

ODD FELLOWS SIERRA RECREATION ASSOCIATION, INC.

COMPILED FINANCIAL STATEMENTS

MAY 31, 2008

Eric A. Carlson Accountancy Corporation

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June 26, 2008

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, 2008, 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, appearing to read "Eric A. Carlson Accountancy Corp".

ODD FELLOWS SIERRA RECREATION ASSOC.
STATEMENTS OF ASSETS AND LIABILITIES

MAY 31, 2008

ASSETS

CURRENT ASSETS

Cash on hand	\$ 100
Cash in banks	<u>705,299</u>
Total Current Assets	705,399

PROPERTY, EQUIPMENT, AND VEHICLES, at cost,
less accumulated depreciation

	<u>143,399</u>
Total Assets	<u>\$ 848,798</u>

LIABILITIES AND MEMBERS' EQUITY

CURRENT LIABILITIES

Payroll taxes payable	<u>\$ 1,727</u>
Total Current Liabilities	1,727

MEMBERS' EQUITY

Retained earnings	<u>847,071</u>
Total Members' Equity	<u>847,071</u>
Total Liabilities and Members' Equity	<u>\$ 848,798</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
FOR THE YEAR ENDED

MAY 31, 2008

	YEAR TO DATE
REVENUE	
Assessments	\$ 264,940
Property rental	6,935
Fish donations	2,419
Reserve income - playground	7,280
Reserve income - water	16,380
Gate income	5,589
Transfer fees	800
Interest	8,083
Timber interest	12,979
Other revenue	8,050
Total Revenue	333,455
 EXPENSES	
Accounting	12,857
Advertising	50
Depreciation	64,687
Donations	250
Dues and subscriptions	315
Employee benefits	1,267
Employee health insurance reimbursements	2,432
Equipment rental	54
Fish derby	2,693
Fuel	5,674
Garbage	13,037
Gate expense	10,692
Health and safety	1,489
Insurance	34,814
Interest/bank charges	83
Maintain buildings	8,264
Maintain equipment	13,003
Maintain roads	4,715
Maintain water systems	5,247
Member communications	3,287
Needle expense	14,633
Office supplies	536
Outside service	8,661
Permits and fees	50
Professional	692
Property taxes	2,374
Recreation	320
Repairs and maintenance - general	2,174
Supplies-shop	339
Taxes and licenses	1,820
Taxes-payroll	2,959
Telephone	713
Timber expense	2,450
Utilities	9,375
Wages	32,476

ODD FELLOWS SIERRA RECREATION ASSOC.
STATEMENT OF REVENUE AND EXPENSES
FOR THE YEAR ENDED

MAY 31, 2008

	YEAR TO DATE
Water testing and fees	2,280
Franchise tax	800
Total Expenses	<u>267,562</u>
Excess Revenue over Expenses	<u>\$ 65,893</u>

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, 2008

Members' Equity, beginning of period	\$ 780,128
Prior period adjustment	<u>1,050</u>
Members Equity, beginning of period - as adjusted	781,178
Net Income	<u>65,893</u>
Members' Equity, end of period	<u><u>\$ 847,071</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, 2008

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, 2008

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, 2008:

Land and improvements	\$ 4,837
Water system	180,237
Roadways and related improvements	608,343
Maintenance equipment and vehicles	253,394
Office equipment and furniture	5,892
Leasehold improvements	3,263
Playground equipment	<u>34,800</u>
	1,090,766
Less accumulated depreciation	<u>(947,367)</u>
	<u>\$ 143,399</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.