

SHERWOOD FOREST OWNERS ASSOCIATION, INC.

AUDITED FINANCIAL STATEMENTS

MARCH 31, 2009

SCHLENNER WENNER & CO.
Certified Public Accountants
& Business Consultants

**SHERWOOD FOREST OWNERS ASSOCIATION, INC.
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**SHERWOOD FOREST OWNERS ASSOCIATION, INC.
ORGANIZATION**

Board Members

Denise Thielges President
Tom Brown..... Vice President
Sue Swenson..... Member
LeRoy Ernst..... Member
Todd Johnson Member
Dennis Bresnahan Member
Mark Duren Member
Karen Gillispie..... Member
Terry Ness Member
Ricky Habisch..... Member
Mark Johaneck Member

Administration

George Pohlman Treasurer
Rose Hendrickson..... Manager
Dawn Lundquist..... Secretary

INDEPENDENT AUDITORS' REPORT

October 6, 2009

Board of Directors
Sherwood Forest Owners Association, Inc.
Aitkin, Minnesota

We have audited the accompanying statement of financial position of Sherwood Forest Owners Association, Inc. (the Association) as of March 31, 2009, and the related statements of activities, and cash flows for the year then ended. These financial statements are the responsibility of the Association's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior years' summarized comparative information has been derived from the fiscal year ended March 31, 2008 financial statements which were audited by other auditors whose report, dated May 23, 2008, expressed an unqualified opinion on those statements..

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Association as of March 31, 2009, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary schedule on pages 13-14 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements, and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



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**SHERWOOD FOREST OWNERS ASSOCIATION, INC.
STATEMENTS OF FINANCIAL POSITION**

	ASSETS		Totals (Memorandum Only)	
	Unrestricted	Temporarily Restricted	March 31,	
			2009	2008
CURRENT ASSETS				
Unrestricted Cash	\$ 155,085	\$ -	\$ 155,085	\$ 156,463
Restricted Cash	-	23,501	23,501	50,319
Assessments Receivable (Net of Allowance)	452,336	90,956	543,292	564,093
Prepaid Expenses	8,178	-	8,178	7,047
Total Current Assets	<u>615,599</u>	<u>114,457</u>	<u>730,056</u>	<u>777,922</u>
NET LAND, PROPERTY, AND EQUIPMENT	1,227,950	-	1,227,950	1,223,322
OTHER ASSETS				
Long-Term Assessments Receivable	19,703	3,640	23,343	-
Inventory - Lots Held For Sale	3,918	-	3,918	15,818
Net Intangibles	2,510	-	2,510	3,038
Total Other Assets	<u>26,131</u>	<u>3,640</u>	<u>29,771</u>	<u>18,856</u>
TOTAL ASSETS	<u>\$ 1,869,680</u>	<u>\$ 118,097</u>	<u>\$ 1,987,777</u>	<u>\$ 2,020,100</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES				
Accounts Payable	\$ 2,217	\$ -	\$ 2,217	\$ -
Accrued Salaries and Wages	642	-	642	2,008
Accrued Vacation	3,981	-	3,981	-
Accrued Sales and Payroll Taxes	3,578	-	3,578	5,398
Accrued Interest Expense	14,928	-	14,928	19,239
Current Maturities of Long-Term Debt	111,000	-	111,000	111,000
Deferred Revenue	581,299	94,930	676,229	649,102
Total Current Liabilities	<u>717,645</u>	<u>94,930</u>	<u>812,575</u>	<u>786,747</u>
LONG-TERM DEBT				
LESS CURRENT MATURITIES	404,235	-	404,235	457,881
NET ASSETS				
Unrestricted	747,800	-	747,800	725,153
Temporarily Restricted	-	23,167	23,167	50,319
Total Net Assets	<u>747,800</u>	<u>23,167</u>	<u>770,967</u>	<u>775,472</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 1,869,680</u>	<u>\$ 118,097</u>	<u>\$ 1,987,777</u>	<u>\$ 2,020,100</u>

SHERWOOD FOREST OWNERS ASSOCIATION, INC.
STATEMENTS OF ACTIVITIES

	Unrestricted	Temporarily Restricted	Totals (Memorandum Only)	
			Year Ended March 31,	
			2009	2008
REVENUES				
Assessments	\$ 563,216	\$ 95,145	\$ 658,361	\$ 608,653
Kitchen Revenue	27,090	-	27,090	29,626
Store Revenue	28,279	-	28,279	28,074
Propane Revenue	10,203	-	10,203	9,264
Washer and Dryer Revenue	3,439	-	3,439	3,285
Gate Cards, Passes, Fines, Etc.	7,202	-	7,202	6,049
Interest Income	1,869	-	1,869	5,936
Lot Sales	7,001	-	7,001	7,500
In-Kind Contribution	1,864	-	1,864	-
Insurance Proceeds	10,000	-	10,000	-
Miscellaneous Revenue	7,852	-	7,852	7,982
Total Revenues	668,015	95,145	763,160	706,369
COST OF GOODS SOLD				
Kitchen Expenses	19,689	-	19,689	19,577
Kitchen Labor	5,303	-	5,303	7,760
Store Expenses	16,424	-	16,424	19,453
Propane Expenses	6,145	-	6,145	5,259
Cost of Lots Sold	11,496	-	11,496	4,059
Total Cost of Goods Sold	59,057	-	59,057	56,108
GROSS PROFIT	\$ 608,958	\$ 95,145	\$ 704,103	\$ 650,261

SHERWOOD FOREST OWNERS ASSOCIATION, INC.
STATEMENTS OF ACTIVITIES

	Unrestricted	Temporarily Restricted	Totals (Memorandum Only)	
			Year Ended March 31,	
			2009	2008
EXPENSES				
Salaries and Wages	\$ 173,728	\$ -	\$ 173,728	\$ 191,574
Payroll Taxes and Employee Benefits	61,923	-	61,923	69,920
Electric and Propane	147,893	-	147,893	138,307
Insurance	19,551	-	19,551	11,233
Property Taxes	6,056	-	6,056	6,958
Professional Fees	17,133	-	17,133	15,967
Interest Expense	-	46,894	46,894	46,483
Cleaning Supplies	6,932	-	6,932	6,701
Vehicle Expense	8,132	-	8,132	8,379
Postage, Phone, and Office Supplies	21,618	-	21,618	17,864
Activities and Board Expense	12,511	-	12,511	9,125
Trash Removal	23,212	-	23,212	25,360
Repairs and Maintenance	47,186	-	47,186	49,510
Bad Debt Expense (Recovery)	(5,319)	-	(5,319)	18,454
Collection Fees	1,970	-	1,970	1,242
Theft Loss	13,708	-	13,708	9,428
Depreciation and Amortization	105,480	-	105,480	99,350
Total Expenses	<u>661,714</u>	<u>46,894</u>	<u>708,608</u>	<u>725,855</u>
CHANGE IN NET ASSETS	(52,756)	48,251	(4,505)	(75,594)
RELEASED FROM RESTRICTION	75,403	(75,403)	-	-
NET ASSETS, Beginning of Year	725,153	50,319	775,472	872,564
PRIOR PERIOD ADJUSTMENT	<u>-</u>	<u>-</u>	<u>-</u>	<u>(21,498)</u>
NET ASSETS, End of Year	<u>\$ 747,800</u>	<u>\$ 23,167</u>	<u>\$ 770,967</u>	<u>\$ 775,472</u>

SHERWOOD FOREST OWNERS ASSOCIATION, INC.
STATEMENTS OF CASH FLOWS
INCREASE (DECREASE) IN UNRESTRICTED CASH

	Year Ended March 31,	
	2009	2008
CASH FLOWS - OPERATING ACTIVITIES		
Change in Net Assets	\$ (4,505)	\$ (75,594)
Adjustments to Reconcile Change in Net Assets to Net Cash		
Flows - Operating Activities:		
Depreciation and Amortization	105,480	99,350
Prior Period Adjustment	-	(21,498)
Change in Assets and Liabilities:		
Assessments Receivable (Net of Allowance)	(2,542)	(76,531)
Accounts Receivable - Other	-	548
Prepaid Expenses	(1,131)	504
Accounts Payable	2,217	-
Accrued Expenses	(3,516)	9,649
Deferred Revenue	27,127	49,389
Net Cash Flows - Operating Activities	123,130	(14,183)
CASH FLOWS - INVESTING ACTIVITIES		
Purchase of Land, Property, and Equipment	(105,059)	(194,633)
Inventory - Lots Held For Sale	7,379	2,381
Decrease in Restricted Cash	26,818	24,800
Net Cash Flows - Investing Activities	(70,862)	(167,452)
CASH FLOWS - FINANCING ACTIVITIES		
Proceeds from Long-Term Debt	6,119	182,313
Payments on Long-Term Debt	(59,765)	-
Net Cash Flows - Financing Activities	(53,646)	182,313
NET CHANGE IN UNRESTRICTED CASH	(1,378)	678
UNRESTRICTED CASH, Beginning of Year	156,463	155,785
UNRESTRICTED CASH, End of Year	\$ 155,085	\$ 156,463
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:		
Cash Paid During the Year For Interest	\$ 51,205	\$ 40,367
SUPPLEMENTAL SCHEDULE OF NON-CASH INVESTING AND FINANCING ACTIVITIES:		
Inventory - Lots Held for Sale Reclassified as Land	\$ 4,521	\$ -
Donated Repairs and Maintenance	\$ 1,864	\$ -

SHERWOOD FOREST OWNERS ASSOCIATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2009

NOTE A NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

This summary of the nature of operations and significant accounting policies of Sherwood Forest Owners Association, Inc. (the Association) is presented to assist in understanding the Association's financial statements.

Nature of Operations

Sherwood Forest Owners Association, Inc. operates principally as a campground owners' association. The organization's main sources of revenue are: store sales, kitchen sales, propane sales, lot sales, and gate card/passes sales. Assessments provided the Association with 87% and 86% of its revenue for the fiscal years ended March 31, 2009 and 2008, respectively.

Basis of Presentation

The Association has adopted the Statement of Financial Accounting Standards SFAS 116, *Accounting for Contributions Received and Contributions Made* and SFAS 117 *Financial Statements for Not-For-Profit Associations*. Under these provisions, net assets and revenues, gains, and losses are classified based on donor imposed restrictions. Accordingly, net assets of the Association and changes therein are classified and reported as follows:

Unrestricted - Resources over which the Board of Directors has discretionary control. Designated amounts represent those revenues which the Board has set aside for a particular purpose.

Temporarily Restricted - Those resources subject to donor imposed restrictions or association covenants which will be satisfied by actions of the Association or by passage of time.

Permanently Restricted - Those resources subject to a donor imposed restriction that the resources be maintained permanently by the Association. As of March 31, 2009 and 2008, the Association has no permanently restricted net assets, respectively.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenue and expense during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

Cash and cash equivalents consist of checking, savings, and petty cash. For purposes of the statements of cash flows, the Association considers all short-term investments purchased with an original maturity of three months or less to be cash equivalents.

Assessments Receivable

Assessments Receivable are carried at original invoice amount and accrue interest annually at a rate of 8% on all past due amounts. Assessments Receivable consists of amounts due from owners for annual assessments. Receivables are written off when deemed uncollectible. Recoveries of receivables previously written off are recorded when received. Receivables have been adjusted for all known uncollectible accounts. The allowance for doubtful accounts at March 31, 2009 and 2008 are \$5,724 and \$15,862, respectively. Assessments included in Long-Term Assessments Receivable are accounts that are in the lien or foreclosure process. The Association expects to collect these balance in the future, however they may not be collected in the next twelve months.

Inventory - Lots Held For Sale

Inventory consists of lots held by the Association for resale. Inventories are carried at the lower of cost or market.

Land, Property, and Equipment

Land, property, and equipment are carried at historical cost. Major additions and betterments of \$1,000 or more are charged to the property accounts while replacements, maintenance, and repairs which do not improve or extend the life of the respective assets are expensed in the current period.

Depreciation of land, property and equipment is calculated on the straight-line basis and is based on estimated useful lives ranging from five to twenty-five years.

SHERWOOD FOREST OWNERS ASSOCIATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2009

NOTE A NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Long-Lived Assets

Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of such assets may not be recoverable. Determination of recoverability is based on an estimate of undiscounted future cash flows resulting from the use of the asset and its eventual disposition. Measurement of an impairment loss for long-lived assets is based on the fair value of the asset. Long-lived assets to be disposed of are reported at the lower of carrying amount or fair value less costs to sell.

Intangible Assets

Intangible assets consist of loan fees. This intangible asset has a finite life and is amortized using the straight-line method over the useful life of the loan which is estimated at seven and a half years.

Deferred Revenue

Deferred Revenue consists of billings made in January of the current year for following year's assessments. The entire amount of these billed assessments are included in Deferred Revenue at March 31, 2009 and 2008 and will be recognized as revenue on April 1st of the following year. The unpaid portions of these billed assessments are included in Assessments Receivable at March 31, 2009 and 2008.

Recognition of Assessments

The Association reports assessments and other assets as restricted revenue if they are received with stipulations that limit the use of the assets. When the restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions.

Recognition of Contributions

The Association reports gifts of land, property, equipment and materials as unrestricted revenue unless explicit donor stipulations specify how the donated assets must be used. Estimated fair value of donated goods are \$1,864 and \$0 for the fiscal years ended March 31, 2009 and 2008, respectively. Such amounts are included in the in-kind contributions on the Statement of Activities.

Donated Services

Donated services are recognized as contributions in accordance with SFAS No. 116, *Accounting for Contributions Received and Contributions Made*. Donated services recognized and also included in the in-kind contributions on the Statement of Activities consist of volunteer labor that requires specialized skills at their estimated fair value. Such donated services amount to \$0 for both the fiscal years ended March 31, 2009 and 2008.

Also, the Association receives a significant amount of donated services from unpaid volunteers who donate significant amounts of their time to the Association. No amounts have been recognized in the financial statements because no objective basis is available to measure the value of such donations.

Income Taxes

The Association is recognized by the Internal Revenue Service as a tax exempt entity under IRS Code Section 528. The Association is required to pay Federal and State income taxes on net taxable income in excess of its exempt function. For both the years ended March 31, 2009 and 2008, there is no income tax expense.

Comparative Amounts

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Association's financial statements for the year ended March 31, 2008, from which the summarized information was derived.

SHERWOOD FOREST OWNERS ASSOCIATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2009

NOTE A NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Concentration

The Association maintains a checking account and a savings account at a local financial institution that are insured up to \$250,000 by the Federal Deposit Insurance Company at March 31, 2009 and \$100,000 at March 31, 2008. The Association's uninsured bank balance at March 31, 2009 and 2008 is \$0 and \$34,032, respectively.

Reclassifications

Certain amounts have been reclassified for 2008 to conform with the presentation for 2009.

NOTE B LAND, PROPERTY, AND EQUIPMENT

Land, property, and equipment consists of the following:

<u>March 31, 2009</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>Ending Balance</u>
Land	\$ 81,042	\$ 4,521	\$ -	\$ 85,563
Buildings and Improvements	1,605,442	105,059	-	1,710,501
Equipment	292,481	-	-	292,481
	1,978,965	109,580	-	2,088,545
Less: Accumulated Depreciation	755,643	104,952	-	860,595
Net Land, Property, and Equipment	<u>\$ 1,223,322</u>	<u>\$ 4,628</u>	<u>\$ -</u>	<u>\$ 1,227,950</u>

<u>March 31, 2008</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>Ending Balance</u>
Land	\$ 81,042	\$ -	\$ -	\$ 81,042
Buildings and Improvements	1,424,137	181,305	-	1,605,442
Equipment	279,154	13,327	-	292,481
	1,784,333	194,632	-	1,978,965
Less: Accumulated Depreciation	656,822	98,821	-	755,643
Net Land, Property, and Equipment	<u>\$ 1,127,511</u>	<u>\$ 95,811</u>	<u>\$ -</u>	<u>\$ 1,223,322</u>

Depreciation expense amounts to \$104,952 and \$98,821 for the years ended March 31, 2009 and 2008, respectively.

NOTE C INTANGIBLES

Intangibles consist of the following:

	<u>March 31, 2009</u>		
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>
Loan Fees	<u>\$ 4,051</u>	<u>\$ 1,541</u>	<u>\$ 2,510</u>

SHERWOOD FOREST OWNERS ASSOCIATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2009

NOTE C INTANGIBLES (Continued)

Intangibles consist of the following:

	March 31, 2008		
	Cost	Accumulated Amortization	Net Book Value
Loan Fees	\$ 4,051	\$ 1,013	\$ 3,038

Amortization expense is \$528 for both the years ended March 31, 2009 and 2008.

At March 31, 2009, estimated amortization expense for the next five years is as follows:

Years Ending March 31,	Amounts
2010	\$ 528
2011	528
2012	528
2013	528
2014	398

NOTE D LINE OF CREDIT

The Association has a line of credit with Security State Bank, with interest payable monthly at a rate of .5% over the New York prime rate as published daily in the Wall Street Journal. Interest rate is 5% at March 31, 2009. The line of credit is for \$100,000 and matures on October 28, 2012. The amount outstanding on the line at both March 31, 2009 and 2008 is \$0.

NOTE E ACCRUED VACATION

Association employees earn paid time off based on length of service. Employees are compensated for any unused paid time off upon termination. The estimated accrued paid time off at March 31, 2009 and 2008 is \$3,981 and \$0, respectively.

NOTE F LONG-TERM DEBT

	March 31,	
	2009	2008
Note Payable - Security State Bank.: Dated April 2006; Matures November 2013; Fixed interest rate originally was 9.5%; Fixed interest rate was adjusted to 7.5% in August 2008. Payments include annual interest only payments with an annual principal payment of \$111,000; The note is guaranteed by substantially all assets.	\$ 515,235	\$ 568,881
Less: Current Maturities of Long-Term Debt	111,000	111,000
Long-Term Debt Less Current Maturities	\$ 404,235	\$ 457,881

Interest expense is \$46,894 and \$46,483 for the fiscal years ended March 31, 2009 and 2008, respectively.

SHERWOOD FOREST OWNERS ASSOCIATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2009

NOTE F LONG-TERM DEBT (Continued)

Estimated future maturities of long-term debt are as follows:

Years Ending March 31,	Amounts
2010	\$ 111,000
2011	111,000
2012	111,000
2013	111,000
2014	71,235
Total	\$ 515,235

NOTE G NET ASSETS

Temporarily restricted assets represent amounts related to the capital and special assessments that have not yet been collected or used for the required purpose. The special assessment is to be used to pay off the debt with Security State Bank, which was used for an electrical upgrade. The capital assessments are to be used for any constructions, reconstructions, repair, replacement of a capital improvement upon the common area, including fixtures and personal property.

NOTE H SIMPLE IRA PROGRAM

The Association initiated a Simple Individual Retirement Account (IRA) Program, which is available for full time employees. The Association agreed to match up to three percent of employee contributions, up to a maximum of \$6,000 per year. During the fiscal years ended March 31, 2009 and 2008, the Association made contributions of \$0 and \$1,578, respectively.

NOTE I PRIOR PERIOD ADJUSTMENTS

1. **Theft Loss:** During the year ended March 31, 2009, the Association discovered fraud related to the cash receipt process. The theft started during the year ended March 31, 2007 causing the prior year financial statement to be misstated. Net Assets – Prior Period Adjustment relates to theft losses occurring before April 1, 2007. The adjustments to the March 31, 2008 financial statements are shown in the following table as Adjustment 1:

2. **Correction of an Error:** During the year ended March 31, 2009, the Association determined that Accounts Receivable had been incorrectly recorded in the March 31, 2008 financial statements. The assessments for the following year are billed out in January. These billings were incorrectly left out of Assessments Receivable in the prior year financial statements and have been adjusted as shown in the following table as Adjustment 2:

3. **Reclassification of Restricted Assets –** During the year ended March 31, 2009, the Association determined that temporarily restricted and unrestricted net assets had been misstated in the prior years. The Association adjusted the prior year financial statements as shown in the following table as Adjustment 3:

SHERWOOD FOREST OWNERS ASSOCIATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2009

NOTE I PRIOR PERIOD ADJUSTMENTS (Continued)

March 31, 2008					
Statement of Financial Position	As Previously Stated	Adjustment 1	Adjustment 2	Adjustment 3	Restated Balance
Assessments Receivable (Net of Allowance)	\$ 109,570	\$ (30,926)	\$ 485,449	\$ -	\$ 564,093
Deferred Revenue	\$ 163,653	\$ -	\$ 485,449	\$ -	\$ 649,102
Net Assets - Unrestricted	\$ 89,804	\$ (9,428)	\$ -	\$ 666,275	\$ 746,651
Net Assets - Prior Period Adjustment	\$ 746,651	\$ (21,498)	\$ -	\$ -	\$ 725,153
Net Assets - Temporarily Restricted	\$ 716,594	\$ -	\$ -	\$ (666,275)	\$ 50,319

Year Ended March 31, 2008					
Statement of Activities	As Previously Stated	Adjustment 1	Adjustment 2	Adjustment 3	Restated Balance
Theft Loss	\$ -	\$ 9,428	\$ -	\$ -	\$ 9,428

NOTE J PENDING ADOPTION ACCOUNTING STANDARD – FIN 48

The Financial Accounting Standards Board (“FASB”) has issued FASB Interpretation No. 48 (FIN 48), Accounting for Uncertainty in Income Taxes - an interpretation of FASB Statement 109. FIN 48 clarifies the accounting for uncertainty in income taxes recognized in an enterprise’s financial statements in accordance with FASB Statement No. 109, Accounting for Income Taxes. FIN 48 prescribes a recognition threshold and measurement standard for the financial statement recognition and measurement of an income tax position taken or expected to be taken in a tax return including positions that the Association is exempt from income taxes or not subject to income taxes on unrelated business income. In addition, FIN 48 provides guidance on derecognition, classification, interest and penalties, accounting in interim periods, disclosure and transition.

The Association presently discloses or recognizes income tax positions based on management’s estimate of whether it is reasonably possible or probable, respectively, that a liability has been incurred for unrecognized income tax benefits by applying FASB Statement No. 5, Accounting for Contingencies.

The Association has elected to defer the application of Interpretation 48 in accordance with FASB Staff Position (FSP) FIN 48-3. This FSP defers the effective date of Interpretation 48 for nonpublic enterprises included within its scope to the annual financial statements for fiscal years beginning after December 15, 2008. The Association will be required to adopt FIN 48 in its 2009 annual financial statements. The provisions of FIN 48 are to be applied to all tax positions upon initial application of this standard. Only tax positions that meet the more-likely-than-not recognition threshold at the effective date may be recognized or continue to be recognized upon adoption.

The cumulative effect of applying the provisions of FIN 48 will be reported as an adjustment to the opening balance of retained earnings for the fiscal year of adoption. Management has not assessed the impact of FIN 48 on its financial position and results of operations and has not determined if the adoption of FIN 48 will have a material effect on its financial statements.

SHERWOOD FOREST OWNERS ASSOCIATION, INC.
SCHEDULES OF GROSS PROFIT BY DIVISION

	Year Ended March 31,			
	2009		2008	
	Amount	Percent of Division Revenue	Amount	Percent of Division Revenue
Kitchen Revenue	\$ 27,090	100.00	\$ 29,626	100.00
Kitchen Labor	(5,303)	(19.58)	(7,760)	(26.19)
Kitchen Expenses	(19,689)	(72.68)	(19,577)	(66.08)
Gross Profit	<u>\$ 2,098</u>	<u>7.74</u>	<u>\$ 2,289</u>	<u>7.73</u>
Store Revenue	\$ 28,279	100.00	\$ 28,074	100.00
Store Expenses	(16,424)	(58.08)	(19,453)	(69.29)
Gross Profit	<u>\$ 11,855</u>	<u>41.92</u>	<u>\$ 8,621</u>	<u>30.71</u>
Lot Sales	\$ 7,001	100.00	\$ 7,500	100.00
Cost of Lots Sold	(11,496)	(164.21)	(4,059)	(54.12)
Gross Profit (Loss)	<u>\$ (4,495)</u>	<u>(64.21)</u>	<u>\$ 3,441</u>	<u>45.88</u>
Propane Revenue	\$ 10,203	100.00	\$ 9,264	100.00
Propane Expenses	(6,145)	(60.23)	(5,259)	(56.77)
Gross Profit	<u>\$ 4,058</u>	<u>39.77</u>	<u>\$ 4,005</u>	<u>43.23</u>

SHERWOOD FOREST OWNERS ASSOCIATION, INC.
STATEMENTS OF ACTIVITIES - BUDGET TO ACTUAL

	Year Ended March 31, 2009		Over/(Under) Budget	
	Actual	Budget	Dollars	Percentage
REVENUES				
Assessments	\$ 658,361	\$ 662,753	\$ (4,392)	(0.66)
Kitchen Revenue	27,090	29,035	(1,945)	(6.70)
Store Revenue	28,279	20,448	7,831	38.30
Propane Revenue	10,203	8,627	1,576	18.27
Washer and Dryer Revenue	3,439	3,075	364	11.84
Gate Cards, Passes, Fines, Etc.	7,202	6,325	877	13.87
Interest Income	1,869	928	941	101.40
Lot Sales	7,001	7,500	(499)	(6.65)
In-Kind Contribution	1,864	-	1,864	N/A
Insurance Proceeds	10,000	-	10,000	N/A
Miscellaneous Revenue	7,852	7,589	263	3.47
Total Revenues	763,160	746,280	16,880	2.26
COST OF GOODS SOLD				
Kitchen Expenses	19,689	19,909	(220)	(1.11)
Kitchen Labor	5,303	5,375	(72)	(1.34)
Store Expenses	16,424	16,879	(455)	(2.70)
Propane Expenses	6,145	6,539	(394)	(6.03)
Cost of Lots Sold	11,496	-	11,496	N/A
Total Cost of Goods Sold	59,057	48,702	10,355	21.26
GROSS PROFIT	704,103	697,578	6,525	0.94
OPERATING EXPENSES				
Salaries and Wages	173,728	191,481	(17,753)	(9.27)
Payroll Taxes and Employee Benefits	61,923	59,463	2,460	4.14
Electric and Propane	147,893	141,142	6,751	4.78
Insurance	19,551	12,304	7,247	58.90
Property Taxes	6,056	8,148	(2,092)	(25.68)
Professional Fees	17,133	13,845	3,288	23.75
Interest Expense	46,894	53,614	(6,720)	(12.53)
Cleaning Supplies	6,932	7,329	(397)	(5.42)
Vehicle Expense	8,132	11,767	(3,635)	(30.89)
Postage, Phone, and Office Supplies	21,618	17,547	4,071	23.20
Activities and Board Expense	12,511	14,769	(2,258)	(15.29)
Trash Removal	23,212	28,772	(5,560)	(19.32)
Repairs and Maintenance	47,186	69,225	(22,039)	(31.84)
Bad Debt Expense (Recovery)	(5,319)	7,101	(12,420)	(174.90)
Collection Fees	1,970	-	1,970	N/A
Theft Loss	13,708	-	13,708	N/A
Depreciation and Amortization	105,480	90,240	15,240	16.89
Total Expenses and Allocations	708,608	726,747	(18,139)	(2.50)
CHANGE IN NET ASSETS	(4,505)	(29,169)	24,664	(84.56)
NET ASSETS, Beginning of Year	775,472	775,472	-	-
NET ASSETS, End of Year	\$ 770,967	\$ 746,303	\$ 24,664	3.30