

Eric A. Carlson Accountancy Corporation

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December 12, 1997

To the Board of Directors
Odd Fellows Sierra Recreation Association, Inc.
Long Barn, California

I have compiled the accompanying statement of assets and liabilities arising from cash transactions of Odd Fellows Sierra Recreation Association, Inc. as of November 30, 1997, and the related statements of revenue and expenses and retained earnings for the six months then ended, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The financial statements have been prepared on the cash basis of accounting which is a comprehensive basis of accounting other than generally accepted accounting principles.

A compilation is limited to presenting in the form of financial statements information that is the representation of management. I have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or any other form of assurance on them. However, I did become aware of a departure from generally accepted accounting principles that is described in the following paragraph.

As described in Note 1, the policy is to prepare the financial statements on the basis of cash receipts and cash disbursements. Accordingly, the accompanying financial statements are not intended to present financial position or results of operation in conformity with generally accepted accounting principles.

I am not independent with respect to Odd Fellows Sierra Recreation Association, Inc.

Eric A. Carlson Accountancy Corp.

ODD FELLOWS SIERRA RECREATION
BALANCE SHEET

NOVEMBER 30, 1997

ASSETS

CURRENT ASSETS

Cash on hand	\$	200.00
Cash in banks		2,676.17
Cash in savings		292,332.15
Prepaid taxes		4,339.00

Total Current Assets		299,547.32
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EQUIPMENT, FIXTURES AND BUILDING, at cost,
less accumulated depreciation (Note 2)

392,802.63

Total Assets

\$ 692,349.95
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LIABILITIES AND MEMBERS' EQUITY

CURRENT LIABILITIES

\$ -0-

MEMBERS' EQUITY

Retained earnings

692,349.95

Total equity

692,349.95

Total Liabilities and Equity

\$ 692,349.95
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See accountant's accompanying compilation report.

The accompanying notes are an integral part of these statements.

ODD FELLOWS SIERRA RECREATION ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS

NOVEMBER 30, 1997

NOTE 1 - NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

A. NATURE OF ACTIVITIES

The Odd Fellows Sierra Recreation Association, Inc. (Association) was established in May 1949. The Association is incorporated under the state laws of California and amended its articles of incorporation on October 10, 1986.

The Association consists of approximately 400 acres of timberlands located in Long Barn, California. Within the boundaries of the Association exists a gated 365 lot subdivision and various park amenities. The purpose of the Association is to operate and maintain the common property of the Association, specifically the water system, garbage, and roads. The Association has established a timber plan to periodically log its timber. Proceeds from the timber harvest are used for capital acquisitions.

B. MEMBER ASSESSMENTS

Association members, the subdivision lot owners, are subject to annual assessments to provide funds for the Association's operating expenses. The assessments are based upon budgeted operating expenses. The Association's policy is to retain legal counsel and use the small claims court to collect delinquent assessments.

C. BASIS OF ACCOUNTING

The accompanying financial statements have been prepared on the cash basis of accounting. Consequently, certain revenues are recognized when received rather than when earned, and certain expenses and purchases of assets are recognized when cash is disbursed rather than when the obligation is incurred.

D. USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

ODD FELLOWS SIERRA RECREATION ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS

NOVEMBER 30, 1997

NOTE 2 - PROPERTY, EQUIPMENT, AND VEHICLES

Property, equipment, and vehicles to which the Association has title, are recorded at cost and are being depreciated using straight-line and accelerated methods for both financial reporting and income tax purposes. Property, equipment, and vehicles consisted of the following for the six months ended November 30, 1997:

Land and improvements	\$132,454.00
Water system	143,499.18
Roadways and related improvements	240,364.45
Maintenance equipment and vehicles	220,592.00
Office equipment and furniture	4,249.00
	<u>741,158.63</u>
Less accumulated depreciation	<u>(348,356.00)</u>
	<u>\$392,802.63</u>

NOTE 3 - FUTURE MAJOR REPAIRS AND REPLACEMENTS

The Association has not conducted a study to determine the remaining useful lives of the roads and water systems and current estimated costs of major repairs and replacements that may be required in the future. When replacement funds are needed to meet future needs for major repairs and replacements, the Association has the right to utilize available cash, increase the timber harvest, pass special assessments, or delay repairs and replacements until funds are available. The effect on future assessments has not been determined at this time.

NOTE 4 - CONCENTRATION OF RISK

The Association has cash deposits in a financial institution in excess of amounts insured by agencies of the federal government in the amount of \$35,901.74 at November 30, 1997. In evaluating this credit risk, the Association periodically evaluates the stability of financial institutions used.

ODD FELLOWS SIERRA RECREATION
STATEMENT OF REVENUE AND EXPENSES
FOR THE PERIOD ENDED

NOVEMBER 30, 1997

REVENUE	CURRENT MONTH	YEAR TO DATE
Assessments	\$ 1,708.00	\$ 151,415.00
Recreation		578.10
Property rental		200.00
Fish donations		331.50
Gate rental income		270.00
Gate income	270.00	710.00
Refunds		(25.00)
Timber		103,425.78
Interest	204.91	2,881.36
Timber interest		2,614.37
Other revenue	110.00	15,999.25
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Total revenue	2,292.91	278,400.36
EXPENSES		
Auto mileage expense	161.50	1,128.75
Depreciation	2,716.00	16,297.00
Employee benefits		44.00
Fish derby		951.10
Fuel expense	50.82	1,078.72
Health & safety	63.73	896.74
Insurance		1,159.36
Interest/bank charges	.60	17.70
Health insurance reimburs.	250.00	1,500.00
Garbage expense	764.20	5,574.00
Gate expense	75.00	1,431.00
Landsales expense	1,350.85	3,492.26
Professional expense		521.50
Accounting expense	865.00	5,856.96
Member communications	331.18	1,625.68
Office supplies		81.21
Permits & fees		10.00
Recreation expense	107.98	1,107.64
Maintenance building	143.41	2,606.03
Maintenance equipment	129.49	2,227.28
Maintenance roads	666.13	2,798.89
Maintenance water systems	510.00	5,921.65
Supplies - shop	38.73	721.04
Supplies - rec hall	72.63	72.63
Taxes - payroll	144.48	1,129.66
Taxes and licenses	1,455.44	1,460.44
Timber expense		4,723.74
Telephone expense	121.35	452.12
Utilities	861.39	5,757.65
Payroll	2,295.00	13,907.07
Water testing & fees	375.00	1,788.73
Franchise tax expense		133.00
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Total expenses	13,549.91	86,473.55
Excess revenue over expenses	\$ (11,257.00)	\$ 191,926.81
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ODD FELLOWS SIERRA RECREATION
STATEMENT OF MEMBERS' EQUITY
FOR THE PERIOD ENDED

NOVEMBER 30, 1997

Members' Equity, beginning of period	\$	500,423.14
Net Income		191,926.81
Members' Equity, end of period	\$	692,349.95

See accountant's accompanying compilation report.

The accompanying notes are an integral part of these statements.