

ODD FELLOWS SIERRA RECREATION ASSOCIATION, INC.

COMPILED FINANCIAL STATEMENTS

MAY 31, 2014



Carlson, Haff & Associates

An Accountancy Corporation

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ACCOUNTANTS' COMPILATION REPORT

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

We have compiled the accompanying balance sheet of Odd Fellows Sierra Recreation Association, Inc. as of May 31, 2014, and the related statements of income and retained earnings for the year then ended. We have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or provide any assurance about whether the financial statements are in accordance with accounting principles generally accepted in the United States of America.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

Our responsibility is to conduct the compilation in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The objective of a compilation is to assist management in presenting financial information in the form of financial statements without undertaking to obtain or provide any assurance that there are no material modifications that should be made to the financial statements. During our compilation, we did become aware of departures from accounting principles generally accepted in the United States of America that are described in the following paragraphs.

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

A statement of cash flows for the year ended May 31, 2014, has not been presented. Generally accepted accounting principles require that such a statement be presented when financial statements purport to present financial position and results of operations.

We are not independent with respect to Odd Fellows Sierra Recreation Association, Inc.

Carlson, Haff & Associates

Sonora, California
July 15, 2014

ODD FELLOWS SIERRA RECREATION ASSOC.
BALANCE SHEET

May 31, 2014

ASSETS

CURRENT ASSETS

Cash	\$	231,306
Investment - Sierra Park Services		10
Investment - Sierra Park Water		10
Total Current Assets		<u>231,326</u>

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

244,649

Total Assets

\$ 475,975

LIABILITIES AND STOCKHOLDERS' EQUITY

CURRENT LIABILITIES

Payroll taxes payable	\$	1
Rental deposit		500
Total Current Liabilities		<u>501</u>

STOCKHOLDERS' EQUITY

Retained earnings		475,474
Total Liabilities and Stockholders' Equity	\$	<u>475,975</u>

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

ODD FELLOWS SIERRA RECREATION ASSOC.
INCOME STATEMENT

FOR THE YEAR ENDED MAY 31, 2014

INCOME	
Easement	\$ 5,000
Maintenance	7,398
Property rental	5,817
Timber	92,088
Interest	180
Timber Interest	17
Other revenue	1,408
Total Income	<u>111,908</u>
OPERATING EXPENSES	
Accounting	6,079
Bad debt	833
Credit card fees	70
Depreciation	2,843
Employee benefits	191
Equipment rental	106
Gate expense	225
Health and safety	40
Insurance	10,606
Interest	330
Maintain buildings	979
Maintain water systems	14,925
Maintenance - common area	10,500
Member communications	1,864
Office supplies	66
Outside service	3,381
Permits and fees	345
Professional services - consulting	315
Professional services - legal	39,607
Property taxes	2,304
Recreation	239
Repairs and maintenance - general	76
Taxes - payroll	92
Taxes and licenses	25
Utilities	909
Total Operating Expenses	<u>96,950</u>
NET INCOME BEFORE TAXES	14,958
Provision for Taxes	<u>800</u>
NET INCOME	<u>\$ 14,158</u>

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

ODD FELLOWS SIERRA RECREATION ASSOC.
STATEMENT OF RETAINED EARNINGS
FOR THE YEAR ENDED MAY 31, 2014

Retained earnings, beginning of period	\$ 461,316
Net income	<u>14,158</u>
Retained earnings, end of period	<u>\$ 475,474</u>

See accountants' 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, 2014

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 355 lot subdivision and various park amenities. The purpose of the Association is to manage the timber, plan to periodically log its timber, and to manage the land easement with Sierra Park Water Company, Inc.

B. RELATED PARTIES

The Association has a financial investment in Sierra Park Water Company, Inc. and Sierra Park Services, Inc.

C. BASIS OF ACCOUNTING

The accompanying financial statements have been prepared on the modified 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.

E. CASH AND CASH EQUIVALENTS

The Association considers all cash and other highly liquid investments purchased with original maturities of six months or less to be cash and cash equivalents. This may include cash on hand, cash held in banks, money market funds, and short-term investments with essentially no risk.

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, 2014:

Leasehold improvements	\$ 45,907
Land	160,000
Work in progress	<u>54,087</u>
	259,994
Less accumulated depreciation	<u>(15,345)</u>
	<u>\$ 244,649</u>

The depreciation expense for the year ended May 31, 2014 was \$2,843.

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

MAY 31, 2014

NOTE 3 – CONCENTRATION OF CREDIT RISK

Financial instruments of the Association that are potentially subject to concentrations of credit risk consist principally of cash deposits at banks and brokerage firms. Accounts at each bank are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. Accounts at each brokerage firm are insured up to \$500,000 with a limit of \$100,000 for cash by the Securities Investor Protection Corporation (SIPC).

The Association had no securities in excess of SIPC and no cash in excess of FDIC insured limits at May 31, 2014.

NOTE 4 – INCOME TAXES

The Financial Accounting Standards Board issued new guidance on accounting for uncertainty in income taxes. Management evaluated the Association's tax positions and concluded that the Association had taken no uncertain tax positions that require adjustment to the financial statements. The Association is subject to routine audits by taxing jurisdictions. The Association believes that it is no longer subject to potential income tax examinations by federal, state or local jurisdictions for tax years prior to 2010.

NOTE 5 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through July 15, 2014, the date when the financial statements were available to be issued.

NOTE 6 – CORPORATE DIVESTING

On June 1, 2013, the Association divested itself of the responsibilities to maintain the water system, garbage services and maintenance of the roads. The water system will be maintained by Sierra Park Water Company, Inc. and the garbage and road maintenance will be conducted by Sierra Park Services, Inc. Both are new corporate entities that were created to perform those respective functions. The Association will no longer be collecting assessments for Future Major Repairs and Replacements that will be performed by the two new entities. The Association is responsible for leasing an easement for the land surrounding the water tanks to Sierra Water Company, Inc. for \$5,000 per year and retaining management of the timber harvest responsibilities.