

**WINTERGREEN
PROPERTY OWNERS ASSOCIATION, INC.
ROSELAND, VIRGINIA**

**FINANCIAL REPORT
YEARS ENDED DECEMBER 31, 2009 and 2008**

**WINTERGREEN PROPERTY OWNERS ASSOCIATION, INC.
ROSELAND, VIRGINIA**

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Wintergreen Property Owners
Association, Inc.
Roseland, Virginia

We have audited the accompanying balance sheets of Wintergreen Property Owners Association, Inc. as of December 31, 2009 and 2008 and the related statements of revenue and expenses and changes in fund balance, and cash flows for the years then ended. These financial statements are the responsibility of the Association's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we 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. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Wintergreen Property Owners Association, Inc. as of December 31, 2009 and 2008, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Wills Associates, PC

Charlottesville, Virginia
May 27, 2010

WINTERGREEN PROPERTY OWNERS ASSOCIATION, INC.
BALANCE SHEETS
DECEMBER 31, 2009 AND 2008

ASSETS

	2009	2008
CURRENT ASSETS		
Cash and temporary cash investments	\$ 1,451,280	\$ 898,752
Certificates of deposit .....	...	558,871
Accounts receivable, assessments	43,226	3,459
Accounts receivable, other	152,462	181,229
Prepaid expenses.....	9,505	6,525
Deferred income tax benefit	8,961	1,175
Income tax refund receivable	26,264	8,000
	<u>1,691,698</u>	<u>1,658,011</u>
LAND, BUILDINGS AND EQUIPMENT		
Land and improvements	3,763,524	2,965,055
Buildings and improvements	2,401,055	2,334,645
Vehicles	1,483,788	1,332,383
Equipment.....	615,312	593,151
Furniture & fixtures	49,335	49,335
	<u>8,313,014</u>	<u>7,274,569</u>
Total.....	8,313,014	7,274,569
Less: Accumulated Depreciation.....	3,932,317	3,532,524
Net Land, Buildings and Equipment.....	<u>4,380,697</u>	<u>3,742,045</u>
OTHER ASSETS		
Accounts receivable, assessments (net of allowance for doubtful assessments of \$4,753 for 2009 and \$4,032 for 2008)	31,232	44,576
Unamortized loan costs	4,225	8,049
	<u>35,457</u>	<u>52,625</u>
Total Other Assets	<u>35,457</u>	<u>52,625</u>
TOTAL ASSETS	<u>\$ 6,107,852</u>	<u>\$ 5,452,681</u>

LIABILITIES AND FUND BALANCE

	2009	2008
CURRENT LIABILITIES		
Notes payable within one year.....	\$ 100,354	\$ 77,011
Accounts payable.....	80,016	195,996
Accrued expenses	25,176	63,432
Assessments received in advance	1,125,683	984,649
Income tax payable.....	...	4,382
Deferred income tax provision .....	...	21,388
Deferred property lease income.....	22,000	22,000
	<hr/>	<hr/>
Total Current Liabilities	1,353,229	1,368,858
	<hr/>	<hr/>
LONG TERM LIABILITIES		
Notes payable after one year	1,376,021	686,010
Deferred property lease income.....	119,167	141,167
	<hr/>	<hr/>
Total Long-Term Liabilities	1,495,188	827,177
	<hr/>	<hr/>
Total Liabilities.....	2,848,417	2,196,035
	<hr/>	<hr/>
FUND BALANCE.....	3,259,435	3,256,646
	<hr/>	<hr/>
	<hr/>	<hr/>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 6,107,852</u>	<u>\$ 5,452,681</u>

The accompanying notes are an integral part of these financial statements.

WINTERGREEN PROPERTY OWNERS ASSOCIATION, INC.
STATEMENTS OF REVENUES AND EXPENSES
AND CHANGES IN FUND BALANCE
YEARS ENDED DECEMBER 31, 2009 AND 2008

	2009	2008
REVENUES		
Owner assessments/contributions.....	\$ 4,549,824	\$ 4,255,247
Investment earnings.....	26,412	67,821
Miscellaneous income.....	154,187	95,796
Nelson County income.....	321,543	315,673
Landscape income.....	459,416	646,331
School building lease income.....	22,000	22,000
Architectural review board income.....	16,075	15,375
Tuckahoe events income.....	7,538	...
Income tax refund.....	18,824	...
Income tax benefit-deferred.....	29,173	...
Gain on sale of assets.....	9,815	...
	<u>5,614,807</u>	<u>5,418,243</u>
EXPENSES		
Road maintenance.....	520,996	370,044
Common property maintenance.....	117,500	131,175
Maintenance department.....	887,010	832,036
Police department.....	946,718	904,028
Fire department and rescue squad.....	917,526	857,194
Emergency service buildings.....	37,898	40,185
General and administrative.....	846,836	735,322
Architectural review board expenses.....	54,071	77,383
Amortization and depreciation.....	467,377	454,775
Landscape expenses.....	501,078	651,098
Nelson County expenses.....	315,008	319,664
Income tax expense-current.....	...	7,422
Income tax provision-deferred.....	...	25,836
	<u>5,612,018</u>	<u>5,406,162</u>
EXCESS OF REVENUES OVER EXPENSES.....	2,789	12,081
BEGINNING FUND BALANCE.....	<u>3,256,646</u>	<u>3,244,565</u>
ENDING FUND BALANCE.....	<u>\$ 3,259,435</u>	<u>\$ 3,256,646</u>

The accompanying notes are an integral part of these financial statements.

WINTERGREEN PROPERTY OWNERS ASSOCIATION, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2009 AND 2008

CASH FLOWS FROM OPERATING ACTIVITIES	2009	2008
Change in net assets.....	\$ 2,789	\$ 12,081
Adjustments to reconcile excess of revenues over expenses to net cash provided by operating activities:		
Depreciation.....	482,937	474,515
Amortization.....	1,961	1,822
Gain on assets sold	(9,815)	...
Abandonment loss	6,834	20,865
(Increase)Decrease in Assets:		
Member assessments receivable.....	20,623	49,536
Landscaping accounts receivable	(10,279)	11,166
Prepaid expenses.....	(2,980)	(675)
Increase(Decrease) in Liabilities:		
Accounts payable.....	(115,980)	145,008
Deferred property lease income.....	(22,000)	(22,000)
Accrued expenses	(42,638)	16,042
Income taxes receivable.....	(26,264)	(45,389)
Assessments received in advance	141,034	(15,951)
Deferred income taxes	(29,174)	25,836
 Net cash provided by operating activities.....	 <u>397,048</u>	 <u>672,856</u>
 CASH FLOWS FROM INVESTING ACTIVITIES		
Property and equipment purchases.....	(1,126,560)	(376,533)
Proceeds from sale of equipment.....	<u>9,815</u>	<u>...</u>
 Net cash used in investing activities.....	 <u>(1,116,745)</u>	 <u>(376,533)</u>
 CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from notes payable	1,517,130	...
Purchase of certificate of deposit.....	...	(572,383)
Redemption of certificate of deposit	558,871	430,471
Curtailment of notes payable.....	(803,776)	(72,564)
 Net cash provided by(used in) financing activities	 <u>1,272,225</u>	 <u>(214,476)</u>

The accompanying notes are an integral part of these financial statements.

**WINTERGREEN PROPERTY OWNERS ASSOCIATION, INC.
STATEMENTS OF CASH FLOWS – CONTINUED
YEARS ENDED DECEMBER 31, 2009 AND 2008**

	2009	2008
NET INCREASE(DECREASE) IN CASH	\$ 552,528	\$ 81,847
CASH AT BEGINNING OF YEAR	<u>898,752</u>	<u>816,905</u>
CASH AT END OF YEAR	<u>\$ 1,451,280</u>	<u>\$ 898,752</u>
 SUPPLEMENTAL CASH FLOW INFORMATION		
Interest expense paid	<u>\$ 86,093</u>	<u>\$ 54,999</u>

The accompanying notes are an integral part of these financial statements.

WINTERGREEN PROPERTY OWNERS ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS

NATURE OF ORGANIZATION

Wintergreen Property Owners Association, Inc. (the Association) was formed in September, 1973 as a not-for-profit corporation for purposes of maintaining common properties and providing services to the residential community located in Nelson and Augusta counties, Virginia, known as Wintergreen. The affairs of the Association are managed by the Executive Director and their professional staff, with oversight by the Association's Board of Directors who adopt and publish rules and regulations governing the use of common areas and facilities, and other properties and services under the control of the Association. The Association extends credit to its members, many of whom are residents of Virginia and surrounding states.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Income Taxes

In 2009 and 2008, the Association filed its income tax returns as a regular corporation and computed its tax liability under the provisions of Section 277 of the Internal Revenue code. The Association had taxable income of (\$29,227) in 2009 and taxable income of (\$34,597) in 2008. While the Association functions as a non-profit entity, investment income and other nonexempt revenue are subject to income taxes. The total current income tax expense for 2009 was \$0. The income tax expense for 2008 was \$7,422 (\$0 Federal and \$7,422 Virginia). There is a net operating loss of \$29,277 in 2009 and \$34,597 in 2008 which were used in net operating loss carryback returns.

The provision for income taxes for each of the years presented is determined in accordance with Statement of Financial Accounting Standards (SFAS) No. 109, *Accounting for Income Taxes*. There are two components of the income tax provision, current and deferred. Current income tax expense (benefit) is the taxes to be paid or refunded for the applicable period. Balance sheet amounts of deferred income taxes are recognized on the temporary differences between the basis of assets and liabilities as measured by tax laws and their basis as reported in the financial statements. Deferred income tax expense or benefit is then recognized for the change in deferred tax liabilities or assets between periods. This adjustment occurs because of the difference between the federal and state tax depreciation rules and generally accepted accounting principles.

Property and Equipment

The Association capitalizes all property and equipment to which it has title or other evidence of ownership. According to the Association's governing documents, sixty percent (60%) of the vote's cast must approve dispositions of any common real property.

Property and equipment acquired by the Association are recorded at cost and property contributed to the Association by the developer is recorded at its estimated fair market value at the date of contribution.

By deed dated December 29, 1993, Wintergreen Development, Inc. conveyed 4,628 acres of open space to the Association. The land is recorded in the Association's records at the 1993 assessed value of 3,950 acres of this open space, \$1,580,330 per the Nelson County tax assessor's office. The value of the remaining acreage has not yet been determined. The current land assessment is \$9,730,000.

On April 3, 2009 the Association purchased the Stoney Creek entranceway lot for \$711,943. The land was purchased at the appraised value.

WINTERGREEN PROPERTY OWNERS ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS-Continued

SUMMARY OF ACCOUNTING POLICIES – CONTINUED

Depreciation

Capitalized common property is depreciated over its estimated useful life using the straight-line method of depreciation. Depreciation expense for 2009 and 2008 is \$482,937 and \$474,515 respectively. Depreciation of \$17,521 and \$21,562 on equipment and vehicles used in landscaping operations is charged directly to landscaping expenditures and \$465,416 and \$452,953 is charged to general and administrative expenses in each year respectively.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Subsequent Events

Management has evaluated subsequent events through May 27, 2010, which is the date on which the financial statements were available to be issued and found nothing to report.

Fair Value of Financial Instruments

The fair value of all balance sheets items approximates their carrying amount. All items were level 1.

Fund Accounting

The Association's governing documents provide certain guidelines for governing its financial activities. To ensure observance of limitations and restrictions on the use of financial resources, the Association maintains its accounts using fund accounting. Financial resources are classified for accounting and reporting purposes in the Operating fund, which is used to account for financial resources available for the general operations of the Association.

Cash and Short-term Investments

Short-term investments that are highly liquid with an original maturity of three months or less are included in cash and short-term investments and are deemed to be cash equivalents.

Compensated Absences

It is impracticable to estimate the amount of compensation for future absences, and accordingly, no liability has been recorded in the accompanying financial statements. The Association's policy is to recognize the costs of compensated absences when actually paid to employees.

INSURED CASH BALANCES

The Association maintains its operating cash account at one financial institution. Other funds for road replacement are invested in a Treasury obligation mutual fund with a securities broker. The balances are insured by the Federal Deposit Insurance Corporation up to \$250,000 for December 31, 2009 and 2008. Uninsured balances are approximately \$1,201,280 and \$785,459 at December 2009 and 2008, respectively.

WINTERGREEN PROPERTY OWNERS ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS-Continued

CASH AND TEMPORARY CASH INVESTMENTS

The board of directors has designated certain funds be accumulated for future road replacement. This designated cash account is included in the cash and temporary cash investments account as shown on the balance sheet. Details are as follows:

	2009	2008
Designated for Road Replacement:		
Beginning balance	\$ 386,707	\$ 252,962
Transfers to this account.....	...	120,000
Purchases	120,000	260,041
Redemptions .....	...	260,041
Interest earned.....	10,716	13,745
	517,423	386,707
Ending balance		
Snow/storm reserve	177,963	172,164
Other operating cash accounts.....	755,894	898,752
	\$ 1,451,280	\$ 1,457,623
Total cash and temporary cash investments		

ACCOUNTS RECEIVABLE

Owner Assessments

The Association's policy is to pursue collection procedures including the placement of liens on homeowner properties for delinquent assessments. As of December 31, 2009, the Association has assessments outstanding from 2005 dues and prior years' assessments of \$79,211. For the year ended December 31, 2009 the board of directors and management created an allowance for all delinquent assessments in excess of sixty months. This allowance for doubtful assessments amounted to \$4,753 at December 31, 2009. The uncollected 2009 dues of \$43,226 are classified as current and the net uncollected dues from all prior years of \$35,985 are classified as a non-current asset.

Other Receivables

Receivables from other sources (Landscaping, Ski and miscellaneous) totaled \$152,462 and \$181,229 at December 31, 2009 and 2008.

WINTERGREEN PROPERTY OWNERS ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS-Continued

UNAMORTIZED LOAN FEES

Unamortized loan fees consist of the unamortized balance of fees paid to a bank for obtaining building and equipment loan commitments. As of December 31, 2005, the refinanced loan fees of \$12,106 are being amortized over the loan periods beginning with the first loan repayment. During 2009, the original loans were combined into one note with a loan fee of \$4,971. The amortization expense is \$1,961 for 2009 and \$1,822 for 2008.

NOTES PAYABLE	2009	2008
Long-Term Debt		
Note payable to a bank is secured by the Community Office Building.		
This note requires monthly payments of \$1,342 which are applied first to interest at 4.5% and then to principal. This loan was rolled into the Wachovia Bank note during 2009.....	\$...	\$ 56,230
Note payable to a bank is secured by the Valley Safety Services building addition, Community Office Building, Maintenance building and Fire station and Emergency Service building.		
Monthly installments of \$1,089 are applied first to interest, at 4.5% and then to principal. This loan was rolled into the Wachovia Bank note during 2009. ....	...	62,429
Note payable to a bank is secured by the Community Office Building, Maintenance building and Fire station and Emergency Services building. This note requires monthly payments of \$1,089 which are applied first to interest at 4.5% and then to principal. This loan was rolled into the Wachovia Bank note during 2009.....		
.....	...	64,931
Note payable to Ford Credit, secured by a vehicle. This note requires monthly payments of \$407, including interest at 0%		
.....	7,735	12,620
Note payable to Ford Credit, secured by a vehicle. This note requires monthly payments of \$641 which are applied first to interest at 8.69% and then to principal.		
.....	3,148	9,633
Note payable to a bank is secured by the Tuckahoe School building.		
This note requires monthly payments of \$2,998, which are applied first to interest at 7.56% and then to principal. This loan was rolled into the Wachovia Bank note during 2009.....	...	290,954

WINTERGREEN PROPERTY OWNERS ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS-Continued

NOTES PAYABLE – Continued

	2009	2008
Note payable to Ford Credit, secured by a vehicle. This note requires monthly payments of \$394 which are applied first to interest at 8.44% and then to principal.....	\$ 2,308	\$ 6,616
Note payable by Station I building. This note requires monthly payments of \$2,621 which are applied first to interest at 7.84% and then to principal. This note was rolled into the Wachovia Bank note during 2009. ....	...	259,608
Note payable to Wachovia Bank, secured by the Community Office building, Valley Safety Services building, Tuckahoe School building and Station I building. This note requires monthly payments of \$12,433 which are applied first to interest at 6.3% and then to principal. Payments are to begin on May 15, 2009 and continue until April 15, 2014 at which time all principal and interest will be due.....	1,398,172	...
Note payable to Ford Credit, secured by a vehicle. This note requires monthly payments of \$880, which are applied first to interest at 8.69% and then to principal.....	21,671	...
Note payable to Ford Credit, secured by a vehicle. This note requires monthly payments of \$880, which are applied first to interest at 8.69% and then to principal.....	21,671	...
Note payable to Ford Credit, secured by a vehicle. This note requires monthly payments of \$880, which are applied first to interest at 8.69% and then to principal.....	<u>21,670</u>	<u>...</u>
Total.....	1,476,375	763,021
Less amounts included in current maturities	<u>100,354</u>	<u>77,011</u>
Total Long-Term Debt.....	<u>\$ 1,376,021</u>	<u>\$ 686,010</u>

WINTERGREEN PROPERTY OWNERS ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS-Continued

NOTES PAYABLE – Continued

Maturities of long-term debt, without respect to the various call provisions, during each of the next five years are as follows:

2010.....	\$	100,354
2011.....		99,394
2012.....		79,679
2013.....		75,956
2014.....		1,120,992
Thereafter		<u>...</u>
		<u>\$ 1,476,375</u>

LINE OF CREDIT

The Association has a \$400,000 unsecured line of credit arrangement with Wachovia Bank at December 31, 2009. The credit limit in 2008 was \$100,000. There is no outstanding balance in 2009 or 2008. Principal is due on demand. The line of credit is renewable on an annual basis.

The Association has a \$500,000 line of credit arrangement with Ford Credit at December 31, 2009. This line of credit allows the Association to purchase vehicles through authorized Ford dealers. There were three purchases during 2009 and are listed under the Notes Payable caption. The line of credit is renewable on an annual basis after April 2010.

OPERATING LEASE OBLIGATIONS

The Association currently leases five road maintenance vehicles. Monthly lease payments range from \$698.33 to \$703.00.

Minimum lease payments for the next three years are as follows:

2010.....	\$	42,070
2011.....		14,023
2012.....		...

WINTERGREEN PROPERTY OWNERS ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS-Continued

RELATED PARTIES

During 2008, certain appointed members of the Association's Board of Directors are also officers and directors of Wintergreen Partners, Inc. or High Country Associates. As of 2009, there are no High Country Associates board members.

Membership dues, assessments, and contributions from related parties consisted of the following:

	2009	2008
Wintergreen Partners, Inc. – Ski assessments	\$ 285,721	\$ 258,987
Wintergreen Partners, Inc. – Commercial assessments	232,848	217,190
High Country Associates T/A Wintergreen Real Estate	7,747	31,427

Other related parties include the Wintergreen Nature Foundation, the Wintergreen Volunteer Fire Department, the Wintergreen Property Owners Volunteer Rescue Squad and the Wintergreen Performing Arts, Inc. Certain officers of the Association's Board of Directors are also officers or board members for these organizations. The Association provides direct financial support and administrative control of the daily operations of the Fire Department and the Rescue Squad. The Board of Directors for the Wintergreen Volunteer Fire Department and the Wintergreen Property Owners Volunteer Rescue Squad are charged with the oversight responsibility for fire and rescue operations and capital fund raising activities. The Association does not provide any direct financial support for the Wintergreen Nature Foundation and the Wintergreen Performing Arts, Inc.

In addition to the above, the Association provides certain services to the related parties and those parties provide certain services to the Association.

ASSESSMENTS RECEIVED IN ADVANCE

\$1,125,683 was received during 2009 as payments on billings for dues assessed for 2010. \$984,649 was received during 2008 as payments on billings for the 2009 dues assessment

NELSON COUNTY EMERGENCY MEDICAL SERVICES

The Association entered into an agreement as of April 20, 2007, between the County of Nelson and several other local volunteer service providers to combine service potential and resources. The Association will provide administrative services and will receive a monthly reimbursement.

DEFERRED SCHOOL PROPERTY LEASE

The Association purchased the Tuckahoe School property in Stoney Creek in 2007 for \$470,000, of which \$220,000 was a non cash transaction to lease the property back to the seller for ten years. Rent income of \$22,000 was received for 2009 and 2008. \$22,000 is reflected as a current liability for 2009 deferred lease income, and \$119,167 as a long-term liability for the remaining amount deferred. The property was recorded as an asset at its purchase price of \$470,000.

WINTERGREEN PROPERTY OWNERS ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS-Continued

INCOME TAXES

The Association accounts for income taxes in accordance with SFAS(109). Due to temporary differences caused by depreciation, the Association's deferred income tax (assets) liabilities at December 31 are as follows:

	2009	2008
(Assets) Liabilities:		
Federal	(\$ 6,286)	\$ 21,388
Virginia.....	(<u>2,675</u>)	(<u>1,175</u>)
Total Deferred Income Tax Liability(Benefit)	(<u>\$ 8,961</u>)	<u>\$ 20,213</u>

The components of the provision for income taxes for the years ended December 31 are as follows:

Current Expense:		
Federal	\$...	\$...
Virginia.....	.....	<u>7,422</u>
Total Current Expense .....	.....	<u>7,422</u>
Deferred Expense(Benefit):		
Federal	(27,673)	25,332
Virginia.....	(<u>1,500</u>)	<u>504</u>
Total Deferred Expense(Benefit).....	(<u>29,173</u>)	<u>25,836</u>
Total Provision for Income Taxes	(<u>\$ 29,173</u>)	<u>\$ 33,258</u>

EMPLOYEE BENEFIT PLANS

Effective December 1995, the Association adopted a non-qualified deferred compensation plan for the benefit of certain employees. This plan is designed to permit certain employee compensation deferrals in excess of certain tax limits applicable to the aforementioned pension plan. This plan is funded by annuities and contributions are made on an annual basis. This plan ended during 2007.

Effective January 1, 2007, the Association adopted a 401k Safe Harbor plan. The Association contributed 5.0% in 2009 and 2008 of eligible employees' salaries. Contributions to the plan totaled \$120,517 and \$111,334 in 2009 and 2008, respectively.

SUPPLEMENTARY INFORMATION

**INDEPENDENT AUDITORS' REPORT
ON SUPPLEMENTARY INFORMATION**

To the Board of Directors of
Wintergreen Property Owners Association

Our report on our audits of the basic financial statements of Wintergreen Property Owners Association for 2009 and 2008 appear on page 1. The audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information on future major repairs and replacements on page 14 is not a required part of the basic financial statements but is supplementary information required by the American Institute of Certified Public Accountants. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Wills & Associates, PC

Charlottesville, Virginia
May 27, 2010

WINTERGREEN PROPERTY OWNERS ASSOCIATION, INC.
SUPPLEMENTARY INFORMATION ON
FUTURE MAJOR REPAIRS AND REPLACEMENTS

On January 31, 1997 the board of directors adopted a long-range plan which revises the Association's reserve for replacement costs policy. Beginning in 1997, the Association shall maintain reserve accounts for roadways and capital equipment. The long-range plan was developed from a study conducted by the Association's board of directors in 1996 to estimate the remaining useful lives and the replacement costs of the components of common property. Replacement costs were based on the estimated costs to repair or replace the common property components at the date of the study. Estimated current replacement costs have been revised as of November 26, 2005 to be \$120,000. As of August 2009, the annual replacement cost was revealed to be \$150,000.

The following information is based on the long-range plan and presents significant information about the components of common property.

<u>Component</u>	<u>Estimated Remaining Useful Life (Years)</u>	<u>Estimated Current Replacement Cost Per Year</u>	<u>Designated Cash Balance at December 31</u>	
			<u>2009</u>	<u>2008</u>
Roadways	3 to 4	(\$120,000 in 2008)	\$517,423	\$386,708
		(\$150,000 in 2009)		