

I am Mike Carlson a Trustee and the Treasurer.

I live in the Robinhood area.

On Tuesday of this week we received a draft of our financial statement from our new accountant McGoorty Eisenman Inc. PS. We should the final financial statement within a few days.

We are pleased to announce that we were able to stay within our budget for 2013. This was difficult because there were several expenses from the action we had to take against the previous manager that we were not sure what they were going to be. We always asked the professionals about what expense were we looking at. We were able to keep a lot of these expenses under control because of all the work the employee's and trustees did.

Total revenues from water service and new connections

\$737,534 an increase of \$47,733

Total cost of water (this would be water purchased, testing, repairs & maintenance

\$266,618 an increase of \$23,776 Most of this is from an increase of members.

General & administrative expenses

\$308,705 a decrease of \$15,961 This decrease was even with a large increase in professional fees we will not incur for 2014

Other Revenue (Capital improvement fees, Interest

\$110,913

This gives us a total revenue over expenses

\$273,124

We started the year with \$513,117 dollars in 4 local banks.

At the end of 2013 we have \$797,206 in those 4 banks.

As of the 15th of February we now have 1,051,179 in those 4 banks.

the increase from the first of the year till now is the sale of 10 new memberships and part of the settlement with the previous manager.

Keep in mind we still have \$300,000 coming from the sale of the previous managers personal and private property.

Remember we are required by the Washington Department of Health to build a 1 million gallon tank and along with this a new pump station. Our cost on this project will be around 3.1 million dollars. The state and the federal government offer low interest loans for these projects. We have been in several conversations with both and they are very comfortable with our financial condition and our plans and engineering.

Our system is in very good condition. Our association started in 1965 and many sections have been upgraded but we have several others that are getting a little long in the tooth.

We have acknowledged the capital improvement projects that we will need to do over the next few years. We are working on scheduling and what monies we will have to do these projects and when we will be able to accomplish these projects.