determine which packages will be successful and which may not (such as the examples listed below). With rates fluctuating according to demand and occupancy on any given day, revenue managers are able to do a better job optimizing all areas.

- Demand Drivers – what key drivers are bringing people to the area / market?
 - Recreation
 - Skiing
 - Golfing
 - Hiking
 - Outdoor adventure
 - Family getaways / vacations
 - Couples weekends / Romantic getaways
- Value Added Amenities – what value added items can the resort include in packages that would provide a perception of value to the guest and convince them to stay with Canaan versus other resorts.
 - Discounted admission / access to onsite or offsite recreation
 - Food and/or beverage credit
 - Multiple night stay discounts – if a guest is looking for lodging specifically and other value-add items do not necessarily drive the decision.
 - Add-ons such as wine, breakfast, smores kits, firewood, etc.

- Once packages are created, U.S. Hotels ensures they are bookable online most importantly through the property website, but also ensure they are marketed through all possible channels. In general, a property's online presence is one of its critical success factors. Online marketing is often times the most cost-effective marketing option and can reach a broad audience with immediate results. Packages and promotions offer a perfect opportunity to consistently gain exposure to existing and future guests. With all examples listed below, U.S. Hotels is able to measure our results whether it be traffic to the property website, open rate or click through rate, or most importantly converted reservations as a result of the effort.
 - Online – property web/mobile site and resort app
 - Social Media platforms
 - Possible online marketing partners to provide a broader reach
 - State tourism opportunities
 - CVB and Chamber opportunities
 - Third Party / Online Travel Agencies (specific packages and promotions only)
 - Expedia
 - Booking.com
 - Priceline
 - Travelocity
 - Orbitz
 - Email marketing campaigns
 - Pre- and Post-Stay correspondence with existing and future guests to let them know of existing or upcoming packages or promotional offers to be used during their next stay
 - Paid search (Pay Per Click campaigns)
 - Retargeting online ads
- U.S. Hotels measures the production of all packages and promotions to determine whether or not they were successful. If there is limited success, management will consider making adjustments to the package to improve future success.

Group Business

Group business is a vital part of U.S. Hotel's success. Utilizing the sales efforts as outlined in Section 4, Subsection 4.3 (Conferences & Groups) along with the "BAR" strategy and rate structure, U.S. Hotel begins to build a strategy for group rate positions. Ideally, group rate will be consistently positioned below "BAR" with the potential to increase as occupancy and demand increase. Due to the importance of group business to occupancy and revenues, U.S. Hotel considers all variables with regard to pricing in order to accommodate all types and sizes of groups.

Group rate may vary based upon such things as day of week, time of year, type of group, number of rooms, and so on. U.S. Hotel will create group packages that cater to each possible segment. For example, in addition to the actual group rate, every group will be offered the value opportunity to purchase a **Complete Meeting Package** with inclusions of lodge rooms, seasonal appropriate activities, themed meal events, upgraded amenities and service, and customized entertainment. The sales team will up-sell groups, with pre and post arrival/departure activities and services.

With consideration to rate seasons, U.S. Hotel will always consider the groups' needs to best determine if there are times of the year or days of the week that will accommodate lower rated groups more

effectively, taking strides to never turn business away, but to always accommodate group business that will yield the highest revenue possible for the resort at any given time. Revenue managers repeatedly review market segments to ensure the property is capturing the best mix of business that will yield the highest revenue results. This plays a key role in determining if a premium rate must be proposed to groups looking to book during prime, or high demand times, to prevent displacing higher rated transient business.

One of U.S. Hotel's strengths is a commitment to understanding our position in the marketplace. Through strategic direct sales, traditional marketing and a high standard of providing a strong online presence we're able to promote the resort to the highest level possible.

Section 4, Subsection 4.7: Quality, affordable and enticing food service options

U.S. Hotel will work with their restaurant affiliate, WR Hospitality, for management of the food and beverage operations at Canaan Valley Resort. WR Hospitality has a proven track record operating successful food and beverage establishments across the Midwest. From a retro diner to white tablecloth upscale dining, WR has been leading the way in dining since 1977. A partnership with U.S. Hotels, a leader in the lodging industry, has grown to oversee properties including historic boutique hotels, along with many brand-recognized hotels specializing in event and banquet venues, including four unique lodges at Custer State Park in South Dakota. WR Hospitality is adept at operating, leading and guiding from afar, evidenced in locations from Grand Lake, Colorado to Traverse City, Michigan. WR's partnership with US Hotels strives to maximize profits and create asset value for all clients.

WR provides support and direction for property-wide Food and Beverage operations as it relates to local, healthful and sustainable food through our regional and national provider partnerships. Also, Corporate Chefs work with each resort Manager and Chef to ensure culinary success in operations regarding menu development, product quality, food consistency and training.

WR will partner with the Food and Beverage operational teams to deliver the highest quality and revenue generating Food & Beverage operations possible and will successfully integrate best practices into all of products and services. We provide training to our line level team members regarding the ingredients used and why Chefs have chosen these ingredients for dishes giving the staff the ability to communicate clearly and distinctly to all visitors, guests and clients. As part of the WR program, staff will make nutritional, local, organic, and fresh foods information available to our guests and clients in each of the food and beverage outlets.

WR knows that providing great service along with wonderful food and beverage at competitive prices in a pleasing, safe environment is necessary for success one guest at a time. The WR training process and procedures are detailed. WR believes it all begins with hiring the right team leaders and then building upon that strong foundation to work towards flawless execution. WR will earn guest and client business by providing a memorable dining and hospitality experience which will in turn help retain and create new park guests as well as build return visits and loyal local clientele.

"Farm to Table" Experience

WR will develop and implement an innovative sustainable food and beverage solution that will enhance the client and guest experience making for better client retention and local return business. The Corporate team will lead the food and beverage operations with the goal of achieving environmentally responsible food practices; with a focus on the use of fresh, locally produced products always keeping the practice of "Farm to Table" in mind when creating our seasonal menus.

We have developed several company programs using locally produced products and ingredients, which have been instrumental in creating healthy sustainable feature menus. These "Flavors of the Region" have been very successful seasonal promotions. By offering guests the healthful options, along with education of local "Farm to Table", guests learn the meal they enjoy not only benefits the diner, but the greater agriculture community. WR Chefs work closely with local producers and growers to insure the freshest and healthiest options are available to guests. WR will reach out to farms such as West Virginia Homegrown Farms in Hico, Swift Level Land and Cattle in Lewisburg as well as Breweries and Winery's

like Mountain State Brewing Co. in Thomas, North End Tavern in Parkersburg and Forks of Cheat Winery in Morgantown for as much locally raised product as possible.

WR believes that creating Healthy and Sustainable menu offerings that appeal to a wide range of visitors is about presenting a selection of classic dishes along with new exciting offerings based on seasonal and food trends. Making menu items that offer lighter fare, gluten free, vegetarian, low sodium, and organic options will give guests well rounded selections. WR is well versed in healthy and sustainable menu options with a flair for recreating classic dishes using new, lighter and more inventive culinary techniques.

Working closely with local producers and fish mongers helps us to offer light, healthy, sustainable options. With some of WR's properties and chefs planting their own gardens and growing some of their own produce and herbs, they create unique menu items that can truly be called sustainable with a new twist on "Farm to Table". WR likes to refer to this as "Hyper-Local" cooking and menu designing.

Locally or Regionally Produced. Making a commitment to source food grown by local farmers and producers will develop a market to revitalize rural and urban communities by selling close to home. Regional supply networks are linking farmers with their customers in innovative ways and in the process, creating a host of other benefits to communities within the networks.

Local Food Distributor:

WR Hospitality has a long history with US Foods Distribution Company and would continue that relationship with US Foods West Virginia Branch, located in Hurricane WV. We are a National account and this affords us quality food selections and reduced pricing that we can pass along to our partners and guests. As a certified partner of the EPA's SmartWay program they are a leader in reducing their impact on the environment. US Food's We Feed America program has raised 22 million pounds of food since 2007 for Feeding America, the nation's leading hunger-relief charity. US Foods is committed to increasing the number of environmentally preferable products available to their customers by forming new partnerships in a growing list of sustainable products. US Foods was also the first broad line distributor to offer certified sustainable wild-caught and farm-raised seafood.

Here is a bullet point look at the direction WR Hospitality will take to fulfill healthy and sustainable practices to insure total guest satisfaction:

- Integrate healthy, nutritious, and sustainable menu items throughout all F&B operations
- Increase local sourcing and procurement of certified Fair Trade of food and beverage products
- Increase procurement of food produced using environmentally friendly and humane methods, e.g. Grass-fed beef, Free-range and USDA organic labeled meat and poultry, USDA-certified organic produce, Shade-grown coffee, Seafood listed on the Seafood Watch or Marine Stewardship Council green list
- Work towards reducing energy and water use and waste related to food preparation and consumption.
- Develop and manage the company's Sustainable Food Committee, holding regularly scheduled meetings and establish goals and objectives for the committee.
- Coordinate with property departments in implementing projects, setting standards, and monitoring results on sustainable food goals.
- Culinary team will assist all properties in the development of recipes, specifications and menu presentations.

- Work with properties, to create new menu items, features, specials and promotional materials.
- Promote sustainable food programs by partnering with local, regional growers and producers.
- Provide input, follow-up and support relative to improving property kitchen food operations standards.
- Culinary department will set and establish culinary goals by proactively monitoring and understanding culinary trends and effectively translate those trends into viable product for our guest to enjoy and experience
- Connect interpretive themes to menus and restaurants that could be used as instruction in creating healthy lifestyle choices for guest

The message is simple and couldn't be clearer—America's farms and local growers along with America's farmers and ranchers provide an unparalleled abundance of fresh, healthy and local food. It is up to us as Chefs to use it.

Section 4, Subsection 4.8: Progressive and efficient property management system

US Hotel & Resort Management would propose utilizing MICROS-Opera PMS. MICROS Opera is a leader in the industry and allows for a customized approach to each individual resort. As industry trends change, system updates and options also change allowing for the resort to always meet the current needs of guests and staff alike. Flexibility is one of Opera's distinguishing features. The system's customizable design promotes consideration of property-wide needs and benefits.

Opera offers full integration with MICROS Point of Sale as well as a multitude of other point of sale options, external activities scheduling systems to allow for seamless scheduling of activities for all guests and central reservations offices and GDS connectivity. This allows for our guests to book rooms, schedule activities, and make reservations with one phone call or click on our website. Additionally, they can leave their credit cards and cash in the room as they will be able to charge meals, activities, and souvenirs to their room folio. OPERA makes it as easy as possible for resort guests to purchase the goods and services that make their stay memorable.

In conjunction with the Opera PMS system, we propose utilizing the Opencourse resort management system. Originally designed as a golf course management system, Opencourse has evolved into a full scale resort activity solution that will allow for management of any and all of the activities in the resort including golf tee times, massage reservations, and ski equipment rental. It will allow for all of these activities to be charged directly to the guests folio.

MICROS-Opera features customized rate structures to easily accommodate seasonality, day of week differentials, stay controls & restrictions. Optional rate tiers, focusing on the "best available rate" strategy used by U.S. Hotel helps Front Desk associates sell the optimal rate for any given day. With Opera, an unlimited number of packages can be created and attached to rates, allowing for package rates to flow with "best available rate" and increase or decrease based upon occupancy for any given day.

In addition to the above integration capabilities, Opera PMS offers revenue management solutions for ease of yielding rate based on occupancy to maximize rooms revenue on a daily basis. The software automatically evaluates booking trends to ensure that management can make the most educated rate decisions possible.

The software also makes housekeeping and maintenance tasks easily and instantly trackable and communicable. With tablet integration, the head housekeeper can instantly update room status in the PMS so on days with high turnover, we can reduce confusion at the front desk and ensure guest experience is positive during such things as early arrivals and more.

OPERA will also provide an enhanced guest experience using Guest Profiles, which allows management to track key information about return guests so we can anticipate their needs and exceed their expectations. The software allows a resort to personalize a guests stay from Check-in to Check-out through better communication & customer service.

It will also give the resort the ability to target market directly to previous guests. The system gives the ability to send customized confirmation letters upon making a reservation as well as pre-stay emails to help our guests prepare for their trip and build excitement. Post-stay emails thank guests for their stay, requesting their feedback to help continually improve guest experience. The system gives management

the ability to utilize the existing guest database and retarget loyal guests and entice repeat business. Through market segmentation, the system will give the sales and marketing staff the ability to send golf promos to guests who have golfed at the resort in the spring and ski promos to guests who have skied in the winter.

Section 4, Subsection 4.9: A winter activity and recreation destination

U.S. Hotel and Resort Management has assumed ownership or management of over 100 different properties in our 48 year history. In that time, U.S. Hotel has taken over management of hotels, lodges, restaurants, golf courses, marinas, horse stables, gift shops, interpretive tours, and a grocery store. At no point, has U.S. Hotel gone into a new venture with the intent of cleaning house from a management perspective. Whenever possible, U.S. hotel uses the experience and know-how of the existing staff to ensure that there's no lapse in service to the guest. The ski area at Canaan Valley will be no different.

U.S. Hotel doesn't bring an extensive background in ski area management. What U.S. Hotel brings is an extensive background in superior customer service, sales, and a history of creating innovative packages and events built around the activities they manage. U.S. Hotel plans on combining that knowledge along with the ski area expertise of the existing staff and a third-party ski area management consultant to create a first class ski operation for the guests of Canaan Valley State Park Resort. Since the takeover of the contract falls in the offseason of the ski hill, U.S. Hotel will have the opportunity to take a long look over the course of several months at the best practices of the ski hill, and with the help of a third party consultant, figure out what's currently working and what can be improved. U.S. Hotel will also develop a wide range of special events and packages, using some of what has worked in the past and bringing new ideas to the table. We would propose the following special events:

Canaan Valley King of the Mountain Run

U.S. Hotel & Resort Management proposes the development of an annual "Mud Run" style 5K obstacle course race to be located at Canaan Valley in late winter/early spring. Instead of doing the event in the mud, the obstacles would be made of snow and created with the help of existing equipment. Participation in obstacle races can reach into the thousands, and a snow based concept is something that is far less common than the typical obstacle race. The event would bring exposure to the mountain and would give non-skiers the opportunity to enjoy what the park and the resort has to offer in the winter time. Obstacles would include snow hills to climb over, tunnels to climb through, ice slicks to climb up with the aid of a rope and teammates. The resort would make revenue by charging for the event and through food and beverage sales both within the existing infrastructure as well as through additional temporary outlets. The King of the Mountain run would be an opportunity to draw in guests from the local area as well as some of the larger cities within a few hours distance and create a buzz surrounding the resort.

Canaan Valley Winter Olympics

U.S. Hotel would propose a similar weekend long event catered to the more casually inclined guest. The "Canaan Valley Winter Olympics" would include a wide variety of both indoor and outdoor activities that appeal to a wide variety of guests. Events could include a broomball tournament, 5k, homemade sled races, a polar plunge, a bean bag toss tournament, a snow golf tournament, a snow softball tournament, a snow flag football tournament, ski races and a short obstacle course for kids. For the most part, these activities would be kept off of the main ski runs so that normal operations could continue normally. In conjunction, the resort would hold nighttime indoor events such as musical

entertainment, arts and crafts booths, carnival games for the kids, a "Canaan Valley Idol" karaoke contest, and family movies projected in one of the meeting rooms. As with the King of the Mountain event, additional booths and tents would be set up to meet expected F & B demand above and beyond what the existing infrastructure can handle.

Packages

One thing that U.S. Hotel does particularly well is develop innovative and varied packages for our guests. This will be no different at Canaan Valley. Management will look from the onset at packages that have been successful in the past and build upon those successes. U.S. Hotel will develop packages that give families the opportunity to enjoy the varied activities together or independently. If a whole family likes to ski, we'll have packages available that include guest rooms, ski passes, and rental equipment. Mom doesn't ski? How about a mix of ski passes and a massage? Want to go all inclusive? A package will be available that includes food and beverage credit. Guests will not only be able to purchase these predetermined packages, but through our online booking system will be able to build their own packages from a multitude of options. This gives the whole family the opportunity to enjoy their vacation anyway they choose.

Kid's Crew

The Kid's Crew will also be available to families in the winter months. Indoor activities will be offered throughout the winter along with supervised play on the tube hill and ski lessons should parents so choose. Options will be available both with and without a noon meal. Additionally, family ski lessons will be offered at a reduced price if a whole family participates. Families will also be able to book packages that include a resort room, rental equipment, and ski tickets. Kid's Crew activities will include

- Arts and Crafts
- Swimming
- Board Games
- Parachute Games
- Movies
- Treasure Hunts
- Wii Games
- Ski Lessons
- Supervised Tubing

Section 4, Subsection 4.10: A golfing destination

U.S. Hotel and Resort Management has been in Golf Course Management since 1997 and currently operates 18 hole golf courses at Shawnee State Park in West Portsmouth Ohio and Atikwa Golf Course in Alexandria, MN. It is the intent and goal of U.S. Hotels that the Canaan Valley Golf Course be operated in a professional, efficient and productive manner that shall ensure the highest level of golf and food and beverage operations, achieve the desired results of an effective maintenance program and achieve the budgeted net cash flow results of the Golf Course, Pro Shop and Restaurant. During our first year of operation at Shawnee State Park Golf Course in Ohio, we increased revenue by 22% over the previous year and operator. This was achieved primarily by effective tee time management, course improvements, golf promotions and expanded food and beverage operations.

U. S. Hotel's goal is to provide quality service in all activities at the Canaan Valley Golf Course facility to ensure the enjoyment of all users and the enhancement of their experience. U.S. Hotel will do so by employing a full time Course Manager to direct and supervise all golf course and food/beverage administrative, operational, procedural, and maintenance activities, and the personnel assigned to those activities. The General Manager will also be charged with ensuring the general maintenance, grooming and beautification of the course, clubhouse, and facility, is maintained to the highest quality and appearance standards. The Course Manager will be responsible for training employees in safety, sustainability, and best business practices for optimum performance in their positions.

U.S. Hotels feels that a professional and upscale atmosphere is essential to the success of golf course operations. Therefore all employees will be expected to maintain a well-dressed/groomed appearance at all times. Staff whose primary function is to interact with the public shall wear appropriate golf shirt with golf course logo and name tag and address all customers in a friendly and courteous manner and make them feel welcome. The General Manager and Golf Professional will make every effort to interact with golf course users in the clubhouse, on the golf course and in the resort.

U.S. Hotel will additionally employ a PGA certified Golf Professional to oversee golf and proshop operations. The Golf Pro will be charged with conducting various golf tournaments and golf activities for the golfing public, supervising the start of play by golfers, and marshalling the course to ensure timely play for all Canaan golfers. U.S. Hotel will implement a golf training program for adults as well as a First Tee program to be administered and supervised by the Golf Pro. The Golf Pro will also be in charge of ensuring the proper operation of the golf shop for sales, rentals, and golf services, related equipment/merchandise and carts.

U.S. Hotel will maintain a well-stocked and attractive golf shop offering a variety of brand names and logo merchandise commensurate with the desires and budgets of patrons. The merchandise collection would be middle of the road in price but would include shoes, shirts, vests, jackets, hats, balls, etc from name brands such as Nike, Foot Joy, Adidas, Ping, Ashworth, and Titleist.

The Course Manager will coordinate with U.S. Hotel's restaurant partner, WR Restaurants to provide high quality food, beverage, and services that meet the needs of golfing clientele including beverage cart service at appropriate times daily and banquet services for tournaments and special events. The Clubhouse Grill menu will be designed to offer fresh, healthy, and quick dining options that allow golfers options to relax and tell stories about the day on the course or grab something quick and get out on the

course. WR Restaurants will strive for the same variety in nutritious, locally grown, and high quality offerings that will be offered in the other food and beverage outlets.

For tee time management and reservations, U.S. Hotel proposes using Opencourse solutions. This tee time management system provides for integration with the proposed Micros-OPERA Property Management System to allow for seamless tee time reservations for resort guests as well as the ability to charge green fees, club rentals, and food and beverage purchases directly to the resort guests folio. The system also gives non resort guests the ability to make tee times online as well as on the phone. The system is used by Walt Disney Resorts and PGA of America and will be instrumental in our tee time management in peak season.

One of U.S. Hotels strengths is the company's direct sales efforts. Those strengths would be utilized in the golf operation, as well. Resort sales personnel and golf professionals would travel to a variety of local and regional golf shows to sell and market the golf course directly. With the course's standing as one of the top 10 courses in West Virginia, there's an incredible story to be told. We also propose a dedicated website and mobile website to better promote the course and allow for flash deals during slow time and instant tee time booking from anywhere.

It is our goal to have each and every golfer leave Canaan Valley Golf Course with a feeling of satisfaction, perception of value and a desire to return!

Section 4, Subsection 4.11: Varied, appropriate and appealing retail opportunities

OVERVIEW

In developing a Retail Brand Story at Canaan Valley Resort, U.S. Hotel & Resort Management is taking many things into consideration including the location, local activities, overall Company philosophy, the current retail climate, and the target market. Taken together, these factors help U.S. Hotel establish the aesthetic, offerings and purchasing habits for these stores.

BRAND PHILOSOPHY

U.S. Hotels prides itself on great customer service and a quality product above all else. U.S. Hotel retail environments will strive to offer the same level of quality as every other aspect of the resort. The retail division will go above and beyond the norm when it comes to the service provided, and the products presented to the customer.

TARGET MARKET: VISITORS-AMENITIES-ACTIVITIES

Canaan Valley is an area known for an array of outdoor recreations, is a hub for local activities, and an outstanding place for groups and conferences to gather. With the diversity of visitors and amenities, U.S. Hotel has an opportunity and a duty to provide an outstanding and varied experience in each retail location. The needs of every guest, no matter the purpose of their visit should be, and can be met. It is the quality and the uniqueness of the products offered that will tell the story of their stay at Canaan Valley Resort. It is U.S. Hotel's goal to guide the customer to make good purchases by providing good products at the right price.

The varied retail locations in Canaan Valley provide a necessity and opportunity to provide diverse shopping experiences between locations. The Main Lodge is an ideal location to provide guests with an array of specialty items, resort apparel, souvenirs and home décor items. A boutique reflecting the natural environment and the needs of our guests offering high quality and unique items that tell the story of their stay in the beautiful park should be the objective.

The Clubhouse shall provide select souvenir items as in the Main Lodge Store, but primarily offer that of a quality Pro Shop. Golf equipment and apparel will be the cornerstone of this location, offered at various price points to meet the need of every golfer. The Campground Store will function as a general store, offering resort apparel, souvenirs, camping and outdoor supplies, and sundry items. Each of these locations within the State Park will hold true to the Brand Story of the Resort, while providing for the needs of the guests in all respects.

CUSTOMER SERVICE & MERCHANDISING

Providing outstanding customer service and thorough product knowledge to the guest is the cornerstone of an excellent customer experience. Equally important is the presentation and merchandising of the product. You can buy beautiful items all day long, but if they are not presented to the customer in a smart and effective manner, it will not result in great sales or a great experience. Merchandising and space planning are key elements of the U.S. Hotel Retail Brand. Providing guests with a pleasing and organized environment that is smartly planned and functional will enhance the shopping experience, resulting in longer stays in the retail location and more purchases.

BUYING PLAN & PRODUCT VARIETY

U.S. Hotel's first step in the procurement of merchandise is to determine the needs and wants of the customer base. By looking at the makeup of the customer base and the purpose of the customer's visit, U.S. Hotel can determine what product categories and price categories to offer. By determining why the guest is visiting, we can determine what types of supplies and souvenirs to offer.

In developing the aesthetic elements of the product offering at retail locations, U.S. Hotel focuses on the wildlife, landmarks, and color palettes of the natural surroundings within the park. Additionally, retail managers study current trends in the fashion and design industry to implement Park specific concepts into souvenirs relevant to today's consumer. Our retail department ensure that we have a wide array of styles of each specific product, ensuring we have products with classic styling as well as those that meet the standards of today's trendy consumer.

Canaan Valley guests will respond to, and purchase items in the retail locations based on perceived value, aesthetic and need. U.S. Hotel enacts several pricing structures based on quality of product, wholesale cost and aesthetic value. In order to meet the varied needs of the guests and visitors at Canaan Valley Resort, U.S. Hotel will work with a wide variety of manufacturers to offer affordably priced and value minded items while maintaining an outstanding level of quality across diverse product categories. It is imperative to offer something for everyone that visits Canaan Valley Resort in a responsible and outstanding manner.

Section 4, Subsection 4.12: Efficient operation of Blackwater Falls State Park Restaurant

The Vendor has a proven track record operating successful food & beverage establishments across the Midwest. From a retro diner to white tablecloth upscale dining, including 4 lodges in Custer State Park in South Dakota. We are adept at operating, leading and guiding from distances as can be seen in our operations from Grand Lake Colorado to Traverse City Michigan. WR is an established restaurant group that focuses on the art of hospitality as well as cost effectiveness. WR has systems in place for all aspects of the industry to include: training, menu development, marketing, cost controls and hands on support. The Vendor adheres to a strict regimen of producing capital and operational budgets to use as road maps on a yearly basis. WR works closely with our front line management team to follow our budgets to ensure profitability and drive top line revenue.

At Custer State Park, WR Restaurants manages four sit down food and beverage outlets as well as two grab and go locales. Each of the restaurants has its own identity to offer guests a wide variety of options within the park. The restaurants each have several miles between them and have individual chefs and general managers, but are managed together as a whole. The restaurants have varying price points and themes ranging from upscale dining, to a family café, to a western grill. WR would propose developing menus for the F & B outlets at Canaan Valley similarly, giving guests a different experience at each venue, including Blackwater Falls. U.S. Hotel would make shuttle service available for Canaan Valley guests to Blackwater Falls, making it an easy and unique dining option for the multitude of guests.

This system has worked very well for us at Custer State Park. In the 6 years since taking over Custer State Park, WR has increased overall revenues in the food and beverage outlets by 48.5% and departmental profit by 47.8%.

REQUEST FOR PROPOSAL
West Virginia Division of Natural Resources
DNR-214010

Attachment B: Mandatory Specification Checklist

MANDATORY NUMBER ONE:

Vendor must be in the hospitality, resort and food service operations business;

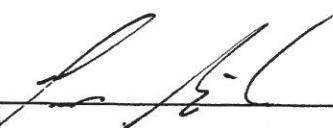
MANDATORY NUMBER TWO:

Vendor must detail similar work experience in the hospitality, resort and food service operations business, with references, done in the last eight years;

MANDATORY NUMBER THREE:

Vendor must have a minimum of three other management contracts for hospitality, resort and food service operations;

By signing and dating this attachment, the Vendor acknowledges that they meet or exceed each of these specifications as outlined in 4.5 of Section Four: Project Specifications.


(Company)

U.S. Hotel and Resort Management, Inc.
(Representative Name, Title)

Tom Biegler, Secretary
(Date)

December 3, 2013

ADDENDUM ACKNOWLEDGEMENT FORM
SOLICITATION NO.: DNR214010

Instructions: Please acknowledge receipt of all addenda issued with this solicitation by completing this addendum acknowledgment form. Check the box next to each addendum received and sign below. Failure to acknowledge addenda may result in bid disqualification.

Acknowledgment: I hereby acknowledge receipt of the following addenda and have made the necessary revisions to my proposal, plans and/or specification, etc.

Addendum Numbers Received:

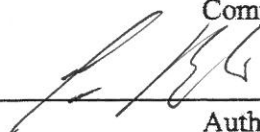
(Check the box next to each addendum received)

<input checked="" type="checkbox"/> Addendum No. 1	<input type="checkbox"/> Addendum No. 6
<input checked="" type="checkbox"/> Addendum No. 2	<input type="checkbox"/> Addendum No. 7
<input checked="" type="checkbox"/> Addendum No. 3	<input type="checkbox"/> Addendum No. 8
<input checked="" type="checkbox"/> Addendum No. 4	<input type="checkbox"/> Addendum No. 9
<input checked="" type="checkbox"/> Addendum No. 5	<input type="checkbox"/> Addendum No. 10

I understand that failure to confirm the receipt of addenda may be cause for rejection of this bid. I further understand that any verbal representation made or assumed to be made during any oral discussion held between Vendor's representatives and any state personnel is not binding. Only the information issued in writing and added to the specifications by an official addendum is binding.

U.S. Hotel and Resort Management, Inc.

Company



Authorized Signature

December 3, 2013

Date

NOTE: This addendum acknowledgement should be submitted with the bid to expedite document processing.

Revised 6/8/2012