

ODD FELLOWS SIERRA RECREATION ASSOCIATION, INC.

COMPILED FINANCIAL STATEMENTS

MAY 31, 1998

# Eric A. Carlson Accountancy Corporation

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July 7, 1998

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

I have compiled the accompanying balance sheet arising from cash transactions of Odd Fellows Sierra Recreation Association, Inc. as of May 31, 1998, and the related statements of revenue and expenses and members' equity for the year 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.

A handwritten signature in cursive script that reads "Eric A. Carlson Accountancy Corp".

ODD FELLOWS SIERRA RECREATION

BALANCE SHEET

MAY 31, 1998

ASSETS

CURRENT ASSETS

Cash on hand

\$ 200.00

Cash in savings

221,938.53

Total Current Assets

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222,138.53

EQUIPMENT, FIXTURES AND BUILDING, at cost,  
less accumulated depreciation (Note 2)

326,851.80

Total Assets

\$ 548,990.33

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LIABILITIES AND MEMBERS' EQUITY

CURRENT LIABILITIES

\$ -----  
-0-

MEMBERS' EQUITY

Retained earnings

548,990.33

Total equity

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548,990.33

Total Liabilities and Equity

\$ 548,990.33

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See accountant's accompanying compilation report.  
The accompanying notes are an integral part of these statements.

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

MAY 31, 1998

		YEAR TO DATE
<b>REVENUE</b>		
Assessments	\$	146,810.00
Recreation		83.15
Property rental		350.00
Fish donations		331.50
Gate rental income		200.00
Gate income		8,570.00
Refunds		(25.00)
Timber:		103,425.78
Interest		5,107.77
Timber interest		6,671.58
Other revenue		16,596.17
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Total revenue		288,120.95
 <b>EXPENSES</b>		
Auto mileage expense		2,206.25
Depreciation		43,887.00
Employee benefits		44.00
Fish derby		951.10
Fuel expense		2,800.06
Health & safety		2,809.45
Insurance		17,358.51
Interest/bank charges		17.70
Health insurance reimburs.		1,500.00
Garbage expense		9,910.11
Gate expense		2,343.45
Landsales expense		1,011.00
Professional expense		7,861.96
Accounting expense		2,692.76
Member communications		147.51
Office supplies		205.00
Permits & fees		2,666.15
Recreation expense		7,425.83
Maintenance building		3,270.35
Maintenance equipment		4,348.85
Maintenance roads		14,192.55
Maintenance water systems		46,133.70
Maint road - capital		1,076.70
Supplies - shop		72.63
Supplies - rec hall		2,624.20
Taxes - payroll		2,915.89
Taxes and licenses		9,149.60
Timber expense		832.57
Telephone expense		

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

MAY 31, 1998

	YEAR TO DATE
Utilities	9,392.08
Payroll	32,871.07
Water testing & fees	2,363.73
N/D penalties	16.00
Income tax expense	3,351.00
Franchise tax expense	1,105.00
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Total expenses	239,553.76
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Excess revenue over expenses	\$ 48,567.19
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See accountant's accompanying compilation report.  
The accompanying notes are an integral part of these statements.

ODD FELLOWS SIERRA RECREATION  
STATEMENT OF MEMBERS' EQUITY  
FOR THE PERIOD ENDED

MAY 31, 1998

Members' Equity, beginning of period	\$	500,423.14
Net Income		48,567.19
Members' Equity, end of period	\$	<u>548,990.33</u>

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

MAY 31, 1998

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

MAY 31, 1998

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 at May 31, 1998:

Land and improvements	\$135,946.26
Water system	101,645.79
Roadways and related improvements	240,364.75
Maintenance equipment and vehicles	220,592.00
Office equipment and furniture	4,249.00
	<u>702,797.80</u>
Less accumulated depreciation	<u>(375,946.00)</u>
	<u>\$326,851.80</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.