ACCOUNTANT'S REPORT

To the Officers and Directors of The Chinese Shar-Pei Club of America, Inc.

I have compiled the accompanying statement of cash receipts and disbursements of the Chinese Shar-Pei Club of America, Inc. (a Not-For-Profit organization) for the years ended March 31, 1996 and the related statement of cash receipts and disbursements and the supplementary statement of net change in cash and the supplementary statements of cash receipts and disbursements, by fund balance, for the quarter and nine months, YTD, then ended in accordance with statements on standards for accounting and review services issued by the American Institute of Certified Public Accountants. The statement has been prepared on a cash basis, which is a comprehensive basis of accounting other then generally accepted accounting principles. A compilation is limited to presenting in the form of financial statements information that is the representation of the officers. I have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or any other form of assurance on them.

Walt Lupeika, CPA May11, 1996
Note 1 – Organization The Corporation is operated as a social and recreation dub related to the development, continuation, and perfection of a breed of animal called Chinese Shar-Pei.

On June 29, 1979, the Club received a determination letter from the Internal Revenue Service exempting the organization from Federal Income Tax under Section 501(c) (7) of the Internal Revenue Code.

On July 17, 1979, the Organization received an equivalent letter from the California Franchise Tax Board exempting the Club from state franchise or income tax under Section 2370 sup1g of the Code. Both determination letters are contingent upon continuation of operations as stated in the Club's original application. The tax exemptions do not apply to unrelated business taxable income such as net advertising income. The tax exemptions do not apply to unrelated business taxable income such as net advertising income.

Note 2- Cash Basis of Accounting
The financial statements have been prepared on the cash basis of accounting and accordingly they do not include all assets such as inventory, prepaid expenses, fixed assets, depreciation, etc., nor any liabilities which may be outstanding as of the financial statement date. In addition, revenue is recorded when received rather than when earned, and expenses are recorded when paid rather than when incurred.

Note 3- Operations
CluWs financial activity consists of the following:

Barker Fund
The Barker Fund consists of two bank accounts:
One with Central Fidelity Bank in Virginia, the other with Bank of America in
California
The Virginia account is used to deposit advertising income. Periodically, the money in this account is transferred to the California account.
Show Account Fund The Show Account consists of one bank account in California. The account was established to collect money generated by all shows and events, and to cover any show expenses.

National Fund

The National Fund consists of four petty cash accounts and three bank accounts.
The four petty cash accounts set up to handle more immediate Club expenses are controlled by Shirley Rafferty of Oregon, Jocelyn Barker of Alaska, Judy Dorough of California, and Diane Gil of Utah.
National B of A account in California covers all Club expenses and some expenses not covered by The Barker and Show Funds. The Rescue B of A account in California was set up by the Club as a resource for the Club to draw on for rescue projects concerning the Chinese Shar-Pei. The Club donates $1.00 for each dog entered into any show or event. The Oregon B of A account was set up to take in membership income and then to transfer the income to the National B of A account in California.

Note 4- Barker Publication

Effective with the January/February 1994 issue, the Organization entered into an agreement with Orient Publications, Inc. to publish The Barker. The term is for the production of twelve (12) bi-monthly issues ending with the November/December 1996 publication. The compensation for the publication is based on an exhibit of specifications and costs attached to the agreement. The actual amounts paid are disclosed in the financial statements under the heading, Barker Expenses and the line items Orient Publications and Printing - Barker.

Note 5- Donated Services

Services donated by officers and Directors of the Club have not been reflected in the accompanying financial statement because no payments have been made nor is there an objective method to value these services. Included in such services is the membership mailing list and other non-registration duties previously handled by the registry. These services are now performed by volunteers approved by the Club's Board of Directors.

Note 6- AKC Registration

On October 10, 1991, the Board of Directors of the American Kennel Club (AKC) announced that they had accepted the Chinese Shar-Pei as the 134th breed eligible for registration in its stud book.

Note 7- Unrelated Business Taxable Income

The Club prepares exempt organization business income tax returns to report its investment and advertising income. As of June 30, 1995, the Club has Federal and California net operating loss (NOL) carry-forwards from this activity of $340,689 and $104,812, respectively. The NOLs expire in various amounts during the years 2000 through 2010 for Federal tax purposes and 1996 through 2000 for California