



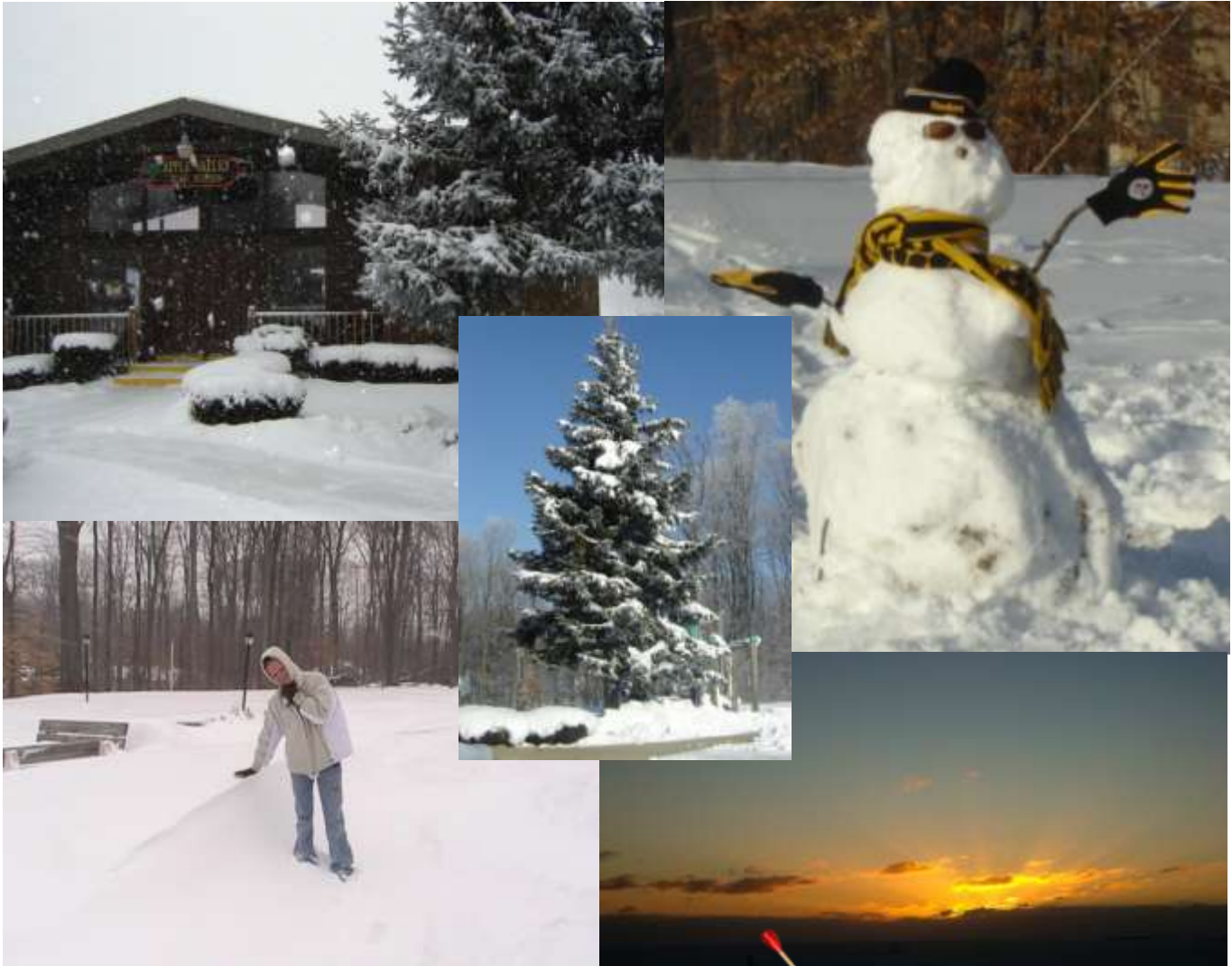
the CORE



Volume 14, Issue 2

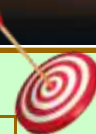
1st Qtr. 2010

APPLE VALLEY RESORT



BOARD OF DIRECTORS:

Russ Brown, President, 7700 Road 58, Galion, OH 44833
John Seiling, Vice President 1696 Woodbluff Drive, Powell, OH 43065
Ken Phillips, Treasurer, 54500 Kinney Rd., Beallsville, OH 43716
Jon Logan, Secretary, 1163 Nazor Rd., Galion, OH 44833
Marva Moore, Parliamentarian, P.O. Box 466, Lumberton, NC 28359
Universal Services Corp., Management, P.O. Box 3868, Crossville, TN 38557 Email: usc1@citlink.net, 800-955-8531



Points of Interest...

- Independent Audit for 2009 Operations
- Proxy Form and Ballot
- Annual Membership Meeting Reminder - PLEASE DON'T FORGET TO SEND BACK YOUR PROXY!

INDEPENDENT AUDITOR'S REPORT

FRED C. HOUSTON
 CERTIFIED PUBLIC ACCOUNTANT
 381 Glenwood Circle * Phone: 931-484-8564
 Crossville, Tennessee 38555

Board of Directors of
 Apple Valley Resort Unit
 Owner's Association
 428 Club House Drive
 Howard, OH 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, 2009, and the related statements of revenues, expenses, and changes in fund balance – [modified] cash basis and 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, 2009, 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.

Respectfully,
 Fred Houston, Certified Public Accountant
 February 13, 2010

INDEPENDENT AUDIT FOR 2009 OPERATIONS

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

ASSETS	Operating Fund	Replacement Fund	Total
Cash	\$ 137,414	\$ 32,222	\$ 169,636
Accounts receivable - maintenance fees (net)	28,860	-	28,860
Inventory - weeks	53,050	-	53,050
Prepaid Projects	-	-	-
Equipment - net of accumulated depreciation	338,617	23,550	362,167
TOTAL ASSETS	\$ 557,941	\$ 55,772	\$ 613,713
LIABILITIES AND FUND BALANCES			
Accounts payable and accrued expenses	\$ 31,695	\$ -	\$ 31,695
Assessments received in advance	507,543	-	507,543
Deferred revenues	81,910	-	81,910
Notes payable	209,062	-	209,062
TOTAL LIABILITIES	830,210	-	830,210
Fund balances (deficit)	(272,269)	55,772	(216,497)
TOTAL LIABILITIES AND FUND BALANCES	\$ 557,941	\$ 55,772	\$ 613,713

(Continued on next page)

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND BALANCE—[MODIFIED] CASH BASIS

REVENUES	Operating Fund	Replacement Fund	Total
Maintenance fees	\$ 710,706	\$ 78,967	\$ 789,673
Interest	-	-	-
Other	51,669	-	51,669
TOTAL INCOME	762,375	78,967	841,342
EXPENSES			
Operating expenses	361,544	-	361,544
Occupancy expenses	224,914	-	224,914
Administrative expenses	177,333	32,117	209,450
TOTAL EXPENSES	763,791	32,117	795,908
EXCESS REVENUES OVER EXPENSES	(1,416)	46,850	45,434
OTHER INCOME - Sale of weeks	4,998	-	4,998
EXCESS OF REVENUES OVER EXPENSES	3,582	46,850	50,432
BEGINNING FUND BALANCES (DEFICIT)	(273,140)	98,601	(174,539)
Transfers	(2,711)	(89,679)	(92,390)
ENDING FUND BALANCES (DEFICIT)	\$ (272,269)	\$ 55,772	\$ (216,497)

STATEMENT OF CASH FLOWS — [MODIFIED] CASH BASIS

CASH FLOWS FROM OPERATING ACTIVITIES	Operating Fund	Replacement Fund	Total
Excess (deficiency) of revenues over expenses	\$ 3,582	\$ 46,850	\$ 50,432
Adjustments to reconcile excess (deficiency) of revenues over expenses to net cash provided (used) by operating activities:			
Depreciation	12,355	32,117	44,472
(Increase) decrease in:			
Accounts receivable	(8,366)	-	(8,366)
Inventory	92,159	-	92,159
Prepaid Projects	15,586	-	15,586
Increase (decrease) in:			
Accounts payable and accrued expenses	(26,811)	-	(26,811)
Assessments received in advance	76,889	-	76,889
Deferred revenues	(83,793)	-	(83,793)
Notes payable	33,232	-	33,232
Transfers	(2,711)	(89,679)	(92,390)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	112,122	(10,712)	101,410
CASH FLOWS FROM INVESTMENTS (Acq. of Equip. & Improv.)	-	(192)	(192)
NET INCREASE (DECREASE) IN CASH	112,122	(10,904)	101,218
CASH AT BEGINNING OF YEAR	25,292	43,126	68,418
CASH AT END OF YEAR	\$ 137,414	\$ 32,222	\$ 169,636
SUPPLEMENTAL DISCLOSURE			
Income taxes paid	\$ -	\$ -	\$ -
Interest paid	\$ 24,605	\$ -	\$ 24,605

(Continued on next page)

INDEPENDENT AUDIT FOR 2009 OPERATIONS

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 statements.

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 that balances do not exceed the \$250,000 that FDIC insurance covers.

NOTE C – ACCOUNTS RECEIVABLE – MEMBERS-

	Operating Fund	Reserve For Bad Debts	Total
Receivables - Members	\$28,860	\$ -	\$28,860

Accounts receivable-members consisted of the following at December 31, 2009.

NOTE D – ASSESSMENTS RECEIVED IN ADVANCE -

Assessments received in advance consisted of 2010 maintenance fees received by the Association prior to January 1, 2010.

(Continued on next page)

NOTES TO FINANCIAL STATEMENTS

(Continued from previous page)

NOTE F – INVENTORY – WEEKS

The inventory is made up of weeks that have been returned to the U.O.A. The value placed on the 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	11,124	43,556
Building Units- Furniture & Fixtures	310,768	283,546	27,222
Office - Furniture and Equipment	46,196	39,807	6,389
Totals	\$696,644	\$334,477	\$362,167

Depreciation taken this year was \$44,472.

NOTE H – DEFERRED REVENUES

The deferred revenues amount to \$81,910. If the accrual basis of accounting were used, the fund balance and gross income 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 loans money, 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 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.

Proxy Form and Ballot

Apple Valley Resort Unit Owner's Association, Inc. Annual Meeting, May 2, 2010 at 2:00 p.m.

The undersigned voting member of the Apple Valley Resort Unit Owner's Association, Inc., hereby appoints Association **President, Russ Brown**, or **Manager, Dave Burgess (check one)**, or _____, to vote my proxy as authorized agent to cast my ballot at the annual meeting (if vote is undesignated below, the above appointee may cast my vote). **UNLESS & EXCEPT**, as indicated by my vote below regarding the following candidates for election to the board of directors:

DIRECTOR'S ELECTION: (VOTE for one (1))

Elect Lois Jeffery Write-in _____

Print Name _____ Phone # _____

Unit Representative: **Signature X** _____ Date _____

Address _____ City _____ State _____ Zip _____

I am the voting member representing (Unit / Week) ____/____, & ____/____, & ____/____, & ____/____.

Please complete, **sign** and **mail or FAX back to us as soon as possible**. Must be received before meeting date to be considered. Your proxy is important to establish a quorum. **PLEASE mail or FAX immediately to be entered into the drawing for prizes.**

Complete, place in envelope & mail to address on other side - or FAX to 931-484-0609

APPLE VALLEY RESORT

Apple Valley Resort

428 Clubhouse Drive
Howard, Ohio 43028
Reservations: 800-656-2395
Management: 800-955-8531
Units at Resort: 740-397-2544
Fax: 931-484-0609
E-mail: usc1@volfirst.net (Management)
E-mail: usc7@volfirst.net (Member Accounts)

We're on the web!
www.applevalleyresort.com

the CORE

**The AVRUAO 2010 Annual Membership Meeting will be at
2:00 p.m. on May 2, 2010, at the Pro Shop next door.**

If you will not be able to join us for the annual meeting on May 2nd, please take a moment to complete your proxy (on the other side of this page) & mail it back immediately to:

APPLE VALLEY RESORT UNIT OWNER'S ASSOCIATION

P.O. BOX 3868

CROSSVILLE, TN 38557

If you prefer, you may fax it to:

(931)484-0609

PLEASE!!
Don't forget to
sign your proxy!!