

ANNUAL FINANCIAL REPORT

VIRGINIA CITY HIGHLANDS PROPERTY OWNERS' ASSOCIATION Statement of Assets, Liabilities and Members' Equity For the Years Ended June 30, 2004 and June 30, 2003 Federal Income Tax Basis - Unaudited

| | Year Ended June 30, | | Difference |
|--|---------------------|-------------------|-----------------|
| | 2004 | 2003 | |
| CURRENT ASSETS: | | | |
| Cash in Checking Account | \$ 50,791 | 28,508 | \$ 22,283 |
| Cash in Savings Account (Reserve Fund) | 24,329 | 24,194 | 135 |
| Accounts Receivable | 16,877 | 24,937 | (8,060) |
| Total Current Assets | 91,998 | 77,639 | 14,358 |
| PLANT AND EQUIPMENT: | | | |
| Vehicles & Equipment | 112,183 | 112,183 | - |
| 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 | 60,445 | 60,445 | - |
| Other Equipment | 1,326 | 1,326 | - |
| Accumulated Depreciation | (265,009) | (256,899) | (8,110) |
| Total Plant & Equipment | 46,144 | 54,254 | (8,110) |
| OTHER ASSETS: | | | |
| Land - Fire Station | 19,000 | 19,000 | - |
| Deposits | - | 251 | (251) |
| TOTAL ASSETS | \$ 157,142 | \$ 151,144 | \$ 5,997 |
| LIABILITIES: | | | |
| Note Payable - 1998 GMC Truck | \$ - | \$ 1,155 | \$ (1,155) |
| Deposits & Advances Collected | 600 | 3,500 | (2,900) |
| Total Liabilities | 600 | 4,655 | (4,055) |
| MEMBERS' EQUITY | 156,542 | 146,489 | 10,052 |
| TOTAL LIABILITIES AND MEMBERS' EQUITY | \$ 157,142 | \$ 151,144 | \$ 5,997 |

VIRGINIA CITY HIGHLANDS PROPERTY OWNERS' ASSOCIATION
Statement Revenues and Expenses
For the Years Ended June 30, 2004 and June 30, 2003
Federal Income Tax Basis - Unaudited

| | Year Ended June 30, | | |
|---|---------------------|-------------|------------|
| | 2004 | 2003 | Difference |
| REVENUES: | | | |
| Association Dues (billed) | \$ 62,562 | 57,316 | \$ 5,246 |
| Special Assessment - Reserve Fund (Billed) | - | (50) | 50 |
| Special Assessment - NRS 116 (billed) | - | (3) | 3 |
| Fees | 20,770 | 11,693 | 9,077 |
| Rent Income | 8,450 | 8,000 | 450 |
| Other Income | 3,327 | 7,997 | (4,670) |
| Total Revenue | 95,109 | 84,953 | 10,156 |
| EXPENSES: | | | |
| Administrative Expenses: | | | |
| Architectural Committee Costs | 241 | 1,000 | (759) |
| Board of Directors Fees | - | 800 | (800) |
| Bookkeeping | 3,858 | 4,340 | (483) |
| Ombudsman Fee - NRS 116 | 6,714 | - | 6,714 |
| Picnic Expenses | 294 | 753 | (460) |
| Newsletter Costs | 1,342 | 827 | 515 |
| US Postage | 1,335 | 1,711 | (376) |
| Office Expenses | 941 | 948 | (6) |
| Bank Fees | 161 | 66 | 95 |
| Legal Fees | 1,379 | 364 | 1,015 |
| Total Administrative Expenses | 16,265 | 10,809 | 5,456 |
| Road Expenses: | | | |
| Vehicle Maintenance | 3,699 | 3,355 | 344 |
| Materials for Roads | 2,191 | 7,139 | (4,948) |
| Road Manager Salary | 5,400 | 4,950 | 450 |
| Contract Labor | 14,477 | 26,871 | (12,394) |
| Other Road Expenses | 278 | 1,369 | (1,091) |
| Other Equipment Costs | 5,556 | 15,910 | (10,354) |
| Total Road Expenses | 31,602 | 59,595 | (27,993) |
| Other Expenses: | | | |
| Insurance | 16,511 | 13,383 | 3,128 |
| Interest Expense | 11 | 211 | (200) |
| Rental Property Expenses | 2,199 | 3,638 | (1,438) |
| Real Property Taxes | 682 | 631 | 51 |
| Depreciation | 8,110 | 8,767 | (657) |
| Income Tax Expense | - | 1,079 | (1,079) |
| Telephone & Utility Expenses | 622 | 749 | (126) |
| Bad Debt Expense | 8,498 | - | 8,498 |
| Miscellaneous Expenses | 606 | 1,018 | (412) |
| Total Other Expenses | 37,240 | 29,476 | 7,764 |
| Total Expenses | 85,107 | 99,880 | (14,774) |
| Net Income/(Loss) | \$ 10,002 | \$ (14,927) | \$ 24,930 |

VIRGINIA CITY HIGHLANDS PROPERTY OWNERS' ASSOCIATION
Cash Flow Statement
For the Years Ended June 30, 2004 and June 30, 2003
Federal Income Tax Basis - Unaudited

| | Year Ended June 30, | | |
|---|---------------------|-------------|------------|
| | 2004 | 2003 | Difference |
| CASH RECEIPTS: | | | |
| Collection of Dues & Special Assessments | \$ 62,174 | 65,004 | \$ (2,830) |
| Fees | 20,770 | 11,693 | 9,077 |
| Rent Income | 8,450 | 8,000 | 450 |
| Deposits & Advances Collected | 680 | 3,735 | (3,055) |
| Other Income | 3,327 | 7,997 | (4,670) |
| Total Cash Receipts | 95,401 | 96,429 | (1,028) |
| | | | |
| OPERATING CASH EXPENDITURES: | | | |
| Administrative Expenses | 16,265 | 10,809 | 5,456 |
| Road Expenses | 31,602 | 59,594 | (27,992) |
| Deposits & Advances Paid | 3,580 | 835 | 2,745 |
| Other Operating Expenses | 20,381 | 20,710 | (329) |
| Total Operating Expenses | 71,828 | 91,948 | (20,120) |
| | | | |
| FINANCING CASH EXPENDITURES: | | | |
| Loan Repayment - 1998 GMC Truck | 1,155 | 3,412 | (2,257) |
| Total Financing Cash Expenditures | 1,155 | 3,412 | (2,257) |
| | | | |
| CAPITAL IMPROVEMENTS CASH EXPENDITURES: | | | |
| Cartwright Road Paving | - | 34,637 | (34,637) |
| New Mail Shed Improvements | - | 2,286 | (2,286) |
| Salt Enclosure | - | 1,082 | (1,082) |
| Office Equipment | - | 288 | (288) |
| Total Capital Improvements Cash Expenditures | - | 38,292 | (38,292) |
| Total Cash Expenditures | 72,983 | 133,653 | (60,670) |
| CASH FLOW FOR YEAR | \$ 22,418 | \$ (37,224) | \$ 59,642 |
| | | | |
| SUMMARY OF CASH FLOWS: | | | |
| Cash In Bank At Beginning Of Year | 52,702 | 89,926 | (37,224) |
| Cash Flow For Year | 22,418 | (37,224) | 59,642 |
| Cash In Bank At End Of Year | \$ 75,120 | \$ 52,702 | \$ 22,419 |