

Charge and discharge statement and accountants' compilation report

**William P. Lear Family Trust**

January 1, 2002 to December 31, 2002

**Grant Thornton** 

Charge and discharge statement and accountants' compilation report

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Accountants' Compilation Report

**James L. Murphy, Harold P. Dayton  
and Richard B. Rowley, Co-Trustees  
William P. Lear Family Trust**

We have compiled the accompanying charge and discharge statement - income tax basis and related schedules for the William P. Lear Family Trust for the period January 1, 2002 to December 31, 2002, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The statement and related schedules have been prepared on the accounting basis used by the Trust for federal income tax, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United State of America.

A compilation is limited to presenting the transactions in charge and discharge statement form and is the representation of the Co-Trustees. We have not audited or reviewed the accompanying charge and discharge statement and related schedules and, accordingly, do not express an opinion or any other form of assurance on them.

We are not independent with respect to the William P. Lear Family Trust.

*Grant Thornton LLP*

Reno, Nevada  
December 30, 2003

**William P. Lear Family Trust**

**CHARGE AND DISCHARGE STATEMENT  
(Income Tax Basis)**

January 1, 2002 to December 31, 2002  
(See accountants' compilation report)

	<u>Total</u>	<u>Principal Beneficiaries</u>	<u>Income Beneficiaries</u>	<u>Remaindermen</u>
<b>The Trustees charge themselves with:</b>				
Inventory of assets as of January 1, 2002 (Schedule 1)	\$ 21,321,166.92	\$ 1,688,304.32	\$ 118,181.14	\$ 19,514,681.46
Gain (loss) from major asset sales (Schedule 2)	300,575.12	96,657.63	40,599.76	163,317.73
Gain (loss) on sale of securities (Schedule 3)	(107,865.73)	(3,502.35)	-	(104,363.38)
Interest received (Schedule 4)	741,971.11	22,735.61	720,342.04	(1,106.54)
Dividends received (Schedule 5)	175,348.75	26,191.67	149,157.08	-
Sale of water rights	30,310.00	8,486.80	-	21,823.20
Net rental income (Schedule 6)	(549.34)	(1,591.93)	3,498.71	(2,456.12)
	<u>22,460,956.83</u>	<u>1,837,281.75</u>	<u>1,031,778.73</u>	<u>19,591,896.35</u>
<b>The Trustees credit themselves with:</b>				
Costs of administration (Schedule 7)	438,276.22	112,434.63	110,024.02	215,817.57
Transfer from remainder to income balance non-productive property earnings	-	-	(58,051.97)	58,051.97
Distributions (Schedule 8)	1,116,448.05	226,690.48	889,757.57	-
	<u>1,554,724.27</u>	<u>339,125.11</u>	<u>941,729.62</u>	<u>273,869.54</u>
<b>TOTAL INVENTORY OF ASSETS REMAINING CHARGEABLE TO THE TRUSTEES AS OF DECEMBER 31, 2002 (Schedule 9)</b>	<u>\$ 20,906,232.56</u>	<u>\$ 1,498,156.64</u>	<u>\$ 90,049.11</u>	<u>\$ 19,318,026.81</u>

## William P. Lear Family Trust

## INVENTORY OF ASSETS

January 1, 2002

(See accountants' compilation report)

	<u>Total</u>	<u>Principal Beneficiaries</u>	<u>Income Beneficiaries</u>	<u>Remaindermen</u>
Investment in Leareno Development Company	\$ 171,552.40	\$ 48,034.67	\$ -	\$ 123,517.73
Miscellaneous stocks (with no value)				
Aerocar - 10 shares	-	-	-	-
Laser Technology - 5 shares	-	-	-	-
Tax Specialties, Inc. - 1,500 shares	-	-	-	-
Miscellaneous assets and obligations				
Due to/from accounts	-	(200.28)	-	200.28
Lewis Homes settlement	(100,000.00)	(28,000.00)	-	(72,000.00)
Due to Granite Construction	(43,408.52)	-	-	(43,408.52)
Due to FPE Engineers	(6,763.60)	-	-	(6,763.60)
Due to Moya Olsen Lear	(3,452.68)	-	-	(3,452.68)
Due from Airport Authority	1,508.50	-	-	1,508.50
Due from Sierra Pacific Power	38,553.00	-	-	38,553.00
Due to Panattoni	(1,231.25)	-	-	(1,231.25)
Amounts advanced to Trust by Leareno Development	(11,472.76)	(3,212.37)	-	(8,260.39)
Federal income taxes paid for 2001	50,000.00	-	-	50,000.00
City of Reno - construction bond	30,268.00	-	-	30,268.00
Notes receivable - secured by real estate	355,252.57	-	-	355,252.57
	<u>309,253.26</u>	<u>(31,412.65)</u>	<u>-</u>	<u>340,665.91</u>
Balance, January 1, 2002	<u>\$ 21,321,166.92</u>	<u>\$ 1,688,304.32</u>	<u>\$ 118,181.14</u>	<u>\$ 19,514,681.46</u>

## William P. Lear Family Trust

## MAJOR ASSET SALES

For the year ended December 31, 2002  
 (See accountants' compilation report)

	<u>Highfield</u>	<u>Peek</u>	<u>General Motors</u>	<u>Totals</u>
Date sold	03/08/02	04/20/02	05/23/02	
Acres	5.88	18.14	9.83	
<b>Sales</b>				
Gross sales price	\$ 88,185.00	\$ 530,545.60	\$ 460,309.50	
Less: Escrow fees and costs	(700.13)	(1,000.00)	(1,096.00)	
Commissions	(5,291.10)	-	(27,610.14)	
	<u>82,193.77</u>	<u>529,545.60</u>	<u>431,603.36</u>	\$ 1,043,342.73
<b>Less: Basis costs</b>				
Land at estate value	66,000.00	64,525.66	18,187.71	
Water rights	1,147.71	29,384.48	1,911.30	
Capitalized taxes	1,896.00	1,851.60	825.32	
Development costs	-	242,071.00	253,290.83	
Accounting	1,000.00	1,000.00	4,000.00	
Interest on development costs	-	55,676.00	-	
	<u>70,043.71</u>	<u>394,508.74</u>	<u>278,215.16</u>	742,767.61
Gain (loss)	<u>\$ 12,150.06</u>	<u>\$ 135,036.86</u>	<u>\$ 153,388.20</u>	<u>\$ 300,575.12</u>

## William P. Lear Family Trust

## GAIN (LOSS) ON SALE OF SECURITIES

January 1, 2002 to December 31, 2002

(See accountants' compilation report)

	<u>Proceeds</u>	<u>Cost Basis</u>	<u>Gain (Loss)</u>	<u>Principal Beneficiaries</u>	<u>Income Beneficiaries</u>	<u>Remaindermen</u>
<b>Bank of America (principal reserve account)</b>						
Citicorp Note	\$ 96,497.65	\$100,000.00	\$ (3,502.35)	\$ (3,502.35)	\$ -	\$ -
<b>Paine Webber (remaindermen accounts)</b>						
Certificate of Deposit, Reenwood	3,000.00	2,895.00	105.00	-	-	105.00
Certificate of Deposit, Mon Gram Bank	100,018.00	100,000.00	18.00	-	-	18.00
GE Corporation	200,000.00	200,004.50	(4.50)	-	-	(4.50)
Agere Systems	3.93	-	3.93	-	-	3.93
Comcast Corporation	21.34	-	21.34	-	-	21.34
Connective	8,447.92	6,048.88	2,399.04	-	-	2,399.04
Imperial Chem	2.12	-	2.12	-	-	2.12
Pepco	17.30	16.56	0.74	-	-	0.74
Scottish Power	263.55	-	263.55	-	-	263.55
Clark County G.O. Bond	10,000.00	10,222.90	(222.90)	-	-	(222.90)
Clark County AMBAC	20,000.00	20,477.10	(477.10)	-	-	(477.10)
Clark County Pssngr	15,300.00	14,696.75	603.25	-	-	603.25
Jefferson City	75,750.00	75,003.80	746.20	-	-	746.20
Las Vegas LOC Impmt	5,050.00	5,131.07	(81.07)	-	-	(81.07)
Las Vegas LOC Impmt	5,050.00	5,131.07	(81.07)	-	-	(81.07)
Nevada State SFRB	5,000.00	5,001.25	(1.25)	-	-	(1.25)
Utah State Housing	5,000.00	5,000.38	(0.38)	-	-	(0.38)
Utah State Housing	10,000.00	10,000.76	(0.76)	-	-	(0.76)
FHLB 07/05/06	100,000.00	100,004.50	(4.50)	-	-	(4.50)
FHLB 06/13/11	400,000.00	400,000.50	(0.50)	-	-	(0.50)
FHLB 06/14/11	100,000.00	100,003.50	(3.50)	-	-	(3.50)
FNMA 11/05/02	175,000.00	175,004.75	(4.75)	-	-	(4.75)
FHLB 09/11/07	200,000.00	200,005.25	(5.25)	-	-	(5.25)
UST NOTE 08/13/02	200,000.00	199,978.50	21.50	-	-	21.50
UST NOTE 10/31/03	202,380.61	199,926.50	2,454.11	-	-	2,454.11
Tyco International	87,594.18	80,554.50	7,039.68	-	-	7,039.68
Shire Pharma GP	27,461.91	32,882.70	(5,420.79)	-	-	(5,420.79)
Tyco International	41,893.47	58,304.50	(16,411.03)	-	-	(16,411.03)
Corning Inc	16,811.26	71,163.86	(54,352.60)	-	-	(54,352.60)
Omnicom Group	32,006.17	52,633.36	(20,627.19)	-	-	(20,627.19)
Omnicom Group	26,671.80	47,014.50	(20,342.70)	-	-	(20,342.70)
			<u>\$ (107,865.73)</u>	<u>\$ (3,502.35)</u>	<u>\$ -</u>	<u>\$ (104,363.38)</u>

## William P. Lear Family Trust

## INTEREST RECEIVED

January 1, 2002 to December 31, 2002  
(See accountants' compilation report)

	<u>Total</u>	<u>Principal Beneficiaries</u>	<u>Income Beneficiaries</u>	<u>Remaindermen</u>
<b>Paine Webber (remaindermen accounts)</b>				
Money market	\$ 11,624.63	\$ 1,331.51	\$ 10,293.12	\$ -
Municipal bonds	136,899.30	-	136,899.30	-
U.S. Treasury bills	26,102.77	-	26,102.77	-
U.S. Treasury notes	57,573.88	-	57,573.88	-
Certificates of deposit	48,843.03	-	48,843.03	-
Mortgages	36,153.57	-	36,153.57	-
Corporate notes	135,652.45	-	135,652.45	-
Miscellaneous	1,873.83	-	1,873.83	-
Other governmental agencies	198,927.35	-	198,927.35	-
IRS overpayment	668.66	-	668.66	-
Margin interest	(83.95)	-	(83.95)	-
<b>Bank of America (principal reserve account)</b>				
Municipal funds	14,100.95	14,100.95	-	-
U.S. Treasury bill (net of amortization)	3,504.88	3,504.88	-	-
<b>Wells Fargo (general account)</b>	19.45	5.45	14.00	-
<b>Paine Webber (general account)</b>	357.37	(148.73)	1,671.32	(1,165.22)
<b>Paine Webber (insurance fund)</b>	14,076.94	3,941.55	10,076.71	58.68
<b>Interest on construction fund advances</b>	55,676.00	-	55,676.00	-
	<u>\$ 741,971.11</u>	<u>\$ 22,735.61</u>	<u>\$ 720,342.04</u>	<u>\$ (1,106.54)</u>

## William P. Lear Family Trust

## DIVIDENDS RECEIVED

January 1, 2002 to December 31, 2002  
 (See accountants' compilation report)

	<u>Total</u>	<u>Principal Beneficiaries</u>	<u>Income Beneficiaries</u>	<u>Remaindermen</u>
<b>Paine Webber (remaindermen accounts)</b>				
Common	\$ 54,679.68	\$ -	\$ 54,679.68	\$ -
Preferred	94,477.40	-	94,477.40	-
<b>Bank of America (principal reserve account)</b>				
Common	<u>26,191.67</u>	<u>26,191.67</u>	<u>-</u>	<u>-</u>
	<u>\$ 175,348.75</u>	<u>\$ 26,191.67</u>	<u>\$ 149,157.08</u>	<u>\$ -</u>

## William P. Lear Family Trust

## RENTAL INCOME

For the year ended December 31, 2002  
 (See accountants' compilation report)

	<u>Total</u>	<u>Principal Beneficiaries</u>	<u>Income Beneficiaries</u>	<u>Remaindermen</u>
<b>Leareno Properties income</b>				
Rents received	\$ 21,426.32	\$ 5,999.37	\$ 6,170.78	\$ 9,256.17
Less: Expenses allocated				
Insurance	2,560.00	716.80	737.28	1,105.92
Management fees	500.00	140.00	144.00	216.00
Property taxes	986.79	276.30	284.20	426.29
Salaries and wages	5,755.00	1,611.40	1,657.44	2,486.16
Maxine Consulting	1,120.00	313.60	322.56	483.84
Repairs and maintenance	1,550.00	434.00	446.40	669.60
Depreciation	745.00	208.60	214.56	321.84
Utilities	9,095.00	2,546.60	2,619.36	3,929.04
Accounting	3,000.00	840.00	864.00	1,296.00
General expense	1,540.00	431.20	443.52	665.28
Miscellaneous	260.00	72.80	74.88	112.32
	<u>27,111.79</u>	<u>7,591.30</u>	<u>7,808.20</u>	<u>11,712.29</u>
	(5,685.47)	(1,591.93)	(1,637.42)	(2,456.12)
<b>Airport Authority of Washoe County</b>				
Rents received, net	<u>5,136.13</u>	<u>-</u>	<u>5,136.13</u>	<u>-</u>
<b>Net rental income</b>	<u>\$ (549.34)</u>	<u>\$ (1,591.93)</u>	<u>\$ 3,498.71</u>	<u>\$ (2,456.12)</u>

## William P. Lear Family Trust

## COSTS OF ADMINISTRATION

For the year ended December 31, 2002  
(See accountants' compilation report)

	<u>Total</u>	<u>Principal Beneficiaries</u>	<u>Income Beneficiaries</u>	<u>Remaindermen</u>
<b>Trust administrative expenses</b>				
Trustee fees	\$ 108,000.00	\$ 30,240.00	\$ 38,880.00	\$ 38,880.00
Leareno expenses of managing property				
Salaries and wages	8,932.68	2,501.15	3,215.76	3,215.77
Insurance	7,730.87	2,164.64	2,783.12	2,783.11
General office	1,526.78	427.50	549.64	549.64
Utilities	2,338.91	654.87	842.02	842.02
Management fees	1,000.00	280.00	360.00	360.00
Repairs	403.13	112.88	145.12	145.13
Miscellaneous professional fees	2,542.50	711.90	915.30	915.30
Miscellaneous expenses	388.09	108.66	139.71	139.72
	<u>24,862.96</u>	<u>6,961.60</u>	<u>8,950.67</u>	<u>8,950.69</u>
Depreciation of assets	495.00	138.60	178.20	178.20
Dermody Street assessments	76.53	-	-	76.53
Trust legal fees	22,798.31	6,383.53	5,165.42	11,249.36
Accounting and tax returns	69,612.50	19,491.50	25,060.50	25,060.50
Property taxes	41,836.11	10,134.13	760.99	30,940.99
Miscellaneous general expense	65.88	18.44	23.72	23.72
	<u>134,884.33</u>	<u>36,166.20</u>	<u>31,188.83</u>	<u>67,529.30</u>
Legal fees - contamination advances	37,257.99	10,432.23	-	26,825.76
Land contamination costs	51,477.42	14,413.68	-	37,063.74
Payment - Special Assessment District	50,789.00	14,220.92	-	36,568.08
<b>Investment costs</b>				
Foreign taxes	651.52	-	651.52	-
Advisory fees	30,188.00	-	30,188.00	-
Miscellaneous	165.00	-	165.00	-
	<u>31,004.52</u>	<u>-</u>	<u>31,004.52</u>	<u>-</u>
<b>Total general expenses</b>	<u>\$ 438,276.22</u>	<u>\$ 112,434.63</u>	<u>\$ 110,024.02</u>	<u>\$ 215,817.57</u>

## William P. Lear Family Trust

## DISTRIBUTIONS

January 1, 2002 to December 31, 2002  
 (See accountants' compilation report)

	<u>Total</u>	<u>Principal Beneficiaries</u>	<u>Income Beneficiaries</u>	<u>Remaindermen</u>
Income from remaindermen accounts	\$ 781,331.51	\$ 1,331.51	\$ 780,000.00	\$ -
Rebate taxes	11.71	11.71	-	-
Sale of real property				
Peek sale	211,125.89	131,448.32	79,677.57	-
General Motors sale	123,978.94	93,898.94	30,080.00	-
	<u>\$ 1,116,448.05</u>	<u>\$ 226,690.48</u>	<u>\$ 889,757.57</u>	<u>\$ -</u>

## William P. Lear Family Trust

## INVENTORY OF ASSETS

December 31, 2002

(See accountants' compilation report)

	<u>Total</u>	<u>Principal Beneficiaries</u>	<u>Income Beneficiaries</u>	<u>Remaindermen</u>
<b>Undivided one-half interest in land and buildings near Reno/Stead Airport, Washoe County, Nevada</b>				
Remaining portion (approximately 771.12 acres of vacant land)	\$ 1,206,613.03	\$ 337,851.65	\$ -	\$ 868,761.38
Remaining portion (approximately 2.54 acres of M-1 land and small buildings)				
Land	32,750.00	9,170.00	-	23,580.00
Buildings	198,000.00	55,440.00	-	142,560.00
Building improvements	38,379.83	10,746.35	-	27,633.48
Less: Accumulated depreciation	(213,023.61)	(59,646.61)	-	(153,377.00)
Land development costs	414,694.72	96,361.28	-	318,333.44
Capitalized property taxes	53,654.63	15,023.31	-	38,631.32
Land acquired in Dermody settlement	320,427.77	-	-	320,427.77
	<u>2,051,496.37</u>	<u>464,945.98</u>	<u>-</u>	<u>1,586,550.39</u>
<b>Cash investment accounts</b>				
Paine Webber (general account)	10,890.53	(18,436.32)	71,340.35	(42,013.50)
Wells Fargo Bank (general account)	20,453.90	6,720.90	5,493.20	8,239.80
Paine Webber (insurance reserve)	267,322.68	76,440.58	13,215.56	177,666.54
Bank of America (principal reserve account)	990,894.83	990,894.83	-	-
	<u>1,289,561.94</u>	<u>1,055,619.99</u>	<u>90,049.11</u>	<u>143,892.84</u>
<b>Paine Webber investments (remaindermen accounts)</b>				
Money market account	825,175.68	-	-	825,175.68
Certificates of deposit	856,382.64	-	-	856,382.64
Commercial paper	796,029.75	-	-	796,029.75
U.S. Treasury bills	1,190,331.00	-	-	1,190,331.00
U.S. Treasury notes	3,378,453.50	-	-	3,378,453.50
Other U.S. Government agencies	2,749,558.31	-	-	2,749,558.31
Municipal bonds	2,653,628.93	-	-	2,653,628.93
Common stocks	2,256,500.61	-	-	2,256,500.61
Corporate bonds and notes	1,883,798.86	-	-	1,883,798.86
Preferred stocks	49,190.73	-	-	49,190.73
Other equities	855,473.00	-	-	855,473.00
December income received in 2002	33,568.00	-	-	33,568.00
Net premiums/discounts	2,056.08	-	-	2,056.08
	<u>17,530,147.09</u>	<u>-</u>	<u>-</u>	<u>17,530,147.09</u>

William P. Lear Family Trust

INVENTORY OF ASSETS

December 31, 2002

(See accountants' compilation report)

	<u>Total</u>	<u>Principal Beneficiaries</u>	<u>Income Beneficiaries</u>	<u>Remaindermen</u>
Investment in Leareno Development Company	\$ 171,552.40	\$ 48,034.67	-	\$ 123,517.73
<b>Miscellaneous stocks (with no value)</b>				
Aerocar - 10 shares	-	-	-	-
Laser Technology - 5 shares	-	-	-	-
Tax Specialties, Inc. - 1,500 shares	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Miscellaneous assets and obligations</b>				
Due to/from accounts	-	(39,918.92)	-	39,918.92
Lewis Homes settlement	(100,000.00)	(28,000.00)	-	(72,000.00)
Due to beneficiaries	(1,380.29)	(1,380.29)	-	-
Due to Moya Olsen Lear	(13,600.01)	-	-	(13,600.01)
Due from Airport Authority	6,279.00	-	-	6,279.00
Construction advances due on GM sale	(23,735.31)	-	-	(23,735.31)
Amounts advanced to Trust by Leareno Development	(4,088.63)	(1,144.79)	-	(2,943.84)
	<u>(136,525.24)</u>	<u>(70,444.00)</u>	<u>-</u>	<u>(66,081.24)</u>
Balance, December 31, 2002	<u>\$ 20,906,232.56</u>	<u>\$ 1,498,156.64</u>	<u>\$ 90,049.11</u>	<u>\$ 19,318,026.81</u>