

# Apple Valley Resort



# the CORE

Owned by the membership of 'Apple Valley Resort®'  
'Apple Valley Resort Unit Owners Association, Inc.®'

## 2008 Annual Meeting Minutes

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- YOU can HELP us to keep fees 
- Interval says we are designated as "Select Resort"

#### Board of Directors:

**Russ Brown, President**  
7700 Road 58  
Galion, OH 44833

**John Seiling, Vice President**  
1696 Woodbluff Drive  
Powell, OH 43065-9296

**Ken Phillips, Treasurer**  
54500 Kinney Rd.  
Beallsville, OH 43716

**Jon Logan, Secretary**  
1163 Nazor Rd.  
Galion, OH 44833

**Marva Moore, Parl.**  
100 Cypress Point Ct.  
Myrtle Beach, SC 29579

**Management**  
Universal Services Corp.  
P.O. Box 3868  
Crossville, TN 38557  
Email: usc1@citlink.net  
800-955-8531

The 2008 Annual Membership meeting was held at the Apple Valley Golf Course Pro Shop Conference Room on May 4th, 2008. The welcome announcements were given by President Russ Brown. Director Jon Logan gave the Invocation. Director John Seiling led the Pledge of Allegiance and at 2:00 PM, President Russ Brown called the meeting to order with a request for the Quorum Call. Vice President John Seiling reported 251 proxies had been received and 19 units were represented by 42 in attendance for a total of 270 units represented, therefore a Quorum was declared.

The Minutes of the 2007 annual meeting were read by President Russ Brown, as Secretary David Landrum had resigned his seat on the board since the last annual meeting. The minutes were approved with a motion by member Harry Witter and seconded by member Phillip Sigler, with all in favor. The Treasurer's report to date was given by Treasurer Jon Logan. The President called for the vote to fill the seats on the board of directors, currently held by Director Russ Brown and Director Jon Logan, at the end of their current terms. Directors Brown & Logan were determined eligible to run for re-election to their respective seats. In addition, Ken Philips was a candidate running for election to one of the two available seats. The ballots were cast and collected for counting. After the call for the Vote, Association Manager Dave Burgess gave the Financial Audit Report, and then the Management Report. Independent auditor Fred Houston, CPA, had a conflict and could not attend today's meeting, so

USC President Dave Burgess gave the 2007 Financial Report from CPA Houston's printed Audit findings. Very few questions were raised by the members present.

He began his report by introducing Valerie Lankford of USC as AVRUOA Accountant, Sheila Mills as AVR Office Manager, Kathy Boggs as AVR Housekeeping Manager, and Stan Wilkes as AVR Maintenance Supervisor. Together, they make up the management team for AVR.

After the Audit Report, the Management report began with a comparison of each year's financial activity, as presented graphically. The Manager discussed the Operations Comparisons of prior years and the 2008 Projections, after which a discussion session prompted minimal comments from owners. After the discussion session ended, President Brown called for the vote results. The vote count confirmed the re-election of director Russ Brown, and the election of Ken Phillips by a slim margin of votes above Jon Logan.

A motion by member Bernice Butrick and a second by member Ken Phillips was made for adjournment with all in favor, closing the meeting at 2:55 PM.

After the meeting ended, the board held a drawing for many very nice prizes. One drawing was for those in attendance, and another drawing was for those who sent in their Proxy only. Afterward, many of the membership in attendance then gathered at the resort office area & patio for refreshments with staff. The board then met briefly to elect new officers. Since director David Landrum had recently resigned his

*(Continued on page 2)*

<b>- APPLE VALLEY RESORT UNIT INVENTORY AS OF 2008 -</b>	<b>Total</b>
Total number of unit weeks 31 X 51 (One [1] week in each unit for Maintenance)	1,581
Write-off unit accounts to Foreclosure	243
Bankruptcy accounts (2008)	4
Units available for sale	290
Active 2008 Unit Accounts Billed	1044
<b>Total</b>	<b>1,581</b>
<b>- Collection Accounts - OF THE 1044 BILLED:</b>	
Delinquent accounts making payments (Represents \$13,486.47) = 1.8%	19
Accounts owing > \$50 each (Totaling \$93,682.20)= 13.35%	139
Accounts owing > \$548.45 each, or this year's fee (Totaling \$85,390.94)= 9.2%	96
<b>Accounts supporting 2008 budget as of today= 90.8% of those billed</b>	<b>948</b>
<b>- Available Inventory for sale (as of March 15, 2008)-</b>	
Units now available for sale - Gold (as of March 15, 2008. Today there are zero [0])	11
Units now available for sale - Silver	279
<b>Total current inventory available for sale (as of March 15, 2008)</b>	<b>290</b>
Foreclosure units for 2008/2009	243
<b>Total inventory available for sale after foreclosures completed</b>	<b>533</b>

Above is a complete breakdown of the unit classification inventory. Inventory is never static, as there is movement between the different classes consistently, depending upon the condition of the accounts represented by the units in inventory. Foreclosures will be provided a few more weeks by the end of the year than we had going into the season for sales.

## 2008 Annual Meeting Minutes... *(Continued from Page 1)*

*(Continued from page 1)*

seat to the board, former director Jon Logan was appointed to fulfill the remaining portion of David Landrum's term of office on the board, which expires with the 2009 annual meeting. Russ Brown was re-elected to serve as President, John Seiling was re-elected to serve as Vice-President, Ken Phillips was elected as Treasurer, Jon Logan was elected to serve as Secretary, and Marva

Moore was re-elected to serve as Parliamentarian.

The board seats for directors Moore and Logan will be up for election (re-election) next year, at the 2009 annual membership meeting. Any candidates should provide their biographical information and a photograph by December 31, 2008, in order to get it published before the next annual meeting. A snapshot will work fine. It isn't necessary to have a formal photograph made to send us. 🍷

**FRED C. HOUSTON**  
 CERTIFIED PUBLIC ACCOUNTANT  
 381 Glenwood Circle \* Phone: 931-484-8564  
 Crossville, Tennessee 38555  
 INDEPENDENT AUDITOR'S REPORT

Board of Directors  
 Apple Valley Resort Unit  
 Owners Association, Inc.  
 428 Club House Drive  
 Howard, Ohio 43028

I have audited the accompanying statement of assets, liabilities and fund balance – [modified] cash basis of Apple Valley Resort Unit Owners Association, Inc. as of December 31, 2007, and the related statements of revenues, expenses, and changes in fund balance – [modified] cash basis and statement of cash flows – [modified] cash basis for the year then ended. These financial statements are the responsibility of the Association's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

As described in Note B, these financial statements were prepared on the [modified] cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In my opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities and fund balance of Apple Valley Resort Unit Owners Association, Inc. as of December 31, 2007, and its revenues, expenses, and changes in fund balance, and its cash flows for the year then ended, on the basis of accounting described in Note B.

The American Institute of Certified Public Accountants has determined that supplementary information about future major repairs and replacements of common property is required to supplement, but not required to be a part of, the basic financial statements. The Apple Valley Resort Unit Owners Association, Inc. has not presented this supplementary information.

Fred C. Houston, CPA  
 Crossville, Tennessee  
 March 14, 2008

## Trading for points

Several owners have inquired about trading their unit for 'Points' through the RCI 'Points' system. This can be done, but it requires action to be taken from 90 days to TEN MONTHS in advance of your anticipated use. If you think you want to take this step, you should plan ahead NOW for 2009!

## Easier methods of payment!

Don't have time to go after a stamp or an envelope to mail in your payments? Now you can do it easier than anyone would have believed a few years ago. Payments can be made by calling in to the toll-free number (800-656-2395 or 800-955-8531) and paying with your credit card information directly by phone. You may also log on to the resort web site at [www.applevalleyresort.com](http://www.applevalleyresort.com) Click on the "Fees" button in the left hand column, and your secure payment is made using your account number through Paypal. Paypal allows you to make payment several ways, with direct transfer of funds, or by credit card or Debit card payments. The old way [Snail Mail thru the post office!] is still the most common method, however.

## STATEMENT OF ASSETS, LIABILITIES AND FUND BALANCE - [MODIFIED] CASH BASIS

ASSETS	Operating Fund	Replacement Fund	Total
Cash in Bank - Checking and Savings	\$ 41,317	\$ 38,685	\$ 80,002
Accounts Receivable - Membership Dues (Net)	42,402	-	42,402
Inventory - Weeks	173,994	-	173,994
Equipment, Net of Accumulated Depreciation of \$216,005.07	359,476	87,248	446,724
<b>TOTAL ASSETS</b>	<b>\$ 617,189</b>	<b>\$ 125,933</b>	<b>\$ 743,122</b>
<b>LIABILITIES AND FUND BALANCE (See accompanying notes to financial statements.)</b>			
Accounts Payable	\$ 63,126	\$ -	\$ 63,126
Prepaid Membership Dues	367,306	-	367,306
Deferred Revenues	216,396	-	216,396
Notes Payable	240,930	-	240,930
Total Liabilities	887,758	-	887,758
Fund Balance (Deficit)	(270,569)	125,933	(144,636)
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b>\$ 617,189</b>	<b>\$ 125,933</b>	<b>\$ 743,122</b>

## STATEMENT OF REVENUES, EXPENSES, &amp; CHANGES IN FUND BALANCE - [MODIFIED] CASH BASIS

<b>REVENUES - Income - Maintenance Fees</b>	<b>\$ 515,989</b>	<b>\$ 44,232</b>	<b>\$ 560,221</b>
Interest	89	-	89
Other	64,934	-	64,934
Total Income	581,012	44,232	625,244
<b>EXPENSES - Operating Expenses</b>	<b>425,996</b>	<b>-</b>	<b>425,996</b>
Occupancy Expenses	245,307	31,776	277,083
Administrative Expenses	152,796	-	152,796
Total Expenses	824,099	31,776	855,875
<b>EXCESS OF REVENUES OVER EXPENSES</b>	<b>(243,087)</b>	<b>12,456</b>	<b>(230,631)</b>
<b>OTHER INCOME - Sale of Weeks</b>	<b>49,534</b>	<b>-</b>	<b>49,534</b>
<b>EXCESS OF REVENUES OVER EXPENSES</b>	<b>(193,553)</b>	<b>12,456</b>	<b>(181,097)</b>
<b>BEGINNING FUND BALANCE</b>	<b>(82,227)</b>	<b>113,477</b>	<b>31,250</b>
<b>TRANSFERS</b>	<b>5,211</b>	<b>-</b>	<b>5,211</b>
<b>ENDING FUND BALANCE</b>	<b>\$ (270,569)</b>	<b>\$ 125,933</b>	<b>\$ (144,636)</b>

## STATEMENT OF CASH FLOWS [MODIFIED] CASH BASIS - Year Ended December 31, 2007

Excess of Revenues Over Expenses	\$ (193,553)	\$ 12,456	\$ (181,097)
Depreciation	11,585	31,776	43,361
Adjustments: (Increase) Decrease in: Accounts Receivable	54,209	-	54,209
Inventory	41,413	-	41,413
Leaf rake & mower Equipment			
Prepaid Expenses			
Increase (Decrease) in: Accounts Payable	14,197	-	14,197
Prepaid Membership Dues	95,670	-	95,670
Deferred Revenues	(95,622)	-	(95,622)
Leases Payable	-	-	-
Note Payable	12,484	-	12,484
Transfers	5,211	-	5,211
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>(54,406)</b>	<b>44,232</b>	<b>(10,174)</b>

## STATEMENT OF CASH FLOWS [MODIFIED] CASH BASIS - Year Ended December 31, 2007...(Continued)

CASH FLOWS FROM INVESTING ACTIVITIES	Operating Fund	Replacement Fund	Total
ACQUISITION OF EQUIPMENT AND IMPROVEMENTS	1,933	(13,608)	(11,675)
NET INCREASE (DECREASE) IN CASH	(52,473)	30,624	(21,849)
CASH AT BEGINNING OF YEAR	93,790	8,061	101,851
CASH AT END OF YEAR	\$ 41,317	\$ 38,685	\$ 80,002
SUPPLEMENTAL DISCLOSURE - Income Taxes Paid	\$ -	\$ -	\$ -
- Interest Paid	\$ 26,178	\$ -	\$ 26,178

## NOTES TO FINANCIAL STATEMENTS

**NOTE A – NATURE OF ORGANIZATION** - Apple Valley Resort Unit Owners Association, Inc. (Association) is incorporated in the State of Ohio. The Association operates and manages an interval ownership condominium located at Howard, Ohio. The interval ownership condominium consists of 1,612 interval weeks. The owners of all unit-weeks in the condominium are the only members.

**NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES -**

**General Accounting-** The Association prepares its financial statements on the modified cash basis and presents them as separate funds based on its different funding policies for operations and replacement expenditures.

**Fund Accounting – [Modified] Cash Basis** - Financial resources are classified for accounting and reporting purposes in the following funds established according to their nature and purpose:

**Operating Fund** – The operating fund reflects the operating portion of annual assessments paid by the unit-week owners to meet the various day-to-day expenditures incurred in the administration and operation of the condominium and recreational facilities.

**Replacement Fund** – The replacement fund is composed of the portion of the annual assessments designated in the budget to fund future major repairs and replacements. The [modified] cash basis of accounting is a comprehensive basis of accounting other than generally accepted accounting principles. The financial statement is presenting deferred revenues as a payable. Under generally accepted accounting principles, these payables would be an increase in revenues and fund balances.

**Property and Equipment** Ownership of the commonly owned assets is vested directly or indirectly in the unit-week owners, and those assets are not titled in the Association's name. As a result, commonly owned assets are not presented in the Association's financial statement. **Revenue Recognition** -Maintenance fees revenue is recorded on the cash basis. The amount of the member assessment allocation specified for current period operations based on the annual budget adopted by the Board of Directors is recorded as accounts receivable and deferred revenues. Each Association member is a unit-week owner and an equal portion of the maintenance fees is assessed for each unit-week. **Estimates** The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Actual results could differ from those estimates. **Income Taxes**- The Association files its income tax return as a homeowners' association, in accordance with Internal Revenue Code Section 528. Under that Section, the Association is not taxed on uniform assessments to members and other income received from Association members solely as a function of their membership in the Association. The Association is taxed at the rate of 32% on its investment income and other non-exempt function income. **Cash and Cash Equivalents**-The Association recognizes cash and cash equivalents to include all cash accounts for cash flows statement purposes. All funds are deposited in federally insured banks. Management should review the accounts periodically to insure balances do not exceed the \$100,000 FDIC insurance coverage.

**NOTE C –ACCOUNTS RECEIVABLE—MEMBERS:** Accounts receivable-members consisted of the following as of December 31, 2007:

Accounts receivable 2007	Operating Fund	Reserve For Bad Debts	Total
Receivables - Members	\$ 42,402	\$ -	\$ 42,402

**NOTE D – ASSESSMENTS RECEIVED IN ADVANCE** Assessments received in advance consisted of 2007 maintenance fees received by the Association prior to January 1, 2008.

**NOTE E –REPLACEMENT FUND** The Association's replacement fund is utilized to accumulate funds for future major repairs and replacements by an allocation of the maintenance fees assessment charged to each unit-week owner specifically designated for the fund in the annual budget. Deductions from the fund are recorded as assets, as incurred, which are determined by the board to meet the objective for which the fund was established. The components' actual replacement costs, useful lives, and investment income may vary from estimated amounts and the variation may be material. Therefore, the Association's replacement fund may not be adequate to meet all future needs for major repairs and replacements. If additional funds are needed, the Association has the right, subject to the Board's approval, to increase regular assessments, pass special assessments, or delay major repairs and replacements until funds are available.

**NOTE F - INVENTORY - WEEKS** - The inventory is made up of weeks that have been returned to the U.O.A. The value placed on these weeks was the outstanding accounts receivable for the week.

**NOTE G - EQUIPMENT** - The equipment is made up of the following:

	Cost	Depreciation	Value
Land	\$ 285,000	\$ -	\$ 285,000
Building – Manager Residence	54,680	7,416	47,264
Building Units- Furniture & Fixtures	310,232	211,818	98,414
Office - Furniture and Equipment	42,345	26,299	16,046
Totals	\$ 692,257	\$245,533	\$ 446,724

**Depreciation taken this year (2006) was \$43,361.**

**NOTE H - DEFERRED REVENUES** - The deferred revenues amount to \$216,396 . If the accrual method of accounting was used, the fund balance and total revenues would be affected.

**NOTE I - INSURANCE** - The Association is subject to the risk of loss by fire and acts of God. The common property is commercially insured.

**NOTE J – RELATED PARTIES** - Universal Services Corporation provides the management services, maintenance, and administrative and accounting services for the U.O.A.

**NOTE K - NOTE PAYABLE**

The Association entered into a mortgage of \$300,000.00 with First-Knox National Bank, One South Main Street, Mount Vernon, Ohio, 43050, for the purpose of satisfying its pre-1997 federal and state tax liabilities. The mortgage was subject to an appraisal in November 2002, by Kennon, Osburn & Associates, Hommon Appraisal Services, which determined the market value of the Apple Valley Resort property to be \$2,160,000.00. This mortgage is current, with payments made annually.



**Management Note:** The Annual Audit is performed each year by Mr. Fred Houston, CPA, an Independent Auditor, unaffiliated in any way with the association except as their contract Auditor, hired by the board of directors to audit the financial circumstances of the association's records. Mr. Houston is not an employee of Universal Services Corporation, or the Apple Valley Resort Unit Owners Association. Mr. Houston Answers to the AVRUAO, Inc., Board of Directors with his findings. Any association member has a right to ask Mr. Houston any question regarding the results of his Audit findings.

## Property taxes Due When Bill is Received

The resort's property taxes are billed to us in arrears by the Knox County Auditor. The Tax Statements are usually received from the County in January. The first tax payment is also due to be paid to the County in

January, so we have only a few days after we receive the Tax bill to create the tax billing statement for each owner, mail it out to you, then hopefully receive payment back from you immediately, before the first Tax pay-

ment to the county becomes past-due. This is billed separately from the annual fee. It is important to get the tax payment back in to us as soon as possible so we may avoid the steep penalty for any delinquent payment.



## YOU CAN HELP KEEP ANNUAL FEES DOWN IN 2009!

**HOW?** By helping the association liquidate the remainder of the inventory. For example, there are about 275 Silver weeks available now. There will be more soon, plus a few Gold weeks, once our final Foreclosure activity is over. Routinely, these weeks are 'wholesaled' to other vendors in the Timeshare sales business for \$500 on the Silver, and \$1,000 on the Gold. We are offering a 'SPECIAL' on the remaining weeks at \$495 on the Silver and \$888 on the Gold. We had very few Gold weeks going into this Special, and those we had were

sold in the first two days. If you are interested in a Gold week, you should call and put your name on our 'List' of interested purchasers. As the inventory comes available, the 'List' will be called first for the available units.

To continue with our 'example', in doing the math for the sales price and the new annual fee on just the SILVER units now available for sale, almost \$300,000 would be added to the revenue for the first year, with more than \$160,000 increase in our annual operations revenue each year thereafter. The final Foreclosure

will put 260 more units into inventory, allowing for another \$280,000 added to the revenue for the first year, with \$152,000 increase in the annual operating revenues each additional year thereafter. For a total impact on revenues, when all the units coming available are sold at ANY price, the annual increase in annual fee revenue would exceed \$313,000 MORE than we received for 2008's budgeted revenues.

We will do everything in our power to move the inventory. If you will too, we can make it happen!



## WANT AN EXTRA WEEK THROUGH RCI, CHEAP?

Each year we deposit unit weeks in advance for the benefit of our owners who enjoy travelling through our exchange companies. In doing so, we play a game of statistics based upon prior years activity. We always add a few extra above the demand to allow for a cushion, and also to get a few additional guests for marketing. As a result, surplus weeks have accumulated in RCI's space-bank pool and will be passing the travel window unused unless we ar-

range for owners to acquire them at a discounted value. For example, you may have an extra GOLD week deposited into your account for \$150. These weeks at this price are good for travel through the deposited interval time period this year (2008). **If you want two of the '06 Gold weeks deposited into your account, the second one is only \$100.** As for '06 Silver weeks, they're only \$50, and if you want **two '06 Silver weeks deposited, the second week is \$25.**

As for the 2007 weeks available, the two-year travel window is good thru the interval period deposited in 2009, or next year. If you want an '07 Silver weeks at \$150, a second one is only \$100. The Gold '07 weeks are too few to discount much, but if you want a Gold '07 weeks for \$200, the second one is only \$175.

Next year, we will possibly have a few weeks available with II (Interval International), since we are now depositing units with them also.



## INTERVAL INTERNATIONAL AWARDED AVR THE SELECT RESORT DESIGNATION

The letter from Interval International reads:

***"Interval International has been renowned for its quality standards since it was founded in 1976. From our commitment to establishing The Quality Vacation Exchange Network to launching the industry's first recognition program in 1982 to this year's introduction of a multi-tiered program that better reflects today's diversity of products, we have built on our tradition of excellence.***

***We are pleased to announce that Apple Valley Resort has qualified as a 2008 Interval International Select Resort. This annual designation identifies your property as exceeding our already high affiliation standards and delivering great vacation experiences. Criteria for this award are comprehensive and take into consideration resort inspections, customer feedback, and other relevant factors.***

***We congratulate you on this achievement and hope that you will proudly display the Interval International Select Resort Plaque.***

***Sincerely,***

***Craig M. Nash  
Chairman and Chief Executive Officer"***



STATEMENT OF REVENUES AND EXPENSES 1044 X \$548.45 (Tax 1044 X \$37.61)	2006 Actual	2007 Actual	2007 Budget	'07 Actual to '07 Budget	2008 Budget
Maintenance Fees	524,289	560,221	610,299		572,581
<b>SUB-TOTAL FEE REVENUES</b>	<b>\$611,206</b>	<b>\$611,790</b>	<b>\$632,299</b>	<b>20,509</b>	<b>\$572,581</b>
Rentals-Public	37,371	50,937	58,500	7,563	50,937
Deposited week sales					19,000
Rental-Bonus Time	15,842	12,801	23,000	10,199	12,801
Rental Paid to Owners		(2,706)		2,706	(2,706)
POA -Amenity Usage Pmts	2,202	2,700	2,500	-200	2,700
Sales of Unit Weeks	42,546	49,534	154,000	104,466	80,000
Firewood Income (Retail)	56	66	-	66	70
VCR Movie Rental Income	209	217	200	-17	220
Vending Machine Income	210	165	225	60	165
Property Taxes Billed	-	36,280	36,280	0	39,264
Interest & Miscellaneous Income		\$89		-89	
<b>SUB-TOTAL OTHER REVENUES</b>	<b>\$99,699</b>	<b>\$149,994</b>	<b>\$274,705</b>	<b>\$145,263</b>	<b>\$210,119</b>
<b>TOTAL REVENUES</b>	<b>\$710,906</b>	<b>\$674,778</b>	<b>\$907,004</b>	<b>\$232,226</b>	<b>\$797,700</b>
<b>OPERATING EXPENSES - Activity Center/Unit Wages</b>	<b>95,578</b>	<b>85,982</b>	<b>100,202</b>	<b>14,220</b>	<b>78,000</b>
Maint.-Grounds Wages	5,201	980	5,357	4,377	
Maint.-Units Wages	62,293	58,215	57,770	-445	72,500
Hskp/Cleaning Wage	101,771	101,232	107,988	6,756	101,250
Payroll Costs/Benefits	47,412	60,812	51,794	-9,018	65,000
Bookkeeping/Clerical Wages	104,858	74,797	104,000	29,203	50,000
<b>SUB-TOTAL LABOR</b>	<b>\$417,112</b>	<b>\$382,018</b>	<b>\$427,111</b>	<b>45,093</b>	<b>\$366,750</b>
Sale Of Unit Expense(Marketing)	76	800	-	800	800
Firewood (Retail)	59	136	-	136	136
Propane	697	780	750	-30	780
Repair/Upkeep-Units	55,385	13,841	20,000	6,159	13,850
Repair/Upkeep-Activity Center	41	2,347	500	-1,847	1,000
Repair/Upkeep-Pool	1,578	8,462	1,500	-6,962	2,500
Repair/Upkeep-Common Grounds	4,487	1,147	3,800	2,653	1,150
Equip Maint/Repair-Units		7		-7	100
Equip Maint/Repair-Activities		25		-25	25
Equip Maint/Repair-Grounds		3,146		-3,146	1,500
Expendable Supplies-Units	11,073	9,851	8,500	-1,351	8,500
Expendable Supplies-Hot Tubs		1,087		-1,087	1,090
Small Appliances/Linens/Flatware	3,485	768	1,000	232	770
General Maint. Equip./Sup.	3,509	967	1,000	33	1,000
<b>SUB-TOTAL OPERATING EXPENSES</b>	<b>\$80,776</b>	<b>\$43,368</b>	<b>\$37,050</b>	<b>-6,318</b>	<b>\$33,201</b>
<b>TOTAL OPERATING EXPENSE</b>	<b>\$497,888</b>	<b>\$425,386</b>	<b>\$464,161</b>	<b>38,775</b>	<b>\$433,152</b>
<b>UTILITIES &amp; OCCUPANCY COSTS - Water/Sewer</b>	<b>11,105</b>	<b>13,908</b>	<b>8,800</b>	<b>-5,108</b>	<b>13,000</b>
Electricity	77,200	85,757	82,274	-3,483	85,800
Gas/Natural	26,370	35,407	22,415	-12,992	35,407
Telephone	10,774	12,229	10,600	-1,629	12,230
Cable TV	3,932	5,047	3,698	-1,349	5,050
<b>SUB-TOTAL UTILITIES</b>	<b>\$129,382</b>	<b>152,347</b>	<b>\$127,787</b>	<b>-24,560</b>	<b>\$151,487</b>
Pest Control	1,788	1,709	1,700	-9	1,725
Waste/Snow Removal	3,482	5,555	3,500	-2,055	3,000
Property Taxes	36,013	40,319	36,280	-4,039	40,400
Insurance-Liab./Veh./Bnd.	18,770	27,939	28,000	61	28,000
POA Fees/Lot Fees-Apple Valley	5,924	6009	5,500	-509	6,500
Depreciation Expense - Units/Pool/F&F	42,738	43,361	42,738	-623	43,400
<b>SUB-TOTAL OCCUPANCY EXPENSE</b>		<b>124,893</b>		<b>120,612</b>	<b>\$123,025</b>
<b>TOTAL OCCUPANCY COSTS</b>	<b>\$238,097</b>	<b>\$277,239</b>	<b>\$245,505</b>	<b>-31,734</b>	<b>\$274,512</b>

STATEMENT OF REVENUES & EXPENSES	2006 Actual	2007 Actual	2007 Budget	'07 Actual to '07 Budget	2008 Budget
ADMINISTRATIVE EXPENSES					
Advertising Expense	2,904	909	4,000	3,091	900
Training & Travel	8,613	3,172	5,000	1,828	3,200
Ohio CAT Tax		300		-300	300
Printing & Duplicating	1,035				
Document/Deed Expense	955	643	500	-143	645
USC Management Fee	52,287	56,022	61,030	5,008	57,000
Accounting Services	2,788	2,800	3,000	200	2,800
Legal & Other Professional Fees	1,293	1,439	5,000	3,561	1,450
Activity Expense	4,098	4,587	1,000	-3,587	4,500
Association & Board Meeting Exp.	477	476	650	174	500
Office/Computer Supplies/Printing & Duplicating	19,159	20,853	12,000	-8,853	12,500
Office/Computer Software Upgrade	2,782	1,535	2,500	965	1,535
Lic./Permits/Memberships	3,241	2,012	2,000	-12	2,000
Office Equip. Repair/Maint.	5,384	4,112	5,000	888	4,000
Pager/Cell Expense	1,506	2,192	2,000	-192	2,195
Postage/Freight	7,948	6,679	7,300	621	6,500
Reference Mat./Sub.	1,256	751	500	-251	750
Bank Chgs & Service Chgs.	3,628	571	3,800	3,229	750
Credit Card Use Fee	7,819	9,275	7,000	-2,275	9,275
Vehicle Expense	11,574	7,968	8,500	532	8,000
Interest Expense	25,331	26,315	7,500	-18,815	26,400
Other Expenses	6,256		5,000	5,000	
Federal Corp Taxes-EOY	535	398	450	52	400
<b>TOTAL ADMIN. EXPENSE</b>	<b>\$170,891</b>	<b>152,796</b>	<b>\$143,730</b>	<b>-9,279</b>	<b>\$145,600.00</b>
<b>TOTAL EXPENSES</b>	<b>906,876</b>	<b>856,032</b>	<b>853,395</b>	<b>-2,637</b>	<b>\$853,264.00</b>
<b>NET PROFIT/(LOSS)</b>	<b>(195,971)</b>	<b>(181,254)</b>	<b>53,609</b>	<b>234,863</b>	<b>(\$55,564.00)</b>

Below, this chart assists in the development of the annual maintenance fee for each active account. Income has been consistent with predictions, however expenses have often surprised us regardless of conservative operating practices!

AVR	Year	# + Accts	Tax	Fee	Tot Fee	Tot Rev	Estimated Fallout
Budgeted	2007	1159	\$47	\$499	\$545	\$632,299	Est. 10% fallout prediction
Actual	2007	1122	\$47	\$499	\$546	\$611,790	11.8% Actual
Should be	2008	1044	\$38	\$548	\$586	\$611,847	Est. 6-7% fallout prediction
Forecast	2008	975	\$38	\$548	\$586	\$571,409	6.50% appears 'Actual' for 2008

Below is the calculation of potential sales of unit/weeks deposited into RCI but remain unused. They are currently being offered to owners at the posted price per week ("\$/wk") amount.

DEPOSITED WEEK SALES	#	\$/WK	TOTAL REVENUE
06 Gold	33	\$150	\$4,950
06 Silver	59	\$50	\$2,950
Silver '07	100	\$150	\$15,000
Gold '07	20	\$200	\$4,000
Total Possible Sales of Deposited Weeks.			\$26,900

Below is the spreadsheet showing the potential total revenue (sales price as well as maintenance fee income) from the sale of current inventory. Working in cooperation with the neighboring golf course for golf packages, and other sources of targeted markets, it is likely the budgeted sales estimate may be exceeded for 2008.

AVAILABLE INVENTORY SALES FOR 2008				UNIT PRICE REVENUE	UNIT FEE REVENUE	TOTAL UNIT REVENUE
Silver	275 Units	\$586	\$495	\$136,125.00	\$161,150.00	\$297,275.00
Gold	2 Units	\$586	\$888	\$1,776.00	\$1,172.00	\$2,948.00
Total Revenue possible from Inventory Sales				\$137,901.00	\$162,322.00	\$300,223.00

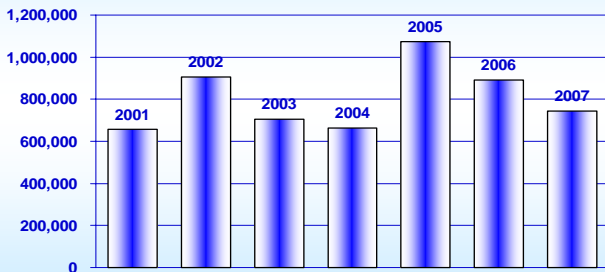
# Annual Report of Financial Comparisons - 1996 - 2007



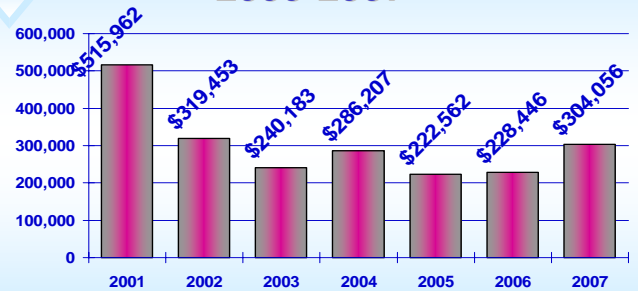
## Financial Reports for 2007

- ◆ Assets
- ◆ Liabilities
- ◆ Revenues
- ◆ Receivables
- ◆ Expenses
- ◆ In Review

### Comparison of Total Assets, 2001-2007

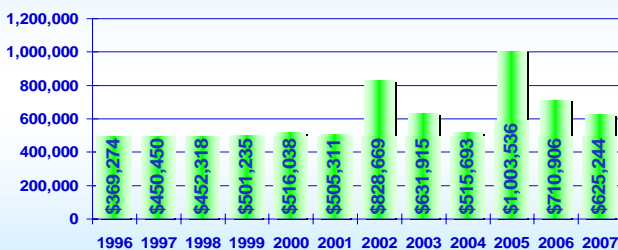


### Comparison of Total Liabilities, 2000-2007\*

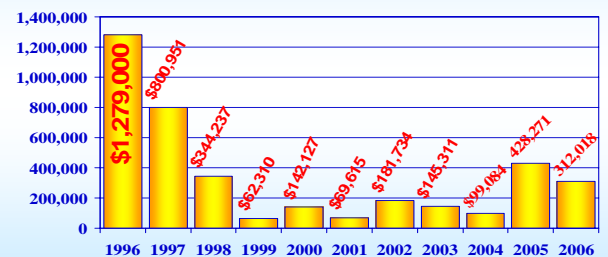


\* Total Liabilities minus deferred revenue and prepaid assessments.

### Comparison of Total Revenues, 1996-2007



### Accounts Receivable 1996-2006



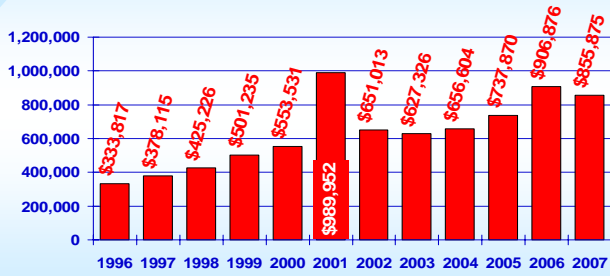
### Points to Remember concerning unit inventory

- The weeks in inventory will not become static until all are sold. Weeks continue to be sold regularly. Concurrently, weeks are being returned to inventory as a result of Foreclosure, Deed-in-Lieu of Foreclosure, etc. This number will decline until a 'sold-out' status exists.
- Bonus Time is nice for owners & creates rental revenue to the association. As inventory is sold, fees representing the new 'active' account support the budget, which is of greater benefit than the rental revenue from Bonus Time. Units sold = less Bonus Time, & less rental revenue, but that's OK because of the increased Income.
- Maintenance fees reported as revenue for the year are made up of current fees collected for the period, plus the delinquent fees collected for prior periods.





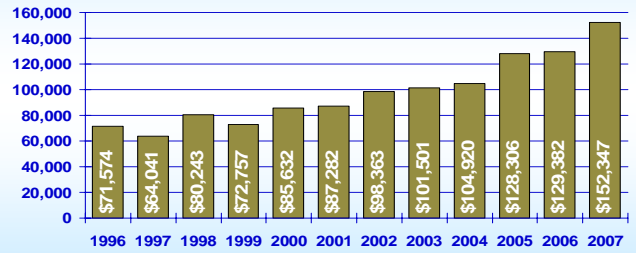
### Total Expense 1996-2007



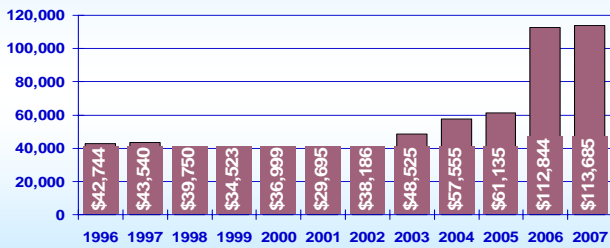
(2001 Expense included the \$438,000 IRS/ODJFS Liability.)



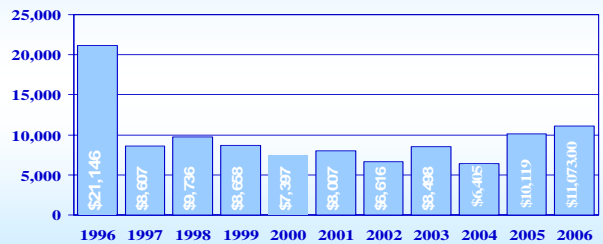
### Comparison of Utility Costs, 1995-2007



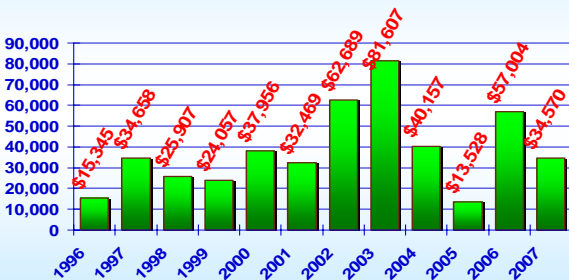
### Housekeeping Expense, 1996-2007



### Housekeeping Supplies 1996-2006



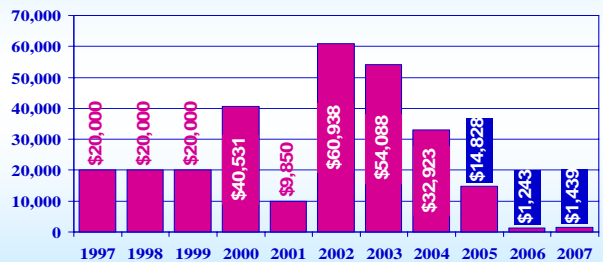
### Resort Structures Maintenance & Repairs 1996-2007



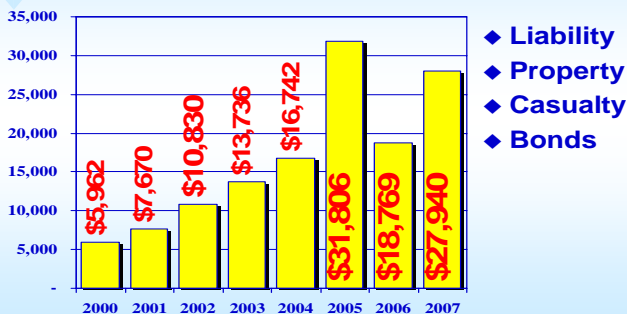
Repairs & renovations to buildings/structures, including reimbursed expenses from Insurance proceeds, not including Grounds Maintenance.



### Legal Expense 1997-2007



### Insurance Expense



- ◆ Liability
- ◆ Property
- ◆ Casualty
- ◆ Bonds



### Today In Review

**AVR dual-affiliated with RCI & Interval International.**  
 Fees can be paid On-Line.  
**Heavy maintenance of units each year since 2004.**  
 Storms destroy more roofs.  
 Carpets being replaced in several units





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 Phone: 800-656-2395 - (Reservations)  
 Phone: 800-955-8531 - (Assoc. Management-Accounts)  
 Email: usc1@volfirst.net - (Assoc. Management)  
 Email: usc7@volfirst.net - (Member Accounts)  
 Email: usc6@frontiernet.net - (Reservations)



## RCI SCORES

Recall the scoring system for RCI was changed last year and RID is no longer used. The chart below, however, provides the information such that you can see how we stack up against other resorts, as well as how it would have appeared if the RID system was still in use.

The "RCI Hospitality" is our current designation (both at Mariner's Pointe as well as at Apple Valley). The resort designations with Interval International include "Premier Resort" as the highest rating, then "Select Resort" which is where we are, then standard, or no rating.

Award	Resort Check-In/out	Resort Hospitality	Resort Maintenance	Unit Maintenance	Unit Housekeeping
<i>RCI Gold Crown</i>	<b>4.6</b>	<b>4.5</b>	<b>4.5</b>	<b>4.4</b>	<b>4.5</b>
<i>RCI Silver Crown</i>	<b>4.5</b>	<b>4.4</b>	<b>4.3</b>	<b>4.2</b>	<b>4.3</b>
<i>RCI Hospitality</i>	<b>4.6</b>	<b>4.5</b>	<b>3.5</b>	<b>3.5</b>	<b>3.5</b>
<i>Former 'RID' Thresholds (no longer in use since '06)</i>	<b>3.9</b>	<b>3.9</b>	<b>3.7</b>	<b>3.9</b>	<b>3.7</b>
<i>2007 Scores</i>	<b>4.5</b>	<b>4.4</b>	<b>4.3</b>	<b>4.1</b>	<b>4.2</b>
<i>2008 To Date</i>	<b>4.5</b>	<b>4.4</b>	<b>4.3</b>	<b>4.1</b>	<b>4.2</b>

## VIEW NEWSLETTERS ON-LINE

Do you receive your newsletter when you have precious little time to read it, so you put it away,...somewhere, then when you remember to look for it so you can read it, you can't find it???

You're not alone! So, to rectify the problem, go online to this address: [www.applevalleyresort.com](http://www.applevalleyresort.com) to check out the website. You can view your newsletters there in their own department. You can also pay your maintenance fees online thru Paypal, or resort reservation requests can be emailed to Sheila at [usc6@frontiernet.net](mailto:usc6@frontiernet.net). You may deposit your unit requests with RCI online at our website as well.

