

SKY HARBOR PROPERTY OWNER'S ASSOCIATION BOARD MEETING

MARCH 5, 2011

MEMBERS PRESENT: Junior Webb, John Padgett, Marion Kincheloe, Steve Akers, Dr. Chambliss, Darrell Sperry, Donna Chismar, Roy Chismar, and Mary Jo Beard.

The meeting was called to order by John Padgett. The minutes of the previous meeting were read by Donna Chismar. Dr. R. Chambliss made a motion to accept the minutes as read. Marion Kincheloe seconds the motion. Motion passed.

John Padgett presented the Treasurer's report which was reviewed by all present. Motion to accept the Treasurer's report was made by Steve Akers and second by Marion Kincheloe.

John Padgett announced that one of the Board Members, Richard Meyers, resigned his position. He will be replaced by Emil Gumieny who was present at the meeting. Emil volunteered to fill the post and a motion was made by Marion Kincheloe to accept Emil on the Board. Motion was second by Roy Chismar. Motion passed. He will serve on the Road Committee to fill the vacancy left by Richard Meyers. Emil's name will be added to the Board Member roster and be posted on our web site.

John Padgett thanked everyone for their help during the snow storm that occurred in December. It was reported that over 18,000 dollars was spent on the snow storm which was much more than we budgeted for. Unfortunately, because of the snow plow being disabled, we were forced to use other expensive means for clearing the snow from the roads. John stated that if we get another snowfall of this proportion, we will not be responsible for getting visitors in and out of Sky Harbor. It will be up to the rental companies to provide this service to their customers. Therefore, it was proposed that a certified letter go out to all rental management companies that rent property in Sky Harbor notifying them of this. Also, it was suggested that signs be posted at both entrances stating that FOUR WHEEL DRIVE AND OR CHAINS REQUIRED IN WINTRY CONDITIONS. Roy Chismar will check on the prices for these 2 signs and report back at the next meeting. A motion was made to accept both proposals by Steve Akers and second by Darrell Sperry. Motion passed. A letter will be drawn up by Roy Chismar and sent Certified mail to all rental agencies renting property in Sky Harbor.

Darrell Sperry wanted to notify all Board Members that Timbertop's Realty voluntarily helped with plowing the roads during this time. A letter of appreciation was sent to them. Their help was deeply appreciated.

Budget was presented by John Padgett. A motion to accept the budget was proposed by Steve Akers and second by Darrell Sperry. Motion passed.

The Road Report was given by Marion Kincheloe. We have approximately \$30,000 available for road improvements which will be targeted from now until May. Priorities will be done first. See attached proposal. Dr. R. Chambliss made a motion to accept the road report and it was second by Steve Akers. Darrell Sperry requested that he be taken off the Road Committee and that he be listed as Sky Harbor Security Officer.

Dexter Christenberry has requested that he be allowed to build a garage on his property which is located across the street from the mailboxes. He had a survey done to make sure that the building met code, which it does, and his request was approved.

NEW BUSINESS:

Darrell Sperry stated that the cable is torn out again across Raymond Hollow. Junior Webb will check prices to have two large cement blocks placed there and report back at the next meeting.

Mary Jo Beard suggested that we have a picnic following the annual meeting for all the property owners in Sky Harbor. A suggestion was made to discuss this at the next meeting. In the meantime, Mary Jo will check on prices for having the affair catered. She also suggested having a booklet made up to promote Sky Harbor and the area. She will look into this and report back at the next meeting.

Cable bundling was discussed by Roy Chismar. He called Charter Cable about the possibility of having a bundle package offered in Sky Harbor. The cable lines are not presently equipped to handle a phone system and there are so many different internet options, that this is not possible to do as a Group Package. Everyone would have to have the same package and there would be no options allowed. Therefore, this is not feasible due to everyone's individual needs.

Steve Akers suggested that part of the Club House be turned into a convenience store for the area. He feels that it would generate income for the Association and would be a convenience for owners and guests. It was also suggested that vending machines could be placed here for movie rentals. John Padgett will talk to the Association lawyer to find out if our by-laws would legally support this and report his findings at the next meeting.

The roof on the Club House was addressed. It is still leaking and needs to be replaced. We cannot financially afford to replace the roof at this time so it was suggested that it be repaired again as a temporary fix. An estimate for roof replacement was submitted.

At the last meeting the possibility of advertising on our web site was discussed and Donna Chismar was going to look into the cost of this. She received the cost for setting this up on our web page and the cost of inputting each individual ad. A discussion followed as to whether we should limit this to only properties for sale or if we should include business services. It was decided that it would be open to both. John Padgett will check on the cost of placing an ad in the newspaper so we have an idea of what to charge for this service. He will report back at the next meeting in May. Final details will be decided then.

Emil Gumieny stated that he would like to compile a list of all property owners which would include their address and E-Mail address. This would enable us to E-Mail owners of important events that are happening in the area. A request for this information will be sent out in our annual dues statement and hopefully the property owners will return this information so that this list can be compiled. Emil has agreed to take on this responsibility.

Striping on the roads was again brought up. Junior Webb will take care of this as soon as weather permits. He will be painting a yellow stripe down the center of School House Gap and Silver Poplar.

Steve made a motion that the meeting be adjourned. John Padgett seconds the motion.

Respectfully submitted,

Donna Chismar

Secretary, Sky Harbor Property Owner's Association



February 11, 2011

Sky Harbor Property Owners Association, Inc.
Silver Poplar Lane
Pigeon Forge, TN

We have compiled the accompanying statement of assets, liabilities, and equity of Sky Harbor Property Owners Association, Inc. (a Tennessee C corporation) as of December 31, 2010, and the related statement of income and expenses for the five month then ended. We have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or provide any assurance about whether the financial statements are in accordance with accounting principles generally accepted in the United States of America.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

Our responsibility is to conduct the compilation in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The objective of a compilation is to assist management in presenting financial information in the form of financial statements without undertaking to obtain or provide any assurance that there are no material modifications that should be made to the financial statements.

Management has elected to omit substantially all of the disclosures required by accounting principles generally accepted in the United States of America. If the omitted disclosures were included in the financial statements, they might influence the user's conclusions about the Company's assets, liabilities, equity, revenues, and expenses. Accordingly, these financial statements are not designed for those who are not informed about such matters.

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. Sky Harbor Property Owners Association, Inc. has not presented this supplementary information.

Sincerely,

Kirk, Fortner, Smalley, & Associates, PLLC

Kirk, Fortner, Smalley, & Associates, PLLC
Certified Public Accountants

Sky Harbor Property Owners Assoc.
Statement of Assets, Liabilities, and Equity
December 31, 2010

ASSETS

| | | |
|--------------------------------|--------|--------------------------------|
| Current Assets | | |
| Cash in Bank - Tennessee State | \$ | 94,856.46 |
| Accounts Receivable-Dues | | 162,023.72 |
| Accounts Receivable-Cable | | 5,365.30 |
| Allow. for Doubtful Accounts | | <u>(155,531.66)</u> |
| Total Current Assets | | 106,713.82 |
| Fixed Assets | | |
| Truck | | 10,500.00 |
| Snow Plow | | 4,500.00 |
| EQUIPMENT | | 3,899.99 |
| Improvements-Air Conditioner | | 5,000.00 |
| Signs | | 9,000.00 |
| Clubhouse | | 354,500.00 |
| Improvements | | 809,529.85 |
| Improvements-2009 | | 60,652.93 |
| Improvements 2010 | | 6,700.00 |
| Less: Accumulated Depreciation | | <u>(284,108.17)</u> |
| Total Fixed Assets | | <u>980,174.60</u> |
| Total Assets | \$ | <u><u>1,086,888.42</u></u> |

LIABILITIES AND EQUITY

| | | |
|--------------------------------|--------|--------------------------------|
| Current Liabilities | | |
| Accounts Payable | \$ | 8,000.00 |
| Customer Prepaid Dues | | 270.02 |
| Customer Prepaid Cable | | 458.58 |
| Deferred Revenue - Dues | | 104,344.41 |
| Sales Tax Payable | | <u>251.00</u> |
| Total Current Liabilities | | 113,324.01 |
| Equity | | |
| Retained Earnings | | 943,238.68 |
| Net Income | | <u>30,325.73</u> |
| Total Equity | | <u>973,564.41</u> |
| Total Liabilities & Equity | \$ | <u><u>1,086,888.42</u></u> |

See Accountant's Report

Sky Harbor Property Owners Assoc.
Statement of Revenue and Expenses
For the Five Month Period Ended December 31, 2010

| | Year to Date | |
|----------------------------|--------------|--------|
| Income | | |
| Property Owners Dues | \$ 74,531.72 | 52.54 |
| Cable Fee Income | 47,875.18 | 33.75 |
| Rental Income | 11,659.00 | 8.22 |
| Bad Debt Recovery | 1,914.94 | 1.35 |
| Income/late fees | 5,885.00 | 4.15 |
| | 141,865.84 | 100.00 |
| Expenses | | |
| Bad Debt | 37,979.52 | 26.77 |
| Cable Expenses | 18,264.15 | 12.87 |
| Credit Card Fees | 187.96 | 0.13 |
| Contract Labor | 465.00 | 0.33 |
| Depreciation | 16,607.64 | 11.71 |
| Interest Expense | 239.73 | 0.17 |
| Hot Tub Fees | 315.00 | 0.22 |
| Repairs and Maintenance | 11,481.21 | 8.09 |
| Licenses | 20.00 | 0.01 |
| Office Expenses | 199.12 | 0.14 |
| Other Taxes | 116.59 | 0.08 |
| Pest Control | 257.78 | 0.18 |
| Postage/Box Rental | 60.00 | 0.04 |
| Professional Fees | 10,000.00 | 7.05 |
| Property Maintenance | 109.75 | 0.08 |
| Rental Commission | 3,497.70 | 2.47 |
| Property Taxes | 2,756.64 | 1.94 |
| Road Maintenance | 6,087.00 | 4.29 |
| Supplies | 1,378.62 | 0.97 |
| Telephone | 178.68 | 0.13 |
| Utilities | 1,338.02 | 0.94 |
| | 111,540.11 | 78.62 |
| Net Income from Operations | 30,325.73 | 21.38 |
| Other Income | | |
| | 0.00 | 0.00 |
| Net Income | \$ 30,325.73 | 21.38 |

See Accountant's Report

**Sky Harbor POA
Clubhouse Expense and Income 2010**

| Description | Expense | Income |
|--------------------------------------|--------------------|--------------------|
| Electric | \$7,394.54 | |
| Gas | 519.12 | |
| Pest Control - Orkin | 182.78 | |
| Pest Control – Bear Camp Rentals | 180.00 | |
| Improvements – Larry Buckner | 6,700.00 | |
| Improvements (Signs) - Donna Chismar | 654.17 | |
| Improvements – Roy Chismar | 926.60 | |
| Improvements – Travis Wright | 1,000.00 | |
| Lawn Care – Doug Davis | 1,025.00 | |
| | | \$10,199.34 |
| | | |
| Total | \$18,582.21 | \$10,199.34 |

**Sky Harbor POA -- Expenses Incurred for Snow Removal
December 2010 – January 2011**

| Amount | Paid To | Description |
|--------------------|---------------------|---------------------------|
| \$1,937.50 | Darrell Sperry | 77.5 Hours |
| 204.95 | Darrell Sperry | Supplies & Gas |
| 90.00 | Roy Chismar | 3 Hours |
| 4,299.00 | Junior Webb | 177.5 Hours Plus Supplies |
| 450.00 | Falin Enterprises | Snow Plow Truck |
| 1,920.00 | Falin Enterprises | Calcium Chloride |
| 1,595.93 | Carr's Auto Service | Truck Repair |
| 1,020.00 | Richard Meyers | 34 Hours |
| 223.67 | Richard Meyers | Gas |
| 4,320.56 | Co-Op | Supplies |
| 2,309.36 | Vulcan | Supplies |
| \$18,370.97 | Total | |

Bear Camp Cabin Rentals

204 Pine Mtn. Rd.

Suite 5

Pigeon Forge TN, 37863

Month to Date/Year to Date

01/16/2011

Run Date: 01/16/2011 1:55:59 PM

Property Property Name
SHLodge Sky Harbor Lodge

Owner
Sky Harbor POA

| <u>ACCOUNT</u> | <u>MTR</u> | <u>YTD</u> |
|-----------------------|---------------|--------------------|
| Maintenance | \$0.00 | \$1,157.83 |
| Telephone Paid | \$0.00 | \$0.00 |
| Electricity Paid | \$0.00 | \$0.00 |
| Credit Card Charges | \$0.00 | \$389.55 |
| Owner Charges | \$0.00 | \$728.70 |
| Owner Hot Tub Fee | \$0.00 | \$600.00 |
| Cleaning Fee | \$0.00 | \$10.00 |
| Rental Commission | \$0.00 | \$6,342.00 |
| Other Owner Expense | \$0.00 | \$1,029.47 |
| TOTAL EXPENSES | \$0.00 | \$10,229.55 |
| Telephone Income | \$0.00 | \$0.00 |
| Utilities Income | \$0.00 | \$0.00 |
| Rental Income | \$0.00 | \$21,140.00 |
| | \$0.00 | \$0.00 |
| Cleaning Income | \$0.00 | \$0.00 |
| Misc. Income A | \$0.00 | \$0.00 |
| Misc. Income B | \$0.00 | \$0.00 |
| Misc. Income C | \$0.00 | \$0.00 |
| TOTAL INCOME | \$0.00 | \$21,140.00 |
| NET TO OWNER | \$0.00 | \$10,910.45 |
| OTHER | | |
| Checks to Owner | \$0.00 | \$10,910.45 |
| Checks from Owner | \$0.00 | \$0.00 |

Sky Harbor P.O.A

2011 Estimate on paving, ditching, and tiles

1. Minnie home ct - work with home owner
2. Hickory Hill dr. – two overlays approx. 5000 sq ft 74 ton = 9,980.00
3. Sky view dr. – overlay 3 places approx 4000 sq ft 57 ton = 7,695.00
4. Lillie ct – grade and ditch
5. Beach front and north school house gap rd. – overlay approx 120 ton = 27,000.00
6. Elm cir – overlay approx 9 ton = 1,215.00
7. Cedar pass – paving approx 4200 sq ft 58 ton = 7,830.00
8. Holly pass – overlay approx 3000 sq ft 43 ton = 3,010.00
9. Cedar pass- patching pot hole
10. Balsam cir – paving approx 22 ton = 2,970.00
11. Daisy ct – strip pave 3 places approx 75 ton = 10,125.00
12. Beach front south – overlay 3 places approx 30 ton = 4,050.00
13. Bobs pass – overlay approx 30 ton = 4,050.00
14. Azala cir – overlay approx 28 ton = 3,780.00

? Grading, ditching, and tile work is by the hour and stone is charged to Sky Harbor. Brush and trees is also removed by the hour, as well as loader and truck.

Most patching will be done while paving and overlay paving on various roads.

Loaders – 55/hr

Backhoe- 55/hr

Truck – 55/hr

Roller (as needed) – 35/hr

1. Back of Ridgefield 315x12= 3780 sq ft 54 ton = approx 7,290.00
2. Front of Ridgefield 475x12= 5700 sq ft 82 ton = approx 11,070.00
3. Cap Orchard 1150x12= 14,000 sq ft 205 ton= approx 27,675.00

SPURGEON EXCAVATING
& PAVING
Jimmie White

**BUDGET FOR MARCH - AUGUST, 2011
FOR SKY HARBOUR PROPERTY OWNERS ASSOCIATION**

Accounting & Executive Assitant

| | | |
|--|--------------------|-------------------------------------|
| Insurance | \$12,000.00 (pd) | Cable Income - 197 accounts |
| Electricity | \$3,000.00 | \$49.50 - \$31.50 = \$18.00 |
| Gas (Clubhouse) | \$1,500.00 | \$18.00 x 197 accts = \$3,546.00 |
| Fuel (truck) | \$600.00 | \$3,546.00 x 6 months = \$21,276.00 |
| Salt/Sand | \$1,000.00 | |
| Truck (maintenance) | \$1,500.00 | Bank balance as of 2/14/2011 = |
| Contract labor | \$3,000.00 | \$71,707.00 |
| Property tax | \$1,900.00 | |
| Pest Control | \$300.00 | Dues 2010 - 2011 |
| Postage (office) | \$1,800.00 | 873 billed \$179,283.00 |
| Sales Tax (cable) | \$1,500.00 | 2/16/2011 - 674 paid |
| Legal | \$1,000.00 | 77% paid |
| Reserve | <u>\$10,000.00</u> | |
| Total | \$39,100.00 | |
| | | |
| Snow rental expense | \$18,370.00 | |
| | | |
| Rental income - August 2010 thru January 2011 | \$21,140.00 | |
| Rental cost - maintenance, electricity, telephone, gas, pest control & improvements | \$28,234.00 | |
| Net | \$ 7,094.00 - LOSS | |