

2335 Sanders Rd.
Northbrook, IL 60062
847.498.6440
847.498.6498 (fax)



Fax

To:	Stephanie Clapp	From:	Carl Wenz
Fax:	850.413.6998	Pages:	20
Phone:	850.413.6997	Date:	Monday, June 11, 2001
Re:	Bartelt	CC:	

Urgent For Review Please Comment Please Reply Please Recycle

Stephanie:

Attached is the tax info that was requested from Bartelt.

Please review and call me to discuss.

Carl



J. S. BAILLIE, JR.
CERTIFIED PUBLIC ACCOUNTANT
2153 GRAND BLVD.
HOLIDAY, FL 34690
(727) 937-6650

June 4, 2001

Mr. Carl J. Wenz
2335 Sanders Rd.
Northbrook, IL 60062

Re: Bartelt Enterprises, Inc.

Dear Mr. Wenz:

Pursuant to our telephone conversation of May 30, 2001, we are enclosing copies of the corporate returns and financial statements, for the fiscal year ended June 30, 1973. Nothing on any of the documents indicates any accounting for CIAC or connection fees.

Normally we do not retain records that far back, except in Mr. Bartelt's case, however we do not have any of the supporting documents such as the original entry documents or general ledger, therefore there is no direct support for the conclusion that CIAC were or were not collected. I can, however, tell you from my recollection of how such items were handled by our firm prior to the jurisdictional date, as 1972 was the first year I worked at the firm full time. At the time we did numerous privately owned non-regulated utilities in Pasco County, and generally "connection fees", etc. were accounted for as direct offsets to plant cost. Connection fees collected prior to jurisdictional date in 1972 (and even later from some utilities on which rate base had not been established) were continued to be accounted for as negative plant cost and not shown as CIAC. The plant would have been depreciated based on cost net of connection fees. Connection fees prior to 1972 were almost always accounted for in this manner, as reporting the connection fees as income would have resulted in increased taxable income in the immediate year; offsetting plant effectively amortized (though less depreciation) the connection fees into net income, over a longer period.

Connection fees after the 1972 jurisdictional date were accounted for, in most cases, as incated by NARUC. CIAC for most utilities were established during rate review by the Commission and at that time adjusted to reflect the Commission findings. The Bartelt system (Buena Vista Subdivision) was never audited by the PSC and as you are quite aware, rate base (and therefore actual CIAC) were never established. And while we have no information to prove it, I am certain that after working with my father for over 20 years, that the connection fees collected prior to 1972, if any, were accounted for as negative plant additions (plant offsets) as described above and as such are already a reduction of rate base.

Based on the above, if the Commission desires to adjust the Bartelt Enterprises, Inc. (Buena Vista Subdivision) system to reflect CIAC, I would suggest an entry whereby gross plant cost would be increased with an offsetting entry to CIAC; accumulated depreciation of plant and accumulated amortization of CIAC could be adjusted accordingly, however the net increase (decrease) in rate base would be zero.

Mr. Carl J. Wenz

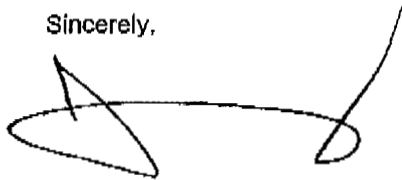
Page 2

June 4, 2001

An entry whereby gross plant remains unchanged, owners' equity (retained earnings) is decreased and CIAC is increased would not be appropriate. Again, based on the above the connection fees are most likely not in owners' equity (retained earnings).

Please call if you have any additional comments.

Sincerely,

A handwritten signature in black ink, appearing to read "J. S. Baillie, Jr.", with a large, sweeping flourish extending to the right.

J. S. Baillie, Jr.
Certified Public Accountant

JSB:sb

CC Bartelt Enterprises, Inc.

Form **1120**
Department of the Treasury
Internal Revenue Service

U. Corporation Income Tax Return
For calendar year 1972 or other taxable year beginning
July 1, 1972, ending **June 30**, 19**73**
(PLEASE TYPE OR PRINT)

1972

Check if <input type="checkbox"/> A Consolidated return <input type="checkbox"/> B Personal Holding Co. <input checked="" type="checkbox"/> C Business Code No. (See page 7 of instructions.) 4900	Name BARTELT SUNSHINE CORPORATION	D Employer identification No. 59-0782489
	Number and street 911 BUENA VISTA LANE, P. O. BOX 68	E County in which located Pasco
	City or town, State, and ZIP code TARPON SPRINGS, FLORIDA 33589	F Enter total assets from line 14, column (D), Schedule L (See instruction R) \$ 456,049.21

IMPORTANT—Fill in all applicable lines and schedules. If the lines on the schedules are not sufficient, see instruction N.

GROSS INCOME	1 Gross receipts or gross sales Less: Returns and allowances Scheduled	1	98,814.32
	2 Less: Cost of goods sold (Schedule A) and/or operations (attach schedule)	2	
	3 Gross profit	3	98,814.32
	4 Dividends (Schedule C)	4	
	5 Interest on obligations of the United States and U.S. instrumentalities	5	
	6 Other interest	6	12,976.86
	7 Gross rents	7	20,990.54
	8 Gross royalties	8	
	9 (a) Net capital gains—(separate Schedule D)	9(a)	
	9 (b) Ordinary gain or (loss) from Part II, Form 4797 (attach Form 4797)	9(b)	
	10 Other income (see instructions—attach schedule)	10	
11 TOTAL income—Add lines 3 through 10	11	132,781.72	

DEDUCTIONS	12 Compensation of officers (Schedule E)	12	20,400.00
	13 Salaries and wages (not deducted elsewhere)	13	18,218.96
	14 Repairs (see instructions)	14	14,650.05
	15 Bad debts (Schedule F if reserve method is used)	15	
	16 Rents	16	1,474.56
	17 Taxes (attach schedule)	17	7,633.50
	18 Interest	18	12,868.12
	19 Contributions (not over 5% of line 28 adjusted per instructions—attach schedule)	19	47.00
	20 Amortization (attach schedule)	20	
	21 Depreciation (Schedule G)	21	9,176.64
	22 Depletion	22	
	23 Advertising	23	203.94
	24 Pension, profit-sharing, etc. plans (see instructions)	24	
	25 Employee benefit programs (see instructions)	25	
	26 Other deductions (attach schedule)	26	45,867.92
	27 TOTAL deductions—Add lines 12 through 26	27	130,540.69
	28 Taxable income before net operating loss deduction and special deductions (line 11 less line 27)	28	2,241.03
	29 Less: (a) Net operating loss deduction (see instructions—attach schedule) 29(a)		
(b) Special deductions (Schedule I) 29(b)			
30 Taxable income (line 28 less line 29)	30	2,241.03	

TAX	31 TOTAL TAX (Schedule J)	31	103.75
	32 Credits: (a) Overpayment from 1971 allowed as a credit		
	(b) 1972 estimated tax payments	3,700.00	
	(c) Less refund of 1972 estimated tax applied for on Form 4466	()	3,700.00
	(d) Tax deposited with Form 7004 (attach copy)		
	(e) Tax deposited with Form 7005 (attach copy)		
	(f) Credit from regulated investment companies (attach Form 2439)		
	(g) U.S. tax on special fuels, nonhighway gas and lubricating oil (attach Form 4136)		3,700.00
	33 TAX DUE (line 31 less line 32). See instruction G for depositary method of payment	33	
	34 OVERPAYMENT (line 32 less line 31)	34	3,596.25
35 Enter amount of line 34 you want: Credited to 1973 estimated tax 3,596.25 Refunded ▶	35		

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief it is true, correct, and complete. If prepared by a person other than the taxpayer, his declaration is based on all information of which he has any knowledge.

The Internal Revenue Service does not require a seal on this form, but if one is used, please place it here.	Date 8-23-73	Signature of officer President	Title 59-0767726
	Date	Signature of individual or firm preparing the return	Preparer's address
	Date	Signature of individual or firm preparing the return	Preparer's address

BARTELT SUNSHINE CORPORATION 59-0782489
 TARPON SPRINGS, FLORIDA
 FORM 1120, FISCAL YEAR ENDED JUNE 30, 1973

PAGE 1, LINE 1, GROSS RECEIPTS:

GROSS PROFITS:

Lot Sales		\$ 5,711.75	
Cost of Lots Sold:			
Land and Improvements	\$1,767.70		
Commissions	<u>928.25</u>	<u>2,695.95</u>	\$ 3,015.80
Utility Income			55,287.50

OTHER INCOME:

Gain on Weekiwachee Woodlands			
Partnership			1,593.68
Salary Reimbursements			1,437.09
Garbage Income			26,565.50
Street Lights			9,208.54
Miscellaneous Sources			<u>1,706.21</u>

TOTAL GROSS PROFITS AND OTHER INCOME:			<u>\$98,814.32</u>
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BARTELT SUNSHINE CORPORATION 59-0782439
 TARPON SPRINGS, FLORIDA
 FORM 1120, FISCAL YEAR ENDED JUNE 30, 1973

PAGE 1, LINE 14, REPAIRS:

Maintenance - Buildings and Land	\$ 6,796.99
Land Care	941.46
Maintenance - Water System	<u>6,911.60</u>
TOTAL:	<u>\$14,650.05</u>

PAGE 1, LINE 17, TAXES:

Intangible Taxes	\$ 694.01
Payroll Taxes	2,499.96
Property Taxes	2,834.89
F.P.S.C. Fees	<u>1,604.64</u>
TOTAL:	<u>\$ 7,633.50</u>

PAGE 1, LINE 26, OTHER DEDUCTIONS:

Auto Expense	\$ 3,128.71
Dues and Subscriptions	509.80
Travel and Entertainment	955.51
Office Supplies	1,369.10
Insurance	3,332.55
Professional Fees	1,871.20
Miscellaneous	1,028.02
Telephone	1,332.87
Utilities	7,093.92
Garbage Collection	20,286.00
Street Lights	<u>4,960.24</u>
TOTAL:	<u>\$45,867.92</u>

PAGE 3, ITEM H:

- | | |
|--|------------|
| (1) Florida Gulfcoast Land Company (Inactive)
Tarpon Springs, Florida
100% | (None) |
| (2) Holiday Estates, Inc.
P. O. Box 5
St. Germain, Wisconsin
100% | 39-1047849 |

Schedule A—COST OF GOODS SOLD (See instruction 2)	Schedule C—DIVIDENDS (See instruction 4)
1 Inventory at beginning of year	1 Domestic corporations subject to 85% deduction
2 Merchandise bought for manufacture or sale	2 Certain preferred stock of public utilities
3 Salaries and wages	3 Foreign corporations subject to 85% deduction
4 Other costs (attach schedule)	4 Dividends from wholly-owned foreign subsidiaries subject to 100% deduction (section 245(b))
5 Total	5 Other dividends from foreign corporations
6 Less inventory at end of year	6 Includable income from controlled foreign corporations (Subpart F; attach Forms 3646)
7 Cost of goods sold—Enter on line 2, page 1	7 Foreign dividend gross-up (section 78)
Method of inventory valuation	8 Qualifying dividends received from affiliated groups and subject to the 100% deduction (section 243(a)(3))
	9 Qualifying dividends received from affiliated groups and subject to the provisions of section 1564(b)
	10 Dividends from a DISC or former DISC not included in line 1 (section 246(d))
	11 Other dividends
	12 Total—Enter here and on line 4, page 1

Was there any substantial change in the manner of determining quantities, costs, or valuations between opening and closing inventory? Yes No

If "Yes," attach an explanation.

Schedule E—COMPENSATION OF OFFICERS (See instruction 12)							
1. Name of officer	2. Social security number	3. Title	4. Time devoted to business	Percent of corporation stock owned		7. Amount of compensation	8. Expense account allowances
				5. Common	6. Preferred		
Lyle W. Bartolt	344-07-6603	Pres	100%	28.8	24	10,200.00	
David C. Bartolt	390-22-8703	Secy.	100%	28.1	24	10,200.00	
Total compensation of officers—Enter here and on line 12, page 1						20,400.00	

Schedule F—BAD DEBTS—RESERVE METHOD (See instruction 15)						
1. Year	2. Trade notes and accounts receivable outstanding at end of year	3. Sales on account	Amount added to reserve		6. Amount charged against reserve	7. Reserve for bad debts at end of year
			4. Current year's provision	5. Recoveries		
1967						
1968						
1969						
1970						
1971						
1972						

Schedule G—DEPRECIATION (See instructions for Schedule G) Note: If depreciation is computed by using the Class Life (ADR) System for assets placed in service after December 31, 1970, or the Guideline Class Life System for assets placed in service before January 1, 1971, you must file Form 4832 (Class Life (ADR) System) or Form 5006 (Guideline Class Life System) with your return. Except as otherwise expressly provided in income tax regulations sections 1.167 (a)-11 (b) (5) (vi) and 1.167 (a)-12, the provisions of Revenue Procedures 62-21 and 65-13 are not applicable for taxable years ending after December 31, 1970.

Check box(es) if you made an election this taxable year to use Class Life ADR System and/or Guideline Class Life System.

1. Group and guideline class or description of property	2. Date acquired	3. Cost or other basis	4. Depreciation allowed or allowable in prior years	5. Method of computing depreciation	6. Life or rate	7. Depreciation for this year
1 Total additional first-year depreciation (do not include in items below)						
2 Depreciation from Form 4832						
3 Depreciation from Form 5006						
4 Other depreciation:						
Buildings	Var.	99,700.00	20,114.11	S/L	Var.	3,058.08
Furniture and fixtures	Var.	11,675.03	5,167.66	S/L	10yr	431.00
Transportation equipment						
Machinery and other equipment	Var.	4,432.77	4,432.77	S/L	10yr	-0-
Other (specify)	Var.	50,068.50	50,525.36	Var.	Var.	4,623.06
Holiday Estates	Var.	7,703.82	1,496.44	Var.	Var.	1,084.50
5 Totals		273,580.24				9,176.64
6 Less amount of depreciation claimed in Schedule A						
7 Balance—Enter here and on line 21, page 1						9,176.64

Schedule H—SUMMARY OF DEPRECIATION (Other than additional first-year depreciation)						
	Straight line	Declining balance	Sum of the years-digits	Units of production	Other (specify)	Total
1 Depreciation from Form 4832						
2 Depreciation from Form 5006	5,515.58	3,661.06				9,176.64
3 Other						

Schedule I—SPECIAL DEDUCTIONS

Table with 2 columns: Description and Amount. Rows include percentages of lines from Schedule C, total special deductions, and dividends received deduction.

Schedule J—TAX COMPUTATION

Table with 2 columns: Description and Amount. Rows include taxable income, surtax exemption, income tax, foreign tax credit, and total tax.

Schedule K—RECORD OF FORM 503 FEDERAL TAX DEPOSITS (List deposits in order of date made—See instruction G)

Table with 10 columns: Serial number of Form 503, Date of deposit, Amount, Serial number of Form 503, Date of deposit, Amount, Serial number of Form 503, Date of deposit, Amount. Contains two rows of deposit data.

G Date incorporated September 1956

H (1) Did you at the end of the taxable year own, directly or indirectly, 50% or more of the voting stock of a domestic corporation? Yes No

(2) Did any corporation, individual, partnership, trust, or association at the end of the taxable year own, directly or indirectly, 50% or more of your voting stock? Yes No

If the answer to (1) or (2) is "Yes," attach a schedule showing: (a) name, address, and identifying number; and (b) percentage owned.

If the answer to (1) above is "Yes," show the taxable income or (loss) from line 30, page 1, Form 1120 of such corporation for the taxable year ending with or within your taxable year.

If the answer to (2) above is "Yes," was the owner of such voting stock an alien individual or a foreign corporation, partnership, trust or association? Yes No

I Did you have any contracts or subcontracts subject to the Renegotiation Act of 1951? Yes No

J Did you ever declare a stock dividend? Yes No

K Did you claim a deduction for expenses connected with: Yes No

- (1) Entertainment facility (boat, resort, ranch, etc.)?
(2) Living accommodations (except employees on business)?
(3) Employees' families at conventions or meetings?
(4) Employee or family vacations not reported on Form W-2?

L Taxable income or (loss) from line 30, page 1, Form 1120 for: 1969 5265.42 1970 16374.26 1971 4,561.88

M Refer to page 7 of instructions and state the principal: Business activity Utility Product or service Water

N Were you a member of a controlled group subject to the provisions of: (1) Section 1561? Yes No (2) Section 1562? Yes No

(a) parent-subsidiary (b) brother-sister (c) combination of (a) and (b)

If answer to (2) is "Yes," does section 1562(b)(1)(A) apply (nonapplication of 6% additional tax under section 1562)? Yes No

O Did the corporation, at any time during the taxable year, have any interest in or signature or other authority over a bank, securities, or other financial account in a foreign country? Yes No

P Were you a U.S. shareholder of any controlled foreign corporation? Yes No

Q During this taxable year, did you pay dividends (other than stock dividends and distributions in exchange for stock) in excess of your current and accumulated earnings and profits? Yes No

If "Yes," file Schedule A, Form 1096. If this is a consolidated return, answer here for parent corporation and on Form 851, Affiliations Schedule, for each subsidiary.

R Did you file all required Forms 1099, 1096 and 1087? Yes No

Form 1120 (1972)

Schedule L—BALANCE SHEETS

Page 4

ASSETS	Beginning of taxable year		End of taxable year	
	(A) Amount	(B) Total	(C) Amount	(D) Total
1 Cash		2,627.31		330.63
2 Trade notes and accounts receivable	110,283.83		141,511.54	
(a) Less allowance for bad debts		110,283.83		141,511.54
3 Inventories				
4 Gov't obligations: (a) U.S. and instrumentalities				
(b) State, subdivisions thereof, etc.				
5 Other current assets (attach schedule) Home		12,276.27		9,040.00
6 Loans to stockholders		36,346.44		34,793.58
7 Mortgage and real estate loans				
8 Other investments (attach schedule)		21,840.64		34,434.32
9 Buildings and other fixed depreciable assets	266,957.90		273,580.24	
(a) Less accumulated depreciation	81,736.34	185,221.56	90,912.98	182,667.26
10 Depletable assets				
(a) Less accumulated depletion		19,159.48		18,130.78
11 Land (net of any amortization)				
12 Intangible assets (amortizable only)				
(a) Less accumulated amortization		30,382.40		35,141.10
13 Other assets (attach schedule)		418,137.98		456,049.21
14 Total assets				
LIABILITIES AND STOCKHOLDERS' EQUITY				
15 Accounts payable		1,771.25		2,193.91
16 Mtges., notes, bonds payable in less than 1 yr.		30,196.16		36,312.28
17 Other current liabilities (attach schedule)		5,709.38		1,214.15
18 Loans from stockholders				
19 Mtges., notes, bonds payable in 1 yr. or more		143,756.83		177,879.07
20 Other liabilities (attach schedule)				
21 Capital stock: (a) Preferred stock	19,530.00		19,530.00	
(b) Common stock	179,305.00	198,735.00	173,955.00	198,485.00
22 Paid-in or capital surplus (attach reconciliation)		28,714.00		28,714.00
23 Retained earnings—Appropriated (attach sch.)				
24 Retained earnings—Unappropriated		9,255.36		11,250.80
25 Less cost of treasury stock		()		()
26 Total liabilities and stockholders' equity		418,137.98		456,049.21

Schedule M-1—RECONCILIATION OF INCOME PER BOOKS WITH INCOME PER RETURN

1 Net income per books	1,995.44	7 Income recorded on books this year not included in this return (itemize)	
2 Federal income tax	103.75	(a) Tax-exempt interest \$	
3 Excess of capital losses over capital gains			
4 Taxable income not recorded on books this year (itemize)		8 Deductions in this tax return not charged against book income this year (itemize)	
5 Expenses recorded on books this year not deducted in this return (itemize)		(a) Depreciation . . \$	
(a) Depreciation . . \$		(b) Depletion . . \$	
(b) Depletion . . \$			
Officers Life Ins.	141.84	9 Total of lines 7 and 8	
6 Total of lines 1 through 5	2,241.03	10 Income (line 28, page 1)—line 6 less 9	2,241.03

Schedule M-2—ANALYSIS OF UNAPPROPRIATED RETAINED EARNINGS PER BOOKS (line 24 above)

1 Balance at beginning of year	9,255.36	5 Distributions: (a) Cash	
2 Net income per books	1,995.44	(b) Stock	
3 Other increases (itemize)		(c) Property	
		6 Other decreases (itemize)	
		7 Total of lines 5 and 6	
4 Total of lines 1, 2, and 3	11,250.80	8 Balance at end of year (line 4 less 7)	11,250.80

BARTELT SUNSHINE CORPORATION 59-0782489
 TARPON SPRINGS, FLORIDA
 FORM 1120, FISCAL YEAR ENDED JUNE 30, 1973

<u>BEGINNING</u> <u>OF YEAR:</u>	<u>END OF</u> <u>YEAR:</u>
-------------------------------------	-------------------------------

PAGE 4, LINE 8, OTHER INVESTMENTS:

Weekiwachee Woodlands	\$ 840.64	\$ 2,434.32
Holiday Developers	21,000.00	21,000.00
Sigmon Tract	<u>-0-</u>	<u>11,000.00</u>
TOTAL:	<u>\$21,840.64</u>	<u>\$34,434.32</u>

PAGE 4, LINE 13, OTHER ASSETS:

Utility Deposits	\$ 442.50	\$ 442.50
Organization Expense	4,735.69	4,735.69
Stock Promotion Expense	23,795.21	23,795.21
Unamortized Loan Costs	1,409.00	2,571.45
Prepaid Income Tax	<u>-0-</u>	<u>3,596.25</u>
TOTAL:	<u>\$30,382.40</u>	<u>\$35,141.10</u>

Form **3468**
Department of the Treasury
Internal Revenue Service

Computation of Investment Credit

▶ Attach to your tax return.

For calendar year 1972 or other taxable year beginning
July 1, 1972, and ending **June 30,** 19**73**

1972

The investment credit has been restored for property ordered by the taxpayer after March 31, 1971, or acquired by the taxpayer after August 15, 1971, regardless of when ordered.

struction, or erection was completed by the taxpayer after August 15, 1971, regardless of when begun. In the case of property whose construction, reconstruction, or erection was begun by the taxpayer before April 1, 1971, only that portion of the basis attributable to construction, reconstruction, or erection after August 15, 1971, may be taken into account in determining the credit.

The credit has also been restored for property whose construction, reconstruction, or erection was begun by the taxpayer after March 31, 1971, or whose construction, recon-

Name **BARTELT SUNSHINE CORPORATION** Identifying number as shown on page 1 of your tax return **59-0782489**

1 Qualified investment in new and used property (See instruction C for eligible property)

NOTE: Include your share of investment property by a partnership, estate, trust, small business corporation, or lessor.

Type of property	Line	(1) Life years	(2) Cost or basis	(3) Applicable percentage	(4) Qualified investment (Column 2 x column 3)
New Property	(a)	3 or more but less than 5		33 1/3	
	(b)	5 or more but less than 7		66 2/3	
	(c)	7 or more	5,561.16	100	5,561.16
Used Property (See instructions for dollar limitation)	(d)	3 or more but less than 5		33 1/3	
	(e)	5 or more but less than 7		66 2/3	
	(f)	7 or more		100	

2 Total qualified investment—Add lines 1(a) through 1(f)	5,561.16
3 Tentative investment credit—7% (4% for public utility property) of line 2	389.28
4 Carryback and carryover of unused credit(s). (See instruction 4—attach computation.)	
5 Total—Add lines 3 and 4	389.28

Limitation

6 (a) Individuals—Enter amount from line 18, page 1, Form 1040	}	493.03
(b) Estates and trusts—Enter amount from line 24 or 25, page 1, Form 1041		
(c) Corporations—Enter amount from line 5, Schedule J, Form 1120		
7 Less: (a) Foreign tax credit		
(b) Retirement income credit (individuals only)		
8 Total—Add lines 7(a) and (b)		493.03
9 Line 6 less line 8		493.03
10 (a) Enter amount on line 9 or \$25,000, whichever is lesser. (Married persons filing separately, controlled corporate groups, estates, and trusts, see instruction 10.)		493.03
(b) If line 9 exceeds \$25,000, enter 50% of the excess.		
11 Total—Add lines 10(a) and (b)		493.03
12 Investment credit—Enter amount from line 5 or line 11, whichever is lesser		389.28

Schedule A

If any part of your investment in 1 above was made by a partnership, estate, trust, small business corporation, or lessor, complete the following:

Name (Partnership, estate, trust, etc.)	Address	Property		
		New	Used	Life years
		\$	\$	

J. S. B A I L L I E
CERTIFIED PUBLIC ACCOUNTANT
TARPON SPRINGS, FLORIDA 33589

P. O. BOX 459

PHONE 937-6650

August 28, 1973

Board of Directors
Bartelt Sunshine Corporation
911 Buena Vista Lane
Tarpon Springs, Florida

We have examined the Statement of Financial Condition of Bartelt Sunshine Corporation at June 30, 1973 and the related Statements of Profit and Loss, Retained Earnings, and Changes in Financial Position for the year then ended.

Our examination was made in accordance with generally accepted auditing standards and accordingly included such tests of the accounting records and such other data as we considered necessary in the circumstances.

In our opinion, the aforementioned financial statements present fairly the financial position of Bartelt Sunshine Corporation at June 30, 1973, and the results of its operations and the changes in its financial position for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Respectfully submitted,

J. S. Baillie
Certified Public Accountant

EXHIBIT A

BARTELT SUNSHINE CORPORATION
TARPON SPRINGS, FLORIDA
STATEMENT OF FINANCIAL CONDITION
JUNE 30, 1973

ASSETS:

Current Assets:

Cash	\$ 31.95	
Accounts Receivable	17,523.04	
Finished Houses	<u>9,040.00</u>	
Total Current Assets:		\$ 26,594.99

Noncurrent Assets and Investments:

Accounts and Loans Receivable	91,387.08	
Community Center Contract	25,197.87	
Accounts Receivable - Officers	22,658.02	
Investments in Other Organizations	<u>53,365.74</u>	
Total Noncurrent Assets and Investments:		192,608.71

Fixed Assets:

Land	10,788.02	
Buildings	64,440.64	
Office Furniture and Equipment	11,675.03	
Wells and Water System	150,068.56	
Recreation Center	35,259.42	
Tractor and Equipment	<u>4,432.77</u>	
Total:	276,664.44	
Less: Allowance for Depreciation	<u>88,352.04</u>	
Total Fixed Assets:		188,312.40

Deferred Charges and Other Assets:

Prepaid Federal Income Tax	3,596.25	
Utility Deposits	285.00	
Unamortized Loan Costs	2,571.45	
Organization Expense	<u>4,735.69</u>	
Total Deferred Charges and Other Assets:		<u>11,188.39</u>

TOTAL ASSETS:

\$418,704.49

EXHIBIT A

BARTELT SUNSHINE CORPORATION
TARPON SPRINGS, FLORIDA
STATEMENT OF FINANCIAL CONDITION
JUNE 30, 1973

LIABILITIES AND NET WORTH:

Current Liabilities:		
Accounts Payable	\$ 2,193.91	
Accrued Taxes Payable	1,214.15	
Mortgages Payable - Completed Homes	3,076.50	
Notes and Mortgages Payable - Current Amount	<u>31,635.78</u>	
Total Current Liabilities:		\$ 38,120.34
Mortgages and Notes Payable:		
Mortgage Payable - Office and Warehouse	82,000.00	
Mortgage Payable - Community Centers	33,041.06	
Mortgage Payable - Water System	89,373.31	
Other Notes Payable	<u>5,100.48</u>	
Total:	209,514.85	
Less: Current Amount Above	<u>31,635.78</u>	
Total Mortgages and Notes Payable:		<u>177,879.07</u>
 TOTAL LIABILITIES:		 215,999.41
 NET WORTH:		
Capital Stock:		
Preferred Stock - \$10 Par Value	19,530.00	
Common Stock - \$1 Par Value:		
Class A	30,000.00	
Class B	<u>148,955.00</u>	
Total:	198,485.00	
Surplus (Deficit):		
Paid in Surplus	\$ 28,714.00	
Retained Earnings (Deficit)	<u>(698.71)</u>	
Total:	28,015.29	
Less:		
Stock Promotion Expense	<u>23,795.21</u>	
Total:		<u>4,220.08</u>
 TOTAL NET WORTH:		 <u>202,705.08</u>
 TOTAL LIABILITIES AND NET WORTH:		 <u>\$418,704.49</u>

EXHIBIT B

BARTELT SUNSHINE CORPORATION
TARPON SPRINGS, FLORIDA
STATEMENT OF PROFIT AND LOSS
FOR THE FISCAL YEAR ENDED JUNE 30, 1973

GROSS PROFITS AND OTHER INCOME (SCHEDULE 1):		\$ 81,507.95
OPERATING EXPENSES:		
Officers' Salaries	\$ 20,400.00	
Salaries and Wages	16,781.87	
Auto Expense	3,128.71	
Rent	1,474.56	
Interest Expense	12,868.12	
Office Supplies and Expense	1,359.65	
Utilities and Telephone	2,320.05	
Advertising	184.90	
Depreciation	2,547.61	
Travel and Entertainment	582.31	
Taxes and Licenses	7,220.67	
Insurance	3,167.39	
Professional Fees	1,421.20	
Dues and Donations	506.80	
Miscellaneous Items	907.49	
Land Care, Maintenance and Repairs	<u>2,363.07</u>	
TOTAL OPERATING EXPENSES:		<u>77,234.40</u>
NET PROFIT FOR YEAR:		4,273.55
PROVISION FOR FEDERAL AND STATE INCOME TAXES:		<u>103.75</u>
NET INCOME TO RETAINED EARNINGS:		<u>\$ 4,169.80</u>

SCHEDULE 1

BARTELT SUNSHINE CORPORATION
 TARPON SPRINGS, FLORIDA
 SCHEDULE OF GROSS PROFITS AND OTHER INCOME
 FOR THE FISCAL YEAR ENDED JUNE 30, 1973

GROSS PROFITS:

Utility Income		\$ 54,662.50	
Utility Expense:			
Maintenance	\$ 10,819.39		
Depreciation	<u>4,623.06</u>	<u>15,442.45</u>	
Total:			\$ 39,220.05
Recreation Center Income		10,815.50	
Recreation Center Expense:			
Maintenance and Supplies	4,954.87		
Depreciation	<u>941.47</u>	<u>5,896.34</u>	
Total:			<u>4,919.16</u>
TOTAL GROSS PROFITS:			44,139.21

OTHER INCOME:

Gain on Weekiwachee		1,593.68
Interest Income		12,741.01
Garbage Income		6,279.50
Street Lights		4,248.30
Miscellaneous Sources		2,331.21
Rent		<u>10,175.04</u>
TOTAL GROSS PROFITS AND OTHER INCOME:		<u>\$ 81,507.95</u>

EXHIBIT C

BARTELT SUNSHINE CORPORATION
TARPON SPRINGS, FLORIDA
STATEMENT OF RETAINED EARNINGS
JUNE 30, 1973

RETAINED EARNINGS BALANCE - JULY 1, 1972 (DEFICIT):	\$ (4,868.51)
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DEDUCT:

NET INCOME FOR YEAR ENDED JUNE 30, 1973:	<u>4,169.80</u>
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RETAINED EARNINGS BALANCE - JUNE 30, 1973 (DEFICIT):	\$ <u>(698.71)</u>
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EARNINGS PER SHARE:

Net Income for year	\$ 4,169.80
Less: Earnings applicable to Preferred Stock, 1953 shares, \$10 Par Value @ 10%	<u>1,953.00</u>
Net Income to Common Stock	<u>\$ 2,216.80</u>

Class A Common	30,000	Shares	\$1 Par Value	
Class B Common	<u>149,205</u>	Shares	\$1 Par Value	
Total:	<u>179,205</u>	Shares		\$ <u>2,216.80</u>

EARNINGS PER SHARE COMMON:	<u>.0124c</u>
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EXHIBIT D

BARTELT SUNSHINE CORPORATION
TARPON SPRINGS, FLORIDA
STATEMENT OF CHANGES IN FINANCIAL POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 1973

FUNDS PROVIDED BY:

Net Income from Operations	\$ 4,169.80
Add: Items charged to expense Not requiring funds:	
Depreciation:	<u>8,112.14</u>
Total Funds from Operations	12,281.94
Increase in Long Term Debt	<u>34,122.24</u>
TOTAL FUNDS PROVIDED:	\$ <u>46,404.18</u>

FUNDS APPLIED TO:

Increase in Working Capital	3,586.02
Purchase Fixed Assets	6,622.34
Deferred Charges and other assets	4,758.70
Noncurrent Assets and Investments	31,187.12
Redeem Capital Stock	<u>250.00</u>
TOTAL FUNDS APPLIED:	\$ <u>46,404.18</u>

Changes in Working Capital:	Beginning of Year	Increase (Decrease)	End of Year
Current Assets:			
Cash	\$ 1,493.08	\$ (1,461.13)	\$ 31.95
Accounts Receivable	8,531.67	8,991.37	17,523.04
Finished Houses	9,040.00	-0-	9,040.00
Total:	<u>19,064.75</u>	<u>7,530.24</u>	<u>26,594.99</u>
Current Liabilities:			
Accounts Payable	1,771.25	422.66	2,193.91
Accrued Taxes	3,808.71	(2,594.56)	1,214.15
Mortgage Payable - Finished Homes	3,594.92	(518.42)	3,076.50
Notes and Mortgages - Current Amount	<u>25,001.24</u>	<u>6,634.54</u>	<u>31,635.78</u>
Total:	<u>34,176.12</u>	<u>3,944.22</u>	<u>38,120.34</u>
Net Working Capital:	\$ <u>(15,111.37)</u>	\$ <u>3,586.02</u>	\$ <u>(11,525.35)</u>