

**Odd Fellows Sierra Recreation Assoc.**

**Financial Statements**

**May 31, 1988**

**Hohne, Hohne and Roberson, Certified Public Accountants**

August 10, 1988

To the Board of Directors  
Odd Fellows Sierra Recreation Assoc.

We have audited the balance sheet - income tax basis of Odd Fellows Sierra Recreation Assoc., 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.

Some fixed assets were acquired a number of years ago for which inadequate records exist to perform the necessary audit procedures regarding actual cost of such assets and necessary adjustments, if any. Consequently, the actual historical cost of land and equipment recorded cannot be substantiated.

In our opinion, except for the effect of adjustments, if any, as might have been determined necessary had prior-year records concerning fixed assets been adequate, the financial statements referred to above present fairly the assets and liabilities of the Odd Fellows Sierra Recreation Assoc. 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! Roberson

**Odd Fellows Sierra Recreation Assoc.**

**BALANCE SHEET  
May 31, 1988**

**ASSETS**

**CURRENT ASSETS**

Cash - general	\$	5,158
Cash - Recreation		8,626
Cash - Timber		<u>145,967</u>

TOTAL CURRENT ASSETS		159,751
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**PROPERTY AND EQUIPMENT**

Autos and trucks		14,638
Buildings		4,869
Land improvements		69,366
Water system		94,355
Machinery and equipment		49,450
Accumulated depreciation		<u>(126,924)</u>

NET PROPERTY AND EQUIPMENT		105,754
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**OTHER ASSETS**

Reorganization costs		27,913
Accumulated amortization		<u>(26,395)</u>

TOTAL OTHER ASSETS		<u>1,518</u>
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TOTAL ASSETS		<u>\$ 267,023</u>
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**LIABILITIES AND MEMBERS' EQUITY**

**CURRENT LIABILITIES**

Payroll taxes payable	\$	<u>1,006</u>
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TOTAL CURRENT LIABILITIES		1,006
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**MEMBERS' EQUITY**

Member's equity		236,902
Current year earnings		<u>29,115</u>

TOTAL MEMBERS EQUITY		<u>266,017</u>
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TOTAL LIABILITIES AND MEMBERS' EQUITY		<u>\$ 267,023</u>
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See accompanying notes to the financial statements.

**Odd Fellows Sierra Recreation Assoc.**

**STATEMENT OF REVENUES AND EXPENSES**

	12 Months Ended May 31, 1988
<b>REVENUES</b>	
Water revenues	\$ 78,538
Timber revenues	44,053
Miscellaneous income	911
Interest income	11,283
<b>TOTAL REVENUES</b>	<b>134,785</b>
 <b>OPERATING EXPENSES</b>	
Amortization	3,264
Auto and truck expense	2,775
Bank charges	40
BBQ expenses	931
Contract labor	62
Depreciation	10,872
Equipment rental	723
Fuel	5,204
Garbage	4,968
Insurance	11,620
Legal and accounting	4,824
Office supplies	1,146
Operating supplies	231
Payroll taxes	1,834
Postage	506
Property taxes	1,519
Repairs & maint. - general	4,615
Repairs & maint. - equipment	3,985
Repairs & maint. - docks	2,000
Taxes and licenses	448
Telephone	276
Utilities	6,950
Wages and salaries	18,801
Water testing	492
<b>TOTAL OPERATING EXPENSES</b>	<b>88,086</b>
 <b>NET INCOME BEFORE INCOME TAXES</b>	 <b>46,699</b>
 <b>INCOME TAX EXPENSE</b>	
Current year	8,900
Prior year	8,684
<b>TOTAL INCOME TAX EXPENSE</b>	<b>17,584</b>
<b>EXCESS OF REVENUES OVER EXPENSES</b>	<b>\$ 29,115</b>

See accompanying notes to the financial  
statements.

Odd Fellows Sierra Recreation Assoc.  
Notes to the Financial Statements

May 31, 1988

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Accounting Entity

The corporation is a recreation association organized to administer and maintain the assets of the members of the Odd Fellows Sierra Recreation Assoc.

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, except in the case of depreciation and amortization, when they are paid rather than when the obligation is incurred.

C. Depreciation Method

The corporation depreciates its buildings, equipment, water system, and improvements using the straight line method of depreciation and useful lives of 3 to 25 years.

NOTE 2 - RELATED PARTY TRANSACTIONS

The Association earned revenues of approximately \$78,000 on sales of water to the Odd Fellows Homeowner's Association, an affiliate corporation.

# Odd Fellows Sierra Recreation Association

POST OFFICE BOX 116    LONG BARN, CALIFORNIA 95335    PHONE: 209 586-3098

August 10, 1988

Hohne, Hohne Roberson  
P.O. Box 95  
Twain Harte, CA 95383

In connection with your examination of the financial statements of Odd Fellows Sierra Recreation Association (the "Association") as of and for the year ended May 31, 1988, for the purpose of expressing an opinion as to whether the financial statements present fairly the financial position and results of operations of the Association in conformity with generally accepted accounting principles, we confirm, to the best of our knowledge and belief, the following representations made to you during your examination:

1. We are responsible for the fair presentation in the financial statements of financial position, results or operations, and changes in financial position in conformity with generally accepted accounting principles.
2. We have make available to you all:
  - a. Financial records and related data.
  - b. Minutes of the meetings of directors, or summaries of actions of recent meetings for which minutes have not yet been prepared.
3. There have been no:
  - a. Irregularities involving management or employees who have significant roles in the system of internal accounting control.
  - b. Irregularities involving other employees that could have a material effect on the financial statements.
  - c. Communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices that could have a material effect on the financial statements.

# Odd Fellows Sierra Recreation Association

POST OFFICE BOX 116 LONG BARN, CALIFORNIA 95335 PHONE: 209 586-3098

Hohne, Hohne & Roberson

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March 8, 1988

4. We have no plans or intentions that may materially effect the carrying value or classification of assets and liabilities.
5. The following have been properly recorded or disclosed in the financial statements:
  - a. Arrangements with financial institutions involving compensating balances or other arrangements involving restrictions of cash balances and line-of-credit or similar arrangements.
  - b. Agreements to repurchase assets previously sold.
6. There are no:
  - a. Violations or possible violations of laws or regulations whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency.
  - b. Other material liabilities or gain or loss contingencies that are required to be accrued or disclosed by Statement of Financial Accounting Standards No. 5.
7. There are no unasserted claims or assessments that our lawyer has advised us are probable of assertion and must be disclosed in accordance with Statement of Financial Accounting Standards No. 5.
8. There are no material transaction that have not been properly recorded in the accounting records underlying the financial statements.
9. We have complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance.
10. No events have occurred subsequent to the balance sheet date that would have required adjustment to, or disclosure in, the financial statements.

Very truly yours,

  
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William Zobel - Treasurer

  
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George Flavin - Bookkeeper