

Grassy Knoll
Property Owners
Association

Annual Report
2007

Board of Directors

President - Mike Clemmons
Vice President – Sandy Noce
Secretary – Marlo Neustifter
Treasurer – Margie Alterkuse

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PRESIDENT'S LETTER
Mike Clemmons, President

Dear Home Owners,

As many of you have noticed, there have been quite a few changes since our last annual meeting.. Here is a list of a few of them:

1. A New management company.
2. New signs at the front entrances.
3. No parking zone in front of the common area.
4. New mailboxes.

The board has worked very hard at improving our neighborhood. Changes are not always as fast as we would like, but we are methodically working our way through everything that needs to be done.

New Management Company

After our last meeting, we were assigned a new property manager from Omni. This was our 4th property manager with the last year. With that fact and the lack of responsiveness of Omni, the board decided to look for other options. We looked at several different companies and decided to go with Blue Sky Community Management, LLC.

Our property manager, Clyde Evans, is one of the three owners of Blue Sky Community Management, LLC. This solved one of the issues that we had with Omni Management; in that, we would not have revolving account managers. Clyde also brings a wealth of knowledge to our association that will enable us to progress at a much faster rate. He has already saved the association a lot of money with the ideas that he has brought to the table.

Clyde can be contacted via phone at: 317-888-7450. You can also contact him via e-mail at: cdevans@blueskycommgt.com The mailing address for Blue Sky Community Management, LLC is:

Blue Sky Community Management, LLC
7915 S. Emerson Ave., Suite B
Indianapolis, IN 46237

New Entrance Signs

Two of the goals that we had last year were to replace the two entrance signs. We replaced the South Entrance Sign on September 2nd, 2006 and the North Entrance Sign was installed June 29th, 2007. The old wooden signs were warping and had been painted too many times to be fixed. The signs that were installed are made out of Corian and will last much longer than the signs we had previously.

New Mailboxes

Last August, notices went out to 80 homeowners that needed to have mailboxes replaced. Over 90% of them have been completed. There are a few homes where the boxes still need replacement. If you still need a mailbox, please contact the Mailbox Doctor at 317-714-1922. The cost is about \$60. If the mailboxes have not been replaced (for those that need them) by August 15th, the association will take steps to ensure they are changed and the costs will be much greater to the homeowner.

Collections

One of the benefits of working with Blue Sky Community Management, LLC is the streamlining of the collections process. Previously, we used lawyers to handle this process. This was very expensive for the association because we had to pay these fees upfront before we collected the money. Now, once an account becomes delinquent it is turned over to Titanium Collections. Titanium does not get paid until they collect on the account. This has saved (and will save) the association thousands of dollars in expenditures.

The invoices for dues will be sent out in December with a due date of February 1st, 2008. Anyone who is delinquent, will be sent to collections. If you are unable to pay and you would like to setup a payment plan, you will need to contact Clyde Evans BEFORE the due date. We will not allow any payment plans if the member calls after the due date. When setting up a payment plan, there will be a fee to do so. There are a couple of rules for doing so:

1. Payment plan must conclude before June 1st of that year.
2. If a payment is missed, the member will be assessed late fees and interest dating back to February 1st and the account will immediately be sent to collections.

Reserve Fund Amendment

On the election form for this year, you will notice a proposed amendment to our covenants: the amendment for a Reserve Fund Contribution. How this would work is that when a home is sold or transferred (with some exceptions), the new buyer of the home would contribute an amount equal to one year's dues to our reserve fund. In the last few years, we have built up value in our neighborhood. When a new homeowner comes in, we would like them to immediately feel like they have a stake in the association.

This would also allow the association to generate added revenue to be used for large scale projects. This money cannot be used for day to day operations. This revenue has to be used for one time events, for example, replacing the fountain.

How much income would this generate? In 2006, there were at least 8 homes that sold. This would have generated \$2,400 in income. In 2004 and 2005, there were 18 homes that sold in our neighborhood. This would have netted the association \$5,400. By having this amendment, it will allow the association to keep the annual dues down.

Please read the amendment and I hope that you will support it.

Goals

Last year, the board put forth the following five goals that we wanted to accomplish:

1. New entrance sign for the south entrance.
2. New entrance sign for the north entrance.
3. New fountain for the pond.
4. Plant and/or replace trees in the common area.
5. Have homeowners fix their mailboxes.

We accomplished 3 of the 5 goals that we set forth. Goals 1 and 2 were the most expensive of the 5 and have been completed. We now need to look at the year ahead and take another look at the goals going forward. The goals that we have developed are:

1. **New fountain for the pond.** The pond is in great need of a fountain to keep it healthy. This will be the highest priority for the coming year. The board has already begun reviewing possible replacement fountains and should have a decision within the next month or two.
2. **Redo the landscaping at the two entrances.** As we all know, the entrances can be better landscaped. We have added two nice looking signs and now we need to improve the rest of the area. We will be contacting a landscape architect to help us revitalize the front entrances. Once we have a plan, it will be published on the web site for everyone to view.
3. **Increase the general reserve fund.** This is separate from the proposed amendment and is funded by saving money from our yearly contributions. If you look at the budget, you will see for the first time, a line item for Reserve Fund. This is a general savings fund that will allow the association to have a cushion. This money will also allow us to add additional resources to needed improvements. Our goal is to put 10% of our income into this reserve fund each year.

Conclusion

We have come along way in the past 3 years. We have come from a deficit of \$6,000 to being able to save 10% of our income. We are better able to address homeowners concerns and to act upon them. We have received far more input than ever before from the residents. The board encourages everyone to participate and to get involved in what is happening in our neighborhood.

For information on Grassy Knoll (including meetings dates, meeting minutes, notices, etc.) please visit our web site: <http://www.grassyknollpoa.com>

Sincerely,

Mike Clemmons
President, Grassy Knoll POA

Exhibit I – Balance Sheet

GRASSY KNOLL PROPERTY OWNERS' ASSOCIATION

Balance Sheet as of June 30, 2007

| | |
|---------------------------------|-------------------------|
| ASSETS | |
| Current Assets | |
| Checking/Savings | 12,897.19 |
| Total Checking/Savings | <u>12,897.19</u> |
| | |
| Accounts Receivable | |
| Accounts Receivable | <u>-65.50</u> |
| Total Accounts Receivable | -62.50 |
| | |
| Other Current Assets | |
| Undeposited Funds | <u>300.00</u> |
| Total Other Current Assets | 300.00 |
| | |
| Total Current Assets | 13,134.69 |
| | |
| TOTAL ASSETS | <u><u>13,134.69</u></u> |
| | |
| LIABILITIES & EQUITY | |
| Liabilities | |
| Current Liabilites | |
| Accounts Payable | |
| Accounts Payable | <u>-2,377.61</u> |
| Total Other Current Liabiliteis | <u>-2,377.61</u> |
| Total Current Liabilites | <u>-2,377.61</u> |
| Total Liabilities | -2,377.61 |
| | |
| Equity | |
| Opening Bal Equity | 1,745.00 |
| Retained Earnings | 3,679.65 |
| Net Income | <u>17,146.37</u> |
| Total Equity | 22,571.02 |
| | |
| TOTAL LIABILITIES & EQUITY | <u><u>20,193.41</u></u> |

Exhibit II – Profit & Loss Budget Performance

GRASSY KNOLL PROPERTY OWNERS' ASSOCIATION
2007 Budget

| | Annual Budget | Jan - Jun 2007 |
|---------------------------|------------------------|-------------------------|
| Income | | |
| Income | | |
| Association Fees | <u>26,400.00</u> | <u>22,238.00</u> |
| Total Income | <u>26,400.00</u> | <u>22,238.00</u> |
| Total Income | 26,400.00 | 22,238.00 |
| Expenses | | |
| Operating Expenses | | |
| Management Fees | 4,800.00 | 1,885.87 |
| Postage, Copies, Admin | 528.00 | 166.33 |
| Professional Fees | 250.00 | 164.50 |
| Operating Expense - Other | <u>0.00</u> | <u>-325.00</u> |
| Total Operating Expenses | <u>5,578.00</u> | <u>1,891.70</u> |
| Insurance/Taxes | | |
| Insurance | 500.00 | 479.00 |
| Corporate Taxes | 0.00 | 0.00 |
| Property Taxes | <u>325.00</u> | <u>-107.30</u> |
| Total Insurance/Taxes | <u>825.00</u> | <u>371.70</u> |
| Utilities | | |
| Electric | 1,380.00 | 782.72 |
| Trash Removal | 0.00 | 730.00 |
| Water | <u>900.00</u> | <u>-312.05</u> |
| Total Utilities | <u>2,280.00</u> | <u>1,200.67</u> |
| Grounds | | |
| Landscape Contract | 8,947.00 | 5,012.00 |
| Landscaping Miscellaneous | 500.00 | 0.00 |
| Irrigation | 450.00 | 0.00 |
| Pond Contract | 1,550.00 | 525.00 |
| North Entrance Sign | <u>2,500.00</u> | <u>0.00</u> |
| Total Grounds | <u>13,947.00</u> | <u>5,537.00</u> |
| Total Expenses | <u>22,630.00</u> | <u>9,001.07</u> |
| Reserve | <u>2,263.00</u> | <u>0.00</u> |
| Net Income | <u>1,507.00</u> | <u>13,236.93</u> |

Exhibit III – A/R Aging Summary

GRASSY KNOLL PROPERTY OWNERS' ASSOCIATION
A/R Aging Summary
As of June 30, 2007

| | <u>Current</u> | <u>1-30</u> | <u>31-60</u> | <u>61-90</u> | <u>> 90</u> | <u>Total</u> |
|----------------|----------------|-------------|---------------|---------------|-----------------|------------------|
| Home Owner 1 | 0.00 | 0.00 | 0.00 | 46.00 | 300.00 | 346.00 |
| Home Owner 2 | 0.00 | 0.00 | 0.00 | 46.00 | 300.00 | 346.00 |
| Home Owner 3 | 0.00 | 0.00 | 0.00 | 51.81 | 590.62 | 642.43 |
| Home Owner 4 | 0.00 | 0.00 | 0.00 | 46.00 | 300.00 | 346.00 |
| Home Owner 5 | 0.00 | 0.00 | 0.00 | 46.00 | 0.00 | 46.00 |
| Home Owner 6 | 0.00 | 0.00 | 0.00 | 46.00 | 0.00 | 46.00 |
| Home Owner 7 | 0.00 | 0.00 | 0.00 | 46.00 | 300.00 | 346.00 |
| Home Owner 8 | 0.00 | 0.00 | 0.00 | 53.25 | 662.50 | 715.75 |
| Home Owner 9 | 0.00 | 0.00 | 0.00 | 46.00 | 300.00 | 346.00 |
| Home Owner 10 | 0.00 | 0.00 | 0.00 | 64.42 | 1,221.00 | 1,285.42 |
| Home Owner 11 | 0.00 | 0.00 | 0.00 | 46.00 | 300.00 | 346.00 |
| Home Owner 12 | 0.00 | 0.00 | 0.00 | 0.00 | 237.50 | 237.50 |
| Home Owner 13 | 0.00 | 0.00 | 0.00 | 46.00 | 100.00 | 146.00 |
| Home Owner 14 | 0.00 | 0.00 | 0.00 | 62.42 | 1,121.00 | 1,183.42 |
| Home Owner 15 | 0.00 | 0.00 | 0.00 | 46.00 | 0.00 | 46.00 |
| Home Owner 16 | 0.00 | 0.00 | 0.00 | 0.00 | 50.00 | 50.00 |
| Home Owner 17 | 0.00 | 0.00 | 0.00 | 46.00 | 300.00 | 346.00 |
| Home Owner 18 | 0.00 | 0.00 | 0.00 | 50.90 | 545.00 | 595.90 |
| Home Owner 19 | 0.00 | 0.00 | 386.00 | 0.00 | 0.00 | 386.00 |
| Home Owner 20 | 0.00 | 0.00 | 0.00 | 0.00 | 442.50 | 442.50 |
| Home Owner 21 | 300.00 | 0.00 | 0.00 | 0.00 | 0.00 | 300.00 |
| Home Owner 22 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 | 100.00 |
| Home Owner 23 | 0.00 | 0.00 | 0.00 | 62.42 | 1,121.00 | 1,183.42 |
| Home Owner 24 | 0.00 | 0.00 | 0.00 | 46.00 | 300.00 | 346.00 |
| Totals: | 300.00 | 0.00 | 386.00 | 897.22 | 8,591.12 | 10,174.34 |