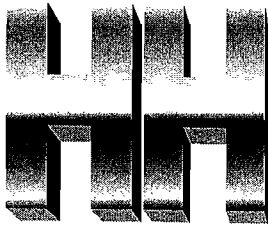


**Pinecrest Permittees Association**

**Compiled Financial Statements**

**April 30, 2008**

Hohne & Hoyt  
Certified Public Accountants, Inc.



**HOHNE  
& HOYT  
CPAs Inc**

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May 22, 2008

To the Board of Directors  
Pinecrest Permittees Association  
Pinecrest, California

We have compiled the accompanying statement of assets, liabilities and members' equity of Pinecrest Permittees Association (a nonprofit corporation) as of April 30, 2008, and the related statement of revenue and expenses, for the four months then ended, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants.

A compilation is limited to presenting in the form of financial statements information that is the representation of directors. We have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or any other form of assurance on them.

The accompanying budget of Pinecrest Permittees Association for the four months ended April 30, 2008 has not been compiled or examined by us, and, accordingly, we do not express an opinion or any other form of assurance on it.

Substantially all of the disclosures required by generally accepted accounting principles and the statement of cash flows have been omitted. If the omitted disclosures and statement of cash flows were included in the financial statements, they might influence the user's conclusions about the Company's financial position and results of operations. Accordingly, these financial statements are not designed for those who are not informed about such matters.

We are not independent with respect to Pinecrest Permittees Association .

*Hohne & Hoyt CPA's, Inc.*

**Pinecrest Permittees Association**  
**Statement of Assets, Liabilities and Members' Equity**  
**As Of April 30, 2008**

**ASSETS**

**CURRENT ASSETS**

|                             |    |                  |                        |
|-----------------------------|----|------------------|------------------------|
| Cash in Checking            | \$ | 37,989.80        |                        |
| Cash in Money Market        |    | 838,947.28       |                        |
| Cash in CD's                |    | 766,510.78       |                        |
| Accounts Receivable         |    | 150,425.31       |                        |
| Insurance deposit           |    | 2,614.00         |                        |
| Prepaid Insurance           |    | <u>15,099.00</u> |                        |
| <b>Total Current Assets</b> |    |                  | <b>\$ 1,811,586.17</b> |

**PROPERTY AND EQUIPMENT**

|                                     |  |                       |                     |
|-------------------------------------|--|-----------------------|---------------------|
| Water, Fire, Roads Equip            |  | 1,594,223.87          |                     |
| WasteWater Projects and Equip       |  | 1,277,017.99          |                     |
| Computers                           |  | 3,595.15              |                     |
| Machinery and equipment - Snow      |  | 340,736.76            |                     |
| TUD Wastewater Plant                |  | 2,480,590.00          |                     |
| Accumulated Depreciation            |  | <u>(3,839,102.00)</u> |                     |
| <b>Total Property and Equipment</b> |  |                       | <b>1,857,061.77</b> |

**OTHER ASSETS**

|                           |  |                   |                   |
|---------------------------|--|-------------------|-------------------|
| Forest Service Sewer Main |  | <u>114,500.00</u> |                   |
| <b>Total Other Assets</b> |  |                   | <b>114,500.00</b> |

**TOTAL ASSETS**

**\$ 3,783,147.94**

**LIABILITIES AND MEMBERS' EQUITY**

**CURRENT LIABILITIES**

|                                  |    |                  |                     |
|----------------------------------|----|------------------|---------------------|
| Accounts Payable                 | \$ | 5,869.74         |                     |
| SEP Payable                      |    | 4,993.54         |                     |
| Payroll Liabilities              |    | 5.04             |                     |
| Workers Compensation Accrual     |    | 55.67            |                     |
| Vacation Accrual                 |    | <u>16,859.45</u> |                     |
| <b>Total Current Liabilities</b> |    |                  | <b>\$ 27,783.44</b> |

**LONG-TERM LIABILITIES**

|                                    |  |  |                  |
|------------------------------------|--|--|------------------|
| <b>Total Long-Term Liabilities</b> |  |  |                  |
| <b>Total Liabilities</b>           |  |  | <b>27,783.44</b> |

**MEMBERS' EQUITY**

|                              |  |                     |                            |
|------------------------------|--|---------------------|----------------------------|
| Contributed Capital          |  | 1,017,801.00        |                            |
| Unrestricted                 |  | <u>2,737,563.50</u> |                            |
| <b>Total Members' Equity</b> |  |                     | <b><u>3,755,364.50</u></b> |

**TOTAL LIABILITIES AND MEMBERS' EQUITY**

**\$ 3,783,147.94**

**Pinecrest Permittees Association  
Statement of Revenues and Expenses  
January through April 2008**

|                                       | GENERAL           |                   | WASTEWATER        |                   | SNOW             |                  | G&A                |                     | TOTAL             |                     |
|---------------------------------------|-------------------|-------------------|-------------------|-------------------|------------------|------------------|--------------------|---------------------|-------------------|---------------------|
|                                       | Actual            | Budget            | Actual            | Budget            | Actual           | Budget           | Actual             | Budget              | Actual            | Budget              |
| <b>REVENUES</b>                       |                   |                   |                   |                   |                  |                  |                    |                     |                   |                     |
| Dues                                  | \$ 688,570.00     | \$ 687,850.00     | 0.00              | 0.00              | 0.00             | 0.00             | 0.00               | 0.00                | \$ 688,570.00     | \$ 687,850.00       |
| Extra mailing                         | 340.00            | 0.00              | 0.00              | 0.00              | 0.00             | 0.00             | 0.00               | 0.00                | 340.00            | 0.00                |
| Garbage service                       | -75.00            | 0.00              | 0.00              | 0.00              | 0.00             | 0.00             | 0.00               | 0.00                | -75.00            | 0.00                |
| Interest income                       | 6,814.83          | 0.00              | \$ 1,495.20       | 0.00              | \$ 802.64        | 0.00             | 0.00               | 0.00                | 9,112.67          | 0.00                |
| NFHA dues                             | 13,405.00         | 13,405.00         | 0.00              | 0.00              | 0.00             | 0.00             | 0.00               | 0.00                | 13,405.00         | 13,405.00           |
| Other income                          | 0.00              | 2,000.00          | 0.00              | 0.00              | 0.00             | 0.00             | 0.00               | 0.00                | 0.00              | 2,000.00            |
| Penalties - General                   | 5,475.75          | 0.00              | 0.00              | 0.00              | 0.00             | 0.00             | 0.00               | 0.00                | 5,475.75          | 0.00                |
| Penalties - Wastewater                | 0.00              | 0.00              | 0.00              | \$ 1,000.00       | 0.00             | 0.00             | 0.00               | 0.00                | 0.00              | 1,000.00            |
| Rent - Employee housing               | 0.00              | 0.00              | 0.00              | 0.00              | 0.00             | 0.00             | 0.00               | \$4,000.00          | 0.00              | 4,000.00            |
| Sewer fees                            | 0.00              | 0.00              | 234,892.65        | 513,012.00        | 0.00             | 0.00             | 0.00               | 0.00                | 234,892.65        | 513,012.00          |
| Snowblower fees                       | 0.00              | 0.00              | 0.00              | 0.00              | 27,500.00        | \$ 27,500.00     | 0.00               | 0.00                | 27,500.00         | 27,500.00           |
| Transfer fees                         | 25.00             | 0.00              | 0.00              | 0.00              | 0.00             | 0.00             | 0.00               | 0.00                | 25.00             | 0.00                |
| <b>TOTAL REVENUES</b>                 | <b>714,555.58</b> | <b>703,255.00</b> | <b>236,387.85</b> | <b>514,012.00</b> | <b>28,302.64</b> | <b>27,500.00</b> | <b>0.00</b>        | <b>4,000.00</b>     | <b>979,246.07</b> | <b>1,248,767.00</b> |
| <b>EXPENSES</b>                       |                   |                   |                   |                   |                  |                  |                    |                     |                   |                     |
| Accounting and legal                  | 180.00            | 0.00              | 1,316.00          | 5,000.00          | 0.00             | 0.00             | \$ 7,600.00        | 40,000.00           | 9,096.00          | 45,000.00           |
| Bank Charges                          | 0.00              | 0.00              | 0.00              | 0.00              | 0.00             | 0.00             | 0.00               | 200.00              | 0.00              | 200.00              |
| Contributions                         | 0.00              | 1,000.00          | 0.00              | 0.00              | 0.00             | 0.00             | 0.00               | 500.00              | 0.00              | 1,500.00            |
| Employee costs                        | 0.00              | 2,000.00          | 0.00              | 1,000.00          | 0.00             | 0.00             | 0.00               | 0.00                | 0.00              | 3,000.00            |
| Employee health insurance             | 11,187.19         | 40,000.00         | 11,032.65         | 19,000.00         | 1,962.29         | 0.00             | 4,005.62           | 50,000.00           | 28,187.75         | 109,000.00          |
| Employee housing (net rent inc)       | 0.00              | 0.00              | 0.00              | 0.00              | 0.00             | 0.00             | (1,516.25)         | 4,000.00            | -1,516.25         | 4,000.00            |
| Employee SEP                          | 9,413.65          | 20,000.00         | 9,568.54          | 28,000.00         | 1,341.87         | 0.00             | 1,355.77           | 35,000.00           | 21,679.83         | 83,000.00           |
| Payroll taxes                         | 3,608.24          | 11,500.00         | 4,037.07          | 8,000.00          | 733.21           | 0.00             | 716.06             | 16,000.00           | 9,094.58          | 35,500.00           |
| Wages and salaries                    | 37,046.40         | 112,000.00        | 38,723.71         | 75,000.00         | 5,255.31         | 4,000.00         | 5,631.98           | 155,000.00          | 86,657.40         | 346,000.00          |
| Employee workers comp                 | 2,877.21          | 22,500.00         | 2,599.82          | 8,500.00          | 378.56           | 0.00             | 384.46             | 20,000.00           | 6,240.05          | 51,000.00           |
| Equipment rental                      | 0.00              | 0.00              | 0.00              | 1,000.00          | 0.00             | 0.00             | 0.00               | 0.00                | 0.00              | 1,000.00            |
| Equipment repairs & maintenance       | 2,716.40          | 8,000.00          | 2,033.10          | 15,000.00         | 6,676.42         | 7,000.00         | 0.00               | 0.00                | 11,425.92         | 30,000.00           |
| Fire department expense               | 5,301.41          | 12,000.00         | 0.00              | 0.00              | 0.00             | 0.00             | 0.00               | 0.00                | 5,301.41          | 12,000.00           |
| Fuel and oil                          | 2,408.92          | 15,000.00         | 0.00              | 0.00              | 3,882.52         | 3,500.00         | 0.00               | 0.00                | 6,291.44          | 18,500.00           |
| Garbage fees                          | 1,222.28          | 40,000.00         | 0.00              | 0.00              | 0.00             | 0.00             | 0.00               | 0.00                | 1,222.28          | 40,000.00           |
| General Manager expense               | 0.00              | 500.00            | 0.00              | 0.00              | 0.00             | 0.00             | 0.00               | 0.00                | 0.00              | 500.00              |
| General maintenance                   | 376.18            | 2,000.00          | 841.31            | 6,000.00          | 0.00             | 0.00             | 0.00               | 0.00                | 1,217.49          | 8,000.00            |
| Insurance                             | 0.00              | 0.00              | 0.00              | 3,000.00          | 0.00             | 0.00             | 0.00               | 36,000.00           | 0.00              | 39,000.00           |
| Lab tests                             | 0.00              | 0.00              | 6,084.00          | 12,000.00         | 0.00             | 0.00             | 0.00               | 0.00                | 6,084.00          | 12,000.00           |
| Miscellaneous                         | 62.20             | 1,000.00          | 0.00              | 0.00              | 0.00             | 0.00             | 0.00               | 0.00                | 62.20             | 1,000.00            |
| NFHA dues expense                     | 0.00              | 13,405.00         | 0.00              | 0.00              | 0.00             | 0.00             | 0.00               | 0.00                | 0.00              | 13,405.00           |
| Office expense                        | 0.00              | 0.00              | 0.00              | 0.00              | 0.00             | 0.00             | 318.34             | 15,000.00           | 318.34            | 15,000.00           |
| Office equipment                      | 0.00              | 0.00              | 0.00              | 0.00              | 0.00             | 0.00             | 0.00               | 500.00              | 0.00              | 500.00              |
| Outside services                      | 0.00              | 0.00              | 0.00              | 1,000.00          | 0.00             | 0.00             | 0.00               | 0.00                | 0.00              | 1,000.00            |
| President's expense                   | 0.00              | 1,000.00          | 0.00              | 0.00              | 0.00             | 0.00             | 0.00               | 0.00                | 0.00              | 1,000.00            |
| Professional services                 | 0.00              | 1,000.00          | 0.00              | 0.00              | 0.00             | 0.00             | 800.00             | 0.00                | 800.00            | 1,000.00            |
| Regulation fee                        | 521.00            | 1,000.00          | 605.75            | 6,000.00          | 0.00             | 0.00             | 0.00               | 0.00                | 1,126.75          | 7,000.00            |
| Roads expense                         | 0.00              | 35,000.00         | 0.00              | 0.00              | 0.00             | 0.00             | 0.00               | 0.00                | 0.00              | 35,000.00           |
| Small tools                           | 718.93            | 1,500.00          | 0.00              | 0.00              | 0.00             | 0.00             | 0.00               | 0.00                | 718.93            | 1,500.00            |
| Supplies for wastewater system        | 400.73            | 0.00              | 0.00              | 10,000.00         | 0.00             | 0.00             | 0.00               | 0.00                | 400.73            | 10,000.00           |
| Taxes and licenses                    | 233.00            | 1,000.00          | 0.00              | 0.00              | 0.00             | 100.00           | 0.00               | 200.00              | 233.00            | 1,300.00            |
| Telephone                             | 0.00              | 0.00              | 1,143.23          | 5,000.00          | 0.00             | 0.00             | 540.92             | 2,600.00            | 1,684.15          | 7,600.00            |
| Truck operation                       | 0.00              | 0.00              | 4,268.89          | 8,000.00          | 0.00             | 0.00             | 0.00               | 0.00                | 4,268.89          | 8,000.00            |
| Use permit                            | 0.00              | 4,500.00          | 0.00              | 5,500.00          | 0.00             | 0.00             | 0.00               | 0.00                | 0.00              | 10,000.00           |
| Utilities                             | 8,450.20          | 22,000.00         | 7,698.49          | 35,000.00         | 0.00             | 0.00             | 0.00               | 0.00                | 16,148.69         | 57,000.00           |
| Water system supplies                 | 6,415.51          | 25,000.00         | 0.00              | 0.00              | 0.00             | 0.00             | 0.00               | 0.00                | 6,415.51          | 25,000.00           |
| Overhead allocation                   | 0.00              | 0.00              | 0.00              | 0.00              | 0.00             | 10,262.00        | 0.00               | 0.00                | 0.00              | 10,262.00           |
| <b>TOTAL EXPENSE</b>                  | <b>93,139.45</b>  | <b>392,905.00</b> | <b>89,952.56</b>  | <b>252,000.00</b> | <b>20,230.18</b> | <b>24,862.00</b> | <b>19,836.90</b>   | <b>375,000.00</b>   | <b>223,159.09</b> | <b>1,044,767.00</b> |
| <b>REVENUES OVER (UNDER) EXPENSES</b> | <b>621,416.13</b> | <b>310,350.00</b> | <b>146,435.29</b> | <b>262,012.00</b> | <b>8,072.46</b>  | <b>2,638.00</b>  | <b>(19,836.90)</b> | <b>(371,000.00)</b> | <b>756,086.98</b> | <b>204,000.00</b>   |

**Pinecrest Permittees Association  
Statement of Revenues and Expenses  
January through April 2008**

|                                  | GENERAL              |                     | WASTEWATER          |                     | SNOW              |                   | G&A                  |                       | TOTAL               |                     |
|----------------------------------|----------------------|---------------------|---------------------|---------------------|-------------------|-------------------|----------------------|-----------------------|---------------------|---------------------|
|                                  | Actual               | Budget              | Actual              | Budget              | Actual            | Budget            | Actual               | Budget                | Actual              | Budget              |
| <b>OTHER REVENUE/EXPENSE</b>     |                      |                     |                     |                     |                   |                   |                      |                       |                     |                     |
| <b>OTHER EXPENSE</b>             |                      |                     |                     |                     |                   |                   |                      |                       |                     |                     |
| Employee house                   | 0.00                 | 0.00                | 0.00                | 0.00                | 0.00              | 0.00              | 0.00                 | 30,000.00             | 0.00                | 30,000.00           |
| Crestview water line replacement | 0.00                 | 50,000.00           | 0.00                | 0.00                | 0.00              | 0.00              | 0.00                 | 0.00                  | 0.00                | 50,000.00           |
| North Fork Catch Basin           | 0.00                 | 3,000.00            | 0.00                | 0.00                | 0.00              | 0.00              | 0.00                 | 0.00                  | 0.00                | 3,000.00            |
| Crestview Road Repair            | 0.00                 | 30,000.00           | 0.00                | 0.00                | 0.00              | 0.00              | 0.00                 | 0.00                  | 0.00                | 30,000.00           |
| Pinecrest Ave WW improvements    | 0.00                 | 0.00                | 0.00                | 33,000.00           | 0.00              | 0.00              | 0.00                 | 0.00                  | 0.00                | 33,000.00           |
| Water main project additions     | 929.78               | 22,000.00           | 0.00                | 0.00                | 0.00              | 0.00              | 0.00                 | 0.00                  | 929.78              | 22,000.00           |
| Pond Liner                       | 0.00                 | 0.00                | 0.00                | 36,000.00           | 0.00              | 0.00              | 0.00                 | 0.00                  | 0.00                | 36,000.00           |
| <b>TOTAL OTHER EXPENSE</b>       | <b>929.78</b>        | <b>105,000.00</b>   | <b>0.00</b>         | <b>69,000.00</b>    | <b>0.00</b>       | <b>0.00</b>       | <b>0.00</b>          | <b>30,000.00</b>      | <b>929.78</b>       | <b>204,000.00</b>   |
| <b>NET OTHER REVENUE/EXPENSE</b> | <b>(929.78)</b>      | <b>(105,000.00)</b> | <b>0.00</b>         | <b>(69,000.00)</b>  | <b>0.00</b>       | <b>0.00</b>       | <b>0.00</b>          | <b>(30,000.00)</b>    | <b>(929.78)</b>     | <b>(204,000.00)</b> |
| <b>NET REVENUE</b>               | <b>\$ 620,486.35</b> | <b>\$205,350.00</b> | <b>\$146,435.29</b> | <b>\$193,012.00</b> | <b>\$8,072.46</b> | <b>\$2,638.00</b> | <b>(\$19,836.90)</b> | <b>(\$401,000.00)</b> | <b>\$755,157.20</b> | <b>\$0.00</b>       |

See Accountants' Compilation Report