

ODD FELLOWS SIERRA RECREATION ASSOCIATION, INC.

COMPILED FINANCIAL STATEMENTS

MAY 31, 2007

## Eric A. Carlson Accountancy Corporation

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

June 22, 2007

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, 2007, 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, 2007

ASSETS

CURRENT ASSETS

Cash on hand	\$ 100.00
Cash in banks	<u>650,212.19</u>
Total Current Assets	650,312.19

EQUIPMENT, FIXTURES AND BUILDING, at cost,  
less accumulated depreciation

130,970.08

Total Assets

\$ 781,282.27

LIABILITIES AND MEMBERS' EQUITY

CURRENT LIABILITIES

Payroll taxes payable	<u>\$ 1,154.33</u>
Total Current Liabilities	1,154.33

MEMBERS' EQUITY

Retained earnings	<u>780,127.94</u>
Total Members' Equity	<u>780,127.94</u>
Total Liabilities and Members' Equity	<u>\$ 781,282.27</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 THREE MONTH PERIOD ENDED  
MAY 31, 2007

		YEAR TO DATE
<b>REVENUE</b>		
Assessments	\$	182,620.00
Property rental		6,750.14
Fish donations		2,408.00
Reserve income - play ground		7,280.00
Reserve income - water		16,380.00
Reserve income - needles		10,920.00
Gate income		2,642.00
Transfer fees		932.00
Interest		10,011.19
Timber interest		24,612.86
Other revenue		1,550.00
Total Revenue		266,106.19
<b>EXPENSES</b>		
Advertising		22.34
Auto mileage expense		694.35
Depreciation		59,227.04
Dues and subscriptions		300.00
Employee benefits		1,040.10
Fish derby		1,087.00
Fish donation expenses		694.22
Fuel		3,604.25
Garbage		11,819.12
Gate expense		2,034.01
Health and safety		1,435.35
Insurance		36,740.44
Employee health insurance reimb		3,135.04
Interest/bank charges		67.50
Professional		2,453.34
Accounting		10,020.43
Member communications		3,383.45
Needle expense		7,542.00
Office supplies		493.42
Outside service		5,000.00
Recreation		653.87
Maintain buildings		1,263.58
Maintain equipment		2,901.98
Maintain roads		6,967.94
Maintain water systems		1,627.32
Repairs and maintenance-general		2,902.35
Supplies-shop		224.67
Taxes-payroll		4,395.95
Property taxes		2,345.86
Taxes and licenses		437.52
Telephone		621.24
Utilities		12,511.23
Wages		49,713.09
Water testing and fees		1,930.00
Franchise tax		297.00
Total Expenses		239,587.00
Excess Revenue over Expenses	\$	26,519.19

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, 2007

Members' Equity, beginning of period	\$ 753,608.75
Net Income	<u>26,519.19</u>
Members' Equity, end of period	<u>\$ 780,127.94</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, 2007

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, 2007

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, 2007:

Land and improvements	\$ 4,837.50
Water system	172,416.55
Roadways and related improvements	543,037.98
Maintenance equipment and vehicles	261,929.69
Office equipment and furniture	5,891.74
Leasehold improvements	3,262.66
Playground equipment	<u>32,000.00</u>
	1,023,376.12
Less accumulated depreciation	<u>(892,406.04)</u>
	<u>\$ 130,970.08</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.