

**ANNUAL FINANCIAL REPORT**

**VIRGINIA CITY HIGHLANDS PROPERTY OWNERS' ASSOCIATION  
Statement of Assets, Liabilities and Members' Equity  
For the Years Ended June 30, 2008 and June 30, 2007  
Federal Income Tax Basis - Unaudited & Preliminary**

	Year Ended June 30,		
	2008	2007	Difference
<b>CURRENT ASSETS:</b>			
Cash in Checking Account	14,471	15,645	(1,174)
Cash in Savings Account	68,800	91,950	(23,151)
Reserve Fund Savings Account	81,226	-	81,226
Accounts Receivable	12,190	1,478	10,713
Total Current Assets	176,686	109,072	67,614
<b>PLANT AND EQUIPMENT:</b>			
Vehicles & Equipment	177,941	177,941	-
Fences & Other Structures	6,742	6,742	-
Salt Enclosure	1,082	1,082	-
New Mail Shed	9,794	9,794	-
Fire Station & House	119,580	119,580	-
Road Improvements	125,127	66,705	58,422
Other Equipment	1,326	1,326	-
Accumulated Depreciation	(325,353)	(301,755)	(23,598)
Total Plant & Equipment	116,239	81,416	34,824
<b>OTHER ASSETS:</b>			
Land - Fire Station	19,000	19,000	-
Deposits	-	-	-
<b>TOTAL ASSETS</b>	<b>311,925</b>	<b>209,488</b>	<b>102,437</b>
<b>LIABILITIES:</b>			
Payroll Tax Liability	2,574	-	2,574
Deposits & Advances Collected	-	750	(750)
Total Liabilities	2,574	750	1,824
<b>MEMBERS' EQUITY:</b>			
Paid In Capital	204,475	89,425	115,050
Retained Earnings	104,876	119,313	(14,437)
Total Members' Equity	309,351	208,738	100,613
<b>TOTAL LIABILITIES AND MEMBERS' EQUITY</b>	<b>311,925</b>	<b>209,488</b>	<b>102,437</b>

**VIRGINIA CITY HIGHLANDS PROPERTY OWNERS' ASSOCIATION**  
**Statement Revenues and Expenses**  
**For the Years Ended June 30, 2008 and June 30, 2007**  
**Federal Income Tax Basis - Unaudited & Preliminary**

	Year Ended June 30,		Difference
	2008	2007	
<b>REVENUES:</b>			
Association Dues (billed)	62,825	60,189	2,636
Special Assessment ( billed)	-	121,050	(121,050)
Architectural & Transfer Fees	8,305	13,109	(4,804)
Rent Income	2,618	11,663	(9,046)
Other Income	5,697	4,743	954
<b>Total Revenue</b>	<b>79,445</b>	<b>210,754</b>	<b>(131,310)</b>
<b>EXPENSES:</b>			
<b>Administrative Expenses:</b>			
Architectural Committee Costs	-	246	(246)
Bookkeeping	8,085	8,103	(18)
Ombudsman Fee	3,507	3,507	-
Picnic Expenses	-	614	(614)
US Postage	1,661	2,269	(608)
Office Expenses	1,365	1,358	7
Bank Fees	379	271	108
Legal Fees	2,139	768	1,371
<b>Total Administrative Expenses</b>	<b>17,135</b>	<b>17,135</b>	<b>-</b>
<b>Road Expenses:</b>			
Vehicle Maintenance	1,838	15,238	(13,400)
Materials for Roads	40,781	31,510	9,271
Salaries, Payroll Taxes and Workers Compensation	33,094	20,107	12,987
Other Road Expenses	9,716	5,955	3,761
Other Equipment Costs	5,003	47,139	(42,136)
Capitalized Road Improvements	(58,422)	-	(58,422)
<b>Total Road Expenses</b>	<b>32,010</b>	<b>119,948</b>	<b>(87,938)</b>
<b>Other Expenses:</b>			
Insurance	16,939	16,949	(10)
Interest Expense	-	-	-
Rental Property Expenses	-	4,197	(4,197)
Real Property Taxes	529	1,217	(688)
Depreciation	23,598	32,886	(9,288)
Income Tax Expense	316	464	(148)
Telephone & Utility Expenses	2,127	2,012	115
Bad Debt Expense	-	-	-
Miscellaneous Expenses	1,227	446	781
<b>Total Other Expenses</b>	<b>44,736</b>	<b>58,171</b>	<b>(13,435)</b>
<b>Total Expenses</b>	<b>93,881</b>	<b>195,254</b>	<b>(101,372)</b>
<b>Net Income/(Loss)</b>	<b>(14,437)</b>	<b>15,501</b>	<b>(29,937)</b>

**VIRGINIA CITY HIGHLANDS PROPERTY OWNERS' ASSOCIATION**  
**Cash Flow Statement**  
**For the Years Ended June 30, 2008 and June 30, 2007**  
**Federal Income Tax Basis - Unaudited & Preliminary**

	Year Ended June 30,		Difference
	2008	2007	
<b>CASH RECEIPTS FROM OPERATIONS:</b>			
Collection of Dues	59,041	182,517	(123,475)
Fees	8,305	11,509	(3,204)
Rent Income	2,618	11,663	(9,046)
Deposits & Advances Collected	4,953	(555)	5,508
Other Income	5,697	4,868	829
<b>Total Cash Receipts From Operations</b>	<b>80,614</b>	<b>210,002</b>	<b>(129,388)</b>
<b>CASH FROM FINANCING ACTIVITIES:</b>			
Issue/(Retirement) of Debt	-	-	-
Capital Contributed By Members (Special Assessment)	108,121	-	108,121
<b>Total Cash From Financing Activities</b>	<b>108,121</b>	<b>-</b>	<b>108,121</b>
<b>Total Cash Receipts</b>	<b>188,735</b>	<b>210,002</b>	<b>(21,267)</b>
<b>OPERATING CASH EXPENDITURES:</b>			
Administrative Expenses	17,135	17,135	-
Road Expenses	32,010	119,948	(87,938)
Deposits & Advances Paid	3,129	-	3,129
Other Operating Expenses	21,138	25,285	(4,147)
<b>Total Operating Expenses</b>	<b>73,412</b>	<b>162,368</b>	<b>(88,956)</b>
<b>CAPITAL IMPROVEMENTS CASH EXPENDITURES:</b>			
Equipment Purchases	-	-	-
Capitalized Road Improvements	58,422	-	58,422
<b>Total Capital Improvements Cash Expenditures</b>	<b>58,422</b>	<b>-</b>	<b>58,422</b>
<b>Total Cash Expenditures</b>	<b>131,834</b>	<b>162,368</b>	<b>(30,534)</b>
<b>CASH FLOW FOR YEAR</b>	<b>56,901</b>	<b>47,634</b>	<b>9,267</b>
<b>SUMMARY OF CASH FLOWS:</b>			
Cash In Bank At Beginning Of Year	107,595	59,961	47,634
Cash Flow For Year	56,901	47,634	9,267
Cash In Bank At End Of Year	<u>164,496</u>	<u>107,595</u>	<u>56,901</u>