

August 10, 1988

To the Board of Directors
Odd Fellows Homeowner's Association

We have audited the balance sheet - income tax basis of Odd Fellows Homeowner's Association, Inc. as of May 31, 1988, and the related statement of revenue and expenses - income tax basis for the year then ended. Our examination was made in accordance with generally accepted auditing standards and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

As described in Note 1, the Association's policy is to prepare its financial statements on the accounting basis used for income tax purposes; consequently, certain revenue is recognized when received rather than when earned, and certain expenses are recognized when paid rather than when the obligation is incurred. Accordingly, the accompanying financial statements are not intended to present results of operations in conformity with generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly the assets and liabilities of the Odd Fellows Homeowner's Association as of May 31, 1988, and its revenues collected and expenditures paid for the year then ended, on the basis of accounting described in Note 1.

Hohne Hohne : Johnson

Odd Fellows Homeowner's Association

BALANCE SHEET

May 31, 1988

ASSETS

CURRENT ASSETS

Cash

\$ 200

TOTAL CURRENT ASSETS

200

TOTAL ASSETS

\$ 200

LIABILITIES AND MEMBERS' EQUITY

MEMBERS' EQUITY

Current year earnings

200

TOTAL MEMBERS EQUITY

200

TOTAL LIABILITIES AND MEMBERS' EQUITY

\$ 200

See accompanying notes to the financial statements.

Odd Fellows Homeowner's Association

STATEMENT OF REVENUES AND EXPENSES

	12 Months Ended <u>May 31, 1988</u>
REVENUES	
Member assessments	\$ 80,992
Miscellaneous income	<u>30</u>
TOTAL REVENUES	<u>81,022</u>
OPERATING EXPENSES	
Legal and accounting	2,187
Office supplies	435
Postage	125
Water purchases	<u>78,075</u>
TOTAL OPERATING EXPENSES	<u>80,822</u>
EXCESS OF REVENUES OVER EXPENSES	<u>\$ 200</u>

See accompanying notes to the financial statements.

Odd Fellows Homeowner's Association
Notes to the Financial Statements

May 31, 1988

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Accounting Entity

The Corporation is a homeowner's association organized to administer and maintain the assets of the homeowners of the Odd Fellows subdivision in Long Barn, California.

B. Accounting Method

The Corporation prepares its financial statements and income tax returns on a modified cash basis accounting method. This method of accounting provides for the recognition of income in the period in which it is received rather than when earned and for the recognition of expenses when they are paid rather than when the obligation is incurred.

NOTE 2 - RELATED PARTY TRANSACTIONS

The Corporation made water purchases of approximately \$78,000 from the Odd Fellows Sierra Recreation Association, an affiliated corporation.