

USDC SCAN INDEX SHEET



CAG 11/29/04 13:17

3:04-CV-02295 SEC V. EMVEST MORTGAGE FUND

14

DECL.

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11 EMVEST MORTGAGE FUND, LLC, EMVEST,
12 INC., and MILON LYLE BROCK

13 UNITED STATES DISTRICT COURT
14 SOUTHERN DISTRICT OF CALIFORNIA

15 SECURITIES AND EXCHANGE
16 COMMISSION,

17 Plaintiff,

18 v.

19 EMVEST MORTGAGE FUND, LLC,
20 EMVEST, INC., and MILON LYLE
21 BROCK,

22 Defendants.

23 Case No. 04 CV 2295 DMS (LSP)

24 **DECLARATION OF J. STEPHEN
25 HAWKINS IN SUPPORT OF
26 DEFENDANTS' OPPOSITION TO
27 PLAINTIFF'S APPLICATION FOR
28 PRELIMINARY INJUNCTION AND
APPOINTMENT OF A RECEIVER**

Date: December 3, 2004
Time: 10:30 a.m.

I, J. Stephen Hawkins, declare as follows:

1. I am a Certified Public Accountant licensed by the California State Board of Accountancy. I am a principal in the accounting firm of J. Stephen Hawkins & Co., Inc., CPA's. I have a Masters Degree in Accounting and Taxation, and also hold certifications as a Certified Fraud Examiner and Certified Fraud Deterrent Analyst.
2. I was retained by McKenna Long & Aldridge LLP, in connection with the above referenced matter. I was asked to perform a preliminary review of the books, records, tax returns, prospectus and other documents of Emvest Mortgage Fund, LLC ("Fund") for the purpose of preparing a response to the declaration of Kelly Bowers, Assistant Regional Director with the Securities and Exchange Commission, Office of Enforcement, Los Angeles, California.

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CLERK, U.S. DISTRICT COURT
SOUTHERN DISTRICT OF CALIFORNIA

BY: *Calmer*

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ORIGINAL

1 3. In connection with the preliminary review, I personally reviewed and analyzed the
2 Fund's Quickbooks records, which contain the general journal, postings of cash receipts and
3 disbursements, general ledger, balance sheet, and income statement for the period January 1, 2003
4 to December 31, 2003 and January 1, 2004 to August 31, 2004. In addition, I reviewed the
5 exhibits and attachments to Mr. Bowers' declaration, which included, among other things, the
6 Fund's federal income tax return for 2003, bank records, list of investors, and investor activity.

7 4. Based on my review and analysis, Mr. Bowers erred in at least three ways in
8 arriving at his conclusions:

9 A. Mr. Bowers used the Cash Receipts and Disbursements method of accounting to
10 arrive at his results and conclusions. In general, this method is not satisfactory for
11 arriving at a clear understanding of the profitability of most companies, and
12 specifically when there is a delay in a company's earning of revenue and the
13 deposit of such earnings in its bank accounts, as described in paragraphs 5-10,
14 below.

15 B. Not only did Mr. Bowers use an incorrect method of accounting to arrive at his
16 conclusion, but the method he did use contains gross errors of misclassification
17 and assumptions, as described in paragraph 9, below.

18 C. Mr. Bowers calculated total distributions to the Fund's investors without
19 attempting to reconcile these amounts with the Fund's general ledger and other
20 accounting records. Consequently, Mr. Bowers' calculation of total distributions
21 is inaccurate as described in paragraph 11, below.

22 5. With respect to the period January 1, 2004 to August 31, 2004, Mr. Bowers'
23 analysis and conclusions were based on his preparation of various financial summaries and
24 calculations using the Cash Receipts and Disbursements method of accounting. Under this
25 method, only actual cash receipts (monies deposited to the bank) and actual cash disbursements
26 (monies expended from the bank) are considered in arriving at the "net income" of the Fund.
27 However, such method of analysis does not result in an accurate calculation of the "net income".
28 It is more correct to say such method would produce merely a calculation of the "excess of cash

1 receipts over cash disbursements”, or vice versa should disbursements exceed receipts. This
2 method also has the risk of treating a “cash disbursement” as an expense, unless more information
3 is obtained. For example, a disbursement for \$10,000 for “furniture,” while reducing cash, does
4 not reduce net profit, as the disbursement has resulted in the creation of an asset that can be used
5 by the business for several years.

6 6. A more correct method of analyzing the Fund’s profits is the Accrual Basis
7 method of accounting. Under the accrual method, the Fund’s income is determined based on the
8 Fund’s right to receive revenue in the year contracts or sales are consummated, whether or not
9 such revenue is actually collected in cash and deposited to the bank. Conversely, the Fund
10 records expenditures in the year the company becomes obligated for the expense, whether or not
11 the actual payment of the expense is made. Consequently, the Fund may properly record revenue
12 and expenses in its books and records for January 1, 2004 to August 31, 2004, even if such
13 revenue and expenses have not been reflected in the company’s bank account(s).

14 7. Utilizing the Fund’s Quickbooks accounting records, I prepared a preliminary draft
15 of the Fund’s Balance Sheet and Profit & Loss Statement, on the accrual basis, for the period
16 January 1, 2004 to August 31, 2004¹. True and correct copies of these reports are attached hereto
17 as **Exhibits A and B**. Due to time constraints, additional work may be necessary to verify some
18 of the entries and adjustments. However, in my opinion, the attached Balance Sheet and Profit &
19 Loss statements are substantially accurate.

20 8. Based on the results of the accrual basis Profit & Loss statement for the period
21 January 1, 2004 to August 31, 2004, I calculated a net profit of approximately \$1,058,474.70.
22 **See Exhibit B**. Using the Cash Receipts and Disbursements method of accounting, Mr. Bowers
23 calculated a net loss of \$112,259 for the same period. *Bowers’ Declaration*, ¶ 16. This
24 represents a substantial difference in the Fund’s true profits. Although part of the difference
25 between Mr. Bowers’ calculations and mine are the errors noted in paragraph 9, below,

26
27 ¹ Due to the lack of sufficient time, I was only able to conduct a preliminary analysis. A complete
28 analysis may effect the final conclusions, but I do not expect any material variances.

1 amounting to \$571,000, the difference in net profit using the accrual basis versus the cash receipts
2 and disbursements method accounts for an additional \$599,000.

3 9. Mr. Bowers' analysis is fundamentally flawed because of gross errors of
4 misclassification and assumptions. Mr. Bowers' own declaration, at paragraph 15(b)(ix)
5 concedes that he has included certain amounts in "Other Payments ... that could not be
6 sufficiently identified to placed {sic} into another category". The result is that Mr. Bowers has
7 incorrectly classified approximately \$571,000 of cash disbursement items as "expenses," thereby
8 incorrectly reducing the Fund's true net income. This is reflected in my summary of Mr. Bowers'
9 analysis of the Fund's net income, a true and correct copy of which is attached hereto as **Exhibit**
10 **C**. This is one of the inherent flaws of the Cash Receipts and Disbursements method of
11 accounting, i.e., "Disbursements" are often mistaken as "Expenses." Specifically, Mr. Bowers
12 has incorrectly reflected as expenses certain disbursements that are recoverable by the Fund.
13 These disbursements include such items trust deed purchases, which are part of the Fund's trust
14 deed portfolio holdings. In one specific example, Mr. Bowers reflected as an expense \$186,520,
15 when in actuality the disbursement was part of a trust deed purchase, and therefore more properly
16 classified as an asset. See **Exhibit C**.

17 10. Because Mr. Bowers improperly used the Cash Receipts and Disbursements
18 method instead of the more proper accrual method of accounting, and because he made errors
19 with respect to the manner in which he classified some of the disbursements, as discussed above,
20 Mr. Bowers' conclusion with respect to the net profit of the Fund is flawed by approximately
21 \$1,170,000.

22 11. Mr. Bowers stated that the Fund made distributions to its investors in the amount
23 of \$1,173,706.22. Consequently, Mr. Bowers concluded the Fund had made distributions to its
24 investors in excess of his inaccurately calculated net loss in the amount of \$1,285,965.23.
25 *Bowers' Declaration* ¶ 17. However, Mr. Bowers' reached this conclusion by review of bank
26 records and cash disbursements only, without any reconciliation to the Fund's general ledger and
27 other accounting records.

28



Balance Sheet

As of August 31, 2004

11/21/04

Accrual Basis

Aug 31, 04

ASSETS

Current Assets

Checking/Savings

| | |
|-------------------------|--------------|
| CASH - EMVEST MTG FUND | 5,768,067.53 |
| CASH IN CD - UNION BANK | 100,028.77 |

| | |
|------------------------|--------------|
| Total Checking/Savings | 5,868,096.30 |
|------------------------|--------------|

Other Current Assets

| | |
|-------------------------------|---------------|
| EMPLOYEE ADVANCE | 6,500.00 |
| OTHER RECEIVABLE | 119,132.02 |
| PREPAID EXPENSE | 811.22 |
| TRUST DEEDS | |
| CAPITAL/TRUST DEED ADVANCES | 66,931.52 |
| INTEREST RECEIVABLE | 67,576.03 |
| TRUST DEED PRINCIPAL | 17,377,399.08 |
| TRUST DEED PRINCIPAL (Contra) | -89,293.64 |

| | |
|-------------------|---------------|
| Total TRUST DEEDS | 17,422,612.99 |
|-------------------|---------------|

| | |
|----------------------------|---------------|
| Total Other Current Assets | 17,549,056.23 |
|----------------------------|---------------|

| | |
|----------------------|---------------|
| Total Current Assets | 23,417,152.53 |
|----------------------|---------------|

Other Assets

| | |
|----------------------|------------|
| BOND-CD | 10,000.00 |
| ORGANIZATIONAL COSTS | 5,691.90 |
| SOFTWARE | 15,618.00 |
| SYNDICATION COSTS | 394,105.72 |

| | |
|--------------------|------------|
| Total Other Assets | 425,415.62 |
|--------------------|------------|

| | |
|--------------|---------------|
| TOTAL ASSETS | 23,842,568.15 |
|--------------|---------------|

LIABILITIES & EQUITY

Liabilities

Current Liabilities

Other Current Liabilities

| | |
|-------------------------|--------------|
| ACCRUED EXPENSES | 10,436.10 |
| ACCRUED MANAGEMENT FEES | 106,746.00 |
| CN LOANS | 6,687,992.68 |
| PAYROLL TAXES PAYABLE | -54,563.94 |

| | |
|---------------------------------|--------------|
| Total Other Current Liabilities | 6,750,610.84 |
|---------------------------------|--------------|

| | |
|---------------------------|--------------|
| Total Current Liabilities | 6,750,610.84 |
|---------------------------|--------------|

| | |
|-------------------|--------------|
| Total Liabilities | 6,750,610.84 |
|-------------------|--------------|

Equity

| | |
|---------------|---------------|
| DISTRIBUTIONS | -2,027,570.08 |
|---------------|---------------|

PARTNERS CAPITAL

| | |
|--------------------------------|------------|
| 0010 · PARTNER 01-R.A.FAM. INV | 50,000.00 |
| 0020 · PARTNER 02-WILSON TRUST | 160,281.27 |
| 0030 · PARTNER 03-SHOUREK | 70,000.00 |
| 0040 · PARTNER 04-RAYNOHA | 48,187.50 |
| 0050 · PARTNER 05-BARAK | 50,396.49 |
| 0060 · PARTNER 06-MAHY | 100,000.00 |
| 0070 · PARTNER 07-BREWER | 193,750.00 |
| 0080 · PARTNER 08-ANDERSEN | 50,000.00 |
| 0090 · PARTNER 09-La BORE | 15,000.00 |
| 0100 · PARTNER 10-L.W.BURTON | 10,000.00 |
| 0110 · PARTNER 11-MARSHALL | 60,000.00 |
| 0120 · PARTNER 12-McLENNAN | 66,828.13 |
| 0130 · PARTNER 13-B.BLACK | 45,000.00 |
| 0140 · PARTNER 14-G.HANDOVA | 10,000.00 |
| 0150 · PARTNER 15-HELMBRECHT | 58,015.63 |
| 0170 · PARTNER 17-TEEL | 150,000.00 |
| 0180 · PARTNER 18-SHOOK | 10,000.00 |
| 0190 · PARTNER 19-GROUNDS | 68,375.00 |

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11/21/04

Accrual Basis

EMVEST MORTGAGE FUND LLC

Balance Sheet

As of August 31, 2004

Aug 31, 04

| | |
|--|------------|
| 0210 · PARTNER 21-ENTWISLE | 268,000.00 |
| 0220 · PARTNER 22-C.BRADLEY | 93,203.13 |
| 0230 · PARTNER 23-THUNDERBOLT | 27,824.60 |
| 0240 · PARTNER 24-WITTFOHT | 964,000.00 |
| 0260 · PARTNER 26-WESELY | 100,000.00 |
| 0270 · PARTNER 27-HALVARSON | 100,000.00 |
| 0280 · PARTNER 28-B.BLACK | 49,250.96 |
| 0290 · PARTNER 29-A.GREY | 10,000.00 |
| 0300 · PARTNER 30-F.PEREZ | 17,000.00 |
| 0310 · PARTNER 31-FUERY | 50,000.00 |
| 0320 · PARTNER 32-Wm.STUART | 100,000.00 |
| 0340 · PARTNER 34-I.CITONE | 97,735.78 |
| 0350 · PARTNER 35-J.HARRIS-MOTTA | 20,000.00 |
| 0360 · PARTNER 36-M.A.DE JESUS | 150,000.00 |
| 0380 · PARTNER 38-J.MOSSBERG | 26,000.00 |
| 0390 · PARTNER 39-ALBRECHT/NELSON | 30,000.00 |
| 0400 · PARTNER 40-R.TAYLOR | 125,000.00 |
| 0410 · PARTNER 41-J.C.BOYD | 110,000.00 |
| 0420 · PARTNER 42-J.FRANKEL | 420,000.00 |
| 0430 · PARTNER 43-J.WEST | 81,000.00 |
| 0440 · PARTNER 44-M.STRAFELLO | 56,000.00 |
| 0450 · PARTNER 45-D.BLUMENBERG | 25,200.00 |
| 0460 · PARTNER 46-E.M.QUATTRO | 15,000.00 |
| 0470 · PARTNER 47-L.CHERNOFF | 60,000.00 |
| 0480 · PARTNER 48-J.W.BARRON | 77,000.00 |
| 0490 · PARTNER 49-T.E.WILSON | 10,000.00 |
| 0500 · PARTNER 50-J.J.DOBIAS | 10,000.00 |
| 0510 · PARTNER 51-I.V.HOOVER | 10,000.00 |
| 0520 · PARTNER 52-T.P.EICKNER | 143,125.00 |
| 0530 · PARTNER 53-F.M.DAYRIT | 509,163.20 |
| 0540 · PARTNER 54-W.COVINGTON | 36,000.00 |
| 0550 · PARTNER 55-J.W.RAYNOHA | 50,000.00 |
| 0560 · PARTNER 56-A.M.MAJUL | 10,000.00 |
| 0570 · PARTNER 57-S.EICH | 226,000.00 |
| 0580 · PARTNER 58-W.A.GREENE | 30,000.00 |
| 0590 · PARTNER 59-TAOL CORP | 4,000.00 |
| 0600 · PARTNER 60-DE MARCO | 109,000.00 |
| 0610 · PARTNER 61-S.N.BUCKLEY | 41,000.00 |
| 0620 · PARTNER 62-CARO INVESTMENT CO.. | 86,000.00 |
| 0630 · PARTNER 63-J.L.GOMEZ | 34,082.74 |
| 0640 · PARTNER 64-G.F.OYSTER | 37,942.42 |
| 0660 · PARTNER 66-R.CHERNISH | 100,000.00 |
| 0670 · PARTNER 67-R.WHITE | 10,000.00 |
| 0680 · PARTNER 68-H.A.PENN | 10,000.00 |
| 0700 · PARTNER 70-J.MONROE JONES | 10,000.00 |
| 0710 · PARTNER 71-J.B.MACARTHUR | 37,000.00 |
| 0730 · PARTNER 73-S.SICKLER | 52,000.00 |
| 0740 · PARTNER 74-J.KESSLER | 100,000.00 |
| 0750 · PARTNER 75-L.MICCIO | 200,000.00 |
| 0760 · PARTNER 76-S.EICH/PENSCO | 109,486.00 |
| 0770 · PARTNER 77-A.COVINGTON | 30,000.00 |
| 0780 · PARTNER 78-I.TAPP | 30,000.00 |
| 0800 · PARTNER 80-Y.K.WONG | 10,000.00 |
| 0810 · PARTNER 81-G.MATTINSON | 20,000.00 |
| 0820 · PARTNER 82-T.A.COVINGTON | 28,000.00 |
| 0830 · PARTNER 83-P.A.BORN | 20,000.00 |
| 0840 · PARTNER 84-A.A.ZAABALAWI | 90,000.00 |
| 0870 · PARTNER 87-V.L.RALEIGH | 100,000.00 |
| 0880 · PARTNER 89-R.P.STACK | 50,000.00 |
| 0900 · PARTNER 90-R.L.PENCE | 75,000.00 |
| 0910 · PARTNER 91-W.P.KOLB | 30,000.00 |
| 0930 · PARTNER 93-N.L.BENNETT | 20,000.00 |
| 0940 · PARTNER 94-G.F.BANKS | 130,000.00 |
| 0950 · PARTNER 95-R.P.METZGER | 40,000.00 |
| 0960 · PARTNER 96-D.PARADOWSKI | 20,000.00 |
| 0970 · PARTNER 97-CATANIA/PARADOWSKI | 5,000.00 |

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11/21/04

Accrual Basis

EMVEST MORTGAGE FUND LLC

Balance Sheet

As of August 31, 2004

Aug 31, 04

| | |
|--|------------|
| 0980 · PARTNER 98-C.W.LANG | 49,000.00 |
| 0990 · PARTNER 99-S.A.LILJEGREN | 10,000.00 |
| 1000 · PARTNER 100-C.LONDON | 100,000.00 |
| 1010 · PARTNER 101-W.C.BRISCOE | 56,042.00 |
| 1020 · PARTNER 102-A.RUSSO | 45,000.00 |
| 1030 · PARTNER 103-P.WEELY, JR | 30,000.00 |
| 1040 · PARTNER 104-T.F.FORD | 127,000.00 |
| 1050 · PARTNER 105-A.F.MAJEWSKI | 24,000.00 |
| 1070 · PARTNER 107-D.C.PARADOWSKI | 75,000.00 |
| 1080 · PARTNER 108-J.S.MILLER | 40,000.00 |
| 1090 · PARTNER 109-M.A.CANTY | 20,000.00 |
| 1100 · PARTNER 110-S.P.CANTY | 20,000.00 |
| 1110 · PARTNER 111-M.D.RICHARDSON | 13,500.00 |
| 1130 · PARTNER 113 -DENNIS BRANSTETTER | 10,000.00 |
| 1140 · PARTNER 114-AARON BRANSTETTER | 10,000.00 |
| 1150 · PARTNER 115-STEPHEN BRANSTETTER | 10,000.00 |
| 1160 · PARTNER 116-DEVIN BRANSTETTER | 10,000.00 |
| 1170 · PARTNER 117-JUDI BRANSTETTER | 10,000.00 |
| 1180 · PARTNER 118-McBRIDE FAM TRUST | 50,000.00 |
| 1190 · PARTNER 119-BEN BLUMENBERG | 75,000.00 |
| 1201 · PARTNER 120 - J.MOLLIN | 235,000.00 |
| 1211 · PARTNER 121 - J/M BRASHEARS | 60,000.00 |
| 1221 · PARTNER 122-B.B.CHURCH | 10,000.00 |
| 1231 · PARTNER 123-CHARLES F.ROEBUCK | 15,000.00 |
| 1251 · PARTNER 125-M.J.BECKEL | 20,000.00 |
| 1261 · PARTNER 126-STEWART INVESTMENTS | 245,000.00 |
| 1271 · PARTNER 127- STUART/MPPSP | 100,000.00 |
| 1281 · PARTNER 128- ABDO SHOWAH | 60,000.00 |
| 1291 · PARTNER 129- H.N.HARRIS | 30,000.00 |
| 1300 · PARTNER 130-G.M.WILHITE | 50,000.00 |
| 1310 · PARTNER 131- L.B.WEISS | 10,000.00 |
| 1320 · PARTNER 132- CH.A.SABLE | 150,000.00 |
| 1330 · PARTNER 133 - 1st REG/CHERNISH | 211,000.00 |
| 1340 · PARTNER 134 - S & S BAHRO | 5,000.00 |
| 1350 · PARTNER 135 - J & M DOWD | 220,000.00 |
| 1360 · PARTNER 136-B.MCCARTHY | 150,000.00 |
| 1370 · PARTNER 137-S.B.CHAMBERLAIN | 50,000.00 |
| 1380 · PARTNER 138-F.G.URANGA | 20,000.00 |
| 1390 · PARTNER 139-M.L.BROCK | 25,000.00 |
| 1400 · PARTNER 140-SICKLER SI 129 | 20,400.00 |
| 1410 · PARTNER 141-M.NEUDECK | 10,000.00 |
| 1420 · PARTNER 142-ADVANTAGE APPR | 100,000.00 |
| 1430 · PARTNER 143-PENSCO FBO T.FORD | 47,233.90 |
| 1440 · PARTNER 144-J.W.CARROLL | 50,000.00 |
| 1450 · PARTNER 145-J & D TE'KETCH | 150,000.00 |
| 1460 · PARTNER 146-A.P.STARKE | 104,000.00 |
| 1470 · PARTNER 147-C.J.RICHARD | 450,000.00 |
| 1480 · PARTNER 148-D.DANNER | 10,000.00 |
| 1490 · PARTNER 149- C.R.RHEAD | 100,000.00 |
| 1500 · PARTNER 150-M.A.DECKER | 4,000.00 |
| 1510 · PARTNER 151-S.J.GLASIER | 20,000.00 |
| 1520 · PARTNER 152-S.A.DE ANDA | 20,000.00 |
| 1530 · PARTNER 153-R.C.JOHNSON | 20,000.00 |
| 1540 · PARTNER 154-E.E.WAITLEY | 200,000.00 |
| 1550 · PARTNER 155-DOOR OF FAITH | 10,000.00 |
| 1560 · PARTNER 156-YMCA/A.VELASCO | 10,000.00 |
| 1570 · PARTNER 157-E.STEPHENSON | 10,000.00 |
| 1580 · PARTNER 158-R.H.MARSHALL | 23,000.00 |
| 1590 · PARTNER 159-C.J.GRANT | 30,000.00 |
| 1600 · PARTNER 160-SAWATZKE TTEE | 40,000.00 |
| 161 · PARTNER 161-G.L.YOUNG | 70,000.00 |
| 162 · PARTNER 162-G.L.BIER | 100,000.00 |
| 163 · PARTNER 163-S&M PRAVER | 200,000.00 |
| 164 · PARTNER 164-ASIA HAMPTON | 4,724.56 |
| 165 · PARTNER 165-AUSTIN HAMPTON | 4,724.54 |
| 166 · PARTNER 166-M.HELMBRECHT | 10,000.00 |

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11/21/04

Accrual Basis

EMVEST MORTGAGE FUND LLC

Balance Sheet

As of August 31, 2004

Aug 31, 04

| | |
|--|------------|
| 167 · PARTNER 167-P.B.ROBERTS | 47,000.00 |
| 168 · PARTNER 168-L.J.ROGERS | 30,000.00 |
| 169 · PARTNER 169-W.R.DAVIES | 30,000.00 |
| 170 · PARTNER 170-B.BRINKMAN BR394 | 4,700.00 |
| 171 · PARTNER 171-B.BRINKMAN BR405 | 5,300.00 |
| 172 · PARTNER 172-KENNETH E.ANDERSON | 60,000.00 |
| 173 · PARTNER 173-J.L.LOWRY | 60,000.00 |
| 174 · PARTNER 174-T.A.ALBA | 30,000.00 |
| 175 · PARTNER 175-SANDRA SICKLER | 130,100.00 |
| 176 · PARTNER 176-N.A.SPIVA | 220,000.00 |
| 177 · PARTNER 177-R.A.YOUNG | 30,000.00 |
| 178 · PARTNER 178-KENNEY-ELLISAON | 150,000.00 |
| 179 · PARTNER 179- GOVERNSKI | 104,000.00 |
| 180 · PARTNER 180-ETC C.GRANT | 17,000.00 |
| 181 · PARTNER 181-M.STONE | 25,084.00 |
| 182 · PARTNER 182-JOHN STONE | 19,672.00 |
| 183 · PARTNER 183-A.MARTINEZ | 10,000.00 |
| 184 · PARTNER 184-T & P CANTY | 600,000.00 |
| 1860 · PARTNER 186-E.MICCIO | 50,000.00 |
| 1870 · PARTNER 187-R.MARSHALL | 40,000.00 |
| 1890 · PARTNER 189-C.L.SANTIAGO | 10,000.00 |
| 1900 · PARTNER 190-R.WHITE | 200,000.00 |
| 1910 · PARTNER 191-Reg Bk/Ch.Marshall | 58,410.79 |
| 1920 · PARTNER 192-C.ECUES | 10,000.00 |
| 1930 · PARTNER 193-J.E.DAVIS | 20,000.00 |
| 1940 · PARTNER 194-K.L.DAVIS | 10,000.00 |
| 1950 · PARTNER 195-DR.THOMAS MPPP | 104,000.00 |
| 1960 · PARTNER 196-M.SELMAN | 10,000.00 |
| 1970 · PARTNER 197-S.WEINSHANKER | 37,500.00 |
| 1980 · PARTNER 198-M.LOPEZ | 5,000.00 |
| 1990 · PARTNER 199-J.MONROE JONES | 20,000.00 |
| 2001 · PARTNER 201-L.WORONICZ | 43,400.00 |
| 2002 · PARTNER 202 - S.R.WORONICZ | 61,100.00 |
| 2030 · PARTNER 203 - L.L.FIELDS | 10,000.00 |
| 2040 · PARTNER 204 -K.McCOY | 3,000.00 |
| 2050 · PARTNER 205 -Z.PARADOWSKI | 3,000.00 |
| 2060 · PARTNER 206 -G.J.PARADOWSKI | 3,000.00 |
| 2070 · PARTNER 207 -M.K.McCOY | 3,000.00 |
| 2080 · PARTNER 208 -J.B.McCOY | 3,000.00 |
| 2090 · PARTNER 209 -A.F.McCOY | 3,000.00 |
| 2100 · PARTNER 210-B.P.PARADOWSKI | 3,000.00 |
| 2110 · PARTNER 211-C.D.PARADOWSKI | 3,000.00 |
| 2120 · PARTNER 212-D.SAWATZKE | 42,900.00 |
| 2130 · PARTNER 213-1st REG/HUY A.VU | 33,874.14 |
| 2140 · PARTNER 214-LORRAINE ROBERTS | 10,000.00 |
| 2150 · PARTNER 215-A. M.SANTIAGO | 11,030.00 |
| 2160 · PARTNER 216-1st REG/JOHN WORONI | 20,000.00 |
| 2170 · PARTNER 217-ANTHONY VU | 150,000.00 |
| 2180 · PARTNER 218-JOSEPH ROISSIER | 42,000.00 |
| 2190 · PARTNER 219-JOHN WORONICZ | 60,000.00 |
| 2200 · PARTNER 220-ALEX ROISSIER | 10,000.00 |
| 2210 · PARTNER 221-JOSEPH W.ROISSIER | 20,000.00 |
| 2220 · PARTNER 222-WM FOSTER | 100,000.00 |
| 2230 · PARTNER 223-W.MARSHALL | 60,000.00 |
| 2240 · PARTNER 224-STONE FAM TRUST | 50,000.00 |
| 2250 · PARTNER 225-J & M STONE | 10,000.00 |
| 2260 · PARTNER 226-J.E.JENKINS | 40,000.00 |
| 2270 · PARTNER 227-L.W.FLOYD | 350,000.00 |
| 2280 · PARTNER 228-1st REG/B.ARNOLD | 10,000.00 |
| 2290 · PARTNER 229-TOH-HENG L.WONG | 200,000.00 |
| 230 · PARTNER 230-B.J.FREDERICK | 50,000.00 |
| 2310 · PARTNER 231-A,J,NAVVOY | 10,000.00 |
| 2320 · PARTNER 232-PEPITO BELISARIO | 12,000.00 |
| 2330 · PARTNER 233-M.GOLDFARB | 10,000.00 |
| 2340 · PARTNER 234-D.S.MACFADEN | 30,000.00 |
| 2350 · PARTNER 235-BIANCA REIS | 20,000.00 |

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Accrual Basis

EMVEST MORTGAGE FUND LLC

Balance Sheet

As of August 31, 2004

Aug 31, 04

| | |
|---------------------------------------|----------------------|
| 2360 · PARTNER 236-MEEKS FAM TRUST | 81,000.00 |
| 2370 · PARTNER 237-G & A MORRIS | 10,000.00 |
| 2380 · PARTNER 238-D.K.NICHOLAS | 100,000.00 |
| 2390 · PARTNER 239-D.STODDARD | 100,000.00 |
| 2400 · PARTNER 240-R.W.DODELIN | 20,000.00 |
| 2410 · PARTNER 241-W.L.FOSTER LP | 100,000.00 |
| 2420 · PARTNER 242-LESLIE B.FOSTER | 50,000.00 |
| 2430 · PARTNER 243-REG BK/NEGRETTE | 27,160.45 |
| 2440 · PARTNER 244-J.JOSEPH FENTON | 50,000.00 |
| 2450 · PARTNER 245-ASTRID LITTLEJOHN | 62,000.00 |
| 3060 · PARTNER 306- D.HALE | 18,468.75 |
| 3070 · PARTNER 307-D.C.GROUNDS | 10,384.52 |
| 3120 · PARTNER 312-W.THRAILKILL | 54,662.50 |
| 3140 · PARTNER 314-S.PUPEK, JR | 1,076.50 |
| 3160 · PARTNER 316-S.BRADLEY | 50,000.00 |
| 3180 · PARTNER 318-DE ANDA | 26,214.06 |
| 3190 · PARTNER 319-M.A.THRAILKILL | 29,495.94 |
| 3200 · PARTNER 320-R.JUAREZ | 353,406.25 |
| 3210 · PARTNER 321-M.FUKUSHIMA | 9,375.00 |
| 3230 · PARTNER 323- D.G.CROCKETT | 46,875.00 |
| 3240 · PARTNER 324-1st REG/McGREW | 23,412.50 |
| 3260 · PARTNER 326-ZAGARA CARLSBAD | 187,500.00 |
| 3270 · PARTNER 327-L.MANNING | 28,125.00 |
| 3280 · PARTNER 328-C.MAHLER | 134,062.50 |
| 3290 · PARTNER 329 - VADEE LEE | -529.00 |
| 3300 · PARTNER 330-D.ROSEWARNE | 100,562.50 |
| 3310 · PARTNER 331-P.LEFF | 61,822.92 |
| 3360 · PARTNER 336-K.E.ANDERSON | 98,750.00 |
| 3370 · PARTNER 337-D.RANGEL | 80,000.00 |
| 3380 · PARTNER 338-A.ORMSBY | 14,062.50 |
| 3400 · PARTNER 340-WILSON & CORBIN | 27,281.25 |
| 3450 · PARTNER 345-D.L.HOWELL | 2,968.75 |
| 3460 · PARTNER 346-L.NEGRETTE | 82,734.38 |
| 3470 · PARTNER 347-WM.L.FOSTER | 50,000.00 |
| 3520 · PARTNER 352-T.DURICK | 11,093.75 |
| 3620 · PARTNER 362-J.BLAINE | 77,500.00 |
| 3630 · PARTNER 363-H.MAHLER | 236,406.25 |
| 3660 · PARTNER 366-B.MIKITA | 46,875.00 |
| 3700 · PARTNER 370-G.HELBRECHT | 4,687.50 |
| 3710 · PARTNER 371-ZAGARA CA, LLC | 325,312.50 |
| 3720 · PARTNER 372-R.E.ORMSBY | 9,375.00 |
| 3730 · PARTNER 373-M.SMITH | 15,184.00 |
| 3740 · PARTNER 374-A.JEFFREY | 36,375.00 |
| 3760 · PARTNER 376-J.F.McGREW | 58,015.63 |
| 3770 · PARTNER 377-K.FITZGERALD | 14,375.00 |
| Total PARTNERS CAPITAL | 17,793,615.68 |
| PRIOR YEAR EARNINGS - NET | 267,437.01 |
| Net Income | 1,058,474.70 |
| Total Equity | 17,091,957.31 |
| TOTAL LIABILITIES & EQUITY | 23,842,568.15 |



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Accrual Basis

EMVEST MORTGAGE FUND LLC
Profit & Loss
January through August 2004

| | <u>Jan - Aug 04</u> |
|---|---------------------|
| Ordinary Income/Expense | |
| Income | |
| BUY IN DISCOUNT | 493,926.33 |
| INTEREST INCOME | 605,387.53 |
| REBATE | 366.31 |
| SETTLEMENT | 250.00 |
| TRUST DEED INTEREST | 590,417.82 |
| Total Income | <u>1,690,347.99</u> |
| Gross Profit | 1,690,347.99 |
| Expense | |
| GENERAL & ADMINISTRATIVE EXP | |
| ADVERTISING | 51,690.25 |
| BANK SERVICES CHARGES | 0.10 |
| DUES AND SUBSCRIPTIONS | 345.00 |
| INSURANCE | |
| WORKMANS COMP | 1,601.14 |
| Total INSURANCE | <u>1,601.14</u> |
| LICENSES AND PERMITS | 3,095.00 |
| MANAGEMENT FEES | 107,529.00 |
| MISCELLANEOUS | 3,953.35 |
| PRINTING & REPRODUCTION | 3,295.91 |
| PROFESSIONAL FEES | |
| ACCOUNTING | 14,125.00 |
| LEGAL FEES | 8,262.50 |
| Total PROFESSIONAL FEES | <u>22,387.50</u> |
| RENT | 13,891.84 |
| SALARIES & WAGES | |
| NET WAGES | 209,647.36 |
| PAYROLL PROCESSING FEES | 1,382.64 |
| PAYROLL TAXES | 32,127.81 |
| Total SALARIES & WAGES | <u>243,157.81</u> |
| SUPPLIES | |
| MARKETING | 3,353.52 |
| OFFICE | 292.68 |
| Total SUPPLIES | <u>3,646.20</u> |
| TELEPHONE | 1,105.39 |
| Total GENERAL & ADMINISTRATIVE EXP | <u>455,698.49</u> |
| INCOME TAXES | |
| STATE | 3,300.00 |
| Total INCOME TAXES | <u>3,300.00</u> |
| LOAN PROCUREMENT & SERVICE EXP | |
| ADVANCE | 4,500.00 |
| APPLICATION FEE | 250.00 |
| COMMISSION | 5,547.38 |
| FILING FEES | 20.00 |
| FORECLOSURE FEES | 0.00 |
| LOAN INTEREST | 121,912.25 |
| OTHER | -15,071.99 |
| REFUNDS & REBATES | 31,831.14 |
| SERVICE FEE | 31,632.46 |

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Accrual Basis

EMVEST MORTGAGE FUND LLC

Profit & Loss

January through August 2004

Jan - Aug 04

TOTAL PRIORITY DISTRIBUTIONS

| | |
|---------------------------------------|-----------|
| 001 · DIST. PARTNER-01-R.A.FAMILY | 3,625.66 |
| 003 · DIST. PARTNER-03-SHOURE | 5,075.94 |
| 004 · DIST. PARTNER-04-RAYNOH/UNION | 3,494.22 |
| 005 · DIST. PARTNER-05-BARAK | 2,167.19 |
| 006 · DIST. PARTNER-06-MAHY | 7,251.34 |
| 007 · DIST. PARTNER-07-BREWER | 14,049.48 |
| 008 · DIST. PARTNER-08-ANDERS | 3,625.66 |
| 009 · DIST. PARTNER-09-LABORE | 730.06 |
| 010 · DIST. PARTNER-10-BURTON | 725.14 |
| 011 · DIST. PARTNER-11 MARSHALL | 4,162.75 |
| 012 · DIST. PARTNER-12-A.McLENNAN | 4,272.14 |
| 013 · DIST. PARTNER-13-1st/B.BLACK | 3,263.10 |
| 014 · DIST. PARTNER-14-HANDOV | 725.14 |
| 015 · DIST. PARTNER-15-HELMBRECHT | 3,373.30 |
| 016 · DIST. PARTNER-16-SICKELS | 1,250.26 |
| 017 · DIST. PARTNER-17-TEEL | 10,930.70 |
| 018 · DIST. PARTNER-18-SHOOK | 725.14 |
| 019 · DIST. PARTNER-19-GROUND | 4,834.42 |
| 021 · DIST. PARTNER-21-ENTWISLE | 19,433.58 |
| 022 · DIST. PARTNER-22-C.BRADLEY | 6,423.77 |
| 024 · DIST. PARTNER-24-WITTFOHT | 60,541.89 |
| 025 · DIST. PARTNER-25-FREDERICK | 0.00 |
| 026 · DIST. PARTNER-26-WESELY | 7,251.34 |
| 027 · DIST. PARTNER-27-HALVARSON | 7,251.34 |
| 028 · DIST. PARTNER-28-B.BLACK | 3,609.94 |
| 029 · DIST. PARTNER-29-H.GREY | 725.14 |
| 030 · DIST. PARTNER-30-F.PEREZ | 1,232.72 |
| 031 · DIST. PARTNER-31-V.FUERY | 3,625.66 |
| 032 · DIST. PARTNER-32-W.R.STUART | 7,251.34 |
| 033 · DIST. PARTNER-33-R.A.BAGLEY | 0.00 |
| 034 · DIST. PARTNER-34-I.CITONE | 2,084.00 |
| 035 · DIST. PARTNER-35-J.S.HARRIS-MOT | 1,450.26 |
| 036 · DIST. PARTNER-36-M.DE JESUS | 4,909.02 |
| 037 · DIST. PARTNER-37-L.MANNING | 2,104.94 |
| 038 · DIST. PARTNER-38-J.MOSSBERG | 1,885.34 |
| 039 · DIST. PARTNER-39-ALBRECHT/NELSO | 2,175.40 |
| 040 · DIST. PARTNER-40-R.TAYLOR | 3,956.42 |
| 041 · DIST. PARTNER-41-J.C.BOYD | 7,976.09 |
| 042 · DIST. PARTNER-42-J. FRANKEL | 30,455.60 |
| 043 · DIST. PARTNER-43-J.WEST | 4,860.60 |
| 044 · DIST. PARTNER-44-M.STRAFELLO | 2,980.77 |
| 045 · DIST. PARTNER-45-D.BLUMENBERG | 415.97 |
| 046 · DIST. PARTNER-46-E.M.QUATTRO | 1,087.70 |
| 047 · DIST. PARTNER-47-L.CHERNOFF | 3,573.94 |
| 048 · DIST. PARTNER-48-J.W.BARRON | 5,583.52 |
| 049 · DIST. PARTNER-49-T.E.WILSON | 725.14 |
| 050 · DIST. PARTNER-50-J.J.DOBIAZ | 725.14 |
| 051 · DIST. PARTNER-51-I.V.HOOVER | 725.14 |
| 052 · DIST. PARTNER-52-EICKNER | 6,721.26 |
| 053 · DIST. PARTNER-53-F.M.DAYRIT | 26,870.14 |
| 054 · DIST. PARTNER-54-W.A.COVINGTON | 2,610.48 |
| 055 · DIST. PARTNER-55-J.W.RAYNOHA | 2,549.85 |
| 056 · DIST. PARTNER-56-A.M.MAJUL | 725.14 |
| 057 · DIST. PARTNER-57-S.EICH | 13,640.10 |
| 058 · DIST. PARTNER-58-W.A.GREENE | 2,071.10 |
| 059 · DIST. PARTNER-59-TAOL CORP | 290.06 |
| 060 · DIST. PARTNER-60-DE MARCO | 7,176.88 |
| 061 · DIST. PARTNER-61-S.BUCKLEY | 2,739.63 |
| 062 · DIST. PARTNER-62-S.MYERS | 6,236.14 |
| 063 · DIST. PARTNER-63-J.L.GOMEZ | 2,368.07 |
| 064 · DIST. PARTNER-64-G.OYSTER | 3,156.78 |
| 065 · DIST. PARTNER-65-J.ADAMS | 937.70 |
| 066 · DIST. PARTNER-66-R.G.CHERNISH | 4,833.76 |
| 067 · DIST. PARTNER-67-R.C.WHITE | 725.14 |
| 068 · DIST. PARTNER-68-H.A.PENN | 725.14 |

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Accrual Basis

EMVEST MORTGAGE FUND LLC

Profit & Loss

January through August 2004

| | Jan - Aug 04 |
|---------------------------------------|--------------|
| 070 · DIST. PARTNER-70-J.MONROE JONE | 4,212.26 |
| 071 · DIST. PARTNER-71-J.B.MACCARTHU | 2,683.00 |
| 073 · DIST. PARTNER-73- S.SICKLER | 3,728.78 |
| 074 · DIST. PARTNER-74-J.KESSLER | 7,251.34 |
| 075 · DIST. PARTNER-75-L.MICCIO | 13,841.22 |
| 076 · DIST. PARTNER-76-EICH/PENSCO | 6,619.42 |
| 077 · DIST. PARTNER-77-W.COVINGTON | 2,175.40 |
| 078 · DIST. PARTNER-78-I.TAPP | 2,175.40 |
| 079 · DIST. PARTNER-79- R.FIELDS | 1,562.84 |
| 080 · DIST. PARTNER-80-Y.K.WONG | 725.14 |
| 081 · DIST. PARTNER-81-G.E.MATTINSON | 1,450.26 |
| 082 · DIST. PARTNER-82-T.A.COVINGTON | 2,030.38 |
| 083 · DIST. PARTNER-83-P.A.BORN | 1,450.26 |
| 084 · DIST. PARTNER-84-A.A.ZAABALAW | 6,526.20 |
| 087 · DIST. PARTNER-87-V.RALEIGH | 7,251.34 |
| 089 · DIST. PARTNER-89-R.P.STACK | 3,625.66 |
| 090 · DIST. PARTNER-90-R.L.PENCE | 3,678.65 |
| 091 · DIST. PARTNER-91-WM.KOLB | 2,175.40 |
| 093 · DIST. PARTNER-93-N.L.BENNETT | 1,450.26 |
| 094 · DIST. PARTNER-94-G.F.BANKS | 8,377.81 |
| 095 · DIST. PARTNER-95-R.P.METZGER | 1,828.10 |
| 096 · DIST. PARTNER-96-D&C PARADOWSK | 1,450.26 |
| 097 · DIST. PARTNER-97-G.L.CATA/PARA | 362.56 |
| 098 · DIST. PARTNER-98-C.LANG/BANK | 3,204.73 |
| 099 · DIST.PARTNER-99- S.A.LILJEGREN | 725.14 |
| 100 · DIST. PARTNER-100-C.L.LANDON | 7,251.34 |
| 101 · DIST. PARTNER-101-W.C.BRISCOE | 3,880.52 |
| 102 · DIST. PARTNER-102-A. RUSSO | 1,837.35 |
| 103 · DIST. PARTNER-103-P.E.WESLEY, | 1,594.72 |
| 104 · DIST. PARTNER-104-T.F.FORD | 9,187.86 |
| 105 · DIST. PARTNER-105-AFMAJEWSKI | 1,740.32 |
| 106 · DIST. PARTNER-106-KENNEY INVES | 1,042.00 |
| 107 · DIST. PARTNER-107-D.C.PARDOWSKY | 4,813.30 |
| 108 · DIST. PARTNER-108-J.S. MILLER | 2,224.49 |
| 109 · DIST. PARTNER-109-M.P.CANTY | 1,450.26 |
| 110 · DIST. PARTNER-110-S.A.CANTY | 1,450.26 |
| 111 · DIST. PARTNER-111-M.D.RICHARDSO | 978.94 |
| 112 · DIST. PARTNER-112-L.A.CROSBY | 729.40 |
| 113 · DIST. PARTNER-113-D.BRANSTETTER | 725.14 |
| 114 · DIST. PARTNER-114-A.BRANSTETTER | 725.14 |
| 115 · DIST. PARTNER-115-S.BRANSTETTER | 725.14 |
| 116 · DIST. PARTNER-116-DEVIN BRANSTE | 725.14 |
| 117 · DIST. PARTNER-117-J. BRANSTETTE | 725.14 |
| 118 · DIST. PARTNER-118-McBRIDE TRUST | 3,692.90 |
| 119 · DIST.PARTNER-119-B.BLUMENBERG | 5,438.50 |
| 120 · DIST.PARTNER-120-J & M MOLLIN | 22,766.35 |
| 121 · DIST.PARTNER-121-BRASHEARS | 4,350.80 |
| 122 · DIST.PARTNER-122-B.B.CHURCH O | 725.14 |
| 123 · DIST.PARTNER-123- ROEBUCK | 946.98 |
| 124 · DIST.PARTNER-124- M.VU | 4,584.30 |
| 125 · DIST.PARTNER-125-M.J. BOECKEL | 1,262.35 |
| 126 · DIST.PARTNER-126-STEWART INVEST | 32,431.16 |
| 127 · DIST.PARTNER-127-WM.STUART MP | 5,648.05 |
| 128 · DIST.PARTNER-128 -EQUITY/SHOWA | 4,350.80 |
| 129 · DIST.PARTNER-129 -HELEN HARRIS | 2,175.40 |
| 130 · DIST.PARTNER-130 -G.WILHITE | 3,625.66 |
| 131 · DIST.PARTNER-131 -L.WEISS | 725.14 |
| 132 · DIST.PARTNER-132 -CHESTER SABLE | 9,831.49 |
| 133 · DIST.PARTNER-133 -1st/CHERNISH | 15,300.32 |
| 134 · DIST.PARTNER-134-SS BAHRO | 362.56 |
| 135 · DIST.PARTNER-135-J & M DOWD | 8,808.14 |
| 136 · DIST.PARTNER-136-B.MCCARTHY | 9,152.52 |
| 137 · DIST.PARTNER-137-S.CHAMBERLAIN | 3,625.66 |
| 138 · DIST.PARTNER-138-F.URANGA | 1,450.26 |
| 139 · DIST.PARTNER-139-PENSCO/BROCK | 1,812.84 |
| 140 · DIST.PARTNER-140-PENSCO/SICKLER | 1,417.71 |

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Accrual Basis

EMVEST MORTGAGE FUND LLC

Profit & Loss

January through August 2004

Jan - Aug 04

| | |
|--|-----------|
| 141 · DIST.PARTNER-141-M.NEUDECK | 725.14 |
| 142 · DIST.PARTNER-142-ADVANTAGE APPR | 7,251.34 |
| 143 · DIST.PARTNER-143-PENSCO/T.FORD | 3,440.28 |
| 144 · DIST.PARTNER-144-J.W.CARROLL | 3,625.66 |
| 145 · DIST.PARTNER-145-J&D TEKETCH | 10,877.00 |
| 146 · DIST.PARTNER-146-A.P.STARKE | 6,670.37 |
| 147 · DIST.PARTNER-147-C.J.RICHARD | 32,631.00 |
| 148 · DIST.PARTNER-148-D.DANNER | 725.14 |
| 149 · DIST.PARTNER-149-C.RHEAD | 5,699.09 |
| 150 · DIST.PARTNER-150-M.A.DECKER | 7,251.34 |
| 151 · DIST.PARTNER-151-S.J.GLASIER | 1,003.17 |
| 152 · DIST.PARTNER-152- S.A.DE ANDA | 1,282.90 |
| 153 · DIST.PARTNER-153- R.C.JOHNSON | 1,037.14 |
| 154 · DIST.PARTNER-154-D.E.WAITLEY | 8,305.28 |
| 155 · DIST.PARTNER-155-DOOR OF FAITH | 829.31 |
| 156 · DIST.PARTNER-156-PENINSULA YMCA | 829.31 |
| 157 · DIST. PARTNER-157-E.STEPHENSON | 829.31 |
| 158 · DIST.PARTNER-158-R.H.MARSHALL | 1,569.98 |
| 159 · DIST.PARTNER-159-C.J.GRANT | 1,436.14 |
| 160 · DIST.PARTNER-160-SAWATZKE | 1,926.32 |
| 1610 · DIST.PARTNER-161-G.L.YOUNG | 4,274.83 |
| 1620 · DIST.PARTNER-162-G&S BIER | 4,766.18 |
| 1630 · DIST.PARTNER-163-S.PRAVER | 9,107.41 |
| 1660 · DIST.PARTNER-166-M.HELMBRECHT | 516.74 |
| 1670 · DIST.PARTNER-167-P.B.ROBERTS | 1,665.27 |
| 1680 · DIST.PARTNER-168-L.J.ROGERS | 1,299.19 |
| 1690 · DIST.PARTNER-169-R.DAVIES | 1,550.10 |
| 1700 · DIST.PARTNER-170-B.BRINKMAN | 230.33 |
| 1710 · DIST.PARTNER-171-BRINKMAN BR405 | 259.85 |
| 1720 · DIST.PARTNER-172-K.E.ANDERSON | 3,029.85 |
| 1730 · DIST.PARTNER-173-J.L.LOWRY | 3,029.85 |
| 1740 · DIST.PARTNER-174-T.ALBA | 1,418.63 |
| 1750 · DIST.PARTNER-175-S.SICKLER-SI14 | 6,063.31 |
| 1760 · DIST.PARTNER-176-NEAL SPIVA | 6,939.48 |
| 1770 · DIST.PARTNER-177-R.A.YOUNG | 1,401.88 |
| 1780 · DIST.PARTNER-178-KENNEY/ELLISAO | 8,545.47 |
| 1790 · DIST.PARTNER-179-GOVERNSKI | 4,788.62 |
| 1800 · DIST.PARTNER-180 - ETC GRANT | 709.54 |
| 1810 · DIST.PARTNER-181 - MAY STONE | 1,095.24 |
| 1820 · DIST.PARTNER-182 - JOHN STONE | 855.87 |
| 1830 · DIST.PARTNER-183 - A.M.MARTINEZ | 519.34 |
| 1840 · DIST.PARTNER-184 - T.CANTY | 20,826.75 |
| 186 · DIST.PARTNER-186 -E.MICCIO | 2,020.69 |
| 187 · DIST.PARTNER-187 R.MARSHALL | 1,612.45 |
| 189 · DIST.PARTNER-189- C.L.SANTIAGO | 393.84 |
| 190 · DIST.PARTNER-190- R.WHITE | 5,008.03 |
| 191 · DIST.PARTNER-191- CH.MARSHALL | 1,836.01 |
| 192 · DIST.PARTNER-192- C.ECCLES | 342.54 |
| 193 · DIST.PARTNER-193-J.E.DAVIS | 619.85 |
| 194 · DIST.PARTNER-194-KAREN L.DAVIS | 339.12 |
| 195 · DIST.PARTNER-195-DR.THOMAS MPPP | 3,155.86 |
| 196 · DIST.PARTNER-196-M.SELMAN | 332.28 |
| 197 · DIST.PARTNER-197-WEINSCHANKER | 1,207.62 |
| 198 · DIST.PARTNER-198-MARTHA LOPEZ | 154.16 |
| 199 · DIST.PARTNER-199-J.M.JONES | 616.66 |
| 201 · DIST.PARTNER-201-LOUISE WORONIC | 1,338.16 |
| 202 · DIST.PARTNER-202-STEVE WORONICZ | 1,883.92 |
| 203 · DIST.PARTNER-203-L.L.FIELDS | 308.34 |
| 204 · DIST.PARTNER-204-K.R.McCOY | 92.50 |
| 205 · DIST.PARTNER-205-ZAC.PARADOWSKI | 92.50 |
| 206 · DIST.PARTNER-206-GRANT PARADOWS | 92.50 |
| 207 · DIST.PARTNER-207-MARISSA McCOY | 92.50 |
| 208 · DIST.PARTNER-208-JON B. McCOY | 92.50 |
| 209 · DIST.PARTNER-209-ALEXANDRIA Mc | 92.50 |
| 210 · DIST.PARTNER-210-BRADY PARADOWS | 92.50 |
| 211 · DIST.PARTNER-211-COLE PARADOWS | 92.50 |

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11/21/04
Accrual Basis

EMVEST MORTGAGE FUND LLC
Profit & Loss
January through August 2004

| | <u>Jan - Aug 04</u> |
|--|---------------------|
| 212 · DIST.PARTNER-212-D.SAWATZKE | 1,008.79 |
| 213 · DIST.PARTNER-213-1st REG/H.A.VU | 944.08 |
| 214 · DIST.PARTNER-214-LORI ROBERTS | 289.67 |
| 215 · DIST.PARTNER-215-ANITA SANTIAGO | 293.24 |
| 216 · DIST.PARTNER-216-JOHN WORONICZ | 490.53 |
| 217 · DIST.PARTNER-217-A.TRONG H.VU | 4,625.00 |
| 218 · DIST.PARTNER-218-JOSEPH ROISSIER | 857.50 |
| 219 · DIST.PARTNER-219-JOHN WORONICZ | 1,134.04 |
| 220 · DIST.PARTNER-220-ALEX ROISSIER | 175.24 |
| 221 · DIST.PARTNER-221-JOSEPH ROISSIE | 350.48 |
| 222 · DIST.PARTNER-222-FOSTER DEVELOP | 1,479.36 |
| 223 · DIST.PARTNER-223-WILMA MARSHALL | 371.89 |
| 224 · DIST.PARTNER-224-STONE FAMILY T | 568.48 |
| 225 · DIST.PARTNER-225-JOHN/MAY STONE | 113.68 |
| 226 · DIST.PARTNER-226-STERLING/JENKI | 400.00 |
| 227 · DIST.PARTNER-227-UBS/FLOYD | 1,176.16 |
| 228 · DIST.PARTNER-228-1st REG/B.ARNO | 82.00 |
| 229 · DIST.PARTNER-229-USBK/WONG | 377.89 |
| 2300 · DIST.PARTNER-230-B.FREDERICK | 377.89 |
| 231 · DIST.PARTNER-231-A. NAVOY | 52.48 |
| 232 · DIST.PARTNER-232-P.BELISARIO | 47.28 |
| 233 · DIST.PARTNER-233-M.GOLDFARB | 36.08 |
| 234 · DIST.PARTNER-234-D.S.MACFADEN | 72.27 |
| 306 · DIST. PARTNER-306-D&L HALE | 1,338.86 |
| 307 · DIST. PARTNER-307-BK/D.GROUNDS | 552.44 |
| 312 · DIST. PARTNER-312-THRAILKILL | 3,964.11 |
| 314 · DIST. PARTNER-314-PUPEK, JR | 1,318.54 |
| 316 · DIST. PARTNER-316-S.BRADLEY | 3,625.66 |
| 318 · DIST. PARTNER-318-S.DE ANDA | 1,823.26 |
| 319 · DIST. PARTNER-319-1st/M.THRAILK | 1,911.79 |
| 320 · DIST. PARTNER-320-R.JUAREZ | 24,916.36 |
| 321 · DIST. PARTNER-321-M.FUKUSHIMA | 679.83 |
| 323 · DIST. PARTNER-323-D.G.CROCKETT | 3,399.07 |
| 324 · DIST. PARTNER-324-McGREW-REGION | 1,343.21 |
| 326 · DIST. PARTNER-326-ZA-CARLSBAD L | 13,596.26 |
| 327 · DIST. PARTNER-327-L.MANNING | 2,039.43 |
| 328 · DIST. PARTNER-328-C.MAHLER | 8,707.12 |
| 329 · DIST. PARTNER-329-V.LEE | 7,325.48 |
| 330 · DIST. PARTNER-330-D.ROSEWARNE | 4,019.50 |
| 331 · DIST. PARTNER-331-P.J.LEFF | 4,482.97 |
| 336 · DIST. PARTNER-336-K.ANDERSON | 5,740.12 |
| 337 · DIST. PARTNER-337-D.T.RANGEL | 4,614.58 |
| 338 · DIST. PARTNER-338-AUDREY ORMSBY | 1,019.71 |
| 340 · DIST. PARTNER-340-W&CORBIN | 1,978.25 |
| 345 · DIST. PARTNER-345-D.HOWELL | 215.25 |
| 346 · DIST. PARTNER-346-L.NEGRETTE | 4,123.94 |
| 347 · DIST. PARTNER-347-WM.FOSTER | 3,625.66 |
| 352 · DIST. PARTNER-352-T.DURICK | 804.46 |
| 362 · DIST. PARTNER-362-J.BLAINE | 5,243.82 |
| 363 · DIST. PARTNER-363-HUGO MAHLER | 11,781.26 |
| 366 · DIST. PARTNER-366-B.J.MIKITA | 3,398.87 |
| 370 · DIST. PARTNER-370-G.HELMBRECHT | 339.62 |
| 371 · DIST. PARTNER-371-ZAGARA LLC | 23,589.38 |
| 372 · DIST. PARTNER-372-R.ORMSBY | 679.63 |
| 373 · DIST. PARTNER- 373-M.SMITH | 1,025.17 |
| 374 · DIST. PARTNER-374-JEFFREY | 2,193.92 |
| 376 · DIST. PARTNER-376-J.F.McGREW | 3,677.21 |

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11/21/04
Accrual Basis

EMVEST MORTGAGE FUND LLC
Profit & Loss
January through August 2004

| | Jan - Aug 04 |
|--------------------------------------|----------------------------|
| 377 - DIST. PARTNER-377-K.FITZGERALD | 1,042.39 |
| TOTAL PRIORITY DISTRIBUTIONS - Other | <u>-1,008,743.66</u> |
| Total TOTAL PRIORITY DISTRIBUTIONS | <u>0.00</u> |
| Total LOAN PROCUREMENT & SERVICE EXP | <u>180,621.24</u> |
| Total Expense | <u>639,619.73</u> |
| Net Ordinary Income | 1,050,728.26 |
| Other Income/Expense | |
| Other Income | |
| OTHER INCOME | <u>7,746.44</u> |
| Total Other Income | <u>7,746.44</u> |
| Net Other Income | <u>7,746.44</u> |
| Net Income | <u><u>1,058,474.70</u></u> |



**EMVEST MORTGAGE FUND, LLC
REVIEW OF KELLY BOWERS' ANALYSIS
OF NET PROFIT (LOSS)**

**NET PROFIT (LOSS) AT AUGUST 31, 2004 PER KELLY BOWERS' "SUMMARY OF EXCEL SPREADSHEET",
PREPARED ON A CASH RECEIPTS AND DISBURSEMENTS METHOD OF ACCOUNTING** (112,259.01)

ADJUSTMENTS AND CORRECTIONS TO THE "SPREADSHEET" -

"CAPITAL ADVANCES" INCORRECTLY REPORTED BY BOWERS AS EXPENSES

| | | |
|-----------|-----------|------------|
| JAN | 4,505.56 | |
| FEB | 34,616.20 | |
| MAR | 47,560.00 | |
| APRIL | 45,830.29 | |
| MAY | 64,238.22 | |
| JUNE | 74,720.00 | |
| JULY | 30,252.00 | |
| AUG | 40,669.00 | |
| SUB-TOTAL | | 342,391.27 |

COST OF ASSETS OR INVESTMENTS INCORRECTLY REPORTED BY BOWERS AS EXPENSES

| | | |
|-----------|------------|------------|
| JAN | - | |
| FEB | - | |
| MAR | - | |
| APRIL | - | |
| MAY | 186,520.00 | |
| JUNE | 42,500.00 | |
| JULY | - | |
| AUG | - | |
| SUB-TOTAL | | 229,020.00 |

TOTAL ADJUSTMENTS AND CORRECTIONS TO THE "SPREADSHEET" 571,411.27

**ADJUSTMENT (DIFFERENCE) TO CONVERT CORRECTED CASH BASIS NET INCOME
TO ACCRUAL BASIS AT AUGUST 31, 2004** 599,322.44

NET PROFIT (LOSS) AT AUGUST 31, 2004 AS CORRECTLY ADJUSTED AND ON ACCRUAL BASIS 1,058,474.70

PARTNER DISTRIBUTIONS PER ACCOUNTING RECORDS AT AUGUST 31, 2004 1,008,743.66

**EXCESS OF CORRECTLY ADJUSTED ACCRUAL BASIS NET INCOME AT AUGUST 31, 2004
OVER PARTNER DISTRIBUTIONS** 49,731.04