

MIRROR RIDGE HOMEOWNERS ASSOCIATION

c/o Capitol Property
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2004 Annual Meeting Treasurer's Report

1. Introduction: My name is Shelley Grandy and I am the Treasurer of the Mirror Ridge Homeowner's Association.
2. I've enjoyed serving on the board during the past year and would like to thank the board members that I have served with. As with any organization, there have been some items we have disagreed upon, but for the most part - we have worked very hard as a team to fulfill the Association duties and maintain the quality of our community.
3. Treasurer's Report

a. 2003 Budget

Our Association's 2003 Budget was based on income and expenses of \$205,100. Based on this budget, we were over budget by \$13,602 in 2003.

Our actual income for 2003 was approximately \$206,279, while expenses were approximately \$219,881 for an effective net loss of \$13,602.

The increase in expenses was due to the excess snow removal cost. By Spring of 2003, our snow removal budget was already over by budget due mainly to the blizzard in 2003. Additionally, in December 2003, we incurred snow removal cost of \$6,688. For 2003, our total snow removal cost was \$25,706. This was \$20,706 over budget. This amount was offset somewhat due to reduced legal collection fees and additional income of approximately \$2,593 for late fees.

Our 2003 audit has been completed. Our ending member's equity as of 12/31/2003 was \$443,565. Our ending 2002 members equity was \$473,431. We had a 2003 Reserve Expenditure in the amount of \$50,464 for new playground equipment.

b. 2004 Budget

Our 2004 Association budget is based on income and expenses of \$206,848.00

It must be noted that we have already spent \$8,166 in 2004 on this year's snow removal cost and this has put us over budget for snow removal by \$666. We may incur additional snow removal cost in November / December 2004 and this would put us over budget for 2004.

For 2004, our HOA fees were increased by 3% in order to meet the rising cost of Association expense items such as trash removal and landscaping and to offset the reduced interest income we receive (due to lower interest CD rates). The most difficult expense to budget is the snow removal cost.

c. Delinquent Accounts

In June 2002, past due accounts totaled over \$16,000.00. The board at that time initiated a collection strategy intended to encourage timely payments. This policy has greatly improved the collection process. At the end of April 2003, the past due balance was \$2,400.

From my recent collections report, dated 5/31/04, the past due balance is \$6,520 (\$3,513 is for one unit). The remaining balance of \$3,006 is comprised as follows: 15 units 30 - 60 days overdue and various late fees. These 15 units may be late in paying due to the transition in management company – Capitol to please follow-up with letters.

4. Overview of my duties in 2003. Initially, I began my term on the board as secretary and I moved into the position of treasurer when that position became vacant. In addition to my normal duties, I have worked on several other community projects with our board:

- a. Playground renovation. Requested community input (in newsletters). I then met with vendors to solicit proposals for renovations. The board reviewed the proposals and selected best quotation from the most qualified vendor. The work was completed to our satisfaction in late October 2003.
- b. New Management Company review. Prepared "Request for Proposal" for Management company services and submitted to 12 management firms

for consideration. Our board then carefully reviewed each proposal and selected the top three based on specific criteria. The top three firms were each interviewed in person and the firm whose qualifications best matched our requirements was selected. This is our new management company, Capitol Property.

- c. Communication. Our board has worked to try and improve the communications between the board, homeowners, and management company. We have improved the informational content of our webpage over the last year (www.mirror-ridge.org) and we have mailed out our informational newsletter on a quarterly basis.