

Vail Racquet Club

Mountain Resort

**RACQUET CLUB OWNER'S ASSOCIATION D/B/A
VAIL RACQUET CLUB MOUNTAIN RESORT**

**Financial Statements
and
Independent Accountants' Review Report
May 31, 2013 and 2012**

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**RACQUET CLUB OWNER'S ASSOCIATION D/B/A
VAIL RACQUET CLUB MOUNTAIN RESORT**

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INDEPENDENT ACCOUNTANTS' REVIEW REPORT

To the Board of Directors and Owners of
Racquet Club Owner's Association d/b/a
Vail Racquet Club Mountain Resort
Vail, Colorado

We have reviewed the accompanying balance sheets of Racquet Club Owner's Association d/b/a Vail Racquet Club Mountain Resort (the "Association") as of May 31, 2013 and 2012, and the related statements of operating revenue and expenses, changes in fund balances, and cash flows for the years then ended. A review includes primarily applying analytical procedures to management's financial data and making inquiries of Association management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with 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 review in accordance with *Statements on Standards for Accounting and Review Services* issued by the American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance that there are no material modifications that should be made to the financial statements. We believe that the results of our procedures provide a reasonable basis for our report.

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America.

Our review was made primarily for the purpose of expressing a conclusion that there are no material modifications that should be made to the financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America. The supplementary information included in the accompanying schedules on pages 14 - 23 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the inquiry and analytical procedures applied in the review of the basic financial statements, and we did not become aware of any material modifications that should be made to such information.

To the Board of Directors and Owners of
Racquet Club Owner's Association d/b/a
Vail Racquet Club Mountain Resort
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The supplementary information on pages 24 - 25 is not a required part of the basic financial statements. Such information has not been subjected to the inquiry and analytical procedures applied in the review of the basic financial statements but was compiled from information that is the representation of management, without audit or review. Accordingly, we do not express an opinion or provide any assurance on such information.

EKS+H LLLP

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August 2, 2013
Denver, Colorado

**RACQUET CLUB OWNER'S ASSOCIATION D/B/A
VAIL RACQUET CLUB MOUNTAIN RESORT**

**Balance Sheets
(See Independent Accountants' Review Report)**

	May 31, 2013			Total
	Homeowners	Rental	Total	May 31, 2012
Assets				
Current assets				
Cash and cash equivalents	\$ 962,849	\$ 291,403	\$ 1,254,252	\$ 1,114,101
Cash and cash equivalents - restricted	491,035	365,530	856,565	1,028,199
Accounts receivable, net allowance for doubtful accounts of \$23,929 and \$23,141 (2013 and 2012, respectively)	200,420	35,115	235,535	230,125
Inventories, net	51,487	7,785	59,272	61,429
Prepaid expenses and other	<u>3,526</u>	<u>976</u>	<u>4,502</u>	<u>12,100</u>
Total current assets	<u>1,709,317</u>	<u>700,809</u>	<u>2,410,126</u>	<u>2,445,954</u>
Property and equipment				
Land	55,000	-	55,000	55,000
Buildings	4,675,393	450,000	5,125,393	5,124,745
Equipment	589,232	130,571	719,803	676,576
Furniture	15,917	3,489	19,406	19,406
Building improvements	<u>132,693</u>	<u>-</u>	<u>132,693</u>	<u>101,952</u>
	5,468,235	584,060	6,052,295	5,977,679
Less accumulated depreciation	<u>(2,287,578)</u>	<u>(186,224)</u>	<u>(2,473,802)</u>	<u>(2,271,082)</u>
Net property and equipment	<u>3,180,657</u>	<u>397,836</u>	<u>3,578,493</u>	<u>3,706,597</u>
Total assets	<u>\$ 4,889,974</u>	<u>\$ 1,098,645</u>	<u>\$ 5,988,619</u>	<u>\$ 6,152,551</u>
Liabilities and Fund Balances				
Current liabilities				
Accounts payable	\$ 2,990	\$ 673	\$ 3,663	\$ 80,061
Accrued expenses				
Payroll and related	145,230	34,424	179,654	149,168
Other	107,211	111,755	218,966	174,019
Short-term rental deposits	-	124,920	124,920	49,098
Assessments and dues collected in advance	<u>458,094</u>	<u>26,790</u>	<u>484,884</u>	<u>433,611</u>
Total current liabilities	<u>713,525</u>	<u>298,562</u>	<u>1,012,087</u>	<u>885,957</u>
Long-term rental deposits	<u>32,682</u>	<u>37,544</u>	<u>70,226</u>	<u>65,120</u>
Total liabilities	<u>746,207</u>	<u>336,106</u>	<u>1,082,313</u>	<u>951,077</u>
Commitments				
Fund balances				
Operating	3,652,732	397,009	4,049,741	4,173,275
Reserve	<u>491,035</u>	<u>365,530</u>	<u>856,565</u>	<u>1,028,199</u>
Total fund balances	<u>4,143,767</u>	<u>762,539</u>	<u>4,906,306</u>	<u>5,201,474</u>
Total liabilities and fund balances	<u>\$ 4,889,974</u>	<u>\$ 1,098,645</u>	<u>\$ 5,988,619</u>	<u>\$ 6,152,551</u>

See notes to financial statements.

**RACQUET CLUB OWNER'S ASSOCIATION D/B/A
VAIL RACQUET CLUB MOUNTAIN RESORT**

**Statements of Operating Revenue and Expenses
(See Independent Accountants' Review Report)**

	<u>Year Ended May 31, 2013</u>			Total Year Ended May 31, 2012
	<u>Homeowners</u>	<u>Rental</u>	<u>Total</u>	
Assessments and revenue				
Club revenue	\$ 859,648	\$ -	\$ 859,648	\$ 837,472
Short-term room revenue	-	2,149,017	2,149,017	2,058,462
Long-term rental commissions	-	52,380	52,380	57,304
Common assessments	1,132,920	-	1,132,920	1,046,076
Garden level rental income	246,408	-	246,408	218,708
Maid income	-	106,224	106,224	121,182
Firewood income	-	9,870	9,870	11,129
Interest income	3,149	1,154	4,303	3,550
Rent deposit forfeitures	-	41,505	41,505	23,130
Other revenues	65,806	97,375	163,181	161,781
Total assessments and revenue	<u>2,307,931</u>	<u>2,457,525</u>	<u>4,765,456</u>	<u>4,538,794</u>
Direct expenses				
Cost of sales	25,194	-	25,194	26,204
Rooms	-	741,373	741,373	667,886
Operating	935,681	148,158	1,083,839	1,100,736
Marketing	-	104,218	104,218	91,780
Repairs and maintenance	705,486	57,427	762,913	750,374
Utilities	356,674	16,673	373,347	366,776
Racquet club fees	-	109,359	109,359	103,370
Total direct expenses	<u>2,023,035</u>	<u>1,177,208</u>	<u>3,200,243</u>	<u>3,107,126</u>
Excess of revenue over expenses before fixed charges	<u>284,896</u>	<u>1,280,317</u>	<u>1,565,213</u>	<u>1,431,668</u>
Fixed charges				
Property taxes	23,148	3,118	26,266	32,327
Insurance expense	28,202	4,200	32,402	27,333
Depreciation	174,807	27,913	202,720	190,534
Total fixed charges	<u>226,157</u>	<u>35,231</u>	<u>261,388</u>	<u>250,194</u>
Excess of revenue over expenses before distributions to rental participants	58,739	1,245,086	1,303,825	1,181,474
Distributions to rental participants	<u>-</u>	<u>(1,196,975)</u>	<u>(1,196,975)</u>	<u>(1,138,921)</u>
Excess of revenue over expenses	<u>\$ 58,739</u>	<u>\$ 48,111</u>	<u>\$ 106,850</u>	<u>\$ 42,553</u>

See notes to financial statements.

**RACQUET CLUB OWNER'S ASSOCIATION D/B/A
VAIL RACQUET CLUB MOUNTAIN RESORT**

**Statement of Changes in Fund Balances
Years Ended May 31, 2013 and 2012
(See Independent Accountants' Review Report)**

	<u>Homeowners</u>		<u>Rental</u>		<u>Total</u>
	<u>Operating Fund</u>	<u>Reserve Fund</u>	<u>Operating Fund</u>	<u>Reserve Fund</u>	
Balance - May 31, 2011	\$ 3,839,957	\$ 567,921	\$ 423,275	\$ 314,713	\$ 5,145,866
Excess (deficit) of operating revenue over expenses	47,244	-	(4,691)	-	42,553
Transfer to reserve fund	(180,000)	180,000	-	-	-
Reserve fund assessment	-	494,525	-	-	494,525
Reserve fund expenditures	-	(467,140)	-	(14,330)	(481,470)
Transfer of assets	<u>47,490</u>	<u>(47,490)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Balance - May 31, 2012	3,754,691	727,816	418,584	300,383	5,201,474
Excess of operating revenue over expenses	58,739	-	48,111	-	106,850
Transfer to reserve fund	(230,000)	230,000	(75,000)	75,000	-
Reserve fund assessment	-	455,388	-	-	455,388
Reserve fund expenditures	-	(852,867)	-	(4,539)	(857,406)
Transfer of assets	<u>69,302</u>	<u>(69,302)</u>	<u>5,314</u>	<u>(5,314)</u>	<u>-</u>
Balance - May 31, 2013	<u>\$ 3,652,732</u>	<u>\$ 491,035</u>	<u>\$ 397,009</u>	<u>\$ 365,530</u>	<u>\$ 4,906,306</u>

See notes to financial statements.

**RACQUET CLUB OWNER'S ASSOCIATION D/B/A
VAIL RACQUET CLUB MOUNTAIN RESORT**

**Statements of Cash Flows
(See Independent Accountants' Review Report)**

	Year Ended May 31, 2013			Total Year Ended May 31, 2012
	Homeowners	Rental	Total	
Cash flows from operating activities				
Excess of operating revenue over expenses	\$ 58,739	\$ 48,111	\$ 106,850	\$ 42,553
Adjustments to reconcile excess of operating revenue over expenses to net cash (used in) provided by operating activities				
Reserve assessments	455,388	-	455,388	494,525
Reserve expenditures	(852,867)	(4,539)	(857,406)	(481,470)
Depreciation	174,807	27,913	202,720	190,534
Provision for bad debts	788	-	788	(5,711)
Changes in certain assets and liabilities				
Accounts receivable	(976)	(5,222)	(6,198)	14,755
Inventories	157	2,000	2,157	2,885
Prepaid expenses and other	8,574	(976)	7,598	(10,297)
Interfund transfers	33,112	(33,112)	-	-
Accounts payable	(76,307)	(91)	(76,398)	(19,486)
Accrued expenses	10,148	65,285	75,433	34,540
Rental deposits	(430)	81,358	80,928	(10,356)
Assessments and dues collected in advance	<u>24,483</u>	<u>26,790</u>	<u>51,273</u>	<u>24,325</u>
Net cash (used in) provided by operating activities	<u>(164,384)</u>	<u>207,517</u>	<u>43,133</u>	<u>276,797</u>
Cash flows from investing activities				
Additions to buildings, units, and equipment	<u>(69,302)</u>	<u>(5,314)</u>	<u>(74,616)</u>	<u>(48,139)</u>
Net cash used in investing activities	<u>(69,302)</u>	<u>(5,314)</u>	<u>(74,616)</u>	<u>(48,139)</u>
Net (decrease) increase in cash and cash equivalents	(233,686)	202,203	(31,483)	228,658
Cash and cash equivalents - beginning of year	<u>1,687,570</u>	<u>454,730</u>	<u>2,142,300</u>	<u>1,913,642</u>
Cash and cash equivalents - end of year	<u>\$ 1,453,884</u>	<u>\$ 656,933</u>	<u>\$ 2,110,817</u>	<u>\$ 2,142,300</u>

Supplemental disclosure of cash flow information:

Cash Paid For	Income Taxes
2013	\$ -
2012	\$ 745

See notes to financial statements.

**RACQUET CLUB OWNER'S ASSOCIATION D/B/A
VAIL RACQUET CLUB MOUNTAIN RESORT**

**Notes to Financial Statements
(See Independent Accountants' Review Report)**

Note 1 - Description of Business and Summary of Significant Accounting Policies

Racquet Club Owner's Association d/b/a Vail Racquet Club Mountain Resort (the "Association"), a non-profit corporation, was incorporated in 1973 and merged with the Racquet Club Townhomes in 1980. The Association's purpose is to govern and manage the common affairs of owners of condominium and townhouse property located in Vail, Colorado. The Association consists of 311 condominiums and townhomes and related common areas. The Association is responsible for maintaining the common areas and managing the rental operations. On December 18, 1998, the Association purchased Vail Racquet Club (the "Club") and 23 condominium units to be utilized for employee housing from the original developer. In 2003, the deed restriction to these units expired. During 2013, the Racquet Club Owners Association added the d/b/a Vail Racquet Club Mountain Resort to better describe the property for marketing purposes.

The owners of the condominium units may individually elect to offer their units for rent as part of a short-term rental program. Approximately 33% of the owners participate in the program. Each owner is credited with 55% of the short-term room-rental income received from the specific unit being rented. The Association retains 45% of room revenue to offset related operations' costs, including usage of the Club. Association expenses are allocated between the homeowners' operating fund and the rental operating fund based on percentages reviewed and approved annually by the Board of Directors ("Board").

Fund Accounting

The Association uses fund accounting, which requires that funds, as described below, be classified separately for accounting and reporting purposes. Disbursements for operations are generally at the discretion of the Board and property manager. Disbursements from the repair and replacement reserve fund generally may be made only for designated purposes.

Homeowners' Operating Fund

Included in this classification of transactions are assets, liabilities, revenues, and expenses for the non-rental operations of the Association. This fund includes typical Association costs and revenues. The operating fund balance represents the net cumulative difference of such transactions.

The Association maintains working capital, which is reported together with the operating fund. Working capital consists of predetermined amounts, which are collected at the time of the initial sale of the condominium unit. Collections of working capital are considered contributions of capital. Working capital included in the operating fund balance was \$73,961 at May 31, 2013 and 2012.

Homeowners' Reserve Fund

Included in this fund are amounts assessed to the residential owners and expenses for Board-designated major repairs and replacements.

**RACQUET CLUB OWNER'S ASSOCIATION D/B/A
VAIL RACQUET CLUB MOUNTAIN RESORT**

**Notes to Financial Statements
(See Independent Accountants' Review Report)**

Note 1 - Description of Business and Summary of Significant Accounting Policies (continued)

Rental Operating Fund

Included in this classification of transactions are assets, liabilities, revenues, and expenses for the rental operations of the Association. This fund includes typical rental revenues and expenses. The rental operating fund balance represents the cumulative difference of such transactions.

Club Operating Fund

Included in this classification of transactions are assets, liabilities, revenues, and expenses for the operations of the Club. This fund includes typical Club revenues and expenses. The Club operating fund balance represents the cumulative difference of such transactions.

Cash and Cash Equivalents

For purposes of reporting cash flows, cash and cash equivalents include cash on hand and certificates of deposit. Included in cash and cash equivalents are designated restricted funds for the repair and replacement reserve fund. The Association invests a portion of its cash funds in money market funds and bank savings accounts administered by high-quality financial institutions. The Association keeps deposits at several different financial institutions to limit risk associated with exceeding federally insured limits; however, at times deposited amounts do exceed such limits.

Accounts Receivable

At the time the accounts receivable are originated, the Association considers a reserve for doubtful accounts based on the creditworthiness of the homeowner or member. The provision for uncollectible accounts is continually reviewed and adjusted to maintain the allowance at a level considered adequate to cover future losses. The allowance is management's best estimate of uncollectible amounts and is determined based on historical performance that is tracked by the Association on an ongoing basis. The losses ultimately incurred could differ materially in the near term from the amounts estimated in determining the allowance. The Association had an allowance of \$23,929 and \$23,141 at May 31, 2013 and 2012, respectively.

Inventories

Inventories consist primarily of maintenance and housekeeping items for owners' units and items available for sale at the Club. Inventories are stated at the lower of cost or market, determined using the first-in, first-out method. The Association had an allowance of \$11,870 at May 31, 2013 and 2012.

**RACQUET CLUB OWNER'S ASSOCIATION D/B/A
VAIL RACQUET CLUB MOUNTAIN RESORT**

**Notes to Financial Statements
(See Independent Accountants' Review Report)**

Note 1 - Description of Business and Summary of Significant Accounting Policies (continued)

Recognition of Assets and Depreciation Policy

The policy of the Association is to capitalize real and personal property at cost on the operating fund to which the Association has separate title or ownership and which may be sold individually or from which significant cash flows can be derived based on usage by owners and non-owners.

These assets are depreciated using the straight-line method over estimated lives ranging from 3 to 30 years.

Long-Lived Assets

The Association reviews its long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of the asset may not be recovered. The Association looks primarily to the fair value of the underlying assets and secondarily to the discounted future cash flows in its assessment of whether or not long-lived assets have been impaired. No impairment was recorded for the years ended May 31, 2013 or 2012.

Rental Deposits

Rental deposits are payments received in advance for future reservations and are recorded as a liability until rooms and other services are provided and revenues are earned.

Concentration of Risk

A significant portion of the rental operation's revenues are derived during the winter months. If the Vail area were to experience a significant decline in snowfall, it could have a significant impact on the rental operation's revenue.

Income Taxes

The Association does not qualify to be treated as an association exempt from income taxes pursuant to Internal Revenue Code Section 528. Although the Association is a non-profit corporation, it is subject to income tax, essentially in the same manner as a regular business corporation, with the exception of assessments held as long-term reserves for non-recurring expenditures.

The Association evaluates its tax positions taken or expected to be taken in the course of preparing the Association's tax returns to determine whether the tax positions will more likely than not be sustained by the applicable tax authority. Tax positions not deemed to meet the more-likely-than-not threshold are not recorded as a tax benefit or expense in the current year. Interest and penalties, if applicable, are recorded in the period assessed as general and administrative expenses. However, no interest or penalties have been assessed as of May 31, 2013 and 2012. Tax years that remain subject to examination include 2010 through the current year.

**RACQUET CLUB OWNER'S ASSOCIATION D/B/A
VAIL RACQUET CLUB MOUNTAIN RESORT**

**Notes to Financial Statements
(See Independent Accountants' Review Report)**

Note 1 - Description of Business and Summary of Significant Accounting Policies (continued)

Homeowners' Assessments and Revenue

The Association assesses dues monthly, two months in advance, which are payable by the last day of the month. The assessments are allocated based upon square footage and certain costs on a per-unit basis. Monthly dues billed but not yet earned are deferred and presented as a liability with dues collected in advance. The Board has allocated approximately 29% and 32% of total assessments to the repair and replacement reserve fund in 2013 and 2012, respectively.

Insurance costs are billed to each owner as a separate assessment based on actual insurance costs.

At various times, the Association's Board may elect to assess or distribute prior-year operating deficits or income. Typically, however, income is transferred to the reserve fund.

Club Revenue

The Club receives 5% of short-term rental revenue, for which Association rental guests receive the right to use the Club. Additionally, all homeowners are required to be Club members and are billed monthly, two months in advance for dues. Monthly dues billed but not yet earned are deferred and presented as a liability with dues collected in advance. The Club has non-homeowner members that are billed in advance and accounted for in the same manner.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, 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.

Marketing Costs

The Association expenses marketing costs as incurred.

Subsequent Events

The Association has evaluated all subsequent events through the auditor's report date, which is the date the financial statements were available for issuance. There were no subsequent events that required recognition or disclosure in the financial statements.

**RACQUET CLUB OWNER'S ASSOCIATION D/B/A
VAIL RACQUET CLUB MOUNTAIN RESORT**

**Notes to Financial Statements
(See Independent Accountants' Review Report)**

Note 2 - Restricted Cash

The Association and rental program accumulate funds for future repairs and replacements in designated restricted accounts, which generally are not available for expenditures for normal operations. The Association held \$856,565 and \$1,028,199 in separate designated cash accounts at May 31, 2013 and 2012, respectively, for this purpose.

Actual expenditures may vary from the estimated future expenditures, and the variations may be material. Therefore, amounts accumulated in the replacement fund may not be adequate to meet all future needs for major repairs and replacements. If additional funds are needed, the Board has the right, subject to the requirements of the bylaws and declarations, to increase regular assessments, pass special assessments, or delay major repairs and replacements until funds are available.

Note 3 - Line-of-Credit

The Association has an \$800,000 line-of-credit with a bank bearing interest at 5.5% at May 31, 2013. The line-of-credit matures in April 2014 and is collateralized by Association-owned rental units. There was no outstanding balance due on the line-of-credit at May 31, 2013 or 2012.

Note 4 - Section 401(k) Plan

The Association has adopted a 401(k) plan (the "Plan") for eligible employees. The Plan provides for discretionary matching contributions by the Association. During fiscal years 2013 and 2012, matching contributions of \$20,553 and \$17,975 were made by the homeowners' operation, \$8,473 and \$6,660 by the rental operation, and \$5,503 and \$6,242 by the Club, respectively.

Note 5 - Related Party Transactions

Vail Racquet Club

The Club was developed and owned by the original registered partnership of the Racquet Club Townhomes and Condominiums, which was governed by the Association's bylaws and declarations. The bylaws and declarations provided for several types of transactions between the Association or individual owners and the Club. On December 18, 1998, the Association purchased the Club.

Club Dues

Appurtenant to each unit is a Club membership. The Club bills each owner individually for Club dues.

**RACQUET CLUB OWNER'S ASSOCIATION D/B/A
VAIL RACQUET CLUB MOUNTAIN RESORT**

**Notes to Financial Statements
(See Independent Accountants' Review Report)**

Note 5 - Related Party Transactions (continued)

Club Percentage of Short-Term Rental Revenue

The Association remits 5% of short-term room revenue to the Club, for which the Association rental guests are entitled to use the Club. The 5% revenue represented approximately \$107,000 and \$103,000 in 2013 and 2012, respectively.

ACCOMPANYING AND SUPPLEMENTARY INFORMATION

**RACQUET CLUB OWNER'S ASSOCIATION D/B/A
VAIL RACQUET CLUB MOUNTAIN RESORT**

**Homeowners' and Club Combined Balance Sheets
(See Independent Accountants' Review Report)**

	May 31, 2013			Total
Assets	<u>Homeowners</u>	<u>Club</u>	<u>Total</u>	<u>May 31, 2012</u>
Assets				
Current assets				
Cash and cash equivalents	\$ 696,863	\$ 265,986	\$ 962,849	\$ 959,754
Cash and cash equivalents - restricted	491,035	-	491,035	727,816
Accounts receivable, net	176,537	23,883	200,420	200,232
Inventories, net	29,655	21,832	51,487	51,644
Prepaid expenses and other	2,550	976	3,526	12,100
Total current assets	<u>1,396,640</u>	<u>312,677</u>	<u>1,709,317</u>	<u>1,951,546</u>
Property and equipment				
Land	-	55,000	55,000	55,000
Buildings	1,590,316	3,085,077	4,675,393	4,674,745
Equipment	292,164	297,068	589,232	551,319
Furniture	15,917	-	15,917	15,917
Building improvements	132,693	-	132,693	101,952
	<u>2,031,090</u>	<u>3,437,145</u>	<u>5,468,235</u>	<u>5,398,933</u>
Less accumulated depreciation	(889,801)	(1,397,777)	(2,287,578)	(2,112,771)
Net property and equipment	<u>1,141,289</u>	<u>2,039,368</u>	<u>3,180,657</u>	<u>3,286,162</u>
Interfund due to (due from)	<u>2,928,060</u>	<u>(2,928,060)</u>	<u>-</u>	<u>33,112</u>
Total assets	<u>\$ 5,465,989</u>	<u>\$ (576,015)</u>	<u>\$ 4,889,974</u>	<u>\$ 5,270,820</u>
Liabilities and Fund Balances				
Current liabilities				
Accounts payable	\$ 2,990	\$ -	\$ 2,990	\$ 79,297
Accrued expenses				
Payroll and related	105,017	40,213	145,230	131,462
Other	75,826	31,385	107,211	110,831
Assessments and dues collected in advance	<u>387,637</u>	<u>70,457</u>	<u>458,094</u>	<u>433,611</u>
Total current liabilities	<u>571,470</u>	<u>142,055</u>	<u>713,525</u>	<u>755,201</u>
Long-term rental deposits	<u>32,682</u>	<u>-</u>	<u>32,682</u>	<u>33,112</u>
Total liabilities	<u>604,152</u>	<u>142,055</u>	<u>746,207</u>	<u>788,313</u>
Commitments				
Fund balances				
Operating	4,370,802	(718,070)	3,652,732	3,754,691
Reserve	491,035	-	491,035	727,816
Total fund balances	<u>4,861,837</u>	<u>(718,070)</u>	<u>4,143,767</u>	<u>4,482,507</u>
Total liabilities and fund balances	<u>\$ 5,465,989</u>	<u>\$ (576,015)</u>	<u>\$ 4,889,974</u>	<u>\$ 5,270,820</u>

**RACQUET CLUB OWNER'S ASSOCIATION D/B/A
VAIL RACQUET CLUB MOUNTAIN RESORT**

**Homeowners' and Club Combined Statements of Operating Revenue and Expenses
(See Independent Accountants' Review Report)**

	<u>Year Ended May 31, 2013</u>			Total Year Ended
	<u>Homeowners</u>	<u>Club</u>	<u>Total</u>	<u>May 31, 2012</u>
Assessments and revenue				
Club revenue	\$ -	\$ 859,648	\$ 859,648	\$ 837,472
Common assessments	1,132,920	-	1,132,920	1,046,076
Garden level rental income	246,408	-	246,408	218,708
Interest income	2,409	740	3,149	2,710
Other revenues	<u>65,806</u>	<u>-</u>	<u>65,806</u>	<u>70,870</u>
Total assessments and revenue	<u>1,447,543</u>	<u>860,388</u>	<u>2,307,931</u>	<u>2,175,836</u>
Direct expenses				
Cost of sales	-	25,194	25,194	26,204
Operating	405,572	530,109	935,681	905,494
Repairs and maintenance	600,005	105,481	705,486	700,761
Utilities	<u>254,532</u>	<u>102,142</u>	<u>356,674</u>	<u>281,717</u>
Total direct expenses	<u>1,260,109</u>	<u>762,926</u>	<u>2,023,035</u>	<u>1,914,176</u>
Excess of revenue over expenses before fixed charges	<u>187,434</u>	<u>97,462</u>	<u>284,896</u>	<u>261,660</u>
Fixed charges				
Property taxes	4,558	18,590	23,148	26,697
Insurance expense	16,202	12,000	28,202	24,034
Depreciation	<u>62,079</u>	<u>112,728</u>	<u>174,807</u>	<u>163,685</u>
Total fixed charges	<u>82,839</u>	<u>143,318</u>	<u>226,157</u>	<u>214,416</u>
Excess (deficit) of revenue over expenses	<u>\$ 104,595</u>	<u>\$ (45,856)</u>	<u>\$ 58,739</u>	<u>\$ 47,244</u>

**RACQUET CLUB OWNER'S ASSOCIATION D/B/A
VAIL RACQUET CLUB MOUNTAIN RESORT**

**Homeowners' Operating Expenses
(See Independent Accountants' Review Report)**

	Year Ended May 31, 2013		
	Actual	Budget	Variance
		(Unaudited)	
Administrative Department			
Salaries	\$ 114,759	\$ 113,745	\$ 1,014
Payroll taxes and benefits	21,406	20,536	870
Dues and publications	979	1,034	(55)
Office supplies and miscellaneous	520	816	(296)
Postage	192	384	(192)
Guest and entertainment	131	960	(829)
Telephone	-	444	(444)
Training	-	600	(600)
Transportation	-	120	(120)
Total administrative department	137,987	138,639	(652)
Accounting Department			
Salaries	43,756	44,459	(703)
Payroll taxes and benefits	11,077	9,493	1,584
Office supplies	1,185	1,950	(765)
Postage	977	384	593
Dues and publications	133	400	(267)
Training	23	1,066	(1,043)
Guest and entertainment	15	160	(145)
Transportation	14	316	(302)
Advertising - employees	-	120	(120)
Total accounting department	57,180	58,348	(1,168)
Maintenance Department			
Salaries, net of Club allocation	301,063	307,315	(6,252)
Water and sewer	208,533	206,400	2,133
Repairs and maintenance	128,863	140,000	(11,137)
Payroll taxes and benefits	89,834	73,420	16,414
Gas and electric	45,999	48,600	(2,601)
Lawn care	17,526	20,000	(2,474)
Trash removal	17,347	16,320	1,027
Landscaping	14,230	14,800	(570)
Equipment repairs	12,979	15,120	(2,141)
Fire alarm	11,187	12,500	(1,313)
Snow removal	4,436	8,500	(4,064)
Telephone	4,297	4,560	(263)
Uniforms	1,632	5,160	(3,528)
Miscellaneous	908	1,800	(892)
Total maintenance department	858,834	874,495	(15,661)

(Continued on the following page)

**RACQUET CLUB OWNER'S ASSOCIATION D/B/A
VAIL RACQUET CLUB MOUNTAIN RESORT**

**Homeowners' Operating Expenses
(See Independent Accountants' Review Report)**

(Continued from the previous page)

	Year Ended May 31, 2013		
	Actual	Budget (Unaudited)	Variance
Other Operating Expenses			
Depreciation	17,881	17,881	-
Computer expenses	15,455	16,000	(545)
Director fees	17,340	15,865	1,475
Legal fees	22,614	12,000	10,614
Insurance expense	16,202	10,900	5,302
Professional fees	9,240	9,240	-
Property tax	4,558	4,558	-
Unemployment tax	2,696	3,200	(504)
Office supplies	3,639	3,060	579
Entertainment expense	2,178	2,820	(642)
Miscellaneous	2,946	1,797	1,149
Office equipment maintenance	1,927	1,080	847
Postage	455	1,006	(551)
Total other operating expenses	117,131	99,407	17,724
Front Desk Expenses			
Front desk expenses - allocated	39,904	39,904	-
Total front desk expenses	39,904	39,904	-
Garden Level Rental Units			
Depreciation	44,198	43,865	333
Commissions	35,922	25,500	10,422
Television	15,154	15,180	(26)
Water and sewer	15,102	15,000	102
Taxes - property	11,962	11,962	-
Repairs and maintenance	8,750	12,000	(3,250)
Electricity	824	1,500	(676)
Total garden level rental units	131,912	125,007	6,905
Total homeowners' operating expenses	\$ 1,342,948	\$ 1,335,800	\$ 7,148

**RACQUET CLUB OWNER'S ASSOCIATION D/B/A
VAIL RACQUET CLUB MOUNTAIN RESORT**

**Rental Operating Expenses
(See Independent Accountants' Review Report)**

	Year Ended May 31, 2013		
	Actual	Budget	Variance
		(Unaudited)	
Administrative Department			
Salaries	\$ 43,209	\$ 44,483	\$ (1,274)
Payroll taxes and benefits	12,344	12,011	333
Dues and publications	1,391	1,541	(150)
Telephone	537	660	(123)
Office supplies and miscellaneous	389	1,224	(835)
Postage	294	576	(282)
Guest and entertainment	131	1,440	(1,309)
Training	-	900	(900)
Transportation	-	180	(180)
Total administrative department	58,295	63,015	(4,720)
Accounting Department			
Salaries	43,785	44,592	(807)
Payroll taxes and benefits	11,081	9,521	1,560
Postage	978	698	280
Office supplies	516	1,950	(1,434)
Dues and publications	134	400	(266)
Training	23	1,066	(1,043)
Guest and entertainment	15	160	(145)
Transportation	14	316	(302)
Advertising - employees	-	120	(120)
Total accounting department	56,546	58,823	(2,277)
Maintenance Department			
Repairs and maintenance	49,738	34,200	15,538
Gas and electric	9,287	9,600	(313)
Firewood	6,146	9,600	(3,454)
Telephone	5,507	7,200	(1,693)
Trash removal	3,901	4,080	(179)
Water and sewer	3,485	2,400	1,085
Equipment repair	1,247	1,680	(433)
Supplies	296	-	296
Total maintenance department	79,607	68,760	10,847

(Continued on the following page)

**RACQUET CLUB OWNER'S ASSOCIATION D/B/A
VAIL RACQUET CLUB MOUNTAIN RESORT**

**Rental Operating Expenses
(See Independent Accountants' Review Report)**

(Continued from the previous page)

	Year Ended May 31, 2013		
	Actual	Budget (Unaudited)	Variance
Other Operating Expenses			
Depreciation	27,913	31,250	(3,337)
Computer expenses	24,196	24,000	196
Accounting and legal	9,516	9,516	-
Taxes - other	4,928	6,413	(1,485)
Insurance expense	4,200	4,200	-
Property taxes	3,118	3,118	-
Office supplies	3,075	2,970	105
Entertainment expense	1,882	2,811	(929)
Postage	455	1,009	(554)
Crib and rollaway expense	253	-	253
Miscellaneous	2,029	1,645	384
Total other operating expenses	<u>81,565</u>	<u>86,932</u>	<u>(5,367)</u>
Front Desk Expenses			
Salaries	152,613	154,500	(1,887)
Payroll taxes and benefits	28,601	28,879	(278)
Front desk expense related to HOA long-term rent	16,800	16,800	-
Key blank expense	6,498	2,400	4,098
Office supplies	3,412	5,400	(1,988)
Telephone	2,108	-	2,108
Miscellaneous	440	300	140
Postage	264	600	(336)
Uniforms	260	2,400	(2,140)
Advertising	227	2,400	(2,173)
Training	46	600	(554)
Transportation	9	240	(231)
Telephone	-	1,800	(1,800)
Front desk expenses related to HOA	(39,904)	(39,904)	-
Pro shop front desk expense - allocated Club	(73,821)	(73,821)	-
Total front desk expenses	<u>97,553</u>	<u>102,594</u>	<u>(5,041)</u>

(Continued on the following page)

**RACQUET CLUB OWNER'S ASSOCIATION D/B/A
VAIL RACQUET CLUB MOUNTAIN RESORT**

**Rental Operating Expenses
(See Independent Accountants' Review Report)**

(Continued from the previous page)

	Year Ended May 31, 2013		
	Actual	Budget (Unaudited)	Variance
Sales and Marketing Department			
Salaries	149,044	152,643	(3,599)
Advertising	70,045	61,042	9,003
Payroll taxes and benefits	26,537	26,871	(334)
Dues	14,478	13,609	869
Contract services	6,404	6,100	304
Travel	5,318	15,000	(9,682)
Promotion	4,055	10,300	(6,245)
Postage	2,111	3,200	(1,089)
Advertising - brochures	1,794	3,193	(1,399)
Guest and entertainment	4	1,200	(1,196)
Office supplies	-	1,200	(1,200)
Total sales and marketing department	279,790	294,358	(14,568)
Reservations Department			
Credit card commissions	56,645	41,700	14,945
Adjustments	1,667	-	1,667
Salaries	285	-	285
Payroll taxes and benefits	134	-	134
Office supplies	13	-	13
Postage	2	-	2
Miscellaneous	-	600	(600)
Advertising - employees	-	500	(500)
Travel agent commissions	(156)	-	(156)
Total reservations department	58,590	42,800	15,790

(Continued on the following page)

**RACQUET CLUB OWNER'S ASSOCIATION D/B/A
VAIL RACQUET CLUB MOUNTAIN RESORT**

**Rental Operating Expenses
(See Independent Accountants' Review Report)**

(Continued from the previous page)

	Year Ended May 31, 2013		
	Actual	Budget (Unaudited)	Variance
Housekeeping Department			
Housekeeping - non-billable	171,392	192,000	(20,608)
Housekeeping - billable	78,112	90,840	(12,728)
Contract labor	73,840	77,200	(3,360)
Guest supplies	19,021	20,400	(1,379)
Guest amenities	18,953	15,400	3,553
Linen replacement	13,739	12,800	939
Laundry supplies	7,249	9,000	(1,751)
Glass, china, and silver	4,970	1,500	3,470
Cleaning expenses	2,241	6,600	(4,359)
Repairs/supplies - machinery	1,184	1,440	(256)
Office supplies	324	360	(36)
Postage	109	180	(71)
Uniforms	-	100	(100)
Miscellaneous	-	600	(600)
Transportation	-	360	(360)
Total housekeeping department	<u>391,134</u>	<u>428,780</u>	<u>(37,646)</u>
Total rental operating expenses exclusive of racquet club fees	<u>\$ 1,103,080</u>	<u>\$ 1,146,062</u>	<u>\$ (42,982)</u>

**RACQUET CLUB OWNER'S ASSOCIATION D/B/A
VAIL RACQUET CLUB MOUNTAIN RESORT**

**Club Operating Expenses
(See Independent Accountants' Review Report)**

	Year Ended May 31, 2013		
	Actual	Budget	Variance
		(Unaudited)	
Cost of sales	\$ 25,194	\$ 23,100	\$ 2,094
Payroll and Employee Expenses			
Pro shop front desk - allocated	73,821	73,821	-
Contract labor - housekeeping and laundry	63,038	61,000	2,038
Administration	80,395	77,691	2,704
Accounting	43,456	44,459	(1,003)
Class instructions	25,711	18,720	6,991
Housekeeping - billable	23,660	25,594	(1,934)
Benefits - insurance	20,283	15,782	4,501
Massage therapists	20,280	24,760	(4,480)
Payroll taxes and benefits	17,411	17,425	(14)
Fitness	17,290	21,504	(4,214)
Employee benefits	11,759	11,029	730
Personal trainers	6,681	4,800	1,881
Tennis pro	5,000	6,000	(1,000)
Swim instructor/lifeguard	3,913	4,500	(587)
Taxes - other	1,815	1,300	515
Maintenance	965	1,875	(910)
Training	23	1,548	(1,525)
Uniforms	-	1,000	(1,000)
Total payroll and employee expenses	415,501	412,808	2,693
Office Expenses			
Computer expenses	18,855	20,400	(1,545)
Office supplies and miscellaneous	3,955	4,000	(45)
Office equipment maintenance	1,928	1,500	428
Postage	1,422	1,200	222
Printing	729	1,200	(471)
Total office expenses	26,889	28,300	(1,411)
Maintenance Department			
Gas and electric	72,367	80,500	(8,133)
Owners association repairs	55,898	55,000	898
Repairs and maintenance	40,874	36,000	4,874
Water and sewer	27,881	29,500	(1,619)
Trash removal	3,557	3,300	257
Landscaping	2,334	3,500	(1,166)
Telephone	1,894	2,160	(266)
Supplies	1,218	-	1,218
Equipment repairs	800	2,100	(1,300)
Fire alarm expense	800	1,800	(1,000)
Total maintenance department	207,623	213,860	(6,237)

(Continued on the following page)

**RACQUET CLUB OWNER'S ASSOCIATION D/B/A
VAIL RACQUET CLUB MOUNTAIN RESORT**

**Club Operating Expenses
(See Independent Accountants' Review Report)**

(Continued from the previous page)

	Year Ended May 31, 2013		
	Actual	Budget (Unaudited)	Variance
Other Operating Expenses			
Tennis court supplies	3,887	4,000	(113)
Massage room expense	811	1,300	(489)
Pro shop supplies	-	480	(480)
Equipment rental	-	1,000	(1,000)
Total other operating expenses	<u>4,698</u>	<u>6,780</u>	<u>(2,082)</u>
Supplies			
Swimming pool	11,401	14,400	(2,999)
Locker room	10,007	9,000	1,007
Linen	5,259	3,000	2,259
Supplies	4,157	6,000	(1,843)
Laundry	1,918	3,000	(1,082)
Weight room	1,377	1,000	377
Exercise room	422	-	422
Total supplies	<u>34,541</u>	<u>36,400</u>	<u>(1,859)</u>
Taxes and Business Licenses			
Property	18,132	18,128	4
License fees	458	450	8
Total taxes and business licenses	<u>18,590</u>	<u>18,578</u>	<u>12</u>
General Expenses			
Depreciation	112,728	112,829	(101)
Accounting and legal	17,914	9,244	8,670
Insurance property and liability	12,000	12,000	-
Advertising	9,635	12,000	(2,365)
Commissions	8,327	7,900	427
Music and cable	3,896	3,900	(4)
Entertainment/travel	3,168	3,647	(479)
Miscellaneous expense	1,786	1,531	255
Promotions	1,380	600	780
Advertising - employees	1,260	600	660
Bad debt expense, net of recoveries	820	-	820
Dues and publications	166	920	(754)
Club activities	128	1,000	(872)
Adjustments	-	300	(300)
Total general expenses	<u>173,208</u>	<u>166,471</u>	<u>6,737</u>
Total club operating expenses	<u>\$ 906,244</u>	<u>\$ 906,297</u>	<u>\$ (53)</u>

**RACQUET CLUB OWNER'S ASSOCIATION D/B/A
VAIL RACQUET CLUB MOUNTAIN RESORT**

**Supplementary Information on HOA 10-Year Capital Plan - Summary (Not Reviewed)
(See Independent Accountants' Review Report)**

The Board and management estimated the remaining useful lives and the replacement costs of the components of common property of residential unit owners on an annual basis. The estimates were obtained or derived by the property's management based on previous costs, estimates from contractors and management, and the Board's experience. Over the next ten years, the Board and management anticipate incurring the below capital expenditures.

The following table is based on the study and is not audited or reviewed:

	<u>FY 13/14</u>	<u>FY 14/15</u>	<u>FY 15/16</u>	<u>FY 16/17</u>	<u>FY 17/18</u>	<u>FY 18/19</u>	<u>FY 19/20</u>	<u>FY 20/21</u>	<u>FY 21/22</u>	<u>FY 22/23</u>	<u>Total</u>
Major capital projects											
Condo deck and patio/walkway replacement											
Deck replacement (assumes half building per year)	\$ 241,000	\$ 200,000	\$ 225,000	\$ 225,000	\$ 250,000	\$ 225,000	\$ 250,000	\$ 225,000	\$ 250,000	\$ 225,000	\$ 2,316,000
Condo roof replacement	-	-	-	80,000	110,000	80,000	-	-	-	-	270,000
Townhome roof replacement	-	-	-	-	-	-	90,000	90,000	90,000	90,000	360,000
Major asphalt replacement	75,000	75,000	50,000	75,000	75,000	75,000	-	20,000	-	20,000	465,000
Main sidewalk snowmelt expansion	12,000	-	-	-	-	-	-	60,000	60,000	60,000	192,000
Landscaping and other grounds major projects	48,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	228,000
Vehicles and equipment replacement	-	8,000	40,000	-	-	8,000	40,000	-	-	-	96,000
Hot tub and pool (re-plaster tile and boilers)	-	35,000	-	-	-	-	60,000	15,000	-	-	110,000
Tennis court resurfacing	10,000	27,000	12,000	12,000	12,000	27,000	12,000	12,000	12,000	12,000	148,000
Other major club refurbishment projects	49,500	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	319,500
Other major condo and townhome projects	66,000	65,000	65,000	65,000	20,000	20,000	20,000	20,000	20,000	20,000	381,000
Subtotal	<u>501,500</u>	<u>460,000</u>	<u>442,000</u>	<u>507,000</u>	<u>517,000</u>	<u>485,000</u>	<u>522,000</u>	<u>492,000</u>	<u>482,000</u>	<u>477,000</u>	<u>4,885,500</u>
Maintenance capital											
Condominium maintenance capital items											
Roof, gutters, downspouts, and heat tape	23,000	23,000	23,000	23,000	23,000	23,000	23,000	23,000	23,000	23,000	230,000
Chimneys, chase tops, power vents, and fireplaces	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	50,000
Decks, balusters, and railing	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	250,000
Plumbing, electric, structural, stucco, and siding	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	40,000
Subtotal	<u>57,000</u>	<u>570,000</u>									
Townhomes maintenance capital items											
Roofs (including snow guards and gutters)	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	40,000
Decks, balusters and railing, siding, and entries	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	20,000
Subtotal	<u>6,000</u>	<u>60,000</u>									
Club maintenance capital items											
Roofs, snow guards, gutter, downspout, and heat tape	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	20,000
Decks, handrails, balusters, stairs, siding, and stucco	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	20,000
Plumbing, mechanical, HVAC, electrical, and lighting	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	150,000
Window, doors, and security system	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	20,000
Restaurant refurbishment and equipment replacement	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	60,000
Fitness equipment	14,500	14,500	14,500	14,500	14,500	14,500	14,500	14,500	14,500	14,500	145,000
Subtotal	<u>41,500</u>	<u>415,000</u>									
Grounds maintenance capital items											
Trees, landscaping, irrigation, and retaining walls	9,000	9,000	9,000	9,000	9,000	9,000	9,000	9,000	9,000	9,000	90,000
Water, drainage, and sewer	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	20,000
Exterior light fixtures and signage	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	30,000
Parking lots and asphalt maintenance	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	200,000
Subtotal	<u>34,000</u>	<u>340,000</u>									
Equipment maintenance capital items											
Trucks, plows, bobcat, and lift	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	30,000
Snow blowers, lawn mowers, and aerators	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	40,000
Office furniture, computers, copiers, phones, and radios	12,500	12,500	12,500	12,500	12,500	12,500	12,500	12,500	12,500	12,500	125,000
Subtotal	<u>19,500</u>	<u>195,000</u>									
Other infrastructure maintenance											
Garden level unit remodels	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	250,000
Subtotal	<u>183,000</u>	<u>1,830,000</u>									
Total for all budgeted capital items	<u>\$ 684,500</u>	<u>\$ 643,000</u>	<u>\$ 625,000</u>	<u>\$ 690,000</u>	<u>\$ 700,000</u>	<u>\$ 668,000</u>	<u>\$ 705,000</u>	<u>\$ 675,000</u>	<u>\$ 665,000</u>	<u>\$ 660,000</u>	<u>\$ 6,715,500</u>

**RACQUET CLUB OWNER'S ASSOCIATION D/B/A
VAIL RACQUET CLUB MOUNTAIN RESORT**

**Supplementary Information on Funding Summary - 10-Year Capital Plan (Not Reviewed)
(in Thousands)
(See Independent Accountants' Review Report)**

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>Total</u>
Reserve fund beginning balance	\$ 491.0	\$ 463.1	\$ 476.7	\$ 508.3	\$ 474.9	\$ 431.5	\$ 420.1	\$ 371.7	\$ 353.3	\$ 344.9	
Reserve expenditures	<u>(684.5)</u>	<u>(643.0)</u>	<u>(625.0)</u>	<u>(690.0)</u>	<u>(700.0)</u>	<u>(668.0)</u>	<u>(705.0)</u>	<u>(675.0)</u>	<u>(665.0)</u>	<u>(660.0)</u>	<u>\$ (6,715.5)</u>
	<u>(193.5)</u>	<u>(179.9)</u>	<u>(148.3)</u>	<u>(181.7)</u>	<u>(225.1)</u>	<u>(236.5)</u>	<u>(284.9)</u>	<u>(303.3)</u>	<u>(311.7)</u>	<u>(315.1)</u>	
Capital assessments from owners	486.6	486.6	486.6	486.6	486.6	486.6	486.6	486.6	486.6	486.6	4,866.0
From operations	<u>170.0</u>	<u>1,700.0</u>									
Subtotal funding	<u>656.6</u>	<u>\$ 6,566.0</u>									
Reserve fund ending balance	<u>\$ 463.1</u>	<u>\$ 476.7</u>	<u>\$ 508.3</u>	<u>\$ 474.9</u>	<u>\$ 431.5</u>	<u>\$ 420.1</u>	<u>\$ 371.7</u>	<u>\$ 353.3</u>	<u>\$ 344.9</u>	<u>\$ 341.5</u>	

Shown in current fiscal year 2013 dollars.

No increase in capital assessment is included in the funding projection.