

ODD FELLOWS SIERRA RECREATION ASSOCIATION, INC.

COMPILED FINANCIAL STATEMENTS

MAY 31, 2004

Eric A. Carlson Accountancy Corporation

14570 Mono Way, Suite G • Sonora, California 95370
209/532-5171 • FAX 209/532-7686

June 23, 2004

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 May 31, 2004, 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.

Eric A. Carlson Accountancy Corp.

ODD FELLOWS SIERRA RECREATION ASSOC.
STATEMENT OF ASSETS AND LIABILITIES
MAY 31, 2004

ASSETS

CURRENT ASSETS

Cash on hand	\$ 200.00
Cash in banks	<u>555,366.70</u>
Total Current Assets	453,745.43

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

131,582.81

Total Assets

\$ 687,149.51

LIABILITIES AND MEMBERS' EQUITY

CURRENT LIABILITIES

Payroll taxes payable	\$ 1,589.82
Other payable	<u>150.00</u>
Total Current Liabilities	1,739.82

MEMBERS' EQUITY

Retained earnings	<u>685,409.69</u>
Total Members' Equity	<u>685,409.69</u>
Total Liabilities and Members' Equity	<u><u>\$ 687,149.51</u></u>

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

ODD FELLOWS SIERRA RECREATION ASSOC.
STATEMENT OF REVENUE AND EXPENSES
MAY 31, 2004

	YEAR TO DATE
REVENUE	
Assessments	\$ 174,720.00
Property rental	6,767.41
Fish donations	2,196.00
Reserve income	7,280.00
Gate income	2,885.00
Timber	33,615.95
Interest	2,325.17
Timber interest	12,055.81
Other revenue	694.75
Total Revenue	242,540.09
 EXPENSES	
Advertising	63.75
Auto mileage expense	3,520.73
Depreciation	86,445.00
Employee benefits	4,456.09
Fish derby	1,803.44
Fuel	4,480.26
Garbage	12,067.83
Gate expense	694.05
Health and safety	1,537.82
Insurance	38,603.06
Interest/bank charges	46.75
Professional	34,173.15
Accounting	12,975.73
Member communications	2,980.91
Office supplies	345.40
Outside service	140.00
Permits and fees	720.00
Recreation	1,565.30
Maintain buildings	6,390.25
Maintain equipment	3,284.07
Maintain roads	1,105.58
Maintain water systems	3,109.46
Repairs and maintenance-general	1,399.07
Supplies-shop	1,029.69
Supplies-rec hall	367.83
Taxes-payroll	5,156.07
Property taxes	2,233.34
Taxes and licenses	223.00
Timber expense	6,710.00
Telephone	977.42
Utilities	12,704.96
Wages	57,219.79
Water testing and fees	2,897.86
Franchise tax	25,545.00
Income tax	78,002.00
Total Expenses	414,974.66
Excess Revenue over Expenses	\$ -172,434.57

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

ODD FELLOWS SIERRA RECREATION ASSOC.
STATEMENT OF MEMBERS' EQUITY

MAY 31, 2004

Members' Equity, beginning of period	\$857,844.26
Net Income	<u>-172,434.57</u>
Members' Equity, end of period	<u><u>\$685,409.69</u></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, 2004

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 364 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, 2004

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, 2004:

Water system	\$166,944.42
Roadways and related improvements	481,686.16
Maintenance equipment and vehicles	214,257.07
Office equipment and furniture	4,249.00
Leasehold improvements	<u>8,100.16</u>
	875,236.81
Less accumulated depreciation	<u>(743,654.00)</u>
	<u>\$131,582.81</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.

Odd Fellows Sierra Recreation Association
P.O. Box 116
Long Barn, CA 95335

RETURN SERVICE REQUESTED

U.S. Postage Paid
Bulk Mail
Permit #2
Long Barn, CA 95335